BEIERHOLM

Global Equestrian Group Holding ApS

Uggerhalnevej 80, 9310 Vodskov

CVR no. 39 69 07 48

Annual report
for the financial year 01.07.22 - 30.06.23

This annual report has been adopted at the annual general meeting on 29.12.23

Morten Bradsted Nielsen

Chairman of the meeting

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

Tomas Simons
Niels Thomas Heering
Nicklas Skou Guldberg

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.07.22 - 30.06.23 for Global Equestrian Group 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 30.06.23 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.07.22 - 30.06.23.

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

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

Vodskov, December 27, 2023

Executive Board

Lars Andreas Helgstrand

Board of Directors

Tomas Simons Chairman	Niels Thomas Heering	Nicklas Skou Guldberg

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 01.07.22 - 30.06.23, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies 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 30.06.23 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.07.22 - 30.06.23 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 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 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 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 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 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 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 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 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 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 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 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 financial statements, including the disclosures, and whether the consolidated financial statements and 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, December 27, 2023

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	2022/23	2021/22	2020/21	2019/20	02.07.18 30.06.19
Profit/loss					
Revenue	1,329,130	1,281,079	583,127	274,223	437,250
Index	304	293	133	63	100
Operating profit/loss	-28,317	201,493	80,728	-39,856	55,259
Index	-51	365	146	-72	100
Total net financials	-138,976	-224,095	-44,175	-31,165	-29,028
Index	479	772	152	107	100
Loss for the year	-162,522	-46,318	3,777	-74,615	1,975
Index	-8,229	-2,345	191	-3,778	100
Balance					
Total assets	3,083,295	3,152,257	1,436,984	1,063,878	1,027,388
Index	300	307	140	104	100
Investments in property, plant and equipment	73,463	78,570	153,238	146,629	49,951
Index	147	157	307	294	100
Equity	900,738	1,001,676	571,325	463,153	464,087
Index	194	216	123	100	100

Ratios

	2022/23	2021/22	2020/21	2019/20	02.07.18 30.06.19
Profitability					
Return on equity	-17%	-6%	1%	-16%	1%
Equity ratio					
Solvency ratio	29%	32%	40%	44%	45%
Others					
Number of employees (average)	437	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.

Development in activities and financial affairs

Income statement

The income statement for the period 01.07.22 - 30.06.23 shows an operating loss of DKK'000 28,317 against an operating profit of DKK'000 201,493 for the period 01.07.21 - 30.06.22. The balance sheet shows equity of DKK'000 900,738.

The earnings expectations for the financial year 01.07.22 - 30.06.23 were an operating profit in the range of DKK 225 – 250m. In this financial year we have experienced challenging market conditions within the equestrian industry, resulting in the lower-than-expected profit for the year.
The strength and resilience of all the employees of the group led the business to a small loss for the year despite extraordinarily challenging times for the industry and the group. During the year, the market has faced eco-nomic and geopolitical uncertainty, while macropolitical challenges such as high inflation and interest rates, have affected the sales activity notably.

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

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

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

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

Knowledge resources

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

Financial risks

Price risks

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

Foreign currency risks

Revenue is primarily generated in EUR and to a smaller extent USD, through the US operations. Costs are mainly incurred in EUR and DKK except for the US operations, which are in USD. For the US operations which are primarily comprised of horse shows both revenue and cost are incurred in USD. Horses are almost solely purchased in EUR.

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

Interest rate risks

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

Credit risks

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

Subsequent events

The Group has renegotiated its financing agreements after the balance sheet date. As such, payable to other credit institution classified as short-term payables, amounting to DKK 1,512,325k, are reversed as long-term payables after the balance sheet date. Besides that no important events have occurred after the end of the financial year.

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

Corporate social responsibility

Business model

The Group's activities comprise of four segments, which are highly interlinked:

- 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.

Geography and Customer segment

The Group's product offerings are marketed primarily in Western Europe and in the USA, to a wide range of customers.

Employees

The diversity of segments and products also reflect the diversity of employees in each company.

In the horse education and selling segments, some of the key employees are highly skilled riders. Additionally, all riders rely on skilled grooms who assist the riders and are responsible for the daily care of the horses. Other areas such as horse scouting, purchasing, and selling also play a vital role in the companies' strategy.

In the event segment, key employees develop, market, and sell attractive products for both riders and spectators. Additionally, this segment relies on few highly experienced professionals who have produced horse shows for many years and know what is required to produce high quality competitions, and how to handle the logistics when, over a short or long period, the organization scales in order to deliver a high quality product to its audience.

In the apparel segments, key employees include experienced professionals within e.g. software development, design, purchasing and production of clothes, etc.

Principal risks

Anti Money Laundering (AML) and Know Your Client (KYC)

Trading high-value single items such as horses inherently carry a risk of money laundering and potential engagement with sanctioned individuals or companies. To mitigate these risks, the Group has implemented comprehensive Know Your Customer (KYC) practices. Additionally, all show entries at Wellington International undergo automatic screening against the federal US sanctions list, specifically the Office of Foreign Assets Control (OFAC).

Furthermore, the Group adheres to a no-cash policy, except for minor purchases. This policy serves as an additional safeguard against potential financial irregularities and enhances transparency in the Group's financial transactions.

Improvement to internal procedures regarding risks and horse welfare

For further information about this see https://helgstranddressage.com/info/horse-welfare/improvement-points/

Code of Conduct

Global Equestrian Group is committed to fostering an appealing and inclusive workplace, assuming social responsibility, and upholding human rights. This commitment is concretized through the Group Code of Conduct & Policies.

The Code of Conduct embodies our core values, encapsulated in four fundamental codes that outline our approach to horses, our stance toward society and adherence to legislation and environmental standards, as well as our relationships with co-workers, customers, and vendors:

- Horse Welfare
- Compliance with law
- Sustainability
- Personal Appearance and Conduct

Besides the four codes, the group enforces 11 polices, specifically:

1. Acceptable use of IT Policy
2. Anti-corruption and bribery Policy
3. Anti-Harassment and Anti-Sexual Harassment Policy
4. Anti-Money Laundering Policy
5. Conflict of Interest
6. Data Protection and Privacy Policy
7. Employee Health and Safety Policy
8. Employee Identity Verification Policy
9. Inclusion, Diversity, and Non-Discrimination Policy
10. Theft and Violence Policy
11. Whistleblower Policy

Horse Welfare

The well-being of our horses is key to our business model.
For more information see: https://helgstranddressage.com/da/info/hestevelfaerd/hestevelfaerd/:

Human rights

In line with the EU Directive 2019/1937, the Group has instituted a whistleblower scheme, enabling employees to report incidents anonymously and ensuring compliance with the ethical standards outlined in our policies and Code of Conduct.

Throughout the financial year, one incident involving employee fraud against a group company was reported and subsequently investigated. This incident prompted the implementation of a strengthened financial control environment and management protocols.

Management actively encourages employees to speak up and utilize the whistleblower platform, especially in cases related to animal abuse. The expectation is that the general awareness of the whistleblower scheme will lead to an increased number of reported incidents, fostering a culture of accountability and transparency within the organization.

ESG Framework

In the fiscal year, the Group took a significant step forward by enrolling in an ESG framework. This strategic move enables us to systematically monitor and track various key performance indicators (KPIs) related to climate, environmental impact, and employee metrics.

Management has identified six key material ESG themes and outlined action plans for 2024. These initiatives strengthen our commitment to responsible business practices, sustainability, and the well-being of employee. The implementation of the ESG framework reflects our dedication to transparency, accountability, and continual improvement in alignment with global ESG standards.

1. Carbon footprint management
2. Compliance and risk management
3. Diversity, Equity and Inclusion
4. Employee engagement and well-being
5. Employee health and safety
6. Integration of ESG strategy

In the financial report for the next fiscal year will include a status on improvements that we have made throughout the year.

Carbon footprint management

The Group adheres to national environmental laws and is committed to minimizing its environmental footprint in alignment with the Sustainability code. Key initiatives include:

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

Diversity, Equity, and Inclusion

At Global Equestrian Group (GEG), our success is deeply rooted in the valuable skills, experience, and unwavering commitment of our diverse workforce. We believe that diversity is a cornerstone, enabling us to deliver the best service to our customers. It is our steadfast commitment to ensure that everyone within our organization is treated with respect and dignity, free from any form of inappropriate or disrespectful behavior.

In our view, inclusion and diversity create a workplace where discrimination has no place. We are resolute in our dedication to establishing an environment where individuals are neither discriminated against nor discriminate based on age, disability, gender, sexual orientation, race, religious status, marital status, family status, or any other characteristic. Our vision for inclusion and diversity is integral to shaping a workplace culture that upholds equality, respect, and the celebration of individual differences.

KPIs related to Diversity, Equity and Inclusion

- Across the group, female employees constitute 53% and male employees constitute 47%. One employee is identified as non-binary.
- The unadjusted gender pay gap is 12.2%. The calculation is based on average hourly salary per gender.

In our recruitment processes, we adhere to a commitment of selecting candidates based solely on their qualifications for the position.

Global Equestrian Group has a zero-tolerance toward any form of discrimination. We have had no incidents during this financial year.

Employee health and safety
We believe that long-term success depends on working to ensure the health and safety of our employees. We view a safe and healthy workplace not only as a fundamental right of every employee but also as a critical business imperative.

This commitment involves minimizing the risk of accidents, injuries, and exposure to health hazards for all employees, clients, and contractors.

Our proactive approach to employee health includes direct outreach to those on sick leave, demonstrating our commitment to supporting their well-being and facilitating a return to work at the appropriate pace. Moreover, we actively encourage a healthy lifestyle among our employees.

The following KPIs are tracked in the Groups ESG platform:
1. Days lost due to injury (based on extracts from payroll system) 54
2. Work-related injuries 25
3. Work-related fatalities 0
4. Accident rate (reported lost time for injuries (hours) divided by total hours worked) 35.9

As this is the first year we report on these figures there are no comparative figures yet, and we had set no goals for the year. During next fiscal year we plan to improve to keep work-related fatalities at 0 and to improve on the remaining KPIs.

Group Policies
Acceptable use of IT policy
The Group has a comprehensive IT infrastructure and various platforms to facilitate employee job performance. This includes applications designed for use on employees' personal devices which are outside of the Group's control.

The use of company IT platforms, including apps on employees' personal devices, is governed by principles of lawfulness, personal responsibility, and consideration.

Group management acknowledges the cyber risks associated with maintaining a global IT environment that allows employees to work efficiently from anywhere at any time. While management considers the current IT environment to be safe and secure, continuous efforts are made to monitor and mitigate potential risks. This involves ongoing attention to architectural security and behavioral security.

Anti-corruption and bribery policy
As a general principle, all employees are required to abstain from directly or indirectly offering, providing, or accepting gifts, money, donations, or hospitality from any person. The policy, however, allows for customary and proportionate ceremonial and special occasion gifts, as well as business lunches, maintaining transparency in business interactions.

Group Management does not identify significant risks associated with the policy, emphasizing the commitment to ethical conduct, transparency, and responsible business practices across all interactions within the organization.

We have had no incidents during this financial year and we expect no incidents for the coming fiscal year.

Anti-harassment and anti-sexual harassment policy
Harassment, defined as any disrespectful action or statement that do not involve being treated with respect and dignity, is strictly prohibited in all Group companies. Additionally, sexual harassment, defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature that affect employment decisions or creates an intimidating, hostile, or offensive working environment, is also expressly prohibited in any group company.

Throughout the financial year, no incidents related to harassment have been reported. Group management maintains that there are no significant risks associated with the policy.

Anti-Money Laundering Policy
The Group adopts a risk-based approach to its *Anti-Money Laundering and Know Your Client* practices, acknowledging the distinctions between low-value and high-value transactions.

To mitigate money laundering risks, the following three practices have been implemented across the Group:

1. We only accepts electronic payments (a strict no cash policy on all major items – aside from during events)
2. We only works with reputable banks
3. Customer Identity Verification (KYC) is required for all major transactions

During the fiscal year, no incidents have been reported and Group management does not perceive significant risks associated with the policy.

Conflict of Interest

In the regular course of business, individuals associated with the Group, including employees, owners, contractors, and stakeholders, may encounter situations where personal interests conflict with the interests of the Group. Acting in a manner that advances personal interests at the expense of the Group is deemed unacceptable, and any party found to act against the Groups's best interests may face disciplinary action.

No conflicts of interest have been identified.

Employee Identity Verification Policy

All Group companies are mandated to uphold a rigorous recruitment process. This is designed to ensure that employees arrive with proper intentions when joining a group company.
The recruitment process for any group company must include, at a minimum, the following steps:

- A physical interview
- Candidate ID verification
- General social media background checks

In response to a reported incident involving an employee hired under a false name, management has strengthened these procedures to prevent similar occurrences in the future.

Theft and Violence Policy

In any group company of Global Equestrian Group, violence and theft are unequivocally not tolerated. Any occurrence of theft or violence is promptly reported to local authorities for thorough investigation.

In alignment with this commitment, any employee found guilty of theft or involved in violent behavior is expelled without further notice, leading to an immediate termination of the employment relationship.

Group management asserts that there are no significant risks associated with this policy and has had one incident in this financial year.

CSR Status and ongoing work

Group Management places significant importance on general Corporate Social Responsibility (CSR) initiatives, recognizing their role in attracting and retaining motivated employees with the right skills.

Looking ahead, the Group remains dedicated to maintaining its focus on CSR and Environmental, Social, and Governance (ESG) initiatives.

Gender diversity

Target figures for the supreme management body

The Board of Directors has set a target 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 yet to be achieved. However, the Board of Directors aims to achieve the target set before the end of 2025.

Other management levels

The group executive management team consists of four members, three male and one female. Across the group, the gender split is close to even, however, with a high variance from one company or entity to next.

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.

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 Protection and Privacy Policy

Global Equestrian Group prioritizes the meticulous processing of personal information belonging to employees, clients, suppliers, and candidates. This process adheres strictly to applicable legislation, ensuring that the handling of personal information is both lawful and fair. Transparency is a key principle, and individuals involved are kept informed about the collection, storage, deletion, and processing of their personal data.

For further information about our data and privacy policy, see our website: https://helgstranddressage.com/privacy-policy/

Active engagement is maintained across group companies to ensure compliance with national and international data privacy legislation.

No breaches related to personal data have occurred, and Group Management does not anticipate any inci-dents in the future.

Income statement

Note		Group 2022/23 DKK '000	Group 2021/22 DKK '000	Parent 2022/23 DKK '000	Parent 2021/22 DKK '000
3	**Revenue**	**1,329,130**	**1,281,079**	**0**	**0**
	Other operating income	2,750	43,847	0	0
	Costs of raw materials and consumables	-659,375	-630,029	0	0
4	Other external expenses	-229,070	-186,003	-1,221	-2
	Gross result	**443,435**	**508,894**	**-1,221**	**-2**
4	Staff costs	-281,890	-170,107	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses (EBITDA)	**161,545**	**338,787**	**-1,221**	**-2**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-147,873	-137,179	0	0
	Write-downs of current assets exceeding normal write-downs	-40,000	0	0	0
	Other operating expenses	-1,989	-115	0	0
	Operating profit/loss (EBIT)	**-28,317**	**201,493**	**-1,221**	**-2**
6	Income from equity investments in group enterprises	0	0	-154,553	-77,482
7	Income from equity investments in associates	-240	392	0	0
8	Financial income	44,617	7,404	3,240	3,464
9	Financial expenses	-183,353	-231,891	0	-15
	Profit/loss before tax (EBT)	**-167,293**	**-22,602**	**-152,534**	**-74,035**
	Tax on loss for the year	4,771	-23,716	-628	-824
	Loss for the year	**-162,522**	**-46,318**	**-153,162**	**-74,859**

Proposed appropriation account

	Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
Non-controlling interests	0	10,449	0	0
Retained earnings	-162,522	-56,767	-153,162	-74,859
Total	**-162,522**	**-46,318**	**-153,162**	**-74,859**

Balance sheet

ASSETS

Note		Group 30.06.23 DKK '000	Group 30.06.22 DKK '000	Parent 30.06.23 DKK '000	Parent 30.06.22 DKK '000
	Completed development projects	2,904	2,610	0	0
	Acquired rights	293,306	337,675	0	0
	Goodwill	442,966	511,344	0	0
	Development projects in progress	1,201	5,000	0	0
11	**Total intangible assets**	**740,377**	**856,629**	**0**	**0**
	Land and buildings	1,372,858	1,360,202	0	0
	Other fixtures and fittings, tools and equipment	56,244	45,936	0	0
	Property, plant and equipment under construction	0	21,952	0	0
12	**Total property, plant and equipment**	**1,429,102**	**1,428,090**	**0**	**0**
13	Equity investments in group enterprises	0	0	674,364	878,758
13	Equity investments in associates	4,566	2,781	0	0
13	Equity investments in participating interests	0	1,013	0	0
13	Other investments	2,882	2,882	0	0
14	Deposits	1,431	94	0	0
	Total investments	**8,879**	**6,770**	**674,364**	**878,758**
	Total non-current assets	**2,178,358**	**2,291,489**	**674,364**	**878,758**
	Raw materials and consumables	4,061	2,235	0	0
	Manufactured goods and goods for resale	613,382	530,513	0	0
	Prepayments for goods	903	2,410	0	0
	Total inventories	**618,346**	**535,158**	**0**	**0**
	Trade receivables	46,755	44,566	0	0
	Receivables from group enterprises	0	0	113,938	110,423
	Receivables from associates	3,021	3,018	0	0
	Deferred tax asset	6,899	0	0	0
	Income tax receivable	0	0	2,021	2,021
	Other receivables	128,179	126,545	112,178	0
15	Prepayments	18,009	20,837	39	0
	Total receivables	**202,863**	**194,966**	**228,176**	**112,444**
	Cash	**83,728**	**130,644**	**1**	**60**
	Total current assets	**904,937**	**860,768**	**228,177**	**112,504**
	Total assets	**3,083,295**	**3,152,257**	**902,541**	**991,262**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		30.06.23 DKK '000	30.06.22 DKK '000	30.06.23 DKK '000	30.06.22 DKK '000
16	Share capital	2,983	2,457	2,983	2,457
	Foreign currency translation reserve	98,203	147,755	0	0
	Cash flow hedging reserve	0	301	0	0
	Retained earnings	799,552	850,096	897,755	988,780
	Equity attributable to owners of the parent	**900,738**	**1,000,609**	**900,738**	**991,237**
17	Non-controlling interests	0	1,067	0	0
	Total equity	**900,738**	**1,001,676**	**900,738**	**991,237**
18	Provisions for deferred tax	18,627	37,852	0	0
	Total provisions	**18,627**	**37,852**	**0**	**0**
19	Mortgage debt	99,644	104,621	0	0
19	Payables to other credit institutions	0	1,543,357	0	0
19	Income taxes	0	45,305	0	0
19	Other payables	100,599	92,890	0	0
	Total long-term payables	**200,243**	**1,786,173**	**0**	**0**
19	Short-term part of long-term payables	1,852	2,147	0	0
1	Payables to other credit institutions	1,732,804	181,195	0	0
	Prepayments received from customers	11,157	16,683	0	0
	Trade payables	104,912	38,161	1,117	25
	Deposits	39	39	0	0
	Income taxes	35,485	0	686	0
	Other payables	74,242	88,331	0	0
	Deferred income	3,196	0	0	0
	Total short-term payables	**1,963,687**	**326,556**	**1,803**	**25**
	Total payables	**2,163,930**	**2,112,729**	**1,803**	**25**
	Total equity and liabilities	**3,083,295**	**3,152,257**	**902,541**	**991,262**

20 Contingent liabilities
21 Charges and security
22 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 01.07.21 - 30.06.22								
Balance as at 01.07.21	1,646	0	530	0	551,165	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	-26,973	-80,721
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	-56,767	-56,767	10,449	-46,318
Balance as at 30.06.22	2,457	0	147,755	301	850,096	1,000,609	1,067	1,001,676

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
Statement of changes in equity for 01.07.22 - 30.06.23								
Balance as at 01.07.22	2,457	0	147,755	301	850,096	1,000,609	1,067	1,001,676
Foreign currency translation adjustment of foreign enterprises	0	0	-61,306	0	0	-61,306	0	-61,306
Capital increase	526	111,979	0	0	0	112,505	0	112,505
Dissolution of fair value reserve on realization	0	0	0	-301	0	-301	0	-301
Purchase of non-controlling interests	0	0	0	0	0	0	-1,067	-1,067
Other changes in equity	0	0	0	0	-1	-1	0	-1
Tax on changes in equity	0	0	11,754	0	0	11,754	0	11,754
Transfers to/from other reserves	0	-111,979	0	0	111,979	0	0	0
Net profit/loss for the year	0	0	0	0	-162,522	-162,522	0	-162,522
Balance as at 30.06.23	2,983	0	98,203	0	799,552	900,738	0	900,738

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 01.07.21 - 30.06.22								
Balance as at 01.07.21	1,646	0	0	0	559,241	560,887	0	560,887
Foreign currency translation adjustment of foreign enterprises	0	0	0	0	0	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	0	-52,273	0	-52,273
Transfers to/from other reserves	0	-409,446	0	0	504,398	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	2,457	0	0	0	988,780	991,237	0	991,237
Statement of changes in equity for 01.07.22 - 30.06.23								
Balance as at 01.07.22	2,457	0	0	0	988,780	991,237	0	991,237
Capital increase	526	111,979	0	0	0	112,505	0	112,505
Other changes in equity	0	0	0	0	-49,842	-49,842	0	-49,842
Transfers to/from other reserves	0	-111,979	0	0	111,979	0	0	0
Net profit/loss for the year	0	0	0	0	-153,162	-153,162	0	-153,162
Balance as at 30.06.23	2,983	0	0	0	897,755	900,738	0	900,738

Consolidated cash flow statement

Note		Group 2022/23 DKK '000	Group 2021/22 DKK '000
	Loss for the year	**-162,522**	**-46,318**
23	Adjustments	317,163	343,014
	Change in working capital:		
	Inventories	-123,188	-110,261
	Receivables	42,662	-54,337
	Trade payables	66,751	-63,422
	Other payables relating to operating activities	-528	23,690
	Cash flows from operating activities before net financials	**140,338**	**92,366**
	Interest income and similar income received	967	320
	Interest expenses and similar expenses paid	-186,108	-112,384
	Income tax paid	-19,419	-25,229
	Cash flows from operating activities	**-64,222**	**-44,927**
	Purchase of intangible assets	-15,751	-7,195
	Sale of intangible assets	0	105
	Purchase of property, plant and equipment	-73,463	-78,569
	Sale of property, plant and equipment	75,547	2,069
	Acquisition of enterprises	0	-1,206,104
	Purchase of non-controlling interests	-1,067	-79,547
	Addition of equity investments in associates	-2,025	0
	Disposal of equity investments in participating interests	1,250	0
	Loans to associates	-3	-43
	Deposits	-1,337	0
	Cash flows from investing activities	**-16,849**	**-1,369,284**
	Raising of additional capital	327	410,257
	Dividend paid	0	-393
	Repayment of mortgage debt	-5,272	-66,162
	Change in short-term payables to credit institutions	39,100	-41,550
	Arrangement of other long-term payables	0	1,431,557
	Repayment of other long-term payables	0	-228,881
	Cash flows from financing activities	**34,155**	**1,504,828**
	Total cash flows for the year	**-46,916**	**90,617**
	Cash, beginning of year	130,644	40,027
	Cash, end of year	**83,728**	**130,644**
	Cash, end of year, comprises:		
	Cash	83,728	130,644
	Total	**83,728**	**130,644**

1. Subsequent events

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

2. Special items

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

		Group		Parent	
Special items:	Recognised in the income statement in:	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000
Extraordinary write-downs of horses	Write-downs of current assets exceeding normal write-downs	-40,000	0	0	0
Gain on the disposal of property, plant and equipment	Other operating income	0	41,949	0	0
Cost related to acquisition of enterprises	Other external costs	0	-32,157	0	0
Total		-40,000	9,792	0	0

	Group		Parent	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 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 reporting.

Revenue comprises the following activities:

	Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
Sale of horses and related services	560,277	696,872	0	0
Sale of equestrian clothing and accessories	109,998	121,873	0	0
Equestrian event income	649,283	456,558	0	0
Other income	9,572	5,776	0	0
Total	1,329,130	1,281,079	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	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000

4. Staff costs

	2022/23	2021/22	2022/23	2021/22
Wages and salaries	264,228	153,171	0	0
Pensions	1,826	1,077	0	0
Other social security costs	7,938	10,259	0	0
Other staff costs	7,898	5,600	0	0
Total	281,890	170,107	0	0
Average number of employees during the year	437	340	0	0

5. Fees to auditors appointed by the general meeting

	2022/23	2021/22	2022/23	2021/22
Statutory audit of the financial statements	582	598	0	0
Other assurance engagements	28	19	0	0
Tax advice	212	92	0	0
Other services	374	304	0	0
Total	1,196	1,013	0	0

6. Income from equity investments in group enterprises

	2022/23	2021/22	2022/23	2021/22
Share of profit or loss of group enterprises	0	0	-154,553	-77,482
Total	0	0	-154,553	-77,482

7. Income from equity investments in associates

	2022/23	2021/22	2022/23	2021/22
Share of profit or loss of associates	-240	392	0	0
Total	-240	392	0	0

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

8. Financial income

Interest, group enterprises	0	0	3,240	3,464
Other interest income	771	208	0	0
Foreign currency translation adjustments	43,650	7,084	0	0
Other financial income	196	112	0	0
Other financial income	44,617	7,404	0	0
Total	44,617	7,404	3,240	3,464

9. Financial expenses

Other interest expenses	170,152	106,097	0	13
Foreign currency translation adjustments	0	113,133	0	0
Other financial expenses	13,201	12,661	0	2
Total	183,353	231,891	0	15

10. Proposed appropriation account

Non-controlling interests	0	10,449	0	0
Retained earnings	-162,522	-56,767	-153,162	-74,859
Total	-162,522	-46,318	-153,162	-74,859

11. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress
Group:				
Cost as at 01.07.22	2,964	369,732	768,433	5,000
Foreign currency translation adjustment of foreign enterprises	-235	-13,474	-4,404	0
Additions during the year	1,250	2,968	10,332	1,201
Cost as at 30.06.23	3,979	359,226	774,361	6,201
Amortisation and impairment losses as at 01.07.22	-354	-32,057	-257,090	0
Foreign currency translation adjustment of foreign enterprises	121	2,355	686	0
Impairment losses during the year	0	0	0	-5,000
Amortisation during the year	-842	-36,218	-74,991	0
Amortisation and impairment losses as at 30.06.23	-1,075	-65,920	-331,395	-5,000
Carrying amount as at 30.06.23	2,904	293,306	442,966	1,201

Completed development projects and development projects in progress comprise external acquired IT-software ensuring efficiency improvements of the ongoing operations related to the Group's activities.

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 01.07.22	1,398,029	57,687	21,953
Foreign currency translation adjustment of foreign enterprises	-39,975	-6,612	0
Additions during the year	49,603	23,860	0
Disposals during the year	0	-149	0
Transfers during the year to/from other items	21,953	0	-21,953
Cost as at 30.06.23	1,429,610	74,786	0
Depreciation and impairment losses as at 01.07.22	-37,829	-11,751	0
Foreign currency translation adjustment of foreign enterprises	1,292	3,796	0
Depreciation during the year	-20,215	-10,608	0
Reversal of depreciation of and impairment losses on disposed assets	0	21	0
Depreciation and impairment losses as at 30.06.23	-56,752	-18,542	0
Carrying amount as at 30.06.23	1,372,858	56,244	0

13. 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 01.07.22	0	3,260	1,250	2,882
Additions during the year	0	2,025	0	0
Disposals during the year	0	0	-1,250	0
Cost as at 30.06.23	0	5,285	0	2,882
Revaluations as at 01.07.22	0	29	0	0
Net profit/loss from equity investments	0	-90	0	0
Transfers during the year to/from other items	0	61	0	0
Revaluations as at 30.06.23	0	0	0	0
Depreciation and impairment losses as at 01.07.22	0	-508	0	0
Net profit/loss from equity investments	0	-150	0	0
Transfers during the year to/from other items	0	-61	0	0
Depreciation and impairment losses as at 30.06.23	0	-719	0	0
Carrying amount as at 30.06.23	0	4,566	0	2,882
Parent:				
Cost as at 01.07.22	918,757	0	0	0
Cost as at 30.06.23	918,757	0	0	0
Depreciation and impairment losses as at 01.07.22	-39,998	0	0	0
Foreign currency translation adjustment of foreign enterprises	-49,578	0	0	0
Net profit/loss from equity investments	-154,553	0	0	0
Other equity adjustments relating to equity investments	-264	0	0	0
Depreciation and impairment losses as at 30.06.23	-244,393	0	0	0
Carrying amount as at 30.06.23	674,364	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, 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%
PBIEC Insurance Co., 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%

14. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Cost as at 01.07.22	94
Additions during the year	1,337
Cost as at 30.06.23	1,431
Carrying amount as at 30.06.23	1,431

	Group		Parent	
	30.06.23 DKK '000	30.06.22 DKK '000	30.06.23 DKK '000	30.06.22 DKK '000

15. Prepayments

Prepaid expenses	18,009	20,837	39	0
Total	18,009	20,837	39	0

16. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share class A	1,985,990	1,986
Share class B	805,462	805
Share class C	191,620	192
Total		2,983
Capital increase during the financial year	811,004	526

Refer to note 22 for share based incentive programmes.

	Group		Parent	
	30.06.23 DKK '000	30.06.22 DKK '000	30.06.23 DKK '000	30.06.22 DKK '000

17. Non-controlling interests

Non-controlling interests, beginning of year	1,067	17,984	0	0
Dividend paid	0	-393	0	0
Purchase of non-controlling interests	-1,067	-26,973	0	0
Net profit/loss for the year (distribution of net profit)	0	10,449	0	0
Total	0	1,067	0	0

	Group		Parent	
	30.06.23 DKK '000	30.06.22 DKK '000	30.06.23 DKK '000	30.06.22 DKK '000

18. Deferred tax

Deferred tax as at 01.07.22	37,852	21,750	0	0
Deferred tax recognised in the income statement	-14,370	16,102	0	0
Deferred tax recognised in equity	-11,754	0	0	0
Deferred tax as at 30.06.23	11,728	37,852	0	0

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	-6,899	0	0	0
Provisions for deferred tax	18,627	37,852	0	0
Total	11,728	37,852	0	0

Deferred tax is distributed as below:

Intangible assets	11,254	12,323	0	0
Property, plant and equipment	27,025	21,308	0	0
Inventories	30,338	21,493	0	0
Receivables	-28,046	-117	0	0
Provisions	-30	0	0	0
Liabilities	-2,424	-1,229	0	0
Tax losses	-26,389	-15,926	0	0
Total	11,728	37,852	0	0

19. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 30.06.23	Total payables at 30.06.22
Group:				
Mortgage debt	1,852	68,870	101,496	106,768
Payables to other credit institutions	0	0	0	1,543,357
Income taxes	0	0	0	45,305
Other payables	0	0	100,599	92,890
Total	1,852	68,870	202,095	1,788,320

20. Contingent liabilities

Group:

Lease commitments

The group has concluded various minor lease agreements with terms to maturity of 3-60 months and total lease payments of DKK 20.304k.

In addition the group has concluded lease agreements relating to land and buildings with the following conditions:

- A lease, non-terminable for another 6,5 years, with current annual lease payments of 1 mio. USD and annual price indexation of minimum 2,5%
- A lease, non-terminable for another 39 years, with current annual lease payments of 1,8 mio. USD and annual price indexation of minimum 2,5%

Guarantee commitments

The group has provided a guarantee for other enterprises' debt to credit institutions. The guarantee is limited to DKK 500k and the debt to the credit institutions concerned amounts to DKK 453k.

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 99,658k at the balance sheet date.

Other contingent liabilities

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

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

21. Charges and security

Group:

Land and buildings with a carrying amount of DKK 199,627k have been provided as security for mortgage debt of DKK 101,496k.

The group has issued mortage deeds registered to the mortgagor in the total amount of DKK 14,000k secured upon land and buildings with a carrying amount of DKK 158,609k.

The group has provided company charges with a total amount of DKK 100,000k as security for debt to credit institutions. As at 30.06.23, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 393k
- Other plant, fixtures and fittings, tools and equipments, DKK 3,799k
- Inventories, DKK 430,014k
- Trade receivables, DKK 11,872k

Parent:

Equity investments in group enterprises with a carrying amount of DKK 674,364k has been pledged as security for long-term payables to other credit institutions amounting to DKK 1,512,325k.

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:

An incentive programme for Management exists, 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.

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

23. Adjustments for the cash flow statement

Other operating income	-177	-42,016
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	147,873	137,179
Write-down of current assets exceeding normal write-downs	40,000	0
Other operating expenses	0	115
Income from equity investments in associates	240	-392
Financial income	-44,617	-7,404
Financial expenses	183,353	231,891
Tax on profit or loss for the year	-4,771	23,716
Other adjustments	-4,738	-75
Total	317,163	343,014

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 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.

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.

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 goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

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

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

24. Accounting policies - continued -

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 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

24. Accounting policies - continued -

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

Other operating income

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

24. 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 DKK '000
Completed development projects	5	
Acquired rights	3-10	0
Goodwill	10	0
Buildings	15-30	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.

24. 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.

Write-downs of current assets exceeding normal write-downs

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

Other operating expenses

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

Income from equity investments in group 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

24. Accounting policies - continued -

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.

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.

24. Accounting policies - continued -

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.

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.

24. Accounting policies - continued -

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 details.

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.

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.

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

24. Accounting policies - continued -

Gains or losses on disposal of equity investments

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

Impairment losses on fixed assets

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

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

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

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.

24. 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 and indirectly 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

24. 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.

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.

24. 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.