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# Cycle Service Nordic ApS

Datavej 12
5220 Odense SØ
Central Business Registration No 14412107

# Annual report 2016

The Annual General Meeting adopted the annual report on 28.03.2017

**Chairman of the General Meeting**

Name: Bo Bækkelund

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# Entity details

**Entity**
Cycle Service Nordic ApS
Datavej 12
5220 Odense SØ

Central Business Registration No: 14412107
Registered in: Odense
Financial year: 01.01.2016 - 31.12.2016

Phone: +4565992411
Fax: +4565992842
Website: www.cycleservicenordic.com
E-mail: info@cycleservicenordic.com

**Board of Directors**
Svend Møller, Chairman
Bo Bækkelund
Jeroen Maria Snijders Blok

**Executive Board**
Bo Bækkelund

**Auditors**
Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cycle Service Nordic ApS for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 28.03.2017

**Executive Board**

Bo Bækkelund

**Board of Directors**

| | | |
|---|---|---|
| Svend Møller<br>Chairman | Bo Bækkelund | Jeroen Maria Snijders Blok |

# Independent auditor's report

**To the shareholders of Cycle Service Nordic ApS**

**Opinion**

We have audited the consolidated financial statements and the parent financial statements of Cycle Service Nordic ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 the parent financial statements section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

# Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Independent auditor's report

**Statement on the management commentary**
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Odense, 28.03.2017

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Anders Flou
State Authorised Public Accountant

# Management commentary

| | 2016 DKK'000 | 2015 DKK'000 | 2014 DKK'000 |
|---|---|---|---|
| **Financial highlights** | | | |
| **Key figures** | | | |
| Revenue | 115.079 | 104.890 | 103.994 |
| Gross profit/loss | 24.333 | 24.379 | 24.818 |
| Operating profit/loss | 6.380 | 7.382 | 8.724 |
| Net financials | (1.206) | (993) | (921) |
| Profit/loss for the year | 3.961 | 4.835 | 5.917 |
| Total assets | 67.174 | 61.866 | 51.114 |
| Investments in property, plant and equipment | 591 | 1.266 | 639 |
| Equity | 23.269 | 19.308 | 14.473 |
| Cash flows from (used in) operating activities | (3.984) | 3.921 | (2.519) |
| Cash flows from (used in) investing activities | (966) | (995) | (639) |
| Cash flows from (used in) financing activities | 0 | 0 | 933 |
| Employees in average | 45 | 41 | 39 |
| | | | |
| **Ratios** | | | |
| Gross margin (%) | 21,1 | 23,2 | 23,9 |
| Net margin (%) | 3,4 | 4,6 | 5,7 |
| Return on equity (%) | 18,6 | 28,6 | 40,9 |
| Equity ratio (%) | 34,6 | 31,2 | 28,3 |
| Revenue per employee | 2.557,3 | 2.558,3 | 2.666,5 |

Cycle Service Nordic ApS prepared its first consolidated financial statements in 2014. In pursuance of section 128(3) and the Danish Financial Statements Act, comparatives for 2013 are not included.

*Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.*

| **Ratios** | **Calculation formula** | **Ratios** |
|---|---|---|
| Gross margin (%) | $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$ | The entity's operating gearing. |
| Net margin (%) | $\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$ | The entity's operating profitability. |
| Return on equity (%) | $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | $\frac{\text{Equity x 100}}{\text{Total assets}}$ | The financial strength of the entity. |
| Revenue per employee | $\frac{\text{Revenue}}{\text{Revenue per employee}}$ | The entity's productivity |

# Management commentary

**Primary activities**

As in previous years, the primary activities of Cycle Service Nordic ApS are wholesaling in bicycle parts and accessories.

**Development in activities and finances**

In view of a continued heavy investment in business expansions in emerging markets, the profit and the financiel development og the Company are considered to be sufficient.

**Outlook**

The company anticipates a favorable performance in 2017.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

# Consolidated income statement for 2016

| | Notes | 2016 DKK | 2015 DKK |
|---|---|---|---|
| Revenue | | 115.078.580 | 104.890.295 |
| Cost of sales | | (82.231.754) | (72.229.553) |
| Other external expenses | | (8.513.418) | (8.281.996) |
| **Gross profit/loss** | | **24.333.408** | **24.378.746** |
| Staff costs | 1 | (16.993.863) | (16.136.421) |
| Depreciation, amortisation and impairment losses | | (959.579) | (860.049) |
| **Operating profit/loss** | | **6.379.966** | **7.382.276** |
| Other financial income | 2 | 2.788 | 2.102 |
| Other financial expenses | 3 | (1.208.668) | (995.596) |
| **Profit/loss before tax** | | **5.174.086** | **6.388.782** |
| Tax on profit/loss for the year | 4 | (1.212.782) | (1.553.795) |
| **Profit/loss for the year** | 5 | **3.961.304** | **4.834.987** |

# Consolidated balance sheet at 31.12.2016

| | Notes | 2016<br>DKK | 2015<br>DKK |
|---|---|---|---|
| Acquired intangible assets | | 300.000 | 0 |
| **Intangible assets** | 6 | **300.000** | **0** |
| Other fixtures and fittings, tools and equipment | | 1.515.160 | 1.903.825 |
| Leasehold improvements | | 542.627 | 409.038 |
| **Property, plant and equipment** | 7 | **2.057.787** | **2.312.863** |
| Other receivables | | 219.150 | 219.150 |
| **Fixed asset investments** | 8 | **219.150** | **219.150** |
| **Fixed assets** | | **2.576.937** | **2.532.013** |
| Manufactured goods and goods for resale | | 51.696.178 | 45.424.626 |
| Prepayments for goods | | 1.164.479 | 0 |
| **Inventories** | | **52.860.657** | **45.424.626** |
| Trade receivables | | 8.719.055 | 8.462.034 |
| Receivables from group enterprises | | 377.133 | 0 |
| Deferred tax | | 72.713 | 72.413 |
| Other receivables | | 61.722 | 434.312 |
| Prepayments | | 103.069 | 0 |
| **Receivables** | | **9.333.692** | **8.968.759** |
| **Cash** | | **2.402.301** | **4.940.156** |
| **Current assets** | | **64.596.650** | **59.333.541** |
| **Assets** | | **67.173.587** | **61.865.554** |

# Consolidated balance sheet at 31.12.2016

| | Notes | 2016 DKK | 2015 DKK |
|---|---|---|---|
| Contributed capital | | 200.000 | 200.000 |
| Retained earnings | | 23.069.396 | 19.108.092 |
| **Equity** | | **23.269.396** | **19.308.092** |
| Deferred tax | | 10.056 | 0 |
| **Provisions** | | **10.056** | **0** |
| Bank loans | | 22.283.538 | 19.870.588 |
| Trade payables | | 13.474.522 | 13.296.634 |
| Income tax payable | | 357.144 | 466.183 |
| Other payables | | 7.523.170 | 8.642.357 |
| Deferred income | | 255.761 | 281.700 |
| **Current liabilities other than provisions** | | **43.894.135** | **42.557.462** |
| **Liabilities other than provisions** | | **43.894.135** | **42.557.462** |
| **Equity and liabilities** | | **67.173.587** | **61.865.554** |
| Unrecognised rental and lease commitments | 10 | | |
| Group relations | 11 | | |
| Subsidiaries | 12 | | |

# Consolidated statement of changes in equity for 2016

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---|---:|---:|---:|
| Equity beginning of year | 200.000 | 19.108.092 | 19.308.092 |
| Profit/loss for the year | 0 | 3.961.304 | 3.961.304 |
| **Equity end of year** | **200.000** | **23.069.396** | **23.269.396** |

# Consolidated cash flow statement for 2016

| | Notes | 2016 DKK | 2015 DKK |
|---|---|---|---|
| Operating profit/loss | | 6.379.967 | 7.382.276 |
| Amortisation, depreciation and impairment losses | | 959.579 | 860.050 |
| Working capital changes | 9 | (8.808.509) | (1.744.930) |
| **Cash flow from ordinary operating activities** | | **(1.468.963)** | **6.497.396** |
| Financial income received | | 151.251 | 2.103 |
| Financial income paid | | (1.357.132) | (995.597) |
| Income taxes refunded/(paid) | | (1.309.634) | (1.582.419) |
| **Cash flows from operating activities** | | **(3.984.478)** | **3.921.483** |
| Acquisition etc of intangible assets | | (400.000) | 0 |
| Acquisition etc of property, plant and equipment | | (590.648) | (1.266.033) |
| Sale of property, plant and equipment | | 24.322 | 270.673 |
| **Cash flows from investing activities** | | **(966.326)** | **(995.360)** |
| **Increase/decrease in cash and cash equivalents** | | **(4.950.804)** | **2.926.123** |
| Cash and cash equivalents beginning of year | | (14.930.433) | (17.856.555) |
| **Cash and cash equivalents end of year** | | **(19.881.237)** | **(14.930.432)** |
| Cash and cash equivalents at year-end are composed of: | | | |
| Cash | | 2.402.301 | 4.940.156 |
| Short-term debt to banks | | (22.283.538) | (19.870.588) |
| **Cash and cash equivalents end of year** | | **(19.881.237)** | **(14.930.432)** |

# Notes to consolidated financial statements

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **1. Staff costs** | | |
| Wages and salaries | 14.328.535 | 13.425.808 |
| Pension costs | 1.439.583 | 1.308.155 |
| Other social security costs | 1.114.172 | 1.031.127 |
| Other staff costs | 111.573 | 371.331 |
| | **16.993.863** | **16.136.421** |
| Average number of employees | **45** | **41** |

| | Remuneration of management 2016<br>DKK | Remuneration of management 2015<br>DKK |
|---|---|---|
| Total amount for management categories | 2.258.643 | 2.083.812 |
| | **2.258.643** | **2.083.812** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **2. Other financial income** | | |
| Other financial income | 2.788 | 2.102 |
| | **2.788** | **2.102** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **3. Other financial expenses** | | |
| Other financial expenses | 1.208.668 | 995.596 |
| | **1.208.668** | **995.596** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **4. Tax on profit/loss for the year** | | |
| Tax on current year taxable income | 1.190.552 | 1.591.333 |
| Change in deferred tax for the year | 12.187 | (37.538) |
| Adjustment concerning previous years | 10.043 | 0 |
| | **1.212.782** | **1.553.795** |

# Notes to consolidated financial statements

| | 2016 DKK | 2015 DKK |
|---|---|---|
| **5. Proposed distribution of profit/loss** | | |
| Retained earnings | 3.961.304 | 4.834.987 |
| | **3.961.304** | **4.834.987** |

| | Acquired intangible assets DKK |
|---|---|
| **6. Intangible assets** | |
| Additions | 400.000 |
| **Cost end of year** | **400.000** |
| | |
| Amortisation for the year | (100.000) |
| **Amortisation and impairment losses end of year** | **(100.000)** |
| | |
| **Carrying amount end of year** | **300.000** |

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improve-ments DKK |
|---|---|---|
| **7. Property, plant and equipment** | | |
| Cost beginning of year | 4.747.383 | 527.921 |
| Exchange rate adjustments | 33.107 | 0 |
| Additions | 330.841 | 259.807 |
| Disposals | (58.373) | 0 |
| **Cost end of year** | **5.052.958** | **787.728** |
| | | |
| Revaluations beginning of year | (2.581) | 0 |
| Exchange rate adjustments | 2.581 | 0 |
| **Revaluations end of year** | **0** | **0** |
| | | |
| Depreciation and impairment losses beginning of the year | (2.840.977) | (118.883) |
| Exchange rate adjustments | (10.158) | 0 |
| Depreciation for the year | (720.714) | (126.218) |
| Reversal regarding disposals | 34.051 | 0 |
| **Depreciation and impairment losses end of the year** | **(3.537.798)** | **(245.101)** |
| | | |
| **Carrying amount end of year** | **1.515.160** | **542.627** |

# Notes to consolidated financial statements

| | Other receivables DKK |
|---|---|
| **8. Fixed asset investments** | |
| Cost beginning of year | 219.150 |
| **Cost end of year** | **219.150** |
| | |
| **Carrying amount end of year** | **219.150** |

| | 2016 DKK | 2015 DKK |
|---|---|---|
| **9. Change in working capital** | | |
| Increase/decrease in inventories | (7.436.031) | (7.433.351) |
| Increase/decrease in receivables | (364.633) | 132.595 |
| Increase/decrease in trade payables etc | (967.238) | 5.610.130 |
| Other changes | (40.607) | (54.304) |
| | **(8.808.509)** | **(1.744.930)** |

| | 2016 DKK | 2015 DKK |
|---|---|---|
| **10. Unrecognised rental and lease commitments** | | |
| Hereof liabilities under rental or lease agreements until maturity in total | **5.333.050** | **6.171.550** |

Non-recognised rental and lease commitments concern leases.

**11. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Accel Group N.V., P.O. Box 435 8440 AK Industriweg 4, 8444 AR Heerenveen, The Netherlands

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Batavus B.V., P.O. Box 515 Industriweg 4, 8444 AR Heerenveen, The Netherlands

| | Registered in | Equity interest % |
|---|---|---|
| **12. Subsidiaries** | | |
| Cycle Service Nordic AS | Norge | 100,0 |
| Cycle Service Nordic OY | Finland | 100,0 |
| Cycle Service Nordic AB | Sverige | 100,0 |

# Parent income statement for 2016

| | Notes | 2016 DKK | 2015 DKK |
|---|---|---|---|
| Revenue | | 111.809.289 | 102.656.785 |
| Cost of sales | | (82.832.892) | (72.310.397) |
| Other external expenses | | (11.100.194) | (11.464.997) |
| **Gross profit/loss** | | **17.876.203** | **18.881.391** |
| Staff costs | 1 | (12.177.778) | (11.483.907) |
| Depreciation, amortisation and impairment losses | | (618.540) | (484.608) |
| **Operating profit/loss** | | **5.079.885** | **6.912.876** |
| Income from investments in group enterprises | | 860.996 | 236.315 |
| Other financial income | 2 | 149.393 | 141.450 |
| Other financial expenses | 3 | (1.187.211) | (982.777) |
| **Profit/loss before tax** | | **4.903.063** | **6.307.864** |
| Tax on profit/loss for the year | 4 | (941.759) | (1.472.877) |
| **Profit/loss for the year** | 5 | **3.961.304** | **4.834.987** |

# Parent balance sheet at 31.12.2016

| | Notes | 2016 DKK | 2015 DKK |
|---|---|---|---|
| Acquired intangible assets | | 300.000 | 0 |
| **Intangible assets** | 6 | **300.000** | **0** |
| Other fixtures and fittings, tools and equipment | | 842.896 | 904.377 |
| Leasehold improvements | | 542.627 | 409.038 |
| **Property, plant and equipment** | 7 | **1.385.523** | **1.313.415** |
| Investments in group enterprises | | 2.039.444 | 1.170.754 |
| Other receivables | | 219.150 | 219.150 |
| **Fixed asset investments** | 8 | **2.258.594** | **1.389.904** |
| **Fixed assets** | | **3.944.117** | **2.703.319** |
| Manufactured goods and goods for resale | | 51.696.178 | 45.424.626 |
| Prepayments for goods | | 1.164.479 | 0 |
| **Inventories** | | **52.860.657** | **45.424.626** |
| Trade receivables | | 6.892.583 | 7.303.568 |
| Receivables from group enterprises | | 1.744.219 | 2.056.043 |
| Deferred tax | | 0 | 51.570 |
| Other receivables | | 16.503 | 313.701 |
| **Receivables** | | **8.653.305** | **9.724.882** |
| **Cash** | | **1.108.340** | **3.503.757** |
| **Current assets** | | **62.622.302** | **58.653.265** |
| **Assets** | | **66.566.419** | **61.356.584** |

# Parent balance sheet at 31.12.2016

| | Notes | 2016 DKK | 2015 DKK |
|---|---|---|---|
| Contributed capital | 9 | 200.000 | 200.000 |
| Reserve for net revaluation according to the equity method | | 1.749.270 | 880.580 |
| Retained earnings | | 21.320.126 | 18.227.512 |
| **Equity** | | **23.269.396** | **19.308.092** |
| Deferred tax | | 10.056 | 0 |
| **Provisions** | | **10.056** | **0** |
| Bank loans | | 22.283.538 | 19.870.589 |
| Trade payables | | 13.204.355 | 13.021.040 |
| Payables to group enterprises | | 635.456 | 628.850 |
| Income tax payable | | 113.591 | 440.835 |
| Other payables | | 6.794.266 | 7.805.478 |
| Deferred income | 10 | 255.761 | 281.700 |
| **Current liabilities other than provisions** | | **43.286.967** | **42.048.492** |
| **Liabilities other than provisions** | | **43.286.967** | **42.048.492** |
| **Equity and liabilities** | | **66.566.419** | **61.356.584** |
| Unrecognised rental and lease commitments | 11 | | |
| Contingent liabilities | 12 | | |
| Mortgages and securities | 13 | | |
| Related parties with controlling interest | 14 | | |

# Parent statement of changes in equity for 2016

| | Contributed capital DKK | Reserve for net revaluation according to the equity method DKK | Retained earnings DKK | Total DKK |
|---|---|---|---|---|
| Equity beginning of year | 200.000 | 880.580 | 18.227.512 | 19.308.092 |
| Profit/loss for the year | 0 | 868.690 | 3.092.614 | 3.961.304 |
| **Equity end of year** | **200.000** | **1.749.270** | **21.320.126** | **23.269.396** |

# Notes to parent financial statements

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **1. Staff costs** | | |
| Wages and salaries | 10.439.191 | 9.642.250 |
| Pension costs | 1.360.269 | 1.227.832 |
| Other social security costs | 266.745 | 242.493 |
| Other staff costs | 111.573 | 371.332 |
| | **12.177.778** | **11.483.907** |
| | | |
| Average number of employees | **35** | **31** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **2. Other financial income** | | |
| Financial income arising from group enterprises | 148.463 | 140.422 |
| Other financial income | 930 | 1.028 |
| | **149.393** | **141.450** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **3. Other financial expenses** | | |
| Other financial expenses | 1.187.211 | 982.777 |
| | **1.187.211** | **982.777** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **4. Tax on profit/loss for the year** | | |
| Tax on current year taxable income | 870.090 | 1.511.647 |
| Change in deferred tax for the year | 61.626 | (38.770) |
| Adjustment concerning previous years | 10.043 | 0 |
| | **941.759** | **1.472.877** |

| | 2016<br>DKK | 2015<br>DKK |
|---|---|---|
| **5. Proposed distribution of profit/loss** | | |
| Transferred to reserve for net revaluation according to the equity method | 868.690 | 236.315 |
| Retained earnings | 3.092.614 | 4.598.672 |
| | **3.961.304** | **4.834.987** |

# Notes to parent financial statements

| | Acquired intangible assets DKK |
|---|---|
| **6. Intangible assets** | |
| Additions | 400.000 |
| **Cost end of year** | **400.000** |
| | |
| Amortisation for the year | (100.000) |
| **Amortisation and impairment losses end of year** | **(100.000)** |
| | |
| **Carrying amount end of year** | **300.000** |

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improve-ments DKK |
|---|---|---|
| **7. Property, plant and equipment** | | |
| Cost beginning of year | 2.913.994 | 527.921 |
| Additions | 330.841 | 259.807 |
| **Cost end of year** | **3.244.835** | **787.728** |
| | | |
| Depreciation and impairment losses beginning of the year | (2.009.617) | (118.883) |
| Depreciation for the year | (392.322) | (126.218) |
| **Depreciation and impairment losses end of the year** | **(2.401.939)** | **(245.101)** |
| | | |
| **Carrying amount end of year** | **842.896** | **542.627** |

| | Investments in group enterprises DKK | Other receivables DKK |
|---|---|---|
| **8. Fixed asset investments** | | |
| Cost beginning of year | 290.174 | 219.150 |
| **Cost end of year** | **290.174** | **219.150** |
| | | |
| Revaluations beginning of year | 880.580 | 0 |
| Exchange rate adjustments | 7.694 | 0 |
| Share of profit/loss for the year | 860.996 | 0 |
| **Revaluations end of year** | **1.749.270** | **0** |
| | | |
| **Carrying amount end of year** | **2.039.444** | **219.150** |

# Notes to parent financial statements

| | Number | Par value DKK | Nominal value DKK |
|---|---|---|---|
| **9. Contributed capital** | | | |
| Shares | 200 | 1000 | 200.000 |
| | **200** | | **200.000** |

The parent's share capital had remained DKK 200,000 over the past 5 years.

**10. Deferred income**

Deferred income comprises service centre payments that are not recognised as income until in the subsequent financial year once the recognition criteria are satisfied.

| | 2016 DKK | 2015 DKK |
|---|---|---|
| **11. Unrecognised rental and lease commitments** | | |
| Hereof liabilities under rental or lease agreements until maturity in total | **5.333.050** | **6.171.550** |

**12. Contingent liabilities**

The Company participates in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

**13. Mortgages and securities**

Bank debt is secured on a charge on receivables worth a nominal DKK 7,500,000.

**14. Related parties with controlling interest**

Parent Accell Danmark ApS, Tobaksgården 6, 8700 Horsens, Denmark, Participating interest.

# Accounting policies

**Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

**Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

**Consolidated financial statements**

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

**Basis of consolidation**

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

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

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

# Accounting policies

**Business combinations**

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

**Profits or losses from divestment of equity investments**

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

**Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

**Income statement**

**Revenue**

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Cost of sales**

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

# Accounting policies

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

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

**Depreciation, amortisation and impairment losses**
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

**Other financial income**
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet**
**Intellectual property rights etc**
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

# Accounting policies

**Property, plant and equipment**
Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

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

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5 years |

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Investments in group enterprises**
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

**Receivables**
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

**Inventories**
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

# Accounting policies

**Deferred tax**
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

**Cash**
Cash comprises cash in hand and bank deposits.

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

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

**Income tax receivable or payable**
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

**Deferred income**
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

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

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

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

# Accounting policies

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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.