

Cycle Service Nordic ApS

Emil Neckelmanns Vej 6
5220 Odense SØ
Central Business Registration
No 14412107

Annual report 2018

The Annual General Meeting adopted the annual report on 04.04.2019

Chairman of the General Meeting

Name: Bo Bækkelund

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Entity details

Entity

Cycle Service Nordic ApS
Emil Neckelmanns Vej 6
5220 Odense SØ

Central Business Registration No (CVR): 14412107
Registered in: Odense
Financial year: 01.01.2018 - 31.12.2018

Phone: +4565992411
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E-mail: info@cycleservicenordic.com

Board of Directors

Svend Møller
Christoph Mannel
Anthonie Hilbert Anbeek
Jasper Gerard Sundh

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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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, 04.04.2019

Executive Board

Bo Bækkelund

Board of Directors

Svend Møller

Christoph Mannel

Anthonie Hilbert Anbeek

Jasper Gerard Sundh

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 01.01.2018 - 31.12.2018, 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 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 exists. 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, 04.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Anders Flou
State Authorised Public Accountant
Identification No (MNE) mne32777

Heino Hyllested Tholsgaard
State Authorised Public Accountant
Identification No (MNE) mne34511

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Revenue	148.838	129.908	115.079	104.890	103.994
Gross profit/loss	23.361	26.133	24.333	24.379	24.818
Operating profit/loss	1.713	7.267	6.380	7.382	8.724
Net financials	(1.241)	(927)	(1.206)	(993)	(921)
Profit/loss for the year	334	4.997	3.961	4.835	5.917
Profit/loss excl minority interests	334	4.997	3.961	4.835	5.917
Total assets	88.372	74.362	67.174	61.866	51.114
Investments in property, plant and equipment	3.088	823	591	1.266	639
Equity	28.567	28.267	23.269	19.308	14.473
Equity excl minority interests	28.567	28.267	23.269	19.308	14.473
Cash flows from (used in) operating activities	1.278	953	(3.984)	3.921	(2.519)
Cash flows from (used in) investing activities	(4.506)	(603)	(966)	(995)	(639)
Cash flows from (used in) financing activities	-	-	-	-	933
Average numbers of employees	54	48	45	41	39
Ratios					
Gross margin (%)	15,7	20,1	21,1	23,2	23,9
Net margin (%)	0,2	3,8	3,4	4,6	5,7
Return on equity (%)	1,2	19,4	18,6	28,6	40,9
Equity ratio (%)	32,3	38,0	34,6	31,2	28,3
Revenue per employee	2.756,3	2.706,4	2.557,3	2.558,3	2.666,5

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

Management commentary

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

Management commentary

Primary activities

As in previous years, the primary activities of the parent and the group are wholesaling in bicycle parts and accessories.

Development in activities and finances

The parent and the group continues to invest in business expansions in emerging markets focusing on a future strong logistical platform in the Nordic region. The growth in turnover is considered to be sufficient, and the positive development is linked to a growth in sales on both new and existing brands. The profit is affected by an increase in group related costs, and the profit is therefore below expectations for 2018.

Uncertainty relating to recognition and measurement

There have been no material uncertainties or unusual matters affecting recognition and measurement.

Outlook

The parent and the group expects to realize a strong growth in turnover and a net profit around 2-3 mill. DKK in 2019.

Particular risks

The parent and the group is not exposed to any particular business or financial risks other than usual risks within the wholesaler segment of parts and accessories in the bicycle business.

Intellectual capital resources

The parent and the group has the ambition to be at the forefront of the technologies used in the wholesaler segment for parts and accessories in the bicycle business. In order to continuously improve products and services, it is crucial for the parent and the group to continue to attract, train and maintain highly qualified staff in all areas important for the parent and the group.

Staff

The parent and the group continuously prioritize to secure a good working environment, low sickness rate and a good mental working environment.

Environmental performance

The parent and the group monitors as many environmental aspects as possible. The objective is to carry out continuous improvements and minimize the environmental and work environment impacts that might exist around energy optimization, recycling etc.

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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Revenue		148.838.020	129.907.833
Cost of sales		(110.613.889)	(94.169.717)
Other external expenses		(14.862.814)	(9.604.635)
Gross profit/loss		23.361.317	26.133.481
Staff costs	2	(20.972.796)	(17.684.560)
Depreciation, amortisation and impairment losses		(675.419)	(1.182.243)
Operating profit/loss		1.713.102	7.266.678
Other financial income	3	133.875	870
Other financial expenses	4	(1.374.698)	(927.748)
Profit/loss before tax		472.279	6.339.800
Tax on profit/loss for the year	5	(137.823)	(1.342.475)
Profit/loss for the year	6	334.456	4.997.325

Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired intangible assets		33.335	166.667
Intangible assets	7	33.335	166.667
Other fixtures and fittings, tools and equipment		1.879.491	1.029.370
Leasehold improvements		2.067.823	0
Prepayments for property, plant and equipment		0	559.800
Property, plant and equipment	8	3.947.314	1.589.170
Other receivables		1.769.150	219.150
Fixed asset investments	9	1.769.150	219.150
Fixed assets		5.749.799	1.974.987
Manufactured goods and goods for resale		57.653.453	56.602.547
Prepayments for goods		1.560.766	633.270
Inventories		59.214.219	57.235.817
Trade receivables		16.388.486	8.717.673
Receivables from group enterprises		95.797	63.007
Deferred tax	10	332.793	171.306
Other receivables		1.188.679	245.760
Income tax receivable		610.599	0
Prepayments	11	1.054.790	123.735
Receivables		19.671.144	9.321.481
Cash		3.736.792	5.829.590
Current assets		82.622.155	72.386.888
Assets		88.371.954	74.361.875

Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		200.000	200.000
Retained earnings		28.366.842	28.066.720
Equity		28.566.842	28.266.720
Bank loans		26.496.895	25.361.242
Trade payables		26.394.576	15.374.474
Payables to group enterprises		1.654.101	15.006
Income tax payable		189.691	173.016
Other payables		4.883.629	4.859.968
Deferred income	12	186.220	311.449
Current liabilities other than provisions		59.805.112	46.095.155
Liabilities other than provisions		59.805.112	46.095.155
Equity and liabilities		88.371.954	74.361.875
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Group relations	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	200.000	28.066.720	28.266.720
Exchange rate adjustments	0	(34.334)	(34.334)
Profit/loss for the year	0	334.456	334.456
Equity end of year	200.000	28.366.842	28.566.842

Consolidated cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Operating profit/loss		1.713.104	7.266.678
Amortisation, depreciation and impairment losses		675.419	1.182.243
Working capital changes	13	913.565	(4.928.812)
Cash flow from ordinary operating activities		3.302.088	3.520.109
Financial income received		133.875	870
Financial expenses paid		(1.374.697)	(927.748)
Income taxes refunded/(paid)		(783.615)	(1.640.727)
Cash flows from operating activities		1.277.651	952.504
Acquisition etc of property, plant and equipment		(3.087.742)	(823.361)
Sale of property, plant and equipment		131.640	220.442
Fixed asset investments additions		(1.550.000)	0
Cash flows from investing activities		(4.506.102)	(602.919)
Increase/decrease in cash and cash equivalents		(3.228.451)	349.585
Cash and cash equivalents beginning of year		(19.531.652)	(19.881.237)
Cash and cash equivalents end of year		(22.760.103)	(19.531.652)
Cash and cash equivalents at year-end are composed of:			
Cash		3.736.792	5.829.590
Short-term debt to banks		(26.496.895)	(25.361.242)
Cash and cash equivalents end of year		(22.760.103)	(19.531.652)

Notes to consolidated financial statements

1. 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.

	2018 DKK	2017 DKK
2. Staff costs		
Wages and salaries	17.882.368	15.122.975
Pension costs	1.696.940	1.450.112
Other social security costs	1.260.435	880.093
Other staff costs	133.053	231.380
	20.972.796	17.684.560
Average number of employees	54	48
	Remunera- tion of manage- ment 2018 DKK	Remunera- tion of manage- ment 2017 DKK
Total amount for management categories / Board of Directors	967.403	960.459
	967.403	960.459
	2018 DKK	2017 DKK
3. Other financial income		
Financial income arising from group enterprises	118.057	0
Other financial income	15.818	870
	133.875	870
	2018 DKK	2017 DKK
4. Other financial expenses		
Financial expenses from group enterprises	117.292	0
Other financial expenses	1.257.406	927.748
	1.374.698	927.748

Notes to consolidated financial statements

	2018	2017
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	300.009	1.519.260
Change in deferred tax	(162.186)	(114.124)
Adjustment concerning previous years	0	(62.661)
	137.823	1.342.475
	2018	2017
	DKK	DKK
6. Proposed distribution of profit/loss		
Retained earnings	334.456	4.997.325
	334.456	4.997.325
		Acquired
		intangible
		assets
		DKK
7. Intangible assets		
Cost beginning of year		400.000
Cost end of year		400.000
Amortisation and impairment losses beginning of year		(233.333)
Amortisation for the year		(133.332)
Amortisation and impairment losses end of year		(366.665)
Carrying amount end of year		33.335

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	Prepay- ments for property, plant and equipment DKK
8. Property, plant and equipment			
Cost beginning of year	4.791.233	858.012	559.800
Exchange rate adjustments	(3.504)	0	0
Transfers	559.800	0	(559.800)
Additions	976.678	2.111.064	0
Disposals	(808.962)	(858.012)	0
Cost end of year	5.515.245	2.111.064	0
Depreciation and impairment losses beginning of year	(3.761.863)	(858.012)	0
Exchange rate adjustments	2.127	0	0
Depreciation for the year	(591.955)	(43.241)	0
Reversal regarding disposals	715.937	858.012	0
Depreciation and impairment losses end of year	(3.635.754)	(43.241)	0
Carrying amount end of year	1.879.491	2.067.823	0
			Other receivables DKK
9. Fixed asset investments			
Cost beginning of year			219.150
Additions			1.550.000
Cost end of year			1.769.150
Carrying amount end of year			1.769.150
			2018 DKK
10. Deferred tax			
Changes during the year			
Beginning of year			171.306
Recognised in the income statement			162.186
Recognised directly in equity			(699)
End of year			332.793

Notes to consolidated financial statements

11. Prepayments

Prepayments consist of prepaid costs.

12. Short-term deferred income

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

	2018	2017
	DKK	DKK
13. Change in working capital		
Increase/decrease in inventories	(1.720.402)	(4.375.160)
Increase/decrease in receivables	(9.699.239)	110.804
Increase/decrease in trade payables etc	12.421.287	(692.501)
Other changes	(88.081)	28.045
	913.565	(4.928.812)

	2018	2017
	DKK	DKK
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	33.855.000	5.564.276

Non-recognised rental and lease commitments concern leases.

15. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with Accell Danmark ApS as administration company. 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.

16. Assets charged and collateral

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

Receivables comprise DKK 15,996,504 at 31.12.2018.

17. Group relations

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

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>
18. Subsidiaries		
Cycle Service Nordic AS	Norge	100,0
Cycle Service Nordic OY	Finland	100,0
Cycle Service Nordic AB	Sverige	100,0

There have not been any transactions on non-market terms with related parties. See note 1 for remuneration of management.

Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Revenue		145.106.894	126.396.588
Cost of sales		(110.723.228)	(93.624.562)
Other external expenses		(17.822.878)	(12.371.998)
Gross profit/loss		16.560.788	20.400.028
Staff costs	2	(15.674.170)	(12.714.743)
Depreciation, amortisation and impairment losses		(575.304)	(1.058.382)
Operating profit/loss		311.314	6.626.903
Income from investments in group enterprises		930.248	382.100
Other financial income	3	133.129	114.602
Other financial expenses	4	(1.185.492)	(911.673)
Profit/loss before tax		189.199	6.211.932
Tax on profit/loss for the year	5	145.257	(1.214.607)
Profit/loss for the year	6	334.456	4.997.325

Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired intangible assets		33.335	166.667
Intangible assets	7	33.335	166.667
Other fixtures and fittings, tools and equipment		1.711.230	724.035
Leasehold improvements		2.067.823	0
Prepayments for property, plant and equipment		0	559.800
Property, plant and equipment	8	3.779.053	1.283.835
Investments in group enterprises		3.213.421	2.317.507
Other receivables		1.769.150	219.150
Fixed asset investments	9	4.982.571	2.536.657
Fixed assets		8.794.959	3.987.159
Manufactured goods and goods for resale		57.653.453	56.602.547
Prepayments for goods		1.560.766	633.270
Inventories		59.214.219	57.235.817
Trade receivables		11.742.605	7.089.091
Receivables from group enterprises		2.952.861	3.059.332
Deferred tax	10	249.565	104.308
Other receivables		1.179.376	139.614
Income tax receivable		610.599	0
Prepayments	11	860.153	0
Receivables		17.595.159	10.392.345
Cash		2.278.104	2.497.159
Current assets		79.087.482	70.125.321
Assets		87.882.441	74.112.480

Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	12	200.000	200.000
Reserve for net revaluation according to the equity method		2.923.247	2.027.333
Retained earnings		25.443.595	26.039.387
Equity		28.566.842	28.266.720
Bank loans		26.496.895	25.361.242
Trade payables		26.657.228	15.165.062
Payables to group enterprises		2.919.274	1.357.191
Income tax payable		0	141.632
Other payables		3.055.982	3.509.184
Deferred income	13	186.220	311.449
Current liabilities other than provisions		59.315.599	45.845.760
Liabilities other than provisions		59.315.599	45.845.760
Equity and liabilities		87.882.441	74.112.480
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		

Parent statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	200.000	2.027.333	26.039.387	28.266.720
Exchange rate adjustments	0	(34.334)	0	(34.334)
Profit/loss for the year	0	930.248	(595.792)	334.456
Equity end of year	200.000	2.923.247	25.443.595	28.566.842

Notes to parent financial statements

1. 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.

	2018 DKK	2017 DKK
2. Staff costs		
Wages and salaries	13.598.851	10.843.573
Pension costs	1.564.784	1.371.105
Other social security costs	377.482	268.685
Other staff costs	133.053	231.380
	15.674.170	12.714.743
Average number of employees	43	38
	Remunera- tion of manage- ment 2018 DKK	Remunera- tion of manage- ment 2017 DKK
Total amount for management categories / Board of Directors	967.403	960.459
	967.403	960.459
3. Other financial income		
Financial income arising from group enterprises	118.057	113.731
Other financial income	15.072	871
	133.129	114.602
	2018 DKK	2017 DKK
4. Other financial expenses		
Other financial expenses	1.185.492	911.673
	1.185.492	911.673

Notes to parent financial statements

	2018 DKK	2017 DKK
5. Tax on profit/loss for the year		
Current tax	0	1.391.632
Change in deferred tax	(145.257)	(114.364)
Adjustment concerning previous years	0	(62.661)
	(145.257)	1.214.607
	2018 DKK	2017 DKK
6. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	930.248	278.063
Retained earnings	(595.792)	4.719.262
	334.456	4.997.325
		Acquired intangible assets DKK
7. Intangible assets		
Cost beginning of year		400.000
Cost end of year		400.000
Amortisation and impairment losses beginning of year		(233.333)
Amortisation for the year		(133.332)
Amortisation and impairment losses end of year		(366.665)
Carrying amount end of year		33.335

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	Prepay- ments for property, plant and equipment DKK
8. Property, plant and equipment			
Cost beginning of year	3.438.112	858.012	559.800
Transfers	559.800	0	(559.800)
Additions	894.126	2.111.064	0
Disposals	(543.175)	(858.012)	0
Cost end of year	4.348.863	2.111.064	0
Depreciation and impairment losses beginning of year	(2.714.077)	(858.012)	0
Depreciation for the year	(466.731)	(43.241)	0
Reversal regarding disposals	543.175	858.012	0
Depreciation and impairment losses end of year	(2.637.633)	(43.241)	0
Carrying amount end of year	1.711.230	2.067.823	0
9. Fixed asset investments			
		Invest- ments in group enterprises DKK	Other receivables DKK
Cost beginning of year		290.174	219.150
Additions		0	1.550.000
Cost end of year		290.174	1.769.150
Revaluations beginning of year		2.027.333	0
Exchange rate adjustments		(34.334)	0
Share of profit/loss for the year		930.248	0
Revaluations end of year		2.923.247	0
Carrying amount end of year		3.213.421	1.769.150

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

Notes to parent financial statements

	2018 DKK
10. Deferred tax	
Changes during the year	
Beginning of year	104.308
Recognised in the income statement	145.257
End of year	249.565

11. Prepayments

Prepayments consist of prepaid costs.

	Number	Par value DKK	Nominal value DKK
12. Contributed capital			
Shares	200	1000	200.000
	200		200.000

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

13. Deferred income

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

	2018 DKK	2017 DKK
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	33.842.001	33.394.320

15. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with Accell Danmark ApS as administration company. 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.

Furthermore, the Company has provided a guarantee regarding the subsidiaries' bank debt. The subsidiaries' bank debt comprises DKK 0 as of 31.12.2018.

16. Assets charged and collateral

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

Notes to parent financial statements

Receivables comprise DKK 15,996,504 at 31.12.2018.

17. Related parties with controlling interest

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

There have not been any transactions on non-market terms with related parties. See note 1 for remuneration of management.

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).

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

Accounting policies

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.

Property, plant and equipment

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

Accounting policies

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.

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.

Accounting policies

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.

Income tax payable or receivable

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.

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.

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.

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.