



## Cycle Service Nordic ApS

Emil Neckelmanns Vej 6  
5220 Odense SØ  
CVR No. 14412107

## Annual report 2023

The Annual General Meeting adopted the annual report on 04.07.2024

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**Christoph Mannel**  
Chairman of the General Meeting

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# Entity details

## Entity

Cycle Service Nordic ApS  
Emil Neckelmanns Vej 6  
5220 Odense SØ

Business Registration No.: 14412107  
Registered office: Odense  
Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Christoph Mannel  
Bo Bækkelund  
Gijsbert de Zoeten

## Executive Board

Bo Bækkelund

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Tværkajen 5  
P. O. Box 10  
5100 Odense

# Statement by Management

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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, 04.07.2024

## Executive Board

**Bo Bækkelund**

## Board of Directors

**Christoph Mannel**

**Bo Bækkelund**

**Gijsbert de Zoeten**

# Independent auditor's report

## To the shareholders of Cycle Service Nordic ApS

### Opinion

We have audited the financial statements of Cycle Service Nordic ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's report. We are independent of the Entity 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.

### Material uncertainty related to going concern

We should draw attention to the information contained in note 1 of the financial statements, which shows that negotiations are taking place on the company's capital structure.

The Company's continued operation is subject to the condition that the Group can assist with financing for the next 12 months with intercompany financing. In 2024, the Company initiated negotiations on the future capital structure, which is why there is uncertainty about the Group's ability to assist in financing.

The outcome of negotiations on the capital structure is not expected to be finalized until after the sign date, so no definitive clarification on the future capital structure for the company is yet available at the time of the financial reporting.

When presenting the financial statements, the management has provided that the necessary capital structure is achieved and has therefore presented the financial statements subject to the continued operation of the company. As stated in note 1, this indicates that there is a uncertainty which may create doubts about the company's ability to going concern. Our conclusion has not been modified for this relationship.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 04.07.2024

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

#### **Heino Hyllested Tholsgaard**

State Authorised Public Accountant

Identification No (MNE) mne34511

# Management commentary

## Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	8,985	28,054	40,550	26,930	18,584
Operating profit/loss	(26,506)	(7,673)	7,210	(3,582)	(7,433)
Net financials	(23,572)	(6,732)	(1,415)	(1,474)	(1,486)
Profit/loss for the year	(53,787)	(9,397)	6,341	(2,136)	(5,385)
Total assets	274,415	309,435	204,069	161,374	142,794
Investments in property, plant and equipment	1,159	1,962	1,554	1,146	34,946
Equity	8,543	17,596	27,328	20,871	23,192
<b>Ratios</b>					
Return on equity (%)	(411.55)	(41.84)	26.31	(9.70)	(20.81)
Equity ratio (%)	3.11	5.69	13.39	12.93	16.24

Do to changes of the annual report where the company doesn't make the consolidated financial statement since 2021, there is a non-comparability in the financial highlights.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



### Primary activities

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

### Development in activities and finances

The parent and the group continue to invest in a strong local setup in the Nordic region to become a One-Stop-Shopping supplier with local presence in all four Nordic countries.

Furthermore, we refer to note 1 about going concern.

### Profit/loss for the year in relation to expected developments

The result of 2023 is (53,787.171) DKK compared to 2022 the result was (9,396,654) DKK

The decrease in gross profit is considered not sufficient, and the negative development is linked to a focus on clearing activities of potential future obsolete stock leading to extraordinary costs from one time sell offs. The increase in financial costs is related to the overstocking during 2022-2023, and the extraordinary costs have resulted in a net loss. The parent and the group anticipated a limited positive result for 2023 and consider the result unsatisfactory.

### Uncertainty relating to recognition and measurement

We refer to note 3 and 11, for further information about the uncertainty relating to recognition and measurement.

### Outlook

During 2023 the parent and the Group has focused on getting stock levels and the trade work capital back to a "normal" level after the COVID-19 pandemic and the Eastern Europe conflict in Ukraine. In the first half of 2024 the parent and the Group will continue to focus on the trade working capital, reducing stock and clearing out the remaining obsolete items. In the second half of 2024 the parent and the Group expects the P&A market to stabilize and from the beginning / first half of 2025 to be back to a normalized level concerning sales, gross profit and other financial figures. The parent and Group expect to realize a turnover level close to 2023, but due to the ongoing work on reducing stock and the market stabilizing in 2024, the Group expect a negative result in the range 15-20 million. DKK.

Risk management plans and procedures are implemented and are constantly being updated to meet the restrictions from local governments. The turnover in the first 5 months of 2024 has been a bit lower than the expectations and the prognosis for the upcoming season remains positive.

### Knowledge resources

The parent and the group have the ambition to be at the forefront of the technologies used in the distribution segment for parts and accessories in the bicycle business. 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.

### 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 which would influence the evaluation of this annual report; however, the post-Covid 19 effects as well as the Eastern Europe conflict in Ukraine obviously brings a lot of uncertainty to the outlook for 2024.

# Income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>8,984,752</b>	<b>28,053,982</b>
Staff costs	4	(29,990,883)	(29,424,026)
Depreciation, amortisation and impairment losses		(5,499,635)	(6,302,808)
<b>Operating profit/loss</b>		<b>(26,505,766)</b>	<b>(7,672,852)</b>
Income from investments in group enterprises		1,481,205	1,850,009
Other financial income	5	1,988,792	1,081,489
Financial expenses from group enterprises		(24,116,225)	(6,878,919)
Other financial expenses		(1,444,555)	(934,221)
<b>Profit/loss before tax</b>		<b>(48,596,549)</b>	<b>(12,554,494)</b>
Tax on profit/loss for the year	6	(5,190,622)	3,157,840
<b>Profit/loss for the year</b>	7	<b>(53,787,171)</b>	<b>(9,396,654)</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		4,409,122	5,642,289
<b>Intangible assets</b>	8	<b>4,409,122</b>	<b>5,642,289</b>
Land and buildings		15,299,816	20,276,646
Other fixtures and fittings, tools and equipment		2,200,917	2,010,726
Leasehold improvements		232,118	1,082,251
<b>Property, plant and equipment</b>	9	<b>17,732,851</b>	<b>23,369,623</b>
Investments in group enterprises		11,119,892	9,903,853
Other receivables		1,741,735	1,612,747
Deferred tax	11	0	5,190,622
<b>Financial assets</b>	10	<b>12,861,627</b>	<b>16,707,222</b>
<b>Fixed assets</b>		<b>35,003,600</b>	<b>45,719,134</b>
Manufactured goods and goods for resale		154,346,120	222,576,748
<b>Inventories</b>		<b>154,346,120</b>	<b>222,576,748</b>
Trade receivables		14,515,475	11,429,662
Receivables from group enterprises	12	63,203,237	18,832,052
Other receivables		3,624,045	7,589,198
Prepayments	13	2,141,599	1,952,608
<b>Receivables</b>		<b>83,484,356</b>	<b>39,803,520</b>
<b>Cash</b>		<b>1,580,546</b>	<b>1,335,876</b>
<b>Current assets</b>		<b>239,411,022</b>	<b>263,716,144</b>
<b>Assets</b>		<b>274,414,622</b>	<b>309,435,278</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital		300,000	200,000
Share premium		44,900,000	0
Reserve for net revaluation according to the equity method		10,829,719	9,613,679
Retained earnings		(47,486,498)	7,781,879
<b>Equity</b>		<b>8,543,221</b>	<b>17,595,558</b>
Lease liabilities		15,135,112	18,455,414
<b>Non-current liabilities other than provisions</b>	<b>14</b>	<b>15,135,112</b>	<b>18,455,414</b>
Current portion of non-current liabilities other than provisions	14	2,711,532	3,250,261
Trade payables		27,072,824	53,743,579
Payables to group enterprises	15	214,530,290	210,499,973
Other payables		6,295,421	5,787,125
Deferred income	16	126,222	103,368
<b>Current liabilities other than provisions</b>		<b>250,736,289</b>	<b>273,384,306</b>
<b>Liabilities other than provisions</b>		<b>265,871,401</b>	<b>291,839,720</b>
<b>Equity and liabilities</b>		<b>274,414,622</b>	<b>309,435,278</b>
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# Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	200,000	0	9,613,680	7,781,878	17,595,558
Increase of capital	100,000	44,900,000	0	0	45,000,000
Exchange rate adjustments	0	0	(265,166)	0	(265,166)
Transfer to reserves	0	0	1,481,205	(1,481,205)	0
Profit/loss for the year	0	0	0	(53,787,171)	(53,787,171)
<b>Equity end of year</b>	<b>300,000</b>	<b>44,900,000</b>	<b>10,829,719</b>	<b>(47,486,498)</b>	<b>8,543,221</b>

# Notes

## 1 Going concern

The profit for the year shows a loss of DKK 54 million. and considered unsatisfactory by management. The profit for the year has been influenced by interne decisions to reduce the company's inventory, increasing financing costs, etc., due to the transmission effects of COVID-19 and the general market situation, rising interest costs, etc.

From the budget, management still expects a negative pre-tax profit for 2024 of around 15-20 million DKK, including continued as a result of the reduction of the company's inventory, increasing financing costs, etc.

The continued operation of the Company is conditional on the Company's continued financing being in place, including sufficient liquidity in the Group to support the continued operation of the subsidiaries. The Company is not limited at the time of signature of the intercompany financing with the parent company, which supports the continued operation.

In 2024, the Company initiated negotiations on the future capital structure, which is why there is uncertainty about the Group's ability to assist in financing.

The outcome of negotiations on the company's capital structure is expected to be only after the clearance of accounts, so no definitive documents on future financing are yet available at the time of the financial statements.

The annual report is therefore presented with going concern in mind. This condition is affected by the natural uncertainty inherent in the market conditions of the industry.

## 2 Events after the balance sheet date

No events have occurred after the balance sheet date to which would influence the evaluation of this annual report; however, the post-Covid 19 effects as well as the Eastern Europe conflict in Ukraine obviously brings a lot of uncertainty to the outlook for 2024.

## 3 Uncertainty relating to recognition and measurement

Refer to note 11 for further explanation.

## 4 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	26,455,045	26,145,235
Pension costs	2,985,778	2,622,592
Other social security costs	550,060	656,199
	<b>29,990,883</b>	<b>29,424,026</b>
Average number of full-time employees	<b>70</b>	<b>71</b>

With reference to section 98b of the Danish Financial Statements Act, a note with remuneration of management is left out.

**5 Other financial income**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	1,946,339	1,071,883
Other financial income	42,453	9,606
	<b>1,988,792</b>	<b>1,081,489</b>

**6 Tax on profit/loss for the year**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Change in deferred tax	5,190,622	(3,157,840)
	<b>5,190,622</b>	<b>(3,157,840)</b>

**7 Proposed distribution of profit and loss**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(53,787,171)	(9,396,654)
	<b>(53,787,171)</b>	<b>(9,396,654)</b>

**8 Intangible assets**

	<b>Acquired intangible assets DKK</b>
Cost beginning of year	9,520,230
<b>Cost end of year</b>	<b>9,520,230</b>
Amortisation and impairment losses beginning of year	(3,877,941)
Amortisation for the year	(1,233,167)
<b>Amortisation and impairment losses end of year</b>	<b>(5,111,108)</b>
<b>Carrying amount end of year</b>	<b>4,409,122</b>



## 9 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	31,596,684	7,201,331	4,437,415
Additions	0	1,159,087	0
Disposals	(2,392,640)	(608,844)	0
<b>Cost end of year</b>	<b>29,204,044</b>	<b>7,751,574</b>	<b>4,437,415</b>
Depreciation and impairment losses beginning of year	(11,320,038)	(5,190,605)	(3,355,164)
Depreciation for the year	(2,584,190)	(832,144)	(850,133)
Reversal regarding disposals	0	472,092	0
<b>Depreciation and impairment losses end of year</b>	<b>(13,904,228)</b>	<b>(5,550,657)</b>	<b>(4,205,297)</b>
<b>Carrying amount end of year</b>	<b>15,299,816</b>	<b>2,200,917</b>	<b>232,118</b>
Recognised assets not owned by entity	15,299,816	1,279,332	0

## 10 Financial assets

	Investments in group enterprises DKK	Other receivables DKK	Deferred tax DKK
Cost beginning of year	290,173	1,612,747	5,190,622
Additions	0	128,988	0
Disposals	0	0	(5,190,622)
<b>Cost end of year</b>	<b>290,173</b>	<b>1,741,735</b>	<b>0</b>
Revaluations beginning of year	9,613,680	0	0
Exchange rate adjustments	(265,166)	0	0
Share of profit/loss for the year	1,481,205	0	0
<b>Revaluations end of year</b>	<b>10,829,719</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>11,119,892</b>	<b>1,741,735</b>	<b>0</b>

Investments in subsidiaries	Registered in	Equity interest %
Cycle Service Nordic AS	Norway	100.00
Cycle Service Nordic OY	Finland	100.00
Cycle Service Nordic AB	Sweden	100.00

## 11 Deferred tax

	<b>2023</b>	<b>2022</b>
<b>Changes during the year</b>	<b>DKK</b>	<b>DKK</b>
Beginning of year	5,190,622	2,032,782
Recognised in the income statement	(5,190,622)	3,157,840
<b>End of year</b>	<b>0</b>	<b>5,190,622</b>

The management has write-off the deferred tax asset to DKK 0 this year. The reason for this can be attributed to the fact that there are significant uncertainties associated with market development, and thereby uncertainty associated with when the management expects to generate tax profits again.

The management considers that it is currently most appropriate to write down the deferred tax asset, and reconsider the revaluation of the recognition when a profit is realized again.

## 12 Receivables from group enterprises

The group is part of a cash pool scheme administered by Accell Group B.V. As of December 31, 2023 the balance in the cashpool scheme amounts to DKK 50,931,931 The company is liable for the other group companies in the cash pool agreement.

## 13 Prepayments

Prepayments consists of prepaid costs.

## 14 Non-current liabilities other than provisions

	<b>Due within 12</b>	<b>Due within 12</b>	<b>Due after</b>	<b>Outstanding</b>
	<b>months</b>	<b>months</b>	<b>more than 12</b>	<b>after 5 years</b>
	<b>2023</b>	<b>2022</b>	<b>months</b>	<b>2023</b>
	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>
Lease liabilities	2,711,532	3,250,261	15,135,112	3,121,625
	<b>2,711,532</b>	<b>3,250,261</b>	<b>15,135,112</b>	<b>3,121,625</b>

## 15 Payables to group enterprises

The company is part of a cash pool scheme administered by Accell Group B.V. As of December 31, 2023 the balance in the cashpool scheme amounts to DKK 212,739,975 The company is liable for the other group companies in the cash pool agreement.

## 16 Deferred income

Deferred income contains contributions that are not recognised as income, until the recognition criteria are met.

## 17 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Accel Danmark ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities.

### 18 Assets charged and collateral

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

Receivables comprises to DKK 83,484,356 at 31.12.2023.

### 19 Related parties with controlling interest

Related parties with controlling interest wholly owns the shares of the Entity and thus has control over the Entity:

Accell Danmark ApS, Tobaksgården 11, 8700 Horsens

Accell Nederland B.V., Industrieweg 4, 8444 AR Heerenveen, Netherland

Accell Group B.V., Industrieweg 4, 8444 AR Heerenveen, Netherland

Sprint Bidco B.V., Spicalaan 39, 2132 JG Hoofddorp, Netherland

Sprint Holdco B.V., Spicalaan 39, 2132 JG Hoofddorp, Netherland

Sprint Midco B.V., Spicalaan 39, 2132 JG Hoofddorp, Netherland

Sprint IntermediateCo B.V., Spicalaan 39, 2132 JG Hoofddorp, Netherland

Sprint TopCo B.V., Spicalaan 39, 2132 JG Hoofddorp, Netherland

Sprint Luxco S.C.A., 2, rue Edward Steichen, L-2540, Luxembourg

Sprint LuxCo GP S.à r.l., 2, rue Edward Steichen, L-2540, Luxembourg

KKR Sprint Aggregator L.P., 152928 Canada Inc., 199, Bay Street, Suite 5300, Toronto, Ontario M5L 1B9, Canada

### 20 Transactions with related parties

Transactions with related parties are only disclosed if they have not been in accordance with the arm's length principle. All transactions have been on arm's length conditions.

### 21 Group relations

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

Sprint Luxco S.C.A., 2, rue Edward Steichen, L-2540, Luxembourg

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

Accell Danmark ApS., Tobaksgården 11, 8700 Horsens, Danmark.

Copies of the consolidated financial statements of Sprint Luxco S.C.A. may be ordered at the following address:

Sprint Luxco S.C.A., 2, rue Edward Steichen, L-2540, Luxembourg

Copies of the consolidated financial statements of Accell Danmark ApS. may be ordered at the following address:

Accell Danmark ApS., Tobaksgården 11, 8700 Horsens, Danmark.

# Accounting policies

## Reporting class

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

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

## Consolidated financial statements

Referring to 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the 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. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. 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 lives, 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.

### **Profit or loss from divestment of enterprises**

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively, including any non-amortised goodwill and estimated selling 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 rate 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**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

#### **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.

#### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### **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 writedowns of receivables recognised in current assets.

#### **Staff costs**

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

#### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Financial expenses from group enterprises**

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

The Parent is jointly taxed with Accell Danmark ApS and all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Acquired intangible assets**

Acquired intangible assets comprise customer directory.

Acquired intangible assets acquired are measured at cost less accumulated amortisation.

Acquired intangible assets are amortised on a straight-line basis over their remaining duration.

Depreciation is made on the basis of a useful lifetime of 7 years.

Acquired intangible assets are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

Other fixtures and fittings, tools and equipment 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:

	<b>Useful life</b>
Buildings	10
Other fixtures and fittings, tools and equipment	7
Leasehold improvements	5

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

### **Lease assets**

On initial recognition, lease assets are measured at the amount of the initial measurement of the lease liabilities, any lease payments made before the commencement date less any lease incentives received, and any initial direct costs incurred by the lessee.

An estimate of costs to be incurred by the lessee in dismantling and removing the lease assets, or restoring the underlying assets, are recognised as a separate provision. The costs are added to the cost of the lease assets unless the liability is incurred to produce inventories in which case the costs are recognised in the cost of the manufactured goods. Subsequently, lease assets are measured at cost less accumulated depreciation and impairment losses.

Lease assets are depreciated over the lower of the lease term and the useful life of the underlying assets. If the lease transfers the ownership of the lease assets by the end of the lease term or if the exercise of a purchase option is expected, the lease assets are depreciated over their useful life. Depreciation begins at the commencement date.

Lease assets are written down to the lower of recoverable amount and carrying amount

Lease assets are adjusted upon remeasurement of the lease liabilities; see above in the lease liability section.

Lease assets are recognised as fixed assets within the asset item in which the underlying assets of the lease would be recognised if the Entity owned them.

### **Investments in group enterprises**

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 in equity.

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

The accounting policies applied to material financial statement items of group enterprises are:

**Receivables:**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Cash:**

Cash comprises cash in hand and bank deposits.

**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.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value 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.

**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.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Lease liabilities**

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Entity's incremental borrowing rate shall be used. Lease payments included in the



measurement of the lease liability comprise the following payments:

- Fixed payments less any lease incentives provided by the lessor to the lessee.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

On subsequent measurement, lease liabilities are adjusted for accrued interest and repayments made, calculated by the effective interest rate method.

Lease liabilities are remeasured and the corresponding lease assets are similarly adjusted when:

- There is a change in the lease term, e.g. as a result of a change in the assessment of whether an option to extend or to purchase will be exercised. Remeasurement takes place by discounting the revised lease payments using a discount rate revised at the time of changing the lease.

- There is a change in lease payments resulting from a change in an index or a rate, or in the amounts expected to be payable under a residual value guarantee. Remeasurement takes place by discounting the revised lease payments using the original discount rate. However, a revised discount rate is used if the change reflects a change in the floating interest rate.

- There is a lease modification that is not accounted for as a separate lease. Remeasurement takes place by discounting the revised lease payments using a revised discount rate.

If the remeasurement results in the reduction of a lease liability exceeding the carrying amount of the corresponding lease asset, the excess amount is recognised in the income statement.

### **Other financial liabilities**

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

### **Deferred income**

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

### **Cash flow statement**

Referring to section 86 of the Danish Financial Statements Act, no. 4. has the company not prepared cash flow statement