Deloitte.

Accell Danmark ApS

Tobaksgården 11
8700 Horsens
CVR No. 32570763

Annual report 2023

The Annual General Meeting adopted the annual report on 05.07.2024

Christoph Mannel
Chairman of the General Meeting

Contents

Entity details

Entity

Accell Danmark ApS
Tobaksgården 11
8700 Horsens

Business Registration No.: 32570763
Registered office: Horsens
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Christoph Mannel

Auditors

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

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Accell Danmark 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 my 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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

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

Horsens, 05.07.2024

Executive Board

Christoph Mannel

Independent auditor's report

To the shareholders of Accell Danmark ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Accell Danmark 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, 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 31.12.2023 and of the results of their operations and the consolidated cash flows 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 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 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 Accell Denmark’s group capital structure.

The Accell Denmark group 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 Accell Danmark Group 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 Accell Danmark Group 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 Accell Danmark Group. As stated in note 1, this indicates that there is a uncertainty which may create doubts about the Accell Danmark Group ability to going concern. Our conclusion has not been modified for this relationship.

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 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 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.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 05.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Financial highlights

	2023 EUR'000	2022 EUR'000	2021 EUR'000	2020 EUR'000	2019 EUR'000
Key figures					
Revenue	59,411	74,288	67,608	19,324	15,282
Gross profit/loss	4,945	7,617	8,699	(863)	220
Operating profit/loss	(2,746)	320	1,878	(2,000)	(669)
Net financials	(4,204)	(1,571)	(1,816)	(329)	(231)
Profit/loss for the year	(7,736)	(956)	(228)	(2,412)	(690)
Balance sheet total	44,251	54,047	84,503	37,642	17,456
Investments in property, plant and equipment	743	435	664	174	145
Equity	(7,281)	490	742	857	269
Cash flows from operating activities	(25)	7,621	(869)		
Cash flows from investing activities	(37)	(184)	(188)		
Cash flows from financing activities	(835)	(4,547)	(2,627)		
Average number of employees	102	110	97	13	10
Ratios					
Gross margin (%)	8.32	10.25	12.87	(4.47)	1.44
Net margin (%)	(13.02)	(1.29)	(0.34)	(12.48)	(4.52)
Equity ratio (%)	(16.45)	0.91	0.88	2.28	1.54

Do to changes of the annual report where the company make the consolidated financial statement, there is a non -comparability in the financial higlights.

The financial year 2023-2021 show the financial highlight of the consolidated Group. According to the Annual Accounts Act §128, stk. 4, we have omitted from including main and key figures for 3-4. previous financial year on group level. Please be aware that it is the parent company's key figures that have been used for 3-4. previous financial year.

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

Gross margin (%):
Gross profit/loss * 100

Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

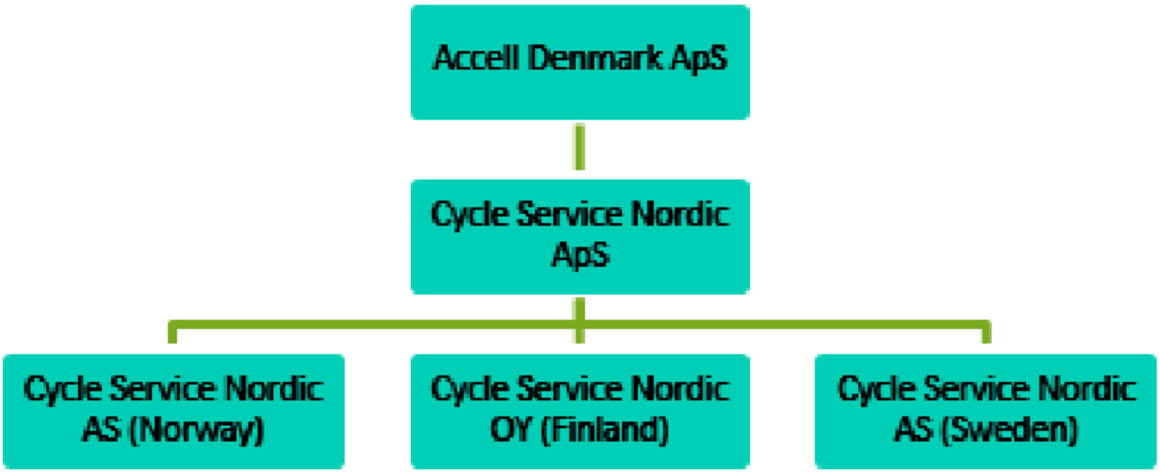
Primary activities

As in previous years, the primary activities of the Group and the parent company are import, sale, marketing and technical maintenance of bicycles and spare parts.

Business model

The Accell Danmark Group, including Cycle Service Nordic ApS, is a distributor of bicycles and parts and accessories in the Nordics focusing on bikes in Denmark and parts and accessories in all 4 Nordic countries.

The Group is headquartered in Denmark, where the regional warehousing for parts and accessories is also located, and the Group has local presence with sales and technical service staff across the Nordics in Norway, Finland and Sweden.



With approx. 3,000 Nordic B2B customers Accell Danmark and Cycle Service Nordic is a known and respected business partner all over the Nordics. Acting as a backup to other Group companies elsewhere in Europe, some limited sales occur to countries outside of the Nordics, but still within Europe.

The Group distributes own bicycle brands and up to 50 quality parts and accessories brands from business partners across the globe, with production facilities in Far-east and Europe.

The Group has around 100 permanent employees and in Cycle Service Nordic a dedicated group of approx. 40 students that work part time – young and talented colleagues that work alongside their studies and that we commonly refer to as our Dream Team due to the skills and flexibility they add to our business.

Policies

The Accell Denmark Group relies to a large extend on the well-defined structures and implemented standards that the overarching Accell Group defines and implements.

This includes our comprehensive Group Code of Conduct which address topics like environment and sustainability, protection of human rights, social matters and anti-corruption, to mention some.

The Code of Conduct contains the majority of our policies, but at regional and national level we do from time-to-time supplement with local policies.

We make the Code of Conduct available to all employees and expect them to adhere to our policies and rules. We encourage everyone to speak up if they are in doubt of our Group or local company standards and expectations, or if they notice something suspicious. Either to reach out to their manager or a colleague, or use our Accell Speak Up whistle-blower channels.

In 2023 launched a common Supplier Code of Conduct across the Accell Group, which will be implemented going forward and address the topics included in the reporting, and more.

Development in activities and finances

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

Furthermore we refer to note 1 for going concern.

Profit/loss for the year in relation to expected developments

The result of 2023 is (7,735,994) EUR compared to 2022 the result was (956,427) EUR.

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 extraordinary costs together with financial costs due to overstocking 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 13, 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 trade working capital back to acceptable 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 P&A market is expected to stabilize and from the beginning/first half of 2025 to be back to normalized level concerning sales, gross profit and other financial figures. The parent and the group expect to realize a turnover level close to 2023-level, but due do to the ongoing work on reducing stock, high financial costs and the market stabilizing in 2024, the Group expect a negative result in the range 2-3 million euros. The turnover in the first 5 months of 2024 has been lower compared to previous year but the prognosis for the upcoming season remains positive.

Statutory report on corporate social responsibility

Business Model

We refer to “Business model” under “Primary activities.

Policies

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Environment and sustainability
In Cycle Service Nordic a cross-functional CSR Team is in place to make sure that optimizations and efficiencies are both identified and implemented. This has resulted in reductions in heat, electricity as well as increased sorting of waste, which all have a positive impact on our environment and the climate. In 2023 we have implemented sorting of waste in the office and in the warehouse. This includes sorting plastic, metal, food, waste and more. We have also implemented a new way of charging our machines in the warehouse in order to put least pressure on the electricity network.

Our main risk on this topic relates to the environmental and climate footprint outside of our own operations, and as natural development we're going to increase our focus on this issue going forward, e.g. by implementing a Supplier Code of Conduct as mentioned above. We have already started collecting e.g. CO2 data from some suppliers, and plan to increase these efforts going forward.

We're going to continue our efforts to minimize our impact by optimizing and reusing packaging, selecting the most responsible transportation options, shifting company cars to electrical models, charging electrical truck at optimal times and reducing plastics among other things.
Human rights
Respecting human rights and obeying to applicable law and high ethical standards is critical to us. Within our own operations, as detailed in the following section, we're confident that we live up to our ambitions and standards.

We consider that the greatest risk of infringing human rights of individuals is present in our supply chain, and while we do not have examples of violations, we're committed to address the risk going forward. This is why we planned to roll out the new Supplier Code of Conduct from 2023 and forward. The Code of Conduct is still being created in 2023-24 and we expect to have more details in the coming year.

Social matters
It is very important for us to maintain a working environment that continues to make us all engaged of coming to work, and where inclusion, diversity and safety is what we all experience. Every year we conduct an employee engagement survey, which historically provided a result that we are proud of, and which is high when comparing to benchmarks with relevant peers.

The survey supports our understanding in management, that we succeed in bringing a diverse group of people together that can collaborate well, make results, and thrive in our working environment. To maintain a safe working environment, we have a dedicated team working on minimizing the risk of accidents, learning from any incidents and an additional area of focus to minimize the risk of stress among our colleagues. We do not consider stress among colleagues a significant risk, but we aim to always improve wellbeing in the Companies.
During 2023 we have promoted our healthcare insurance amongst employees. We have put posters in the office,

reminders on the intranet. We have also given the employees the opportunity to anonymously get their cholesterol, blood pressure and blood sugar measured, where most employees participated.

On a quarterly basis we report on various metrics and matters to the Accell Group and hold our department managers accountable for this reporting through ongoing implementation plan and related actions.

We will in the years ahead continue having a dedicated focus on our people and have this as an incorporated part of our current strategy.

Anti-corruption
Our policy includes to avoid all sorts of corrupt behaviour,1 and we ensure that people in relevant functions, such as commercial and procurement, are well trained on a regular basis to understand what to be aware of and what to avoid in the normal course of business.
We have recorded 0 incidents in the past year as a result of this policy.

We consider the risk of corruption in our business to be non-significant and recorded 0 incidents in the past year. During 2023 we have had a “Code of conduct” training where all employees were obligated to participate. This included rules and behaviour regarding corruption and what to avoid.

Going forward, we will maintain our existing approach and focus on this matter and optimize where relevant.

Statutory report on the underrepresented gender

	2023	2022	2021	2020	2019
Supreme management body					
Total number of members	1	1	2	2	2
Underrepresented gender (%)	0.00	0.00	0.00	0.00	0.00
Target figures (%)	30.00	30.00	30.00	30.00	30.00
Year of expected achievement of target figures	2025	2025	2025	2025	2025

Accell Group aims to have 30% women in Accell Leadership Forum by 2025. Target is not yet reached and reasons can be found in the changes at senior leadership level and focus on business challenges. A diversity, equity and inclusion (DE&I) policy has been developed and actions have started to accelerate in 2023. Accell Group started mentoring initiatives, a more inclusive way of setting up our recruitment process. In addition to this Accell Group supports the international “Women in Cycling Network”. Also focus has been put on creating more career opportunities and development opportunities for female employees. Regarding Accell Danmark Group it needs to be taken to notice that supreme management body with only 1 or 2 members has somewhat more challenging to reach the target compared to bigger management bodies.

	2023	2022	2021	2020	2019
Other management levels					
Total number of members	3	3	2	2	2
Underrepresented gender (%)	33.00	33.00	50.00	50.00	50.00
Target figures (%)	33.00	33.00	50.00	50.00	50.00
Year of expected achievement of target figures	2023	2022	2021	2020	2019

In other management levels Accell Danmark Group aims to have 33% of underrepresented gender and focus has been put on creating more career opportunities and development opportunities for female employees. Target is reached in 2023 and previous years. We expect to keep this level in 2024.

The Companies aim to have 33% women in "other management levels". Target has been reached during all years. A diversity, equity and inclusion (DE&I) policy has been developed by Accell Group and has been implemented in Accell Danmark ApS and subsidiaries. The Companies started mentoring initiatives, a more inclusive way of setting up our recruitment process. In addition to this Accell Group supports the international "Women in Cycling Network" which will impact all Companies in the Group. Also focus has been put on creating more career opportunities and development opportunities for female employees.

Statutory report on data ethics policy

Working responsibly and ethically with data is already an important task for us. And while we do not have a stand -alone data ethics policy as defined by the Danish Business Authority, we do have the same topics incorporated in our existing structures of policies and training, linked up with data protection/GDPR as well as cyber security topics. It is important for us both due to our protection of employee data, as well as in relation to marketing and sales activities to manage both business partner and consumer data in the right way.

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 COVID-19 pandemic and the Eastern Europe conflict in Ukraine obviously brings a lot of uncertainty to the outlook for 2024.

Consolidated income statement for 2023

	Notes	2023 EUR	2022 EUR
Revenue	4	59,410,948	74,287,849
Other operating income		1,709,949	301,158
Cost of sales		(51,212,167)	(59,392,107)
Other external expenses	5	(4,963,259)	(7,579,417)
Gross profit/loss		**4,945,471**	**7,617,483**
Staff costs	6	(6,421,915)	(6,156,039)
Depreciation, amortisation and impairment losses		(1,269,374)	(1,141,536)
Operating profit/loss		**(2,745,818)**	**319,908**
Other financial income	7	361,182	119,364
Other financial expenses	8	(4,565,476)	(1,690,202)
Profit/loss before tax		**(6,950,112)**	**(1,250,930)**
Tax on profit/loss for the year	9	(785,882)	294,503
Profit/loss for the year	10	**(7,735,994)**	**(956,427)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Acquired intangible assets		593,268	758,729
Goodwill		0	203,400
Intangible assets	11	**593,268**	**962,129**
Land and buildings		2,351,420	2,924,080
Other fixtures and fittings, tools and equipment		665,096	485,316
Leasehold improvements		31,466	145,533
Property, plant and equipment	12	**3,047,982**	**3,554,929**
Other receivables		254,264	236,913
Deferred tax	14	89,129	685,220
Financial assets	13	**343,393**	**922,133**
Fixed assets		**3,984,643**	**5,439,191**
Manufactured goods and goods for resale		20,709,539	29,927,508
Inventories		**20,709,539**	**29,927,508**
Trade receivables		9,000,803	11,630,330
Receivables from group enterprises	15	9,040,492	4,141,619
Other receivables		533,017	1,061,749
Tax receivable		4,052	3,540
Prepayments	16	319,187	288,140
Receivables		**18,897,551**	**17,125,378**
Cash		**658,881**	**1,555,400**
Current assets		**40,265,971**	**48,608,286**
Assets		**44,250,614**	**54,047,477**

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital	17	16,767	16,767
Translation reserve		(90,451)	(55,504)
Retained earnings		(7,206,891)	529,103
Equity		**(7,280,575)**	**490,366**
Deferred tax	14	138,343	0
Other provisions	18	427,876	346,080
Provisions		**566,219**	**346,080**
Lease liabilities		2,312,387	2,668,350
Non-current liabilities other than provisions	19	**2,312,387**	**2,668,350**
Current portion of non-current liabilities other than provisions	19	698,210	499,001
Trade payables		3,746,432	7,316,282
Payables to group enterprises	20	42,011,131	39,725,535
Tax payable		25,892	24,954
Other payables		2,153,982	2,963,009
Deferred income	21	16,936	13,900
Current liabilities other than provisions		**48,652,583**	**50,542,681**
Liabilities other than provisions		**50,964,970**	**53,211,031**
Equity and liabilities		**44,250,614**	**54,047,477**

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Consolidated statement of changes in equity for 2023

	Contributed capital EUR	Translation reserve EUR	Retained earnings EUR	Total EUR
Equity beginning of year	16,767	(55,504)	529,103	490,366
Exchange rate adjustments	0	(34,947)	0	(34,947)
Profit/loss for the year	0	0	(7,735,994)	(7,735,994)
Equity end of year	**16,767**	**(90,451)**	**(7,206,891)**	**(7,280,575)**

The parent has lost more than 50% of its equity this year, and is thereby covered by §119 of the Companies Act.

The parent will hold an extraordinary general meeting no later than 6 months after the finding, where a plan will be drawn up for how to re-establish the equity.

Consolidated cash flow statement for 2023

	Notes	2023 EUR	2022 EUR
Operating profit/loss		(2,745,818)	319,908
Amortisation, depreciation and impairment losses		1,269,374	1,141,536
Working capital changes	22	5,492,150	7,791,933
Cash flow from ordinary operating activities		**4,015,706**	**9,253,377**
Financial income received		361,182	119,364
Financial expenses paid		(4,347,492)	(1,690,202)
Taxes refunded/(paid)		(54,281)	(61,975)
Cash flows from operating activities		**(24,885)**	**7,620,564**
Acquisition etc. of intangible assets		0	(28,123)
Acquisition etc. of property, plant and equipment		(19,218)	(129,892)
Acquisition etc. of Deposit		(17,351)	(25,530)
Cash flows from investing activities		**(36,569)**	**(183,545)**
Free cash flows generated from operations and investments before financing		**(61,454)**	**7,437,019**
Repayments of loans etc.		0	(4,642,149)
Repayment of lease liabilities		(835,065)	(654,641)
Cash capital increase		0	750,000
Cash flows from financing activities		**(835,065)**	**(4,546,790)**
Increase/decrease in cash and cash equivalents		**(896,519)**	**2,890,229**
Cash and cash equivalents beginning of year		1,555,400	(1,334,829)
Cash and cash equivalents end of year		**658,881**	**1,555,400**
Cash and cash equivalents at year-end are composed of:			
Cash		658,881	1,555,400
Cash and cash equivalents end of year		**658,881**	**1,555,400**

Notes to consolidated financial statements

1 Going concern

The profit for the year shows a loss of EUR 7,8 million. and considered unsatisfactory by management. The profit for the year has been influenced by interne decisions to reduce the Accell Danmark Group 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 2 – 3,5 million EUR, including continued as a result of the reduction of the Accell Danmark Group inventory, increasing financing costs, etc.

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

In 2024, the Accell Danmark Group 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 Accell Danmark Group’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 COVID-19 pandemic and the Eastern Europe conflict in Ukraine obviously brings a lot of uncertainty to the outlook for 2023. The turnover in the first months of 2023 has ended at a higher level equal to same period last year, and the activity level so far seems to remain at a high level like in the previous year.

3 Uncertainty relating to recognition and measurement

Refer to note 14 for further explanation.

4 Revenue

	2023 EUR	2022 EUR
Denmark	31,814,853	46,089,588
United Kingdom	705,754	189,888
Netherland	37,715	122,507
Germany	1,766,717	971,162
Spain	1,083,014	110,747
Sweden	9,891,404	9,848,037
Norway	6,752,126	8,372,988
Finland	6,473,447	8,582,932
Other	885,918	0
Total revenue by geographical market	**59,410,948**	**74,287,849**
Cycles	17,957,386	28,649,139
Cycle parts	41,453,562	45,638,710
Total revenue by activity	**59,410,948**	**74,287,849**

5 Fees to the auditor appointed by the Annual General Meeting

	2023 EUR	2022 EUR
Statutory audit services	49,349	40,343
Tax services	84,728	71,328
Other services	49,079	0
	183,156	**111,671**

In the statutory audit services, there is fees from other than Deloitte in 23½ there was 14,401 EUR, and in 22 there was 5,379 EUR

6 Staff costs

	2023 EUR	2022 EUR
Wages and salaries	5,541,167	5,359,388
Pension costs	607,543	543,748
Other social security costs	273,205	252,903
	6,421,915	**6,156,039**

Average number of full-time employees	**102**	**110**

Remuneration to the management is not disclosed in accordance with section 98b of the Danish Financial Statements Act. 3.

7 Other financial income

	2023 EUR	2022 EUR
Financial income from group enterprises	280,335	108,331
Other interest income	75,130	922
Other financial income	5,717	10,111
	361,182	**119,364**

8 Other financial expenses

	2023 EUR	2022 EUR
Financial expenses from group enterprises	4,243,809	1,490,800
Other interest expenses	219,876	83,105
Other financial expenses	101,791	116,297
	4,565,476	**1,690,202**

9 Tax on profit/loss for the year

	2023 EUR	2022 EUR
Current tax	55,473	77,923
Change in deferred tax	734,434	(374,835)
Adjustment concerning previous years	(4,025)	2,409
	785,882	**(294,503)**

10 Proposed distribution of profit/loss

	2023 EUR	2022 EUR
Retained earnings	(7,735,994)	(956,427)
	(7,735,994)	**(956,427)**

11 Intangible assets

	Acquired intangible assets EUR	Goodwill EUR
Cost beginning of year	1,280,204	1,332,057
Cost end of year	**1,280,204**	**1,332,057**
Amortisation and impairment losses beginning of year	(521,475)	(1,128,657)
Amortisation for the year	(165,461)	(203,400)
Amortisation and impairment losses end of year	**(686,936)**	**(1,332,057)**
Carrying amount end of year	**593,268**	**0**

12 Property, plant and equipment

	Land and buildings EUR	Other fixtures and fittings, tools and equipment EUR	Leasehold improvements EUR
Cost beginning of year	4,814,102	1,599,043	596,708
Additions	251,659	491,658	0
Disposals	(368,311)	(277,694)	0
Cost end of year	**4,697,450**	**1,813,007**	**596,708**
Depreciation and impairment losses beginning of year	(1,890,022)	(1,113,727)	(451,175)
Depreciation for the year	(501,274)	(285,230)	(114,067)
Reversal regarding disposals	45,266	251,046	0
Depreciation and impairment losses end of year	**(2,346,030)**	**(1,147,911)**	**(565,242)**
Carrying amount end of year	**2,351,420**	**665,096**	**31,466**
Recognised assets not owned by Entity	2,351,420	482,793	0

13 Financial assets

	Other receivables EUR	Deferred tax EUR
Cost beginning of year	236,913	685,220
Additions	17,351	0
Disposals	0	(596,091)
Cost end of year	**254,264**	**89,129**
Carrying amount end of year	**254,264**	**89,129**

14 Deferred tax

Changes during the year	2023 EUR	2022 EUR
Beginning of year	685,220	310,385
Recognised in the income statement	(734,434)	374,835
End of year	**(49,214)**	**685,220**

Deferred tax has been recognised in the balance sheet as follows	2023 EUR
Deferred tax assets	89,129
Deferred tax liabilities	(138,343)
	(49,214)

Deferred tax assets

The deferred tax assets are included in the accounts based on the presented budgets. There has been a major write-down of deferred tax assets this year as a result of the presented budgets. The tax asset recorded in the balance sheet corresponds to the expected result that will be used within 3-5 years.

15 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 EUR 6,833,841. The company is liable for the other group companies in the cash pool agreememt.

16 Prepayments

Prepayments consists of prepaid costs.

17 Contributed capital

	Number	Par value EUR	Nominal value EUR
Contributed Capital	1	16,767.00	16,767
	1		**16,767**

18 Other provisions

Other provisions consist of the company's guarantee provisions

19 Non-current liabilities other than provisions

	Due within 12 months 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR	Outstanding after 5 years 2023 EUR
Lease liabilities	698,210	499,001	2,312,387	418,847
	698,210	**499,001**	**2,312,387**	**418,847**

20 Payables to 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 EUR 36,100,031. The company is liable for the other group companies in the cash pool agreememt.

21 Deferred income

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

22 Changes in working capital

	2023 EUR	2022 EUR
Increase/decrease in inventories	9,217,969	(11,809,024)
Increase/decrease in receivables	(1,771,659)	42,701,042
Increase/decrease in trade payables etc.	(2,007,137)	(23,002,094)
Other changes	52,977	(97,991)
	5,492,150	**7,791,933**

23 Contingent assets

There is a tax loss for carryforwards of 11.797 T.EUR that has not been capitalized

24 Contingent liabilities

The parent participates as the administration company for the Danish companies in a Danish joint taxation arrangement with Cycle Service Nordic ApS. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

25 Assets charged and collateral

Bank debt in the Cycle Service Nordic companies is secured on a charge receivables of a nominal amount of EUR 1,006,320.

Receivables comprises in the Cycle Service Nordic companies to EUR 11,201,593 at 31.12.2023.

26 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.

27 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.

28 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity EUR
Cycle Service Nordic ApS	Denmark	ApS	100.00	1,146,295
Cycle Service Nordic AS	Norway	OY	100.00	734,252
Cycle Service Nordic OY	Finland	AS	100.00	361,245
Cycle Service Nordic AB	Sweden	AB	100.00	396,959

Parent income statement for 2023

	Notes	2023 EUR	2022 EUR
Revenue	3	17,957,386	28,649,137
Other operating income		1,519,051	61,920
Cost of sales		(16,335,587)	(22,374,350)
Other external expenses		(1,521,653)	(4,381,271)
Gross profit/loss		**1,619,197**	**1,955,436**
Staff costs	4	(973,525)	(954,659)
Depreciation, amortisation and impairment losses		(91,335)	(71,894)
Operating profit/loss		**554,337**	**928,883**
Other financial income	5	250,102	109,757
Impairment losses on financial assets		(8,012,083)	0
Other financial expenses	6	(1,109,341)	(620,347)
Profit/loss before tax		**(8,316,985)**	**418,293**
Tax on profit/loss for the year	7	0	(9,956)
Profit/loss for the year	8	**(8,316,985)**	**408,337**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Goodwill		0	0
Intangible assets	9	**0**	**0**
Land and buildings		15,187	28,738
Other fixtures and fittings, tools and equipment		115,446	75,048
Property, plant and equipment	10	**130,633**	**103,786**
Investments in group enterprises		1,146,295	3,116,000
Deferred tax	12	89,129	89,129
Financial assets	11	**1,235,424**	**3,205,129**
Fixed assets		**1,366,057**	**3,308,915**
Trade receivables		4,409,423	6,710,436
Receivables from group enterprises		1,354,963	3,890,948
Other receivables		19,261	18,396
Receivables		**5,783,647**	**10,619,780**
Cash		**115,578**	**83,700**
Current assets		**5,899,225**	**10,703,480**
Assets		**7,265,282**	**14,012,395**

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital		16,767	16,767
Retained earnings		(7,297,342)	1,019,643
Equity		**(7,280,575)**	**1,036,410**
Other provisions	13	427,876	346,080
Provisions		**427,876**	**346,080**
Lease liabilities		60,747	45,420
Non-current liabilities other than provisions	14	**60,747**	**45,420**
Current portion of non-current liabilities other than provisions	14	75,674	61,932
Trade payables		55,362	46,694
Payables to group enterprises	15	13,466,541	11,465,577
Other payables		459,657	1,010,282
Current liabilities other than provisions		**14,057,234**	**12,584,485**
Liabilities other than provisions		**14,117,981**	**12,629,905**
Equity and liabilities		**7,265,282**	**14,012,395**
Going concern	1		
Events after the balance sheet date	2		
Contingent assets	16		
Contingent liabilities	17		
Related parties with controlling interest	18		
Transactions with related parties	19		

Parent statement of changes in equity for 2023

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	16,767	1,019,643	1,036,410
Profit/loss for the year	0	(8,316,985)	(8,316,985)
Equity end of year	**16,767**	**(7,297,342)**	**(7,280,575)**

The company has lost more than 50% of its equity this year, and is thereby covered by §119 of the Companies Act.

The company will hold an extraordinary general meeting no later than 6 months after the finding, where a plan will be drawn up for how to re-establish the equity.

Notes to parent financial statements

1 Going concern

The profit for the year shows a loss of EUR 8,3 million. and considered unsatisfactory by management. The profit for the year has been influenced by interne decisions to reduce the Accell Danmark Group 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 2 – 3,5 million EUR, including continued as a result of the reduction of the Accell Danmark Group inventory, increasing financing costs, etc.

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

In 2024, the Accell Danmark Group 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 Accell Danmark Group'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 COVID-19 pandemic and the Eastern Europe conflict in Ukraine obviously brings a lot of uncertainty to the outlook for 2022. The turnover in the first months of 2022 has ended at a higher level equal to same period last year, and the activity level so far seems to remain at a high level like in the previous year.

3 Revenue

	2023 EUR	2022 EUR
Cycles	17,957,386	28,649,137
Total revenue by geographical market	**17,957,386**	**28,649,137**
Denmark	17,957,386	28,649,137
Total revenue by activity	**17,957,386**	**28,649,137**

4 Staff costs

	2023 EUR	2022 EUR
Wages and salaries	886,380	871,117
Pension costs	71,906	70,101
Other social security costs	15,239	13,441
	973,525	**954,659**

Average number of full-time employees	**13**	**14**

Remuneration to the management is not disclosed in accordance with section 98b of the Danish Financial Statements Act. 3.

5 Other financial income

	2023 EUR	2022 EUR
Financial income from group enterprises	175,594	108,331
Other interest income	74,487	921
Other financial income	21	505
	250,102	**109,757**

6 Other financial expenses

	2023 EUR	2022 EUR
Financial expenses from group enterprises	1,007,991	566,159
Other financial expenses	101,350	54,188
	1,109,341	**620,347**

7 Tax on profit/loss for the year

	2023 EUR	2022 EUR
Change in deferred tax	0	9,956
	0	**9,956**

8 Proposed distribution of profit and loss

	2023 EUR	2022 EUR
Retained earnings	(8,316,985)	408,337
	(8,316,985)	**408,337**

9 Intangible assets

	Goodwill EUR
Cost beginning of year	315,057
Cost end of year	**315,057**
Amortisation and impairment losses beginning of year	(315,057)
Amortisation and impairment losses end of year	**(315,057)**
Carrying amount end of year	**0**

10 Property, plant and equipment

	Land and buildings EUR	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	137,060	130,700
Additions	16,650	109,477
Disposals	0	(52,797)
Cost end of year	**153,710**	**187,380**
Depreciation and impairment losses beginning of year	(108,322)	(55,652)
Depreciation for the year	(30,201)	(61,134)
Reversal regarding disposals	0	44,852
Depreciation and impairment losses end of year	**(138,523)**	**(71,934)**
Carrying amount end of year	**15,187**	**115,446**
Recognised assets not owned by entity	15,187	115,446

11 Financial assets

	Investments in group enterprises EUR	Deferred tax EUR
Cost beginning of year	3,116,000	89,129
Additions	6,042,378	0
Cost end of year	**9,158,378**	**89,129**
Impairment losses for the year	(8,012,083)	0
Impairment losses end of year	**(8,012,083)**	**0**
Carrying amount end of year	**1,146,295**	**89,129**

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

As a result of the subsidiary's negative result for the year, investments in group enterprises have been written down to equity value.

12 Deferred tax

Changes during the year	2023 EUR	2022 EUR
Beginning of year	89,129	99,085
Recognised in the income statement	0	(9,956)
End of year	**89,129**	**89,129**

Deferred tax assets
Based on budgets, management expects to be able to utilize tax assets within a 3-5 year period.

13 Other provisions
Other provisions consist of the company's guarantee provisions

14 Non-current liabilities other than provisions

	Due within 12 months 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR	Outstanding after 5 years 2023 EUR
Lease liabilities	75,674	61,932	60,747	'0
	75,674	**61,932**	**60,747**	**0**

15 Payables to group enterprises
The company enters into a cash pool agreement administered by Accell Group B.V. Pr. December 31, 2023 constitutes the debt in the cash pool agreement 7,555,441 EUR.

16 Contingent assets
There is a tax loss for carryforwards of 739 T.EUR that has not been capitalized

17 Contingent liabilities
The Company has no assets charged nor any recourse guarantee commitments at 31 December 2022.

The Entity participates as the administration company in a Danish joint taxation arrangement with Cycle Service Nordic ApS. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

18 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 Nederland B.V., Industriweg 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

For group relations we refere to note 24 in the consolidated notes.

19 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.

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 (large).

The accounting policies applied to these consolidated financial statements and parent 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 the 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 Management's proposal for the distribution of net profit/loss and equity, 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.

Income statement

Revenue

Revenue from the sale of manufactured goods 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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including internal fees profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal 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 salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to 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 as well as gains and losses from the sale of intangible assets.

Other financial income

Other financial income comprises dividends etc. received on interest income, including interest income on receivables from group enterprises.

Impairment losses on financial assets

Impairment losses on financial assets comprises impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, foreign currency transactions, 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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

	Useful life
Buildings	'3-10
Other fixtures and fittings, tools and equipment	'2-7
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 measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

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 tax-based value of assets and liabilities, for which the taxbase 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 asa 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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, and returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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
The cash flow statement shows cash flows from operating, investing and financing activities, and 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 financial income, financial expenses and income tax paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

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