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# ***Promovec Group A/S***

Langdyssen 6, Lisbjerg, DK-8200 Aarhus N

## **Annual Report for 1 July 2021 - 30 June 2022**

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CVR No 32 78 29 57

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
17/11 2022

Brian Christensen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Promovec Group A/S for the financial year 1 July 2021 - 30 June 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus N, 17 November 2022

## Executive Board

Jesper Lundqvist

## Board of Directors

Gert Kristiansen  
Chairman

Brian Christensen

Kurt Schlott Hansen

# Independent Auditor's Report

To the Shareholder of Promovec Group A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Promovec Group A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our 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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

# Independent Auditor's Report

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company 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 Company's and the Group'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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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

# Independent Auditor's Report

may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Esbjerg, 17 November 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Palle H. Jensen

State Authorized Public Accountant

mne32115

## Company Information

### **The Company**

Promovec Group A/S  
Langdyssen 6  
Lisbjerg  
DK-8200 Aarhus N

CVR No: 32 78 29 57  
Financial period: 1 July - 30 June  
Financial year: 13rd financial year  
Municipality of reg. office: Aarhus

### **Board of Directors**

Gert Kristiansen, Chairman  
Brian Christensen  
Kurt Schlott Hansen

### **Executive Board**

Jesper Lundqvist

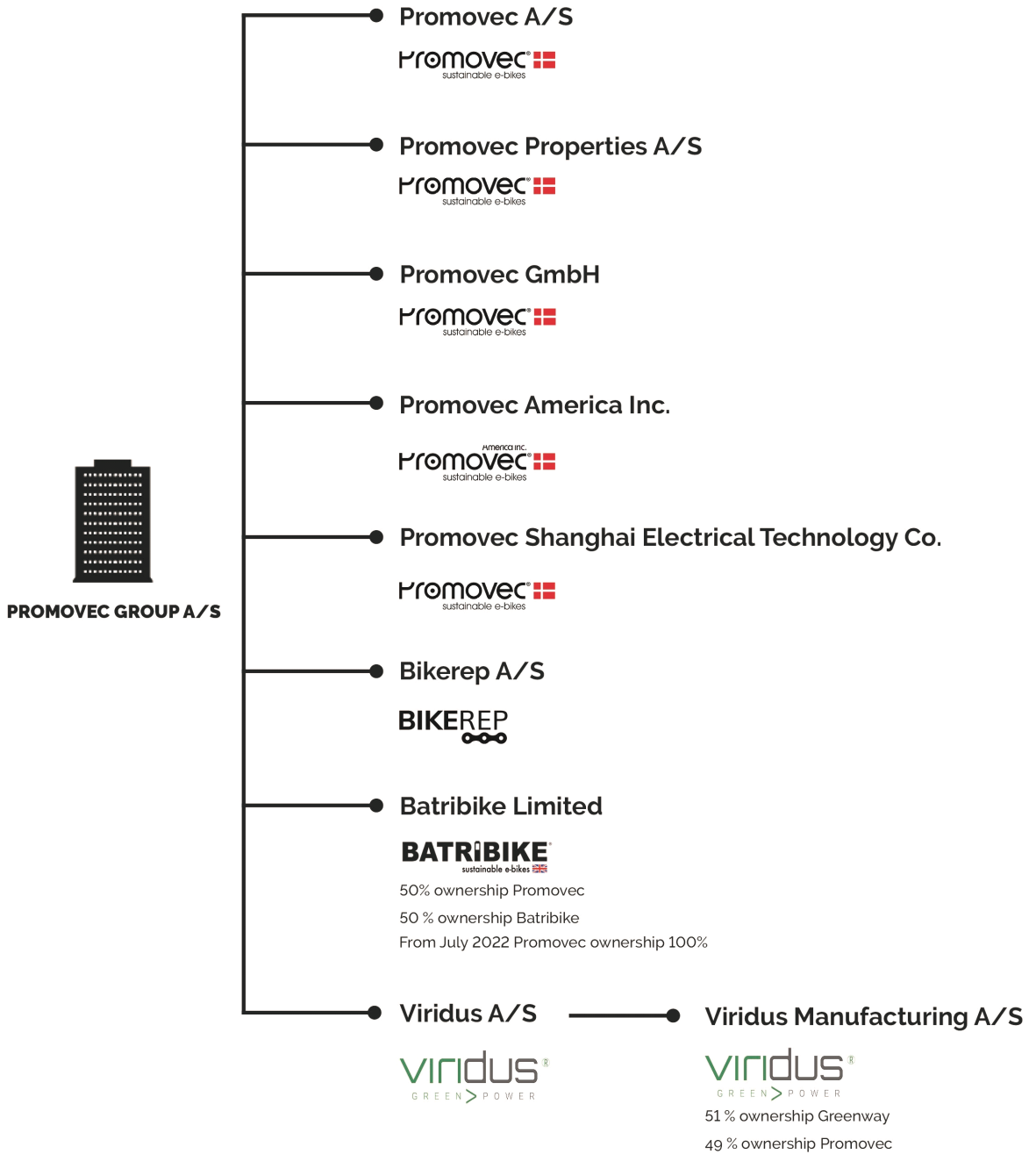
### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Esbjerg Brygge 28  
DK-6700 Esbjerg

### **Bankers**

Skjern Bank  
Banktorvet 3  
6900 Skjern

# Group Chart





# Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2021/22 TDKK	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Operating profit/loss	23.687	32.837	8.345	13.830	-12
Profit/loss before financial income and expenses	23.787	33.049	8.501	13.830	-12
Net financials	385	-10	-1.494	-2.979	2.172
Net profit/loss for the year	19.097	26.157	5.580	8.304	2.163
<b>Balance sheet</b>					
Balance sheet total	242.021	145.505	70.832	84.312	10.485
Equity	61.413	45.315	21.158	17.278	8.974
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-3.108	-2.024	29.339	-24.197	-12
- investing activities	-51.068	-19.624	-2.238	-3.439	2.000
including investment in property, plant and equipment	-50.289	-15.677	-441	-1.844	0
- financing activities	54.782	21.385	-32.748	-2.520	-2.000
Change in cash and cash equivalents for the year	605	-264	-5.647	-30.156	-12
Number of employees	63	64	54	35	0
<b>Ratios</b>					
Return on assets	9,8%	22,7%	12,0%	16,4%	-0,1%
Solvency ratio	25,4%	31,1%	29,9%	20,5%	85,6%
Return on equity	35,8%	78,7%	29,0%	63,3%	24,3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to reporting class from B to C (medium) and the preparation of the consolidated Financial statements, the comparative figure from 2017/18 have not been restated.

# Management's Review

## Key activities

The company's activity is to be a holding company.

## Market overview

### Development in the year

The income statement of the Group for 2021/22 shows a profit of DKK 19,097,219, and at 30 June 2022 the balance sheet of the Group shows equity of DKK 61,412,522.

### The past year and follow-up on development expectations from last year

Due to supply uncertainty, and rising prices in material and freight our targets for the year have not been met. We have though managed to expand our position in Europe, together with focusing on the cooperation with our strategic partners.

This year, many resources have been put into managing these uncertainties in the market and our focus have been on adapting to the changes throughout the entire value chain. At the same time, we have been working on adjusting and updating our strategy to ensure a clear 2025+ strategy with focus on, among other things, our developments, a clear and strategic sales focus, and sustainability.

Furthermore, we finished the construction of our new sustainability-certified domicile and moved all Danish entities and employees under one roof. We also optimized our lithium-ion battery production and with the new facility, we can now offer new customers their own production line.

### Targets and expectations for the year ahead

The electric bicycle industry in general is in a positive development, but short term with a serious slowdown in the market, which also will affect us. In the long term though, we expect further growth. The focus in the coming year will therefore be on adapting to the short-term situation, together with preparing for the long-term growth by ensuring international sales expansion, the product development of our 'Promovec brain', and bringing more production to Europe, together with strengthening our ESG (Environmental, Social and Corporate Governance) focus even more.

### Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Unusual events

The financial position at 30 June 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021/22 have not been affected by any unusual events.

## **Management's Review**

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 July - 30 June

	Note	Group		Parent Company	
		2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
<b>Gross profit/loss</b>		<b>57.038.405</b>	<b>61.982.999</b>	<b>-330.722</b>	<b>-125.653</b>
Staff expenses	1	-30.329.907	-26.321.425	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.896.630	-2.612.826	0	0
Other operating expenses		-25.342	0	0	0
<b>Profit/loss before financial income and expenses</b>		<b>23.786.526</b>	<b>33.048.748</b>	<b>-330.722</b>	<b>-125.653</b>
Income from investments in subsidiaries		0	0	19.339.172	25.659.689
Income from investments in associates		578.396	401.835	51.477	299.381
Financial income	2	961.774	1.089.229	0	296.335
Financial expenses	3	-1.155.073	-1.500.709	-45.470	-68
<b>Profit/loss before tax</b>		<b>24.171.623</b>	<b>33.039.103</b>	<b>19.014.457</b>	<b>26.129.684</b>
Tax on profit/loss for the year	4	-5.074.404	-6.881.760	82.762	27.659
<b>Net profit/loss for the year</b>		<b>19.097.219</b>	<b>26.157.343</b>	<b>19.097.219</b>	<b>26.157.343</b>

# Balance Sheet 30 June

## Assets

	Note	Group		Parent Company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Completed development projects		2.598.421	2.081.633	0	0
Development projects in progress		4.060.212	4.739.149	0	0
<b>Intangible assets</b>	5	<b>6.658.633</b>	<b>6.820.782</b>	<b>0</b>	<b>0</b>
Plant and machinery		0	1.985	0	0
Other fixtures and fittings, tools and equipment		3.938.921	1.225.179	0	0
Leasehold improvements		286.279	516.552	0	0
Property, plant and equipment in progress		61.207.209	14.604.863	0	0
<b>Property, plant and equipment</b>	6	<b>65.432.409</b>	<b>16.348.579</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	7	0	0	64.370.831	48.031.659
Investments in associates	8	4.035.145	3.456.749	350.858	299.381
Other receivables	9	356.000	356.000	0	0
<b>Fixed asset investments</b>		<b>4.391.145</b>	<b>3.812.749</b>	<b>64.721.689</b>	<b>48.331.040</b>
<b>Fixed assets</b>		<b>76.482.187</b>	<b>26.982.110</b>	<b>64.721.689</b>	<b>48.331.040</b>
<b>Inventories</b>	10	<b>61.451.031</b>	<b>53.608.452</b>	<b>0</b>	<b>0</b>
Trade receivables		76.165.505	38.543.598	0	0
Receivables from group enterprises		340.000	1.000.000	0	0
Receivables from associates		517.421	503.545	0	0
Other receivables		21.081.857	18.917.776	0	0
Corporation tax receivable from group enterprises		0	0	110.421	31.933
Prepayments	11	4.112.151	4.684.005	0	0
<b>Receivables</b>		<b>102.216.934</b>	<b>63.648.924</b>	<b>110.421</b>	<b>31.933</b>
<b>Cash at bank and in hand</b>		<b>1.870.525</b>	<b>1.265.422</b>	<b>639</b>	<b>1.363</b>
<b>Currents assets</b>		<b>165.538.490</b>	<b>118.522.798</b>	<b>111.060</b>	<b>33.296</b>
<b>Assets</b>		<b>242.020.677</b>	<b>145.504.908</b>	<b>64.832.749</b>	<b>48.364.336</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	Group		Parent Company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Share capital		746.401	746.401	746.401	746.401
Reserve for net revaluation under the equity method		0	0	56.180.568	44.289.919
Reserve for development costs		5.196.368	5.041.697	0	0
Retained earnings		55.469.753	36.527.205	4.485.553	-2.721.017
Proposed dividend for the year		0	3.000.000	0	3.000.000
<b>Equity</b>		<b>61.412.522</b>	<b>45.315.303</b>	<b>61.412.522</b>	<b>45.315.303</b>
Provision for deferred tax	13	2.133.079	1.593.993	0	0
Other provisions	14	3.009.268	1.860.092	0	0
<b>Provisions</b>		<b>5.142.347</b>	<b>3.454.085</b>	<b>0</b>	<b>0</b>
Mortgage loans		30.193.959	33.215.516	0	0
Other payables		1.834.867	1.793.988	0	0
<b>Long-term debt</b>	15	<b>32.028.826</b>	<b>35.009.504</b>	<b>0</b>	<b>0</b>
Mortgage loans	15	1.489.459	0	0	0
Credit institutions		62.316.522	5.453.454	0	0
Prepayments received from customers		0	1.283.768	0	0
Trade payables		61.068.086	40.243.624	76.340	0
Payables to group enterprises		0	0	3.333.466	3.038.612
Payables to associates		421	421	421	421
Corporation tax		10.572.408	7.670.036	0	0
Payables to group enterprises relating to corporation tax		394.798	82.046	0	0
Other payables	15	7.595.288	6.992.667	10.000	10.000
<b>Short-term debt</b>		<b>143.436.982</b>	<b>61.726.016</b>	<b>3.420.227</b>	<b>3.049.033</b>
<b>Debt</b>		<b>175.465.808</b>	<b>96.735.520</b>	<b>3.420.227</b>	<b>3.049.033</b>
<b>Liabilities and equity</b>		<b>242.020.677</b>	<b>145.504.908</b>	<b>64.832.749</b>	<b>48.364.336</b>

## Balance Sheet 30 June

### Liabilities and equity

	<u>Note</u>
Distribution of profit	12
Contingent assets, liabilities and other financial obligations	18
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## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	746.401	0	5.041.697	36.527.205	3.000.000	45.315.303
Ordinary dividend paid	0	0	0	0	-3.000.000	-3.000.000
Development costs for the year	0	0	691.639	-691.639	0	0
Depreciation, amortisation and impairment for the year	0	0	-536.968	536.968	0	0
Net profit/loss for the year	0	0	0	19.097.219	0	19.097.219
<b>Equity at 30 June</b>	<b>746.401</b>	<b>0</b>	<b>5.196.368</b>	<b>55.469.753</b>	<b>0</b>	<b>61.412.522</b>

### Parent Company

Equity at 1 July	746.401	41.289.919	0	278.983	3.000.000	45.315.303
Ordinary dividend paid	0	0	0	0	-3.000.000	-3.000.000
Net profit/loss for the year	0	14.890.649	0	4.206.570	0	19.097.219
<b>Equity at 30 June</b>	<b>746.401</b>	<b>56.180.568</b>	<b>0</b>	<b>4.485.553</b>	<b>0</b>	<b>61.412.522</b>



## Cash Flow Statement 1 July - 30 June

	Note	Group	
		2021/22 DKK	2020/21 DKK
Net profit/loss for the year		19.097.219	26.157.343
Adjustments	16	6.835.968	8.676.770
Change in working capital	17	-27.563.604	-34.048.715
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-1.630.417</b>	<b>785.398</b>
Financial income		961.774	1.089.228
Financial expenses		-1.119.349	-1.500.707
<b>Cash flows from ordinary activities</b>		<b>-1.787.992</b>	<b>373.919</b>
Corporation tax paid		-1.320.194	-2.398.378
<b>Cash flows from operating activities</b>		<b>-3.108.186</b>	<b>-2.024.459</b>
Purchase of intangible assets		-779.420	-2.445.272
Purchase of property, plant and equipment		-50.288.921	-15.676.540
Fixed asset investments made etc		0	-1.502.536
<b>Cash flows from investing activities</b>		<b>-51.068.341</b>	<b>-19.624.348</b>
Repayment of mortgage loans		-1.532.098	0
Repayment of payables to associates		2.450.660	-2.450.660
Raising of loans from credit institutions		56.863.068	25.835.917
Dividend paid		-3.000.000	-2.000.000
<b>Cash flows from financing activities</b>		<b>54.781.630</b>	<b>21.385.257</b>
<b>Change in cash and cash equivalents</b>		<b>605.103</b>	<b>-263.550</b>
Cash and cash equivalents at 1 July		1.265.422	1.528.972
<b>Cash and cash equivalents at 30 June</b>		<b>1.870.525</b>	<b>1.265.422</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.870.525	1.265.422
<b>Cash and cash equivalents at 30 June</b>		<b>1.870.525</b>	<b>1.265.422</b>

# Notes to the Financial Statements

	Group		Parent Company	
	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
<b>1 Staff expenses</b>				
Wages and salaries	25.498.612	22.249.742	0	0
Pensions	3.542.907	2.766.450	0	0
Other social security expenses	325.785	435.884	0	0
Other staff expenses	962.603	869.349	0	0
	<b>30.329.907</b>	<b>26.321.425</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>63</b>	<b>64</b>	<b>0</b>	<b>0</b>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.				
<b>2 Financial income</b>				
Interest received from associates	13.876	0	0	0
Other financial income	947.898	1.089.219	0	296.335
Exchange adjustments	0	10	0	0
	<b>961.774</b>	<b>1.089.229</b>	<b>0</b>	<b>296.335</b>
<b>3 Financial expenses</b>				
Interest paid to group enterprises	0	0	45.259	0
Other financial expenses	1.155.073	1.500.709	211	68
	<b>1.155.073</b>	<b>1.500.709</b>	<b>45.470</b>	<b>68</b>
<b>4 Tax on profit/loss for the year</b>				
Current tax for the year	4.535.318	6.474.202	-82.762	-27.659
Deferred tax for the year	539.086	405.420	0	0
Adjustment of tax concerning previous years	0	2.138	0	0
	<b>5.074.404</b>	<b>6.881.760</b>	<b>-82.762</b>	<b>-27.659</b>

# Notes to the Financial Statements

## 5 Intangible assets

Group	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 July	14.431.576	4.734.681
Additions for the year	10.540	2.488.151
Transfers for the year	1.550.645	-3.162.620
Cost at 30 June	15.992.761	4.060.212
Impairment losses and amortisation at 1 July	12.349.943	0
Amortisation for the year	1.044.397	0
Impairment losses and amortisation at 30 June	13.394.340	0
<b>Carrying amount at 30 June</b>	<b>2.598.421</b>	<b>4.060.212</b>

Development projects related to the development of new versions of the Company's existing products as well as expansion of the Company's product range. In FY 2021/22 we completed the three development projects that we set forth last year and three new projects for the coming years have been started up. The Grip/Display development and the special bikes development from last year, which was launched this financial year, has been sold to various customers. For next year, our focus will have a more international aim together with the prioritization of our battery developments, as we need to make changes to our batteries due to changes in legislation and because we wish to have new drivetrain designs.

## 6 Property, plant and equipment

Group	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 July	123.340	4.014.767	2.121.144	14.604.863
Exchange adjustment	7	267	0	0
Additions for the year	0	2.121.716	18.740	46.602.346
Disposals for the year	0	-173.418	0	0
Transfers for the year	0	1.611.975	0	0
Cost at 30 June	123.347	7.575.307	2.139.884	61.207.209

## Notes to the Financial Statements

### 6 Property, plant and equipment (continued)

Group	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Impairment losses and depreciation at 1 July	121.355	2.789.589	1.604.595	0
Exchange adjustment	6	223	0	0
Depreciation for the year	1.986	982.619	249.010	0
Impairment and depreciation of sold assets for the year	0	-113.007	0	0
Reversal of impairment and depreciation of sold assets	0	-23.038	0	0
Impairment losses and depreciation at 30 June	123.347	3.636.386	1.853.605	0
<b>Carrying amount at 30 June</b>	<b>0</b>	<b>3.938.921</b>	<b>286.279</b>	<b>61.207.209</b>

### 7 Investments in subsidiaries

	Parent Company	
	2022 DKK	2021 DKK
Cost at 1 July	4.040.701	3.577.102
Additions for the year	0	463.599
Cost at 30 June	4.040.701	4.040.701
Value adjustments at 1 July	43.990.958	20.331.269
Net profit/loss for the year	19.339.172	25.659.689
Dividend to the Parent Company	-3.000.000	-2.000.000
Value adjustments at 30 June	60.330.130	43.990.958
<b>Carrying amount at 30 June</b>	<b>64.370.831</b>	<b>48.031.659</b>

## Notes to the Financial Statements

### 7 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
BikeRep A/S	Aarhus	DKK 746.401	100%
Promovec A/S	Aarhus	DKK 5.000.000	100%
Promovec GmbH	Flensburg	EUR 25.000	100%
Viridus A/S	Aarhus	DKK 500.000	100%
Promovec America Inc.	Conshohocken	USD 10.000	100%
Promovec Properties A/S	Aarhus	DKK 400.000	100%

	Group		Parent Company	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
<b>8 Investments in associates</b>				
Cost at 1 July	3.097.918	1.595.382	420	420
Additions for the year	0	1.502.536	0	0
Cost at 30 June	3.097.918	3.097.918	420	420
Value adjustments at 1 July	358.831	-43.004	298.961	-420
Net profit/loss for the year	578.396	401.835	51.477	299.381
Value adjustments at 30 June	937.227	358.831	350.438	298.961
<b>Carrying amount at 30 June</b>	<b>4.035.145</b>	<b>3.456.749</b>	<b>350.858</b>	<b>299.381</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
BatriBike Ltd.	Cleethorpes	GPB 100	50%
Viridus Manufacturing A/S	Aarhus	DKK 4.000.000	49%

# Notes to the Financial Statements

## 9 Other fixed asset investments

	<u>Group</u>
	Other receiv- ables
	DKK
Cost at 1 July	356.000
Cost at 30 June	356.000
<b>Carrying amount at 30 June</b>	<b>356.000</b>

	<u>Group</u>		<u>Parent Company</u>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>10 Inventories</b>				
Finished goods and goods for resale	61.451.031	53.608.452	0	0
	<b>61.451.031</b>	<b>53.608.452</b>	<b>0</b>	<b>0</b>

## 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

	<u>Parent Company</u>	
	2021/22	2020/21
	DKK	DKK
<b>12 Distribution of profit</b>		
Proposed dividend for the year	0	2.000.000
Reserve for net revaluation under the equity method	14.890.649	3.481.613
Retained earnings	4.206.570	20.675.730
	<b>19.097.219</b>	<b>26.157.343</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>13 Provision for deferred tax</b>				
Provision for deferred tax at 1 July	1.593.993	1.188.573	0	0
Amounts recognised in the income statement for the year	539.086	405.420	0	0
<b>Provision for deferred tax at 30 June</b>	<b>2.133.079</b>	<b>1.593.993</b>	<b>0</b>	<b>0</b>

### 14 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of kDKK 3,009 (2020/21: kDKK 1,860) have been recognised for expected warranty claims.

Other provisions	3.009.268	1.860.092	0	0
	<b>3.009.268</b>	<b>1.860.092</b>	<b>0</b>	<b>0</b>

### 15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

#### Mortgage loans

After 5 years	24.098.650	0	0	0
Between 1 and 5 years	6.095.309	33.215.516	0	0
Long-term part	30.193.959	33.215.516	0	0
Within 1 year	1.489.459	0	0	0
	<b>31.683.418</b>	<b>33.215.516</b>	<b>0</b>	<b>0</b>

#### Other payables

Between 1 and 5 years	1.834.867	1.793.988	0	0
Long-term part	1.834.867	1.793.988	0	0
Other short-term payables	7.595.288	6.992.667	10.000	10.000
	<b>9.430.155</b>	<b>8.786.655</b>	<b>10.000</b>	<b>10.000</b>

## Notes to the Financial Statements

	<b>Group</b>	
	2021/22	2020/21
	DKK	DKK
<b>16 Cash flow statement - adjustments</b>		
Financial income	-961.774	-1.089.229
Financial expenses	1.155.073	1.500.709
Depreciation, amortisation and impairment losses, including losses and gains on sales	2.146.661	1.785.365
Income from investments in associates	-578.396	-401.835
Tax on profit/loss for the year	5.074.404	6.881.760
	<b>6.835.968</b>	<b>8.676.770</b>

### 17 Cash flow statement - change in working capital

Change in inventories	-7.842.578	-36.235.166
Change in receivables	-38.568.011	-20.460.492
Change in other provisions	1.149.176	55.823
Change in trade payables, etc	17.697.809	22.591.120
	<b>-27.563.604</b>	<b>-34.048.715</b>

	<b>Group</b>		<b>Parent Company</b>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>18 Contingent assets, liabilities and other financial obligations</b>				

#### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Property and plant with an accounting value of DKK	61.207.209	0	0	0
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The following assets have been placed as security with bankers:

Company mortgage on nom. kDKK 32,000, which provides security in the Company's intangible and tangible fixed assets, inventories and debtors with an accounting value of DKK	146.064.689	97.540.589	0	0
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## Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>18 Contingent assets, liabilities and other financial obligations</b> (continued)				
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	183.358	37.176	0	0
Between 1 and 5 years	311.163	68.156	0	0
	<b>494.521</b>	<b>105.332</b>	<b>0</b>	<b>0</b>
Lease obligations, period of non-terminability 12 months	0	662.448	0	0
Lease obligations, period of non-terminability 11 months	0	291.500	0	0
Lease obligations, period of non-terminability 6 months	0	117.000	0	0
Lease obligations, terminated lease	699.244	0	0	0

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Jesper Lundqvist Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company has provided a guarantee to Skjern Bank A/S for the banks facilities with Promovec A/S, Promovec Properties A/S and BikeRep A/S.

Shares of DKK 500.000 in Promovec A/S has been charged as collateral for the banks facilities with Promovec A/S. Accounting value of Equity is DKK 59,767,379 per 30 June 2022.

# Notes to the Financial Statements

## 19 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Jesper Lundqvist Holding ApS	Parent Company
<b>Other related parties</b>	
Jesper Lundqvist Helga Pedersens Gade 9, 7. 0001 DK-8000 Aarhus C	Executive Board
Gert Kristiansen Stensballe Strandvej 195 DK-8700 Horsens	Chairman of the Board of Directors
Brian Christensen Martensens Alle 9, 3. DK-1828 Frederiksberg C	Member of the Board of Directors
Kurt Schlott Hansen Brombærhegnet 41 DK-8700 Horsens	Member of the Board of Directors

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Jesper Lundqvist Holding ApS	Aarhus C, Denmark

# Notes to the Financial Statements

## 20 Accounting Policies

The Annual Report of Promovec Group A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Promovec Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in associates

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

##### *Development projects, patents and licences*

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of materials, services and direct wages plus indirect costs, which are calculated as costs in the income statement as incurred.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in associates

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5. Provisions are measured and recognised based on experience with guarantee work.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.



# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## **Cash Flow Statement**

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### **Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$