

Devron Nordic ApS

**Langrode 36
6200 Aabenraa**

CVR no. 39 13 30 83

Annual report for 2021

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Adopted at the annual general meeting on 29 June 2022

Per Rene Frederiksen
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Devron Nordic ApS for the financial year 1 January - 31 December 2021.

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

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Aabenraa, 29 June 2022

Executive board

Per Rene Frederiksen

Independent auditor's report

Provided that no significant information or changes are brought forward during the consideration of this draft, we will provide the annual report with the following report:

To the shareholder of Devron Nordic ApS

Opinion

We have audited the financial statements of Devron Nordic ApS for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 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 company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 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 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 may cause 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.

Independent auditor's report

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 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 Financial Statements Act.

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

Viborg, 29 June 2022

Andersen Revision
Statsautoriseret Revisionsaktieselskab
CVR no. 32 32 67 06

Hans Peter Andersen
State Authorised Public Accountant
MNE no. mne32181

Company details

The company

Devron Nordic ApS
Langrode 36
6200 Aabenraa

CVR no.: 39 13 30 83

Reporting period: 1 January - 31 December 2021

Domicile: Aabenraa

Executive board

Per Rene Frederiksen

Auditors

Andersen Revision
Statsautoriseret Revisionsaktieselskab
Vestervangsvej 14
8800 Viborg

Bankers

Danske Bank
Gravene 2
6100 Haderslev

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Management's review

Business review

The company's main activity is to buy and sell products within the bicycle industry.

Recognition and measurement uncertainties

The company has recognized a deferred tax asset of DKK 497 thousand. Recognition and measurement of this tax asset is based on management's assessment of the company's expected earnings within the next 1-5 years. In its assessment of the tax asset, the management has included estimates of earnings for the coming years. Following this, the management expect that the tax asset can be realized within 5 years. However, since the value of the deferred tax asset is based on expectations of future earnings, there is uncertainty about the value of the deferred tax asset.

Financial review

The company's income statement for the year ended 31 December 2021 shows a profit of DKK 763.307, and the balance sheet at 31 December 2021 shows equity of DKK 863.997.

The company had a good development in the activity and result in 2021. The result was a profit of 763 t.DKK. The management finds the development in activity and result very satisfactory and expect that 2022 also will generate a positive result.

The company's main creditor is the parent company. The parent company has stated that it would abstain payment to maintain the required liquidity in the company.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January 2021 - 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> TDKK
Gross profit		3.170.760	2.536
Staff costs	1	<u>-1.895.848</u>	<u>-2.116</u>
Profit/loss before amortisation/depreciation and impairment losses		1.274.912	420
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-275.886</u>	<u>-249</u>
Profit/loss before net financials		999.026	171
Financial income		195	3
Financial costs		<u>-11.255</u>	<u>-7</u>
Profit/loss before tax		987.966	167
Tax on profit/loss for the year	2	<u>-224.659</u>	<u>-39</u>
Profit/loss for the year		<u>763.307</u>	<u>128</u>
Recommended appropriation of profit/loss			
Retained earnings		<u>763.307</u>	<u>128</u>
		<u>763.307</u>	<u>128</u>

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> TDKK
Assets			
Goodwill		166.000	332
Intangible assets	3	166.000	332
Other fixtures and fittings, tools and equipment		312.689	56
Leasehold improvements		71.284	142
Tangible assets	4	383.973	198
Total non-current assets		549.973	530
Finished goods and goods for resale		3.779.972	4.051
Stocks		3.779.972	4.051
Trade receivables		27.158	74
Receivables from associates		865.038	865
Other receivables		107.661	279
Deferred tax asset		496.526	721
Prepayments		30.857	94
Receivables		1.527.240	2.033
Cash at bank and in hand		351.971	1.543
Total current assets		5.659.183	7.627
Total assets		6.209.156	8.157

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		1.000.000	1.000
Retained earnings		<u>-136.003</u>	<u>-899</u>
Equity		<u>863.997</u>	<u>101</u>
Trade payables		26.168	173
Payables to parent company	5	4.394.947	5.674
Other payables		<u>924.044</u>	<u>2.209</u>
Total current liabilities		<u>5.345.159</u>	<u>8.056</u>
Total liabilities		<u>5.345.159</u>	<u>8.056</u>
Total equity and liabilities		<u>6.209.156</u>	<u>8.157</u>
Uncertainty in the recognition and measurement	6		
Contingent liabilities	7		
Mortgages and collateral	8		

Statement of changes in equity

	Share capital	Retained earnings	Total
Formation at 1 January 2021	1.000.000	-899.310	100.690
Net profit/loss for the year	0	763.307	763.307
Equity at 31 December 2021	1.000.000	-136.003	863.997

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Notes

	2021 DKK	2020 TDKK
1 Staff costs		
Wages and salaries	1.534.003	1.776
Pensions	151.452	157
Other social security costs	34.135	54
Other staff costs	176.258	129
	1.895.848	2.116
Average number of employees	4	6
2 Tax on profit/loss for the year		
Deferred tax for the year	224.659	39
	224.659	39
3 Intangible assets		
		<u>Goodwill</u>
Cost at 1 January 2021		830.000
Cost at 31 December 2021		830.000
Impairment losses and amortisation at 1 January 2021		498.000
Amortisation for the year		166.000
Impairment losses and amortisation at 31 December 2021		664.000
Carrying amount at 31 December 2021		166.000

Notes

4 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold im- provements
Cost at 1 January 2021	74.265	0
Additions for the year	295.440	356.420
Cost at 31 December 2021	369.705	356.420
Impairment losses and depreciation at 1 January 2021	18.414	213.852
Depreciation for the year	38.602	71.284
Impairment losses and depreciation at 31 December 2021	57.016	285.136
Carrying amount at 31 December 2021	312.689	71.284

5 Payables to parent company

The company's main creditor is the parent company. The parent company has stated that it would abstain payment to maintain the required liquidity in the company.

6 Uncertainty in the recognition and measurement

The company has recognized a deferred tax asset of DKK 497 thousand. Recognition and measurement of this tax asset is based on management's assessment of the company's expected earnings within the next 1-5 years. In its assessment of the tax asset, the management has included estimates of earnings for the coming years. Following this, the management expect that the tax asset can be realized within 5 years. However, since the value of the deferred tax asset is based on expectations of future earnings, there is uncertainty about the value of the deferred tax asset.

7 Contingent liabilities

The company has entered into operating lease of cars and vehicles. The lease agreements are interminable in 2-3 years. The total remaining lease obligation amounts to DKK 109 thousand.

Notes

7 Contingent liabilities (continued)

The company has entered into agreements on lease of facilities in Esbjerg, Horup and Rød-kro. The agreements are interminable in up to 21 months. Afterwards the term of notice is 6 months. The total remaining lease obligation amount to DKK 477 thousand.

8 Mortgages and collateral

None.

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Accounting policies

The annual report of Devron Nordic ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in DKK

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years. The amortisation period is based on an assessment of the acquiree's market position and earnings capacity.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %
Leasehold improvements	5 years	0 %

Assets costing less than DKK 30.700 are expensed in the year of acquisition.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

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