

## **Devron Nordic ApS**

**Langrode 36  
6200 Aabenraa**

**CVR no. 39 13 30 83**

### **Annual report for 2020**

Adopted at the annual general meeting on 2 June 2021

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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 2020.

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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

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, 10 May 2021

### **Executive board**

Per Rene Frederiksen

## **Independent auditor's 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 2020, 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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 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. 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 draw attention to note 1 in the financial statements, which states that there could be indications of significant uncertainty about the company's ability to continue operating.

As can be seen from note 1, the company's main creditor is the parent company. The parent company has stated that they are prepared to support the operation and financial resources of the company in the coming year. Our opinion is not modified regarding this matter.

#### **Emphasis of matter**

Without modifying our opinion we draw attention to note 2 in the financial statements, which states that there is uncertainty related to recognition and measurement of the deferred tax asset. The management's expectations for future earnings are the prerequisite for the recognition of the deferred tax asset.

#### **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.

## **Independent auditor's report**

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.

### **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.

## **Independent auditor's report**

- 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.

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, 10 May 2021

Andersen Revision  
Statsautoriseret Revisionspartnerselskab  
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 2020

Domicile: Aabenraa

### **Executive board**

Per Rene Frederiksen

### **Auditors**

Andersen Revision  
Statsautoriseret Revisionspartnerselskab  
Vestervangsvej 14  
8800 Viborg

### **Bankers**

Danske Bank  
Gravene 2  
6100 Haderslev

## **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 721 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 assesses 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 2020 shows a profit of DKK 127.809, and the balance sheet at 31 December 2020 shows equity of DKK 100.690.

The company has in the previous fiscal year had a very unsatisfactory development in the activity and results. In 2020 the result was a profit of 128 t.DKK. The management finds the development in activity and result satisfactory and expects that 2021 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.

The expectations to result in 2021, as well as the fact that the parent company has indicated that it would maintain operations and, to the extent necessary, support the financial preparedness, means that the annual report is prepared as going concern.

### **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 2020 - 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
<b>Gross profit</b>		<b>2.538.070</b>	<b>271</b>
Staff costs	3	<u>-2.117.217</u>	<u>-1.973</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>420.853</b>	<b>-1.702</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-249.571</u>	<u>-243</u>
<b>Profit/loss before net financials</b>		<b>171.282</b>	<b>-1.945</b>
Financial income		3.344	0
Financial costs		<u>-7.523</u>	<u>-5</u>
<b>Profit/loss before tax</b>		<b>167.103</b>	<b>-1.950</b>
Tax on profit/loss for the year	4	<u>-39.294</u>	<u>426</u>
<b>Profit/loss for the year</b>		<b><u>127.809</u></b>	<b><u>-1.524</u></b>
<b>Recommended appropriation of profit/loss</b>			
Retained earnings		<u>127.809</u>	<u>-1.524</u>
		<b><u>127.809</u></b>	<b><u>-1.524</u></b>

## Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
<b>Assets</b>			
Goodwill		332.000	498
<b>Intangible assets</b>	5	<b>332.000</b>	<b>498</b>
Other fixtures and fittings, tools and equipment		55.851	41
Leasehold improvements		142.568	214
<b>Tangible assets</b>	6	<b>198.419</b>	<b>255</b>
<b>Total non-current assets</b>		<b>530.419</b>	<b>753</b>
Finished goods and goods for resale		4.051.348	4.086
<b>Stocks</b>		<b>4.051.348</b>	<b>4.086</b>
Trade receivables		74.411	13
Receivables from associates		865.038	865
Other receivables		278.672	234
Deferred tax asset		721.185	760
Prepayments		94.094	43
<b>Receivables</b>		<b>2.033.400</b>	<b>1.915</b>
<b>Cash at bank and in hand</b>		<b>1.543.147</b>	<b>162</b>
<b>Total current assets</b>		<b>7.627.895</b>	<b>6.163</b>
<b>Total assets</b>		<b>8.158.314</b>	<b>6.916</b>

## Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
<b>Equity and liabilities</b>			
Share capital		1.000.000	1.000
Retained earnings		<u>-899.310</u>	<u>-1.027</u>
<b>Equity</b>		<b><u>100.690</u></b>	<b><u>-27</u></b>
Banks		0	22
Trade payables		173.632	52
Payables to parent company		5.673.915	6.251
Other payables		<u>2.210.077</u>	<u>618</u>
<b>Total current liabilities</b>		<b><u>8.057.624</u></b>	<b><u>6.943</u></b>
<b>Total liabilities</b>		<b><u>8.057.624</u></b>	<b><u>6.943</u></b>
<b>Total equity and liabilities</b>		<b><u>8.158.314</u></b>	<b><u>6.916</u></b>
Uncertainty about the continued operation (going concern)	1		
Uncertainty in the recognition and measurement	2		
Contingent liabilities	7		
Mortgages and collateral	8		

## Statement of changes in equity

	Share capital	Retained earnings	Total
Formation at 1 January 2020	1.000.000	-1.027.119	-27.119
Net profit/loss for the year	0	127.809	127.809
<b>Equity at 31 December 2020</b>	<b>1.000.000</b>	<b>-899.310</b>	<b>100.690</b>

## Notes

### 1 Uncertainty about the continued operation (going concern)

The company has in the previous fiscal year had a very unsatisfactory development in the activity and results. In 2020 the result was a profit of 128 t.DKK. The management finds the development in activity and result satisfactory and expect that 2021 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.

The expectations to result in 2021, as well as the fact that the parent company has indicated that it would maintain operations and, to the extent necessary, support the financial preparedness, means that the annual report is prepared as going concern.

### 2 Uncertainty in the recognition and measurement

The company has recognized a deferred tax asset of DKK 721 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 assesses 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.

### 3 Staff costs

	<u>2020</u> DKK	<u>2019</u> TDKK
Wages and salaries	1.776.059	1.610
Pensions	157.107	151
Other social security costs	55.062	41
Other staff costs	<u>128.989</u>	<u>171</u>
	<u><b>2.117.217</b></u>	<u><b>1.973</b></u>
 Average number of employees	 <u>6</u>	 <u>4</u>

## Notes

	2020 DKK	2019 TDKK
<b>4 Tax on profit/loss for the year</b>		
Deferred tax for the year	39.294	-426
	<b>39.294</b>	<b>-426</b>

## 5 Intangible assets

	Goodwill
Cost at 1 January 2020	830.000
Cost at 31 December 2020	830.000
Impairment losses and amortisation at 1 January 2020	332.000
Amortisation for the year	166.000
Impairment losses and amortisation at 31 December 2020	498.000
<b>Carrying amount at 31 December 2020</b>	<b>332.000</b>

## Notes

### 6 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold im- provements
Cost at 1 January 2020	47.485	356.420
Additions for the year	26.780	0
Cost at 31 December 2020	74.265	356.420
Impairment losses and depreciation at 1 January 2020	6.127	142.568
Depreciation for the year	12.287	71.284
Impairment losses and depreciation at 31 December 2020	18.414	213.852
<b>Carrying amount at 31 December 2020</b>	<b>55.851</b>	<b>142.568</b>

### 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 194 thousand.

The company has entered into agreements on lease of facilities in Brøndby, Aarhus, Esbjerg and Aabenraa. The agreements are interminable in up to 16 months. Afterwards the term of notice is 6 months. The total remaining lease obligation amount to DKK 159 thousand.

### 8 Mortgages and collateral

None.

## **Accounting policies**

The annual report of Devron Nordic ApS for 2020 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 2020 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 14.100 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.

### **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.