
MATE.BIKE INTERNATIONAL ApS

Gråbrødretorv, 11,1, DK-1154 København K

Annual Report for 2023

CVR No. 37 93 42 08

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 25/6 2024

Janus Christian
Fjeldborg
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of MATE.BIKE INTERNATIONAL ApS for the financial year 1 January - 31 December 2023.

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 financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Copenhagen, 25 June 2024

Executive Board

Janus Christian Fjeldborg
CEO

Independent Auditor's Report

To the shareholders of Mate.Bike International ApS

Report on the audit of the Financial Statements

Qualified opinion

In our opinion, except for the possible effects on the comparative information as well as on profit/loss for the year and the classification of the income statement of the matters described in the *Basis for qualified opinion* paragraph, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Mate.Bike International ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (the "Financial Statements").

Basis for qualified opinion

We were appointed auditors of the Company at the end of 2023 following the completion of the restructuring of the Company. In the Financial Statements for 2022, the Company's former auditors qualified their report in respect of the completeness of trade payables, the completeness of provisions, the existence and completeness of other payables, the recognition of revenue and the existence and completeness of other expenses. This may affect the profit/loss for 2023, and the comparative information for 2022 in both the income statement and the balance sheet may also be erroneous as a consequence. We therefore qualify our report in this respect.

Until the completion of the restructuring, the Company's accounting records were incomplete, and it has not been possible to verify the completeness of the records. In connection with the restructuring, the Company's debt at the date of the restructuring was compounded in accordance with the decision of the Danish Bankruptcy Court. After the restructuring, the Company's debt was written down accordingly, and the remission of debt was recognised in Other operating income in the income statement. As a result of the Company's accounting records being incomplete prior to the restructuring and the possible errors in the Company's balance sheet at 31 December 2022, the amounts and the classification of the items in the Company's income statement for 2023 may be incorrect. We therefore qualify our report in this respect.

Our opinion on the Financial Statements for the current period has been modified as a result of the possible effect of these matters on the income statement for 2023 and the balance sheet at 31 December 2022 as well as the comparability of the accounting figures for the current period and the comparative information.

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* paragraph of our Report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also 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 qualified audit 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.

Independent Auditor's Report

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, in our view, 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 in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the 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

Independent Auditor's Report

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 not adequate, 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.

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.

Report on other legal and regulatory requirements

Non-compliance with the Danish Bookkeeping Act until the reconstruction as 29 September 2023

Until the completion of the restructuring as per 29 September 2023, the Company did not comply with the requirements of the Danish Bookkeeping Act in respect of the bookkeeping being organised and executed in accordance with generally accepted accounting practice with due consideration of the nature and size of its business. Among others this could have meant incorrect VAT filing before the restructuring. The previous Management may incur liability on the basis of this non-compliance with the Danish Bookkeeping Act.

Based on the audit performed for the period after the reconstruction it is our opinion that the Company after the reconstruction complies with the requirements in the Danish Bookkeeping Act.

Hellerup, 25 June 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

René Otto Poulsen
State Authorised Public Accountant
mne26718

Company information

The Company	MATE.BIKE INTERNATIONAL ApS Gråbrødretorv, 11,1 1154 København K CVR No: 37 93 42 08 Financial period: 1 January - 31 December Incorporated: 16 August 2016 Municipality of reg. office: Copenhagen
Executive Board	Janus Christian Fjeldborg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

MATE is a designer and seller of high-quality, electric bicycles globally.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 133,517,388 and at 31 December 2023 the balance sheet of the Company shows a negative equity of DKK 9,516,653. The profit for the year is positively affected by gain on remission of debt related as per 29. September 2023.

2023 has been an extraordinary year for Mate.Bike. The successful reconstruction, approved by the majority of our creditors in the Danish Maritime and Commercial High Court on November 22nd, 2023, marked a pivotal moment for the company. The acceptance of our reconstruction plan meant that all debt and obligations before September 29th, 2023, were removed, allowing Mate.Bike to reset and refocus its strategic direction.

As part of the reconstruction the company's debt was cancelled. The net impact on the profit/loss after write down etc. amounted to 171 mDKK, which is recognized as part of the financial income. The positive net effect of the reconstruction is the main reason for a net profit of 134 mDKK in 2023.

Prior to the reconstruction, and besides operational inefficiencies, internal procedures and controls were not effective, implying risk of non-compliance with the Danish Bookkeeping Act. Following the reconstruction, a new management team was appointed, who has taken the necessary steps to ensure operational efficiency as well as compliant bookkeeping and robust internal controls moving forward.

Also, our auditors agree with this assessment, stating in the Independent Auditors report: "Based on the audit performed for the period after the reconstruction, it is our opinion that the Company after the reconstruction complies with the requirements in the Danish Bookkeeping Act.

After the reconstruction, a new strategy was presented, "Mate Made Simple," shifting the company's focus solely to business-to-business (BtB) operations and closing down all business-to-consumer (BtC) activities. This strategic shift will allow Mate.Bike to concentrate on product development and innovation, positioning us for a stronger future.

Mate.Bike is now operating as a healthy business, free of debt and collateral and a sound financial position. While old investors had their investments written down due to the reconstruction, we have had the privilege of some of them rejoining alongside new ones in the setup. Our investors have shown strong support for us, not only believing in our vision but also contributing with a capital injection after the reconstruction.

The income statement of Mate.Bike for 2023 shows a profit of 134 mDKK. As of 31 December 2023, the balance sheet reflects a negative equity of 10 mDKK. However, the company has subordinate loan capital of 21 mDKK, which will be converted to equity in 2024, restoring and resulting in a positive equity position.

Subsequent events

In 2024, Mate.Bike performed another capital injection with participation of our existing investors. This additional funding will further support our mission and continue our growth journey.

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

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross loss		-15,868,037	-50,660,000
Staff expenses	1	-14,769,214	-16,272,668
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,812,869	-1,531,719
Impairment of current assets		0	-5,740,153
Other operating expenses		0	-8,780,482
Profit/loss before financial income and expenses		-32,450,120	-82,985,022
Financial income	2	171,199,009	-2,268,703
Financial expenses	3	-5,231,501	-5,247,121
Profit/loss before tax		133,517,388	-90,500,846
Tax on profit/loss for the year		0	0
Net profit/loss for the year		133,517,388	-90,500,846
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		133,517,388	-90,500,846
		133,517,388	-90,500,846

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Acquired patents		0	662,885
Intangible assets		0	662,885
Plant and machinery		0	1,149,036
Other fixtures and fittings, tools and equipment		0	398,179
Leasehold improvements		0	154,505
Property, plant and equipment		0	1,701,720
Deposits		175,000	0
Other receivables		0	832,731
Fixed asset investments		175,000	832,731
Fixed assets		175,000	3,197,336
Finished goods and goods for resale		2,821,392	39,967,697
Prepayments for goods		0	7,650,493
Inventories		2,821,392	47,618,190
Trade receivables		991,621	1,904,844
Receivables from group enterprises		47,838	0
Other receivables		451,058	1,662,600
Receivables		1,490,517	3,567,444
Cash at bank and in hand		12,313,309	3,029,090
Current assets		16,625,218	54,214,724
Assets		16,800,218	57,412,060

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		40,000	40,000
Retained earnings		-9,556,653	-143,074,041
Equity		-9,516,653	-143,034,041
Other payables		0	553,651
Long-term debt		0	553,651
Subordinate loan capital		21,093,333	0
Credit institutions		0	1,616,049
Trade payables		1,247,603	22,356,799
Payables to group enterprises		584,322	173,803,476
Payables to owners and Management		1,562,500	0
Other payables		1,705,649	1,829,225
Deferred income		123,464	286,901
Short-term debt		26,316,871	199,892,450
Debt		26,316,871	200,446,101
Liabilities and equity		16,800,218	57,412,060
Contingent assets, liabilities and other financial obligations	4		
Accounting Policies	5		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	40,000	-143,074,041	-143,034,041
Net profit/loss for the year	0	133,517,388	133,517,388
Equity at 31 December	40,000	-9,556,653	-9,516,653

The company has lost more than half of the share capital. The company's management has explained the company's position in accordance with §119 of the Companies Act. It is Management's assessment that equity will be restored in relation to the ordinary general meeting with conversion of the subordinated loan capital to equity.

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	14,610,924	14,694,707
Pensions	17,008	35,174
Other social security expenses	9,625	287,320
Other staff expenses	131,657	1,255,467
	<u>14,769,214</u>	<u>16,272,668</u>
Average number of employees	<u>20</u>	<u>29</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
2. Financial income		
Interest received from group enterprises	0	357,800
Gain on remission of debt etc.	170,513,667	0
Other financial income	402,673	-2,626,503
Exchange gains	282,669	0
	<u>171,199,009</u>	<u>-2,268,703</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	93,333	5,205,846
Other financial expenses	4,895,886	41,275
Exchange loss	242,282	0
	<u>5,231,501</u>	<u>5,247,121</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
4. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Production plant and machinery	0	1,149,036
Other plant, machinery tools and equipment	0	398,179
Finished goods and goods for resale	0	39,967,697
Trade receivables	0	1,904,844
Other receivables	0	1,662,600
Rental and lease obligations		
Lease obligations, period of non-terminability	408,000	4,058,000

Other contingent liabilities

The Company is jointly and severally liable together with the parent company and the other companies in the joint taxable Group for tax on the Group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Notes to the Financial Statements

5. Accounting policies

The Annual Report of MATE.BIKE INTERNATIONAL ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Translation policies

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Income statement

Revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the income statement during the continuance of the contract. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Gross 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, cost of goods sold and other external expenses.

Notes to the Financial Statements

Staff expenses

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs of social security, etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit/loss for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

Balance sheet

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Property, plant and equipment

Production plant and machinery, other plant, fixtures and equipment, and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

Plant and machinery	3 years
Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	7 years

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Notes to the Financial Statements

Other fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, is assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Deferred tax assets and liabilities

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

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Financial liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the loan period.

Amortised cost of short-term liabilities usually corresponds to the nominal value.

Deferred income

Accruals recognised as liabilities include payments received regarding income in subsequent years.