

XXL SPORTS & OUTDOOR APS
C/O POWER A/S, HOVEDVEJEN 197, 2600 GLOSTRUP
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 May 2021**

Kenneth Solheim

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COMPANY DETAILS

Company	XXL Sports & Outdoor ApS c/o Power A/S, Hovedvejen 197 2600 Glostrup CVR No.: 37 42 61 56 Established: 26 January 2016 Registered Office: Glostrup Financial Year: 1 January - 31 December
Board of Directors	Pål Wibe, chairman Stein Alexander Eriksen Tolle Olaf Rørvik Grøterud
Executive Board	Kenneth Solheim
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of XXL Sports & Outdoor ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Glostrup, 26 May 2021

Executive Board

Kenneth Solheim

Board of Directors

Pål Wibe
Chairman

Stein Alexander Eriksen

Tolle Olaf Rørvik Grøterud

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of XXL Sports & Outdoor ApS

Opinion

We have audited the Financial Statements of XXL Sports & Outdoor ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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.

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 judgment and maintain professional skepticism 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.*

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.

Hellerup, 26 May 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
MNE no. mne30221

MANAGEMENT COMMENTARY

Principal activities

The Company's main activity is advertising and sale of sports equipment and all related activities.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events including COVID-19.

Development in activities and financial and economic position

The income statement of the Company for 2020 shows a profit of DKK 95,288, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 2,749,089.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT		709.248	4.166.500
Staff costs.....	1	-693.094	-4.137.550
Depreciation, amortisation and impairment losses.....		0	-18.817
OPERATING PROFIT		16.154	10.133
Other financial income.....		1.679.122	735.935
Other financial expenses.....		-1.571.958	-706.771
PROFIT BEFORE TAX		123.318	39.297
Tax on profit/loss for the year.....	2	-28.030	-10.729
PROFIT FOR THE YEAR		95.288	28.568
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		95.288	28.568
TOTAL		95.288	28.568

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Trade receivables		88.369	809.461
Receivables from group enterprises.....		4.138.297	5.280.455
Deferred tax assets.....		70.804	73.116
Corporation tax receivable.....		98.276	82.000
Prepayments.....		50.331	0
Receivables.....		4.446.077	6.245.032
CURRENT ASSETS.....		4.446.077	6.245.032
ASSETS.....		4.446.077	6.245.032

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital.....		100.000	100.000
Retained earnings.....		2.649.089	2.553.801
EQUITY.....		2.749.089	2.653.801
Accruals.....		93.600	57.004
Non-current liabilities.....	3	93.600	57.004
Trade payables.....		681.878	1.737.574
Corporation tax payable.....		0	75.658
Other liabilities.....		921.510	1.720.995
Current liabilities.....		1.603.388	3.534.227
LIABILITIES.....		1.696.988	3.591.231
EQUITY AND LIABILITIES.....		4.446.077	6.245.032
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EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020.....	100.000	2.553.801	2.653.801
Proposed profit allocation.....		95.288	95.288
Equity at 31 December 2020.....	100.000	2.649.089	2.749.089

NOTES

	2020 DKK	2019 DKK	Note
Staff costs			1
Average number of employees	1	7	
Wages and salaries.....	621.632	3.742.999	
Pensions.....	73.422	231.405	
Social security costs.....	2.840	0	
Other staff costs.....	-4.800	163.146	
	693.094	4.137.550	

Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	25.718	75.658	
Adjustment of deferred tax.....	2.312	-64.929	
	28.030	10.729	

	31/12 2020 total liabilities	Repayment next year	Debt	
			outstanding after 5 years	31/12 2019 total liabilities
Frozen holiday pay.....	93.600	0	0	57.004
	93.600	0	0	57.004

Contingencies etc. 4

Contingent liabilities

There are no security and contingent liabilities at 31 December 2020.

Related parties

The Company's related parties include:

Controlling interest

XXL Europe Holding S.à.r.l., Luxembourg, is the principal shareholder. The Company is included in the Group Report of the Parent Company.

The Group Annual Report for XXL Europe Holding S.à.r.l., may be obtained at the following address:

6, rue Guillaume Schneider
L - 2522 Luxembourg
Luxembourg

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

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ACCOUNTING POLICIES

The Annual Report of XXL Sports & Outdoor ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

The Financial Statements for 2020 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.

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, cost of sales and other external expenses.

INCOME STATEMENT

Net revenue

Net revenue from the sale of 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 and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

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 other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

ACCOUNTING POLICIES

Staff costs

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, 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 by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

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 share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Tangible fixed assets

Other plant, fixtures and equipment 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:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5 years	0 %

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

Impairment of fixed assets

The carrying amount of , are assessed annually 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 recoverable amount.

The recoverable amount is the higher of the capital value and the selling price less the expected costs of a sale. The capital value is stated at the present value of the expected net cash flows from a continued use of the asset or group of assets and the expected proceeds from sale of the asset or group of assets after the end of its useful life.

Receivables

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

Prepayments

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

ACCOUNTING POLICIES

Tax payable and deferred tax

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.

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 carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 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.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction 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.

The amortised cost of current liabilities corresponds usually to the nominal value.

Foreign currency translation

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 date when the receivables or payables come into existence 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.