

*Rapha ApS
c/o Moltke-Leth Advokater
Amaliegade 12
1256 København K*

CVR-no.: 37 60 69 95

*ANNUAL REPORT
13. April 2016 - 31. January 2017
(1. accounting year)*

Approved at the annual General Meeting of the Company on 7/8 2017



Simon Mottram
Chairman of the meeting

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Today the Executive Board has discussed and approved the Annual Report of Rapha ApS for the period 13. April 2016 - 31. January 2017.

The Annual Report has been prepared in conformity with the Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. January 2017 and of its financial performance for the period 13. April 2016 - 31. January 2017.

In my opinion the Management commentary includes a fair review of the matters described.

We recommend that the Annual Report be approved by the Annual General Meeting.

Copenhagen K, on 31. July 2017

Management

A handwritten signature in black ink, appearing to read 'Simon Mottram', with a horizontal line underneath it.

Simon Mottram

To the shareholders of Rapha ApS

Extended review report

We have performed an extended review of the financial statements of Rapha ApS for the financial period from 13. April 2016 to 31. January 2017. The financial statements, which include accounting policies, income statement, balance sheet and notes, have been prepared in conformity with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We have performed an extended review in accordance with the Assurance Standard for Small Enterprises issued by the Danish Business Authority and the Standard on Extended Review of Financial Statements prepared in Conformity with the Danish Financial Statements Act issued by FSR - Danish Auditors.

This requires that we observe the Danish Act on Approved Auditors and Audit Firms and the Code of Ethics for Professional Accountants issued by FSR - Danish Auditors and that we plan and perform procedures to obtain moderate assurance for our conclusion on the financial statements and moreover perform specifically required supplementary procedures to obtain additional assurance for our conclusion.

An extended review includes procedures consisting mainly in inquiries to Management and, if appropriate, to other employees of the enterprise, analytical procedures and the specifically required supplementary procedures as well as an evaluation of the evidence obtained.

The scope of the procedures performed in an extended review is more limited than the scope of an audit, and accordingly we express no audit opinion on the financial statements.

Conclusion

Based on the procedures performed, we conclude that the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. January 2017 and of its financial performance for the financial period from 13. April 2016 to 31. January 2017 in conformity with the Danish Financial Statements Act.

Statement on Management commentary

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 Financial Statements Act.

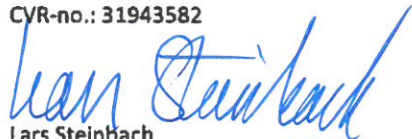
Except for this matter and based on the procedures performed, it is our opinion that the management commentary is consistent with the financial statements and has been prepared in accordance with the criteria laid down in the Financial Statements Act.

Rapha ApS

INDEPENDENT AUDITOR'S EXTENDED REVIEW REPORT

Frederiksberg, on 31. July 2017

TimeVision Frederiksberg
Godkendt Revisionsaktieselskab
CVR-no.: 31943582



Lars Steinbach
Approved Auditor

The Company

Rapha ApS
c/o Moltke-Leth Advokater
Amaliegade 12
1256 København K

CVR-no.: 37 60 69 95
Financial year: 13. April - 31. January

Executive board

Simon Mottram

Accountant

TimeVision Frederiksberg
Godkendt Revisionsaktieselskab
Falkoner Allé 1, 6.
2000 Frederiksberg

Main activities of the Company

The main activity of the Company is to sell premium cycling apparel in Denmark.

Development in the activities and the financial situation of the Company

The Company has continued its operations. No significant one-off events occurred in the financial year that needs to be included in the management commentary.

The performance and results for the year are considered satisfactory.

Material events after the reporting date

No events have occurred after the reporting date that may materially affect the financial position of the company.

GENERAL INFORMATION

The financial statements of Rapha ApS for the financial year 2016/17 have been prepared in conformity with the provisions of the Financial Statements Act on class B enterprises combined with a few rules on class C enterprises.

The current year is the first financial period of the Company, for which reason no comparative figures are disclosed in the income statement, balance sheet and notes.

Recognition and measurement in general

The financial statements have been prepared under the historical cost convention.

Income is recognized in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortized cost is also recognized in the income statement. Costs incurred to generate the earnings for the year are also recognized in the income statement, including amortization, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognized in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Certain financial assets and liabilities are measured at amortized cost, whereby a constant effective interest rate is recognized over the life of the individual asset or liability. Amortized cost is determined as original cost less any repayments and with the addition/deduction of the accumulated amortization of the difference between cost and nominal amount.

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

The functional currency used is Danish kroner. All other currencies are considered foreign currencies.

Foreign currency translation

Foreign currency transactions are translated at the exchange rates ruling at the transaction dates. Gains and losses arising from movements between the exchange rates at the date of the individual transaction and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, accounts payable and other monetary items denominated in a foreign currency, but not settled at the reporting date, are translated at the exchange rates ruling at the reporting date. Exchange rate differences between the exchange rates at the reporting date and the date of the individual transaction are recognized in the income statement as financial income or financial expenses.

INCOME STATEMENT

Gross profit

Gross profit is a combination of the items of 'Revenue', 'Change in inventories of finished goods', 'Cost of consumables' and 'Other external costs'.

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end. Revenue is recognized exclusive of VAT and net of sales discounts.

Cost of consumables

Cost of consumables includes the cost of goods purchased less discounts and changes in inventories for the year.

Other external expenses

Other external expenses include costs for sales, advertising, administration, premises, bad debts etc.

Staff costs

Staff costs include wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement from the Government.

Financial income and expenses

Financial income and expenses are recognized in the income statement based on the amounts which relate to the financial year. Financial income and expenses include interest revenue and expenses, accounts payable and transactions in foreign currencies and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax for the year comprises current tax and changes in deferred tax. The share attributable to the profit or loss for the year is recognized in the income statement, and the share attributable directly to equity is recognized directly in equity.

BALANCE SHEET

Other plant and equipment

Other plant and equipment is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognized prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

The cost of a composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

	<u>User time</u>	<u>Residual value</u>
Tools and equipment	3-5 years	0
Leasehold improvements	3-5 years	0

Impairment losses relating to non-current assets

The carrying amounts of intangible assets and property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortization and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

Inventories

The cost of goods for resale and consumables is the landed cost.

Receivables

Receivables are measured at amortized cost, which normally corresponds to the nominal value. The value is reduced by an allowance for expected impairment losses.

Impairment of accounts receivable past due is established on individual assessment of receivables.

Prepayments

Prepayments recognized under assets include costs already defrayed but relating to the subsequent financial year.

Corporate income tax and deferred tax

Current tax liabilities and current tax receivable are recognized in the balance sheet as calculated 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 using the balance-sheet liability method on temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. In cases where the tax base can be determined under alternative taxation rules, such as in relation to shares, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are measured at their anticipated net realizable value, either by elimination in tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at their net realizable values.

Payables

Other payables, comprising trade payables and amounts owed to Group enterprises and other accounts payable, are measured at amortized cost, which normally corresponds to the nominal value.

INCOME STATEMENT

13. APRIL 2016 - 31. JANUAR 2017

	2016/17 DKK
GROSS PROFIT	1.379.403
1 Staff costs	-964.378
Amortization, depreciation and impairment losses - intangible assets and property, plant and equipment	-270.397
OPERATING PROFIT OR LOSS	144.628
Other financial expenses	-49.955
PROFIT OR LOSS BEFORE TAX	94.673
Tax on net profit for the year	-20.828
PROFIT OR LOSS FOR THE YEAR	73.845
 PROPOSED DISTRIBUTION OF NET PROFIT	
Retained earnings	73.845
 SETTLEMENT OF DISTRIBUTION TOTAL	73.845

ASSETS

	2017 DKK
Other plant, fixtures and operating equipment	9.088
Leasehold improvements	3.474.434
Property, plant and equipment	3.483.522
NON-CURRENT ASSETS	3.483.522
Finished goods and goods for resale	1.808.163
Inventories	1.808.163
Other receivables	10.971
Prepayments	261.619
Receivables	272.590
Cash	688.177
CURRENT ASSETS	2.768.930
ASSETS	6.252.452

EQUITY AND LIABILITIES

	2017 DKK
Contributed capital	50.000
Retained earnings	73.845
2 EQUITY	123.845
Provision for deferred tax	20.828
PROVISIONS	20.828
Trade creditors	815.281
Amounts owed to group enterprises	4.626.046
Other accounts payable	666.452
Short-term payables	6.107.779
PAYABLES	6.107.779
EQUITY AND LIABILITIES	6.252.452
3 Contractual obligations and contingent items, etc.	
4 Charges and securities	

	2016/17 DKK
1 Staff costs	
Number of people employed	3
Wages and salaries	928.700
Pensions	26.326
Other social security costs	9.352
Staff costs total	<u><u>964.378</u></u>

	Opening balance	Proposed distribution of net profit	Closing balance
2 Equity			
Contributed capital	50.000	0	50.000
Retained earnings	0	73.845	73.845
	<u><u>50.000</u></u>	<u><u>73.845</u></u>	<u><u>123.845</u></u>

3 Contractual obligations and contingent items, etc.
None.

4 Charges and securities
The company has a rent obligation, which, as per 31 January 2017 is made up at DKK 5.625.000.