

*Rapha ApS
c/o Moltke-Leth Advokater
Kristen Bernikows Gade 7
1105 København K*

CVR-no: 37 60 69 95

ANNUAL REPORT
1. February 2017 - 31. January 2018
(2. accounting year)

Approved at the annual General Meeting of the Company on 11. July 2018



Chairman of the meeting

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Today the Executive Board has discussed and approved the Annual Report of Rapha ApS, c/o Moltke-Leth Advokater for the period 1. February 2017 - 31. January 2018.

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 2018 and of its financial performance for the period 1. February 2017 - 31. January 2018.

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.

København K, den 11. July 2018

Management



Simon Mottram

INDEPENDENT AUDITOR'S EXTENDED REVIEW REPORT

To the shareholders of Rapha ApS c/o Moltke-Leth Advokater**Extended review report**

We have performed an extended review of the financial statements of Rapha ApS, c/o Moltke-Leth Advokater for the financial period from 1. februar 2017 to 31. januar 2018. 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. januar 2018 and of its financial performance for the financial period from 1. februar 2017 to 31. januar 2018 in conformity with the Danish Financial Statements Act.

Statement on Management commentary

Frederiksberg, den 11. Juli 2018

TimeVision

Godkendt Revisionspartnerselskab

CVR-nr.: 38267132


Lars Steinbach

Registreret Revisor

COMPANY INFORMATION

The Company

Rapha ApS
c/o Moltke-Leth Advokater
Kristen Bernikows Gade 7
1105 København K

CVR-no.: 37 60 69 95
Financial year: 1. februar - 31. januar

Executive board

Simon Mottram

Accountant

TimeVision
Godkendt Revisionspartnerselskab
Falkoner Allé 1, 6.
2000 Frederiksberg

Main activities of the Company

As in previous years, the main activities of the Company were to sell bicycles 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 need 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.

ACCOUNTING POLICIES

GENERAL INFORMATION

The financial statements of Rapha ApS, c/o Moltke-Leth Advokater for the financial year 2017/18 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 accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is Danish kroner.

Recognition and measurement in general

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

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

Assets are recognised 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 recognised 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 amortised cost, whereby a constant effective interest rate is recognised over the life of the individual asset or liability. Amortised cost is determined as original cost less any repayments and with the addition/deduction of the accumulated amortisation 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 recognised 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 recognised in the income statement as financial income or financial expenses.

ACCOUNTING POLICIES

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 recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end. Revenue is recognised 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 recognised 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 recognised in the income statement, and the share attributable directly to equity is recognised 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 recognised 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.

ACCOUNTING POLICIES

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 amortisation 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, raw materials and consumables is the landed cost.

Receivables

Receivables are measured at amortised 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 recognised 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 recognised 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 realisable 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 realisable values.

Deferred tax is measured based on the tax rules and tax rates applicable when the deferred tax is expected to crystallise as current tax according to the legislation in force at the reporting date. Any change in deferred tax as a result of changes in the tax rates is recognised in the income statement.

Payables

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

INCOME STATEMENT

1. FEBRUAR 2017 - 31. JANUAR 2018

	2017/18 DKK	2016/17 DKK
GROSS PROFIT	4.173.389	1.379.403
1 Staff costs	-2.550.726	-964.378
Amortisation, depreciation and impairment losses - intangible assets and property, plant and equipment	-1.256.429	-270.397
OPERATING PROFIT OR LOSS	366.234	144.628
Other financial expenses	-52.060	-49.955
PROFIT OR LOSS BEFORE TAX	314.174	94.673
Tax on net profit for the year	-69.697	-20.828
PROFIT OR LOSS FOR THE YEAR	244.477	73.845
PROPOSED DISTRIBUTION OF NET PROFIT		
Retained earnings	244.477	73.845
SETTLEMENT OF DISTRIBUTION TOTAL	244.477	73.845

BALANCE SHEET AT 31. JANUAR 2018

REVISION OG SKAT

ASSETS

	2018 DKK	2017 DKK
Other plant, fixtures and operating equipment	5.793	9.088
Leasehold improvements	2.245.893	3.474.434
Property, plant and equipment	2.251.686	3.483.522
NON-CURRENT ASSETS	2.251.686	3.483.522
Finished goods and goods for resale	2.170.186	1.808.163
Inventories	2.170.186	1.808.163
Other receivables	42.736	10.971
Accruals	285.675	261.619
Receivables	328.411	272.590
Cash	560.744	688.177
CURRENT ASSETS	3.059.341	2.768.930
ASSETS	5.311.027	6.252.452

BALANCE SHEET AT 31. JANUAR 2018

REVISION OG SKAT

EQUITY AND LIABILITIES

	2018 DKK	2017 DKK
Contributed capital	50.000	50.000
Retained earnings	318.322	73.845
2 EQUITY	368.322	123.845
Provision for deferred tax	59.681	20.828
PROVISIONS	59.681	20.828
Trade creditors	722.611	815.281
Amounts owed to group enterprises	3.311.331	4.626.046
Corporate income tax	31.893	0
Other accounts payable	817.189	666.452
Short-term payables	4.883.024	6.107.779
PAYABLES	4.883.024	6.107.779
EQUITY AND LIABILITIES	5.311.027	6.252.452
3 Contractual obligations and contingent items, etc.		
4 Charges and securities		

NOTES

	2017/18 DKK	2016/17 DKK
1 Staff costs		
Number of people employed	7	3
Wages and salaries	2.373.787	928.700
Pensions	79.097	26.326
Other social security costs	97.842	9.352
Staff costs total	2.550.726	964.378

	Opening balance	Proposed distribution of net profit	Closing balance
2 Equity			
Contributed capital	50.000	0	50.000
Retained earnings	73.845	244.477	318.322
	123.845	244.477	368.322

3 Contractual obligations and contingent items, etc.

None.

4 Charges and securities

The company has a rent obligation, which, as per 31 January 2018 is calculated at DKK 4.275.000 and has a remaining maturity of 3 years & 2 months.