

*Rapha ApS
Kristen Bernikows Gade 7
1105 København K*

CVR-no: 37 60 69 95

*ANNUAL REPORT
1. februar 2019 - 31. januar 2020
(4. accounting year)*

Approved at the annual General Meeting of the Company on 28. oktober 2020

Chairman of the meeting
Simon Mottram

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MANAGEMENT'S STATEMENT

Today the Executive Board has discussed and approved the Annual Report of Rapha ApS for the period 1. februar 2019 - 31. januar 2020.

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. januar 2020 and of its financial performance for the period 1. februar 2019 - 31. januar 2020.

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 28. oktober 2020

Management

Simon Mottram

INDEPENDENT AUDITOR'S EXTENDED REVIEW REPORT

To the shareholders of Rapha ApS**Conclusion**

We have performed an extended review of the financial statements of Rapha ApS for the financial period from 1. februar 2019 to 31. januar 2020, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in conformity with the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31. januar 2020 and of the results of the Company's operations for the financial period from 1. februar 2019 to 31. januar 2020 in conformity with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility 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.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as an evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's review

Management is responsible for the 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 extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S EXTENDED REVIEW REPORT

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Financial Statements Act.

Based on the work we have performed, we conclude that the Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Financial Statements Act. We did not identify any material misstatements in the Management's review.

Frederiksberg, den 28. oktober 2020

TimeVision
Godkendt Revisionspartnerselskab
CVR-nr.: 38267132

Lars Steinbach
Registreret Revisor
mne18599

COMPANY INFORMATION

The Company

Rapha ApS
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

MANAGEMENT COMMENTARY

Main activities of the Company

As in previous years, the main activities of the Company were to sell cycling apparel and accessories 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 unsatisfactory.

The Company has received a letter of subordination and support on DKK 3,458,139 from its parent company.

The Company has lost more than half of the share capital, but expects to restore its capital through earnings.

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 for the financial year 2019/20 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.

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'.

ACCOUNTING POLICIES

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.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

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 2019 - 31. JANUAR 2020

	2019/20 DKK	2018/19 DKK
GROSS PROFIT	3.035.688	3.024.125
2 Staff costs	-2.460.424	-2.760.477
Amortisation, depreciation and impairment losses - intangible assets and property, plant and equipment	-1.038.643	-1.210.222
OPERATING PROFIT OR LOSS	-463.379	-946.574
Other financial expenses	-28.054	-49.039
PROFIT OR LOSS BEFORE TAX	-491.433	-995.613
Tax on net profit for the year	107.533	218.879
PROFIT OR LOSS FOR THE YEAR	-383.900	-776.734
PROPOSED DISTRIBUTION OF NET PROFIT		
Retained earnings	-383.900	-776.734
SETTLEMENT OF DISTRIBUTION TOTAL	-383.900	-776.734

BALANCE SHEET AT 31. JANUAR 2020

REVISION OG SKAT

ASSETS

	2020 DKK	2019 DKK
Other plant, fixtures and operating equipment	0	2.496
Leasehold improvements	31.751	1.038.968
Property, plant and equipment	31.751	1.041.464
NON-CURRENT ASSETS	31.751	1.041.464
Finished goods and goods for resale	1.907.757	1.002.252
Inventories	1.907.757	1.002.252
Corporate income tax	10.000	0
Other receivables	262.060	34.084
Deferred tax asset	266.638	159.105
Accruals	287.199	287.641
Receivables	825.897	480.830
Cash	1.177.384	1.318.612
CURRENT ASSETS	3.911.038	2.801.694
ASSETS	3.942.789	3.843.158

BALANCE SHEET AT 31. JANUAR 2020

EQUITY AND LIABILITIES

	2020 DKK	2019 DKK
Contributed capital	50.000	50.000
Retained earnings	-842.312	-458.412
3 EQUITY	-792.312	-408.412
Amounts owed to group enterprises	3.458.139	2.965.144
Long-term payables	3.458.139	2.965.144
Trade creditors	770.079	623.314
Other accounts payable	506.883	663.112
Short-term payables	1.276.962	1.286.426
PAYABLES	4.735.101	4.251.570
EQUITY AND LIABILITIES	3.942.789	3.843.158
4 Contractual obligations and contingent items, etc.		
5 Charges and securities		

NOTES

	2019/20 DKK	2018/19 DKK	
1 Uncertainty regarding the going concern status			
The Company has received a letter of subordination and support on DKK 3,458,139 fra its parentcompany.			
The Company has lost more than half of the share capital, but expects to restore its capital through earnings.			
2 Staff costs			
Number of people employed	7	7	
Wages and salaries	2.229.352	2.484.994	
Pensions	165.806	200.837	
Other social security costs	65.266	74.646	
Staff costs total	2.460.424	2.760.477	
3 Equity	Opening balance	Proposed distribution of net profit	Closing balance
Contributed capital	50.000	0	50.000
Retained earnings	-458.412	-383.900	-842.312
	-408.412	-383.900	-792.312
4 Contractual obligations and contingent items, etc.			
None.			
5 Charges and securities			
The company has a rent obligation, which, as per 31 January 2020 is calculated at DKK 1,575,000 and has a remaining maturity of 1 year & 2 months.			

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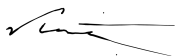
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