

Scott Sports Denmark A/S

Niels Bohrs Vej 17 E
8660 Skanderborg

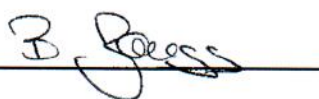
CVR no. 38 70 41 41

**Annual report for the period 1 October 2019 – 30 September
2020**

The annual report was presented and approved at
the Company's annual general meeting on

15 December 2020

Beat Zaugg
chairman



Scott Sports Denmark A/S
Annual report 2019/20
CVR no. 38 70 41 41

Contents

Statement by the Supervisory Board and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 October – 30 September	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Scott Sports Denmark A/S
Annual report 2019/20
CVR no. 38 70 41 41

Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today discussed and approved the annual report of Scott Sports Denmark A/S for the financial year 1 October 2019 – 30 September 2020.

The annual report has been prepared 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 30 September 2020 and of the results of the Company's operations for the financial year 1 October 2019 – 30 September 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Skanderborg, 15 December 2020

Executive Board:



Eric Alexander Bothe

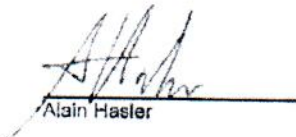


Hans Holzinger



Dennis Jimmi Petersen

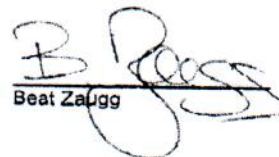
Supervisory Board:



Alain Hasler



Reto Aeschbacher



Beat Zaugg



Independent auditor's report

To the shareholders of Scott Sports Denmark A/S

Opinion

We have audited the financial statements of Scott Sports Denmark A/S for the financial year 1 October 2019 – 30 September 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 30 September 2020 and of the results of the Company's operations for the financial year 1 October 2019 – 30 September 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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



Independent auditor's report

- identify and assess the risks of material misstatement of the company 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 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 audit, or otherwise appears to be materially misstated.

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



Scott Sports Denmark A/S
Annual report 2019/20
CVR no. 38 70 41 41

Independent auditor's report

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 Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 15 December 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

Scott Sports Denmark A/S
Annual report 2019/20
CVR no. 38 70 41 41

Management's review

Company details

Scott Sports Denmark A/S
Niels Bohrs Vej 17 E
8660 Skanderborg

Website: www.scott-sports.com

CVR no.: 38 70 41 41
Established: 1 June 2017
Registered office: Skanderborg
Financial year: 1 October – 30 September

Supervisory Board

Alain Hasler
Reto Aeschbacher
Beat Zaugg

Executive Board

Eric Alexander Bothe
Hans Holzinger
Dennis Jimmi Petersen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Scott Sports Denmark A/S
Annual report 2019/20
CVR no. 38 70 41 41

Management's review

Operating review

Principal activities

The Company's activity is to import and sell bikes, bike accessories, other sport products and leisure equipment mainly of the Scott brand in Denmark.

Development in activities and financial position

The general objective of the Company will be to extend the distribution of the Group's different brands and products (Scott/Bergamont/Dolomite/Outdoor Research).

The Company's income statement for the financial period 1 October 2019 - 30 September 2020 showed a profit of DKK 5,258 thousand, and equity at 30 September 2020 stood at DKK 10,384 thousand.

Financial statements 1 October – 30 September

Income statement

DKK	Note	2019/20	2018/19
Gross profit		10,206,933	6,992,903
Staff costs	2	-3,297,804	-2,800,504
Depreciation and impairment losses		-85,595	-165,456
Ordinary operating profit		6,823,534	4,026,943
Other operating costs		0	-29,526
Operating profit		6,823,534	3,997,417
Financial income		7,858	10,805
Financial expenses		-24,445	-11,522
Profit before tax		6,806,947	3,996,700
Tax on profit for the year		-1,548,894	-879,270
Profit for the year		<u>5,258,053</u>	<u>3,117,430</u>
Proposed profit appropriation			
Retained earnings		<u>5,258,053</u>	<u>3,117,430</u>

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	30/9 2020	30/9 2019
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		<u>199,450</u>	<u>211,858</u>
Investments			
Deposits		<u>95,940</u>	<u>0</u>
Total fixed assets		<u>295,390</u>	<u>211,858</u>
Current assets			
Receivables			
Trade receivables		42,186,922	18,649,339
Prepayments		<u>18,630</u>	<u>18,630</u>
		<u>42,205,552</u>	<u>18,667,969</u>
Cash at bank and in hand		<u>2,999,410</u>	<u>2,103,893</u>
Total current assets		<u>45,204,962</u>	<u>20,771,862</u>
TOTAL ASSETS		<u>45,500,352</u>	<u>20,983,720</u>

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	30/9 2020	30/9 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Retained earnings		9,883,614	4,625,561
Total equity		<u>10,383,614</u>	<u>5,125,561</u>
Provisions			
Provisions for deferred tax		10,839	18,596
Total provisions		<u>10,839</u>	<u>18,596</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Corporation tax		1,279,336	835,825
Current liabilities other than provisions			
Trade payables		628,428	233,188
Payables to group entities		19,735,871	8,821,846
Corporation tax		585,196	462,422
Other payables		12,877,068	5,486,282
		<u>33,826,563</u>	<u>15,003,738</u>
Total liabilities other than provisions		<u>35,105,899</u>	<u>15,839,563</u>
TOTAL EQUITY AND LIABILITIES		<u>45,500,352</u>	<u>20,983,720</u>
Contractual obligations, contingencies, etc.	3		
Related party disclosures	4		

Financial statements 1 October – 30 September

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2019	500,000	4,625,561	5,125,561
Transferred over the profit appropriation	0	5,258,053	5,258,053
Equity at 30 September 2020	500,000	9,883,614	10,383,614

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Scott Sports Denmark A/S for 2019/20 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, etc.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc. to the Company's employees, excluding reimbursements from public authorities.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs of goods for resale and changes to the inventory of goods for resale.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 October – 30 September

Notes

1 Accounting policies (continued)

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 October – 30 September

Notes

2 Staff costs

DKK	2019/20	2018/19
Wages and salaries	3,124,846	2,620,378
Pensions	163,751	167,163
Other staff costs	9,207	12,963
	<u>3,297,804</u>	<u>2,800,504</u>
Average number of full-time employees	<u>7</u>	<u>6</u>

3 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has issued bank guarantees of DKK 65 thousand.

Contractual obligations

The Company has entered into contractual obligations, including leases and rent agreements with a remaining term of up to 62 months. The liability at 30 September 2020 totalled DKK 1,055 thousand, of which DKK 196 thousand falls due for payment within one year.

4 Related party disclosures

Control

Scott Sports SA, Route du Crochet 11, 1762 Givisiez, Switzerland.

Scott Sports SA holds the majority of the contributed capital in the Company.

Scott Sports Denmark A/S is part of the consolidated financial statements of Scott Corporation SA, Route du Crochet 11, 1762 Givisiez, Switzerland, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Scott Corporation SA can be obtained by contacting the company at the address above.