

# 2XU Denmark ApS

Slotsmarken 18

2970 Hørsholm

CVR No. 39390361

## Annual Report

7 March 2018 - 30 June 2019

1. financial period

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10 April 2020

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Ondrej Ruzicka  
Chairman

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## Management's Statement

Today, Management has considered and adopted the Annual Report of 2XU Denmark ApS for the financial period 7 March 2018 - 30 June 2019.

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 assets, liabilities and financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial period 7 March 2018 - 30 June 2019.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hørsholm, 10 April 2020

### Executive Board

Ondrej Ruzicka  
Manager

Michael James Martin  
Manager

The Annual General Meeting has decided that the Financial Statements for next year are not to be subject to any audit.

## Independent Auditors' Report

### To the shareholders of 2XU Denmark ApS

#### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2019 and of the results of its operations for the financial period 7 March 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of 2XU Denmark ApS for the financial period 7 March 2018 - 30 June 2019, which comprise an income statement, balance sheet, statement of changes in equity, cash flows and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Basis of 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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, in our view, 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 in 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 Auditors' 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.

## **Independent Auditors' Report**

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.

### **Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports**

#### **Non-compliance with the Danish accounting legislation**

The company has not filed the financial statements within the deadline, hence management may incur liability.

Hellerup, 10 April 2020

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

Brian Rønne Nielsen  
State Authorised Public Accountant  
mne33726

Christian Engelbrecht Friis  
State Authorised Public Accountant  
mne44180

## Company details

|                        |  |
|------------------------|--|
| <b>Company</b>         | 2XU Denmark ApS<br>Slotsmarken 18<br>2970 Hørsholm   |
| CVR No.                | 39390361   |
| Date of formation      | 7 March 2018   |
| <b>Executive Board</b> | Ondrej Ruzicka, Manager<br>Michael James Martin, Manager   |
| <b>Auditors</b>        | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>2900 Hellerup<br>CVR-no.: 33771231 |

## Management's Review

### **The Company's principal activities**

The Company's principal activities consist in wholesale and retail sales of sports equipment and sportswear.

### **Development in activities and financial matters**

The Company's Income Statement of the financial period 7 March 2018 - 30 June 2019 shows a result of DKK -468.028 and the Balance Sheet at 30 June 2019 a balance sheet total of DKK 679.915 and an equity of DKK -418.028.

### **Post financial period events**

After the end of the financial period the company has stopped its operations.

At the end of the financial period the company has stopped its operations. Management is preparing to liquidate the company. As such the events of the COVID-19 outbreak does not have any impact on the company

### **Uncertainty regarding the going concern**

The company has lost more than 50% of the company's capital and is thus covered by the rules on capital losses in the Companies Act.

This was solely caused by a series of loans to related companies that will not be called on. As of March 2020 the equity is no longer negative.

The Company is dependent on the necessary financing being provided by the Company's capital owners. Management expects the necessary financing to be made available from the company's capital owners and, accordingly, submits its annual report, subject to continued operations, as described in note 1.



## Accounting Policies

### Reporting Class

The Annual Report of 2XU Denmark ApS for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

As the financial period 2018/19 is the Company's first financial period, the Financial Statements with associated notes have been prepared without comparative figures from the previous period.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

## General Information

### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## Accounting Policies

### Income Statement

#### Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, cost of goods sold and other external expenses.

#### Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before period-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

#### Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

#### Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

#### Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

|          | Useful life | Residual value |
|----------|-------------|----------------|
| Goodwill | 5 years     | 0%             |

Profit or loss resulting from the sale of intangible is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Goodwill historically recognised of value 395.726 DKK has been fully impaired during the period.

#### Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial period. Financial income and expenses include interest revenue and expenses, realised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial period in which the dividends are declared.

#### Tax on net profit for the period

Tax on net profit/loss for the period comprises current tax on expected taxable income of the period and the periods adjustment of deferred tax less the part of the tax of the period that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

## Accounting Policies

### Balance Sheet

#### Intangible assets

Acquired goodwill is measured at cost on initial recognition and subsequently at cost less accumulated amortisation and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Goodwill historically recognised of value 395.726 DKK has been fully impaired during the period.

#### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

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

#### Prepayments, assets

Prepayments recognised in assets comprises prepaid costs regarding subsequent financial years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

#### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the period, adjusted for tax on taxable income for previous period as well as for tax prepaid.

#### Liabilities

Liabilities trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

#### Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

#### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

**Income Statement**

|  | <b>Note</b> | <b>2018/19<br/>kr.</b> |
|--|-------------|------------------------|
| <b>Gross profit</b>  |             | <b>467.409</b>         |
| Employee benefits expense  | 2           | -524.411               |
| Depreciation, amortisation expense and impairment losses of intangible assets recognised in profit or loss |             | -395.726               |
| <b>Profit from ordinary operating activities</b>   |             | <b>-452.728</b>        |
| Other finance income   |             | 1.655                  |
| Other finance expenses   |             | -1.632                 |
| <b>Profit from ordinary activities before tax</b>  |             | <b>-452.705</b>        |
| Tax expense on ordinary activities   |             | -15.323                |
| <b>Profit</b>  |             | <b>-468.028</b>        |
| <br><b>Proposed distribution of results</b>  |             |                        |
| Retained earnings  |             | -468.028               |
| <b>Distribution of profit</b>  |             | <b>-468.028</b>        |

**Balance Sheet as of 30 June**

|                                  | <b>Note</b> | <b>2019<br/>kr.</b> |
|----------------------------------|-------------|---------------------|
| <b>Assets</b>                    |             |                     |
| Goodwill                         |             | 0                   |
| <b>Intangible assets</b>         |             | <u>0</u>            |
| <b>Fixed assets</b>              |             | <u>0</u>            |
| Short-term trade receivables     |             | 151.260             |
| Prepayments                      |             | 25.551              |
| <b>Receivables</b>               |             | <u>176.811</u>      |
| <b>Cash and cash equivalents</b> |             | <u>503.104</u>      |
| <b>Current assets</b>            |             | <u>679.915</u>      |
| <b>Assets</b>                    |             | <u>679.915</u>      |

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**Balance Sheet as of 30 June**

|  | <b>Note</b> | <b>2019<br/>kr.</b>     |
|--|-------------|-------------------------|
| <b>Liabilities and equity</b>                                |             |                         |
| Contributed capital  |             | 50.000                  |
| Retained earnings  |             | -468.028                |
| <b>Equity</b>  |             | <u><b>-418.028</b></u>  |
| Trade payables   |             | 156.117                 |
| Payables to group enterprises                                |             | 793.633                 |
| Other payables   |             | 148.193                 |
| <b>Short-term liabilities other than provisions</b>          |             | <u><b>1.097.943</b></u> |
| <b>Liabilities other than provisions within the business</b> |             | <u><b>1.097.943</b></u> |
| <b>Liabilities and equity</b>                                |             | <u><b>679.915</b></u>   |
| Contingent liabilities                                       | 3           |                         |
| Collaterals and assets pledged as security                   | 4           |                         |
| Related parties  | 5           |                         |

## Notes

### 1. Uncertainties relating to going concern

The company has lost more than 50% of the company's capital and is thus covered by the rules on capital losses in the Companies Act.

This was solely caused by a series of loans to related companies that will not be called on. As of March 2020 the equity is no longer negative.

The Company is dependent on the necessary financing being provided by the Company's capital owners. Management expects the necessary financing to be made available from the company's capital owners and, accordingly, submits its annual report, subject to continued operations.

At the end of the financial period the company has stopped its operations. Management is preparing to liquidate the company. As such the events of the COVID-19 outbreak does not have any impact on the company.

### 2. Employee benefits expense

|                               | <b>2018/19</b>             |
|-------------------------------|----------------------------|
| Wages and salaries            | 521.382                    |
| Social security contributions | 3.029                      |
|                               | <hr/> <b>524.411</b> <hr/> |
| Average number of employees   | <hr/> 1 <hr/>              |

### 3. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

### 4. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

### 5. Related parties

The largest and smallest group, in which these financial statements of the company are consolidated, are those of 2XU Holdings Pty Ltd. The registered office of 2XU Holdings Pty Ltd is Hawthorn, Australia.