Carpegna Ltd
Annual Report and Financial Statements
52 week period ended 29 January 2023

COMPANY INFORMATION

Company Registration Number	10898646
Company Address	Rapha Works 4 Elthorne Road London N19 4AG
Directors	S Mottram N Evans S Walton M Tarver S Clarke
Company Secretary	S Mottram
Bankers	HSBC Bank PLC 50-52 Kilburn High Road London NW6 4HJ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

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STRATEGIC REPORT

The Directors present their Strategic Report and the Audited Consolidated Financial Statements for the 52 week period ended 29 January 2023.

Principal activities and business review
The company was incorporated on 3 August 2017 in London, United Kingdom. On 17 August 2017, Carpegna Ltd group acquired Rapha Racing Ltd, a designer and retailer of cycling apparel and accessories.

Review of the business and key performance indicators
The Group's results for the 52 weeks period to 29 January 2023 are set out in the Consolidated Profit and Loss Account on page 14. The results incorporate the activities of Rapha Racing Ltd and its subsidiaries for the period ended 29 January 2023. The comparative period is the 52 weeks period to 30 January 2022.

The Directors use a number of KPIs which they consider are effective in measuring delivery of the strategy, and which assist the Directors in the management of the business. The current and prior period KPIs are shown below.

	Period ended *29 January 2023*	Period ended *30 January 2022*
Total turnover	**£118m**	**£132m**
EBITDA pre-exceptional items	**(£3m)**	**£11m**
Operating loss	**£11m**	**£7m**
New Customers (Web)	**148k**	**169k**
RCC Members	**22k**	**22k**
Web Customer Lifetime Value	**£598**	**£505**

During the current period, Rapha saw customer demand levels return closer to the long run average growth trend. This followed two exceptional periods, during which the COVID-19 pandemic and 'lock downs' boosted demand for sporting goods, including cycling apparel. In terms of revenue growth and customer base, Rapha has undoubtedly emerged stronger from these turbulent years, and has retained many of the customers who first came to Rapha during the pandemic. However, cost of living concerns began to dent consumer confidence in some markets during the period. Furthermore, the market became more competitive as direct and indirect competitors attempt to unwind long stock positions as supply chains normalise following pandemic disruption.

Against this backdrop, revenue levels and customer acquisition have held up well against the record levels achieved during the pandemic. Marketing and product teams are focused on making the Rapha brand more visible and engaging to cyclists as well as delivering a steady stream of new product launches to increase customer lifetime value.

Nevertheless, EBITDA has been adversely affected during the period by commitments to overheads costs made during the pandemic. Many of these commitments have already been reduced during or shortly after the end of the period.

Principal risks and uncertainties
The directors regularly monitor the risks and uncertainties of the business and agree policies for those risks. These are categorised as Financial and Non-Financial.

<u>Principal Risks</u>

<u>Financial Risks</u>

Exchange Rate Risk
The Group trades in various currencies and hedges by maintaining bank accounts in those currencies. Financial instruments are considered and used where appropriate and any contracts entered into expire before period end. The company does not speculate on exchange rate movements.

Liquidity Risk
The company regularly monitors and updates cash flow forecasts. These are reviewed regularly by the board and exist for a minimum of 12 months into the future to ensure sufficient headroom is available. During the period, the Group managed liquidity risk via a revolving credit facility. In February 2023, the Group entered into a Loan Note agreement with a new provider to replace this facility.

During the period, a group of shareholders who held loan notes agreed to waive these in exchange for equity in Carpegna Ltd. This has significantly reduced the long-term debt of the group and demonstrates the ongoing commitment of those investors.

Credit Risk
The company currently considers this risk negligible. 90% of trade is spread across numerous individual parties who pay via credit card. No credit is offered to retail customers. Where appropriate the company sets credit limits for retail partners, manages balances carefully and holds a bad debt provision against customer accounts when necessary.

Non-Financial Risks

Product Supply
The business has a number of key suppliers and continually monitors these relationships. The company continually develops the supply chain to mitigate an over-dependence on individual suppliers and factories. The company also insures against interruption of supply from key suppliers.

Intellectual Property and Counterfeiting
The Group continually monitors the markets for such products and has procedures in place to remove them where necessary.

Environmental responsibilities
The Directors operate the business in pursuit of good environmental standards. The company works in partnership with suppliers to ensure effective management of environmental factors and to minimise any adverse impact of operations on the environment. The company complies with relevant legislation and related requirements and has worked to raise the environmental awareness of employees.

Business Recovery
The Group takes this risk very seriously and has put in place a variety of measures including insurances and outsourcing to mitigate the risk.

Post Balance Sheet Events
Post balance sheet events are listed in the Directors Report on page 10.

Future Developments
In 2023 Rapha will continue to launch innovative products to inspire the world to live life by bike. In addition, the business will deliver key operational projects including a re-design of end-to-end logistics as well as the re-platforming of rapha.cc, to enable future profitable growth.

Section 172 statement
The directors act in a way they consider is most likely to promote the success of the Group for the benefit of its' members as a whole, and in doing so have regard to the:

a) Likely consequence of any decision in the long term
b) Interests of the company's employees
c) Need to foster the company's business relationships with suppliers, customers and others
d) Impact of the company's operations on the community and the environment
e) Desirability of the company maintaining a reputation for high standards of business conduct
f) Need to act fairly between members of the company

We report here how our directors have discharged their duties under s.172 of the Companies Act 2006.

Customers
Rapha's customers are fundamental to its success. The Group prides itself on designing and offering innovative products, producing leading content and reacting to ensure we are at the forefront of customer experience.

People
The Group's culture is shaped by clearly defined employee values and behaviours which are closely aligned to the achievement of Rapha's strategic priorities.

We have committed to a series of initiatives, using existing internal resources as well as external support, to ensure our employees feel supported and every member of staff is educated on the issues surrounding diversity, representation and equality in our industry.

Suppliers

Rapha maintains a close working relationship with suppliers to align our respective cultures for mutual economic benefit and to ensure the best possible retail offering to customers.

Environmental impact and sustainability

The Board is mindful of the wider social context within which our business operates, including those relating to climate change and sustainability. The Group's sustainability strategy has been given an identity and is now a strong voice within the decision making practices of the business. The Group has shared its impact commitments, targets and actions with customers on the website. Among these are the following commitments:

- Further fund, develop and represent a more diverse cycling community around the world
- Ensure the wellbeing and long-term development of all people in our company and supply chain
- Achieve Carbon Neutral status at the company level in 2025
- Minimise the impact of materials and manufacturing with environmental preferred materials and responsibly sourced packaging
- Maximise product lifespans and recirculation

On behalf of the Board on 24 August 2023

Sean Clarke
Director

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group for the 52 week period ended 29 January 2023.

Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Strategic Report and includes: Principal Activity and Financial Risks.

Directors
The directors of the company who were in office during the period and up to the date of signing the financial statements were:

- W Kim – appointed 7 March 2022, resigned 19 December 2022
- S Mottram
- N Evans
- S Walton
- M Tarver
- S Clarke – appointed 19 December 2022

Results and dividends
EBITDA pre-exceptional items for the financial period was a loss of £3.4m (2022: profit of £10.7m). The final result for the financial period after taxation, amounted to a loss of £9.6m (2022: loss of £11.4m).

The directors have agreed to reflect an impairment in the carrying value of investment in Rapha Racing Ltd and its subsidiaries, which has driven a one-off adjustment to operating profit of Carpegna Ltd. The value of the impairment loss was assessed by projecting future cash flows and discounting to present value.

The directors do not recommend payment of a dividend.

Existence of branches outside the UK
The Group has branches, as defined in section 1046 (3) of the Companies Act 2006, outside the UK as listed below:

- France
- Germany
- Italy
- South Korea
- Switzerland
- Taiwan
- Canada
- Belgium

The Group also has subsidiaries outside of the UK as listed below:

- USA
- Japan
- Hong Kong
- Australia
- Denmark
- Singapore
- Netherlands
- Spain

Indemnity provision
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its directors.

Research and development
Research and development is focussed on the design, development and production of innovative cycle clothing for world class racing teams. Information technology also forms a fundamental part of Carpegna Ltd's business and the systems are continually being advanced to support our business objectives.

Employees
All Group employment policies and practices require that an individual's skills, experience and talent are the sole determinants in recruitment and career development rather than age, beliefs, disability, ethnic origin, gender, marital status, religion and sexual orientation.

Carpegna Ltd supports the continuing professional development of all its employees. Where appropriate, skills development training is provided to employees to enable them to perform their duties and to facilitate career progression opportunities. Training schemes around the Group include vocational training, skill sharing sessions, mentoring and personal employee development.

To ensure all employees are kept informed on matters that may concern them, the company carries out employee briefings in a number of ways. There are business updates weekly and quarterly on the progress of the company, staff meetings, lunchtime skill shares, newsletters and staff surveys.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law)

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Going concern
The Group has modelled a number of scenarios to assess the reasonableness of the going concern basis of preparation. The base case model includes a number of conservative assumptions around revenue growth, margin and cost base. The model shows sufficient cash balances and headroom until period end and for the next 12 months. Management have also assessed trading and operational actions that could be implemented to manage the business in negative scenarios.

The directors have given careful consideration of these financial forecasts and the underlying risks and assumptions and are satisfied that all the assumptions made are reasonable and realistic. On this basis, the preparation of the financial statements on the going concern basis is considered appropriate.

Environmental responsibility

Rapha exists to make cycling the most popular sport in the world. In everything we do from the clothing we design to the stories we tell to the communities we celebrate, we have attempted to portray our deep and honest love for the sport. Now more than ever, we are also motivated by cycling's role as a force for good in the world. Cycling has the power to improve people's lives and play a key part in the battle against climate change. Whilst it's true that cycling is a fundamental force for good, the cycling industry must do far more to minimise its social and environmental impacts. For a society facing up to climate change, cycling is much more than just a sport. Cycling offers a clean, efficient mode of transport to millions of people around the world, and we believe it has the potential to change many more lives still.

The Group's target is to achieve carbon neutral status by 2025. As part of this target the energy used in offices and clubhouses will, where possible, be sourced from 100% renewable sources. Where not possible this will be offset through accredited offsetting programs This work is ongoing and will be accounted for in future SECR reports published by the Group.

Reporting Scope

This report highlights Rapha Racing's UK energy and carbon emissions for the 52 week period ended 29 January 2023. These are calculated using energy records from all Rapha Racing UK sites with carbon and emission data from the EPC conversion data tables published by the Department of for Business, Energy and Industrial Strategy. The report covers all usage from 31/01/2022 up to and including 29/01/2023. Where data has been unavailable pro-rata estimations have been made.

Electrical energy conversion

Active Facility	Electrical Use (kWh) - 2023	Electrical Use (kWh) - 2022	Notes
Soho Clubhouse	82,756	80,061	Data coverage of approximately 75% therefore pro rata for full financial period
Manchester Clubhouse	42,722	42,722	Date estimate using pro rata calculation from Spitalfields Clubhouse (117 kWh per day)
Imperial Works	55,666	223,125	Energy data for occupied period until June 2022
Rapha Works	260,312	7,930	Includes estimates due to meter issue

Gas energy conversion

Active Facility	Gas Use (kWh) - 2023	Gas Use (kWh) - 2022	Notes
Soho Clubhouse	2,994	2,631	Renewable gas certificate provided out standard gas emission factor used

Fuel energy conversion

Active Vehicle	Energy use conversion (kWh) - 2023	Energy use conversion (kWh) - 2022	Notes
Citroen H Van (Petrol)	1,571	1.998	Class II van energy conversion used

Energy consumption (Total)

Active Facility	Gas Use (kWh) - 2023	Gas Use (kWh) - 2022	Electricity Use (kWh) - 2023	Electricity Use (kWh) - 2022	Petrol Use (kWh) - 2023	Petrol Use (kWh) - 2022
Rapha Racing UK	2,994	2,631	441,455	369,237	1,571	1.998

Energy generation

Through the occupancy of our new head office, Rapha Works, Rapha now generates electricity through 30 solar panels installed at the property. The primary purpose of this generation is to contribute to the energy use of the building.

Active Facility	Generation Source	Electricity Generated (kWh) - 2023	Electricity Generated (kWh) - 2022
Rapha Works	Solar panels	10,270	695

The total in scope CO_2 emissions for Rapha Racing for the period ended 29 January 2023 is **10,060kg $CO_{2}e$** (2022: **13,370kg $CO_{2}e$**)

Energy Intensity Ratio

The energy intensity ratio is used to give a relative impact of Rapha's operations upon its emission footprint. It is noted that this ratio is an estimation due to incomplete data for the period in question. However, the known tariffs for all sites enables an accurate understanding of GHG emissions. Due to Imperial Works and Rapha Works being operational for part of the period, their square meterage has been given as a percentage of the period they were open. The net result is the total size of Rapha Racing premises equates to 2,590m2 for the financial period (2021: 2,861m2).

Due to accounting for less than 1% of total energy consumption and not having a direct comparison to the chosen energy intensity measures, the Citroen H van emissions have not been included from the energy intensity ratio.

The total energy intensity ratio is **3.9kg $CO_{2}e/m^2$** (2022: **4.7kg $CO_{2}e/m^2$**)

Post Balance Sheet Events

In February 2023 Rapha arranged a new USD loan facility with Bank of America and repaid in full the revolving credit facility which was in place with HSBC on 29 January 2023.

In February 2023 Rapha signed an agreement with GXO for third party provision of warehousing and logistics services, including a new distribution centre in Trafford, UK, which opened in April 2023. Existing distribution centres in Hong Kong, Kentucky, USA and Thurrock, UK closed during the first quarter of 2023.

Future developments

Future developments of the Group are set out in the strategic report on page 5

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

On behalf of the Board on 24 August 2023

Sean Clarke

Director

Independent auditors' report to the members of Carpegna Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Carpegna Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 29 January 2023 and of the group's loss and the group's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 29 January 2023; the Consolidated Profit and Loss account, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 29 January 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of director's responsibiltiies, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the group's and 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 unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, data protection laws and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journals, in particular to misstate revenue, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management and the Directors of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in accounting estimates specifically in relation to the impairment review of goodwill and investments, and inventory provision;
- Identifying and testing journal entries and period end adjustments, including those with unusual account combinations or posted with certain descriptions;
- Testing of compliance with VAT regulations during the financial year.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Alex Lazarus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 August 2023

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Period ended 29 January 2023	Period ended 30 January 2022
		£000	£000
Turnover	4	118,419	131,705
Cost of sales		(75,633)	(82,060)
Gross Profit		42,786	49,645
Administrative Expenses		(46,151)	(38,926)
EBITDA pre-exceptional items		(3,365)	10,719
Exceptional items	24	5,465	(5,140)
Shareholder monitoring fee		(500)	(500)
Depreciation	11	(1,415)	(722)
Amortisation	10	(11,503)	(11,537)
Operating Loss	5	(11,318)	(7,180)
Interest payable and similar expenses	8	(694)	(3,359)
Loss before taxation		(12,012)	(10,539)
Tax on loss	9	2,402	(837)
Loss for the financial period		(9,610)	(11,376)

EBITDA is earnings before interest, taxation, depreciation and amortisation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Loss for the financial period	**(9,610)**	**(11,376)**
Exchange difference on retranslation of subsidiary undertakings	**(159)**	**(201)**
Changes in value of hedging instruments	**(849)**	**1**
Total comprehensive expense for the financial period	**(10,618)**	**(11,576)**

CONSOLIDATED BALANCE SHEET

	Note	As at 29 January 2023	As at 30 January 2022
		£000	£000
Fixed assets			
Intangible assets	10	92,469	102,039
Tangible assets	11	3,741	2,083
		96,210	104,122
Current assets			
Stocks	12	39,709	39,550
Debtors	13	12,095	8,303
Cash at bank and in hand		16,844	16,325
		68,648	64,178
Creditors: amounts falling due within one year	14	(45,149)	(37,883)
Provision for other Liabilities	15	(16,366)	(17,546)
Net current assets / (liabilities)		7,133	8,749
Total assets less current liabilities		103,343	112,871
Creditors: amounts falling due after more than one year	16	-	(47,117)
Net Assets		103,343	65,754
Capital and reserves			
Called up share capital	22	1,966	1,573
Share premium account		193,392	154,512
Other reserves		287	287
Profit and loss account		(92,302)	(90,618)
Total shareholders' funds		103,343	65,754

The financial statements on page 14 to 40 were authorised for issue by the board of directors on 24 August 2023 and signed on its behalf by:

Sean Clarke
Director

Company Number: 10898646

COMPANY BALANCE SHEET

	Note	As at 29 January 2023	As at 30 January 2022
		£000	£000
Fixed assets			
Investments	25	166,298	163,582
		166,298	163,582
Total assets less current liabilities		166,298	163,582
Creditors: amounts falling due after more than one year	16	-	(7,209)
Net Assets		166,298	156,373
Capital and reserves			
Called up share capital	22	1,966	1,573
Share premium account		193,392	154,513
Other reserves		287	287
Retained earnings		(29,347)	-
Total shareholders' funds		166,298	156,373

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account.

The Company's result for the period was a loss of £29,347k (2022: £nil). The loss is a result of an impairment charge on the value of the investment held in Rapha Racing Ltd.

The financial statements on page 14 to 40 were authorised for issue by the board of directors on 24 August 2023 and signed on its behalf by:

Sean Clarke
Director

Company Number: 10898646

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Share premium account	Other reserves	Foreign Exchange Reserve	Profit and Loss Account	**Total Shareholders 'funds**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 January 2021	1,576	154,796	-	(125)	(79,124)	77,123
Loss for the period	-	-	-	-	(11,376)	(11,376)
Total comprehensive income	-	-	-	7	-	7
Share buy-back and cancellation	(3)	(284)	287	-	-	-
Balance as at 30 January 2022	**1,573**	**154,512**	**287**	**(118)**	**(90,500)**	**65,754**
Balance as at 31 January 2022	1,573	154,512	287	(118)	(90,500)	65,754
Shares issues during the period	393	38,880	-	-	-	39,273
Waiver of shareholder loan interest	-	-	-	-	8,934	8,934
Loss for the period	-	-	-	-	(9,610)	(9,610)
Total comprehensive income	-	-	-	(1,008)	-	(1,008)
Balance as at 29 January 2023	**1,966**	**193,392**	**287**	**(1,126)**	**(91,176)**	**103,343**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Share premium account	Other reserves	Foreign Exchange Reserve	Profit and Loss Account	**Total Shareholders' funds**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 January 2021	1,576	154,797	-	-	-	156,373
Share buy-back and cancellation	(3)	(284)	287	-	-	-
Balance as at 30 January 2022	**1,573**	**154,513**	**287**	-	-	**156,373**
Balance as at 31 January 2022	1,573	154,513	287	-	-	156,373
Shares issues during the period	393	38,879	-	-	-	39,272
Comprehensive Loss for the period	-	-	-	-	(29,347)	(29,347)
Balance as at 29 January 2023	**1,966**	**193,392**	**287**	-	**(29,347)**	**166,298**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	*Period ended* 29 January 2023 £000	*Period ended* 30 January 2022 £000
Net cash (outflow) / inflow from operating activities	23	**(114)**	(4,487)
Taxation paid		**(107)**	(786)
Net cash (used in) / generated from operating activities		**(221)**	(5,273)
Cash flow from investing activities			
Purchase of intangible assets		**(1,934)**	(1,926)
Purchase of tangible assets		**(3,066)**	(2,012)
Net cash used in investing activities		**(5,000)**	(3,938)
Cash flow from financing activities			
Receipts / (repayments) from revolver loan facility		**7,870**	5,573
Interest paid		**(582)**	(82)
Repayment of obligations under finance leases		-	(8)
Net cash (used in) / generated from financing activities		**7,288**	5,483
Net increase/(decrease) in cash and cash equivalents		**2,067**	**(3,728)**
Cash and cash equivalents at beginning of the period		**16,325**	**19,715**
Exchange gains on cash and cash equivalents		**(1,548)**	**338**
Cash and cash equivalents at the end of the period		**16,844**	**16,325**

NOTES TO THE FINANCIAL STATEMENTS

1. Statutory information

Carpegna Ltd ('the Company') and its subsidiaries (together 'the Group') principal activity is that of design and sale of cycling apparel and accessories through e-commerce and retail channels.

Carpegna Ltd is a private company limited by shares and is incorporated in London, England, registration number 10898646. The address of its registered office is Rapha Works, 4 Elthorne Road, London, N19 4AG.

2. Statement of Compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below and have been consistently applied to all periods presented. The current financial period covered by these Financial Statement is the 52 week period ended 29 January 2023.

(a) Basis of preparation

These consolidated and Company financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The presentation currency is £ sterling.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of the exemptions by the Company's shareholders. The Company has taken the advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

The preparation of financial statements require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies (see note 3).

(b) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company (including overseas branches) and all of its subsidiary undertakings. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences, deemed to have been established on 17 August 2017. Acquisitions are accounted for under the acquisition method of accounting and the companies acquired or disposed of are included in the consolidated profit and loss account after or up to the date that control passes respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(c) Turnover recognition

Turnover represents amounts receivable for goods and services net of value added taxes, trade discounts and a provision for returns. The Group bases its estimate of returns on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement. The Group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of turnover can be measured reliably; (c) it is probable that future economic benefits will flow to the entity.

(d) Intangible assets

Intangible assets are valued at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit and loss on a straight line basis over their estimated useful lives.

Software	- 3 Years
Website	- 3 Years
Trademarks	- 3 Years
Acquired Brands	- 20 Years
Customer Relationships	- 14 Years
Goodwill	- 10 Years

(e) Tangible assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Land and Buildings	- 33.33% straight line per annum
Plant and Machinery	- 25% to 33.33% straight line per annum

(f) Investments
Investments in subsidiary companies are stated at cost less provision for diminution in value.

(g) Foreign currency
Transactions in foreign currencies are recorded using the hedged rate or the spot rate if no hedges are in place. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are treated in accordance with hedge accounting FRS 102, section 12.

(i) Hedging arrangements

The group applies hedge accounting for transactions entered into to manage cash flow exposures.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value
of the hedged item since inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the period. Gains or losses on these translations are taken to reserves.

(h) Pension scheme
The Group makes contributions to employees' personal pension funds. The assets of the funds are held separately from those of the Company. The pension charge represents the amounts paid by the Group to the funds in respect of the period.

(i) Leased assets

(i) Finance leased assets
Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset, or if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset. The capital element of lease obligations is recorded as a liability on inception. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method.

(ii) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives
Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

(j) Stock
Stock is stated at the lower of cost and estimated selling price less costs to sell. Stock is recognised as an expense in the period in which the related turnover is generated. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase

(j) Stock (continued)
price, tax, duty, transport and handling directly attributable to bring the stock to its present location and condition. Obsolescence is assessed regularly with a provision included for fragmented and old lines not expected to sell for an NRV greater than cost.

(k) Exceptional items
The Group classifies certain one-off transactions that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately in note 24 to provide further understanding of the financial performance of the Group.

(l) Taxation
Taxation expense for the period, comprises current tax that is payable in respect of the taxable profit for the period or previous periods. Tax is calculated on the basis that tax rates and laws that have been enacted by the period end. Deferred tax is recognised on unrelieved tax losses to the extent that it is probable that they will be recovered against future taxable profits.

(m) Shared based payment transactions
Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

The Company's net obligation is based on Company performance metrics including EBITDA. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(n) Significant accounting judgements and estimation uncertainty
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates:

(i) Refunds/Returns provision
Returns are provided for at the period end in respect of actual returns completed within 90 days of the balance sheet date. The stock return provision is estimated based on the level of returns and margins historically achieved

(ii) Depreciation/Amortisation
Useful economic lives of assets are reviewed regularly to ensure that depreciation and amortisation rates are reasonable.

(iii) Share-Based Payments
A subsidiary company has previously issued shares to employees, but none were held by employees at period end date. Note 26 deals with the unwinding of prior period provisions in relation to the scheme. The terms of these shares are set out in detail in the Articles of Association of Rapha Racing Ltd.

(iv) Goodwill and Intangible Assets
The below table summarises the sensitivity from assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of Goodwill and other Intangible Assets when assessing for impairment. The pre-tax discount rate is 17.33% (13% post-tax).

Input	Sensitivity range	Headroom against Goodwill & Intangibles Balance (£000)
At 29 January 2023		
Discount rate	0.50%	66,259
	-0.50%	83,797
Terminal growth	0.50%	80,912
	-0.50%	68,872
Sales	1.0% p.a	79,766
	-1.0% p.a	69,470

The directors have agreed to reflect an impairment in to the carrying value of investment in Rapha Racing Ltd and its subsidiaries, which has driven a one-off adjustment to operating profit. The value of the impairment loss was assessed by projecting future cash flows and discounting to present value.

(v) Store Impairment
Store assets are tested annually for impairment by comparing discounted future cash flows with the net book value of such assets. Key assumptions include the discount rate.

Judgements:

(i) Going concern
The directors have given careful consideration of the financial forecasts and the underlying risks and assumptions in those forecasts and are satisfied that all the assumptions they have made are reasonable and realistic. Sales growth rates used in financial forecasts reflect the increased customer demand experienced throughout 2021. Sensitivity analysis and stress tests have been performed with a number of areas identified to help manage the cash position if required including overheads, stock purchases and recruitment. These forecasts have been stress tested with comfort gained that the Group is a going concern.

The financial statements have therefore been prepared on the going concern basis and the directors believe there to be no uncertainty on this matter.

(o) Business combinations and goodwill
Business combinations are accounted for by applying the purchase method. The cost of the business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued. On acquisition of a business, fair values are attributed to the identifiable assets liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Profit and Loss account. No reversals of impairment are recognised.

(p) Financial Instruments
The Group and Company use FRS 102, section 12 in respect of hedge accounting.

(i) Financial assets
Basic financial assets, including cash at bank and in hand, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of

(p) Financial Instruments (continued)

the estimated cash flows, discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including the other creditors and amounts due to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipt discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

4. Turnover

The turnover for the period is split between key geographic markets as follows:

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
UK	***22,271***	*26,244*
Europe	**30,706**	34,245
USA/Canada	**34,766**	37,554
Asia Pacific	**28,787**	31,593
Rest of the World	**1,889**	2,069
	118,419	131,705

	Period ended 29 January 2023	Period ended 30 January 2022
Analysis of turnover by category:	***£000***	*£000*
Sale of goods	**116,525**	130,191
Services provided	**1,894**	1,514
	118,419	131,705

Turnover for the Company during the period was £0 (2022: £0).

5. Operating Loss

The operating loss is stated after charging:

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Audit Fees	**164**	115
Non-Audit Fees	**59**	145
Depreciation of tangible fixed assets	**1,415**	722
Amortisation of intangible fixed assets	**11,503**	11,537
Operating lease rentals	**4,404**	3,531
Foreign exchange differences	**1,617**	811

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Employees and directors

The average monthly number of persons (including executive directors) employed by the Group during the period was:

	Period ended 29 January 2023	Period ended 30 January 2022
	No.	No.
Administration and central functions	**204**	235
Clubhouses	**260**	220
Regional marketing	**30**	29
	494	484

Staff costs, including directors' remuneration, were as follows:

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Wages and salaries	**18,114**	17,677
Social security costs	**2,571**	2,161
Other pension costs	**690**	633
	21,375	20,471

The average monthly number of persons (including executive directors) employed by the Company during the period was 0 (2022: 0) and staff costs of the Company during the period was £nil (2022: £nil).

7. Directors' and key management personnel remuneration

Remuneration in respect of directors was as follows:

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Aggregate emoluments	**697**	430
Contributions to money purchase pension schemes	**21**	10
	718	440

No directors exercised share options during the period (2022: none).

The highest paid director received total emoluments of £438k (2022: £391k) including £11k (2022: £10k) contributions to money purchase pension schemes.

Both the G Ordinary shares and the B1 Ordinary shares are a long-term incentive scheme as per the Regulations, and therefore require disclosure as directors remuneration.

In relation to the G Ordinary shares, no amounts were paid to, or receivable by, the directors for the period ended 30 January 2022 and 29 January 2023, and therefore no amounts are required to be disclosed.

In relation to the B1 Ordinary shares, no amounts were paid to, or receivable by, the directors for the period ended 30 January 2022 and 29 January 2023, and therefore no amounts are required to be disclosed. Additionally, as the B1 Ordinary shares were not awarded in the period, no amounts are required to be disclosed in relation to shares received or receivable under long-term incentive schemes (2022: None).

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Aggregate emoluments	**1,203**	1,817
Contributions to money purchase pension schemes	**31**	58
	1,234	1,875

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Interest Payable and similar expenses

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Interest expense on bank loans and revolving facility	**493**	147
Revolving credit facility interest	-	3,037
Other interest	**66**	39
Finance lease interest	**135**	136
Total interest payable and similar expenses	**694**	3,359

Interest payable for the Company during tne period was £0 (2022: £0)

9. Tax on Loss

	Period ended 29 January 2023	Period ended 30 January 2022
Current Tax	**£000**	£000
UK Corporation Tax on profit / (loss) for the period	-	273
Foreign corporation tax for the period	**984**	616
Adjustment in respect to previous periods	**(26)**	-
Total Current Tax	**958**	889
Deferred Tax		
Origination and reversal of timing differences – intangible assets	**(1,181)**	(1,181)
Origination and reversal of timing differences – unrelieved losses	**(1,815)**	1,129
Adjustment in respect to previous periods	**(364)**	-
Total Deferred Tax	**(3,360)**	(52)
Tax on profit / (loss)	**(2,402)**	837

The tax assessed for the period is higher (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

9. Tax on Loss (continued)

Reconciliation of Tax Charge	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Loss Before Tax	(12,012)	(10,538)
Loss Before Tax multiplied by standard rate of tax in the UK of 19%. (2022: 19%)	(2,282)	(2,002)
Effects of:		
Expenses not deductible for tax purposes	1,589	2,424
Timing differences including capital allowances	(77)	(231)
Other permanent differences	6	-
R&D expenditure credits	37	-
Deferred tax release	(1,181)	(52)
Adjustment in respect to previous periods	(390)	-
Other movements in deferred tax	(612)	-
Impact of overseas tax rates	508	701
Tax charge / (credit) for the Period	(2,402)	837

The impact of recalculating the deferred tax liability using the current UK Corporation Tax rate of 19% would be £3,410k (2022: £3,713k). The amount of unused tax losses carried forward at 29 January 2023 is £13,243k (2022: £3,976k).

The UK Budget from March 2021 announced that the main rate of Corporation Tax will increase to 25% from 1 April 2023. *The impact of recalculating the deferred tax liability and asset using 25% would be £681k and £927k respectively.*

10. Intangible assets

GROUP	Website & Software	Trademarks	Goodwill	Brand Names	Customer Relationships	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 30 January 2022	12,220	479	56,750	79,400	13,000	161,849
Additions in the period	1,928	5	-	-	-	1,933
At 29 January 2023	14,148	484	56,750	79,400	13,000	163,782
Accumulated Amortisation						
At 30 January 2022	10,205	463	26,997	18,006	4,139	59,810
Charge for the period	1,254	4	5,366	3,950	929	11,503
At 29 January 2023	11,459	467	32,363	21,956	5,068	71,313
Net book value						
At 30 January 2022	2,015	16	29,753	61,394	8,861	102,039
At 29 January 2023	2,689	17	24,387	57,444	7,932	92,469

The individual intangible assets, excluding goodwill which are material to the financial statements compromise intangibles acquired through the acquisition of Rapha Racing Ltd.

	As at 29 January 2023		As at 30 January 2022	
	Net book value £000	Years remaining	Net book value £000	Years remaining
Brand Names				
Rapha Racing Ltd	57,444	15	61,394	16
Customer Relationships				
Rapha Racing Ltd	7,932	9	8,861	10

Company

The company had no intangible assets at 29 January 2023 (2022: nil).

11. Tangible assets

GROUP	Land & Buildings	Plant & Machinery	Total
	£000	£000	£000
Cost			
At 30 January 2022	7,174	8,022	15,196
Additions in the period	478	3,090	3,568
At 29 January 2023	7,652	11,112	18,764
Accumulated depreciation			
At 30 January 2022	6,550	6,563	13,113
Charge for the period	200	1,215	1,415
Exchange adjustments	335	160	495
At 29 January 2023	7,085	7,938	15,023
Net book value			
At 30 January 2022	624	1,459	2,083
At 29 January 2023	567	3,174	3,741

Company
The company had no tangible assets at 29 January 2023 (2022: nil).

12. Stocks

	Group As at 29 January 2023	Group As at 30 January 2022
	£000	£000
Goods for resale	**39,709**	39,550

Cost of sales charged through the Consolidated Profit and Loss Account in the period totalled £75.6m (2022: £82.1m)

13. Debtors

	Group As at 29 January 2023	Group As at 30 January 2022
	£000	£000
Amounts falling due within one year:		
Trade debtors	5,108	4,229
Other debtors	131	40
Prepayments and accrued income	3,921	3,279
	9,160	7,548
Amounts falling due after one year:		
Deferred tax asset	2,935	755
Total debtors	12,095	8,303

A deferred tax asset has been recognised on unrelieved tax losses on the basis it is probable that they will be recovered against future taxable profits. Losses totalling £0k (2022: £6,442k) were offset against the taxable profit in the period.

14. Creditors: amounts falling due within one year

	Group As at 29 January 2023	Group As at 30 January 2022
	£000	£000
Trade creditors	5,481	12,138
Other taxation and social security	6,461	1,544
Other creditors	4,802	3,722
Loans and other borrowings (Note 17)	15,775	7,904
Corporation tax	1,541	779
Accruals and deferred income	11,089	11,796
	45,149	37,883

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Provisions for Other Liabilities

Deferred Tax
The provision for deferred tax consists of the following deferred tax liabilities:

	Group As at 29 January 2023	Group As at 30 January 2022
	£000	£000
Acquired Intangible Assets	**16,366**	17,546
Total Provision	**16,366**	17,546

Deferred tax has been unwound in line with amortisation on Brand Names and Customer Relationships.

Company
The Company had no deferred tax provision at 29 January 2023 (2022: nil).

16. Creditors: *amounts falling due after more than one year*

	Group	Company	Group	Company
	As at 29 January 2023		As at 30 January 2022	
	£000	**£000**	£000	£000
Loan Notes	-	-	39,908	-
Share Based Payment Liability (Note 26)	-	-	7,209	7,209
	-	-	47,117	7,209

Loan notes
The Shareholder loan notes were converted to AA Ordinary Shares in the period.

17. Loans and other borrowings

	Group As at 29 January 2023	Group As at 30 January 2022
	£000	£000
Revolving Credit Facility	**15,775**	7,904
	15,775	7,904

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Revolving credit facility

Interest is charged at LIBOR plus 2.35% on the draw-down amount. At period end the total facility size was £16m, maturing half in March 2023 and half in March 2024. In February 2023 the Group entered into a Loan Note agreement for £16.4m with a new provider which was used to pay off the existing facility. The new agreement is due to mature in February 2025.

Finance leases

The future minimum finance lease payments at 29 January 2023 is £0 (2022: £0).

18. Commitment under Operating Leases

At 29 January 2023 and 30 January 2022 the Group had total commitments under non-cancellable operating leases as shown below. These are set out on when payments are due.

Payments Due	Group As at 29 January 2023	Group As at 30 January 2022
	£000	£000
Within 1 Year	4,282	4,117
Within 2-5 Years	9,852	12,668
After 5 years	5,489	7,112
	19,623	23,897

The amount payable after 5 years is £5,489k (2022: £7,112k) and is due in instalments. The terms of repayment vary based on the underlying lease.

19. Related-Party Transactions

The Company paid the director N D Evans £50k (2022: £50k) in consultancy fees

The Company paid Bentonville Housing, LLC £26k (2022: £30k) in rent charges.

The Company recorded a £500k expense (2022: £500k) for monitoring fees due to RZC Investments, LLC. This amount remains unpaid at period end.

During the period Carpegna Ltd repurchased G, H, J and K Ordinary Shares in Rapha Racing Ltd from directors and senior management, for a total consideration of £415k. At the end of the period, no directors nor senior management held growth shares.

Other than the transactions disclosed above, the Company's other related party transactions were with wholly owned subsidiaries so have not been disclosed.

The senior management of Rapha for the purposes of key management personnel are as follows;

- Dan Blumire
- Francois Convercey
- Andrew Berks
- Caroline Crosswell
- Sean Clarke

As there is no accounting charge for the B1 Ordinary shares no disclosure is required.

20. Post-employment Benefits

Defined Contribution Scheme
The group operates a defined contribution pension scheme with assets held in a separately administered fund. Amounts charged in the consolidated profit and loss account total £689k (2022: £633k).

21. Controlling Party

Group and Company
The company is owned by a number of private shareholders and companies. In the opinion of the directors, the company's ultimate controlling party is Lawrence Classics LLC, a company incorporated in the United States.

22. Called up Share Capital

Group and Company

Allotted, called up and fully paid:

	No.	£000
At 30 January 2022	157,327,699	1,573
Issue of AA Ordinary Share Capital	39,272,680	393
At 29 January 2023	**196,600,379**	**1,966**

The shareholder loan notes were converted to 39,272,680 AA shares in the period.

The share capital is made up as follows:

		As at 29 January 2023		As at 30 January 2022	
Class	Value of Share	**No**	**Value £000**	No	Value £000
A	0.01	**140,470,316**	**1,405**	140,470,316	1,405
B1	0.01	**8,405,023**	**84**	8,405,023	84
B2	0.01	**8,452,360**	**84**	8,452,360	84
AA	0.01	**39,272,680**	**393**	-	-
			1,966		1,573

B1 and B2 Ordinary shares
The B1 and B2 Ordinary shares carry the right to vote, and the right to a dividend payment. The holders of these classes of shares are subject to transfer restrictions. The Articles of the Company set out the amounts to be received by these shareholders on a future return of capital or sale of the shares.

23. Notes to the statement of cash flows

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Loss for the financial period	(9,610)	(11,376)
Adjustments for:		
Tax on loss on ordinary activities	(2,402)	837
Net interest expense	694	3,359
Operating loss	(11,318)	(7,180)
Amortisation of intangible assets	11,502	11,537
Depreciation of tangible assets	1,415	722
Share based (credit) / charge	(7,208)	4,417
Working capital movements:		
Increase in stocks	(158)	(20,653)
Increase in debtors	(1,613)	(2,610)
Increase in creditors	7,266	9,280
Net cash (used in) / generated from operating activities	(114)	(4,487)

24. Exceptional items

Exceptional items can be categorised as follows:

	Period ended 29 January 2023	Period ended 30 January 2022
	£000	£000
Legal and professional fees	1,652	658
Employee share (credit) / charge	(7,294)	4,417
Other exceptional costs	177	65
	(5,465)	5,140

Legal and professional fees include amount paid to restructure the RCF agreement, exceptional recruitment and employee costs, agent fees for the new London head office and a company valuation. Employee share credit is an exceptional write back of charges accrued in previous periods, policy has been to show these as exceptional in previous periods. Other exceptional items include one-off charges for clubhouse and property expenses as well as write-off of receivables which are exceptional given size and nature.

25. *Investments*

Group and Company	Group	Company
	£000	**£000**
Cost and Net Book Value		
At 30 January 2022	-	163,582
Rapha Racing Ltd - Capital Contribution release	-	(7,208)
AA Share Issue	-	39,271
Impairment	-	(29,347)
At 29 January 2023	-	166,298

Subsidiary undertakings

The company holds investments either directly or indirectly in the equity share capital of:

Name	**Share Class**	**Holding**	**Business**	**Registered office**
Rapha Racing Ltd	Ordinary	100%	Sales	Rapha Works, 4 Elthorne Road, London, N19 4AG
Rapha Travel Ltd	Ordinary	100%	Travel	Rapha Works, 4 Elthorne Road, London, N19 4AG
Rapha Racing LLC	Ordinary	100%	Sales	1915 NW Kearney St, Portlan OR 97209, USA
Rapha Racing Kabushiki Kaisha	Ordinary	100%	Sales	65-10 Nobeyama, Nagano 384-1305, Japan
Rapha Racing PTY Limited	Ordinary	100%	Sales	4/410 Crown St, Surry Hills NSW 2010, Australia
Rapha Racing BV	Ordinary	100%	Sales	Wolvenstraat 10 H, 1016EP Amstedam, Netherlands
Rapha Limited	Ordinary	100%	Sales	Suite 3817, 38th Floor, Sutton Court, Hong Kong
Rapha Racing Pte Limited	Ordinary	100%	Sales	101B Telok Ayer Street, #03-02 068574, Singapore
Rapha Racing ApS	Ordinary	100%	Sales	Amalieegade 12, 1256 Copenhagen K, Denmark
Rapha Racing Spain SL	Ordinary	100%	Sales	Plaza Del Rosario 1, Palma de Mallorca, 07001, Spain

Rapha Racing Ltd and Rapha Travel Ltd have opted to take advantage of the exemption from audit under section 479a of the Companies Act 2006 for the Period Ended 29 January 2023.

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

26. Share-Based Payments

Long-Term Incentive Plan

A subsidiary company previously issued shares to certain employees. These were purchased by Carpegna Ltd during the period as part of a wider group balance sheet re-organisation. Prior period provisions in relation to the amounts due to employees under this scheme have been released and recorded as exceptional items.

The credit recognised in relation to the long-term incentive plan is £7,294k (2022: charge of £3,814k)

B1 Shares

The company has previously issued shares to a director of the Company. These shares have certain restrictions on transfer and can be sold to the Company or another shareholder in the Company in future option periods between 2021 and 2023, provided the individuals continue in employment with the Group.

This arrangement is split into two parts, with half classified as an equity-settled share-based payment arrangement and half classified as a cash-settled share-based payment.

The grant-date fair value of the equity-settled share-based payment is £nil, and therefore no charge has been recognised in the profit and loss account for the periods ended 29 January 2023 and 30 January 2022.

The cash-settled share-based payment liability is £0 at 29 January 2023 and 30 January 2022.