Company Registered Number: 07862446

MAPIL TOPCO LIMITED

Annual Report and Financial Statements

for the 39 weeks ended 27 September 2020

Contents

Officers and Professional Advisers

Directors

A Bruce
H Crwys-Williams (appointed 10 March 2021)
A Clemmow (resigned 24 March 2021)
M Davy
M Dunn
B McBride (resigned 23 June 2020)
C Watson

Registered office

1000 Lakeside, Suite 310
Third Floor, N E Wing
Portsmouth, PO6 3EN

Banker

HSBC Bank plc
165 High Street
Southampton, SO14 2NZ

Solicitor

Travers Smith LLP
10 Snow Hill
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Auditor

KPMG LLP
Gateway House
Tollgate
Chandler's Ford
Southampton, SO53 3TG

Strategic Report

The directors present their report and the audited financial statements for the 39 weeks ended 27 September 2020 *(2019: 52 weeks ended 29 December 2019)*.

Principal Activity
The Group consists of two core trading brands, Wiggle and Chain Reaction Cycles which together with Bike 24 in 2019 are referred to as "WiggleCRC". In the prior period Bike 24 was disposed of in November 2019. WiggleCRC is a leading, global, online cycling and multisport business. WiggleCRC develops its own cycling and fitness products and brands, which are retailed online alongside a carefully selected range of the best third party brands to provide a comprehensive and competitive range of products and services to more than two million customers worldwide.

WiggleCRC operates in an attractive and growing global fitness market of more than £100bn. The business generated more than £291m in revenue in the 39 weeks to 27 September 2020 with more than 40% of revenues coming from international territories, outside of the UK. WiggleCRC operates 14 websites in local language and ships to more than 90 countries.

WiggleCRC comprises two well established retail brands, Wiggle and Chain Reaction Cycles, both of which offer a unique customer proposition via their own dedicated website but with shared support functions and distribution infrastructure.

Core to WiggleCRC's product range is a highly successful and fast growing range of owned brands, designed and developed by expert in-house teams to serve the needs of a committed and passionate customer base. These owned brands include dhb – premium, performance clothing, footwear and protection for cycling; Nukeproof – a disruptive mountain biking brand encompassing bikes, bike components and clothing; Vitus – bikes for riders of all disciplines at exceptional prices and Föhn – premium outdoor clothing. Further own brand ranges offer cycling components and essentials to customers on the Wiggle and Chain Reaction websites including Brand X, Prime and Lifeline Tools.

In addition to the online businesses the Group operates a retail store in Northern Ireland and also wholesales cycling goods to retail outlets globally via a trading entity, Hotlines Europe Limited.

The Bike 24 brand is an online retailer based in Germany specialising in premium cycling products, offering a wide range of cycling equipment, clothing and accessories from leading brands. Following a review of the long-term strategy of the Group, the directors took the decision to divest of the Bike 24 business in 2019. Accordingly, Bike 24 was sold on 8th November 2019. The comparative figures include 10 months of Bike 24 revenue and associated costs which are presented within discontinued operations in the consolidated income statement.

Change in Financial Period
During the current period, the company changed its financial reporting period end from 27 December 2020, to 27 September 2020. This change was made in order to align the period end with that of Signa Sports United GmbH ("SSU") as part of the potential acquisition of WiggleCRC by SSU. See below for further details of this transaction.

As a result, comparative figures in this report are not directly comparable. The current financial period is for a shortened 39 week period from 30 December 2019 to 27 September 2020 whilst the comparative figures are for a 52 week period unless otherwise specified.

Strategy and Business Review
During the 39 weeks of 2020, the Group has made good progress against its strategic priorities to deliver sustainable, profitable growth.

Revenue Growth
The Group aims to build its owned brand portfolio to more than £100m in annual revenues and made good progress against this objective during 2020, delivering sales of £61.5m in the 39 weeks to September, representing 52% growth vs the same period in 2019. Owned brands will continue to grow as a proportion of the business driven by investment in product range, marketing and by expanding routes to market by further utilisation of the Hotlines distribution business. The Group has also identified significant growth opportunities in the run and outdoor categories where major proposition improvements are in progress with the potential to deliver significant revenue growth.

Margin Expansion
The Group has made good progress in improving the profitability of sales through 2020 with gross margins improving significantly, driven by an increase in the mix of highly profitable owned brands, improved stock management and better buying.

Business Efficiency
In early 2020, the Group completed several restructuring activities aligning the size and shape of the head office functions and overhead costs to better support the ongoing strategy of the business. These activities laid the foundation for a robust and efficient business able to react quickly and effectively to the events of 2020 enabling top line and margin growth whilst maintaining delivery cost ratios and keeping overheads flat year on year. In December 2020 the bike workshop in Belfast was closed with all bike build and dispatch operations moving to the Citadel distribution hub in Wolverhampton. This completes the rationalisation of the group's physical operations and provides growth capacity and cost efficiency in the bike build operation whilst also opening the path to further improvement in the customer proposition.

Strategic Report (continued)

Strategy and Business review (continued)
Business Efficiency (continued)
The result of these events and initiatives, together with the stronger outdoor sports market in the last 6 months of the trading period linked to Covid restrictions, was to increase Operating profit before interest, depreciation, amortisation, impairment and loss on disposal (EBITDA) from a loss of £0.8m for the 52 week period ended December 2019 to a profit of £14.5m for the 39 week period ended September 2020. The continued focus on these initiatives enable the Group to be well placed to build on the improvements made during 2020 driving further improvements in EBITDA during 2021 and beyond.

Bike 24 was disposed of during the prior period. The Group received £41.8m for its majority stake in the business. A gain on disposal, net of associated costs to sell, of £11.9m was recognised in the 52 weeks to 29 December 2019.

At 27 September 2020, the Group had net liabilities of £224.8m (29 December 2019: £191.5m).

Covid-19
As set out above, the business responded well to the challenges of coronavirus and continued to operate effectively throughout the pandemic, by successfully moving all head office functions to home working and by carefully adapting the working environment and working practices in the warehouses to safeguard the health and wellbeing of all colleagues. Sales since the start of the pandemic have increased significantly and were consistently well above 2019 levels. This trend has continued well into the 2020/21 year. Whilst demand has naturally reduced during 2021 as lockdown measures have been lifted and consumers have greater options on where to spend their money, we are confident that lasting positive habits have been formed by many new customers who, along with our existing base of loyal customers, are more keen than ever to lead an active and healthy lifestyle. This, combined with the acceleration of the shift to online shopping brought about by the pandemic have reaffirmed the relevance of WiggleCRC's offering.

Brexit
On 1 January 2021 the United Kingdom left the EU and the EU Customs Union and moved to trading under the UK-EU Trade Deal. The implications of the changes brought about by this are as follows:
-increased import duty costs on goods brought into the UK from the EU where they originate outside of the EU;
-introduced duty costs and other irrecoverable taxes on some sales made to EU customers; and
-increased the costs of delivery charged by carriers on all orders shipped to the EU.
The costs have been mitigated where possible or, where not possible, some have been passed on to the consumer. Despite these increased costs, the business has continued to trade profitably in 2021 with only a very minor operational impact.

Future Performance
For details on the future performance of the business see the Strategy and Business Review above.

Potential Acquisition of WiggleCRC by Signa Sports United GmbH
On the 11th June 2021 it was announced that an agreement has been reached by Bridgepoint to sell the WiggleCRC business to Signa Sports United (SSU). The sale is subject to a successful listing of the SSU business on the New York Stock Exchange, regulatory approval, and a final vote by the shareholders of SSU. At the time of signing these accounts, the listing of the SSU business on the NYSE and obtaining regulatory approval was in process but had not yet completed.

Corporate Structure
Mapil Topco Limited and its subsidiary companies form the Mapil Topco Group of Companies ("the Group"). Following the disposal of Bike 24, Wiggle Limited is the main trading company in the Group. In addition Wiggle Australia (Pty) Limited, Hotlines Europe Limited, and Chain Reaction Cycles Retail Limited are also trading companies all controlled by Mapil Topco Limited ("the Group"). Chain Reaction Cycles Limited provides management services to Wiggle Limited.

Financial Risk Management Objectives and Policies
The Group's activities expose it to a number of financial risks including currency risk, credit risk, liquidity risk, interest rate risk and leverage risk.

Currency risk
The Group's costs are predominantly in GBP with 73% of payments being denominated in GBP, whilst only 59% of turnover and 67% of cash receipts are denominated in GBP. The principal foreign currencies where more is received than paid are Euros, Australian Dollars and Japanese Yen. This means that when GBP strengthens against these currencies, the GBP value of sales reduces. The principal foreign currency where more is paid than received is the US Dollar. This means that when GBP strengthens against this currency the GBP value of costs reduces. The Group manages this exposure as part of its day to day management of trading margins and profitability.

Strategic Report (continued)

Financial Risk Management Objectives and Policies (continued)
Credit risk
The Group's principal financial assets are cash at bank, cash in transit and trade and other receivables. The credit risk on cash and cash in transit is limited because the counter parties are banks and merchant acquirers with high credit-ratings assigned by international credit-rating agencies. The risk on trade and other receivables is low due to them being relatively low in value and having a low level of concentration with any one counter party.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Interest rate risk
The Group's bank borrowings are in fixed and floating rate interest loans, the Group's shareholder loans are fixed rate interest loans. Details of the interest rates are provided in note 15.

Leverage risk
The Group's borrowings are across bank facilities and loan notes. Net debt is the total amount of cash and cash equivalents less interest-bearing loans and borrowings and finance lease liabilities. Net debt at 27 September 2020 is £322,919,000 *(29 December 2019: £323,924,000)* of which £73,710,000 *(29 December 2019: £67,078,000)* is net bank debt.

All interest accrued on other loans is fixed, non-cash and only payable on maturity. The Group's bank borrowings are in fixed and floating interest rate loans. Details of the interest rate profile are provided in note 15.

Energy and carbon emissions
As a Group we are committed to becoming more sustainable by reducing our energy and carbon emissions. During the period, the Group has completed the following actions - replaced all non-LED lighting to more efficient LED equivalents in the majority of offices and warehouses; installed light timers to improve energy management and eradicate out of hours consumption; installed occupancy sensors and air-con temperature locks; consolidated UK warehouse operations to one unit, reducing the Group's electricity consumption by c.8%.

The Streamlined Energy and Carbon Report (SECR) will be completed annually for the period 1 January to 31 December each year. 2020 is the Group's first year of reporting, and the energy and carbon emissions summary below are aligned to this period.

The intensity ratios relate to UK operations only to align with the energy and emission reporting boundary. The following metrics are considered the most relevant to the Company's energy consuming activities and provide a good comparison of performance over time and across different organisations and sectors:

- total gross emissions in metric tonnes CO_2e (mandatory emissions) per square meter floor area of asset register; and
- total gross emissions in metric tonnes CO_2e (mandatory emissions) per million orders.

Breakdown of emissions associated with the reported energy use (tCO_2e):

Emission source	2020
Mandatory requirements:	
Scope 1	
Gas	15.3
Transport - Company owned vehicles	26.2
Scope 2	
Purchased electricity	490.2
Scope 3	
Transport - Business travel in employee-owned vehicles	n/a
Total gross emissions (mandatory)	**531.7**
Intensity ratios (mandatory emmission only)	
Tonnes of CO_2e per square meter floor area	0.013
Tonnes of CO_2e per million orders	105.2

Overall emissions in 2020 can be considered incomparable with past and future periods. 2020 saw unprecedented levels of orders due to the Covid 19 pandemic - this increased warehouse energy consumption due to temporary additional shift patterns, but given the high level or orders reduced the Tonnes of CO_2e per million orders ratio. In addition, enforced home working led to lower energy consumption in offices.

Strategic Report (continued)

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006
The board of directors of Mapil Topco Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and having regards to the stakeholders and matters set out in s172(1)(a-f) of the Act. Further details of the key events and decisions taken in this regard are detailed in the Strategic Report above, along with the main elements of the Group's strategic plans that will promote this success in the long term.

In addition to the details contained in the Strategic Report, the board of directors have also considered the following in exercising their duties to promote the long term success of the Group's stakeholders:

Our People
Our employees are fundamental to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our employees receive but we are also focused on maintaining a supportive and inclusive environment. Employee retention and progression is a core objective of our people agenda and is seen as a key long term strategy that benefits not only the Group and the employees themselves, but the wider business stakeholders.

Our regular anonymous employee surveys are used to help measure the attitude and feeling of our work force. These results are reviewed in detail by the directors; the results of which are used to formulate actions to help us develop and evolve as an employer. These actions and processes along with our half yearly performance development reviews held for each employee, help ensure the directors embed a culture where upholding a strong reputation for high standards of business conduct is seen as pivotal.

Business relationships
Our strategy for sustainable, profitable growth relies on maintaining strong supplier relationships which are built on trust and mutual benefit. The customer and the customer proposition are central to our business, and our plan is built on retaining our loyal customer base whilst also attracting new customers. Regular meetings of the internal Customer Board are held to ensure that customer sentiment and satisfaction is at the heart of the Group operations and decision making.

Community and Environment
The Group's approach is to continue to create a positive impact on the communities and environments in which we find ourselves. A main consideration is to ensure that we reduce our impact as far as possible in terms of carbon and greenhouse gas emissions. We have committed to reducing our carbon footprint, with key measures including the rationalisation of multiple warehouses to one central distribution centre, and we continue to monitor our performance in areas which directly affect our output and usage. See further details on this in the Energy and carbon emissions section of the Strategic Report. In addition, the group continues to explore sustainability within the supply chain and product offering, both with third party and own brand products.

Shareholders
The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue. It is important that our shareholders are kept up to date with latest objectives and strategies, therefore we communicate these on a regular basis.

This Strategic Report was approved by the Board on 1 October 2021

By order of the Board:

A Bruce
Director

1000 Lakeside, Suite 310
Third Floor N E Wing
Portsmouth
PO6 3EN

Directors' Report

The directors present their report and audited financial statements for the 39 weeks ended 27 September 2020 *(2019: 52 weeks ended 29 December 2019)*.

Mapil Topco Limited is a direct parent of Mapil Midco 1 Limited, and the ultimate parent of the group. Following the disposal of Bike 24 in November 2019, the Group comprises two core trading brands, Wiggle and Chain Reaction Cycles which together are referred to as "WiggleCRC".

Following the disposal of Bike 24, Wiggle Limited is the main trading Company in the Group, in addition Wiggle Australia Pty Limited, Hotlines Europe Limited, and Chain Reaction Cycles Retail Limited are also trading companies all controlled by Mapil Topco Limited ("the Group"). Chain Reaction Cycles Limited provides management services to Wiggle Limited.

Details of the Company's principal activity, performance, principal risks and uncertainties and risk management can be found in the Strategic Report on pages 2 to 5.

Results and Dividend

The results for the period are shown on page 13. No dividends have been paid during the period *(52 weeks ended 29 December 2019: £nil)* and the directors do not recommend the payment of a dividend *(52 weeks ended 29 December 2019: £nil)*.

Going Concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the principal activities of the Group, the business risks and uncertainties, the financial performance for the period ended 27 September 2020, expectations for the financial performance for 2021 and the first three quarters of 2022 (the 'Going Concern Assessment Period'), and the performance of the business against these expectations following the period end.

In making their assessment of the going concern assessment period, the directors have considered the maturity date of 31 December 2022 of the Group's banking facilities. In the event of successful completion of the acquisition of the Group by Signa Sports United Gmbh, the bank debt will become repayable, as described below. In the event that successful completion of the acquisition does not occur, the Group's ability to continue as a going concern would be dependent on successful refinancing of the banking facilities, or the raising of alternative funding. Due to the expected transaction and as the maturity date is 15 months from the date of signing these accounts, formal re-negotiation of the facilities has not yet commenced. However, from discussions with the Group's lenders, consideration of the positive trading performance of the Group, and the March 2021 revisions to the financial terms of the funding as described in note 15, the Directors have no reason to believe that the continued availability of finance on similar terms would not be available to the Group. Therefore, the directors have concluded that the going concern period is the period of twelve months from the date of approval of these financial statements.

Operating profit before depreciation, amortisation, impairment and gain on disposal (EBITDA) increased from a loss of £0.8m for the 52 week period ended December 2019 to a profit of £14.5m for the 39 week period ended September 2020. The key drivers are an increase in sales volume along with careful margin and cost management during the Covid-19 pandemic, underpinned by the strategic and operational improvements that have been delivered during the course of the last two years. Closing cash at the 27 September 2020 was £49.3m, which comprised a net cash inflow from operating activities in the year of £46.9m, a cash outflow from investing activities of £2.3m, and a cash outflow from financing activities of £1.5m. Net current trading assets at the period end (being net current assets excluding amounts owed to shareholders detailed in note 14) are £37.7m.

The plan for the Going Concern Assessment Period is to maintain the positive development in EBITDA delivered in 2020. Underpinning this plan is an expectation to generate cash from operations through profitable trade and to re-invest this cash into the business as part of the capital investment plan in the Going Concern Assessment Period, as well as unwinding the working capital benefit enjoyed by the group in 2020. The result of this would be a modest decrease in the closing cash balance. At the time of signing the accounts, business performance in 2021 has been in line with these expectations. The cash balance at the 22 August 2021 was £44.1m.

Funding

The Group is funded through a mixture of bank debt, shareholder loan notes, preference shares and equity (see notes 14 and 15). All interest on the shareholder loan notes is payable within twelve months unless deferred or capitalised with the agreement of the shareholder. The directors are confident no interest will be required to be paid in the going concern assessment period and so for purpose of their going concern assessment have assumed all amounts will be capitalised. No capital repayments or capitalised interest amounts are due until 30 June 2023 (see note 15). The Group's banking facilities with HSBC have a maturity date of 31 December 2022. Since the update to these facilities in March 2019 all fixed margin interest has been capitalised and a covenant holiday has been in place with only liquidity-based measures during 2020 and the first half of 2021. From 1 July 2021 and until maturity interest will be cash paid on these facilities and the liquidity-based covenant measures will be replaced with EBITDA to Net Debt and Interest Cover ratios. Given the strong cash position of the Group, a capital repayment of £5.0m was made on 27 June 2021. Following the period end, the backstop date on the preference shares was extended to 6 December 2026 (see note 15).

Directors' Report (continued)

Going concern (continued)
Cash flow Projections
Detailed cash flow projections have been prepared which demonstrate the Group has sufficient financial resources and is forecast to trade within its financial covenants for the Going Concern Assessment Period. Those forecasts are based on the approved budget adjusted for any learnings that have come from the year to date performance. The key assumptions underpinning the forecasts include a small year on year reduction in revenue for the twelve months to September 2022 which is reflective of the normalisation of demand when compared to the higher lockdown driven demand experienced during the previous 12 months; this forecast represents a small increase in annual revenue when compared to pre-pandemic levels. Gross margin rates across the going concern period are consistent with actual rates achieved by the business in 2021 year to date. These forecasts have been sensitized against a set of severe but plausible downside assumptions, being a drop in revenue against the plan of 10% and a reduction in gross margin by 1.5%, mitigated through some modest overhead and capital cost reductions, which are within the control of the directors. The Group would continue to have a strong cash position and remain compliant with the banking covenants in this downside forecast. In the unlikely event of further downside (beyond the severe but plausible scenario) there is the possibility that banking covenants might be breached in 2022 but given the cash headroom in the business this is not considered to lead to a plausible risk to the ongoing operational existence of the business, and the directors have no reason to think the bank would not be supportive in this situation.

Acquisition
In the event of successful completion of the acquisition of the Group by Signa Sports United GmbH, the bank debt, shareholder loan notes and preference shares will become repayable. This will be satisfied through new debt or equity raised as part of the deal completion. The directors are confident that any new debt being introduced into the business would be on terms that would not lead to any risk to the operational existence of the Group for the Going Concern Assessment period.

On the basis of their assessment of the Group's financial position the Group's directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for the Going Concern Assessment Period and therefore have prepared the financial statements on a going concern basis.

Directors
The directors who held office during the period and to the date of this report were as follows:
A Bruce
A Clemmow (resigned 24 March 2021)
H Crwys-Williams (appointed 10 March 2021)
M Davy
M Dunn
B McBride (resigned 23 June 2020)
C Watson

The directors who held office at the end of the period had no disclosable interest in the shares of the Company.
The Group provides directors' and officers' insurance protection for all of the directors of the Companies in the Group.

People and colleagues
Equal opportunities
The Group values diversity and aims to ensure the effective use of colleagues in the best interest of both the Group and its people. It is the policy of the Group to provide employment and development opportunities to persons regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

Employee engagement and participation
Employees are encouraged to participate actively in the business and with its strategy. Regular updates are held to inform employees about the business performance and the main factors that deliver success, including financial and economic factors affecting the Group. These include regular updates and conferences, where the Group communicates and engages with all employees on its key priorities, business plans and the ongoing development of its brands. Employees are invited to participate in regular employee surveys to facilitate and aid decision making on areas that affect their interests and concerns as employees.

Health and Safety
The safety of our operations is of great importance to us. There is a comprehensive structure of processes and procedures to mitigate the health and safety risk, including risk assessment, accident reporting, nominated health and safety representatives across the business and monthly reporting to the board.

Engagement with suppliers, customers and others in a business relationship with the Company
See the statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 on page 5 for further information in this area.

Greenhouse gas emissions
See the statement by the directors in performance of their statutory duties on page 4 for further information in this area.

Charitable and Political Contributions
The Group is committed to supporting the local community, both in respect of employment and social responsibility. We encourage employees to take part in various community initiatives and charity events. The Group made no political or charitable contributions during the period *(52 weeks ended 29 December 2019: £nil)*.

Directors' Report (continued)

Listed Debt
At 27 September 2020 the Group held listed loan notes of £133,467,361 *(29 December 2019: £133,467,361)* on The International Stock Exchange in the Channel Islands. All of the listed debt is held by the Group's ultimate shareholders.

Disclosure of Information to Auditor
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor
KPMG LLP were appointed as the Company's Auditor during the period. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Directors' Report was approved by the Board on 1 October 2021

By order of the Board:

A Bruce
Director

1000 Lakeside, Suite 310
Third Floor N E Wing
Portsmouth
PO6 3EN

Statement of Directors' Responsibilities in respect of the Annual Report, Strategic Report, the Directors' Reports and the Financial Statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the 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 parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAPIL TOPCO LIMITED

Opinion
We have audited the financial statements of Mapil TopCo Limited ("the company") for the period ended 27 September 2020 which comprise the consolidated income statement and statement of other comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity and consolidated statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 27 September 2020 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect
Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and management as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets including the Long-term Incentive Plan scheme and bonus plan;
- Considering banking covenant requirements and forecast headroom on maintenance covenants;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is overstated through the posting of journal entries outside the normal revenue system postings, and the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgments.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue and cash accounts for which the other side of the journal was posted to an unexpected account;
- Assessing significant accounting estimates for bias, including completeness of inventory provisions where our audit procedures included consideration of post year-end sales and margins.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAPIL TOPCO LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.
We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- *we have not identified material misstatements in the strategic report and the directors' report;*
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAPIL TOPCO LIMITED (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Natasha Jones

Natasha Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

1 October 2021

Consolidated Income Statement and Statement of Other Comprehensive Income

For the 39 weeks ended 27 September 2020

(2019: For the 52 weeks ended 29 December 2019)

	Note	39 weeks ending 27 September 2020 £'000	52 weeks ending 29 December 2019 £'000
Revenue	3	291,602	315,179
Cost of sales		(199,938)	(227,645)
Gross profit		91,664	87,534
Selling and distribution expenses		(37,065)	(40,804)
Administrative expenses		(40,121)	(47,567)
Operating profit / (loss) before depreciation, amortisation, impairment and gain / (loss) on disposal		14,478	(837)
Depreciation, amortisation and impairment	4	(14,814)	(18,325)
Gain / (Loss) on disposal		8	(57)
Operating loss		(328)	(19,219)
Exchange loss on bank debt and other foreign currency balances	6	(4,059)	(246)
Interest receivable and similar income	6	-	1
Other interest payable and similar charges	6	(3,155)	(4,228)
Interest payable to shareholders and investors	6	(26,148)	(31,845)
Loss before tax		(33,690)	(55,537)
Taxation	7	444	111
Loss for the period from continuing operations		(33,246)	(55,426)
Discontinued operations	8	-	3,761
Profit for the period from discontinued operations		-	3,761
Loss for the period		(33,246)	(51,665)
Loss attributable to:			
Non-controlling interest		-	(88)
Owners of the Company		(33,246)	(51,577)
Loss for the period		(33,246)	(51,665)

There are no other comprehensive gains or losses for the current or preceding financial period.

The notes on pages 17 to 40 are an integral part of these financial statements.

Consolidated and Company Statement of Financial Position

At 27 September 2020

(2019: At 29 December 2019)

	Note	Group 27 September 2020 £'000	Group 29 December 2019 £'000	Company 27 September 2020 £'000	Company 29 December 2019 £'000
Non-current assets					
Intangible assets	9	98,906	109,836	-	-
Tangible assets	10	25,977	16,834	-	-
Total non-current assets		124,883	126,670	-	-
Current assets					
Inventory	12	53,214	59,873	-	-
Trade and other receivables	13	10,375	9,033	6	6
Cash and cash equivalents		49,306	5,860	-	-
Total current assets		112,895	74,766	6	6
Current liabilities					
Creditors: amounts falling due within one year	14	(89,737)	(63,048)	(6,126)	(4,849)
Total current liabilities		(89,737)	(63,048)	(6,126)	(4,849)
Net current assets / (liabilities)		23,158	11,718	(6,120)	(4,843)
Total assets less current liabilities		148,041	138,388	(6,120)	(4,843)
Non-current liabilities					
Creditors: amounts falling due after more than one year	15	(371,157)	(327,626)	(76,770)	(72,824)
Provisions for liabilities and charges	16	(1,661)	(1,947)	-	-
Deferred tax liability	7	-	(346)	-	-
Total non-current liabilities		(372,818)	(329,919)	(76,770)	(72,824)
Net liabilities		(224,777)	(191,531)	(82,890)	(77,667)
Capital and reserves					
Share capital	17	46	46	46	46
Share premium	17	127,697	127,697	127,697	127,697
Capital contribution		72,430	72,430	34,843	34,843
Profit and loss		(424,950)	(391,704)	(245,476)	(240,253)
Total equity		(224,777)	(191,531)	(82,890)	(77,667)

The notes on pages 17 to 40 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 1 October 2021.

Signed on behalf of the Board of Directors

A Bruce

Director

Consolidated and Company Statement of Changes in Equity

At 27 September 2020

Group	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Retained earnings £'000	Foreign currency reserve £'000	Non controlling interest £'000	Total equity £'000
At 30 December 2018	46	128,264	72,430	(340,694)	814	15,362	(123,778)
Loss for the period	-	-	-	(51,577)	-	-	(51,577)
Non-controlling interest	-	-	-	-	-	(88)	(88)
Total comprehensive income	-	-	-	(51,577)	-	(88)	(51,665)
Capital reduction	-	(567)	-	567	-	-	-
Foreign exchange	-	-	-	-	2,703	-	2,703
Disposal of subsidiary	-	-	-	-	(3,517)	(15,274)	(18,791)
At 29 December 2019	46	127,697	72,430	(391,704)	-	-	(191,531)
Loss for the period	-	-	-	(33,246)	-	-	(33,246)
Total comprehensive income	-	-	-	(33,246)	-	-	(33,246)
At 27 September 2020	46	127,697	72,430	(424,950)	-	-	(224,777)

Company	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Retained earnings £'000	Foreign currency reserve £'000	Non controlling interest £'000	Total equity £'000
At 30 December 2018	46	128,264	34,843	(235,454)	-	-	(72,301)
Loss for the period	-	-	-	(5,366)	-	-	(5,366)
Total comprehensive income	-	-	-	(5,366)	-	-	(5,366)
Capital reduction	-	(567)	-	567	-	-	-
At 29 December 2019	46	127,697	34,843	(240,253)	-	-	(77,667)
Loss for the period	-	-	-	(5,223)	-	-	(5,223)
Total comprehensive income	-	-	-	(5,223)	-	-	(5,223)
At 27 September 2020	46	127,697	34,843	(245,476)	-	-	(82,890)

The notes on pages 17 to 40 are an integral part of these financial statements.

Consolidated Cash Flow Statement

for the 39 weeks ended 27 September 2020

(2019: for the 52 weeks ended 29 December 2019)

	Note	39 weeks ending 27 September 2020 £'000	Restated 52 weeks ending 29 December 2019 £'000
Cash flows from operating activities			
Loss for the period from continuing operations		(33,246)	(55,426)
Adjustments for:			
Depreciation, amortisation and impairment		14,814	18,325
Decrease in provision for dilapidations		(286)	(21)
(Gain) / Loss on disposals		(8)	57
Net foreign exchange loss		4,059	246
Net finance cost		29,303	36,072
Tax credit		(444)	(111)
Operating cashflows from discontinued operations before working capital movements		-	9,526
Movements in working capital:			
Decrease / (Increase) in inventories		6,659	(8,936)
(Increase) / Decrease in trade and other receivables		(1,342)	4,570
Increase in trade and other payables		27,673	4,034
Cash flows from operations		47,182	8,336
Tax paid		(23)	(75)
Interest paid		(267)	(1,008)
Net cash flows from operating activities		**46,892**	**7,253**
Cash flows from investing activities			
Payments for intangible assets, property, plant and equipment		(2,336)	(7,436)
Proceeds from sale of property, plant and equipment		8	18
Interest received		-	1
Disposal of discontinued operation, net of cash disposed of and costs to sell	8	-	34,094
Net cash flows (used in) / from investing activities		**(2,328)**	**26,677**
Cash flows from financing activities			
Drawdown of loans with shareholders and non-controlling interests		-	14,224
Repayment of loans with shareholders and non-controlling interests		-	(37,158)
Acquisition of non-controlling interest		-	(8,256)
Payment of lease liabilities		(1,510)	(4,015)
Net cash flows used in financing		**(1,510)**	**(35,205)**
Net increase / (decrease) in cash and cash equivalents		**43,054**	**(1,275)**
Net increase / (decrease) in cash and cash equivalents		**43,054**	**(1,275)**
Cash and cash equivalents at beginning of period		5,860	8,524
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		392	(1,389)
Cash and cash equivalents at end of period		**49,306**	**5,860**

The notes on pages 17 to 40 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Mapil Topco Limited (the "Company") incorporated in the United Kingdom on 28 November 2011 with company number 07862446. The registered address of the Company is 1000 Lakeside, Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN, United Kingdom. On 7 December 2011, the Company acquired Mapil Midco 1 Limited whose primary trading subsidiary undertaking was Wiggle Limited. On 7 July 2016, the Group acquired the Chain Reactions Cycles Limited group and the brand became WiggleCRC. On 6 December 2017 the Group acquired Bike24 GMBH, this was later disposed of on 8 November 2019. Both Wiggle Limited and Bike24 GMBH were the main trading entities of the Group up until the point of disposal. In addition the Company wholly owns the subsidiaries listed in note 11, which together form Mapil Topco Limited (the "Group").

2. Summary of significant accounting policies

A summary of the significant accounting policies is set out below; these have been applied consistently in the financial period.

Statement of compliance

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006

Change in Financial Period

During the current period, the Group changed its financial reporting period end from 27 December 2020, to 27 September 2020. As a result, comparative figures in this report are not directly comparable. The current financial period is for a shortened 39 week period from 30 December 2019 to 27 September 2020 whilst the comparative figures are for a 52 week period unless otherwise specified.

Basis of preparation

These consolidated financial statements are prepared on a going concern basis under the historical cost convention as modified by financial instruments at fair value through the profit and loss, they are presented in sterling (£'000).

Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarity to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. Derived from prices); and
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in this note below (Significant accounting judgements, estimates and assumptions).

Going Concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the principal activities of the Group, the business risks and uncertainties, the financial performance for the period ended 27 September 2020, expectations for the financial performance for 2021 and the first three quarters of 2022 (the 'Going Concern Assessment Period'), and the performance of the business against these expectations following the period end.

In making their assessment of the going concern assessment period, the directors have considered the maturity date of 31 December 2022 of the Group's banking facilities. In the event of successful completion of the acquisition of the Group by Signa Sports United Gmbh, the bank debt will become repayable, as described below. In the event that successful completion of the acquisition does not occur, the Group's ability to continue as a going concern would be dependent on successful refinancing of the banking facilities, or the raising of alternative funding. Due to the expected transaction and as the maturity date is 15 months from the date of signing these accounts, formal re-negotiation of the facilities has not yet commenced. However, from discussions with the Group's lenders, consideration of the positive trading performance of the Group, and the March 2021 revisions to the financial terms of the funding as described in note 15, the Directors have no reason to believe that the continued availability of finance on similar terms would not be available to the Group. Therefore, the directors have concluded that the going concern period is the period of twelve months from the date of approval of these financial statements.

Operating profit before depreciation, amortisation, impairment and gain on disposal (EBITDA) increased from a loss of £0.8m for the 52 week period ended December 2019 to a profit of £14.5m for the 39 week period ended September 2020. The key drivers are an increase in sales volume along with careful margin and cost management during the Covid-19 pandemic, underpinned by the strategic and operational improvements that have been delivered during the course of the last two years. Closing cash at the 27 September 2020 was £49.3m, which comprised a net cash inflow from operating activities in the year of £46.9m, a cash outflow from investing activities of £2.3m, and a cash outflow from financing activities of £1.5m. Net current trading assets at the period end (being net current assets excluding amounts owed to shareholders detailed in note 14) are £37.7m.

Notes to the financial statements (continued)

2. **Summary of significant accounting policies** (continued)

Going Concern (continued)
The plan for the Going Concern Assessment Period is to maintain the positive development in EBITDA delivered in 2020. Underpinning this plan is an expectation to generate cash from operations through profitable trade and to re-invest this cash into the business as part of the capital investment plan in the Going Concern Assessment Period, as well as unwinding the working capital benefit enjoyed by the group in 2020. The result of this would be a modest decrease in the closing cash balance. At the time of signing the accounts, business performance in 2021 has been in line with these expectations. The cash balance at the 22 August 2021 was £44.1m.

Funding
The Group is funded through a mixture of bank debt, shareholder loan notes, preference shares and equity (see notes 14 and 15). All interest on the shareholder loan notes is payable within twelve months unless deferred or capitalised with the agreement of the shareholder. The directors are confident no interest will be required to be paid in the going concern assessment period and so for purpose of their going concern assessment have assumed all amounts will be capitalised. No capital repayments or capitalised interest amounts are due until 30 June 2023 (see note 15). The Group's banking facilities with HSBC have a maturity date of 31 December 2022. Since the update to these facilities in March 2019 all fixed margin interest has been capitalised and a covenant holiday has been in place with only liquidity-based measures during 2020 and the first half of 2021. From 1 July 2021 and until maturity interest will be cash paid on these facilities and the liquidity-based covenant measures will be replaced with EBITDA to Net Debt and Interest Cover ratios. Given the strong cash position of the Group, a capital repayment of £5.0m was made on 27 June 2021. Following the period end, the backstop date on the preference shares was extended to 6 December 2026 (see note 15).

Cash flow Projections
Detailed cash flow projections have been prepared which demonstrate the Group has sufficient financial resources and is forecast to trade within its financial covenants for the Going Concern Assessment Period. Those forecasts are based on the approved budget adjusted for any learnings that have come from the year to date performance. The key assumptions underpinning the forecasts include a small year on year reduction in revenue for the twelve months to September 2022 which is reflective of the normalisation of demand when compared to the higher lockdown driven demand experienced during the previous 12 months; this forecast represents a small increase in annual revenue when compared to pre-pandemic levels. Gross margin rates across the going concern period are consistent with actual rates achieved by the business in 2021 year to date. These forecasts have been sensitized against a set of severe but plausible downside assumptions, being a drop in revenue against the plan of 10% and a reduction in gross margin by 1.5%, mitigated through some modest overhead and capital cost reductions, which are within the control of the directors. The Group would continue to have a strong cash position and remain compliant with the banking covenants in this downside forecast. In the unlikely event of further downside (beyond the severe but plausible scenario) there is the possibility that banking covenants might be breached in 2022 but given the cash headroom in the business this is not considered to lead to a plausible risk to the ongoing operational existence of the business, and the directors have no reason to think the bank would not be supportive in this situation.

Acquisition
In the event of successful completion of the acquisition of the Group by Signa Sports United GmbH, the bank debt, shareholder loan notes and preference shares will become repayable. This will be satisfied through new debt or equity raised as part of the deal completion. The directors are confident that any new debt being introduced into the business would be on terms that would not lead to any risk to the operational existence of the Group for the Going Concern Assessment period.

On the basis of their assessment of the Group's financial position the Group's directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for the Going Concern Assessment Period and therefore have prepared the financial statements on a going concern basis.

Subsidiaries
Business combinations are accounted for using the purchase method.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue
Revenue arising from sales represents the invoiced amounts of goods and services, adjusted at the period end for items which have yet to reach the customer, stated net of value added tax. Revenue arising from the sale of gift vouchers is deferred and recognised at the point of redemption. An expiration assumption is applied to customer vouchers based on historic voucher expiry data. There are no other performance obligations arising from the sale of goods to customers that require disaggregation. Rights to return are estimated based on historic returns data and an estimate of sales to be refunded and stock returned made within the accounts. There are no separable or enhanced warranties that are sold to customers that would require disaggregation.

Cost of sales
Cost of sales includes the cost of goods sold and all direct costs associated with landing these goods into the warehouse, including import duty and import freight. The cost of damaged and lost stock is included within cost of sales as is the impairment of stock from cost to net realisable value.

Notes to the financial statements (continued)

2. **Summary of significant accounting policies** (continued)

Pensions

The Group operates a defined contribution scheme and pays contributions to publicly or privately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Net finance costs

Net finance costs comprises interest payable, finance charges on finance leases, interest receivable on funds invested and foreign exchange gains and losses, that are recognised in the income statement. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Intangible assets

Acquired intangible assets are capitalised at costs incurred to acquire and bring to into use. These costs are amortised over their estimated useful lives as follows:

Asset Class	**Amortisation Policy**
Goodwill	Annual impairment review
Brands	5 to 12 years
Customer relationships	5 years
Customer database	3 to 8 years
Trademarks	10 years or registered life if shorter
Software and licenses	2 to 10 years

Certain costs incurred in connection with the development of software to be used internally or for providing services to customers are capitalised once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs that qualify for capitalisation include both internal and external costs, but are limited to those that are directly related to the specific project. Computer software costs are included at capitalised costs less accumulated amortisation and any recognised impairment loss.

Amortisation is calculated to write down the cost of the asset on a straight line basis over their estimated useful lives, which range from 2 to 10 years. Useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation is provided to write off the cost less the estimated residual value, of tangible fixed assets over their estimated useful economic lives as follows:

Asset Class	**Depreciation Policy**
Land	Indefinite
Buildings	50 years to life of the lease
Equipment and fixtures:	
Computer and communications equipment	2 to 4 years
Fixtures, fittings and furniture	5 to 7 years
Plant and machinery	4 to 5 years
Motor vehicles	4 years

Notes to the financial statements (continued)

2. **Summary of significant accounting policies** (continued)

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. For tangibles and intangibles the allocation is made to those CGU units that are expected to benefit from the asset.

Any impairment charge is recognised in the income statement in the period in which it occurs. With the exception of goodwill; when an impairment loss subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount providing it doesn't exceed the original carrying amount before impairment. Any impairment loss related to goodwill is non reversible.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

<u>Effective interest method</u>

The effective interest method is a method of calculating amortised cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows related to the financial instrument over its expected life, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

<u>Financial Assets</u>

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurements included in profit or loss. Fair value is determined in the manner described in note 20.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the effect of discounting is immaterial.

<u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurements included in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently remeasured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises a financial liability when the criteria for derecognition are met such as when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and consideration paid or payable is recognised in profit or loss.

<u>Convertible and Compound Instruments</u>

Convertible instruments that include an option to convert into equity but have debt like features are treated as compound financial instruments. These instruments are valued based on their fair value as if they had no conversion feature and any difference between this value and the fair value of the convertible instrument is deemed to be equity. Fair value is measured based on a discounted future cash flow method applying an applicable market rate of interest for similar debt like instruments.

Notes to the financial statements (continued)

2. **Summary of significant accounting policies** (continued)

Leasing

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payment, including in-substance fixed payments.
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, leases payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "tangible assets" and lease liabilities in "creditors: amounts falling due within one year" or "creditors: amounts falling due after more than one year" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Government grants

Government grants are included within deferred government grants in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The Group has elected to present grants related to income as a reduction to the related expense line. During the period, the group claimed Government grants in relation to the Coronavirus Job Retention Scheme totalling less than £32,000 but these grants were fully repaid to the scheme within the period.

Inventory

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling prices, and is consequently a source of estimation uncertainty. The key estimation uncertainties relate to the level of price adjustment that would be required to stimulate demand on slower-selling lines; the estimate of future selling prices based on historical levels achieved and specific pricing plans; and the assumptions around demand levels for product types.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Income tax relating to items recognised in comprehensive income or directly in equity is recognised in comprehensive income or equity and not in the income statement.

Notes to the financial statements (continued)

2. **Summary of significant accounting policies** (continued)

Deferred taxation

Deferred income tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- and deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.
The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under incentives if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Significant accounting judgements, estimates and assumptions

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted for use by the International Accounting Standards Board ("IASB"), in conformity with the requirements of the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in conformity with the Companies Act 2006, which require estimates, judgements and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.
Accounting estimates made by the Group's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The estimates, assumptions and judgements for which there is a significant risk of a material adjustment to the financial statements within the next financial year are set out below.

Significant Estimates and Assumptions

Inventory

Provision is made for those items of inventory totalling £53.2m *(2019: £59.9m)* where the net realisable value is estimated to be lower than cost, and totals £2.7m *(2019: £1.3m)*. Net realisable value is based on both historical experience and assumptions regarding future selling prices, and is consequently a source of estimation uncertainty. The key estimation uncertainties relate to the level of price adjustment that would be required to stimulate demand on slower-selling lines; the estimate of future selling prices based on historical levels achieved and specific pricing plans; and the assumptions around demand levels for product types.

A sensitivity has been carried out on the carrying value of inventory. A 10% reduction in the current selling price of products would cause a £1.3m reduction in inventory net realisable value; and a 10% increase in price would lead to a £1.3m increase in inventory net realisable value.

Goodwill Impairment

The carrying amounts of the Company's and the Group's assets other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The value in use is remeasured based upon recent performance and the future financial plans, the key assumptions in calculating the value in use are the revenue and margin growth rates along with the cost percentages, discount rate and terminal growth rate. Impairment losses are recognised in the income statement. Brought forward impairments of £108.4m in relation to Goodwill and £192.9m in relation to subsidiary investments are recognised in the Group and Company balance sheets respectively.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Restatement of prior year cash flow

In preparing this financial information the directors have reconsidered and reclassified in the consolidated cash flow statement an amount of £8.3m in the period ended 29 December 2019, related to a cash outflow arising on the acquisition of non-controlling interests from Investing to Financing cash flows. This restatement has no effect on the loss or net liabilities for any period presented.

3. Revenue by geographic location

	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
United Kingdom	171,950	153,969
Rest of Europe	49,020	76,878
Rest of World	70,632	84,332
	291,602	315,179

This analysis is based on the geographical location of customers.

4. Expenses and auditor's remuneration

Other charges:	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
Depreciation of tangible assets	2,248	3,757
Amortisation of intangible assets	12,566	15,816
Depreciation and amortisation to align cost and depreciation	-	(1,248)
	14,814	18,325
(Gain) / Loss on disposal of tangible assets	(8)	57
	14,806	18,382

Auditor's remuneration:	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
Statutory audit services: Continuing	1,209	301
Statutory audit services: Discontinuing	-	44
Other services relating to taxation and advisory services: Continuing	182	89
Other services relating to taxation and advisory services: Discontinuing	-	11
	1,391	445

Included wihtin the statutory audit services in 2020 are additional audit fees relating to the additional procedures over 2019 and 2020 required under AICPA for the purposes of filing these accounts within the United States of America.

Notes to the financial statements (continued)

5. Employee numbers and costs

Costs of Group Employees (excluding directors) during the period amounted to:

	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
Wages and salaries: Continuing	20,376	22,876
Wages and salaries: Discontinuing	-	6,358
Social security costs: Continuing	2,108	2,100
Social security costs: Discontinuing	-	1,276
Other Pension Costs: Continuing	753	1,042
Other Pension Costs: Discontinuing	-	7
Healthcare Costs: Continuing	96	171
	23,333	33,830

Average number of employees employed by the Group, including directors employed by the Group, during the period analysed by category, was as follows:

	39 weeks ending 27 Sep 2020 Number	52 weeks ending 29 Dec 2019 Number
Directors: Continuing	2	3
Directors: Discontinuing	-	3
Head office and administration: Continuing	482	520
Head office and administration: Discontinuing	-	184
Warehouse: Continuing	321	328
Warehouse: Discontinuing	-	128
	805	1,166

Directors' emoluments

Compensation of key management personnel
Key management includes the directors as identified in the directors' report. The compensation paid or payable to key management for employee services to Group companies within the Group is shown below:

	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
Short-term employee benefits: Continuing	387	426
Short-term employee benefits: Discontinuing	-	539
	387	965
Long -term employee benefits: Continuing	184	-
Highest paid director	310	164

Retirement benefits are accruing to zero *(2019: zero)* directors under a money purchase scheme.

At the period-end £375,667 *(2019: £nil)* was owed to the directors in respect of short-term and long-term incentive plans.

Notes to the financial statements (continued)

6. Finance income and finance cost

	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
Interest receivable and similar income		
Bank interest receivable	-	1
Foreign currency loss		
Exchange loss on bank debt and other foreign currency balances	4,059	246
Interest payable to shareholders and investors		
Payable to shareholders	26,127	31,173
Loan cost amortisation relating to shareholder and investor loans	21	672
	26,148	31,845
Other interest payable and similar charges		
Bank interest and other similar charges	2,349	3,548
Interest on lease liability	775	651
Loan cost amortisation relating to bank loans	31	29
	29,303	36,073

7. Taxation

	39 weeks ending 27 Sep 2020	52 weeks ending 29 Dec 2019
Recognised in the income statement	£'000	£'000
Current tax		
Current tax on income for the period	(20)	-
Adjustments in respect of prior periods	(78)	187
Total current tax	(98)	187
Deferred tax		
Origination and reversal of temporary differences	(1)	(300)
Adjustments in respect of prior periods	(351)	2
Effect of tax rate change	6	-
Total deferred tax	(346)	(298)
Tax credit in the Income Statement	(444)	(111)

Notes to the financial statements (continued)

7. **Taxation** (continued)

Reconciliation of effective income tax credit

The charge for the period can be reconciled to the loss per the income statement as follows:

	39 weeks ending 27 Sep 2020 £'000	52 weeks ending 29 Dec 2019 £'000
Loss before tax	(33,690)	(55,537)
Weighted average tax rate	19.00%	19.00%
At the weighted average income tax rate	(6,401)	(10,552)
Income not taxable for tax purposes	(4)	-
Expenses not deductible for tax purposes	4,602	6,014
Fixed asset differences	35	79
Research and development credit	16	6
Impact of rate change	-	359
Movement in unrecognised deferred tax asset	1,737	3,794
Adjustments in respect of prior periods	(429)	189
	(444)	(111)

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Group's future current tax charge accordingly. The deferred tax asset at 27 September 2020 has been calculated at 19% *(2019: 17%)*.

The March 2021 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2021, and will increase to 25% with effect 1 April 2023. This will increase the Group's future current tax charge accordingly and the unrecognised deferred tax asset by £5,007,000.

Deferred tax	Intangibles arising on acquisition £'000	Accelerated capital allowances £'000	Other short term temporary differences £'000	Total £'000
Asset / (Liability) at 29 December 2019	(432)	2	84	(346)
Movement in the period	(1,346)	1,776	(84)	346
Asset / (Liability) at 27 September 2020	(1,778)	1,778	-	-

A deferred tax asset in respect of tax losses carried forward, short term timing differences and accelerated capital allowances has not been recognised in the statement of financial position due to uncertainty relating to the sufficiency of taxable profits against which to utilise the benefits of the temporary differences, and when they are expected to reverse in the foreseeable future. These are detailed below. Tax losses do not expire under current legislation.

Unrecognised deferred tax asset	Losses carried forwards £'000	Accelerated capital allowances £'000	Other short term temporary differences £'000	Total £'000
Unrecognised asset at 29 December 2019	5,737	7,837	544	14,118
Remeasurement of unrecognised deferred tax asset	675	922	177	1,774
Movement in the period	2,398	888	(1,549)	1,737
Recognition of deferred tax asset	-	(2,602)	828	(1,774)
Unrecognised asset at 27 September 2020	8,810	7,045	-	15,855

Notes to the financial statements (continued)

8. Discontinued operations

Disposal of Bike24
During the prior period, the Group completed the disposal of Bike 24 GmbH on 8 November 2019. As consideration the Group received €46,412,000 the equivalent to £41,771,000 in cash. As part of the disposal, the 27% non-controlling interest in Peloton Topco Limited, an intermediary holding company that indirectly held Bike 24 GmbH, was acquired for €9,173,000 the equivalent to £8,256,000.

To coincide with this disposal the Tracking Ordinary shares were redeemed in Mapil Topco to the value of £511,278, shareholder and management loan notes totalling £37,158,000 were repaid.

The tables below show the condensed results of the discontinued operations which are included in the Group income statement and Group cash flow statement respectively.

Income Statement	**52 weeks ending 29 Dec 2019 £'000**
Turnover	101,739
Expenses	(109,100)
Underlying loss before tax	(7,361)
Taxation	(755)
Loss after tax	(8,116)
Costs to sell	(4,397)
Profit after tax on disposal of Bike24 Group	16,274
Total profit after tax of discontinued operations	3,761

The profit after tax on disposal of the Bike24 Group is made up as follows:	**29 Dec 2019 £'000**
Intangible assets	(143,868)
Tangible assets	(8,146)
Inventory	(34,325)
Trade and other receivables	(5,435)
Cash and cash equivalents	(3,280)
Creditors: amounts falling due within one year	28,321
Creditors: amounts falling due after more than one year	116,037
Deferred tax liability	17,228
Net book value of assets disposed	(33,468)
Consideration received in cash	41,771
Gain on non-controlling interest disposed of	7,971
Profit after tax on disposal of Bike24 Group	16,274

Notes to the financial statements (continued)

8. Discontinued operations (continued)

Cashflows from / (used in) operations	29 Dec 2019 £'000
Net cash used in operating activities	(19)
Net cash used in investing activities	(447)
Net cash from financing activities	-
Net cash used in discontinued operations	(466)

Effect of disposal on the financial position of the Group	29 Dec 2019 £'000
Consideration received, satisfied in cash	41,771
Cash and cash equivalents disposed of	(3,280)
Costs to sell	(4,397)
Net cash inflow on disposal of discontinued operation, net of cash disposed of and costs to sell	34,094

9. Intangible assets

The Group	Construction in progress	Goodwill	Intellectual property	Software and licenses	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 29 December 2019	3,020	179,505	16,941	66,014	265,480
Additions	837	-	-	838	1,675
Transfer on completion	(130)	-	-	91	(39)
At 27 September 2020	3,727	179,505	16,941	66,943	267,116
Accumulated amortisation					
At 29 December 2019	604	108,372	6,813	39,855	155,644
Amortisation and impairment	1,846	-	1,345	9,375	12,566
At 27 September 2020	2,450	108,372	8,158	49,230	168,210
Net book value					
At 27 September 2020	1,277	71,133	8,783	17,713	98,906
At 29 December 2019	2,416	71,133	10,128	26,159	109,836

Borrowing costs amounting to £1,330,000 *(2019: £1,330,000)* have been capitalised in software and licenses at interest rates ranging from 4.45% to 7.12%.

Intellectual property includes brands, trademarks and customer databases.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing management consider the operations of Mapil Topco Limited and its subsidiaries to constitute one cash generating unit (the "WiggleCRC CGU"). The entire carrying value of goodwill has been allocated to this CGU for the purposes of impairment testing.

The recoverable amount of the WiggleCRC CGU is based on its value in use which has been determined by discounting the future cash flows to be generated from the continuing use of this CGU.

Notes to the financial statements (continued)

9. Intangible assets (continued)

Key assumptions used in calculating value in use

The discounted cash flow calculation is based on management's 5 year plan, with the first year being the 2021 Budget. A terminal value is applied to the last year.

The growth rates used to extrapolate cash flow projections beyond the period covered by the business plan are as follows:

Terminal growth rate	2.0%
Pre-tax discount rate	11.9%

Terminal growth rate

A terminal growth of 2% is consistent with long term projections of the online retail sector.

Discount rate

The discount rate has been calculated by by using the Capital Asset Pricing Model (CAPM). This is considered to be the most accurate measure of the risk associated with cash flow of the CGU.

Key assumptions in the 5 year plan include average annual revenue growth of 4.8% and an average annual increase to gross margin of 0.2%.

Sensitivity

The impairment review determined that there has been no impairment of the CGU. Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill by changing key assumptions in the 5 year plan and the terminal growth and discount rates. The sensitivity analysis shows an impairment would occur if: the terminal gross margin rates were 300 bps lower, the pre-tax discount rate was increased to 18.2%, the terminal growth rate dropped to -8.0%, the average annual revenue growth in the 5 year plan was an average reduction of -23.7%, or if the average annual gross margin growth in the 5 year plan was an average annual gross margin reduction of -0.3%.

10. Tangible fixed assets

The Group	Right of use asset	Leasehold land and buildings	Equipment and fixtures	Motor vehicles	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 29 December 2019	13,059	11,438	8,327	320	33,144
Additions	3,585	-	612	-	4,197
Moditification	7,480	-	-	-	7,480
Transfer from CIP	-	-	39	-	39
Disposals	(2,171)	-	-	-	(2,171)
At 27 September 2020	21,953	11,438	8,978	320	42,689
Accumulated depreciation					
At 29 December 2019	3,546	5,038	7,454	272	16,310
Depreciation	1,551	356	330	11	2,248
Disposals	(1,846)	-	-	-	(1,846)
At 27 September 2020	3,251	5,394	7,784	283	16,712
Net book value					
At 27 September 2020	18,702	6,044	1,194	37	25,977
At 29 December 2019	9,513	6,400	873	48	16,834

Cost includes direct costs incurred in bringing assets into their present condition, which includes certain incremental labour costs. Borrowing costs amounting to £618,000 *(2019: £618,000)* have been included in leasehold land and buildings.

Modificiation of right of use assets relates to lease amendments for the group's main warehouse, including a lease extension and revised rental payments.

Notes to the financial statements (continued)

11. Investments in subsidiaries

The Company	Investment	Capitalisation of debt	Total
Cost	**£'000**	**£'000**	**£'000**
At 29 December 2019 and 27 September 2020	66,718	126,165	192,883
Accumulated impairment			
At 29 December 2019 and 27 September 2020	66,718	126,165	192,883
Net book value			
At 29 December 2019 and 27 September 2020	-	-	-

The Company owns 100% of the issued share capital of Mapil Midco 1 Limited. The following are wholly owned subsidiary companies of Mapil Topco Limited.

Name	Country of incorporation	Class of shares held	Holding	Principal activity
Mapil Midco 1 Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary	100% Direct	Holding company
Peloton Topco Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary	100% Indirect	Holding company
Peloton Midco 1 Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary	100% Indirect	Holding company
Mapil Midco 2 Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary	100% Indirect	Holding company
Mapil Bidco Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary	100% Indirect	Holding company
Chain Reaction Cycles Limited 5 Trench Road, Mallusk, Newtonabbey BT36 4TY, Northern Ireland	United Kingdom	Ordinary	100% Indirect	Management company
Chain Reaction Cycles Retail Limited 5 Trench Road, Mallusk, Newtonabbey BT36 4TY, Northern Ireland	United Kingdom	Ordinary	100% Indirect	Retail of cycle goods

Notes to the financial statements (continued)

11. Investments in subsidiaries (continued)

Name	Country of incorporation	Class of shares held	Holding	Principal activity
Hotlines Europe Limited 5 Trench Road, Mallusk, Newtonabbey BT36 4TY, Northern Ireland	United Kingdom	Ordinary	100% Indirect	Retail of cycle goods
Taiwan Chain Reaction Co. Ltd 3F., No. 398, Juguang Rd, Yuanlin Township Changhua County 51052, Taiwan	Taiwan	Ordinary	100% Indirect	Buying office
Ensco 503 Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary A Ordinary 2009 Ordinary Super Ordinary 2010 Ordinary 2010 Super Ordinary A Preference B Preference	100% Indirect	Holding company
Wiggle Limited 1000 Lakeside. Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN	United Kingdom	Ordinary A Ordinary B Ordinary C Ordinary D Ordinary	100% Indirect	Retail of cycle and other sporting goods
Wiggle Australia (Pty) Limited Tower Two, Collins Square, Level 36, 727 Collins Street, Docklands, Victoria, 3008, Australia	Australia	Ordinary	100% Indirect	Retail of cycle and other sporting goods
WiggleCRC US LLC 1209 Orange Street, Wilmington, County of Newcastle, Delaware 19801	United States of America	Ordinary	100% Indirect	Dormant

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

Company name:	Company number:
Mapil Midco 1 Limited	07816651
Peloton Topco Limited	10973118
Peloton Midco 1 Limited	10973172

12. Inventories

	27 Sep 2020 £'000	29 Dec 2019 £'000
Finished goods and goods for resale	53,214	59,873

All inventories are carried at cost less a provision to take account of slow moving and obsolete items.
The cost of inventories recognised as an expense in continuing operations during the 39 weeks to 27 September 2020 was £199,938,000 *(52 weeks to 29 December 2019: £227,645,000)*.
The cost of inventories recognised as an expense includes £2,652,000 *(2019: £1,276,000)* in respect of write-downs to net realisable value.

Notes to the financial statements (continued)

13. Trade and other receivables

The Group	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Trade receivables	354	608
Prepayments and accrued income	9,359	7,694
Corporation tax	292	125
Other taxes and social security	1	1
Other receivables	369	605
	10,375	9,033

The Company	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Amounts due from group companies	6	6

All Group receivables are repayable on demand. Management have analysed forecast future cash flows for the Group in determining that group receivable balances are recoverable.

14. Creditors: amounts falling due within one year

The Group	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Amounts owed to shareholders	14,536	14,361
Trade creditors	44,917	30,410
Other taxes and social security	6,526	4,831
Lease liability	2,141	2,158
Accruals	10,009	3,422
Other creditors	11,608	7,866
	89,737	63,048

Amounts owed to shareholders includes interest of £12,511,000 *(2019: £12,472,000)*.

Trade creditors are non-interest bearing and are payable on average within 43 days at 27 September 2020 (2019: 34 days). Interest on group loan balances are at a rate ranging between 11% and 20% per annum *(2019: 11% and 20%)*.

Amounts owed to shareholders includes interest accrued on Shareholder Loan Notes which is payable within 12 months. At the point this interest is due, payment can be deferred or settled through the issue of a Payment in Kind note ("PIK Note") at the discretion of the Company, subject to shareholder consent. Until the interest is settled or deferred, it is classified as an amount due within one year due to the requirement to obtain shareholder consent to defer settlement. All amounts presented as short term that have fallen due were subsequently deferred or PIK'd during the course of 2021.

The Company	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Amounts owed to group companies	2,262	2,155
Amounts owed to shareholders	2,100	2,039
Other creditors & accruals	1,764	655
	6,126	4,849

Interest is charged on amounts owed to shareholders at a rate of 4% *(2019: 4%)*. Group loan balances are non-interest bearing.

Notes to the financial statements (continued)

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

The Group	27 Sep 2020 £'000	29 Dec 2019 £'000
Amounts owed to shareholders	199,102	176,948
Preference shares classified as liabilities	58,559	58,559
Dividends due on preference shares	18,211	14,265
Bank loans	73,710	67,078
Lease liability	20,502	10,776
Other	1,073	-
	371,157	327,626

Amounts owed to shareholders includes loan notes totalling £133,467,000 *(2019: £133,467,000)* and accrued PIK interest of £65,635,000 *(2019: £43,481,000)*.

The Company	27 Sep 2020 £'000	29 Dec 2019 £'000
Preference shares classified as liabilities	58,559	58,559
Dividends due on preference shares	18,211	14,265
	76,770	72,824

The Creditors: amounts falling due after more than one year are repayable as follows:

As at 27 September 2020	Preference shares and dividends £'000	Loans from shareholders £'000	Bank loans £'000
Between two and five years	-	199,102	73,710
More than five years	76,770	-	-

As at 29 December 2019	Preference shares and dividends £'000	Loan from shareholders £'000	Bank loans £'000
Between two and five years	-	176,948	67,078
More than five years	72,824	-	-

Debt amendment

During the prior financial year, on 21 March 2019 the banking agreement held with HSBC was amended and restated. The key changes were as follows:
- Capital repayment date extended to December 2022;
- Term B loan was converted from JPY, SEK and AUD to EUR;
- RCF A was converted from SEK and GBP to EUR and GBP;
- Interest margin payments will be capitalised into the facility value until December 2021 quarterly; and
- Leverage Covenant measures were suspended with liquidity based measures agreed.

This was treated as a substantial modification and the effect on the consolidated income statement was not material.

In March 2021 new quarterly Net Debt to EBITDA and Interest Cover covenants were agreed which replace the previous liquidity based covenant measures from July 2021 onwards. It was also agreed that interest payments will be settled in cash on a quarterly basis from July 2021 onwards and a capital repayment of £5.0m was to be made on 27 June 2021.

The maturity date of all shareholder loan notes is 30 June 2023.

Preference shares

Following the period end, the back stop date of the preference shares was extended to 6 December 2026. Due to this contractual repayment date, these are accounted for as a liability and are measured at amortised cost.

Notes to the financial statements (continued)

15. Creditors: amounts falling due after more than one year (continued)

This table provides information about the contractual terms of the Group's interest-bearing loans and borrowings, showing both the principal and carrying values, which are measured at amortised costs. For more information about the Group's exposure to interest rate, liquidity, foreign currency and credit risks, see note 20.

As at 27 September 2020	Interest rate (PIK)	Interest rate (cash paid)	Maturity	Nominal Value Facility Currency 000's	Carrying amount £000's
Revolving Facility (GBP)	4.5%	Libor	Dec 2022	10,341	10,325
Revolving Facility (EUR)	4.5%	Euribor	Dec 2022	15,072	13,719
Facility B (EUR)	5%	Euribor	Dec 2022	54,567	49,666
Total Bank Loans					73,710

As at 27 September 2020	Interest rate (PIK)	Interest rate (cash paid)	Maturity	Nominal Value Facility Currency 000's	Carrying amount £000's
Loan Notes issued to shareholders (GBP)	11%	-	Jun 2023	93,762	93,762
Loan Notes issued to shareholders (GBP)	20%	-	Jun 2023	105,340	105,340
Total Loan Notes issued to shareholders					199,102

As at 29 December 2019	Interest rate (PIK)	Interest rate (cash paid)	Maturity	Nominal Value Facility Currency 000's	Carrying amount £000's
Revolving Facility (GBP)	4.5%	Libor	Dec 2022	9,887	9,986
Revolving Facility (EUR)	4.5%	Euribor	Dec 2022	14,402	12,393
Facility B (EUR)	5%	Euribor	Dec 2022	51,879	44,699
Total Bank Loans					67,078

As at 29 December 2019	Interest rate (PIK)	Interest rate (cash paid)	Maturity	Nominal Value Facility Currency 000's	Carrying amount £000's
Loan Notes issued to shareholders (GBP)	11%	-	Jun 2023	84,470	84,470
Loan Notes issued to shareholders (GBP)	20%	-	Jun 2023	92,478	92,478
Total Loan Notes issued to shareholders					176,948

Notes to the financial statements (continued)

16. Provisions for liabilities and charges

Dilapidations and asset retirement provision	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Balance at beginning of the period	1,947	1,968
Provisions utilised during the period	(210)	-
Remeasurement	(76)	(21)
	1,661	1,947

A dilapidations and asset retirement provision is made to cover the future cost of returning properties to the condition required by the lessor upon exit from the lease. It is based on management's assessment of the current state of properties in the Group's portfolio and an assessment of inflation and discount rates. These provisions are expected to be used within the next 15 years.

17. Share capital and reserves

The movements in the called up share capital and share premium account are set out below:

<u>The Group and the Company</u> **Called up, allotted and fully paid**	**Share capital £'000**	**Share Premium £'000**	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
58,559,127 Preference shares of £.0001 each	6	58,553	58,559	58,559
1,600,000 A Ordinary shares of £.01 each	16	1,584	1,600	1,600
338,080 B Ordinary shares of £.01 each	4	336	340	340
339,384 C Ordinary shares of £.0125 each	4	-	4	4
124,789,389 D Ordinary shares of £.0001 each	12	124,777	124,789	124,789
2,931,957 E Ordinary shares of £.0001 each	-	-	-	-
60,000 E2 Ordinary Shares of £.15 each	9	-	9	9
77,111 F Ordinary shares of £.01 each	1	-	1	1
100 G Ordinary shares of £.00001 each	-	1,000	1,000	1,000
2,000,000 Preferred Ordinary shares of £.0001 each	-	-	-	-
567,738 Tracker Ordinary shares of £0.0001 each	-	-	-	-
Total share capital	52	186,250	186,302	186,302
Less: Preference shares classified as liabilities (see note 15)	(6)	(58,553)	(58,559)	(58,559)
Shares classified as equity at 27 September 2020	46	127,697	127,743	127,743

The A Ordinary Shares, B Ordinary Shares and C Ordinary shares, D Ordinary Shares, E Ordinary Shares, E2 Ordinary Shares, F Ordinary Shares, G Ordinary Shares, Preferred Ordinary Shares (together the "Ordinary Shares") and Tracker Ordinary Shares shall rank pari passu among themselves, but they constitute separate classes of shares. Only holders of the E Ordinary Shares, E2 Ordinary Shares and the F Ordinary Shares shall have voting rights.

Tracker Ordinary Shares shall rank ahead of the Preference Shares and Ordinary Shares for all purposes and the Preference Shares shall rank ahead of the Ordinary Shares for all purposes.

Any return of capital will be made in the following order of priority:

1. in paying to the holder of the Tracker ordinary Shares an amount equal to the Tracker Proportion Amount;;
2. in paying to the holders of Preference Shares the Issue Price per share and all accrued Preference Dividends;
3. to the extent the amount returned to the holders of the Midco 1 Surrey Loan Notes and Preference Shares is less than £238m in aggregate, in paying to the holders of Preferred Ordinary Shares (pro rata to their holdings of Preferred Ordinary Shares) such shortfall (for the avoidance of doubt, if the holders of the Midco 1 Surrey Loan Notes and Preference Shares receive an aggregate amount of £238m through the Midco 1 Surrey Loan Notes and Preference Shares, no return will be made to the holders of Preferred Ordinary Shares); and
4. any balance of capital remaining will be paid between the following shareholders:
   a. 97% to the holders of the E Ordinary Shares and E2 Ordinary Shares (pari passu as if one class of share);
   b. 0.8% to the holders of the A Ordinary Shares;
   c. 0.2% to the holders of the B Ordinary Shares; and
   d. 2% to the holders of the D Ordinary Shares.

The C Ordinary Shares, F Ordinary Shares and G Ordinary Shares all have very limited rights on a return of capital:

1. The C Ordinary Shares are entitled to receive £0.01 per share on a return of capital, but only after £100m of capital is returned on the A Ordinary Shares;
2. The F Ordinary Shares are entitled to receive £0.01 per share on a return of capital, but only after £100m of capital is returned on the E and E2 Ordinary Shares (in aggregate); and
3. The G Ordinary Shares are entitled to receive £0.01 per share on a return of capital, but only after £100m of capital is returned on the on the C and F Ordinary Shares (in aggregate).

Capital contribution reserve

The capital contribution reserve consists of shareholder debt that has been waived in exchange for capital contributions.

Notes to the financial statements (continued)

17. Share capital and reserves (continued)

Foreign currency reserve

The foreign currency reserve consists of the revaluation of non GBP functional currency in Group Companies.

18. Commitments, contingencies and leases

Guarantees

A guarantee facility is in place under the terms of the HSBC banking facility and this is utilised in order to meet the requirements of the Group's HMRC deferment account and Paypal settlement account. HMRC and Paypal guarantees in Wiggle Limited amount to £270,000 and £630,000 respectively. No claims are expected in respect of these guarantees and following the period end both guarantee arrangements have been closed.

Cross Company Guarantees

The cross company guarantees are in relation to shareholder and bank loans. Shareholder loans in Mapil Midco 2 Limited amount to £71,703,000 and bank loans in Mapil Bidco Limited amount to £68,604,000. No claims are expected in respect of these guarantees.

The Company leases assets including land and buildings, equipment and fixtures and motor vehicles. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets	**Land and building £'000**	**Equipment and fixtures £'000**	**Motor vehicles £'000**	**Total £'000**
Balance at 29 December 2019	8,268	1,215	30	9,513
Additions	2,824	740	21	3,585
Modification	7,480	-	-	7,480
Disposals	(1,422)	(749)	-	(2,171)
Depreciation	(1,245)	(294)	(12)	(1,551)
Depreciation on disposals	1,410	436	-	1,846
Balance at 27 September 2020	17,315	1,348	39	18,702

Lease liabilities **Maturity analysis - contractual undiscounted cash flows**	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Less than one year	3,194	3,037
One to five years	10,517	8,560
More than five years	16,242	8,901
Total undiscounted lease liabilities	29,953	20,498

Lease liabilities included in the statement of financial position	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Current	2,141	2,158
Non-current	20,502	10,776
	22,643	12,934

Amounts recognised in profit and loss	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Depreciation	1,551	2,920
Interest on lease liabilities	775	1,102
	2,326	4,022

Amounts recognised in the statement of cashflow	**27 Sep 2020 £'000**	**29 Dec 2019 £'000**
Total cash outflow for leases	1,510	4,015

Notes to the financial statements (continued)

18. Commitments, contingencies and leases (continued)

During the initial uncertainty brought about by Covid related lockdown measures in the spring of 2020 some minor rental concessions were agreed with landlords. We have applied the practical expedient in all cases as per the IFRS 16 COVID-19-Related Rent Concessions Amendment. The immaterial P&L impact will unwind over the remaining lease terms.

19. Related party disclosures

Identity of related parties

Mapil Topco Limited and all its subsidiaries form the Topco Group of Companies ("the Group"). The Group's controlling shareholder is Bridgepoint Europe IV (Nominees) Limited. The registered office of Bridgepoint Europe IV (Nominees) Limited is 95 Wigmore Street, London, W1U 1FB. Bridgepoint Europe IV (Nominees) Limited holds the shares as nominee for the partnerships which make up the Bridgepoint Europe IV Fund, which is managed by Bridgepoint Advisers Holdings a company regulated by the Financial Conduct Authority and incorporated in England and Wales. The registered office of Bridgepoint Advisers Holdings is 95 Wigmore Street, London, W1U 1FB.

The Group	27 Sep 2020 £'000	29 Dec 2019 £'000
Shareholder loans and PIK notes	199,102	176,948
Preference shares classified as liabilities	76,770	72,824
	275,872	249,772

The Company	27 Sep 2020 £'000	29 Dec 2019 £'000
Shareholder loans	2,100	2,039
Preference shares classified as liabilities	76,770	72,824
	78,870	74,863

Interest due on the loan from the parent company is paid by the issue of PIK notes at rates of 11% to 20% per annum. Interest is then also payable on the PIK notes at rates of 11% to 20% per annum by the issue of further PIK notes.

Included in the loan from shareholders is £61,764,245 *(2019: £61,764,245)* of Mapil Midco 1 Limited and £71,703,116 *(2019: £71,703,116)* of Mapil Midco 2 Limited Unsecured Subordinated Redeemable Loan Notes listed on The International Stock Exchange.

Other transactions with controlling parties

At the period end there was £900,000 *(2019: £900,000)* outstanding in relation to management fees invoiced, and a further £825,000 (*2019: £600,000*) in relation to accrued management fees, payable to Bridgepoint.

Notes to the financial statements (continued)

19. Related party disclosures (continued)

Key management personnel

Key management includes the Directors as identified in the Directors' report. The compensation paid or payable to key management for employee services is set out in note 5. Included within shareholder loans and PIK notes is £7,277,858 (*2019: £7,081,358*) owed to one of the Directors.

Other related parties

The Bike 24 Group was disposed of in 2019. During the period Wiggle Limited invoiced £nil *(2019: £703,243)* for transfers of stock to Bike 24 GMBH. At the period end there were no balances outstanding in relation to Bike 24 GMBH.

20. Financial instruments

	27 Sep 2020	29 Dec 2019
The Group	**£'000**	**£'000**
Financial assets		
Cash and bank balances	49,306	5,860
Loans and receivables at amortised cost	3,261	4,207
	52,567	10,067

	27 Sep 2020	29 Dec 2019
The Group	**£'000**	**£'000**
Financial liabilities		
Held at amortised cost		
Trade and other payables	73,059	46,529
Bank loans	73,710	67,078
Shareholder loans	213,639	191,309
Preference shares classified as amortising financial liability	76,770	72,824
Lease liability	22,643	12,934
	459,821	390,674

Loans and receivables at amortised cost excludes prepayments amounting to £7,114,000 *(2019: £4,826,000)*.

20.1 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year.

The funding requirements of the Group are met by the utilisation of external borrowings together with available cash, as detailed in note 15.

20.2 Financial risk management objectives

The Group's Treasury and Finance function monitors and manages the financial risks relating to the operations of the Group through internal management risk reports which evaluate financial risk exposures. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group manages the exposure to these risks as part of its day to day management of trading margins and profitability.

20.3 Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Groups exposure to market risk is high due to the international sales mix, relatively low margins and high price elasticity. The directors are aware of this risk and are actively mitigating this by increasing margins and naturally hedging with purchasing currency.

20.4 Foreign currency risk management

The Group has a large overseas customer base. In certain key countries, customers can pay for products using their home currency. The Group manages the risk of foreign exchange fluctuations through natural hedging. The Group manages this exposure as part of its day to day management of trading margins and profitability; where possible measures are adopted to minimise this risk including matching payments to suppliers with monies received from revenue in the same currency.

Notes to the financial statements (continued)

20. Financial instruments (continued)

20.4 Foreign currency risk management (continued)

Foreign currency sensitivity analysis

In managing currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. The following analysis shows the Group's sensitivity to a 10% increase in GBP against the relevant foreign currencies. 10% is the sensitivity rate generally used when evaluating risk exposures internally and represents management's assessment of a reasonably possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower. For a 10% weakening of GBP against the relevant currency, there would be a comparable impact on profit or equity and the balances below would be negative.

If GBP had been 10% stronger/weaker against EUR and all other variables were held constant, the Group's profit before tax would have increased/decreased by £5,468,871 *(2019: £5,093,380)* and this is due mainly to exposure on the loans and borrowings and trade creditor balances denominated in EUR, offset by cash balances held and trade prepayments denominated in EUR.

If GBP had been 10% stronger/weaker against JPY and all other variables were held constant, the Group's profit before tax would have decreased/increased by £86,095 *(2019: £88,297)* and this is due mainly to cash balances held in JPY offset by trade creditor balances denominated in JPY.

If GBP had been 10% stronger/weaker against AUD and all other variables were held constant, the Group's profit before tax would have decreased/increased by £187,526 *(2019: £163,661)* and this is due mainly to cash balances held in AUD offset by trade creditor balances denominated in AUD.

If GBP had been 10% stronger/weaker against USD and all other variables were held constant, the Group's profit before tax would have decreased/increased by £377,471 *(2019: £117,885)* and this is due mainly to cash balances held and trade prepayments denominated in USD offset by trade creditors balances denominated in USD.

20.5 Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate profile of loans and borrowings is described in note 15.

Interest rate sensitivity analysis

The sensitivity analysis below is determined based on the exposure to interest rates for loans and borrowings at the end of the reporting period. For floating rate borrowings, the analysis assumes the liability at the end of the year was outstanding for the whole year. A 1% increase or decrease is used as management consider this to be a reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit before tax for the period would have decrease/increased by £334,000 *(2019: £363,000)* and this is due mainly to exposure on floating rate borrowings.

20.6 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from a Group's receivables from customers and investment securities.

The Group's operations are principally retail and so exposure to credit risk is minimal. The Group periodically reviews its receivables and makes appropriate provisions where recovery is deemed to be doubtful.

20.7 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group is in a stable cash position and retains headroom in its available working capital. In addition to an overdraft facility, the Group has access to revolving credit, import loans, guarantees and documents in trust.

20.8 Fair value measurements

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Trade and other receivables

Trade and other receivables are carried at recoverable amount, less provisions for any amounts where recovery is doubtful. All trade and other receivables are expected to be short term and therefore no discounting of value is appropriate. The fair value of trade and other receivables approximate the carrying values.

Notes to the financial statements (continued)

20. Financial instruments (continued)

20.8 Fair value measurements (continued)

Trade and other payables

Trade and other payables are carried at the face value payable. All trade and other payables are expected to be short term and therefore no discounting of future cash flows is appropriate.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount.

The bank loans are valued at their carrying amount in foreign currency, revalued at the corporate period end exchange rates. *Shareholder debt is valued at its carrying amount.*

In estimating fair value for foreign exchange derivatives, the Group uses future exchange rates derived from published forward currency rates.

20.9 Guarantees

Mapil Midco 2 Limited and its subsidiaries are obligors and joint guarantors of the HSBC banking facilities held in the name of a subsidiary, Mapil Bidco Limited. The values of those facilities at the balance sheet date are shown below.

	Currency	Nominal interest rate (GBP)	Maturity	Face value 2020 Currency 000s
As at 27 September 2020				
Revolving Facility (GBP)	GBP	Libor+ 4.5%	Dec 2022	10,341
Revolving Facility (EUR)	EUR	Euribor+ 4.5%	Dec 2022	15,072
Facility B (EUR)	EUR	Euribor+ 5%	Dec 2022	54,567

21. Net debt

The Group	Cash and bank balances	Bank loans and other NCI	Finance leases	shares and shareholder loan notes	Net debt
	£'000	£'000	£'000	£'000	£'000
Balance at 30 December 2018	8,524	(161,531)	(22,951)	(237,978)	(413,936)
Cash flow	2,004	-	(4,015)	22,934	20,923
Disposal of subsidiary	(3,280)	93,441	-	-	90,161
Other movements including the effects of foreign exchange	(1,388)	1,012	14,032	(34,728)	(21,072)
Balance at 29 December 2019	5,860	(67,078)	(12,934)	(249,772)	(323,924)
Cash flow	43,054	-	(1,510)	-	41,544
Other movements including the effects of foreign exchange	392	(6,632)	(8,199)	(26,100)	(40,539)
Balance at 27 September 2020	49,306	(73,710)	(22,643)	(275,872)	(322,919)

Net debt is the total amount of cash and cash equivalents less interest-bearing loans and borrowings and finance lease liabilities. Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management and included as a component of cash and cash equivalents for the purposes of the statement of cash flows only.

22. Post balance sheet events

On the 11th June 2021 it was announced that an agreement has been reached by Bridgepoint to sell the WiggleCRC business to Signa Sports United (SSU). The sale is subject to a successful listing of the SSU business on the New York Stock Exchange, regulatory approval, and a final vote by the shareholders of SSU. At the time of signing these accounts, the listing of the SSU business on the NYSE and obtaining regulatory approval was in process but had not yet completed.

In the event of a successful listing, all shareholder debt and bank loan notes will be repaid in full.

There are no other adjusting or non adjusting post balance sheet events to be disclosed.