

**Registered number: 03382348**

## **OUTDOOR AND CYCLE CONCEPTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



# **OUTDOOR AND CYCLE CONCEPTS LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	M P Smith J R Finch Castro
<b>Company secretary</b>	M P Smith
<b>Registered number</b>	03382348
<b>Registered office</b>	Unit 11 Kemble Business Park Crudwell Malmesbury Wiltshire SN16 9SH
<b>Independent auditor</b>	Haines Watts Old Station House Station Approach Old Town Swindon SN1 3DU
<b>Bankers</b>	Barclays Bank 1 – 5 St. Davids Way Cardiff CF10 2DP
<b>Solicitors</b>	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG

# **OUTDOOR AND CYCLE CONCEPTS LIMITED**

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**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present the Strategic Report of Outdoor and Cycle Concepts Limited (the "Company") for the year ended 31 December 2020.

**Principal activities**

The principal activity of the Company during the year was the retailing of outdoor pursuits clothing and equipment through physical stores, online and via mail order/call centre. The business historically comprised four fascia (Cotswold Outdoor, Snow and Rock, Runners Need and Cycle Surgery), however, the strategic decision was taken to cease trading of the Cycle Surgery fascia which was completed by the end of quarter three 2020.

**Results**

The loss for the year and Company's financial position at the end of the year are shown in the financial statements on pages 12 to 14.

**Operating Review**

The outbreak of the Covid-19 pandemic and the measures adopted by the UK Government to mitigate the pandemic's spread have significantly impacted the Company and its performance. However, with the utilisation of the Government support packages (including the furlough scheme) and appropriate decisions to manage our cash flow, we have been able to protect both our employees and the business. The business did not only rely upon the actions of Government for support, but also engaged proactively with all suppliers, renegotiating payment terms, rescheduling stock deliveries, deferring contracts and liaising with our landlords in order to protect both Working Capital / Cash and managing the cost base effectively. During the first lockdown, stores were forced to close from March 23 2020 until mid-June 2020, after which stores gradually reopened over the summer, and quarter 3 showed a stronger business performance. The second lockdown started to surface again in October in Ireland and Wales, spreading to England and Scotland. Most UK stores were closed in November, to reopen and close again in December and not commencing reopening until mid-April 2021. As can be seen in the Company's financial position the actions taken demonstrated high cash balances of £22.8m (2019: £5.9m) with trade creditors £2.6m lower than 2019 at £14.7m and stock £10.5m lower than 2019 at £31.3m.

Despite the challenging conditions and store closures, a distinct channel shift was seen to eCommerce enabling the business to continue to deliver high quality products in a timely manner and to support our customers in the exploration of the outdoors, many of whom were new customers. The eCommerce infrastructure coped well with this increase in demand and was effectively managed with proactive engagement with our third-party suppliers.

The Cotswold Outdoor fascia saw the closure of 6 stores following the actions of the CVA (Morpeth, Shrewsbury, Durham, Carlisle, Solihull and Holborn).

The Snow and Rock Group fascia saw the closure of 9 stores as a result of the CVA and the closure of the Cycle Surgery fascia (Kingston, Victoria, Waterloo Bridge, Kings Cross, Holborn, Bishops Square, West Hampstead, Brighton and Moorgate). Due to the significant pressure placed up on the Snow and Rock Group fascia an additional (*non-cash impacting*) impairment £7.5m (2019: £3.3m) has been deemed necessary and has been recognised in the year within Exceptional costs.

Despite the challenging conditions the Directors are satisfied that the business is well placed to navigate any forthcoming challenges which may lay ahead and has demonstrated a strong ability to be both agile and resilient.

**Financial key performance indicators**

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). These measures are not defined by FRS 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and therefore may not be directly comparable with other companies' APMs, including those in similar industries. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, FRS 102 measurements. The Directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Company and are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes. APMs are also used to enhance the comparability of information between reporting periods and business channels, by adjusting for non-recurring or uncontrollable factors which affect FRS 102 measures, to aid users in understanding the Company's performance.

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**  
**Financial key performance indicators (continued)**

The Company defined its key performance indicators as (all of which are contained on page 12:

- Revenue growth;
- Operating (loss) / profit; and
- Adjusted REBITDA (EBITDA before pre-opening costs and exceptional items. This is after adjusting for one-off costs and therefore it provides a measurement of recurring operating results).

**Principal risks and uncertainties**

**COVID-19**

Covid-19 still represents an uncertainty and risk to the business with the increase in different variants which are becoming more prevalent. However, with the significant increase in the vaccination rates in the UK and the proposed plans for the UK to emerge out of restrictions in July 2021 there is a heightened degree of optimism. Foreign travel still remains to be a question in particular with regards to Ski holidays.

**General**

Acknowledging the dynamic nature of our business environment, the Company intends to mitigate the relevant risks. However, circumstances can be unpredictable in which risks can materialise, having an impact on the Company's results. For strategic, operational, compliance and financial risks, the risk appetite is low and comparable to last year. The Company adapts its risk management in a pragmatic and workable manner. The risks are managed by our strategy, control environment, budgeting / forecasting and policies. Within the Company cost control and tight monitoring between incoming and outgoing cash flows are key focus areas.

**Consumer confidence**

The impact of Covid has had an impact to consumer buying behaviour, with a significant move towards internet shopping. Although this poses a potential long-term threat to the retail business, it provides opportunity to the business as a whole. The Company continues to be focused on enhancing both the online and in-store experience, in order to provide the optimum service to our customers, and ensure our customers enjoy the outdoors with equipment that is fit for purpose.

**Section 172(1) Statement**

This statement sets out how the Directors have approached and met their responsibilities under section 172 Companies Act 2006 and in particular how the Directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the Company for the benefit of its members as a whole and in doing having regard for stakeholders' interests. As such, the Board has considered (amongst other things):

**a) The long-term impact of decision making :**

- a. The company considers carefully the long-term impacts of decisions made, having completed a CVA in December 2019, Impacts of this have also been seen in 2020 and further forwards with the impacts of store closures and the continued following of the turnaround plan. Decisions are taken collectively as a Leadership team and Board.

**b) The interests of the Company's employees:**

- a. The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and impacts from COVID-19. Communication and employee engagement has remained a key focus throughout the pandemic, with a shift to technology to maintain the contact, via regular Video-conferences and newsletters
- b. During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas via the employee forum; this information is fed back to the leadership team and appropriate action taken where necessary to review further comments and suggestions made by employees. On a bi-weekly basis the business holds a "Newsday". "Newsday" provides performance information to the business both commercially and financially. During "Newsday", information is provided to

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**Section 172(1) Statement (continued)**

employees around product ranges, marketing campaigns and employee welfare schemes.

- c. On a quarterly basis (in a non-COVID-19 year) the business holds an extended half-day business briefing, both in a formal and social environment, enabling an overall business update encouraging questions from the business and functional-led briefing sessions with each functional area providing an update as to what the priorities have been and what they will be in the future. These smaller groups encourage two-way engagement. There is a performance-related bonus scheme for management based on their performance as well as the overall performance of the Company.
- c) The need to foster the Company's business relationships with suppliers, customers and others:**
  - a. The Company recognises the importance of strong supplier / brand relationships. On a bi-annual basis the Company holds business update meetings with its larger suppliers; these meetings cover Company performance, product range performance, order commitments and review of supplier performance. The intended outcome of this is to optimise performance of the products and have two-way dialogue to enhance the performance of both businesses.
  - b. The Company recognises the need to foster Customer engagement. Customer engagement is key to understanding the proposition and service levels of the business. The Company conducts customer surveys which cover product ranges, pricing, availability, brand awareness, customer services, and customer requirements. The Company will then use this information to highlight areas of focus. With multiple fascia within the Company it is key to conduct these surveys to enable the Company to best service the customers within each fascia and create customer personas to sit within each fascia, enabling the Company to target strategically the most appropriate products to the customer requirements.
- d) The impact of the Company's operations on the community and the environment:**
  - a. The Company recognises its responsibilities towards the management of the impact of the business on the environment as such we adopt a proactive stance to the sustainability of the environment for all outdoor users.
  - b. As part of the buying strategy the Company actively promotes a range of "sustainable" outdoor brands, and is working closely with all brands to understand how they are shifting the balance to sustainable products and provide feedback to customers.
  - c. The Board continues to review all the major areas where positive action can be taken to reduce the impact of the Company's activities on the environment. The review includes the actions required to reduce the carbon footprint of the Company and the plans for achieving that aim. Included in the review are energy, transport, waste and packaging. We aim to continue to make substantial progress over the course of the year.
  - d. Paper and other waste recycling is already undertaken at our stores and head office. Our staff are encouraged to participate in recycling and to provide ideas where the Company could reduce any potential impacts on the environment.
- e) The desirability of the Company maintaining a reputation for high standards of business conduct:**
  - a. The Company operates with strict Corporate Governance and ensures to the best of its ability that related parties comply with its Social Responsibility Policy which refers to:
  - b. Working conditions, where there shall be freedom of choice of employment with no slavery or human trafficking involved in the supply chain, workers have rights to bargain collectively, safe and hygienic working environments, no child labour, and must earn a living wage with no discrimination and no harsh or inhumane treatment
  - c. Strict environmental standards which affect waste management where undue and unnecessary use of materials shall be avoided, and recycled materials used when appropriate. Processes and activities shall be monitored and modified as necessary, to ensure the conservation of scarce resources, including water, flora and fauna and productive land in certain situations. No tropical hardwoods or any endangered species of plant or animal shall be used. Pollution control where no product shall contain any chlorofluorocarbons. Manufacturing must be in accordance with the Montreal protocol.
  - d. Products and services shall comply with all relevant codes of practice and statutory requirements or those relevant to their manufacture or materials used.

## OUTDOOR AND CYCLE CONCEPTS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

#### Section 172(1) Statement (continued)

**f) The need to act fairly as between members of the Company:**

- a. The UK Managing Director attends on a quarterly basis the group board meeting attended by the Group Board and Directors.

#### **Future developments**

The pandemic impacted our performance in the first months of 2021, however, as stores reopened from April 2021 onwards, an improvement in trading has been seen. Given the level of uncertainty that still exists, we continue to adopt a flexible attitude to face possible new restrictions. Potential new lockdowns, travel restrictions and other measures imposed by the government may affect our trading and performance and hence delay market recovery and short-term profitability. But we believe the situation is different from last years. Vaccination programs are progressing positively and the customer's widespread desire to re-explore outdoor and travel opportunities should support the gradual recovery of the business. The channel shift in periods of lockdown drove many of our loyal customers to our web platforms for the first time. We are confident that we have showed our omni channel potential to a broader audience.

On the 26<sup>th</sup> April 2021, a financial restructure of the A.S.Adventure Group was completed and created and with it was born Yonderland, the new name for the A.S Adventure Group, which resulted in the company having 3<sup>rd</sup> party debt removed and replaced with intragroup debt, and this value being reduced by £13m. The current cash position and liquidity forecasts allow the Company to further execute the (omni channel) strategy, harness the full potential of our business and focus on growth. Considering the current cash position, no additional funding is required. Please see the Going Concern section.

This report was approved by the board on 17<sup>th</sup> September 2021 and signed on its behalf by Matthew Smith



**M P Smith**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their annual report and the audited financial statements of Outdoor and Cycle Concepts Limited (the "Company") for the year ended 31 December 2020.

**Matters covered in the strategic report**

Principal activities are discussed in the strategic report on page 1.  
Future developments are discussed in the strategic report on page 4.

**Results for the year**

The results for the year are shown within the statement of comprehensive income on page 12.

**Dividends**

The directors do not propose the payment of a dividend (2019: £nil).

**Financial risk management**

The Company uses various financial instruments which include third-party bank loans and inter-group loan facilities, plus cash that arises directly from its operations, in order to finance the Company's operations.

The main risks arising from the Company's financial instruments are currency risk, cash flow interest rate risk, credit risk and liquidity risk. No transactions of a speculative nature are undertaken. The Directors review and agree policies for minimising each of these risks and they are summarised below.

**Currency risk**

The Company has a low level of exposure to translation and transaction foreign exchange risk. Transactions with the parent company are denominated in sterling. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Statement of Comprehensive Income. In order to mitigate foreign currency risks, the Company will enter into foreign currency cash flow hedge arrangements; however, at the year-end no such arrangements were in place.

**Brexit**

The Brexit news lost attention by the Covid-19 pandemic in 2020 and the impact on UK operations has been considered as limited for the first time since the Brexit vote in 2016. Nevertheless, the European Union and the United Kingdom have finally agreed on the EU-UK Trade and Cooperation Agreement in December 2020 and Brexit formally commenced 1 January 2021. Apart from additional administrative work to import trade goods into the UK and some difficulties in supplying stock from the UK warehouse to the shops in the Republic of Ireland, the impact on our operations and financial results has been limited for now.

The inflation rate has remained under control into 2021 and the Pound Sterling has strengthened compared to Euro and US dollar. Consumer confidence has been increasing in 2021 (although not at pre Covid-19 levels). This does not mean that the markets have stabilised, as such, we will continue to monitor the macro-economic evolution in the UK.

**Credit risk**

The Company's financial assets include trade debtors. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.



**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Liquidity risk**

The Company manages its financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

**Employee engagement**

Refer to Section 172(1) statement.

**Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**Environment**

Refer to Section 172(1) statement.

**Engagement with suppliers, customers and other**

Refer to Section 172(1) statement.

**Directors**

The Directors who served during the year and up to the date of approval of these financial statements, unless otherwise stated, were:

M P Smith  
J R Finch Castro

**Qualifying third party indemnity provisions**

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

**Going concern**

The outbreak of the Covid-19 pandemic and the measures implemented by the UK Government to mitigate the pandemic's spread have significantly impacted the Company. We have been confronted with two lock-downs and other imposed restrictions during most of the year. The first wave had a significant impact on the first and second quarter. All UK stores were closed from 23 March 2020 until the end of May, after which stores have only gradually reopened over the summer.

The second lockdown started to surface again in October in Ireland and Wales, spreading to England and Scotland. Most UK stores were closed in November, to reopen and close again in December

From the start of the Covid-19 crisis, the Company has been monitoring the situation very closely and implemented measures to protect its staff and customers, to limit the impact of the virus on its profitability and to preserve its financial sustainability.

Such actions included, amongst others, secure cash in general, save costs, reduce capex programs, negotiate rent holidays, apply for furloughing schemes and utilisation of 12 month business rate holiday. These actions combined contributed to the Company successfully navigating through the first wave, despite the absence of state-backed financing or similar schemes.

**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

It was clear, though, that despite actions taken in the UK and similar across the wider A.S. Adventure Group, these were not sustainable in the longer run and that the existing financing structure was no longer adequate to address the uncertainties involved in this Covid-19 crisis.

As a result of this, the A.S. Adventure Group took the first step to agree with the lenders to waive the covenant targets for Q2 and Q3, so that a solution could be worked out and build new foundations for the future. Subsequently, extensive negotiations between the lenders, the Group and the shareholders of the Group resulted in a lock-up agreement being signed on 11 January 2021, in which 30% of the Senior debt in the Group was written off and the maturity was extended to 5 years. Shareholders loans in the group are written off and shareholders invest a further 25m€ as an additional liquidity buffer this was completed on 26 April 2021 and Yonderland BV was formed. In the meantime, the Group was able to protect its cashflow during a second lockdown, resulting in a Group cash balance of € 60 Million at year-end.

With the new financing structure in place for the Group, the Company has also received a 30% reduction in debt (£13.4m) to £30.7m from £44.1m. The Group also assumed all of the debt in Yonderland Finco BV and the element which was historically sat with the Company has been replaced with Intra Group debt with Yonderland Finco BV. The Intra Group debt is repayable on demand, however the Company has received confirmation from Yonderland Finco BV that it will not demand repayment of intercompany payables that would materially worsen the Company's liquidity position, without replacement by an alternative source of financing, for 12 months from the date of signing of these financial statements. Whilst this confirmation is not legally binding the directors have no indication that the support would not be forthcoming and accordingly have prepared the accounts on a going concern basis.

Based on our current best estimates the Company has developed a scenario analysis and projected the related cashflows. The progress of the vaccination programs in the UK and improving levels of infection, hospitalisation and mortality numbers strengthens the Company's assessment that we can gradually evolve towards a more normal market again, whilst taking into account that an occasional outburst is still a possibility.

The directors have considered the business activities including the Company's principal risks and uncertainties. The Board also considered the Company's current cash position, and the resilience of its 12-month cash flow forecasts. Considering these factors the Board is satisfied that the Company has adequate resources to continue its operations at all times and therefore it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ending on 31 December 2020.

Each of the persons who are Directors at the date of approval of this report has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the board on 17<sup>th</sup> September 2021 and signed on its behalf by Matthew Smith



**M P Smith**  
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTDOOR AND CYCLE CONCEPTS LIMITED**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Outdoor and Cycle Concepts Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

Not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in note 1 to the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTDOOR AND CYCLE CONCEPTS LIMITED  
(continued)**

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 respect of these matters.

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTDOOR AND CYCLE CONCEPTS LIMITED  
(continued)**

the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identify that the principle risks of non-compliance with laws and regulations related to employment legislation and UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non-standard journals that revenue, cost of sales and operating expenses or manipulating accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Enquiries of management;
- Review of board minutes;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Testing non-standard journal entries; and
- Testing of accounting estimates which could be subject to management bias.

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

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

**Use of our report**

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.

 **FCCA**

**Michael Lloyd FCCA (Senior statutory auditor)**  
for and on behalf of Haines Watts  
Chartered Accountants & Statutory Auditors  
Old Station House  
Station Approach  
Newport Street  
Swindon  
Wiltshire  
SN1 3DU

17<sup>th</sup> September 2021

**OUTDOOR AND CYCLE CONCEPTS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Turnover	4		125,463		180,717
Cost of sales			(73,936)		(106,110)
<b>Gross profit</b>			<b>51,527</b>		<b>74,607</b>
Distribution costs			(39,269)		(61,264)
Exceptional administrative income/(expense)	13	(11,589)		6,785	
Other administrative expenses		(23,528)		(19,692)	
Total administrative expenses			(35,117)		(12,907)
Other operating income	5		5,821		1,261
<b>Operating profit / (loss)</b>			<b>(17,038)</b>		<b>1,697</b>
Other interest receivable and similar income	10		2		16
Interest payable and similar charges	11		(3,025)		(4,466)
<b>Loss before taxation</b>			<b>(20,061)</b>		<b>(2,753)</b>
Tax on loss	12		2,584		446
<b>Loss for the financial year</b>			<b>(17,477)</b>		<b>(2,307)</b>
<b>Other comprehensive income for the year</b>			-		-
<b>Total comprehensive loss for the year</b>			<b>(17,477)</b>		<b>(2,307)</b>

All of the amounts included in the above statement of comprehensive income are derived from continuing operations. 100% of the loss for the year is attributable to the equity shareholders of the Company. Revenue growth was 2020: (31%) impacted by COVID 19 and the closure of a Cycle Surgery fascia and a number of stores (2019: (3.5%)).

The notes on pages 15 to 36 form part of these financial statements.

ALTERNATIVE PERFORMANCE MEASURES	Note	2020 £000	2019 £000
<b>Loss before taxation</b>		<b>(20,061)</b>	<b>(2,753)</b>
<b>Add back:</b>			
Exceptional (income) / costs	13	11,589	(6,785)
Net interest		3,023	4,450
Finance costs		437	24
Depreciation and amortisation		4,514	5,230
Preopening expenses		43	9
<b>Adjusted REBITDA</b>		<b>(455)</b>	<b>175</b>

Alternative performance measures are disclosed and referenced within the Strategic report on page 2.

**OUTDOOR AND CYCLE CONCEPTS LIMITED**  
**REGISTERED NUMBER: 03382348**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

		2020		2019	
	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	14		6,589		15,506
Tangible assets	15		10,187		13,555
Investments	16		247		247
			<u>17,023</u>		<u>29,308</u>
<b>Current assets</b>					
Stocks	17	31,266		41,824	
Debtors: amounts falling due within one year	18	7,198		6,925	
Cash at bank and in hand	19	22,761		5,860	
		<u>61,225</u>		<u>54,609</u>	
Creditors: amounts falling due within one year	20	(54,397)		(43,799)	
<b>Net current assets / (liabilities)</b>			<u>6,828</u>		<u>10,810</u>
<b>Total assets less current liabilities</b>			<u>23,851</u>		<u>40,118</u>
Creditors: amounts falling due after more than one year	21		(40,281)		(40,080)
Provisions for liabilities	22		(1,745)		(736)
<b>Net liabilities</b>			<u>(18,175)</u>		<u>(698)</u>
<b>Capital and reserves</b>					
Called-up share capital	23		3,626		3,626
Capital contribution			43,855		43,855
Profit and loss account			(65,656)		(48,179)
			<u>(18,175)</u>		<u>(698)</u>

The financial statements of Outdoor and Cycle Concepts Limited, registration number 03382348, were approved and authorised for issue by the board on 17<sup>th</sup> September 2021 and were signed on its behalf by Matthew Smith

*M P Smith*

**M P Smith**  
**Director**

The notes on pages 15 to 36 form part of these financial statements.



**OUTDOOR AND CYCLE CONCEPTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called-up share capital £000</b>	<b>Capital contribution £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>At 1 January 2019</b>	3,626	-	(45,872)	(42,246)
Loss for the financial year	-	-	(2,307)	(2,307)
Capital Contribution	-	43,855	-	43,855
<b>Total comprehensive loss</b>	-	43,855	(2,307)	41,548
<b>At 31 December 2019</b>	3,626	43,855	(48,179)	(698)
Loss for the financial year	-	-	(17,477)	(17,477)
<b>Total comprehensive profit / (loss)</b>	-	-	(17,477)	(17,477)
<b>At 31 December 2020</b>	3,626	43,855	(65,656)	(18,175)

As part of the CVA that took place in 2019, support from the AS Adventure Group was also received by way of compromising intercompany balances to 1% of their value as at the date of the CVA; this has resulted in a capital contribution of £43.9m.

The notes on pages 15 to 36 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****1. General information and basis of accounting**

Outdoor and Cycle Concepts Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered office is Unit 11, Kemble Business Park, Crudwell, Malmesbury, Wiltshire, England, SN16 9SH.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006.

The Company's functional and presentational currency is GBP. The financial statements are presented in GBP and rounded to the nearest thousand unless otherwise stated.

The Company has taken advantage of the exemption permitted by section 400 of the Companies Act 2006 and not produced consolidated financial statements. As at 31 December 2020, the Company was itself a wholly-owned subsidiary of Retail Concepts N.V. and its ultimate parent company AS Adventure Coöperatief U.A. Following the restructure of the Group AS Adventure Coöperatief U.A. was liquidated in June 2021, as a result AS Adventure B.V. is the highest legal entity remaining in the group. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The information required in relation to the above sections is included in the consolidated financial statements of AS Adventure B.V. as at 31 December 2020 and these financial statements may be obtained from Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands.

**Going concern**

The outbreak of the Covid-19 pandemic and the measures implemented by the UK Government to mitigate the pandemic's spread have significantly impacted the Company. We have been confronted with two lock-downs and other imposed restrictions during most of the year. The first wave had a significant impact on the first and second quarter. All UK stores were closed from 23 March until the end of May, after which stores have only gradually reopened over the summer.

The second lockdown started to surface again in October in Ireland and Wales, spreading to England and Scotland. Most UK stores were closed in November, to reopen and close again in December.

From the start of the Covid-19 crisis, the Company has been monitoring the situation very closely and implemented measures to protect its staff and customers, to limit the impact of the virus on its profitability and to preserve its financial sustainability.

Such actions included, amongst others, secure cash in general, save costs, reduce capex programs, negotiate rent holidays, apply for furloughing schemes and utilisation of 12 month Business rate holiday. These all contributed to the Company successfully navigating through the first wave, despite the absence of state-backed financing or similar schemes.

It was clear, though, that despite actions taken in the UK and similar across the wider A.S. Adventure Group, these were not sustainable in the longer run and that the existing financing structure was no longer adequate to address the uncertainties involved in this Covid-19 crisis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****1. General information and basis of accounting (continued)****Going concern (continued)**

As a result of this, the A.S. Adventure Group took the first step to agree with the lenders to waive the covenant targets for Q2 and Q3, so that a solution could be worked out and build new foundations for the future. Subsequently, extensive negotiations between the lenders, the Group and the shareholders of the Group resulted in a lock-up agreement being signed on 11 January 2021, in which 30% of the Senior debt in the Group is written off and the maturity is extended to 5 years, shareholders loans are written off and shareholders invest a further 25m€ as an additional liquidity buffer this was completed on 26 April 2021 and Yonderland BV was formed. In the meantime, the Group was able to protect its cashflow during a second lockdown, resulting in a cash balance of € 60 Million at year-end.

Based on our current best estimates the Company has developed a scenario analysis and projected the related cashflows. The progress of the vaccination programs in the UK and improving levels of infection, hospitalisation and mortality numbers strengthens the Company's assessment that we can gradually evolve towards a more normal market again, whilst taking into account that an occasional outburst is still a possibility.

With the new financing structure in place for the Group, the Company has also received a 30% reduction in debt (£13.4m) to £30.7m from £44.1m. The Group also assumed all of the debt in Yonderland Finco BV and the element which was historically sat with the Company has been replaced with Intra Group debt with Yonderland Finco BV. The Intra Group debt is repayable on demand, however the Company has received confirmation from Yonderland Finco BV that it will not demand repayment of intercompany payables that would materially worsen the Company's liquidity position, without replacement by an alternative source of financing, for 12 months from the date of signing of these financial statements.

The directors have considered the business activities including the Company's principal risks and uncertainties. The Board also considered the Company's current cash position, and the resilience of its 12-month cash flow forecasts. Whilst this confirmation is not legally binding, the directors have no indication that the group support would not be forthcoming. In combination with these other factors, the Board is satisfied that the Company has adequate resources to continue its operations at all times and therefore it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ending on 31 December 2020.

**2. Accounting policies****2.1 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised on delivery of finished goods to the end customer. Other income – Government grants are recognised in other income and not set off the related expenditure in the period to which they relate.

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- i. the Company has transferred the significant risks and rewards of ownership to the buyer;
- ii. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. the amount of turnover can be measured reliably;
- iv. it is probable that the Company will receive the consideration due under the transaction; and
- v. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.1 Intangible assets**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life which is considered to be 20 years, and included within the administrative expenses line on the Statement of Comprehensive Income.

The brand name intangible has been recognised at fair value to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Company and that its cost can be measured reliably. The intangible has been valued based on discounted future net cash flows. The cost of the asset is amortised through the Statement of Comprehensive Income on a straight-line basis over its estimated economic life of 15 years, and included within the administrative expenses line on the Statement of Comprehensive Income.

Provisions are made for impairment of intangible assets and goodwill where the carrying value of the asset is not supported by the expected future benefits expected to be generated from the Cash Generating Unit (CGU) to which the asset is allocated.

**2.2 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over the term of the lease
Fixtures and fittings	- 2 to 5 years
Computer equipment	- 3 years
Assets in the course of construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.3 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**2.4 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.5 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.8 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.9 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.10 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period of the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard of 1 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.14 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.15 Rental and incentive income**

Rental incomes are recognised in the Statement of Comprehensive Income in the year in which they are received.

Incentive income for leases is recognised in the Statement of Comprehensive Income and spread over the term of the lease.

**2.16 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****2.17 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- i. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- ii. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.18 Exceptional costs**

Exceptional costs are transactions that fall within the ordinary activities of the Company but are presented separately due to them not being of an ongoing nature.

**2.19 Non-statutory reporting measures – EBITDA and adjusted REBITDA**

The Directors monitor the performance of the Company utilising both statutory and non-statutory performance measures. The main non-statutory performance measures are EBITDA (earnings before interest, tax, depreciation and amortisation) and adjusted REBITDA (EBITDA before pre-opening costs and exceptional items). This is calculated utilising operating loss, and adding back depreciation, amortisation, exceptional items and certain one-off costs (pre-opening costs and finance costs (bank charges, foreign exchange revaluation gains/losses and similar charges)) which the Directors have determined do not represent ongoing operating costs of the business. The REBITDA non-statutory performance measure is designed to provide an indication of the "trading" performance of the Company and therefore this has been disclosed along with the Statement of Comprehensive Income.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

***Critical judgements in applying the Company's accounting policies***

**Exceptional items**

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. Reversals of previous exceptional items are assessed based on the same criteria. Analysis of the exceptional items included in the income statement is disclosed in Note 13.

***Key sources of estimation uncertainty***

The following are the critical estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Impairment review**

The recoverable amount of the Snow + Rock cash-generating unit is determined based on fair value less costs to sell calculations. These calculations use cash flow projections covering a five-year period and are based on budgets approved by the board. Cash flows beyond this period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the retail trade business in which the cash-generating unit operates and is consistent with forecasts included in industry reports. Approximately 11% was used to discount the projected cash flows, which reflects specific risks relating to the Company and relevant cash-generating unit. The main assumptions for the cash flow projections are, a like-for-like cumulative aggregate growth rate for the remaining activities over the period of five years up to 2025 of 8.4% (including online), and an inflation rate at 1.8% per annum. Growth rate assumptions are factoring full year of trading in 2022 and ski activity resuming. The impairment model resulted in an impairment of goodwill of £1.1m and brand of £6.4m. The remaining goodwill balance included within intangible assets is £nil.

Impairment reviews are also carried out against individual store locations and an assessment is made as to the future profitability of these stores and reviewing future cash flows against the net book value of the fixed assets; an impairment is deemed necessary when the future cash flows do not cover the net book value of the fixed assets. Impaired value was £1.2m (2019: £0.6m)

**4. Turnover**

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by region of destination:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	121,396	175,187
Rest of Europe	3,080	3,973
Rest of World	987	1,557
	<b>125,463</b>	<b>180,717</b>

# OUTDOOR AND CYCLE CONCEPTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 8. Employees

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

	2020 £000	2019 £000
Wages and salaries	21,359	27,189
Social security costs	1,465	1,883
Other pension costs	474	469
	<u>23,298</u>	<u>29,541</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Selling and distribution	564	693
Administration	158	166
	<u>722</u>	<u>859</u>

### 9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	413	582
Compensation for loss of office	-	8
Company contribution to defined contribution pension schemes	8	20
	<u>421</u>	<u>610</u>

During the year retirement benefits were accruing to 1 Director (2019: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £294,256 (2019: £181,169).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £8,120 (2019: £7,210).

### 10. Other interest receivable and similar income

	2020 £000	2019 £000
Other interest receivable	<u>2</u>	<u>16</u>

**OUTDOOR AND CYCLE CONCEPTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. Interest payable and similar charges**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	2,697	3,080
Other loan interest payable	141	141
Loans from group undertakings	187	1,245
	<u>3,025</u>	<u>4,466</u>

**12. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on loss for the year	-	-
Adjustment in respect of prior periods	-	56
<b>Total current tax</b>	-	<u>56</u>
<b>Deferred tax</b>		
Current period credit	(3,281)	(733)
Tax rate change	127	-
Adjustment in respect of prior periods	570	231
<b>Total deferred tax</b>	<u>(2,584)</u>	<u>(502)</u>
<b>Tax on loss</b>	<u>(2,584)</u>	<u>(446)</u>

**Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2019 higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Loss before tax	(20,061)	(2,753)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(3,812)	(523)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	570	287
Non-deductible expenses	531	(103)
Deferred tax recognition	127	(107)
<b>Total tax credit for the year</b>	<u>(2,584)</u>	<u>(446)</u>

**Factors that may affect future tax charges**

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

# OUTDOOR AND CYCLE CONCEPTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Exceptional (income)/costs	2020 £000	2019 £000
Onerous lease provision (reversal) / charge	-	(2,039)
Impairment Fixed Assets	1,205	574
Impairment Intangible Assets	7,518	3,318
Reorganisation expenses	1,635	1,520
Covid 19 PPE	232	-
Cycle Surgery Closure	736	-
CVA (income) /expenses	263	(10,176)
	<b>11,589</b>	<b>(6,785)</b>

Impairment of Intangible assets represents a further (non – cash) impairment of the Snow and Rock intangibles, resulting from the significant challenge of the impacts of COVID and the lack of a ski season.

## 14. Intangible assets

	Goodwill £000	Brand name £000	Total £000
<b>Cost</b>			
At 1 January 2020	55,271	19,749	75,020
At 31 December 2020	55,271	19,749	75,020
<b>Accumulated amortisation and impairment</b>			
At 1 January 2020	54,029	5,485	59,514
Charge for the year	82	1,317	1,399
Impairment	1,160	6,358	7,518
At 31 December 2020	55,271	13,160	68,431
<b>Net book value</b>			
At 31 December 2020	-	6,589	6,589
At 31 December 2019	1,242	14,264	15,506

The recoverable amount of the Snow + Rock cash-generating unit is determined based on fair value less costs to sell calculations. These calculations use cash flow projections covering a five-year period and are based on budgets approved by the board. Cash flows beyond this period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the retail trade business in which the cash-generating unit operates and is consistent with forecasts included in industry reports. Approximately 11% was used to discount the projected cash flows, which reflects specific risks relating to the Company and relevant cash-generating unit. The main assumptions for the cash flow projections are, a like-for-like cumulative aggregate growth rate for the remaining activities over the period of five years up to 2025 of 8.4% (including online), and an inflation rate at 1.8% per annum. Growth rate assumptions are factoring full year of trading in 2022 and ski activity resuming. The impairment model resulted in an impairment of goodwill of £7.5m. The remaining goodwill balance included within intangible assets is £nil.

**OUTDOOR AND CYCLE CONCEPTS LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**
**15. Tangible fixed assets**

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Assets in the course of construction £000	Total £000
<b>Cost</b>					
At 1 January 2020	39,918	27,232	6,734	91	73,975
Additions	123	1,092	170	(22)	1,363
Disposals	(4,663)	(8,878)	(227)	-	(13,768)
At 31 December 2020	35,378	19,446	6,677	69	61,570
<b>Depreciation &amp; Impairment</b>					
At 1 January 2020	29,996	24,057	6,367	-	60,420
Charge for the year	1,810	928	378	-	3,116
Disposals	(4,297)	(8,851)	(209)	-	(13,357)
Impairment	709	467	29	-	1,205
At 31 December 2020	28,218	16,601	6,565	-	51,384
<b>Net book value</b>					
At 31 December 2020	7,160	2,845	112	69	10,186
At 31 December 2019	9,992	3,175	367	91	13,555

As at 31 December 2020, the Company has reviewed the carrying value of store assets in comparison to forecasted future cash flows for the store portfolio. Where the present value of expected future cash flows does not exceed the carrying value of the assets associated with a store, an impairment has been recognised and the value of the impairment is included within administrative expenses.

# OUTDOOR AND CYCLE CONCEPTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 16. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2020	247
At 31 December 2020	247

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Cotswold Camping Limited	England	Ordinary	100%	Dormant
AS Adventure (UK) Limited	England	Ordinary	100%	Dormant
Snow + Rock Group Holdings Limited	England	Ordinary	100%	Dormant
Snow + Rock Group Limited	England	Ordinary	100%	Dormant
Snow & Rock Sports Limited	England	Ordinary	100%	Dormant
Snow & Rock Limited	England	Ordinary	100%	Dormant
Runners Need Limited	England	Ordinary	100%	Dormant
Cycle Surgery Limited	England	Ordinary	100%	Dormant

The registered address of the above companies is Unit 11 Kemble Business Park, Crudwell, Malmesbury, Wiltshire, SN16 9SH.

### 17. Stocks

	2020 £000	2019 £000
Goods for resale	31,180	41,663
Non-trading stock	86	161
	31,266	41,824

### 18. Debtors: amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	287	154
Other debtors	2,693	2,802
Amounts owed by group undertakings	239	239
Merchant services security	345	1,390
Deferred Tax	2,073	-
Prepayments and accrued income	1,561	2,340
	7,198	6,925

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**i) Deferred tax**

	<b>£000</b>
At beginning of year	(511)
Debit to statement of comprehensive income	2,584
At end of year	<u>2,073</u>

The provision for deferred taxation is made up as follows:

	<b>2020 £000</b>	<b>2019 £000</b>
Accelerated capital allowances	(926)	(293)
Intangible assets	1,252	2,425
Losses	(2,366)	(1,572)
Short-term timing difference	(18)	(16)
Other	(15)	(33)
	<u>(2,073)</u>	<u>511</u>

Deferred tax asset is being recognised in the accounts as forecasts used for impairment and going concern demonstrate the future recoverability of this asset.

**19. Cash at bank and in hand**

	<b>2020 £000</b>	<b>2019 £000</b>
Cash at bank and in hand	<u>22,761</u>	<u>5,860</u>

**20. Creditors: Amounts falling due within one year**

	<b>2020 £000</b>	<b>2019 £000</b>
Trade creditors	14,662	17,299
Amounts owed to group undertakings	15,064	5,448
Taxation and social security	8,900	4,793
Other creditors	3,376	2,174
Bank loans - Revolving Facility	4,344	7,322
Bank loans	-	-
Accruals and deferred income	8,051	6,763
	<u>54,397</u>	<u>43,799</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

Financial instruments included above are measured at amortised cost.

# OUTDOOR AND CYCLE CONCEPTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 21. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Bank loans	40,281	40,080
Amounts owed to group undertakings	-	-
	<u>40,281</u>	<u>40,080</u>

#### Bank loans and overdrafts

Bank loans represent a £40m facility which was fully drawn-down at the year-end. Interest accrues at 6.08% and the loan is secured against assets across the Group. The facility is repayable on 14 April 2022. In April 2021, the Group completed a financial restructure as referenced in note 29.

### 22. Provisions

	Deferred tax £000	Dilapidations £000	Onerous leases £000	Total £000
As at 1 January 2020	511	130	95	736
Credit to statement of comprehensive income	-	71	1,446	1,517
Provision utilised during the year	(511)	-	-	(511)
	<u>-</u>	<u>201</u>	<u>1,541</u>	<u>1,742</u>

#### i) Property provisions

##### *Dilapidations*

A dilapidation provision is an estimate of the future costs associated with obligations to reinstate and repair stores in accordance with contractual and other obligations. Provisions have been recorded in accordance with obligations within the property lease contracts and will be utilised at the termination of the related property leases.

##### *Onerous leases*

The onerous lease provision covers potential liabilities for lease contracts for stores that have unavoidable lease costs which are not recovered from the future cash flows from trading the store. The provision is based on the lower of the present value of future cash flows or exit costs relating to rents, rates and other property costs to the end of the lease terms net of expected sublet income.

### 23. Called-up share capital

	2020 £000	2019 £000
<b>Shares classified as equity</b>		
<b>Allotted, called-up and fully paid</b>		
362,569,578 (2019: 362,569,578) Ordinary shares of £0.01 each	<u>3,626</u>	<u>3,626</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**24. Reserves**

**Capital contribution**

As part of the CVA that took place in 2019, support from the AS Adventure Group was also received by way of compromising intercompany balances to 1% of their value as at the date of the CVA; this has resulted in a capital contribution of £43.9m.

**Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

**25. Capital commitments**

At 31 December 2020 and 31 December 2019 the Company had capital commitments as follows:

	<b>2020 £000</b>	<b>2019 £000</b>
Plant, property and equipment contracted for but not provided in these financial statements	86	36

**26. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £474,000 (2019: £469,000).

**27. Commitments under operating leases**

At 31 December 2020 and 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2020 £000</b>	<b>2019 £000</b>
Not later than one year	9,912	12,012
Later than one year and not later than five years	31,977	34,584
Later than five years	19,151	23,005
	<b>61,040</b>	<b>69,601</b>

**28. Key Management Personnel**

	<b>2020 £000</b>	<b>2019 £000</b>
Key Management Personnel earnings	1,098	1,148

**29. Post Statement of Financial Position events**

*Brexit*

Negotiations between the UK and the European Union completed in December 2020, and the Trade Cooperation Agreement came into force on 1 January 2021. The business has assessed the impact of

trading and has covered this on Page 5 of the Strategic report.

## OUTDOOR AND CYCLE CONCEPTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### COVID-19

2021 started with a stores across England, Ireland, Scotland and Wales being forced into a 3<sup>rd</sup> national lockdown, with restrictions only starting to be eased from mid-April across England to start with and then the devolved nations following after. COVID-19 remains a concern, however with the significant increase in the vaccination program and "freedom day" in England being announced for 19<sup>th</sup> July 2021, it is anticipated the business will have a limited impact.

#### April 2021 – Group restructure

After the agreement on waiving the Q2'20 and Q3'20 covenant targets, The Group approached the lenders in September 2020 to revisit the current capital structure, given the effect that the Covid-19 pandemic had on the profitability of the Group, in combination with the approaching expiry of the revolving facility in April 2021. These discussions resulted in a principles agreement in January 2021 and which has been executed in April 2021. The restructure implied that the Security Agent of the Senior Facilities Agreement triggered the share pledge enforcement procedure on all shares of the A.S Adventure and the loans granted by the sole shareholder of A.S Adventure. The shares of A.S Adventure have subsequently been transferred to a newly founded company Yonderland BidCo B.V., a 100% subsidiary of Yonderland B.V., based in Belgium and owned by PAI VI Lux Master S.à r.l. SICAR-RAIF, the STAK Yonderland and the lenders of the Senior Facilities Agreement.

In addition, the existing funding of the Group has been partly written off and refinanced through a new Senior Facilities Agreement between the lenders and Yonderland FinCo B.V., having the same shareholder as A.S Adventure after completion of the transaction. As a result, the external debt of the Group has been reduced by 30% or € 85.2 Million, and the net loans due to shareholders by 100% or € 98.4 Million. The element impacting the UK specifically has been concerning the RCF, this has been fully repaid and replaced with an intragroup debt and reduced by £13m to £30.7m from £44.1m.

The new Senior Facilities Agreement consists of a bullet loan of € 198.8 Million with a maturity of 5 years and semi-annual interest payments at Euribor + 5%. During the first 2 years, the Group can opt to capitalise the (part of) the interests. There are no covenants agreed, except for a bi-weekly confirmation that the cash position will continue above an agreed minimum. Similar securities have been granted on the new facility compared to the existing facility.

And finally, an additional equity injection of € 25 Million was agreed to cover working capital funding requirements of the group.

#### 30. Controlling party

The immediate parent undertaking is Retail Concepts N.V.

AS Adventure B.V. is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2020.

The consolidated financial statements of AS Adventure B.V. are available from Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands.

At the time of the signing of these accounts, Yonderland B.V. is the ultimate parent undertaking as a result of the Group Restructure in April 2021.