

Sport Danmark A/S


Baltorpbakken 5, DK-2750 Ballerup

CVR no. 12 55 94 96

Annual report 2017

Approved at the Company's annual general meeting on 30 May 2018

Chairman:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sport Danmark A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 30 May 2018

Executive Board:


Jens Høgsted
CEO
Chris Bigler
CFO
Jack Friss
COO

Board of Directors:


Michael Christiansen
Chairman
Michael Haaning
Jess Ørgaard Libak Tropp
Chris Bigler
Jens Høgsted

Independent auditor's report

To the shareholders of Sport Danmark A/S

Opinion

We have audited the financial statements of Sport Danmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Henrik Kronborg Iversen
State Authorised Public Accountant
MNE no.: mne24687



Michael Groth Hansen
State Authorised Public Accountant
MNE no.: mne33228

Management's review

Company details

Name	Sport Danmark A/S
Address, Postal code, City	Baltorpbakken 5, DK-2750 Ballerup
CVR no.	12 55 94 96
Established	1 January 1989
Registered office	Ballerup
Financial year	1 January - 31 December
Board of Directors	Michael Christiansen, Chairman Michael Haaning Jess Ørgaard Libak Tropp Chris Bigler Jens Høgsted
Executive Board	Jens Høgsted, CEO Chris Bigler, CFO Jack Friss, COO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	720,628	801,098	665,472	778,529	741,309
Gross margin	60,805	62,295	58,519	48,269	47,594
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	10,264	8,103	10,622	1,496	4,687
Operating profit/loss	2,778	-178	526	-3,941	1,359
Earnings before interest, taxes, depreciation, amortisation and special items (Adjusted EBITDA)	13,019	8,248	12,041	3,706	11,396
Net financials	-1,671	753	430	-434	2,697
Profit/loss for the year	735	2,104	106	-3,427	2,936
Balance sheet					
Total assets	205,197	245,039	200,623	208,496	142,550
Investment in property, plant and equipment	2,607	2,653	2,518	233	1,647
Equity	50,504	49,769	47,665	47,559	50,986
Financial ratios					
Operating margin	0.4%	0.0%	0.1%	-0.5 %	0.2 %
Gross margin	8.4%	7.8%	8.8%	6.2%	6.4%
Solvency ratio	24.6%	20.3%	23.8%	22.8%	35.8%
Return on equity	1.5%	4.3%	0.2%	-7.0%	5.8%
Adjusted EBITDA-margin	1.8%	1.0%	1.8%	0.5%	1.5%
Employees					
Average number of employees	82	80	72	75	67

Financial ratios except from adjusted EBITDA margin are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

The primary activity of Sport Danmark A/S is to operate the retail banners SPORTMASTER and Rezet Sneaker Store.

As of 1 July 2012, SPORTMASTER was established as a vertical capital retail chain - a transformation from the voluntary chain that had been operating since 1979.

SPORTMASTER is a nationwide omni-channel retailer with more than 100 quality stores and the leading Danish sports online store. SPORTMASTER has an extensive and attractive range of products, including own brands and leading sports brands of shoes, clothing and equipment for sports and leisure activities.

Rezet Sneaker Store was acquired in May 2015 and is now the leading premium sneaker omni-channel retailer with a powerful offer of key brands' exclusive sneaker range.

Financial review

Revenue for 2017 was DKK 720.6 million (2016: DKK 801.1 million). Gross profit was DKK 60.8 million (2016: DKK 62.3 million). Operating profit before depreciation and amortisation (EBITDA) was DKK 10.2 million (2016: DKK 8.1 million), whereas operating profit (EBIT) was DKK 2.8 million (2016: negative by DKK 0.2 million).

The operating profit was negatively impacted by the transformation to a vertical chain which are considered as special items. Adjusting for special items, the Company's EBITDA for 2017 was DKK 5.5 million (2016: DKK 8.3 million).

The Company's profit for the year was DKK 0.7 million (2016: DKK 2.1 million).

Special risks

Risk management:

Sport Danmark A/S considers risk management an essential and natural in connection with the realisation of the Company's objectives and strategy. The daily activities, the implementation of the established strategy and continuous realisation of business opportunities involve a natural risk and, therefore, the company's handling of these issues are seen as a natural and integrated part of the daily work and a way to create a profitable Company with constant growth.

Commercial risks

The Group's most significant business risks concern general socioeconomic developments, including private consumption developments as well as the Group's capacity to maintain its strong market position. Accordingly, the Group aims to be at the forefront of market developments by constantly improving and developing its range of products and services with a view to always be the natural choice for Danes buying sports equipment.

Currency Risks

The company's revenue is invoiced in DKK, whereas part of the Company's purchases are made in USD related currencies. As a part of the Company's risk policy, purchases in USD are partly hedged via foreign exchange contracts.

Management's review

Statutory CSR report

The statutory report regarding CSR, including human rights, environment and climate, cf. §99a in the Danish Financial Statements Act, is included in Sport Nordic Holding ApS' report, to which reference is made.

Account of the gender composition of Management

The Board of Directors currently consists of 5 members, which are all men. The goal is to increase the proportion of women to 30% by the end of 2019. The gender composition of the Board of Directors has remained unchanged in 2017.

It is the policy of the Group always to appoint the best qualified candidates to leadership posts and at the same time support and enhance the qualifications of female leadership talents. In the Management team at the head office the proportion of women is 23%. The number of female leaders has been unchanged in 2017. The goal is, through increased use of networks etc., to increase the proportion of women to 30% by the end of 2019.

Events after the balance sheet date

In the beginning of first quarter 2018 we went live with the new logistic platform. There has been implementation issues affecting deliveries to stores and online customers, which has had a negative impact on sales and profitability. Deliveries have been normalized in second quarter 2018.

Except from the above, no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Sportmaster expects that the continuously increasing competition in the market over time will have consequences for the distribution in Denmark. We expect to benefit from our continued investments in digitization of the company, OMNI channel solutions combined with being the preferred Danish partner for the major global suppliers. In the shorter term, profitability will continue to be challenged.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Revenue	720,628	801,098
	Cost of goods sold	-705,384	-783,230
	Other operating income	104,890	94,916
	Other external costs	-59,329	-50,489
	Gross margin	60,805	62,295
3	Staff costs	-50,541	-54,192
	Depreciation and amortisation	-7,486	-8,281
	Profit/loss before net financials	2,778	-178
4	Financial income	492	802
5	Financial expenses	-2,163	-49
	Profit before tax	1,107	575
6	Tax on profit/loss for the year	-372	1,529
	Profit for the year	735	2,104

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Other intangible assets	8,652	8,418
	Other intangible assets in progress	18,570	3,523
		<u>27,222</u>	<u>11,941</u>
8	Property, plant and equipment		
	Plant and machinery	4,413	4,409
	Leasehold improvements	127	25
		<u>4,540</u>	<u>4,434</u>
	Financial assets		
	Deposits	569	569
		<u>569</u>	<u>569</u>
	Total non-current assets	<u>32,331</u>	<u>16,944</u>
	Current assets		
	Inventories		
	Goods for resale	82,666	85,385
		<u>82,666</u>	<u>85,385</u>
	Receivables		
	Trade receivables	999	3,341
	Receivables from group enterprises	72,725	123,225
	Joint taxation contribution receivable	257	0
	Other receivables	12,225	12,526
	Prepayments	3,947	2,949
		<u>90,153</u>	<u>142,041</u>
	Cash	47	669
	Total current assets	<u>172,866</u>	<u>228,095</u>
	TOTAL ASSETS	<u>205,197</u>	<u>245,039</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	15,100	15,100
	Retained earnings	35,404	34,669
	Total equity	50,504	49,769
	Non-current liabilities		
10	Deferred tax	2,054	1,016
	Total non-current liabilities	2,054	1,016
	Current liabilities		
	Trade payables	134,720	140,317
	Amounts owed to group companies	0	35,199
	Corporation tax	0	409
	Other payables	10,714	11,868
	Prepayments from customers	7,205	6,461
	Total current liabilities	152,639	194,254
	Total liabilities	154,693	195,270
	TOTAL EQUITY AND LIABILITIES	205,197	245,039

- 1 Accounting policies
- 2 Events after the balance sheet date
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2016	15,100	32,565	47,665
14	Transfer, see "Appropriation of profit"	0	2,104	2,104
	Equity at 1 January 2017	15,100	34,669	49,769
14	Transfer, see "Appropriation of profit"	0	735	735
	Equity at 31 December 2017	15,100	35,404	50,504

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sport Danmark A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The annual accounts have been prepared in accordance with the same accounting policies as last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Sport Nordic Holding ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

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

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including management fee and gains on the sale of non-current assets.

Cost of goods sold

Cost of sales includes the cost of goods used in generating the year's revenue.

Cost of goods sold is recognised after deduction of supplier discounts and bonuses.

Other external expenses

Other external costs comprise administrative expenses and other costs for operations and maintenance.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other intangible assets	3 years
Plant and machinery	3-5 years
Leasehold improvements	2-10 years

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Sport Nordic Holding Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

Sport Nordic Holding ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets, which comprise IT software, are measured at cost less accumulated amortisation and impairment losses.

The depreciation period is determined at the time of acquisition and is reassessed every year. In case of changes in the amortisation period, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Property, plant and equipment

Plant and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

Financial assets

Deposits are measured at amortised cost.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual assessment of indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Impairment is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Impairments are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows.

Cash-pool balance is included in Receivables from Group Entreprises.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Proposed dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Income taxes

Joint taxation contribution payable and receivable is recognised in the balance sheet as corporation tax payable and corporation tax receivable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rate applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

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

Other liabilities are measured at net realisable value.

Prepayments from customers

Prepayments from customers comprise liabilities regarding issued gift vouchers, recognised at the date of issue, and the customer loyalty programme, Club SPORTMASTER, recognised at fair value at the date of recognition of the related sales.

Subsequently, prepayments from customers are measured at amortised cost.

Segment information

Sport Danmark A/S has only domestic revenue and only one segment. Consequently, the Company does not provide segment information.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$
Adjusted EBITDA-margin	$\frac{\text{Adjusted EBITDA} \times 100}{\text{Revenue}}$

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Adjusted EBITDA

Adjusted EBITDA, as disclosed in the Management's review, comprise operating profit before amortisation, depreciation and impairment losses amortization and adjusted for special items.

Special items

Special items comprise significant income and expenses of a special nature relative to the Group's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Group's operating activities.

2 Events after the balance sheet date

In the beginning of first quarter 2018 we went live with the new logistic platform. There has been implementation issues affecting deliveries to stores and online customers, which has had a negative impact on sales and profitability. Deliveries have been normalized in second quarter 2018.

Except from the above, no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK'000	2017	2016
3 Staff costs		
Wages/salaries	46,690	50,254
Pensions	3,188	3,256
Other social security costs	663	682
	<u>50,541</u>	<u>54,192</u>
 Average number of full-time employees	 82	 80
 Remuneration to members of management:		
Executive board	7,906	8,366
Board of Directors	994	980
	<u>8,900</u>	<u>9,346</u>
 4 Financial income		
Exchange gain	1	639
Other financial income	491	163
	<u>492</u>	<u>802</u>
 5 Financial expenses		
Other interest expenses	9	38
Exchange losses	2,154	11
	<u>2,163</u>	<u>49</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000		2017	2016
6 Tax on profit/loss for the year			
Estimated tax charge for the year		-666	-991
Deferred tax adjustments in the year		910	-538
Tax adjustments, prior years		128	0
		372	-1,529
7 Intangible assets			
DKK'000	Other intangible assets	Other intangible assets in progress	Total
Cost at 1 January 2017	31,166	3,523	34,689
Additions	5,107	15,047	20,154
Cost at 31 December 2017	36,273	18,570	54,843
Impairment losses and amortisation at 1 January 2017	22,748	0	22,748
Impairment losses for the year	134	0	134
Amortisation for the year	4,739	0	4,739
Impairment losses and amortisation at 31 December 2017	27,621	0	27,621
Carrying amount at 31 December 2017	8,652	18,570	27,222
Amortised over	3 years		
8 Property, plant and equipment			
DKK'000	Plant and machinery	Leasehold improvements	Total
Cost at 1 January 2017	14,274	700	14,974
Additions	2,607	114	2,721
Disposals	-4	0	-4
Cost at 31 December 2017	16,877	814	17,691
Impairment losses and depreciation at 1 January 2017	9,865	675	10,540
Impairment losses	36	0	36
Depreciation	2,565	12	2,577
Disposals	-2	0	-2
Impairment losses and depreciation at 31 December 2017	12,464	687	13,151
Carrying amount at 31 December 2017	4,413	127	4,540
Depreciated over	2-10 years	3-10 years	

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
9 Share capital		
Specification of the share capital:		
15,100 shares of DKK 1,000 nominal value each	15,100	15,100
	<u>15,100</u>	<u>15,100</u>

The Company's share capital has remained DKK 15,100 thousand over the past 5 years.

10 Deferred tax		
Deferred tax at 1 January	1,016	1,554
Adjustment regarding prior years	128	-223
Adjustment of deferred tax	910	-315
Deferred tax at 31 December	<u>2,054</u>	<u>1,016</u>
Deferred tax relates to:		
Intangible assets	5,990	2,420
Property, plant and equipment	-1,308	-1,404
Tax loss	-2,628	0
	<u>2,054</u>	<u>1,016</u>

11 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the Danish parent company Sport Nordic Holding ApS. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes. At 31 December 2017, the net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 0. Any subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase.

The Group's Danish companies are jointly and severally liable for group VAT registration.

The Company has provided a guarantee for loans totaling DKK 144,470 thousand raised in group companies.

The company has provided a guarantee for loans totalling DKK 146,022 thousand raised in group companies.

Other financial obligations

The Company has entered into operating leases with an annual lease payment of DKK 2,310 thousand (2016: DKK 2,572 thousand). The total nominal residual lease payment amounts to DKK 4,209 thousand (2016: DKK 5,569 thousand).

12 Collateral

The Company's assets, including inventories, are provided as security for bank loans in group companies.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Related parties

Sport Danmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
SDK Sport II ApS	Denmark	100 % ownership

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sport Nordic Holding ApS	Ballerup	Baltorpbakken 5, 2750 Ballerup, Denmark.

Related party transactions

Sport Danmark A/S was engaged in the below related party transactions:

DKK'000	2017	2016
Sale of goods and services to group companies	719,344	797,314
Management fee income from group companies	104,890	94,916
Receivables from group companies	72,725	123,225
Payables to group companies	0	-35,199

Information on the remuneration to management

Information on the remuneration to Management appears from note 3, "Staff costs".

14 Appropriation of profit

Recommended appropriation of profit
Retained earnings

735	2,104
735	2,104