

# Sport Danmark A/S

Baltorpbakken 5, DK-2750 Ballerup

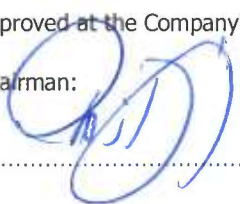
CVR no. 12 55 94 96



## Annual report 2016

Approved at the Company's annual general meeting on 29 May 2017

Chairman:



Building a better  
working world



## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements for the period 1 January – 31 December	7
Income statement	9
Statement of changes in equity	12
Notes to the financial statements	13

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sport Danmark A/S for the financial year 1 January – 31 December 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 29 May 2017  
Executive Board:

  
Jens Høgsted  
CEO

  
Chris Bigler  
CFO

  
Jack Frim  
COO

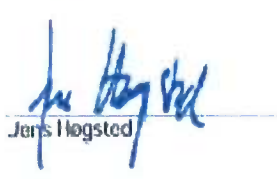
Board of Directors:

  
Michael Christensen  
Chairman

  
Michael Haaning

  
Jess Ørgaard Libak Tropp

  
Chris Bigler

  
Jens Høgsted

## Independent auditors' report

To the shareholder 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 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

## 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. •

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.

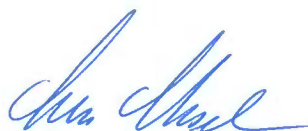
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, 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, 29 May 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Henrik Kronborg Iversen  
State Authorised  
Public Accountant



Søren Christiansen  
State Authorised  
Public Accountant

## Management's review

### Company details

Name	Sport Danmark A/S
Address, zip 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 Friis, COO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, DK-2000 Frederiksberg

## Management's review

### Financial highlights

	2016	2015	2014	2013	2012 (6 mths)
<b>Key figures (DKK'000)</b>					
Revenue	801,098	665,472	778,529	741,309	457,724
Gross profit	62,295	58,519	48,269	47,594	27,779
Operating profit/loss before depreciation and amortisation (EBITDA)	8,103	10,622	1,496	4,687	2,935
Operating profit/loss before special items, depreciation and amortisation (Adjusted EBITDA)	8,248	12,041	3,706	11,396	9,077
Operating profit/loss before special items	-33	1,945	-1,731	8,068	7,813
Operating profit/loss	-178	526	-3,941	1,359	1,671
Profit/loss from financial income and expenses	753	430	-434	2,697	-5,026
Profit/loss for the year	2,104	106	-3,427	2,936	-2,809
<b>Balance sheet</b>					
Total assets	245,039	200,623	208,496	142,550	115,625
Investment in property, plant and equipment	2,653	2,518	233	1,647	1,434
Equity	49,769	47,665	47,559	50,986	48,050
<b>Financial ratios (%)</b>					
Gross margin	7.8	8.8	6.2	6.4	6.1
Operating margin	0.0	0.1	-0.5	0.2	0.4
Solvency ratio	20.3	23.8	22.8	35.8	41.6
Return on equity	4.3	0.2	-7.0	5.9	-5.8
<b>Other figures</b>					
FTE (employees)	80	72	75	67	52

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.



## Management's review

### Operating review

#### Primary activities

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

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.

#### Development in activities and finances

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.

Revenue for 2016 was DKK 801.1 million (2015: DKK 665.5 million). Gross profit was DKK 62.3 million (2015: DKK 58.5 million). Operating profit before depreciation and amortisation (EBITDA) was DKK 8.1 million (2015: DKK 10.6 million), whereas operating profit (EBIT) was negative by DKK 0.2 million (2015: positive by DKK 0.5 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 2016 was DKK 8.3 million (2015: DKK 12.0 million).

The Company's profit for the year was DKK 2.1 million (2015: DKK 0.1 million).

#### Outlook

SPORTMASTER expects that the market will stay competitive in 2017. We expect to continuously invest in the market and our platforms.

#### Risk management

Sport Danmark A/S considers risk management an essential and natural element 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.

#### Corporate Social Responsibility

The Company follows Sport Nordic Holding ApS' group policies. Sport Nordic Holding ApS works with specific objectives in a number of relevant areas, but a policy on corporate social responsibility, human rights, environment and climate was not adopted in 2016.



## Management's review

### Operating review (continued)

The Group has in 2017 adopted a CSR policy covering the following areas:

- Anticorruption and competition
- Labour standards and Human rights

The policies will in 2017 be rolled out to the employees and manufacturers of the private label products for the Group.

### Goals and policies for the underrepresented gender

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 2016.

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 2016. 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

No events have occurred after the balance sheet date to this date which would significantly influence the evaluation of this annual report.

## Financial statements for the period 1 January – 31 December

### Income statement

Note	DKK'000	2016	2015
	Revenue	801,098	665,472
	Cost of goods sold	-783,230	-643,400
	Other operating income	94,916	87,416
	Other external costs	-50,489	-50,969
	Gross profit	62,295	58,519
2	Staff costs	-54,192	-47,897
	Depreciation and amortisation	-8,281	-10,096
	Operating profit/loss	-178	526
3	Financial income	802	758
4	Financial expenses	-49	-328
	Profit/loss before tax	575	956
5	Tax on profit/loss for the year	1,529	-850
	Profit/loss for the year	2,104	106

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Other intangible assets	8,418	12,243
	Other intangible assets in progress	3,523	0
		<u>11,941</u>	<u>12,243</u>
7	Property, plant and equipment		
	Plant and equipment	4,409	3,456
	Leasehold improvements	25	0
		<u>4,434</u>	<u>3,456</u>
	Other non-current assets		
	Deposits	569	569
		<u>569</u>	<u>569</u>
	Total non-current assets	<u>16,944</u>	<u>16,268</u>
	Current assets		
	Inventories		
	Goods for resale	85,385	79,657
		<u>85,385</u>	<u>79,657</u>
	Receivables		
	Trade receivables	3,341	4,029
	Amounts owed by group companies	123,225	80,652
	Other receivables	12,526	17,394
	Corporation tax	0	96
	Prepayments	2,949	2,527
		<u>142,041</u>	<u>104,698</u>
	Cash at bank and in hand	669	0
	Total current assets	<u>228,095</u>	<u>184,355</u>
	TOTAL ASSETS	<u>245,039</u>	<u>200,623</u>

## Financial statements for the period 1 January – 31 December

### Balance sheet

Note	DKK'000	2016	2015
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
8	Share capital	15,100	15,100
	Retained earnings	34,669	32,565
	<b>Total equity</b>	<b>49,769</b>	<b>47,665</b>
	Liabilities		
	Current liabilities		
	Prepayments from customers	6,461	8,184
	Trade payables	140,317	132,144
	Amounts owed to group companies	35,199	915
	Corporation tax	409	0
9	Deferred tax	1,016	1,554
10	Other payables	11,868	10,161
		195,270	152,958
	<b>Total liabilities</b>	<b>195,270</b>	<b>152,958</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>245,039</b>	<b>200,623</b>
11	Contractual obligations and contingencies, etc.		
12	Related party disclosures		

## Financial statements for the period 1 January – 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2015	15,100	32,459	47,559
13	Transferred, see "Appropriation of profit/loss"	0	106	106
	Equity at 1 January 2016	15,100	32,565	47,665
13	Transferred, see "Appropriation of profit/loss"	0	2,104	2,104
	Equity at 31 December 2016	15,100	34,669	49,769

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Sport Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies that annual reassessment of residual values and depreciation period of property, plant and equipment and intangible assets should be made. The Company has no significant residual values. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes do not affect the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

No cash flow statement has been prepared as the cash flows of Sport Danmark A/S are included in the cash flow statement of Sport Nordic Holding ApS.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest 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 net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### 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 costs

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

#### Staff costs

Staff costs comprise wages, salaries, pensions and other staff costs.



## Financial statements for the period 1 January – 31 December

## Notes to the financial statements

## 1 Accounting policies (continued)

## 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 on profit/loss for the year

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.

## Balance sheet

## Intangible assets

*Other intangible assets*

Other intangible assets, which comprise IT software, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over 3 years.

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Plant and equipment	3-5 years
Leasehold improvements	3-10 years

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for 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.

#### 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.

Write-down 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.

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

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Equity

##### *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.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

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.

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.

##### 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.

##### Liabilities other than provisions

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.

##### Segment information

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

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

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

### Notes to the financial statements

DKK'000	2016	2015
2 Staff costs		
Wages and salaries	50,254	43,946
Pensions	3,256	3,003
Other social security costs	682	948
	<u>54,192</u>	<u>47,897</u>
Average number of full-time employees	<u>80</u>	<u>72</u>

Remuneration to the Executive Board of DKK 8,366 thousand (2015: DKK 7,760 thousand) and remuneration to the Board of Directors of DKK 980 thousand (2015: DKK 963 thousand) are included in staff costs.

DKK'000	2016	2015
3 Financial income		
Gains on foreign exchange contracts and foreign exchange gain	639	758
Other financial income	163	0
	<u>802</u>	<u>758</u>
4 Financial expenses		
Interest expense to group companies	0	199
Other interest expense	38	129
Loss on foreign exchange contracts and foreign exchange losses	11	0
	<u>49</u>	<u>328</u>

# Financial statements for the period 1 January – 31 December

## Notes to the financial statements

DKK'000	2016	2015
5 Tax on the profit/loss for the year		
Joint taxation contribution	-409	96
Adjustment of deferred tax	315	-321
Adjustment of current tax regarding prior years	1,400	-587
Adjustment of deferred tax regarding prior years	223	-38
	<u>1,529</u>	<u>-850</u>

## 6 Intangible assets

DKK'000	Other intangible assets	Other intangible assets in progress	Total
Cost at 1 January 2016	28,385	0	28,385
Additions	2,781	3,523	6,304
Cost at 31 December 2016	<u>31,166</u>	<u>3,523</u>	<u>34,689</u>
Impairment losses and amortisation at 1 January 2016	16,142	0	16,142
Amortisation	6,606	0	6,606
Impairment losses and amortisation at 31 December 2016	<u>22,748</u>	<u>0</u>	<u>22,748</u>
Carrying amount at 31 December 2016	<u>8,418</u>	<u>3,523</u>	<u>11,941</u>
Amortised over	<u>3 years</u>		

## 7 Property, plant and equipment

DKK'000	Plant and equipment	Leasehold improve- ments	Total
Cost at 1 January 2016	11,650	671	12,321
Additions	2,624	29	2,653
Cost at 31 December 2016	<u>14,274</u>	<u>700</u>	<u>14,974</u>
Impairment losses and depreciation at 1 January 2016	8,194	671	8,865
Depreciation	1,671	4	1,675
Impairment losses and depreciation at 31 December 2016	<u>9,865</u>	<u>675</u>	<u>10,540</u>
Carrying amount at 31 December 2016	<u>4,409</u>	<u>25</u>	<u>4,434</u>
Depreciated over	<u>3-5 years</u>	<u>3-10 years</u>	

## 8 Share capital

The share capital comprises 15,100 shares of DKK 1,000 each. The share capital has remained unchanged for the past five years.



## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

DKK'000	2016	2015
9 Deferred tax		
Deferred tax at the beginning of the period	1,554	1,195
Adjustment regarding prior years	-223	38
Adjustment of deferred tax	-315	321
Deferred tax assets at 31 December	1,016	1,554
Deferred tax assets and liabilities relates to:		
Intangible assets	2,420	2,591
Property, plant and equipment	-1,404	-1,037
	1,016	1,554
10 Other payables		
Holiday pay obligations and salary related liabilities	8,412	6,568
Other liabilities	3,456	3,593
	11,868	10,161

### 11 Contractual obligations and contingencies, etc.

#### Contingent assets and 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 2016, 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's assets, including inventories, are provided as security for bank loans in group companies.

The Company has provided a guarantee for loans totaling DKK 148,494 thousand raised in group companies.

#### Operating lease obligations

The Company has entered into operating leases with an annual lease payment of DKK 2,572 thousand (2015: DKK 2,127 thousand). The total nominal residual lease payment amounts to DKK 5,569 thousand (2015: DKK 4,742 thousand).



## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 12 Related party disclosures

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

##### Parties exercising control

SDK Sport II ApS, Denmark, which controls the Company.

##### Other related parties

The member of the Executive Board and the members of the Board of Directors.

The Sport Nordic Holding ApS Group companies: Sport Nordic Holding ApS and SDK Sport I ApS.

The financial statements are included in the consolidated financial statements for Sport Nordic Holding ApS, Baltorpbakken 5, 2750 Ballerup, Denmark.

##### Related party transactions

During 2016, Sport Danmark A/S engaged in the below related parties transactions:

DKK'000	2016
Sale of goods and services to group companies	797,314
Management fee income from group companies	94,916
Receivables from group companies	123,225
Payables to group companies	-35,199

Remuneration of the Executive Board and Board of Directors is disclosed in note 2.

DKK'000	2016	2015
13 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Transferred to reserves under equity	2,104	106