

**Sports Connection ApS**  
**Kvaglundvej 89, 6705 Esbjerg Ø**

---

**Annual report**

**2018**

---

**Company reg. no. 18 13 38 81**

The annual report was submitted and approved by the general meeting on the 7 May 2019.



---

Peter Jørgensen  
Chairman of the meeting

## Contents

---

Page

**Reports**

- 1 Management's report  
2 Independent auditor's report

**Management's review**

- 5 Company data  
6 Financial highlights  
7 Management's review

**Annual accounts 1 January - 31 December 2018**

- 8 Accounting policies used  
14 Profit and loss account  
15 Balance sheet  
17 Cash flow statement  
18 Notes

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## **Management's report**

---

The board of directors and the managing director have today presented the annual report of Sports Connection ApS for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Esbjerg Ø, 7 May 2019

### **Managing Director**

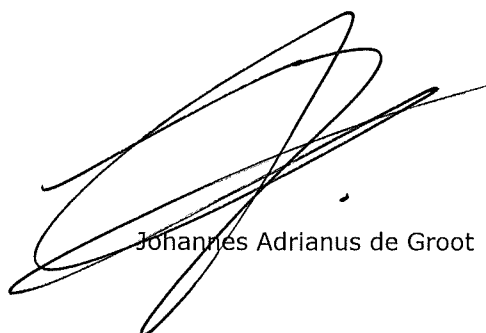


Peter Jørgensen

### **Board of directors**



Peter Jørgensen



Johannes Adrianus de Groot

## Independent auditor's report

---

### To the shareholders of Sports Connection ApS

#### Opinion

We have audited the annual accounts of Sports Connection ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the annual accounts

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

## Independent auditor's report

---

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## **Independent auditor's report**

---

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

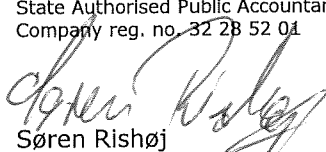
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Esbjerg, 7 May 2019

### **Martinsen**

State Authorised Public Accountants  
Company reg. no. 32 28 52 01



Søren Rishøj  
State Authorised Public Accountant  
mne19733

## Company data

---

### The company

Sports Connection ApS  
Kvaglundvej 89  
6705 Esbjerg Ø

Phone +4575101980  
Fax +4575101981  
Web site [www.sportsconnection.dk](http://www.sportsconnection.dk)

Company reg. no. 18 13 38 81  
Established: 25 October 1994  
Domicile: Esbjerg  
Financial year: 1 January - 31 December

### Board of directors

Peter Jørgensen, Langsigparken 10, 6740 Bramming  
Johannes Adrianus de Groot, Eendekooi 16, 5151RL Drunen, Holland

### Managing Director

Peter Jørgensen, Langsigparken 10, 6740 Bramming

### Auditors

Martinsen  
Statsautoriseret Revisionspartnerselskab  
Edison Park 4  
6715 Esbjerg N

### Parent company

Sports Connection Holding ApS

## Financial highlights

---

DKK in thousands.	2018	2017	2016	2015	2014
<b>Profit and loss account:</b>					
Gross profit	55.255	52.673	41.715	26.793	10.398
Results from operating activities	37.458	39.184	28.059	16.587	3.751
Net financials	3.268	-6.640	4.152	-206	72
Results for the year	31.741	25.323	25.367	12.461	3.357
<b>Balance sheet:</b>					
Balance sheet sum	91.737	83.269	61.694	40.556	20.291
Investments in tangible fixed assets represent	3.349	944	290	0	0
Equity	53.620	37.926	37.603	17.936	11.692
<b>Cash flow:</b>					
Operating activities	42.062	4.057	7.834	5.581	3.553
Investment activities	-3.835	-928	-290	-53	-164
Financing activities	-19.000	-25.000	-5.700	-6.217	-1.000
Cash flow in total	19.226	-21.871	1.844	-689	2.389
<b>Employees:</b>					
Average number of full time employees	33	24	20	16	9
<b>Key figures in %:</b>					
Acid test ratio	234,6	181,1	253,5	175,7	224,8
Solvency ratio	58,4	45,5	61,0	44,2	57,6
Return on equity	69,3	67,1	91,3	84,1	31,9

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.



## **Management's review**

---

### **The principal activities of the company**

Like previous years, the principal activities are wholesale trading of shoes and related activities.

### **Development in activities and financial matters**

The gross profit for the year is DKK 55.255.000 against DKK 52.673.000 last year. The results from ordinary activities after tax are DKK 31.741.000 against DKK 25.323.000 last year. The management consider the results satisfactory.

### **Special risks**

The management asses that the company is not affected to special risks besides normally expectet risk in the industry.

The company trades abroad and has a risk of exchange rate fluctuations. This risk is secured by hedging future trancations.

### **Environmental issues**

There are no specific issues to mention in the management's review.

### **Know how resources**

There are no specific issues to mention in the management's review.

### **Research and development activities**

There are no specific issues to mention in the management's review.

### **The expected development**

The management expect a continue development in the coming year.

### **Events subsequent to the financial year**

No events have occurred subsequent to the balance sheet date, wich would have material impact on the financial position of the company.

## Accounting policies used

---

The annual report for Sports Connection ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

### Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future cash flows are recognised in the equity and respectively under amounts owed or other debt.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

As regards any derived financial instruments which do not meet the criteria for being treated as hedging instruments, changes in the fair value are recognised currently in the profit and loss account.

## Accounting policies used

---

### The profit and loss account

#### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

#### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

#### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of tangible fixed assets.

#### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

#### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## Accounting policies used

---

### The balance sheet

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

#### **Leasing contracts**

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

#### **Financial fixed assets**

##### **Deposits**

Deposits are measured at amortised cost and represent rent deposits.

##### **Inventories**

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

## Accounting policies used

---

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

### Available funds

Available funds comprise cash at bank and in hand.

### Equity

#### Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Sports Connection ApS is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

## Accounting policies used

---

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### Other provisions

Provisions comprise expected costs for guarantee liabilities. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

### Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

## The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

### Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

### Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

### Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

## **Accounting policies used**

---

### **Available funds**

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

## Profit and loss account 1 January - 31 December

---

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Gross profit</b>	<b>55.254.913</b>	<b>52.672.708</b>
1 Staff costs	-17.349.353	-13.104.087
Depreciation and writedown relating to tangible fixed assets	-447.341	-384.724
<b>Operating profit</b>	<b>37.458.219</b>	<b>39.183.897</b>
2 Other financial income	3.871.554	257.991
Other financial costs	-603.427	-6.897.553
<b>Results before tax</b>	<b>40.726.346</b>	<b>32.544.335</b>
3 Tax on ordinary results	-8.985.478	-7.221.354
<b>4 Results for the year</b>	<b>31.740.868</b>	<b>25.322.981</b>



**Balance sheet 31 December**

---

All amounts in DKK.

<b>Assets</b>		<u>2018</u>	<u>2017</u>
<u>Note</u>			
<b>Fixed assets</b>			
5	Other plants, operating assets, and fixtures and furniture	3.908.584	1.006.819
	Tangible fixed assets in total	<u>3.908.584</u>	<u>1.006.819</u>
6	Deposits	650.009	163.622
	Financial fixed assets in total	<u>650.009</u>	<u>163.622</u>
	<b>Fixed assets in total</b>	<b><u>4.558.593</u></b>	<b><u>1.170.441</u></b>
<b>Current assets</b>			
	Manufactured goods and trade goods	56.498.418	43.429.577
	Prepayments for goods	74.586	0
	Inventories in total	<u>56.573.004</u>	<u>43.429.577</u>
	Trade debtors	7.885.406	14.028.109
	Amounts owed by group enterprises	10.358.306	22.123.875
	Deferred tax assets	0	11.000
	Other debtors	3.808.531	235.948
7	Accrued income and deferred expenses	760.666	802.827
	Debtors in total	<u>22.812.909</u>	<u>37.201.759</u>
	Available funds	7.792.426	1.466.754
	<b>Current assets in total</b>	<b><u>87.178.339</u></b>	<b><u>82.098.090</u></b>
	<b>Assets in total</b>	<b><u>91.736.932</u></b>	<b><u>83.268.531</u></b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Equity and liabilities</b>	2018	2017
Note	<u>                    </u>	<u>                    </u>
<b>Equity</b>		
8 Contributed capital	400.004	400.004
9 Reserves for hedging instruments	2.953.075	0
10 Results brought forward	19.566.865	18.525.997
11 Proposed dividend for the financial year	30.700.000	19.000.000
<b>Equity in total</b>	<b><u>53.619.944</u></b>	<b><u>37.926.001</u></b>
<b>Provisions</b>		
12 Provisions for deferred tax	90.000	0
13 Other provisions	866.000	0
<b>Provisions in total</b>	<b><u>956.000</u></b>	<b><u>0</u></b>
<b>Liabilities</b>		
Bank debts	5.252.108	18.152.592
Trade creditors	19.638.927	13.610.832
Debt to group enterprises	1.359.894	124.704
14 Tax payables to group enterprises	7.926.896	7.052.254
Other debts	2.983.163	6.402.148
Short-term liabilities in total	<u>37.160.988</u>	<u>45.342.530</u>
<b>Liabilities in total</b>	<b><u>37.160.988</u></b>	<b><u>45.342.530</u></b>
<b>Equity and liabilities in total</b>	<b><u>91.736.932</u></b>	<b><u>83.268.531</u></b>
<b>15 Mortgage and securities</b>		
<b>16 Contingencies</b>		
<b>17 Related parties</b>		

## Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Results for the year	31.740.868	25.322.981
18 Adjustments	6.164.692	14.245.638
19 Change in working capital	5.944.723	-22.015.769
Cash flow from operating activities before net financials	43.850.283	17.552.850
Interest received and similar amounts	7.657.547	257.990
Interest paid and similar amounts	-603.427	-6.897.553
Cash flow from ordinary activities	50.904.403	10.913.287
Corporate tax paid	-8.842.754	-6.856.146
<b>Cash flow from operating activities</b>	<b>42.061.649</b>	<b>4.057.141</b>
Purchase of tangible fixed assets	-3.349.106	-944.335
Sale of tangible fixed assets	0	56.000
Purchase of financial fixed assets	-544.250	-39.841
Sale of financial fixed assets	57.863	0
<b>Cash flow from investment activities</b>	<b>-3.835.493</b>	<b>-928.176</b>
Dividend paid	-19.000.000	-25.000.000
<b>Cash flow from financing activities</b>	<b>-19.000.000</b>	<b>-25.000.000</b>
<b>Changes in available funds</b>	<b>19.226.156</b>	<b>-21.871.035</b>
Available funds opening balance	-16.685.838	5.185.197
<b>Available funds closing balance</b>	<b>2.540.318</b>	<b>-16.685.838</b>
<b>Available funds</b>		
Available funds	7.792.426	1.466.754
Short-term bank debts	-5.252.108	-18.152.592
<b>Available funds closing balance</b>	<b>2.540.318</b>	<b>-16.685.838</b>

**Notes**

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
<b>1. Staff costs</b>		
Salaries and wages	14.901.539	11.410.656
Pension costs	1.898.546	1.098.120
Other costs for social security	438.106	528.783
Other staff costs	111.162	66.528
	<b><u>17.349.353</u></b>	<b><u>13.104.087</u></b>
Average number of employees	<u>33</u>	<u>24</u>
<b>2. Other financial income</b>		
Interest, banks	0	765
Interest, trade debtors	0	4.356
Exchange differences	904.211	221.893
Value change of derivative financial instruments, primo	2.967.343	0
Other financial income from group enterprise	0	30.977
	<b><u>3.871.554</u></b>	<b><u>257.991</u></b>
<b>3. Tax on ordinary results</b>		
Tax of the results for the year	8.884.478	7.052.254
Adjustment for the year of deferred tax	101.000	169.100
	<b><u>8.985.478</u></b>	<b><u>7.221.354</u></b>
<b>4. Proposed distribution of the results</b>		
Dividend for the financial year	30.700.000	19.000.000
Allocated to results brought forward	1.040.868	6.322.981
<b>Distribution in total</b>	<b><u>31.740.868</u></b>	<b><u>25.322.981</u></b>

## Notes

---

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>5. Other plants, operating assets, and fixtures and furniture</b>		
Cost opening balance	3.441.691	2.665.986
Additions during the year	3.349.106	944.335
Disposals during the year	<u>-1.989.373</u>	<u>-168.630</u>
<b>Cost closing balance</b>	<b><u>4.801.424</u></b>	<b><u>3.441.691</u></b>
Depreciation and writedown opening balance	-2.434.872	-2.162.779
Depreciation and writedown for the year	-447.341	-379.444
Depreciation and writedown, assets disposed of	<u>1.989.373</u>	<u>107.351</u>
<b>Depreciation and writedown closing balance</b>	<b><u>-892.840</u></b>	<b><u>-2.434.872</u></b>
<b>Book value closing balance</b>	<b><u>3.908.584</u></b>	<b><u>1.006.819</u></b>
<b>6. Deposits</b>		
Cost opening balance	163.622	123.781
Additions during the year	544.250	70.013
Disposals during the year	<u>-57.863</u>	<u>-30.172</u>
<b>Cost closing balance</b>	<b><u>650.009</u></b>	<b><u>163.622</u></b>
<b>Book value closing balance</b>	<b><u>650.009</u></b>	<b><u>163.622</u></b>

**Notes**

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>7. Accrued income and deferred expenses</b>		
Prepaid interest	36.946	34.139
Prepaid insurance	344.765	68.681
Prepaid natural gas	266.624	638.151
Prepaid rent	62.217	61.856
Other prepayments/deferred income	50.114	0
	<u><b>760.666</b></u>	<u><b>802.827</b></u>
<b>8. Contributed capital</b>		
Contributed capital opening balance	400.004	400.004
	<u><b>400.004</b></u>	<u><b>400.004</b></u>
<b>9. Reserves for hedging instruments</b>		
Change in value, hedging instruments	3.785.993	0
Tax of change in value, hedging instruments	-832.918	0
	<u><b>2.953.075</b></u>	<u><b>0</b></u>
Hedging instruments 31/12 2018:		
Currency: USD		
Purchase ('000) in USD: 18.700		
Fair value ('000) in DKK: 121.926		
Maturity year: 2019		
<b>10. Results brought forward</b>		
Results brought forward opening balance	18.525.997	12.203.016
Profit or loss for the year brought forward	1.040.868	6.322.981
	<u><b>19.566.865</b></u>	<u><b>18.525.997</b></u>

## Notes

---

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>11. Proposed dividend for the financial year</b>		
Dividend opening balance	19.000.000	25.000.000
Distributed dividend	-19.000.000	-25.000.000
Dividend for the financial year	<u>30.700.000</u>	<u>19.000.000</u>
	<b><u>30.700.000</u></b>	<b><u>19.000.000</u></b>
<b>12. Provisions for deferred tax</b>		
Provisions for deferred tax opening balance	-11.000	-180.100
Deferred tax of the results for the year	<u>101.000</u>	<u>169.100</u>
	<b><u>90.000</u></b>	<b><u>-11.000</u></b>
<b>13. Other provisions</b>		
Change of the year in other provisions	<u>866.000</u>	<u>0</u>
	<b><u>866.000</u></b>	<b><u>0</u></b>
Provisions relating to repurchasing guarantees for parts of the inventory in Skechers Retail stores.		
<b>14. Tax payables to group enterprises</b>		
Corporate tax 1. January 2018	7.052.254	6.856.146
Paid income tax concerning last year	-7.052.754	-6.856.146
Calculates corporate tax for the present year	9.717.396	7.052.254
Paid tax an account for the present Year	<u>-1.790.000</u>	<u>0</u>
	<b><u>7.926.896</u></b>	<b><u>7.052.254</u></b>

## Notes

---

All amounts in DKK.

### 15. Mortgage and securities

For bank debts, DKK ('000) 5.252, the company has provided security in company assets representing a nominal value of DKK ('000) 13.000. This security comprises the below assets, stating the book values:

Inventories	DKK ('000) 56.573
Receivable from sales and services	DKK ('000) 7.885
Fixtures, operating assets and furniture	DKK ('000) 3.909
Intellectual property rights	DKK ('000) 0

### 16. Contingencies

#### Contingent liabilities

##### Leasing liabilities

The company has entered operational leasing contracts with an average annual leasing payment of DKK ('000) 1.100. The leasing contracts have between 5 and 34 months left to run, and the total outstanding leasing payment is DKK ('000) 1.859.

The company has entered rental agreements with an annual rent of approx DKK ('000) 1.200. The rental agreement is non-cancellable until 01.10.2023 after which there is a notice period of 3 months. The rent obligation thus amounts to DKK ('000) 5.550.

##### Warranty commitments and other contingent liabilities

Total letter of credit guarantees amounts to DKK ('000) 8.938.

#### Joint taxation

Jørgensen Holding ApS being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.



## Notes

---

All amounts in DKK.

### 16. Contingencies (continued)

#### Joint taxation (continued)

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

### 17. Related parties

#### Controlling interest

Jørgensen Holding ApS  
Kvaglundvej 89  
6705 Esbjerg Ø  
Danmark

Majority shareholder

Sports Connection Holding ApS  
Kvaglundvej 89  
6705 Esbjerg Ø  
Danmark

Majority shareholder

#### Transactions

During the financial year, Sports Connection ApS had trade with group enterprises in terms of sales of goods and services benefits in total DKK ('000) 110.888. The transactions are sold at fair value. Amounts owed to group enterprises and debt to group enterprises is shown in the balance sheet.

#### Consolidated annual accounts

The company is included in the consolidated annual accounts of Sports Connection Holding ApS (Kvaglundvej 89, 6705 Esbjerg Ø, Danmark) and Jørgensen Holding ApS (Kvaglundvej 89, 6705 Esbjerg Ø, Danmark).

	2018	2017
<b>18. Adjustments</b>		
Depreciation and amortisation	447.341	384.722
Other financial income	-3.871.554	-257.991
Other financial costs	603.427	6.897.553
Tax on ordinary results	8.985.478	7.221.354
	<b>6.164.692</b>	<b>14.245.638</b>

**Notes**

---

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
<b>19. Change in working capital</b>		
Change in inventories	-13.143.427	-13.596.104
Change in debtors	14.377.850	-11.322.333
Change in trade creditors and other liabilities	<u>4.710.300</u>	<u>2.902.668</u>
	<b><u>5.944.723</u></b>	<b><u>-22.015.769</u></b>