

United Company ApS

Vassingerodvej 147, 3540 Lyngø

CVR no. 32 28 99 16



Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

A handwritten signature in black ink, appearing to be 'V. Jørgensen', written over a horizontal dotted line.



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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of United Company ApS for the financial year 1 January - 31 December 2016.

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

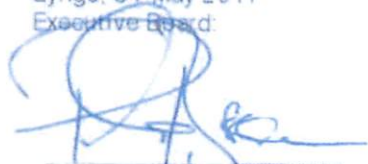
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

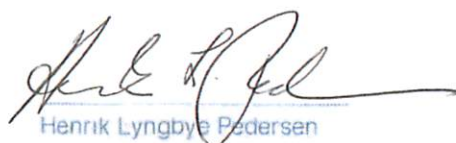
We recommend that the annual report be approved at the annual general meeting.

Lynge, 31 May 2017

Executive Board:



Peter Stefan Bengt Bixe



Henrik Lyngbye Pedersen

Independent auditor's report

To the shareholder of United Company ApS

Opinion

We have audited the financial statements of United Company ApS for the financial year 1 January - 31 December 2016, which comprise an 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 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 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 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. 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 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 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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 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 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, 31 May 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Peter Gath

State Authorised Public Accountant



Management's review

Company details

Name
Address, Postal code, City

United Company ApS
Vassingerodvej 147, 3540 Lyngø

CVR no.
Registered office
Financial year

32 28 99 16
Allerød
1 January - 31 December

Executive Board

Peter Stefan Bengt Bixø
Henrik Lyngbye Pedersen

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg,
Denmark

Management's review

Management commentary

Business review

The principal activity of the Company is wholesale of leisure and sportswear as well as sports equipment and related activities.

In 2017 the Company has planned to divide the Company's current activities into two separate legal entities.

Financial review

The loss for the year amounts to DKK 4,975 thousand which is considered unsatisfying.

The Company has completed its discussions with Bregnerod Investeringselskab ApS and has obtained a commitment for the necessary financing of the operations up to and including 31 December 2017. In 2017, the financing and equity base will be sufficient for the Company to meet its liabilities for a period of at least 12 months after the presentation of the annual report.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Management expects that the Company will also realise a loss in 2017, but that the continued growth in activity will enable the achievement of positive earnings over the next few years.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Revenue	23,700	17,585
	Cost of sales	-19,527	-13,950
	Other external expenses	-3,200	-2,742
	Gross margin	973	893
3	Staff costs	-5,068	-4,709
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-225	-211
	Profit/loss before net financials	-4,320	-4,027
4	Financial income	0	75
5	Financial expenses	-655	-527
	Profit/loss before tax	-4,975	-4,479
	Tax for the year	0	782
	Profit/loss for the year	-4,975	-3,697
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-4,975	-3,697
		-4,975	-3,697

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	4,066	48
		4,066	48
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	487	573
	Leasehold improvements	8	58
		495	631
	Investments		
	Deposits	90	90
		90	90
	Total fixed assets	4,651	769
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	11,613	11,522
		11,613	11,522
	Receivables		
	Trade receivables	3,858	2,195
	Other receivables	17	64
		3,875	2,259
	Cash	1,979	687
	Total non-fixed assets	17,467	14,468
	TOTAL ASSETS	22,118	15,237

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	100	100
	Retained earnings	4,004	979
	Total equity	4,104	1,079
	Liabilities		
	Non-current liabilities other than provisions		
	Trade payables	2,084	0
	Payables to group entities	10,003	10,893
		12,087	10,893
	Current liabilities		
	Trade payables	3,883	1,686
	Payables to group entities	69	21
	Other payables	1,975	1,558
		5,927	3,265
	Total liabilities other than provisions	18,014	14,158
	TOTAL EQUITY AND LIABILITIES	22,118	15,237

- 1 Accounting policies
- 2 Capital resources
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	100	-324	-224
Capital increase	0	5,000	5,000
Transfer through appropriation of loss	0	-3,697	-3,697
Equity at 1 January 2016	100	979	1,079
Capital increase	0	8,000	8,000
Transfer through appropriation of loss	0	-4,975	-4,975
Equity at 31 December 2016	100	4,004	4,104

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of United Company ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The Company has with effect from 1st January 2016 implemented law no. 738 of 1st June 2015 with changes to Danish Financial Statement Act. The implementation of this changing law has no monetary effect for the financial statement or the balance sheet in the annual report or comparatives. The annual report is thus submitted under the same accounting principles at last year

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 is measured at net value of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Cost of sales

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

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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.

Depreciation

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

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Balance sheet

Intangible assets

Other intangible assets include investment in software and acquired intangible rights. Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Scrapvalues for intangible assets are revised annually.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Scrapvalues for intangible assets are revised annually.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises 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 alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Capital resources

The company has completed its discussions with Bregnerod Investeringsselskab ApS and has obtained a commitment for the necessary financing of operations up to and including 31 December 2017. On this basis the financial statements has been prepared under the going concern assumption.

DKK'000	2016	2015
3 Staff costs		
Wages/salaries	4,726	4,337
Pensions	225	199
Other social security costs	74	74
Other staff costs	43	99
	<u>5,068</u>	<u>4,709</u>
Average number of full-time employees	<u>10</u>	<u>10</u>
4 Financial income		
Other financial income	0	75
	<u>0</u>	<u>75</u>
5 Financial expenses		
Interest expenses, group entities	459	395
Exchange adjustments	164	59
Other financial expenses	32	73
	<u>655</u>	<u>527</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2016	90
Additions in the year	4,036
Cost at 31 December 2016	4,126
Impairment losses and amortisation at 1 January 2016	42
Amortisation/depreciation in the year	18
Impairment losses and amortisation at 31 December 2016	60
Carrying amount at 31 December 2016	4,066

7 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	1,213	249	1,462
Additions in the year	71	0	71
Cost at 31 December 2016	1,284	249	1,533
Impairment losses and depreciation at 1 January 2016	640	191	831
Amortisation/depreciation in the year	157	50	207
Impairment losses and depreciation at 31 December 2016	797	241	1,038
Carrying amount at 31 December 2016	487	8	495

8 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2016	2015	2014	2013	2012
Opening balance	100	100	80	80	80
Capital increase	0	0	20	0	0
	100	100	100	80	80

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has no contractual obligations as of 31 December 2016

The Company is jointly taxed with its parent, Bregnerod Investeringselskab ApS, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2015 onwards as well as withholding taxes on interest, royalties and dividends.

10 Collateral

United Company has deposited DKK 325 thousand as a collateral against company credit card overdraft.

11 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Bregnerod Investeringselskab ApS	Strandgade 85, 4. 4., 1401 København K