Ironman Denmark ApS

Hannovergade 8, 2300 Copenhagen S, Denmark

CVR no. 32 30 12 66

Annual report 2017

Approved at the Company's annual general meeting on 5 July 2018

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Ironman Denmark ApS for the financial year 1 January - 31 December 2017.

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

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

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

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

Copenhagen, 5 July 2018
Executive Board:

Thomas Veje Olsen

Board of Directors:

Steven Louis Johnston

Shane M Facteau

Andrew Lawrence Messick

James Patrick Gramling

Independent auditor's report

To the shareholders of Ironman Denmark ApS

Opinion

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

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

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 5 July 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Jensen
State Authorised Public Accountant
MNE no.: mne33246

Management's review

Company details

Name	Ironman Denmark ApS
Address, Postal code, City	Hannovergade 8, 2300 Copenhagen S, Denmark
CVR no.	32 30 12 66
Established	10 April 2010
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	http://www.ironman.com/
Board of Directors	Steven Louis Johnston Shane M Facteau Andrew Lawrence Messick James Patrick Gramling
Executive Board	Thomas Veje Olsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Business review

IM Denmark ApS operates triathlon, duathlon, and distance running events under the IRONMAN, IRONMAN 70.3, 5i50™, IRON GIRL and IRONKIDS brands throughout Denmark. Beginning in 1978 as a challenge between a US naval commander and his group of friends, the IRONMAN has grown to become the most recognized full distance triathlon in the world.

Originally a combination of the Waikiki Rough Water Swim, the Around Oahu Bike Race, and the Honolulu Marathon, the IRONMAN® events consist of a 2.4-mile swim, a 112-mile bike ride, and a 26.2-mile run. IRONMAN 70.3® races are long-distance triathlons (half the distances of the IRONMAN® event). 5i50™ events are Olympic-distance triathlons. IRON GIRL® and IRONKIDS® events include triathlons, duathlons, or distance running events. The events are operated in Denmark by IRONMAN Denmark ApS. In addition to operating events, IRONMAN Denmark ApS is committed to growing the sport of triathlon through a comprehensive program of sponsorships, media sources, and other event production opportunities.

Financial review

The income statement for 2017 shows a loss of DKK 648,732 against a loss of DKK 6,452,027 last year, and the balance sheet at 31 December 2017 shows a negative equity of DKK 11,922,331.

18 November 2015, the IRONMAN group was acquired by Wanda Group, one of the leading Chinese private conglomerates.

The financial results for 2017 were expected to be better than the 2016 results, and after a longer period of integration into the group the economic benefits of the integration have improved. The 2018 results are expected to be positive as IRONMAN Denmark ApS is planning to benefit from its key investments performed in 2016 and 2017.

IRONMAN Denmark ApS has lost it's equity. Management expects to recover the lost equity through positive results going forward. Reference is made to note 2 for more details.

Events after the balance sheet date

No significant events have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	3,590,459	-2,159,923
3	Staff costs	-4,558,983	-3,486,741
4	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-299,277	-307,049
5	Other operating expenses	-5,579	0
	Profit/loss before net financials	-1,273,380	-5,953,713
6	Financial income	774,781	0
7	Financial expenses	-150,133	-498,314
	Profit/loss before tax	-648,732	-6,452,027
	Tax for the year	0	0
	Profit/loss for the year	-648,732	-6,452,027
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-648,732	-6,452,027
		-648,732	-6,452,027

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Fixed assets		
8	Intangible assets		
	Acquired intangible assets	104,507	120,850
		104,507	120,850
9	Property, plant and equipment		
	Plant and machinery	346,803	382,002
	Other fixtures and fittings, tools and equipment	61,657	75,454
	Leasehold improvements	0	0
		408,460	457,456
	Investments		
	Other receivables	56,403	56,403
		56,403	56,403
	Total fixed assets	569,370	634,709
	Non-fixed assets		
	Receivables		
	Trade receivables	1,230,982	668,800
	Receivables from group entities	14,951,379	15,467,788
	Prepayments	113,410	92,335
		16,295,771	16,228,923
	Cash	3,034,578	2,470,752
	Total non-fixed assets	19,330,349	18,699,675
	TOTAL ASSETS	19,899,719	19,334,384
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	80,000	80,000
	Retained earnings	-12,002,331	-11,353,599
	Total equity	-11,922,331	-11,273,599
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	9,735,613	11,914,109
	Trade payables	847,939	1,160,341
	Payables to group entities	18,919,833	15,642,600
	Other payables	2,318,665	1,890,933
		31,822,050	30,607,983
	Total liabilities other than provisions	31,822,050	30,607,983
	TOTAL EQUITY AND LIABILITIES	19,899,719	19,334,384

1 Accounting policies
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Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2017	80,000	-11,353,599	-11,273,599
Transfer through appropriation of loss	0	-648,732	-648,732
Equity at 31 December 2017	80,000	-12,002,331	-11,922,331

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Ironman Denmark ApS for 2017 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 accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

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

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 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

Income from the rendering of services, comprising registration fees for participation in sports events, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage-of-completion method).

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

Gross margin

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

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

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

Software	5 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3 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.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights, including software licences and distribution rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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.

Impairment of fixed assets

Intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment on an annual basis. Where there is evidence of impairment, each individual asset or group of assets generating independent cash flows is tested for impairment. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount). Where an impairment loss is recognised on a group of assets, a loss is first allocated to goodwill and then to the other assets on a pro rata basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. 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. in which case the carrying amount is reduced to the net realisable value.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is 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 comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 Going concern uncertainties

The Company has lost its equity and must, according to the Danish Companies Act, adopt measures to restore it. Management still expects to recover the lost equity through positive results going forward.

The Company's budget for 2018 shows a profit based on Management’s expectations of cost reductions compared to 2017 as the Company is now fully integrated in the Group.

Moreover, the parent company, World endurance BV, IRONMAN Germany GmbH and World Triathlon Corporation, have issued a letter of subordination agreeing to let all other creditors take precedence over payables to the parent company and entities fully controlled by the parent company until at least 26 June 2019.

In addition, we have received a letter of support stating that World Triathlon Corporation will support the Company financially when needed in order for the Company to fulfil its obligations as they fall due until at least 12 months after the approval by the annual general meeting of the financial statements for 2017.

Against this background, Management presents the financial statements based on a going concern assumption.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
3	Staff costs		
	Wages/salaries	4,085,305	3,377,660
	Pensions	79,107	20,570
	Other social security costs	12,571	42,082
	Other staff costs	382,000	46,429
		4,558,983	3,486,741
	Average number of full-time employees	9	6
4	Amortisation/depreciation of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	111,593	125,162
	Depreciation of property, plant and equipment	187,684	181,887
		299,277	307,049

5 Other operating expenses

Other operating expenses include losses on the sale of fixed assets.

		2017	2016
6	Financial income		
	Other financial income	774,781	0
		774,781	0
7	Financial expenses		
	Interest expenses, group entities	150,133	94,965
	Other financial expenses	0	403,349
		150,133	498,314

8 Intangible assets

DKK	Acquired intangible assets
Cost at 1 January 2017	519,208
Additions in the year	95,250
Cost at 31 December 2017	614,458
Impairment losses and amortisation at 1 January 2017	398,358
Amortisation/depreciation in the year	111,593
Impairment losses and amortisation at 31 December 2017	509,951
Carrying amount at 31 December 2017	104,507

Financial statements 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment

DKK	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	811,904	361,679	246,295	1,419,878
Additions in the year	104,727	39,540	0	144,267
Disposals in the year	-301,327	0	-166,669	-467,996
Cost at 31 December 2017	615,304	401,219	79,626	1,096,149
Impairment losses and depreciation at 1 January 2017	429,902	286,225	246,295	962,422
Amortisation/depreciation in the year	134,347	53,337	0	187,684
Reversal of amortisation/depreciation and impairment of disposals	-295,748	0	-166,669	-462,417
Impairment losses and depreciation at 31 December 2017	268,501	339,562	79,626	687,689
Carrying amount at 31 December 2017	346,803	61,657	0	408,460

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

Other contingent liabilities include the Company's debt to group entities of DKK 18,919,833. The debt subordinates for any other creditor until at least 26 June 2019.

Ironman Denmark has a lawsuit with Team Challenge Germany. The core issue is whether Ironman Denmark has breached the license agreement between YwC Sports ApS and Team Challenge. The lawsuit is still ongoing and the outcome is uncertain.

Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	132,789	124,631

Rent and lease liabilities include a rent obligation totalling DKK 132,789, which is equal to six months' rent.

11 Contingent assets

The Company has tax loss carry-forwards totalling DKK 11,380,745, resulting in a deferred tax asset. This has not been recognised in the balance sheet due to uncertainty as to the timing and utilisation of the tax losses.

Financial statements 1 January - 31 December

Notes to the financial statements

12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

13 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Wanda Group Co Ltd.	China	Company's webpage