Forward TopCo A/S

Kongens Nytorv 26, 2. sal, 1050 København K

CVR no. 36 69 98 84

Annual report 2016

Approved at the Company's annual general meeting on 31 May 2017

Chairman:

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Building a better
working world

Contents

Management's review

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

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Danish disclosure requirements applying to reporting class C large enterprises.

It is our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

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

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

Valby, 31 May 2017
Executive Board:

Steen Albrechtslund

Board of Directors:

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Jesper Bo Jørgensen	Henrik Bensimon Rossing	Sophie Caroline Bensimon Rossing

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Independent auditor's report

To the shareholders of Forward TopCo A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Forward TopCo A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 these consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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.

Copenhagen, 31 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard	Ole Becker
State Authorised	State Authorised
Public Accountant	Public Accountant

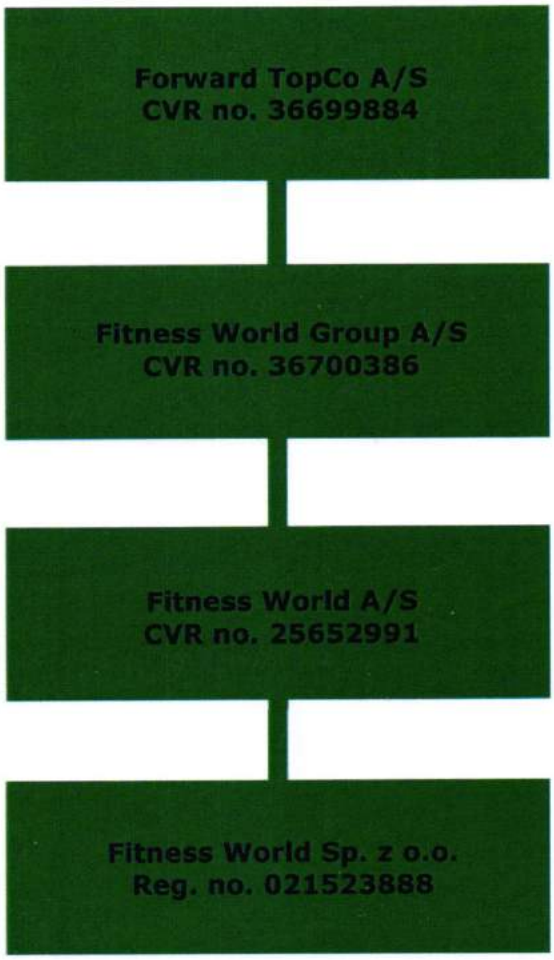
Management's review

Company details

Name	Forward TopCo A/S
Address, zip code, city	Kongens Nytorv 26, 2. sal, 1050 København K
CVR no.	36 69 98 84
Established	30 March 2015
Registered office	Copenhagen
Financial year	1 January - 31 December
Telephone	+45 88 88 76 00
Board of Directors	Thomas Broe-Andersen, Chairman Dag Weining Herseth Lee Kasper Sørensen Jesper Bo Jørgensen Henrik Bensimon Rossing Sophie Caroline Bensimon Rossing
Executive Board	Steen Albrechtslund
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, 2000 Frederiksberg

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2016 12 months	2016 12 months Proforma**)	2015 7 months*)
Key figures			
Revenue	1,102,649	1,050,915	611,283
Gross profit	502,552	470,391	262,538
EBITDA, normalised***)	229,387	218,484	114,341
Ordinary operating profit/loss	30,740	-	-27,794
Loss from financial income and expenses	-54,090	-	-30,338
Loss for the year	-21,447	-	-54,694
Total assets	1,838,813	-	1,997,993
Portion relating to investment in property, plant and equipment	84,639	-	86,453
Equity	698,188	-	723,129
Cash flows from operating activities	87,539	-	172,043
Cash flows from investing activities	-76,722	-	-1,384,146
Cash flows from financing activities	-69,773	-	1,322,938
Total cash flows	-58,956	-	110,835
Financial ratios			
Gross margin	45.5 %	44.8 %	43.1 %
Solvency ratio	38.0 %	-	36.2 %
Average number of full-time employees	867	-	898

*) Including seven-month operations
**) Proforma figures are based on consolidated Fitness World A/S for 2015 including cost in Fitness World Group A/S
***) Gross profit excluding employee expenses

The financial ratios have been prepared 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

Highlights

Revenue was DKK 1,102 million, against a proforma revenue of DKK 1,051 million in 2015, an increase of DKK 51 million or organic growth of 4.9%.

EBITDA came to DKK 229 million (equivalent to an EBITDA margin of 20.8%), against a proforma EBITDA of DKK 218.5 million (equivalent to an EBITDA margin of 20.8%) in 2015.

Cash flow from operating activities was DKK 88 million. Cash flow was negatively impacted by DKK 77 million due to a change in working capital. Free cash flow was DKK -59 million, against DKK 111 million in 2015.

NET DEBT was DKK 833 million at 31 December 2016 (equivalent to a debt gearing of 3.6), against DKK 829 million in 2015 (equivalent to a debt gearing of 3.8), an increase in debt of DKK 4 million.

EQUITY was DKK 698 million at 31 December 2016. Fitness World's equity decreased by DKK 25 million in 2016. The profit for the period decreased the equity by DKK 21 million.

In early 2016, Fitness World launched its new growth strategy, Fuel19, where we aim to cover our home market more efficiently while improving the member experience in a segmented approach.

In 2016, Fitness World rolled out Urban Gym in major cities in Denmark. Urban Gym has an entirely new facility proposition to ensure a competitive price point and groundbreaking interior design to create a unique member experience.

In Poland, Fitness World continued to adapt our brand and product to local market and consumer dynamics in 2016. At the same time, we recorded like-for-like growth of 150% on members.

We are satisfied with the development of our business and the overall result for 2016 which is inline with our expectation.

Key figures - 2016

- Revenue of DKK 1,102 million
- EBITDA of DKK 229 million
- Operating profit of DKK 31 million
- Cash flow of DKK 88 million
- Equity of DKK 698 million

Management's review

Letter from the CEO – Fitness World stays on growth track

In 2016, Fitness World strengthened its position as Denmark's preferred and most innovative fitness chain, delivering top-line growth of 5%.

Performance

Notably, we were able to maintain a high EBITDA margin of 20.8% in a year of significant investments in new clubs, a new fitness brand in Denmark and further penetration of the Polish market. The financial result is within our expectations and forms a solid platform for continued growth in the years to come.

New strategy

In early 2016, we launched our new growth strategy, Fuel19, where we aim to cover our home market more efficiently while improving the member experience in a segmented approach. We strived to consolidate and further build on our position in Denmark as a leading fitness retailer with brands, products and concepts that fully resonate with consumers and, at the same time, penetrate new, attractive markets with our compelling fitness solutions. As we transform from a single-brand to a multi-brand company, we wanted to make sure we created a strong solution in the budget segment – a segment we expect to outgrow the total market with healthy tail winds in the years to come. In 2016, we rolled out Urban Gym in major cities in Denmark. Urban Gym has an entirely new facility proposition to ensure a competitive price point and groundbreaking interior design to create a unique member experience.

2016 was also a year where we stepped up efforts to create the best possible team and structure to deliver on our ambitions to become the most professional fitness retailer with the strongest brands in the business. In 2016, we implemented a new market structure in Denmark to move closer to our local members and strengthened our senior management team without losing sight of market performance.

To further build our core brand, Fitness World, we launched a new creative platform, "Be good to yourself" ("Gør noget godt for dig selv"), in the second half of 2016. This new platform will reposition the Fitness World brand and our clubs as the ultimate space and playground to escape a hectic and stressful day-to-day life and indulge in building health, body and mind.

Poland

Our mission and ambition goes beyond our home market, and in Poland we continued to adapt our brand and product to local market and consumer dynamics in 2016. The ongoing calibration led to improved performance in our mature clubs in 2016, helping us to record like-for-like member growth of 150% vs. 2015 – a result that underlines our potential in Poland and proves that Fitness World can create a brand and product that the Polish consumer can buy into.

Outlook

In 2017, we will continue our work on building our position in the Danish market and shaping a tailored member experience for our various consumer segments in the best locations in Denmark. In addition to this, we will stay on track in Poland and accelerate our club roll-out under the Fitness World brand. The go-to-market approach will stay on course, with our philosophy of a sequential roll-out in the South West region and creating strong club clusters to utilise marketing and operational efficiencies.

I would like to thank our dedicated employees for their contribution to our great results in 2016. In addition, we appreciate the strong cooperation of our external suppliers and, last but not least, our loyal members for continuing to support our brands.

Kind regards,
Steen Albrechtslund
CEO

Management's review

Mission and strategy

Based on a strong home market position, Fitness World's goal is to be one of Europe's five largest fitness operators. We intend to attain this by providing as many people as possible with the opportunity to live a healthier life through fitness, at a price that is accessible to all.

Better health for all is our mission

Fitness World plays an integral part in improving the nation's health in Denmark. We are humble too and aware of our public health responsibility, with almost 500,000 members equalling more than 10% of the Danish population over the age of 15. With our 158 clubs in prime locations across Denmark, we have a strong market position.

Good health - for all is our reason for existing, and *for all* is a critical democratic component of our set of values and very descriptive of the way we see ourselves. We were created to enable as many people as possible from all social classes to live a healthier lifestyle through fitness training and thus actively contribute to a society that is healthier in mind and body.

Fitness World is committed to being the number one provider of a "healthy life for all" in Denmark and to expanding internationally by taking advantage of the extensive fitness knowledge built up over the years. The ability to adapt quickly to market changes is a critical success factor for Fitness World and, with the Company's strong brand portfolio and solid membership base in Denmark and Poland, Fitness World is determined to continue to grow.

NEW Strategy: Fuel19

Combining more than 10 years of experience with a clear strategy, the direction is set for Fitness World. Fitness World's new growth strategy, Fuel19, was launched in 2016 with a strategic priority to grow in both the Danish home market and in Poland. Clearly defined targets for 2019 have been implemented throughout the organisation.

Multi-pronged growth potential

The fitness industry has seen rapid growth over the past 10 years and is expected to continue growing in the years to come, driven by strong health awareness and interest as well as demographics, urbanisation and niche formats.

Fitness World's core strengths:

- Dedicated focus
- Strong market psoiton
- Large growing client base
- In-depth fitness expertise
- Solid business model

In a constantly evolving industry where new training concepts and supplementary technologies are emerging, Fitness World is uniquely positioned to develop and capitalise on these trends, both in our Danish home market and abroad.

Management's review

Financial review and outlook for 2017

Membership-based business model

Fitness World's business model is based on memberships, whereby customers pay a subscription to gain unlimited access to exercise facilities. Subscriptions are renewed automatically, so that the cost of a new period is automatically paid for by means of a pre-authorised charge to a credit card. On average, Fitness World has additional sales of 15% on top of the subscription fee, for example from drinks, protein bars and personal training. We offer a tailored member experience.

The overriding trend in the fitness industry is increased personalisation - listening to what the customers want and helping them to achieve their goals. Fitness World responds to market trends by creating a tailored member experience for our various consumer segments.

We offer well-invested fitness clubs with state-of-the-art equipment and a comprehensive range of group training classes (60+ classes) at convenient locations and at non-binding affordable prices.

We intensified our efforts to strengthen the member experience in 2016 because we recognise that it takes investment and innovation to operate successfully in such a competitive market.

"More than 50% of our members rejoin Fitness World after leaving us."

Our people: The core of our business

Our talented fitness instructors and employees are at the core of our business - they are the ones on the front line ensuring that we provide a great fitness experience, allowing our members to join our clubs with ease and quickly become part of the fitness environment. Therefore, we need to have the best and most motivated employees, and measures to ensure this were further reinforced in 2016 through internal training, development and talent management as well as external recruitment.

In 2016, we also strengthened our market value chain and established enhanced ties between the business on the ground and the administration. In addition, we built a framework for measuring performance and new initiatives creating better fact-based decision-making for all. This will carry into 2017 as our performance-driven organisation is the backbone of all our growth efforts and requires our people to have new skills and competences.

Our financial results for 2016 showed strong earnings, and we were able to maintain our EBITDA margin despite significant investments in growing a new low-price brand in Denmark and expanding our business in Poland.

2017 will be a year of sustained investments in new fitness clubs and upgrading our existing Fitness World clubs.

Management's review

Use of proforma income statement for comparison

The group was established as of May 29, 2015 why the income statement for 2015 only includes the results for 7 month. Therefore, for a relevant year over year comparison, proforma numbers for 12 months for 2015 has been included in the financial review and outlook section. The proforma number for 2015 is based on the Fitness World A/S consolidated figures, which represent the best base for comparison.

Income statement

Revenue

Revenue was DKK 1,102 million, against a proforma revenue of DKK 1,051 million in 2015, an increase of DKK 51 million or organic growth of 4.9%.

Organic growth was a combination of increased membership numbers and higher average revenue per unit.

Value-added sales were DKK 120 million, against DKK 65 million in 2015, an increase of DKK 55 million or 85%, driven by an increased focus on personal training and expanding the product portfolio.

Gross profit

The gross margin was 46%, against 43% in 2015. Average revenue per unit was up on 2015, and increased capacity utilisation of our clubs due to the increased member base had a positive impact on margins, offset partly by an adverse country mix due to expanding our business in Poland and partly by introducing our low-price brand, Urban Gym.

EBITDA

EBITDA came to DKK 229 million (equivalent to an EBITDA margin of 20.8%), against a proforma EBITDA of DKK 218.5 million (equivalent to an EBITDA margin of 20.8%) in 2015.

The increase in EBITDA was due to higher average revenue per unit and the increased member base. Advertising expenses were higher than in 2015, mainly as a result of growing a new brand in Denmark and the roll-out of Fitness World in Poland.

Included in EBITDA for 2016 are special items in the range of DKK 10 million, mainly due to reorganisation costs and the cost of closing clubs to move to a better location.

Operating profit (EBIT)

Operating profit was DKK 31 million in 2016 (equivalent to an EBIT margin of 3%), against DKK -28 million in 2015, an improvement of DKK 58 million.

Financial items, net

Net financials totalled DKK 54 million in 2016, against DKK 30 million in 2015. Besides interest expenses and foreign exchange adjustments, the figure includes amortisation of borrowing costs and payments for an unused committed credit facility.

Loss before tax

Loss before tax was DKK -23 million, against DKK -58 million in 2015, an improvement of DKK 35 million.

Taxation

Tax for 2016 was an income of DKK 1.9 million, against income of DKK 3.3 million in 2015.

Management's review

Cash flow

Operating activities

Cash flow from operating activities was DKK 88 million. Cash flow was negatively impacted by DKK 77 million due to a change in working capital. Free cash flow was DKK -59 million, against DKK 111 million in 2015.

Investing activities

Investments of DKK 77 million were made during 2016, against normalised investments of DKK 69 million in 2015.

Balance sheet

The balance sheet total at 31 December 2016 was DKK 1,839 million, against DKK 1,998 million at year-end 2015.

Financing

NET DEBT was DKK 833 million at 31 December 2016 (equivalent to a debt gearing of 3.6), against DKK 829 million in 2015 (equivalent to a debt gearing of 3.8), an increase in debt of DKK 4 million.

Fitness World will continue to be dependent on debt financing in the coming years. Maintenance of the committed credit facility is conditional upon compliance with a number of financial covenants.

Equity

Equity was DKK 698 million at 31 December 2016. Fitness World's equity decreased by DKK 25 million in 2016. The loss for the period decreased the equity by DKK 21 million.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Outlook for 2017

- The financial results is expected to continue to improve in 2017
- Investments excluding acquisitions and divestments are expected to be in the region of DKK 100 million.

The expectations for FWs financial performance in 2017 are based on the following specific assumptions:

- Exchange rates, primarily for EUR and PLN, hold at their mid-May 2017 levels.

The expectations for FWs financial performance are based on a number of general assumptions.

Management believes that the most significant assumptions underlying FW expectations relate to:

- Member development
- Price competition in FWs geographical markets
- Developments in the market for fitness in general

Management's review

Risk management

Risk management is an ongoing process at Fitness World, involving the identification of risks and an assessment of their potential impact on earnings and equity. We aim to mitigate identified risks through internal business procedures, insurance and/or follow-up. Procedures, guidelines and various control systems have been developed to monitor and mitigate the risks identified, ensuring optimal management of all key risks.

Fitness World uses long-term scenarios as part of an annual evaluation of opportunities for and barriers to future growth, conducted during the strategy process. The scenarios are used to evaluate the impact of major decisions and the potential impact of major risks.

The Board of Directors has ultimate responsibility for the Group's risk management process and establishes the overall framework for it, whereas the duty to monitor compliance with policies has been delegated to the CFO.

Management's review

Risk	Scenario	Probability	Impact factor	Action
Market	With significant operational gearing and fixed costs, demand has a noticeable effect on Fitness World's financial performance. Developments in the local economy and especially the consumer sector, as well as political initiatives such as taxes or VAT deductions targeting the fitness industry, have a significant direct and indirect impact on Fitness World.	High	High	Monitoring economic and political developments in the two markets, Denmark and Poland, and effective sales follow-up on a weekly basis.
Revenue	Numerous factors could lead to a decline in existing membership levels or prevent us from increasing membership levels, including competition from other gym operators and other health and fitness club operators in the locations in which we already operate our clubs or would like to open new clubs, harm to our reputation or brand and failure to deliver high-quality services at a competitive cost.	Medium	Medium/ high	Competitor monitoring to the extent possible. Strong market visibility to maintain market position. Price monitoring in the two markets.
Brand value	Our success depends in large part upon our ability to maintain and enhance the value of our brand and our members' and the public's connection to our brand.	High	Medium	Maintaining, promoting and positioning our brand.
Interest & foreign exchange rates	Fitness World's earnings are in DKK and PLN, while its borrowings are in DKK. Any developments in the financial markets, especially interest rate rises, could have a significant impact on Fitness World.	High	Medium/ high	Exchange and interest rate risks are mitigated under established policies and are subject to ongoing follow-up and reporting. Fitness World does not hedge currency exposure, but tries to match assets and liabilities within the country when possible.
Capital structure & cash flow	Net interest-bearing debt amounted to DKK 837 million at the end of 2016, and Fitness World will remain dependent on external financing in the future.	Lo	High	The current bank agreement has a credit facility of DKK 925 million. The bank can terminate the facility prematurely if Fitness World fails to meet certain financial covenants. In 2016, there was no breach of the financial covenants.
Contractors	We rely on third-party contractors and suppliers for various aspects of our business, including provision and servicing of fitness equipment, member payment processing, certain IT services and certain marketing functions.	Medium	Low	We have strengthened our control environment around our contractors and we have been implementing new software systems that should limit this risk.

Management's review

Corporate Governance

The Board of Directors is responsible for ensuring the overall strategic management and that the financial and managerial control of the Company is conducted adequately.

The Board of Directors serves as a highly qualified dialogue partner to the leadership in relation to strategic initiatives and monitors the Group's financial condition, risk management and business activities on an ongoing basis.

In 2016, the Board of Directors met six times and, in addition, the Board of Directors held a strategy seminar before finalising the new strategy, Fuel19. No extraordinary meetings were convened.

The Board of Directors consists of 6 members:

- Thomas Broe-Andersen, Chairman
- Kasper Sørensen
- Dag Weining Herseth Lee
- Jesper Bo Jørgensen
- Henrik Bensimon Rossing
- Sophie Caroline Bensimon Rossing

The Board may appoint committees for special tasks, but has not yet found it necessary to establish permanent committees.

Executive board and Group management

Management is responsible for the day-to-day operation of Fitness World. The management level consists of CEO Steen Albrechtslund (Executive Board) and six heads of department (Group Management).

In 2016, several organisational initiatives were decided to strengthen the overall management of Fitness World. Niels Eldrup Meidahl was employed as CFO and Philip Philipson as Marketing Director. In addition, the Management Group was extended by employing Rikke Sigdal as Business Development Director and Lars Frødstrup as Value Added Sales Director. A full overview of group management see page 18.

At the end of 2016, the total number of employees was approximately 4,000. It is crucial that Fitness World is able to attract and retain qualified employees.

Diversity

The Group intends to appoint candidates with the best profiles and qualifications, as this is considered best for the Group. When appointing candidates, the Group will take gender into consideration, however with due regard to the Group's other recruitment criteria, including requirements as to professional qualifications, industry experience, educational background, etc., as it is first and foremost of essence that the Group's board members and top executives possess the right qualifications.

The Company pursues the aim of having one female member of the Board of Directors. The Company did reach this aim in 2016.

The entity also intends to increase the share of women in Group management as well as in the general management of the Group to the effect that this reflects the share of women employed with in the Group, which is 55%. In 2016, Management comprised 35% men and 65% women (incl. head of centers).

Risk management

The Board of Directors has the overall responsibility of ensuring that Fitness World maintains appropriate procedures to monitor, measure and manage the Company's risks and that such procedures are firmly embedded in the Company's organisation. A general description of risks is provided in the section "Risk Management" on page 15-16.

Management's review

Capital structure and dividend

The Board regularly assesses whether the Company's capital structure is in line with the interests of the Company and its stakeholders. The overall objective is to ensure a capital structure that supports long-term profitable growth.

The Company's capital is divided into 15,660 shares with a nominal value of DKK 0.02. FSN Capital has control over the Company through its parent company, FSN Capital GP IV Limited.

The Board of Directors proposes to the Annual General Meeting that no dividend be declared in respect of the financial year 2016 and that the consolidated loss of DKK 21 million be transferred to retained earnings.

Corporate Social Responsibility

Fitness World considers corporate social responsibility to be important. Fitness World's commitment to the sustainable development of the Company is based on combining financial performance with socially responsible behaviour and environmental awareness.

In 2016, Fitness World focused in particular on minimising its consumption of water and energy. As a result, costs were reduced in a number of areas, and the environmental impact was also reduced.

Fitness World does not have an explicit CSR policy including including human rights, environment and climate but aims to maintain and enhance its professional and commercial relations with internal and external stakeholders based on mutual respect. Fitness World endeavours to comply with applicable local and international legislation.

Fitness World is also very aware of the risks of corruption, but since the Company operates in mature markets, a separate anti-corruption policy is not compiled.

See FSN Capital's website, www.fsncapital.com, for a detailed description of social responsibility and ethical guidelines.

Executive Board and Group Management

Strengthening the leadership at Fitness World was a high priority in 2016.

Executive Board

Steen Albrechtslund

CEO, position held since October 2015

Born: 1965, Danish/Hong Kong citizen

Work experience: Senior Vice President at Fossil Inc., APAC (2012-2015), Group Managing Director at Skagen Designs (2007-2012), Commercial Director at Carlsberg Breweries (1995-2007).

Board memberships: Performance Group Scandinavia A/S, Forward TopCo A/S, Pilgrim A/S, PILGRIM EXPORT ApS, Det rytmiske musikhus' fond, Tali Metals.

Group Management

Niels Eldrup Meidahl

CFO, position held since January 2017

Born: 1973

Educational background: M.Sc. in Finance and Accounting from the University of Southern Denmark and LL.M. (Master of Laws) from the University of Copenhagen.

Work experience: CFO positions at Saint-Gobain Distribution Denmark (2014-2016), H+H International A/S (2009-2014), DSV Miljø A/S (2006-2009) and a position as Investor Relations manager at Novozymes A/S (2002-2006).

Board memberships: Frandsen EL A/S (Chairman), Soundear A/S (Chairman), Fitness World Group A/S, DanWEEE Recycling A/S.

Management's review

Rikke Sigdal

Business Development Director, position held since December 2016

Born: 1980

Educational background: M.Sc. in Economics and Business Administration from Copenhagen Business School.

Work experience: Principal Consultant at PA Consulting Group (2011-2016), Strategy Consultant at IBM (2007-2011).

Philip Philipson

CMO, position held since June 2016

Born: 1969

Educational background: M.Sc. in Marketing and Commercial Law from Copenhagen Business School.

Work experience: Marketing Director at Boxer TV A/S (2011-2016), Nordic Marketing Manager at Coca-Cola (2001-2011), Digital & CRM Manager at Mercedes-Benz DK/SE (1999-2001).

Lars Frødstrup

Value Added Sales Director, position held since April 2016

Born: 1984

Educational background: Copenhagen Business School.

Work experience: Business & Sales Manager at Red Bull (2015-2016), Samsung Electronics (2012-2015), Mondelēz International (2011-2012) and Innocent Drinks (2009-2011), Sales & Marketing at Toms Confectionery Group (2005-2009).

Gitte Glentborg Ingwersen

HR Director, position held since September 2015

Born: 1975

Educational background: Academy Profession in Human Resources from Business Academy Aarhus - a part of Aarhus Business School.

Work experience: HR coordinator at Fitness World (2009-2015), Club Manager and HR assistant at Equinox Fitness (2006-2009).

Jens Refsing Andersen

COO, position held since 2008

Born: 1975

Educational background: Royal Veterinary and Agricultural University - Copenhagen.

Work experience: Founded 10 fitness clubs (2005-2008).

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Consolidated income statement

Note	DKK'000	31 December 2016	30 March - 31 December 2015
1	**Revenue**	1,102,649	611,283
	Cost of sales	-59,147	-32,584
3	Other external costs	-540,950	-316,161
	Gross profit	502,552	262,538
2	Employee expenses	-273,165	-148,197
5	Amortisation, depreciation and impairment	-200,382	-118,012
	Other operating income	1,735	1,087
	Other operating expenses	0	-25,210
	Operating profit/loss	30,740	-27,794
5	Finance income	20	0
6	Finance costs	-54,110	-30,338
	Loss before tax	-23,350	-58,132
7	Income tax	1,903	3,438
	Loss for the year	-21,447	-54,694
	Attributable to:		
	Shareholders of the parent	-21,447	-54,694
		-21,447	-54,694

Consolidated statement of comprehensive income

Note	DKK'000	31 December 2016	30 March - 31 December 2015
	Loss for the year	-21,447	-54,694
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
	Exchange differences in translation of foreign entities	-381	0
	Net gain/loss on cash flow hedges	-3,861	-6,768
7	Income tax	748	1,591
	Other comprehensive income/(loss) for the year, net of tax	-3,494	-5,177
	Total comprehensive income for the year, net of tax	-24,941	-59,871
	Attributable to:		
	Shareholders of the parent	-24,941	-59,871
		-24,941	-59,871

Consolidated financial statements 1 January - 31 December

Consolidated balance sheet

Note	DKK'000	31 December 2016	31 December 2015	30 March 2015
	ASSETS			
	Non-current assets			
9	Intangible assets	1,166,146	1,248,820	0
11	Property, plant and equipment	476,627	510,110	0
	Other non-current receivables	40,081	41,106	0
	Total non-current assets	1,682,854	1,800,036	0
	Current assets			
12	Inventories	18,276	21,998	0
13	Trade receivables	23,465	17,841	0
	Income tax receivable	10	0	0
	Other receivables	54,483	35,931	0
	Prepayments	7,346	10,852	0
14	Cash	52,379	111,335	500
	Total current assets	155,959	197,957	0
	TOTAL ASSETS	1,838,813	1,997,993	500

Consolidated financial statements 1 January - 31 December

Consolidated balance sheet

Note	DKK'000	31 December 2016	31 December 2015	30 March 2015
	LIABILITIES			
	Equity			
25	Share capital	15,660	15,660	500
	Hedging reserve	-8,290	-5,177	0
	Foreign exchange reserve	-381	0	0
	Retained earnings	691,199	712,646	0
	Total equity	698,188	723,129	500
	Non-current liabilities			
8	Deferred tax liabilities	51,681	84,185	0
17	Credit institutions	794,109	849,359	0
16	Provisions	15,500	15,500	0
	Other liabilities	517	512	0
	Total non-current liabilities	861,807	949,556	0
	Current liabilities			
17	Credit institutions	68,874	64,006	0
15	Trade payables	46,117	42,302	0
16	Provisions	73,520	35,000	0
	Income tax payable	20,095	39,673	0
	Other liabilities	49,944	46,762	0
	Deferred income	20,268	97,565	0
	Total current liabilities	278,818	325,308	0
	TOTAL LIABILITIES	1,838,813	1,997,993	500

Consolidated financial statements 1 January - 31 December

Consolidated statement of changes in equity

DKK'000	Issued capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total equity
Equity 30 March 2015	500	0	0	0	0	500
Loss for the year	-	0	0	-54,694	0	-54,694
Other comprehensive income						
Foreign currency translation of foreign entities	-	0	0	0	0	0
Value adjustment of hedging instruments		-6,768	0	0	0	-6,768
Tax of other comprehensive income	-	1,591	0	0	0	1,591
Total other comprehensive income	-	-5,177	0	0	0	-5,177
Total comprehensive income for the year	-	-5,177	0	-54,694	0	-59,871
Transactions with owners						
Capital increase	15,160	0	0	767,340	0	782,500
Dividend distributed	-	0	0	0	0	0
Total transactions with owners	15,160	0	0	767,340	0	782,500
Equity 31 December 2015	15,660	-5,177	0	712,646	0	723,129

DKK'000	Issued capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total equity
Equity 1 January 2016	15,660	-5,177	0	712,646	0	723,129
Loss for the year	-	0	0	-21,447	0	-21,447
Other comprehensive income						
Foreign currency translation of foreign entities	-	0	-381	0	0	-381
Value adjustment of hedging instruments	-	-3,861	0	0	0	-3,861
Tax of other comprehensive income	-	748	0	0	0	748
Total other comprehensive income	-	-3,113	-381	0	0	-3,494
Total comprehensive income for the year	-	-3,113	-381	-21,447	0	-24,941
Transactions with owners						
Dividend distributed	-	0	0	0	0	0
Total transactions with owners	-	0	0	0	0	0
Equity 31 December 2016	15,660	-8,290	-381	691,199	0	698,188

Consolidated financial statements 1 January - 31 December

Consolidated cash flow statement

Note	DKK'000	1 January - 31 December 2016	30 March - 31 December 2015
	Operating profit	30,740	-27,794
4	Amortisation and depreciation	200,382	118,012
	Other adjustments of non-cash operating items	32,281	7,927
	Cash flow from operating activities before changes in working capital	263,474	98,145
	Working capital adjustments		
	Change in trade and other receivables	3,256	40,532
	Change in inventories	3,722	-3,530
	Change in trade and other payables	-84,059	71,073
	Cash flow from operations	186,393	206,220
	Interest expenses, paid	-49,414	-27,526
	Cash flow from ordinary activities	136,979	178,694
	Income tax paid	-49,440	-6,651
	Cash flow from operating activities	87,539	172,043
	Acquisition of intangible assets	-450	0
	Acquisition of property, plant and equipment*	-63,934	-69,796
	Proceeds on disposal of property, plant and equipment	916	106
	Acquisition of activities	-14,279	0
21	Acquisition of subsidiaries	0	-1,315,604
	Change in rental deposits	1,025	1,148
	Cash flow from investing activities	-76,722	-1,384,146
	Repayment of long-term debt	-69,772	-290,014
	Increase in debt to credit institutions	0	830,452
	Proceeds from share issue	0	782,500
	Dividends paid	0	0
	Cash flow from financing activities	-69,772	1,322,938
	Cash flows for the year	-58,956	110,835
14	Cash 1 January 2016/30 March 2015	111,335	500
	Cash 31 December	52,379	111,335

*Excluding financed lease assets with similar debt of DKK 14,918 thousand (2015: 7,048 thousand)

Notes to the consolidated financial statements

Consolidated financial statements 1 January - 31 December

Notes

DKK'000	1 January - 31 December 2016	30 March - 31 December 2015
1 Revenue		
Revenues from subscriptions	983,046	564,380
Sale of goods and merchandise	119,603	46,903
	1,102,649	611,283
2 Employee expenses		
Wages and salaries	248,008	139,284
Pensions, defined contribution plans	14,487	1,775
Other expenses for social security	4,897	2,186
Other employee expenses	5,773	4,952
	273,165	148,197
Average number of full-time employees	867	898
Remuneration to the Executive Board		
Wages and salaries	3,690	2,358
Pensions, defined contribution plans	0	0
	3,690	2,358
Remuneration to Board of Directors		
Wages and salaries	388	125
Pensions, defined contribution plans	0	0
	388	125
Key management personnel		
Wages and salaries	8,129	3,612
Pensions, defined contribution plans	0	0
	8,129	3,612

Key management personnel comprise the CEO in Poland, CFO, BDD, CMO, COO, VAS Director and HR Director.

The Executive Board and key management personnel are eligible for bonuses, depending on result of operations and personal KPI's.

DKK'000	2016	2015
3 Fees paid to auditors appointed at the annual general meeting		
Statutory audit	636	845
Other assurance services	0	0
Tax and VAT advisory services	1,015	180
Other services	1,016	820
	2,667	1,845
4 Amortisation and depreciation		
Amortisation of intangible assets	84,038	53,599
Depreciation of property, plant and equipment	112,045	63,934
Gain/losses	4,299	479
	200,382	118,012

Consolidated financial statements 1 January - 31 December

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DKK'000	1 January - 31 December 2016	30 March - 31 December 2015
5 Finance income		
Interest income	20	0
Total finance income	20	0
6 Finance costs		
Interest on debts and borrowings, etc.	49,538	27,527
Amortisation of borrowing costs	4,476	2,611
Total interest expense on debts and borrowings at amortised cost	54,014	30,138
Currency loss, net	96	200
Total finance costs	54,110	30,338

7 Income tax

The major components of income tax for the year ended 31 December:

Consolidated income statement		
Current income tax:		
Current income tax charge	-29,190	-9,245
Deferred tax:		
Changes in temporary differences	26,468	12,683
Changes prior year	4,625	0
Income tax in the income statement	1,903	3,438
Consolidated statement of other comprehensive income		
Income tax (actual and deferred tax) related to items recognised directly in other comprehensive income:		
Net gain/loss on value adjustment on hedging instruments, actual tax	748	1,591
Net gain/loss on value adjustment on hedging instruments, deferred tax	0	0
Income tax charged to other comprehensive income	748	1,591
Loss before tax	-23,350	-58.132
Calculated at Denmark's statutory income tax rate of 22.0% /23.5%	5,137	13,661
Tax impact from acquisition-related costs	0	-5,924
Tax impact from other permanent differences etc. net	-7,855	-4,299
Impact adjustment deferred tax prior year	4,625	0
Income tax reported in the consolidated income statement	1,903	3,438

Consolidated financial statements 1 January - 31 December

Notes

8 Deferred tax

Deferred tax in 2015 related to the following:

DKK'000	Consolidated statement of financial position	Consolidated income statement/other comprehensive income
Intangible assets	-81,889	-10,364
Property, plant and equipment	-31,501	870
Provisions	11,110	-5,335
Debt	18,222	3,670
Other items	-127	-1,524
Deferred tax expense (income)	-	-12,683
Net deferred tax assets (liabilities)	-84,185	
Reflected in the statement of financial position as follows:		
Deferred tax assets	0	
Deferred tax liabilities	-84,185	
Deferred tax liabilities, net	-84,185	

Deferred tax in 2016 related to the following:

DKK'000	Consolidated statement of financial position	Consolidated income statement/other comprehensive income
Intangible assets	-60,147	-21,742
Property, plant and equipment	-27,113	-4,388
Provisions	22,994	-11,884
Debt	13,108	5,114
Other items	-523	396
Deferred tax to be refunded and has decreased other receivables	-	1,411
Deferred tax expense (income)		-31,093
Net deferred tax assets (liabilities)	-51,681	
Reflected in the statement of financial position as follows:		
Deferred tax assets	0	
Deferred tax liabilities	-51,681	
Deferred tax liabilities, net	-51,681	

The Group has carried forward losses on financial instruments with a taxable value of DKK 6 million (2015: DKK 2 million), which is not recognised, as its future utilisation is associated with uncertainty. The carry-forward period is limited to 2-3 years.

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Notes

9 Intangible assets

DKK'000	Goodwill	Customer base	Trademark	Rights	Total
Cost 1 January 2016	886,803	337,695	77,921	0	1,302,419
Additions	914	0	0	450	1,364
Cost 31 December 2016	887,717	337,695	77,921	450	1,303,783
Amortisation and impairment 1 January 2016	-4,409	-39,968	-9,222	0	-53,599
Amortisation	0	-67,539	-15,585	0	-83,124
Impairment	-914	0	0	0	-914
Amortisation and impairment 31 December 2016	-5,323	-107,507	-24,807	0	-137,637
Carrying amount 31 December 2016	882,394	230,188	53,114	450	1,166,146
Remaining amortisation period	-	41 months	41 months	60 months	
Cost 30 March 2015	0	0	0	0	0
Additions from acquisitions	886,803	337,695	77,921	0	1,302,419
Cost 31 December 2015	886,803	337,695	77,921	0	1,302,419
Amortisation and impairment 30 March 2015	0	0	0	0	0
Amortisation	0	-39,968	-9,222	0	-49,190
Impairment	-4,409	0	0	0	-4,409
Amortisation and impairment 31 December 2015	-4,409	-39,968	-9,222	0	-53,599
Carrying amount 31 December 2015	882,394	297,727	68,699	0	1,248,820
Remaining amortisation period	-	53 months	53 months	-	

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Notes

10 Impairment test

Except for goodwill, all other intangible assets have finite useful lives and are amortised according to the Group's accounting policies. Goodwill is tested for impairment annually.

Goodwill acquired through business combinations with indefinite lives has been allocated to two CGUs, which are tested for impairment:

- Denmark
- Poland

Other intangible assets comprising customer base, trademark and rights all relate to the activities in Denmark.

The Group performed its annual impairment test of goodwill in December 2016. The Group considers the relationship between its value in use and its carrying amount, among other factors, when reviewing for evidence of impairment.

No impairment was identified in respect of the CGU in Denmark. The acquired goodwill of DKK 904 thousand in Poland (2015: DKK 4,409 thousand) has been impaired due to activities in Poland being loss making in the start-up face.

Estimates used to measure recoverable amount

The recoverable amount of each CGU is determined on the basis of its value in use. The value in use is established using certain key assumptions as described below. The key assumptions are revenue growth, EBITDA and discount rates.

Value-in-use cash flow projections are based on financial budgets approved by Management covering the subsequent financial year. The assumptions applied in the short to medium term are based on Management's expectations as to the operational development and growth in product contribution. The terminal growth rates applied for periods beyond 8 years do not exceed an expected weighted long-term average growth rate, including inflation, for the countries in which the Group operates. Management has used a budget period of 8 years as they expect continuing growth in Denmark and then after 8 years a stable level.

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the Group's specific circumstances and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investments by investors.

The specific discount rates, which are calculated net of tax, are generally based on a 10-year government bond. The cost of debt is based on the yield to maturity on 10-year Danish government bonds added a credit risk premium measured by the spread between the yield to maturity of 10-year EUR-denominated corporate bonds issued by comparable companies and the yield to maturity of 10-year EUR-denominated German government bonds. A capital structure with a ratio of 70% between the market value of debt and equity value has been applied in the calculation based on the capital structure of comparable companies. A long-term market equity risk premium of 7.7% has been applied to reflect an expected long-term stock market return of 8%.

Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flows are generally reflected in the discount rates.

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10 Impairment test (continued)

Carrying amount of goodwill allocated to each of the CGUs and key assumptions

The carrying amount of goodwill and the key assumptions used in the impairment testing at 31 December are presented below for each CGU:

		Key assumptions applied			
DKK'000	Goodwill	Long-term growth in revenue	Long-term growth in EBITDA	Discount rate, net of tax	Discount rate, pre-tax
Denmark	882,394	2 %	2 %	9,6 %	11.6 %
Poland	0	n/a	n/a	n/a	n/a
	882,394				

Sensitivity analysis

A sensitivity analysis of the key assumptions in the impairment testing is presented below. The allowed change represents the percentage points by which the value assigned to the key assumption as applied in the expected long-term rate can change, all other things being equal, before the CGU in Denmark recoverable amount equals its carrying amount.

	2016					
	Growth in revenue		Growth in EBITDA		Discount rate, net of tax	
DKK'000	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed decrease	Applied rate	Allowed increase
Denmark	2 %	6.3 %	2 %	6.3 %	9.6 %	13.5 %

Other intangible assets

Other intangible assets comprising customer base, trademark and rights show no evidence of impairment.

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11 Property, plant and equipment

DKK'000	Other fixtures and fittings	Leasehold improvements	Leasehold improvements in progress	Total
Cost 1 January 2016	285,555	282,087	5,976	573,618
Exchange differences	-633	-347	0	-980
Additions	49,281	24,099	11,259	84,639
Disposals	-4,406	-6,771	0	-11,177
Transfers	6,595	3,879	-5,976	4,498
Cost 31 December 2016	336,392	302,947	11,259	650,598
Depreciation and impairment 1 January 2016	-40,172	-23,336	0	-63,508
Exchange differences	321	23	0	344
Depreciation	-66,196	-45,849	0	-112,045
Disposals	1,390	4,346	0	5,736
Transfers	-5,250	752	0	-4,498
Depreciation and impairment 31 December 2016	-109,907	-64,064	0	-173,971
Carrying amount 31 December 2016	226,485	238,883	11,259	476,627
Additions on finance lease contracts	14,918	0	0	14,918
The tangible assets include finance lease assets with a total carrying amount of	80,621	0	0	80,621
Cost 30 March 2016	0	0	0	0
Additions from acquisitions	242,340	245,674	0	488,014
Additions	44,064	42,389	0	86,453
Disposals	-849	0	0	-849
Transfer	0	-5,976	5,976	0
Cost 31 December 2016	285,555	282,087	5,976	573,618
Depreciation and impairment 30 March 2016	0	0	0	0
Depreciation	-40,598	-23,336	0	-63,934
Disposals	426	0	0	426
Depreciation and impairment 31 December 2016	-40,172	-23,336	0	-63,508
Carrying amount 31 December 2015	245,383	258,751	5,976	510,110
Additions on finance lease contracts	7,048	0	0	7,048
The tangible assets include finance lease assets with a total carrying amount of	111,988	0	0	111,988

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12 Inventories

DKK'000	2016	2015
Trading goods	18,276	21,998

During 2016, DKK 2.2 million (2015: DKK 0.1 million) was charged to the income statement for damaged, obsolete and lost inventories and DKK 59 million was expensed net related to cost of sales (2015: DKK 33 million).

13 Trade receivables, current

DKK'000	2016	2015
Trade receivables	23,465	17,841

Trade receivables are non-interest-bearing and generally prepaid. At 31 December 2016, trade receivables of an initial value of DKK 5.7 million (2015: DKK 2.9 million) were impaired and fully provided for. See below for the movements in the allowance for impairment of receivables.

DKK'000	2016	2015
At 1 January 2016/30 March 2015	2,862	0
Additions from acquisitions	0	2,547
Changed during the year	2,788	315
	5,650	2,862

At 31 December, the ageing analysis of trade receivables is as follows:

DKK'000			Past due, but not impaired			
	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	> 91 days
2016	23,465	0	14,594	3,884	1,785	3,202
2015	17,841	0	9,587	6,936	1,318	0

Customer credit risk

Customer credit risk is managed at group level subject to the Group's established policy, procedures and controls relating to customer credit risk management. The credit quality of customers is assessed based on analysis and individual credit limits are set for each customer.

Outstanding customer receivables are followed up on a regular basis and provisions are made for bad debts every half year. The calculation is based on actual historical data. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets.

The Group considers the concentration of risk with respect to trade receivables low, as its customers are a lot of individuals.

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Notes

14 Cash

DKK'000	2016	2015
Cash	52,379	111,335

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 December 2016, the Group's undrawn, committed borrowing facilities totalled DKK 100 million (2015: DKK 100 million).

15 Trade payables and other payables

DKK'000	2016	2015
Trade payables	46,117	42,302

Trade payables are non-interest-bearing and are normally settled on a 30-60-day term.

16 Provisions

DKK'000	Restoration provision	Other provisions	Total
Provisions 1 January 2016	15,500	35,000	50,500
Arising during the year	0	38,520	38,520
Provisions 31 December 2016	15,500	73,520	89,020

Distributed as follows in the balance sheet:

Current	0	73,520	73,520
Non-current	15,500	0	15,500
	15,500	73,520	89,020

Other provisions relate to provisions in regards to a dispute regarding VAT.

Consolidated financial statements 1 January - 31 December

Notes

17 Interest-bearing loans and borrowings

The Group has taken out the following interest-bearing loans and borrowings:

Interest-bearing loans and borrowings	Expiry	Floating rate	Carrying amount 2015
Facility A	Expire up till 2020	3.5 %	310,000
Facility B	Expire up till 2021	4.0 %	550,000
Finance lease liabilities	Expire up till 2020	2-4 %	80,217
Other debt	Expire up till 2021	(fixed) 8 %	599
			940,816
Non-current			876,810
Current			64,006
			940,816

Interest-bearing loans and borrowings	Expiry	Floating rate	Carrying amount 2016
Facility A	Expire up till 2020	3.5 %	275,000
Facility B	Expire up till 2021	4.0 %	550,000
Finance lease liabilities	Expire up till 2021	2-4 %	60,446
Other debt	Expire up till 2021	(fixed) 8 %	517
			885,963
Non-current			817,089
Current			68,874
			885,963

Interest on the Facility A and Facility B loans is partly hedged with interest rate swaps for 68 % of the loans (2015: 65 %).

Capitalised borrowing costs amounted to DKK 22,463 thousand (2015: DKK 26,939 thousand) at 31 December 2016 and were amortised until the expiry date of the loans. Amortisation in 2016 amounted to DKK 4,476 thousand (2015: DKK 2,611 thousand).

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18 Financial assets and liabilities

DKK'000	2016	2015
Financial assets at fair value		
Financial instruments measured at fair value	0	0
Financial assets at amortised cost		
Trade receivables	23,465	17,841
Other receivables	54,483	35,931
Cash	52,379	111,335
	130,327	165,107
Financial assets at fair value		
Financial instruments measured at fair value	10,629	6,768
Financial liabilities at amortised cost		
Interest-bearing loans and borrowings	803,054	833,573
Finance lease liabilities	60,446	80,217
Trade payables	46,117	42,302
Other payables (excluding financial instruments at fair value)	39,315	39,994
	948,932	996,086

The fair value of the assets and liabilities listed above is not materially different from the carrying amount except from interest-bearing loans and borrowings:

	2016	2015
Interest-bearing loans and borrowings (fair value)	825,000	860,000

Fair values

Financial instruments measured at fair value

Financial instruments measured at fair value are limited to derivative instruments. As described below, the fair value of derivatives is based on observable market data and valuation techniques (level 2). The financial instruments are measured at fair value on a recurring basis.

Financial instruments measured at amortised cost

The carrying amounts of the Group's financial instruments, measured at amortised cost, are reasonable approximations of fair values.

Valuation techniques

Management has assessed that cash, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values of other financial instruments:

Floating-rate borrowings are evaluated by the Group based on parameters such as interest rates and Forward TopCo A/S' individual creditworthiness. The fair value is estimated using a discounted cash flow model. The own non-performance risk at 31 December 2016 was assessed to be insignificant.

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Notes

18 Financial assets and liabilities (continued)

Derivative financial instruments with various counterparties are principally financial institutions with investment grade credit ratings. The applied valuation techniques are discounted cash flow models, which incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk at 31 December 2016 was assessed to be insignificant.

19 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loans, trade and other receivables and cash that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

It is the Group's policy not to trade in derivatives for speculative purposes.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group enters into interest rate swaps to mitigate this risk, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. Hence changes in the interest rates will not have any significant impact on profit or loss.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables), including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The credit risk relating to trade receivables is disclosed in note 14.

Credit risk from balances with banks and financial institutions is managed by group management on a regular basis. The cash balanced is concentrated at mainly a single counterparty rated AA.

Foreign currency risk

The Company is exposed to foreign currency risks arising from its operating and financing activities, as the Company has sales, purchases and financing in foreign currencies. In accordance with the Company's risk management policy, the Company hedges foreign currency risks arising from

- financing activities using interest rate swaps
- recognised and unrecognised transactions using forward exchange contracts.

Currency risks on items of the statement of financial position are monitored several times weekly and hedged by using primarily financial instruments. The risk exposure is considered limited.

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Notes

19 Financial risk management objectives and policies (continued)

Liquidity risk

The equity share of total equity and liabilities was 38.0 % (2015: 36.2 %) at the end of 2016. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, etc.

The Group considers the concentration of risk with respect to refinancing its debt low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

DKK'000	On demand	3 to 12 months	1 to 5 years	> 5 years	Total
31 December 2015					
Interest-bearing loans and borrowings	0	54,163	298,363	679,663	1,032,189
Finance lease liabilities	0	34,396	48,326	0	82,722
Interest rate swaps	0	4,337	4,999	0	9,336
	0	92,896	351,688	679,663	1,124,247
31 December 2016					
Interest-bearing loans and borrowings	0	82,238	895,788	0	978,026
Finance lease liabilities	0	32,524	29,734	0	62,258
Interest rate swaps	0	3,718	1,571	0	5,289
	0	118,480	927,093	0	1,045,573

The senior debt facilities are subject to financial covenants, which include debt and interest coverage ratios and cash flow and investment ratios. At 31 December 2016, the Group complied with the financial covenants.

Interest rate hedging

The amount recognised in other comprehensive income as of 31 December 2016 is DKK 10,629 thousand (2015: DKK 6,768 thousand).

31 December 2015

DKK'000	2015	
Fair value of derivatives	**Assets**	**Liabilities**
Interest rate swaps	-	6,768

31 December 2015

DKK'000	2016	
Fair value of derivatives	**Assets**	**Liabilities**
Interest rate swaps	-	10,629

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20 Capital management

The primary objective of the Group's capital management is to maximise shareholder value.

In order to achieve this overall objective, the Group's capital management aims, e.g., at ensuring that it meets financial covenants connected with the interest-bearing loans and borrowings that define capital structure requirements. Failure to meet the financial covenants would permit the bank to call loans and borrowings.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing loans and borrowings, trade and other payables, less cash.

DKK'000	2016	2015
Interest-bearing loans and borrowings	803,054	833,573
Trade payables	46,117	42,302
Other payables	49,944	46,762
Less cash	-52,379	-111,335
Net debt	846,736	811,302
Equity	698,188	723,129
Total capital and net debt	1,544,924	1,534,431
Gearing ratio	0.55	0.53

21 Business combinations

Fitness World A/S was acquired for cash consideration on 29 May 2015 and the Group was established. The Company is 100% owned by Fitness World Group A/S which is a 100% owned subsidiary of Forward TopCo A/S. Fitness World offers well-invested fitness clubs with state-of-the-art equipment and a comprehensive set of group training classes at convenient locations and non-binding affordable prices. Fitness World has fitness clubs in Denmark and Poland.

Specification of recognised assets and liabilities on the date of acquisition.

	2015
Intangible assets	415,616
Property, plant and equipment	488,014
Other non-current receivables	42,254
Inventories	18,468
Trade receivables	99,046
Cash and cash equivalents	10,071
Credit institutions	-363,781
Deferred tax liabilities	-96,868
Provisions	-26,389
Trade payables	-29,162
Company tax	-38,670
Other liabilities	-15,425
Deferred income	-40,051
Net assets acquired	463,123
Goodwill	886,803
Consideration	1,349,926
Net cash acquired with the subsidiary included in cash flows from investing activities	-10,071
Hereoff not paid	-24,251
Net cash outflow	1,315,604

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21 Business combinations (continued)

Recognition of fair value of the identified net assets is based on available information at the acquisition date. In case of new information occurring, the recognition is changed within a one-year measurement period. Goodwill represents future expected earnings (new customers), work force, etc. Main part of goodwill is non-tax-deductible.

The purchase price paid for Fitness World A/S and its subsidiaries was DKK 1,311 million. Further, a small company in Poland was acquired for DKK 4.4 million all included as goodwill. Acquisition cost amounts to DKK 25 million, which are recognised in the income statement. The net assets are listed above.

The full year revenue for the ownership period is DKK 611 million and for full year, it would be DKK 1,051 million and gross profit of DKK 262 million compared to full year of DKK 470 million.

22 Leases

Finance leases

The Group has entered into finance leases in regards to fitness equipment.

Liabilities in regards to finance leases are included under debt to credit institutions:

	2016		2015	
DKK'000	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
0-1 year	31,577	31,577	33,394	33,394
1-5 years	28,868	27,802	46,823	45,093
>5 years	0	0	0	0
	60,445	59,379	80,217	78,487
Interest element	1,813	1,746	2,407	2,318
Present value of minimum lease payments	62,258	61,125	82,624	80,805

Operating leases

The Group leases spaces and cars under operating leases. The leasing period is typically between 3 and 10 years with the possibility of extending the contracts.

Non-cancellable operating lease payments are as follows:

DKK'000	2016	2015
0-1 year	248,468	236,820
1-5 years	695,117	704,334
>5 years	252,350	291,178
	1,195,935	1,232,332

For the year 2016, DKK 278 million thousand was recognised (30 March - 31 December 2015: DKK 161 million) in the income statement with regards to operating leases

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23 Commitments, contingencies, commitments and pledges etc.

Contingent liabilities

The Company is jointly taxed with the Danish companies in the Group. The Company is, together with the other companies in the Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties within the joint taxation.

There is an ongoing tax audit in the Group for which Management has recognised DKK 71 million (2015: DKK 35 million) to cover the costs related to 2013-2016. There is uncertainty in regards to this.

Pledges and securities

The Company is jointly and severally liable for the Group's bank loans of DKK 825 million (2015: DKK 860 million).

The company has executed a share pledge over its shares in Fitness World Group A/S and Fitness World A/S as security for loans under the Facility Agreement.

Other fixtures and fittings, where the carrying amount per 31 December 2016 amounts to DKK 80 million (2015: DKK 112 million) is financed by financial leasing, where the lease obligation per 31 December 2016 amounts to DKK 60 million (2015: DKK 80 million).

24 Related party disclosures

The financial statements include the financial statements of the Group and the subsidiaries in the following table:

Name	Principal activities	Country of incorporation	% equity interest 2016
Fitness World Group A/S	Subholding	Denmark	100.00%
Fitness World A/S	Gym activities	Denmark	100.00%
Fitness World Sp.Z.o.o.	Gym activities	Poland	100.00%

Transactions with Executive Board, key management personnel and other related parties

Only transactions with Executive Board and key management personnel in 2015 and 2016 relates to remuneration as disclosed in note 2.

Fitness World A/S leases certain office used for fitness centers facilities under normal lease agreements which expire at various dates from 2018 through 2028. Certain of the lease agreements are with related parties for which related party rent expense for the fiscal years ended 2016 was DKK 13.4 million (2015: DKK 8.0 million).

The ultimate parent

The parent company of the Group is FSN Capital GP IV Limited, 11-15 Seaton Place, St. Helier, JE4 0QH Jersey, England. There were no transactions between the Group and FSN Capital GP IV Limited in 2015 or 2016.

Consolidated financial statements are prepared for Forward TopCo A/S as the ultimative parent and can be received by contacting the company.

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25 Issued capital

Authorised shares

DKK'000	2016	2015
A shares	3,132	3,132
B shares	12,528	12,528
	15,660	15,660

Ordinary shares are fully paid in.

DKK'000	Share capital
At 30 March 2015	500
Capital increase, 29 May 2015	7,634
Capital increase, 29 May 2015	7,446
Capital increase, 19 June 2015	80
At 1 January 2016	15,660
Capital increase	0
At 31 December 2016	15,660

Each class of A and B share carries 1 vote per DKK 0.02. The shares nominal value is DKK 0.02 pr. Share.

26 Standards issued, but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are as follows:

- IFRS 9 Financial Instruments and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers and subsequent amendments to IFRS 15
- IFRS 16 Leases
- IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- IAS 7 Disclosure Initiative and subsequent amendments to IAS 7

Of these are IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments approved by the EU.

In the opinion of Management, all new standards and interpretations will not materially impact recognition and measurement of assets and liabilities in the financial statements in the coming financial years, but further analyses will be prepared.

27 Events after the reporting period

No events have occurred after the balance sheet date to this date which would influence the evaluation of these consolidated financial statements.

Consolidated financial statements 1 January - 31 December

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28 Impact of transition to IFRS

The financial statements for the year ended 31 December 2016 with comparative figures are the first set of financial statements prepared in accordance with IFRS as endorsed by the EU. For periods up to and including the year ended 31 December 2016, Forward TopCo A/S prepared its financial statements in accordance with the Danish Financial Statements Act.

Accordingly, Forward TopCo A/S has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2016, together with the comparative period at and for the year ended 31 December 2015, as described in the summary of significant accounting policies. In preparing these financial statements, Forward TopCo's opening balance sheet was prepared at 30 March 2015, the date of transition to IFRS. This note explains the principal adjustments made by Forward TopCo A/S in restating its financial statements prepared in accordance with the Danish Financial Statements Act, including the balance sheet at 30 March 2015 and the financial statements at and for the year ended 31 December 2015.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

For the purpose of preparing these consolidated financial statements, Forward TopCo A/S has not applied any exemptions.

Balance sheet 30 March 2015

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March 2015
	ASSETS			
	Non-current assets			
	Intangible assets	0	0	0
	Property, plant and equipment	0	0	0
	Other non-current receivables	0	0	0
	Total non-current assets	0	0	0
	Current assets			
	Inventories	0	0	0
	Trade receivables	0	0	0
	Income tax receivable	0	0	0
	Other receivables	0	0	0
	Prepayments	0	0	0
	Cash	500	0	500
	Total current assets	500	0	500
	TOTAL ASSETS	500	0	500

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28 Impact of transition to IFRS (continued)

Balance sheet 30 March 2015

Note	DK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March 2015
	LIABILITIES			
	Equity			
	Share capital	500	0	500
	Hedging reserve	0	0	0
	Foreign exchange reserve	0	0	0
	Retained earnings	0	0	0
	Total equity	500	0	500
	Non-current liabilities			
	Deferred tax liabilities	0	0	0
	Credit institutions	0	0	0
	Other liabilities	0	0	0
	Total non-current liabilities	0	0	0
	Current liabilities			
	Credit institutions	0	0	0
	Trade payables	0	0	0
	Provisions	0	0	0
	Income tax payable	0	0	0
	Other liabilities	0	0	0
	Deferred income	0	0	0
	Total current liabilities	0	0	0
	TOTAL LIABILITIES	500	0	500

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28 Impact of transition to IFRS (continued)

Balance sheet 31 December 2015

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2015
	ASSETS			
	Non-current assets			
A,B,C	Intangible assets	1,239,582	9,238	1,248,820
	Property, plant and equipment	510,110	0	510,110
	Other non-current receivables	41,106	0	41,106
	Total non-current assets	1,790,798	9,238	1,800,036
	Current assets			
	Inventories	21,998	0	21,998
	Trade receivables	17,841	0	17,841
	Income tax receivable	0	0	0
C	Other receivables	15,456	20,475	35,931
	Prepayments	10,852	0	10,852
	Cash	111,335	0	111,335
	Total current assets	177,482	20,475	197,957
	TOTAL ASSETS	1,968,280	29,713	1,997,993
	LIABILITIES			
	Equity			
	Share capital	15,660	0	15,660
	Hedging reserve	-5,177	0	-5,177
	Foreign exchange reserve	0	0	0
A,B	Retained earnings	682,933	29,713	712,646
	Total equity	693,416	29,713	723,129
	Non-current liabilities			
	Deferred tax liabilities	84,185	0	84,185
	Credit institutions	849,359	0	849,359
	Other liabilities	512	0	512
	Total non-current liabilities	934,056	0	934,056
	Current liabilities			
	Credit institutions	64,006	0	64,006
	Trade payables	42,302	0	42,302
	Provisions	50,500	0	50,500
	Income tax payable	39,673	0	39,673
	Other liabilities	46,762	0	46,762
	Deferred income	97,565	0	97,565
	Total current liabilities	340,808	0	340,808
	TOTAL LIABILITIES	1,968,280	29,713	1,997,993

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28 Impact of transition to IFRS (continued)

Income statement 30 March - 31 December 2015

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March - 31 December 2015
	Revenue	611,283	0	611,283
	Cost of sales	-32,584	0	-32,584
	Other external costs	-316,161	0	-316,161
	Gross profit	262,538	0	262,538
	Employee expenses	-148,197	0	-148,197
A	Amortisation, depreciation and impairment	-172,935	54,923	-118,012
	Other operating income	1,087	0	1,087
B	Other operating losses	0	-25,210	-25,210
	Operating loss	-57,507	29,713	-27,794
	Finance income	0	0	0
	Finance costs	-30.338	0	-30,338
	Lossbefore tax	-87,845	29,713	-58,132
	Income tax	3.438	0	3,438
	Loss for the year	-84,407	29,713	-54,694

Consolidated statement of comprehensive income

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March - 31 December 2015
	Loss for the year	-84,407	29,713	-54,694
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
	Exchange differences in translation of foreign entities	0	0	0
	Net gain/loss on cash flow hedges	-6.768	0	-6,768
	Income tax	1.591	0	1,591
	Other comprehensive income/(loss) for the year, net of tax	-5,177	0	-5,177
	Total comprehensive income for the year, net of tax	-89,584	29,713	-59,871

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Notes

28 Impact of transition to IFRS (continued)

Effect of transition

A) Amortisation of goodwill under Danish Financial Statements Act is reversed under IFRS, as goodwill as impairment test is performed yearly.

B) Acquisition cost has under Danish Financial Statements Act been capitalized as part of goodwill, but under IFRS the acquisition cost should be expense in the income statement.

Reclassifications

Apart from changes in accounting policies, the following reclassifications and changes in format, including restatement of comparative figures for 2015, have been made:

C) Receivable from previous owner has been reclassified from goodwill to other receivables due to classification error.

- Income statement has been presented in a different order.
- Assets are presented as either non-current or current assets compared to fixed assets and current assets previously.

Cash flow statement

The transition from the Danish Financial Statements Act to IFRS has changed in classification of new leases which has been net off between investment and financing cash flow of DKK 7,048 thousand.

29 Accounting policies

The Group is incorporated and domiciled in Denmark. The registered office is located in Copenhagen. The comparative figures are only for a 9-month period (30 March - 31 December 2015) since the establishment of the company and only with 7 months' activities (29 May - 31 December 2015). Hence comparative figures for the income statement cannot be compared like for like.

The consolidated financial statements of Forward TopCo A/S and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements according to the Danish Financial Statements act.

The financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2016. There have been no impact of the implementation of the standards and interpretations.

For the period 30 March 2015 - 31 December 2015, the Group prepared its financial statements in accordance with the Danish Financial Statements Act. The financial statements for the year ending 31 December 2016 are the first financial statements which the Group has prepared in accordance with IFRS as adopted by the EU. Refer to note 28 for information on how the Group adopted IFRS.

The comparative numbers for 2015 cover the period 30 March 2015 - 31 December 2015.

The consolidated financial statements are presented in DKK, which is the Parent Company's functional currency and the presentation currency of the Group, and all values are rounded to the nearest thousand (DKK'000), except when otherwise indicated.

The Board of Directors considered and approved the 2016 Forward TopCo A/S annual report on 31 May 2017. The annual report will be submitted to the shareholders of Forward TopCo A/S for approval at the annual general meeting on 31 May 2017.

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29 Accounting policies (continued)

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2016. Control is achieved when the Group is exposed, or is entitled, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or entitlement, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control and until the date the Group ceases to control the subsidiary.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of Forward TopCo A/S (DKK), the income statement is translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the end of the reporting period. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the end of the reporting period and on translation of the income statement from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

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29 Accounting policies (continued)

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognised in the consolidated financial statements in other comprehensive income if the balance is denominated in the functional currency of the parent or the foreign entity.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it will measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the separate income statement caption "Other operating losses".

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 under the separate income statement caption " Other operating losses".

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in such circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Derivative financial instruments

The Group recognises derivatives as at the transaction date. Derivate financial instruments are measured at fair value at initial recognition and at each reporting date.

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging exposure to variability in future cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

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Notes

29 Accounting policies (continued)

Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as finance costs.

  The Group uses foreign exchange contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as finance costs.
- Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance cost is recognised or when a forecast sale occurs. Amounts previously recognised in OCI are transferred to the same item as the hedged item when the hedged item impacts the income statement.

Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Income statement

Revenue

The sale of goods and merchandise are recognised in the income statement provided that risks and rewards have been transferred to the buyer before year end and that the income can be reliably measured and is expected to be received.

Revenues from subscriptions are recognised in the income statement over the subscription period.

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

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29 **Accounting policies (continued)**

Cost of sales

Cost of sales comprise expenses incurred in generating the revenue for the year.

Other external costs

Other external expenses comprise items secondary to the principal activities of the entities, including sales expenses, advertisement, administration, premises, write-down on receivables, operating leases, etc.

Employee expenses

Employee expenses comprises wages and salaries, including holiday pay and pensions, as well as other expenses for social security, etc., of the employees.

Other operating income and expenses

Other operating income and expenses comprises income and expenses not directly related to the daily operation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on receivables, 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.

Taxes of profit/loss

Taxes of profit/loss comprise current income and changes in deferred taxes (deferred taxes are described in a separate section).

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in OCI or equity is recognised in OCI or equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations, in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Statement of comprehensive income

Other comprehensive income consists of income and costs not recognised in the income statement, including exchange rate adjustment arising from the translation from functional currency to presentation currency and fair value adjustments of hedging instruments.

In the event of the disposal of an entity, the accumulated exchange rate adjustment relating to the relevant entity is reclassified to the income statement.

Balance sheet

Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation (for intangible assets with finite lives) and accumulated impairment losses, if any.

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29 Accounting policies (continued)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is as follows:

- Goodwill indefinite
- Customer base - amortised on a straight-line basis over 5 years
- Trademarks - amortised on a straight-line basis over 5 years

Rights - amortised on a straight-line basis over 5 years

Goodwill

Goodwill is tested for impairment annually (at 31 December) and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount being the highest of value in use and fair value less cost of disposal of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangibles

Other intangibles comprising customer base, trademarks and rights are also tested for impairment when circumstances indicate that the carrying amount may be impaired.

Property, plant and equipment

Other fixtures and fittings 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.

The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are de-recognised in the statement of financial position, and the carrying amount is recognised in the income statement. All other expenses relating to ordinary repairs and maintenance are recognised in profit or loss as incurred.

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Notes

29 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Other fixtures and fittings	3-7 years
Leasehold improvements	5-10 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation charges are recognised in the income statement as amortisation and depreciation.

Leases

For financial reporting purposes, lease liabilities are classified as finance lease liabilities and operating lease liabilities.

A finance lease is classified as a lease which in all material respects transfers the risk and benefits associated with ownership of the leased asset to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease liabilities is described under property, plant and equipment and financial liabilities, respectively.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Impairment testing of non-current assets

Goodwill

Goodwill is subject to an annual impairment test, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit or group of cash-generating units to which goodwill is allocated. The assets of the cash-generating units are written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount of a cash-generating unit is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which the goodwill relates.

Other non-current assets

The carrying amount of other non-current assets is tested annually for evidence of impairment. When there is evidence that assets may be impaired, the recoverable amount of the asset is calculated. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

Recognition of impairment losses in the income statement

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses on goodwill are recognised in the income statement as amortisation, depreciation and impairment.

Consolidated financial statements 1 January - 31 December

Notes

29 Accounting policies (continued)

Impairment of goodwill is not reversed. Impairment losses recognised in respect of other assets are reversed in so far as the assumptions and estimates underlying the impairment losses have changed. Impairment losses are reversed only in so far as the new carrying amount of the asset does not exceed the carrying amount that would have resulted (net of amortisation or depreciation) had no impairment loss been recognised in respect of the asset in prior years.

Inventories

Merchandise and goods 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.

Merchandise and goods are measured at cost, comprising purchase price plus delivery costs.

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.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.

Equity

Hedge transaction reserve

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

Foreign currency translation reserve

The exchange adjustment reserve in the consolidated financial statements comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into Danish kroner, including exchange differences on financial instruments considered to be a part of the net investment or as hedging of the net investment. On realisation, accumulated value adjustments are taken from equity to financial items in the income statement.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Provisions

Provisions are recognised when the Group has a current legal or constructive obligation and include warranty and restoration provisions. Provisions are recognised on the basis of best estimates.

Consolidated financial statements 1 January - 31 December

Notes

29 Accounting policies (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting.

date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances changes. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period and relates to new information about facts and circumstances at the acquisition date or recognised in the income statement.

Consolidated financial statements 1 January - 31 December

Notes

29 Accounting policies (continued)

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities on initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, after initial recognition at amortised cost. This includes directly attributable transaction and borrowing costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments.

Trade and other payables, bank overdrafts, loans and borrowings are subsequently measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Deferred income

Prepayments recognised under liabilities comprise received payments concerning revenue in the subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less, which without any hindrance can be converted to cash, and which are subject to only minor risks of changes in value.

Consolidated financial statements 1 January - 31 December

Notes

29 Accounting policies (continued)

Financial ratios

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

The financial ratios stated are calculated as follows:

Gross margin	$\frac{Gross\ profit \times 100}{Revenue}$
Solvency ratio	$\frac{Equity,end \times 100}{Total\ liabilities,end}$

30 Significant accounting estimates and judgements

When preparing the consolidated financial statements for the Group, Management undertakes a number of accounting estimates and judgements to recognise, measure and classify the Group's assets and liabilities.

The most significant areas subject to estimates and judgements are mentioned below.

Valuation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated value in use is computed on the basis of the expected free cash flow from the relevant cash-generating unit based on updated budgets for the next 8 years. The calculated value in use is based on a number of assumptions and is by nature subject to uncertainty. The key assumptions are disclosed and further explained in note 10.

Business combinations

The allocation of the acquisition cost to the fair value of the acquired assets, liabilities and contingent liabilities and thus to goodwill, including the allocation to cash-generating units, may have a significant impact on future profits. Fair values are based on estimates using information available at the time control was achieved. When part of the acquisition cost for entities acquired is dependent on the development in future profits, estimates are made of the most probable value of the contingent acquisition cost based on current forecasts. Please refer to note 21 for information about business combinations.

Consolidated financial statements 1 January - 31 December

Notes

30 Significant accounting estimates and judgements (continued)

Inventories

Write-down for obsolete inventories is carried out on the basis of an assessment of their recoverability at the reporting date. Inventories are analysed and written down, if necessary. Movements in inventory write-downs are reflected in note 12.

Receivables

Impairment and write-downs of receivables are carried out on the basis of an assessment of objective evidence of impairment and their recoverability at the reporting date. Trade receivables are analysed and impaired, if necessary. An analysis of overdue trade receivables and movements in the provisions for bad debts appears from note 13.

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Income statement

Note	DKK'000	31 December 2016	30 March - 31 December 2015
	Other external costs	-313	-226
	Operating loss	-313	-226
2	Finance costs	-18	-21
	Loss before tax	-331	-247
3	Income tax	71	43
	Loss for the year	-260	-204
	Proposed distribution of loss:		
	Retained earnings	-260	-204
		-260	-204

Statement of comprehensive income

Note	DKK'000	31 December 2016	30 March - 31 December 2015
	Loss for the year	-260	-204
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
	Exchange differences in translation of foreign entities	0	0
	Net gain/loss on cash flow hedges	0	0
3	Income tax	0	0
	Other comprehensive income/(loss) for the year, net of tax	0	0
	Total comprehensive income for the year, net of tax	-260	-204

Parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	31 December 2016	31 December 2015	30 March 2015
	ASSETS			
4	**Non-current assets**			
	Investment in subsidiaries	778,500	778,500	0
	Total non-current assets	778,500	778,500	0
	Current assets			
	Receivables from subsidiaries	0	509	0
	Income tax receivable	28,641	7,611	0
	Prepayments	22	23	0
	Cash	3,901	3,842	0
	Total current assets	32,564	11,985	500
	TOTAL ASSETS	811,064	790,485	500
	LIABILITIES			
	Equity			
5	Share capital	15,660	15,660	500
	Retained earnings	766,876	767,136	0
	Total equity	782,536	782,796	500
	Current liabilities			
	Trade payables	0	120	0
	Intercompany debt	8,433	0	0
	Income tax payable	20,095	7,569	0
	Total current liabilities	28,528	7,689	0
	TOTAL LIABILITIES	811,064	790,485	500

Parent company financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Issued capital	Retained earnings	Proposed dividend	Total equity
Equity 30 March 2015	500	0	0	500
Loss for the year	-	-204	0	-204
Other comprehensive income				
Foreign currency translation of foreign entities	-	0	0	0
Value adjustment of hedging instruments		0	0	0
Tax of other comprehensive income	-	0	0	0
Total other comprehensive income	-	0	0	0
Total comprehensive income for the year	-	-204	0	-204
Transactions with owners				
Capital increase	15,160	767,340	0	782.500
Dividend distributed	-	0	0	0
Total transactions with owners	15,160	767,340	0	782.500
Equity 31 December 2015	15,660	767,136	0	782,796

DKK'000	Issued capital	Retained earnings	Proposed dividend	Total equity
Equity 1 January 2016	15,660	767,136	0	782,796
Loss for the year	-	-260	0	-260
Other comprehensive income				
Foreign currency translation of foreign entities	-	0	0	0
Value adjustment of hedging instruments	-	0	0	0
Tax of other comprehensive income	-	0	0	0
Total other comprehensive income	-	0	0	0
Total comprehensive income for the year	-	-260	0	-260
Transactions with owners				
Dividend distributed	-	0	0	0
Total transactions with owners	-	0	0	0
Equity 31 December 2016	15.660	766,876	0	782,536

Parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	1 January - 31 December 2016	30 March - 31 December 2015
	Operating loss	-313	-226
	Other adjustments of non-cash operating items	0	0
	Cash flow from operating activities before changes in working capital	-313	-226
	Change in working capital	390	-411
	Cash flow from operations	77	-637
	Interest expenses, paid	-18	-21
	Cash flow from ordinary activities	59	-658
	Income tax paid	0	0
	Cash flow from operating activities	59	-658
	Acquisition of subsidiaries	0	-778.500
	Cash flow from investing activities	0	-778.500
	Proceeds from share issue	0	782.500
	Cash flow from financing activities	0	782.500
	Cash flows for the year	59	3.342
	Cash 1 January/30 March	3,842	500
	Cash 31 December	3,901	3.842

Parent company financial statements 1 January - 31 December

Notes to the parent financial statement

Parent company financial statements 1 January - 31 December

Notes

1 **Employee expenses**

There are no employee expenses in the parent company and remuneration of board of directors and executives in the company.

DKK'000	1 January - 31 December 2016	30 March - 31 December 2015
2 **Finance costs**		
Other interest expenses	-18	-21
	-18	-21

3 **Income tax**

Major components of the income tax expense for the year ended 31 December:

Current income tax charge	71	43
	71	43
Loss before tax	-331	-247
Calculated at Denmark's statutory income tax rate of 22.0%/23.5%	73	58
Tax impact from other permanent differences etc.	-2	-15
	71	43

4 **Investments in subsidiaries**

DKK'000	2016	2015
Cost 1 January 2016/30 March 2015	778,500	0
Additions from acquisitions	0	500
Capital increases	0	778,000
Cost 31 December	778,500	778,500
Impairment 1 January 2016/30 March 2015	0	0
Impairment	0	
Impairment 31 December	0	
Carrying amount 31 December	778,500	778,500

Name	Principal activities	Country of incorporation	% equity interest	Net result	Equity
Fitness World Group A/S	Holding	Denmark	100.00%	29,022	753,172
Fitness World A/S subsidiary of Fitness World Group A/S	Gym activites	Denmark	100.00%	39,647	533,855
Fitness World Sp.Z.o.o. subsidiary of Fitness World A/S	Gym activites	Poland	100.00%	-17,394	17,048

For more information on the acquisition of subsidiaries refer to note 21 in the consolidated financial statements.

Parent company financial statements 1 January - 31 December

Notes

5 Issued share capital

For information on issued share capital, please refer to note 25 in the consolidated financial statements.

6 Financial risk management objectives and policies

The Company has only investment in the subsidiary Fitness World Group A/S and does not have any significant receivables or debt. Risk related to currency, credit and liquidity is maintained on group level. Please refer to note 19 to the consolidated financial statements for further information on the Group's exposure to the risk.

7 Capital management

The primary objective of the Company's capital management is to maximise shareholder value which is maintained on group level. Please refer to note 20 to the consolidated financial statements for further information on the Group's capital management.

8 Related parties

Related parties are described in note 24 to the consolidated financial statements. Remuneration to Board of Directors are listed in note 1 to the consolidated financial statements held by the subsidiary. Further the company has intercompany group balances re balance sheet. The Company does not have any other related party transactions.

9 Contractual commitments and contingencies, etc.

Contingent liabilities

The Company is taxed jointly with the Danish companies in the Group. The Company is, together with the other companies in the Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties within the joint taxation.

Pledges and securities

As security for the debt to credit institutions, DKK 825 million (2015: DKK 860 million), collateral has been taken in the investments in subsidiaries, where the carrying amount at 31 December 2016 was DKK 779 million (2015: DKK 779 million).

10 Standards issued, but not yet effective

Standards issued, but not yet effective are described in note 26 to the consolidated financial statements.

11 Events after the reporting period

No events have occurred after the balance sheet date to this date which would influence the evaluation of the Parent Company financial statements.

12 Impact of transition to IFRS

The financial statements for the year ended 31 December 2016 with comparative figures are the first set of financial statements prepared in accordance with IFRS as endorsed by the EU. For periods up to and including the year ended 31 December 2016, Forward TopCo A/S prepared its financial statements in accordance with the Danish Financial Statements Act.

Parent company financial statements 1 January - 31 December

Notes

12 Impact of transition to IFRS (continued)

Accordingly, Forward TopCo A/S has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2016, together with the comparative period at and for the year ended 31 December 2015, as described in the summary of significant accounting policies. In preparing these financial statements, Forward TopCo's opening balance sheet was prepared at 30 March 2015, the date of transition to IFRS. This note explains the principal adjustments made by Forward TopCo A/S in restating its financial statements prepared in accordance with the Danish Financial Statements Act, including the balance sheet at 30 March 2015 and the financial statements at and for the year ended 31 December 2015.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

For the purpose of preparing the parent company financial statements, Forward TopCo A/S has not applied any exemptions.

Balance sheet 30 March 2015

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March 2015
	ASSETS			
	Non-current assets			
	Investment in subsidiaries	0	0	0
	Total non-current assets	0	0	0
	Current assets			
	Receivables from subsidiaries	0	0	0
	Income tax receivable	0	0	0
	Prepayments	0	0	0
	Cash	500	0	500
	Total current assets	0	0	0
	TOTAL ASSETS	500	0	500
	LIABILITIES			
	Equity			
	Share capital	500	0	500
	Retained earnings	0	0	0
	Total equity	500	0	500
	Total non-current liabilities	0	0	0
	Current liabilities			
	Trade payables	0	0	0
	Income tax payable	0	0	0
	Total current liabilities	0	0	0
	TOTAL LIABILITIES	500	0	500

Parent company financial statements 1 January - 31 December

Notes

12 Impact of transition to IFRS (continued)

Balance sheet 31 December 2015

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2015
	ASSETS			
A,B	**Non-current assets**			
	Investment in subsidiaries	689,119	89,381	778,500
	Total non-current assets	689,119	89,381	778,500
	Current assets			
	Receivables from subsidiaries	509	0	509
	Income tax receivable	7,611	0	7,611
	Prepayments	23	0	23
	Cash	3,842	0	3,842
	Total current assets	11,985	0	11,985
	TOTAL ASSETS	701,104	89,381	790,485
	LIABILITIES			
	Equity			
	Share capital	15,660	0	15,660
A,B	Retained earnings	677,756	89,381	767,137
	Total equity	693,416	89,381	782,797
	Current liabilities			
	Trade payables	120	0	120
	Income tax payable	7,568	0	7,568
	Total current liabilities	7,688	0	7,688
	TOTAL LIABILITIES	701,104	89,381	790,485

Parent company financial statements 1 January - 31 December

Notes

12 **Impact of transition to IFRS (continued)**

Income statement

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March - 31 December 2015
	Other external costs	-226	0	-226
	Operating profit	-226	0	-226
A	Result from shares in subsidiaries	-84,203	84,203	0
	Finance costs	-21	0	-21
	Loss before tax	-84,450	84,203	-247
	Income tax	43	0	43
	Loss for the year	-84,407	84,203	-204

Consolidated statement of comprehensive income

Note	DKK'000	DK GAAP	Effect of transition to IFRS	IFRS 30 March - 31 December 2015
A	**Loss for the year**	-84,407	84,203	-204
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
	Exchange differences in translation of foreign entities	0	0	0
	Net gain/loss on cash flow hedges	0	0	0
	Income tax	0	0	0
	Other comprehensive income/(loss) for the year, net of tax	0	0	0
	Total comprehensive income for the year, net of tax	-84,407	84,203	-204

Effect of transition

A) Under Danish Financial Statements Act the investment in subsidiaries were recognised at equity method. Under IFRS investment in subsidiaries are recognised at cost, hence result for the period is reversed.

B) Under Danish Financial Statements Act the investment in subsidiaries were recognised at equity method. Under IFRS investment in subsidiaries are recognised at cost, hence equity transactions in subsidiaries are reversed.

Reclassifications

Apart from changes in accounting policies, the following reclassifications and changes in format, including restatement of comparative figures for 2015, have been made:

- Assets are presented as either non-current or current assets compared to fixed assets and current assets previously.

Cash flow statement

The transition from the Danish Financial Statements Act to IFRS has not had a material impact on the cash flow statement.

Parent company financial statements 1 January - 31 December

Notes

13 Accounting policies

The parent company is without activities and main purpose is to hold investment in subsidiaries.

Basis of preparation

The parent company financial statements of Forward TopCo A/S A/S are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The parent company financial statements are presented in DKK, which is the Parent Company's functional currency, and all values are rounded to the nearest thousand (DKK'000), except when otherwise indicated.

For the period 30 March - 31 December 2015, the Parent Company prepared its separate financial statements in accordance with the Danish Financial Statements Act. The financial statements for the year ended 31 December 2016 are the first financial statements prepared in accordance with IFRS. Refer to note 9 for information on how the parent company adopted IFRS.

The functional currency of the parent company is DKK and the financial statements of the parent company are presented in DKK thousand.

The financial statements have been prepared on a historical cost basis.

The accounting policies of Forward TopCo A/S are the same as for the consolidated financial statements with the additions below. For a description of the accounting policies for the consolidated financial statements, note 29 to the consolidated financial statements.

Supplementary accounting policies for the Parent Company

Investments in subsidiaries

Investments in subsidiaries are measured using the cost method in the parent company's financial statements. If an indication of impairment is identified, an impairment test is carried out as described in the accounting policies of the consolidated financial statements. If the carrying amount of investments exceeds the recoverable amount, a corresponding impairment loss is recognised. Impairment losses are recognised in the parent company's income statement as financial items.

Critical accounting estimates and assumptions

In connection with the preparation of the parent company financial statements, Management has made accounting estimates and judgements that affect the assets and liabilities reported at the balance sheet date as well as the income and expenses reported for the financial period. Management continuously reassesses these estimates and judgements based on a number of other factors in the given circumstances.

Management assesses that, in respect of the financial reporting for the parent company, no accounting estimates or judgements are made when applying the parent company's accounting policies which are significant to the financial reporting apart from those disclosed in note 30 to the consolidated financial statements.