Annual Report 2018
Forward Topco A/S

Approved at the Company's annual general meeting on 29 May 2019

Chairman:

Niels Eldrup Meidahl

FORWARD TOPCO A/S, EGEGÅRDSVEJ 61, 2610 RØDOVRE, CVR NO. 36699884

Contents

Management's statement

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 2018.

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.

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 2018 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 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent 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.

Rødovre, 21 May 2019

Executive Board:

Steen Albrechtslund
CEO

Board of Directors:

Peter Korsholm
Chairman

Jesper Bo Jørgensen

Henrik Bensimon Rossing

Thomas Broe-Andersen

Sophie Caroline Bensimon Rossing

Kasper Sørensen

Kaarthik Subramani Krishnamurthy

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 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and 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 2018 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 2018in 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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the 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.

Statement on the Management's review
Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

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, 21 May 2019

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

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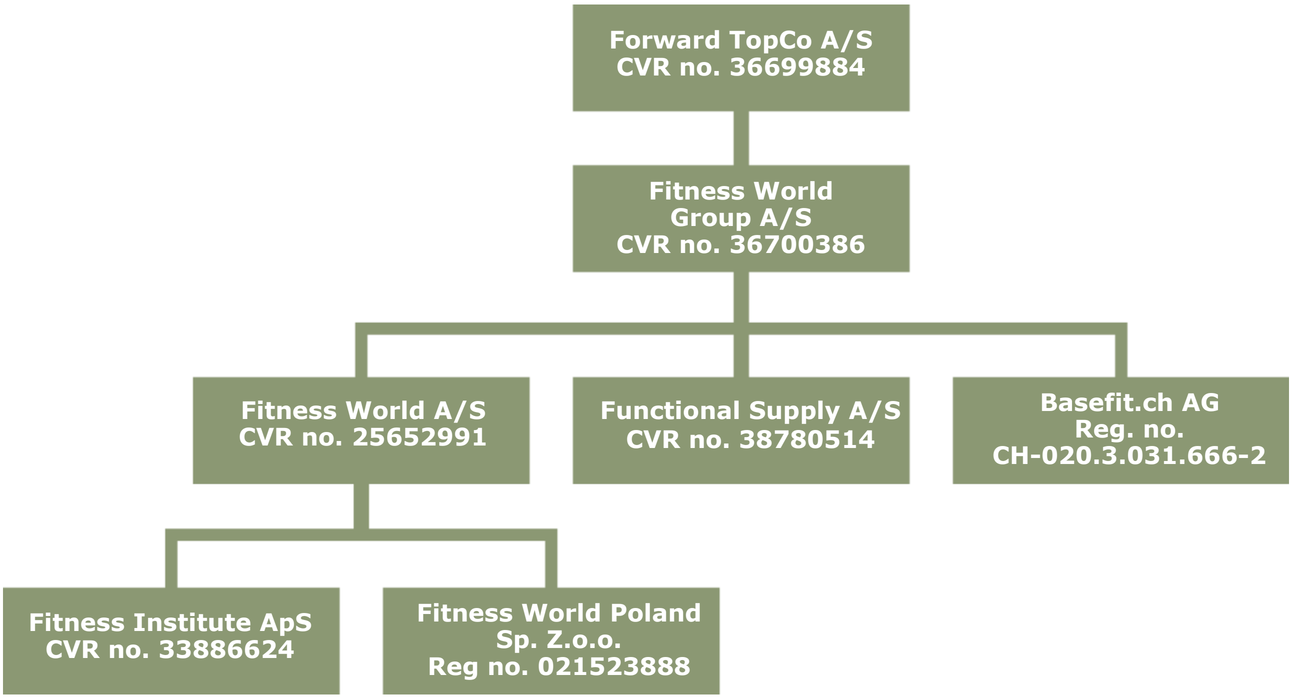
Steen Skorstengaard State Authorised Public Accountant mne19709	Ole Becker State Authorised Public Accountant mne33732

Management's review

Company details

Company name and address	Forward Topco A/S Egegårdsvej 61, 2610 Rødovre, Denmark
CVR no. Established Registered office Financial year	36 70 03 86 30 March 2015 Copenhagen 1 January – 31 December
Telephone	+45 88 88 76 00
Board of Directors	Peter Korsholm, Chairman Thomas Broe-Andersen Kasper Sørensen Jesper Bo Jørgensen Kaarthik Subramani Krishnamurthy Henrik Bensimon Rossing Sophie Caroline Bensimon Rossing
Executive Board	Steen Albrechtslund, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, 2000 Frederiksberg, Denmark

Group chart



All ownerships are 100%

Letter from the CEO

In 2018, Fitness World became one of the top five European fitness operators.
We consolidated our leading position in Denmark, while expanding into a new geographic market. Reported revenue growth was 9.7% (compared to 12.5% in 2017), while organic revenue growth came in at 6.2%. Membership grew by 20% (94,000 members), and our EBITDA margin was 18.6% (18.0% in 2017).

We generated revenue of DKK 1.4 billion and EBITDA before special items of DKK 290 million. Our free cash flow before acquisitions came in at DKK 66 million.

The financial results comfortably met our expectations, despite unfavourable weather conditions in the period May to September and continued investments in our existing business platform.

Updated strategy: FUEL22
In 2016, we introduced our strategy framework, Fuel19. Our targets centred on driving profitable growth in the Danish market and expanding into new geographic areas.

During the strategy period, we have cemented our position in Denmark, expanded into Poland and, as of October 2018, established a strong position in Switzerland, while at the same time increasing profitability. We have reached our ambitious target of becoming one of the top five European fitness operators, and we have the appetite for more.

We have implemented several new growth initiatives, including our own successful sports nutrition brand, FUNCTIONAL, and various personal training concepts, while continuing with numerous operational excellence programmes. These initiatives will have a positive impact on long-term profitability.

Our updated strategy, FUEL22, follows the basic formula, focusing on profitable growth for the existing business while simultaneously seeking out new market opportunities.

Switzerland
In line with the above-mentioned strategy, in October 2018 we entered a new market for us, Switzerland, with the acquisition of basefit.ch When it comes to fitness club activities, Switzerland is not as well penetrated as many other comparable countries. We therefore expect higher market growth than in other European countries. Basefit.ch is the second-largest fitness operator in Switzerland with 33 clubs.

Sustainability
Given the nature of the business, our operations have a limited impact on the environment. We use raw materials in the form of fitness machines and spare parts, but our main sustainability focus has been on energy savings related to the fitness clubs. Our aim for 2018 and 2019 has been to replace all traditional light bulbs with LED bulbs, a DKK 15 million project that will substantially reduce our energy consumption going forward. Other energy-saving initiatives have also been implemented, and we are focusing on minimising water consumption in the clubs.

Outlook 2019

The market outlook in our geographic footprint remains positive. In 2019, we expect to continue our organic revenue growth, supported by additional revenue from the basefit.ch acquisition. Despite our expansion plans, mainly in Switzerland, we expect to increase our EBITDA margin.

Besides welcoming our new Swiss colleagues to Fitness World Group, I would like to thank all our passionate employees in Denmark and Poland for their contribution to the strong performance in 2018. In addition, I would like to express my appreciation for the excellent cooperation with our suppliers and investors and, last but not least, thank our loyal members for continuing to support our brands and services.

Steen Albrechtslund

CEO

Financial highlights for the Group

DKK'000	2018	2017*	2016*	2015*/**
Key figures				
Revenue	1,362,594	1,242,283	1,103,972	611,283
Gross profit	614,534	552,531	497,403	262,761
EBITDA, before special items***	290,156	254,449	226,824	114,341
EBITDA***	253,807	223,150	226,824	114,341
Ordinary operating profit/loss	33,471	-15,087	25,579	-27,94
Loss from financial income and expenses	-48,407	-44,791	-48,929	-30,338
Loss for the year	-31,493	-54,898	-21,447	54,694
Total assets	2,291,351	1,760,277	1,838,813	1,997,993
Investment in property, plant and equipment	116,046	116,565	84,639	86,453
Additions from business combinations	116,867	-	-	-
Equity	694,684	649,440	698,188	723,129
Cash flow from operating activities	138,972	170,753	87,085	172,043
Cash flow from investing activities	-483,210	-94,238	-76,269	-1,384,146
Cash flow from financing activities	-333,637	-73,233	-69,772	-1,332,938
Total cash flows	45,060	55,661	52,379	110,885
Financial ratios				
Gross margin	45.1%	44.5 %	45.1 %	43.1%
Solvency ratio	30.32%	36.9 %	38.0 %	36.2%
Average number of full-time employees	1,286	963	892	898

*Not restated for IFRS 9 and 15
**Actuals figures for seven months of operations.
***For a definition on the Non-IFRS measures, see note 30 Accounting policies.

Financial ratios

The financial ratios have been calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios. The financial ratios stated are calculated as follows:

Financial ratio	Definition
Gross margin, %	Gross profit/revenue
Solvency ratio, %	Equity/total liabilities

Mission and strategy

Based on a strong position in our home market, Fitness World's goal is to consolidate our position as Europe's fifth-largest fitness operator. We have achieved this ranking by providing as many people as possible with the opportunity to live a healthier life through fitness training at an affordable price.

Better health for all is our mission
Fitness World plays an integral part in improving the Danish nation's health. With around 480,000 members – more than 10% of the population over the age of 15 – we are mindful of our public health responsibility. Our 180 clubs are in prime locations across Denmark, giving us a strong market position.

Better health for all is our mission, and "for all" is a critical democratic component of our values and highly descriptive of the way we see ourselves. We were founded in 2005 to enable as many people as possible, from all walks of life, to live a healthier lifestyle through fitness training and thus actively contribute to a society that is healthier in body and mind.

Fitness World is committed to be the number one provider of a "healthy life for all" in Denmark, and to further expanding internationally by taking advantage of our extensive fitness knowledge accumulated over the years. The ability to quickly adapt 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, Poland and Switzerland, we are determined to continue growing.

Strategy: FUEL22
The Danish fitness market has been growing by around 3% per year, driven by a healthy increase in penetration – the value-for-money segment is capturing the majority of the market. When it was founded, Fitness World disrupted the market, and we have since grown through M&A and greenfield projects, clearly outperforming the market and sustaining our leading position. The value proposition is clear: to offer "everything to everyone" through the broadest fitness offerings and club network at attractive prices.

Combining more than 10 years of experience with a clear strategy, the course is set for Fitness World. The Company's growth strategy, FUEL22, was launched in Q3 2018 with a strategic priority of ensuring profitable growth in the Danish home market and securing a winning proposition abroad. Clearly defined focus areas for 2022 have been implemented throughout the organisation, including the following main focus areas:

Growth in Denmark
Denmark will always be Fitness World's home market and the platform for future success. It is vital that we continually consolidate our position in the Danish market. We will do this not only through new club openings, but more importantly through robust like-for-like growth in our existing clubs. We believe this can be achieved through an enhanced focus on personalised fitness offerings locally, taking into consideration differences in trends and the habits of individual members. To be the most relevant fitness operator in the Danish market, Fitness World has a keen focus on every decision being data-driven to ensure that our offerings match up with our members. We will accelerate digitisation to offer a personalised experience for members, empowering them to make the choice that is right for them, whether it be personal training, group training or individual fitness. Furthermore, we will continue to expand our sports nutrition brand, FUNCTIONAL, to ensure that more people can enjoy quality products and a healthy lifestyle.

International expansion:
We aim to expand the business into even more markets in the coming years. In 2018, we entered Switzerland through the acquisition of basefit.ch, the second-largest and fastest-growing fitness chain in the Swiss market. This represents an interesting market for Fitness World, as it is less well penetrated than Scandinavia. In Poland, we expect to expand our strong regional presence. Continuing the expansion beyond Denmark is important for securing Fitness World an even more compelling runway for growth.

Urban Gym
With Urban Gym, we have designed a new, low-cost and innovative concept. This 100% digital concept is based on selling memberships solely via online e-commerce and in-club self-service via a branded app. Urban Gym is the place for fun, innovative ideas and designs that meet the expectations of the young and vibrant target group. The low-cost segment will continue to grow in Europe, and Urban Gym will be a strong proposition in response to this trend.

Reduce churn
We are aiming to reduce churn through a stronger focus on the customer journey, i.e. through marketing automation. We want to create healthy habits among our members, and motivate and inspire them with relevant information. Our club staff will increase their focus on offering the right service and product throughout the customer journey.

Basefit.ch

-the successful fitness operator in Switzerland

Clear Swiss fitness leader in the value-for-money segment, the market's fastest-growing segment

– Fastest-growing player and second-largest fitness chain in Switzerland

In October 2018, Fitness World Group acquired basefit.ch, the leading low-cost fitness chain in Switzerland.

Basefit.ch is the fastest growing fitness chain in Switzerland, with more than 20% annual sales growth over the past four years, and is now the second-largest chain of fitness clubs, operating 33 clubs with 67,000 members.

Basefit.ch opened its first club in 2008 and, up to 2014, pursued a strategy of opening one new club per year, mainly in the Zurich area. Since 2014, this growth has accelerated, with an average of six new club openings per year up to 2018.

The goal of basefit.ch is to make fitness training available to everyone, irrespective of social status, age, nationality, fitness level or health status.

Despite its low-cost strategy, basefit.ch does not compromise on quality, as reflected in its highly regarded certification. Basefit.ch offers staffed reception desks, shower facilities, cyber group classes, supervision by trainers on the floor and high-quality equipment. Basefit.ch is the smart choice for fitness consumers who want high quality at a low price.

We will continue to expand basefit.ch's reach, aiming at 50 clubs in the near future. We have great expectations for the future roll-out of the chain, as the value-for-money segment remains the fastest-growing segment of the fitness market in Switzerland.

Fitness World

Fitness World was founded in 2005 and is headquartered in Rødovre, Denmark. Fitness World Group has grown from 182 to 196 fully owned fitness clubs, with around 505,000 members as of the end of 2018.

With 182 clubs and around 486,000 members in its domestic market visiting close to 25 million times per year, Fitness World is by far the largest fitness retailer in Denmark. Including part-time workers, we have approximately 4,300 employees in Denmark. The Company entered the Polish market in January 2015 and currently operates 16 fitness clubs in Poland, with around 25,000 members.

With Fitness World, members can choose from more than 110 different types of fitness class, from yoga and dancing to cross training and boxing. In 2018, there were more than 4,700,000 check-ins at its fitness classes across Denmark.
Fitness World has expanded its programme with outdoor running, pre-ski exercising and power yoga, and has released a whole new standard for cycling, with the introduction of a new class concept supported by the Intelligent Cycling system.

Urban Gym

In September 2016, Fitness World launched the first five Urban Gym clubs in Copenhagen (two), Odense, Aarhus and Viborg as a strategic growth initiative targeted at cost-conscious and selfreliant fitness consumers. In 2017, we added another five Urban Gym clubs in Copenhagen, Kolding, Vejle, Herning and Aalborg, bringing the total to 10 clubs with approx. 22,000 members.

To create a new low-cost fitness brand, we removed the staffed reception desks, shower facilities and fitness classes, which were services that our cost-conscious consumers did not use anyway. “Do less but do it well” is our mantra. Urban Gym is the smart choice for this consumer segment.

We have built a 100% digital concept based on selling memberships solely via online e-commerce and in-club self-service via a branded app. Inspired by a global urban fitness lifestyle, all Urban Gym clubs have been created with an innovative new design and high-quality equipment.
Nine of the existing Urban Gym clubs are former Fitness World clubs that were renovated and converted to the Urban Gym concept. We will continue to work on optimising the Urban Gym cost structure and expect to improve profitability.

We will continue to develop the Urban Gym concept, and focus on further improvement of the member experience.

FUNCTIONAL

-Fastest-growing sports nutrition brand in Denmark

In July 2017, Fitness World Group established its own sports nutrition brand, FUNCTIONAL. The purpose of this brand is to inspire healthy supplementation, honest nutritional facts and a functional approach to a healthier lifestyle. FUNCTIONAL is committed to creating healthy fitness nutrition to help people achieve their active lifestyle goals.

FUNCTIONAL launched its first products through Fitness World Denmark at the end of 2017. During 2018, we expanded our distribution to Urban Gym as well as independent local gyms across Denmark.
Through Fitness World Denmark and Urban Gym, FUNCTIONAL managed to capture a market share in Fitness World of around 25% by value in 2018. This was primarily driven by strong performance within our ready-to-drink categories as well as our recently launched powder supplementation category.

In 2019, we will go international by expanding distribution to our basefit.ch clubs in Switzerland as well as continuing to expand our product range to meet new consumer demands. We will also launch an e-commerce platform to further expand sales outside our own direct distributing channels in Fitness World clubs.
Furthermore, we will be rolling out a new visual identity during Q2 2019 as part of our FUEL22 strategy.

Financial Performance

Our financial results for 2018 showed continued strong earnings, and we were able to increase our EBITDA before special items despite an unusually long and warm summer, take out significantly.

2019 will be a year of sustained investments in new fitness clubs, mainly in Switzerland, and continued upgrading of our existing Fitness World clubs.

Income statement

Revenue
Revenue was DKK 1,363 million, against DKK 1,242 million in 2017, an increase of DKK 121 million or 9.7%. Organic revenue growth was 6.2%.

The increased revenue came from a combination of the increased membership base and higher average revenue per unit, and is in line with the expectations for the year.

Sales of goods and personal training services amounted to DKK 142 million, against DKK 131 million in 2017, an increase of DKK 11 million or 8%, driven by a sharper focus on personal training, further expansion of the product portfolio and the introduction of FUNCTIONAL, our own brand of shakes, energy bars and other sports nutrition products.

Gross profit
The gross profit amounted to DKK 615 million, against DKK 553 million in 2017, an increase of DKK 62 million or 11%. The gross margin was 45.1% in 2018, against 44.5% in 2017. Average revenue per member was up compared with 2017, and increased capacity utilisation of our clubs due to the increased membership base had a positive impact on margins, offset partly by an adverse country mix as a result of expanding our business in Poland and partly by the introduction of our value-for-money brand, Urban Gym. basefit.ch, the fitness operator we acquired in Switzerland in October 2018, has higher membership prices, but has only been part of Fitness World Group for two months, for which had a limited impact on the financials.

EBITDA before special items
EBITDA before special items amounted to DKK 290 million (equivalent to an EBITDA margin before special items of 21.3%), against an EBITDA before special items of DKK 255 million (equivalent to an EBITDA margin before special items of 20.5%) in 2017.

The increase in EBITDA before special items was due to higher average revenue per member and the increased membership base, and is in line with the expectations for the year.

Special items included in EBITDA
2018 brought negative special items totalling DKK 36 million, mainly due to significant M&A, GDPR, reorganisation costs and strategy development costs.

Operating result (EBIT)
The operating profit was DKK 34 million in 2018, against a loss of DKK 15 million in 2017, which is satisfied and in line with the expectations for 2018.

Financial items

Net financials totalled DKK -48 million in 2018, against DKK -45 million in 2017. Besides interest expenses and foreign exchange adjustments, the figure includes amortisation of borrowing costs and payments for an unused committed credit facility. The higher net financials in 2018 was mainly due to increased net debt, as a result of obtaining new loan.

Taxation
Due to amortisation of intangible assets, tax for 2018 was an expense of DKK 16 million, against an income of DKK 5 million in 2017.

Cash flow

Operating activities
Cash flow from operating activities amounted to DKK 139 million against DKK 171 million in 2017. The decline in cash flow from operating activities was mainly the result of the change in net working capital.

Investing activities
Net investments of DKK 483 million were made during 2018, against net investments of DKK 94 million in 2017. The increased investments was mainly due to a high M&A activity, with the largest being the acquisition of basefit.ch AG with DKK 355 million. Other acquisition of activities comprise 10 independent fitness clubs in Denmark, and Fitness Institute ApS.

Operational investment was mainly related to establishment of new clubs in both Denmark and Poland, as well as investments in IT. The investments are largely in line with the expectations for the year.

Free cash flow
Free cash flow came to DKK (344) million, a decrease of DKK 420 million. Adjusted for investments in business combinations and acquisition of activitites, free cash flow came to DKK 66 million, which was DKK 10 million lower than the year before.

Free cash flow from financing activities
Cash flow from financing activities came to DKK 334 million against DKK (73) million in 2017. The positive development was mainly due to new loan facility to facilitate the acquisition of basefit.ch AG, with a principal amount of DKK 360 million and a capital increase.

Balance sheet
The balance sheet total at 31 December 2018 was DKK 2,291 million, against DKK 1,760 million at year-end 2017. The increase in the balance sheet was driven mainly by the high level of M&A activity in 2018. Operating working capital was impacted by increased trade payables, mainly reflecting the higher level of activity and changed payment terms.

Capital expenditure
Total CAPEX in the year was DKK 155 million, which was an increase of DKK 20 million, an increase of 15%. Investments made during the year, was mainly related to new club openings in Denmark, refurbishment of existing clubs, and upgrading our equipment's in the clubs. In 2018 investment were also made in software development. The investments was in line with the expectations for 2018.

Net debt
Net interest-bearing debt ended at DKK 1,141 million at 31 December 2018, against DKK 790 million in 2017, an increase of DKK 351 million. The increased net interest-bearing debt was a consequence of a new loan facility to facilitate the acquisition of basefit.ch AG, with a principal amount of DKK 360 million. Other M&A during the year was financed by net cash flow form operating activities. In 2018, an ordinary principal amount of DKK 60 million was paid on the senior debt facility.

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 ended at DKK 695 million at 31 December 2018 against DKK 649 million in 2017. The DKK 46 million improvement was mainly the result of a cash contribution from the parent company of DKK 71 million in the year, being partly offset by negative net result for the year. The solvency ratio was 30% against 37% in 2017.

Events after the balance sheet date
No events have occurred after the balance sheet date that could influence the evaluation of this annual report.

Outlook for 2019

The market outlook in our geographic footprints remains positive. Fitness penetration levels will continue to grow, albeit at a slower rate in our home market. In 2019, we expect to continue our organic revenue growth, supported by additional revenue from the basefit.ch acquisition.

Despite our expansion plans, we expect to increase our EBITDA margin.

The expectations for Fitness World's financial performance in 2019 are based on the following specific assumptions:

- Exchange rates, primarily for CHF, EUR and PLN, hold at their May 2019 levels
- Membership levels continue to rise
- Price competition remains unchanged
- Normal weather conditions

Risk management

Risk management is an ongoing process at Fitness World involving identification of risks and 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 of monitoring compliance with policies has been delegated to the CFO.

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, especially the consumer sector, as well as political initiatives such as taxes or VAT deductions targeting the fitness industry, have significant direct and indirect impact on Fitness World.	High	High	Monitoring economic and political developments in the three markets – Denmark, Poland and Switzerland – and effectively following up on sales on a weekly basis. With the acquisition of basefit.ch, Fitness World now has a more diversified geographic split.
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 brands, and failure to deliver high-quality services at a competitive price. Unusually high summer temperatures also have a negative impact on membership levels.	Medium	Medium/ high	Monitoring competitors to the extent possible. Maintaining high market visibility to secure our market position. Monitoring prices in the three markets. Predicting consumer dynamics to deliver solutions that resonate with consumers.
Brand value	Our success depends in large part on our ability to maintain and enhance the value of our brands and our members' and the public's relationship to our brands.	High	Medium	Building, promoting and positioning our brands.
Interest & foreign exchange rates	Fitness World's earnings are in DKK, CHF 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	Mitigating exchange and interest rate risks in accordance with established policies and conducting ongoing follow-up and reporting. Fitness World does not hedge currency exposure, but tries to match assets and liabilities within the same country where possible.
Capital structure & cash flow	Net interest-bearing debt was DKK 1,141 million at year-end 2018, and Fitness World will remain dependent on external financing in the future.	Low	High	The current bank agreement has a credit facility of DKK 1,300 million. The bank can terminate the facility prematurely if Fitness World fails to meet certain financial covenants. In 2018, there were no breaches of the financial covenants.
Contractors	We rely on third-party contractors and suppliers for various aspects of our business, including the provision and servicing of fitness equipment, member payment processing, and certain IT services and marketing functions.	Medium	Low	Strengthening our control environment around our contractors and implementing new software systems to limit this risk.

Corporate Governance

Fitness World has defined corporate governance as responsible and efficient management to the benefit of Fitness World's members and the surrounding world.

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

The Board of Directors of Forward TopCo A/S consists of 6 members:

Peter Korsholm, Chairman since 2019
Kasper Sørensen, member since 2016
Niels Eldrup Meidahl, member since 2016
Thomas Broe-Andersen, member since 2015
Henrik Bensimon Rossing, member since 2015
Sophie Caroline Bensimon Rossing, member since 2015

Executive Board and Group Management
Management is responsible for the day-to-day operation of Fitness World. The management level consists of Group CEO Steen Albrechtslund, Group CFO Niels Eldrup Meidahl, and Group CCO Lars Frødstrup (Executive Committee) and three heads of department (Group Management).

In 2018, several organisational initiatives were agreed to strengthen the overall management of Fitness World Group. Lars Frødstrup was appointed Managing Director of Fitness World Denmark, having previously filled the role of Value Added Sales Director. Claus Nielsen was appointed CMO in August 2018, he came from a position as Sales and Marketing Director in Red Bull. A full overview of Group Management can be found on page 25-26

At the end of 2018, the total number of employees was approximately 4,800. It is crucial that Fitness World is able to attract and retain competent and motivated employees.

Diversity
The Company aims to appoint candidates with the best profiles and qualifications. In so doing, the Company takes gender into consideration only after ensuring that its other recruitment criteria, including requirements relating to professional qualifications, industry experience and educational background, have been met, as its primary consideration is ensuring that its board members and top executives have the right profiles.

The Company pursues the aim of having one female member of the Board of Directors. Since 2016, the Company have one female member of the Board of Directors. Fitness World has a policy to offer all employees equal opportunities and aims for a more equal distribution of gender among employees in leadership positions. Fitness World will, in the future, in connection with the recruitment of managers, focus on gender equality if there are qualified applicants. But, Fitness World does not compromise on qualifications and will continue to employ the most qualified candidate regardless of gender, political, religious, or personal orientation.

The Company also intends to increase the proportion of women in both Group Management and general management so as to reflect the proportion of women employed by Fitness World, which is currently 62%. In 2018, the general management comprised 43% men and 57% women (including fitness club managers).

Environment, social and governance (ESG)

Risk management
The Board of Directors has overall responsibility for ensuring that the Group maintains appropriate procedures for monitoring, measuring and managing 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 pages 18-19.

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 16,168 shares with a nominal value of DKK 0.02. FSN Capital has control of 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 2018 and that the consolidated loss of DKK 31 million be transferred to retained earnings.

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

In 2018, the Group focused in particular on minimising its consumption of water and energy per visit. As a result, costs were reduced in a number of areas, and the environmental impact was also reduced. Among other things, we have changed nearly all light bulbs in the clubs to LED bulbs to significantly reduce energy consumption.

The Group runs charity events. One example is a collaboration with Team Rynkeby called "Bike for the kids", where 70 the Group clubs arrange cycling events. The proceeds from the tickets sold are donated to the Child Cancer Foundation Denmark.

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

The Group is also very aware of the risks of corruption, but since the Company operates in mature markets, a separate anti-corruption policy has not been drawn up.

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

ESG impacts through the value chain
Fitness World's main social impact centres around the health benefits of living an active lifestyle via fitness training. Totalling 572,000 members in Denmark, Poland and Switzerland and over 27,000,000 annual visits, Fitness World is a major contributor to public health and lifetime expectancy – especially in Denmark.

The use of heavy weights in plate loading, free weight and weight stack machines in the clubs may, however, impact the safety of members and employees. The main environmental impact relates to the manufacturing of equipment, such as the use of chemicals in leather tanneries and parts manufacturing in China (colour plating of metals) for final assembly of fitness equipment in the US and Europe. Governance impacts relate to integrity in sales and procurement, marketing and management of the business, as well as protection of customer and employee data.

Raw materials, parts suppliers and assembly suppliers
- Climate impact of raw material sourcing and manufacturing
- Chemicals and pollution
- Conflict materials
- Labour conditions and human rights
- Health and safety
- Energy use
- Water use

Own operations & clubs
- Energy use
- Water use
- Internal waste
- Employee health and safety
- Labour conditions, safety and culture of own operations
- Member safety
- Product safety

Management, sales & marketing
- Anti-corruption and integrity
- Diversity
- Attracting and retaining employees
- Sustainable brand positioning
- Supply chain transparency
- Responsible marketing and sales
- Data security

Consumers & members
- Health benefits of Fitness World membership
- Body image, appearance and ideal
- Doping and illegal substances

ESG risks and opportunities
The fitness industry has grown over the last 10-15 years. In Europe alone, more than 60 million people are doing fitness activities on a regular basis in one of its 59,000 fitness clubs. In 2018, it is estimated that the member base grew by 4% in Europe. Fitness has become mainstream for living an active lifestyle outside the traditional sports clubs. Given Fitness World's market share of more than 55% in Denmark, it is important to be sensitive to the role the Company plays in terms of promoting natural self-confidence and working against an abnormal body image, as well as an opportunity to contribute to attitudes regarding illegal substances.

The fitness industry is currently transforming into a professional retail business with larger chain structures. However, there are still traces of the traditional independent fitness club management, with its inadequate focus on governance and timely professionalism. As Fitness World continues to grow via bolt-on acquisitions, there will be a focus on integrity-related risks.

With around 572,000 members and terabytes of personal data, including sensitive health information, it is vital to set standards for data security and compliance with the EU GDPR regulation.

Fitness World is in a unique position to contribute to WHO's SDG 3 programme on health and well-being.

Importance to Stakeholders \ Importance to Company	Important		Material
Material		▪ Member safety ▪ Energy usage – own facilities	▪ Health benefits of member-ship ▪ Anti-corruption and integrity ▪ Product safety ▪ Body image, appearance and ideal ▪ Data security and management ▪ Sustainable market position
	▪ Manufacturing climate impact ▪ Diversity in the workplace	▪ Responsible marketing and sales ▪ Supplier labor conditions and human rights ▪ Health and safety - suppliers	▪ Labor conditions and culture in own operations ▪ Attracting and retaining employees ▪ Employee health and safety ▪ Climate impact of raw material sourcing and supply chain
Important	▪ Water use own operations ▪ Conflict materials	▪ Internal waste management ▪ Sourcing and supplier transparency	

Company ESG performance 2018

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE	AMBITIONS 2019
1. Empower healthy bodies and minds	We initiated the FitIn programme for grades 7-9 in the Danish public school system. The FitIn programme enables teachers to provide an introduction to basic fitness and healthy body image for teenagers. We optimised our equipment configuration to avoid bottlenecks in all areas of our clubs. We introduced five new class concepts, including outdoor running. We added new app functions: virtual training programme, booking PTs. We offered persons with a BMI of 30+ free training over a 3-month period in spring 2018. We cooperated with ADD (Anti-doping Denmark).	50,000 new members; 5,000 new members between 14 and 15 years of age; 2 million more visits to our clubs, giving a total of 27 million visits. 74,000 PT sessions (+15,000 vs. 2017); 264,000 live group classes (+10,000 vs. 2017). Members burned 8.4 billion calories, equal to 32 million Big Macs.	Develop additional material and programmes for teachers to include fitness in the curriculum. Maze score of 193 (up from 189 in 2018). Add 60,000 new members and 3.3 million extra visits. Cooperation with DGI/DIF to penetrate smaller cities with an attractive fitness solution. Driving penetration further in Denmark.
2. Motivated, safe and satisfied employees	We created a new go-to-market structure adding more management firepower in regions and districts – closer to club personnel. We expanded our FW Learning Bank. We launched Workplace intranet. We introduced a performance-related C&B package with bonus payments. We mapped over 700 processes to help our staff make the right choices.	NPS score of 19 (up 16 points vs. 2016/17). We added four new modules to Learning Bank.	We will continue to build our e-learning platform FW Learning Bank (25 modules). NPS score of 25%. Turnover rate down from 20% to 15%. Sick days down from 4.1% to 3.5% at HQ and from 6.5% to 5.5% in the field.
3. Safe and inviting gyms with improved carbon footprint	We implemented the Dalux ticketing system on 2 February, enabling maintenance teams to prioritise all technical issues in the clubs. We documented an additional 200 operational procedures in a cloud-based system (Gluu), giving a total of 700 processes. We rolled out the LED programme to improve our carbon footprint and ensure adequate lighting for safe workouts.	Member satisfaction up by 3 points from 186 EOP in 2017 to 189 EOP in 2018. Dalux and technical team handling 40,000 tickets. Service days worked by technical team down from 1.5 days to 3.31 days.	Introduce SmartArt Eco Power cardio areas in three selected clubs to test feasibility to potentially save 60+ tonnes of CO2 and generate 500,000 kWh. Continue to roll out LED programme to the remaining clubs in Denmark.
4. Responsible management and business integrity	Whistleblowing system established. Supplier code of conduct in place. GDPR programme finalised. Authorisation policy implemented. A wide range of policies formulated and implemented. Additional code of conduct modules in Learning Bank developed and implemented. Club manager handbook updated.	Club manager termination due to fraudulent behaviour up from 10 to 11. Two whistleblower tickets in Denmark and one in Poland. Zero product hazard incidents (chemical or nickel release).	Anti-corruption training in Learning Bank. Supplier audit reviews for key SKUs. Terminations due to fraudulent behaviour down to five.

Executive Commitee and Group Management

Strong leadership at FITNESS WORLD

Executive Committee

Steen Albrechtslund
Group CEO, position held since October 2015

Born: 1965

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, Pilgrim A/S, PILGRIM EXPORT ApS, Det rytmiske musikhus' fond, Tali Metals, Functional Supply A/S, Fitness Institute ApS

Niels Eldrup Meidahl
Group 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) and DSV Miljø A/S (2006-2009), Investor Relations manager at Novozymes A/S (2002-2006)

Board memberships: Frandsen EL A/S (Chairman), Soundear A/S (Chairman), Reconor A/S, Fitness World Group A/S, LH Hockerup A/S, Functional Supply A/S, Fitness Institute ApS

Lars Frødstrup
Group CCO, Managing Director of Fitness World Denmark, Position held since july 2018, previously value added sales director (since 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)

Group Management

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)

Gitte Glentborg
HR Director, position held since September 2015

Born: 1975

Educational background: Academy Profession degree in Human Resources from Business Academy Aarhus, part of Aarhus Business School

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

Claus Nielsen
CMO, position held since August 2018

Born: 1983

Educational background: Diploma Marketing & Commercial Management (HD), Executive Management Program at INSEAD

Work experience: Sales & Marketing Director at Red Bull (2012-2018), Nordic Market Manager at Nordisk Film A/S (2011-2012), Trade Marketing Manager at PlayStation (2009-2010), Nordic Area Manager at Trendhouse Group A/S (2007-2010)

Board memberships: Functional Supply A/S, Fitness Institute ApS, Meanco ApS (owner).

Consolidated income statement 1 January – 31 December

Note	DKK'000	2018	2017
1	**Revenue**	**1,362,594**	**1,242,283**
	Cost of sales	-63,058	-77,133
3	Other external costs	-685,002	-612,619
	Gross profit	**614,534**	**552,531**
2	Employee expenses	-326,098	-301,368
4	Amortisation, depreciation and impairment	-220,336	-238,237
	Other operating income	1,720	3,286
	Operating profit before special items	69,820	16,212
5	Special items	-36,349	-31,299
	Operating profit/loss	**33,471**	**-15,087**
6	Finance income	315	1,153
7	Finance costs	-48,722	-45,944
	Loss before tax	**-14,936**	**-59,878**
8	Income tax	-16,557	4,980
	Loss for the year	**-31,493**	**-54,898**
	Attributable to:		
	Shareholders of the parent	-31,493	-54,898
		-31,493	**-54,898**

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

Note	DKK'000	2018	2017
	Loss for the year	**-31,493**	**-54,898**
	Other comprehensive income		
	Other comprehensive income to be reclassified to the income statement in subsequent periods (net of tax):		
	Exchange differences in translation of foreign entities	6,269	622
21	Gain on fair value adjustments of derivates financial instruments that may be subsequently reclassified to the income statement	2,948	3,056
8	Income tax	-628	-673
	Other comprehensive income/(loss) for the year, net of tax	**8,589**	**3,005**
	Total comprehensive loss for the year, net of tax	**-22,904**	**-51,893**
	Attributable to:		
	Shareholders of the parent company	-22,904	-51,893
		-22,904	**-51,893**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet 31 December

Note	DKK'000	2018	2017
	Assets		
	Non-current assets		
10	Intangible assets	1,518,188	1,099,387
12	Property, plant and equipment	543,570	439,835
14	Trade receivables, non-current	3,015	5,532
	Other receivables, non-current	50,469	43,804
	Total non-current assets	**2,115,242**	**1,588,558**
	Current assets		
13	Inventories	24,057	21,821
14	Trade receivables	40,479	22,728
	Other receivables	54,719	60,862
	Prepayments	11,794	10,647
15	Cash	45,060	55,661
	Total current assets	**176,109**	**171,719**
	Total assets	**2,291,351**	**1,760,277**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated balance sheet 31 December

Note	DKK'000	2018	2017
	Equity		
26	Share capital	16,168	15,701
	Hedging reserve	-3,587	-5,907
	Foreign exchange reserve	6,510	241
	Retained earnings	675,593	639,405
	Total equity	**694,684**	**649,440**
	Liabilities		
	Non-current liabilities		
9	Deferred tax liabilities	51,474	34,165
19	Credit institutions	985,680	748,315
16	Provisions	41,107	16,067
	Total non-current liabilities	**1,078,261**	**798,547**
	Current liabilities		
19	Credit institutions	176,619	79,349
	Trade payables	100,154	72,707
16	Provisions	22,527	62,602
	Income tax payable	13,900	11,484
	Other liabilities	77,579	60,760
	Deferred income	127,627	25,388
	Total current liabilities	**518,406**	**312,290**
	Total liabilities & equity	**2,291,351**	**1,760,277**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

DKK'000	Issued capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total equity
Equity 1 January 2018	**15,701**	**-5,907**	**241**	**639,405**	**649,440**
Changes in accounting policies IFRS 15	-	-	-	-4,232	-4,232
Tax related adjustments				931	931
Adjusted equity at 1 January	15,701	-5,907	241	636,104	646,139
Result for the year				-31,492	-31,492
Other comprehensive income					
Foreign currency translation of foreign entities	-	-	6,269	-	6,269
Value adjustment of hedging instruments	-	2,948	-	-	2,948
Tax of other comprehensive income	-	-628	-	-	-628
Total other comprehensive income	-	2,320	6,269	-	8,589
Total comprehensive income for the year	-	2,320	6,269	-	8,589
Transactions with owners	-	-	-	-	-
Capital increase	467	-	-	70,981	71,448
Equity 31 December 2018	**16,168**	**-3,587**	**6,510**	**675,593**	**694,684**
Equity 1 January 2017	**15,660**	**-8,290**	**-381**	**691,199**	**698,188**
Loss for the year	-	-	-	-54,898	-54,898
Other comprehensive income					
Foreign currency translation of foreign entities	-	-	622	-	622
Value adjustment of hedging instruments	-	3,056	-	-	3,056
Tax of other comprehensive income	-	-673	-	-	-673
Total other comprehensive income	-	2,383	622	-	3,005
Total comprehensive income for the year	-	2,383	622	-54,898	51,893
Transactions with owners					
Capital increase	41	-	-	3,104	3,145
Equity 31 December 2017	**15,701**	**-5,907**	**241**	**639,405**	**649,440**

Consolidated cash flow statement 1 January – 31 December

Note	DKK'000	2018	2017
	Result for the year	**-31,493**	**-54,898**
17	Adjustments for non-cash transactions	250,345	268,182
	Financial cost, net paid	-43,152	-37,914
	Income tax paid	-20,227	-21,818
	Cash flow from operating activities before changes in working capital	155,473	153,552
18	Change in net working capital	-16,501	17,201
	Cash flow from operating activities	**138,972**	**170,753**
	Purchase of intangible assets	-28,710	-16,755
	Purchase of property plant and equipment	-44,185	-77,282
	Proceeds from disposal of property, plant, and equipment	599	659
	Acquisition of business combination	-394,715	-
	Acquisition of activities	-15,621	-
	Change in rental deposits	-578	-860
	Cash flow from investing activities	**-483,210**	**-94,238**
	Free cash flow	**-344,238**	**76,422**
19	Repayments of long-term debt	-60	-50
19	Proceeds from borrowings	360,000	-
19	Financial costs paid	-11,426	-
19	Finance lease payments	-26,385	-26,378
	Capital increase	71,448	3,145
	Cash flow from financing activities	**333,637**	**-73,233**
	Cash flow for the year	**-10,601**	**3,282**
	Cash at 1 January	55,661	52,379
15	**Cash 31 December**	**45,060**	**55,661**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes. The above cash flow statement cannot be derived directly from the income statement and the balance sheet.

Notes to the consolidated financial statements

Note	
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Consolidated financial statements 1 January – 31 December

Notes

1 Revenue

Group accounting policies
The Group has applied IFRS 15 as of 1 January 2018. Under the transition method chosen, comparative information is not restated. The nature of applying IFRS 15 and its impact on the Group's income statement are disclosed in note 28.
The Group's principal sources of revenue are membership services (fitness club memberships, including joining fees and live group lessons). Other revenue includes revenues related to the sale of day passes, nutritional products and personal training sessions.
Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Sale of services
The Group provides fitness club services for its customers. For sale of services, revenue is recognised in the accounting period in which the services are rendered. Delivery of fitness club services extends throughout the term of membership.
Until year-end 2017, a joining fee was recognised in the month that a new customer signed the membership contract, and membership revenues were recognised on a monthly basis over the contract term.
As of 2018, joining fees are recognised over the contract period (for one-year contracts) and over the expected duration of the membership ("average length of stay") for "flex contracts" (contracts that can be cancelled at any time). Membership revenues continue to be recognised on a monthly basis over the contract term.
Membership fees collected but not earned are included in deferred revenue. The Group's promotional offers often include a discount in the form of a free period (e.g. current month free or next month free), waiver of the joining fee (fully or partly) or a promotional item, or a combination of the three. The member's payment will be based on the applicable promotion, but the monthly revenue is determined for the entire period by taking into consideration the discounts granted, which are allocated using relative amounts. Until year-end 2017, all discounts were recognised over the length of stay for all contracts. As of 2018, discounts related to one-year contracts are recognised over the contract term.
Reference is made to note 28 IFRS 15 "Revenue from contracts with customers" for further disclosures related to the first-time adoption of IFRS 15.

Sale of goods
The sale of goods comprises revenue from sales of nutritional and other fitness-related products, such as ready-to-drink beverages, protein powders, merchandise, etc. Sales of these products are recognised in the income statement, provided that risks and rewards have been transferred to the customer and that the income can be reliably measured and is expected to be received, excluding VAT and taxes charged on behalf of third parties.

Sale of personal training
The sale of personal training comprises revenue from sale of personal training service vouchers. Revenue from sale of personal training services is recognised in the income statement as the services are rendered, excluding VAT and taxes charged on behalf of third parties. Sale of vouchers for personal training sessions not used before year-end is recognised under contract liabilities, and will be recognised as revenue in the following financial years.

1.1 Disaggregation of revenue
In the following table, revenue is disaggregated by revenue type, country and timing of revenue recognition:

DKK'000	2018	2017
Revenues from subscriptions	1,220,592	1,111,669
Sales of goods	104,177	103,518
Sale of personal training services	37,825	27,096
	1,362,594	**1,242,283**

Geographical markets DKK'000	2018	2017
Denmark	1,290,483	1,214,924
Poland	38,883	27,359
Switzerland	33,228	-
	1,362,594	**1,242,283**

Timing of revenue recognition DKK'000	2018	2017
Services transferred over time	1,258,417	1,318,765
Goods at a point in time	104,177	103,518
	1,362,594	**1,242,283**

* The Group has applied IFRS 15 as of 1 January 2018. Under the transition method chosen, comparative information is not restated. Reference is made to note 28.

1.2 Contract balances
The receivables relate to amounts due from customers for services performed in the past period(s), less provision for impairment. The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time. The following table provides information about receivables and contract liabilities from contracts with customers.

DKK'000	2018	2017*
Receivables included in trade receivables	43,494	28,260
Deffered income	-127,627	-25,388
	-84,133	**2,872**

* The Group recognised the cumulative effect of applying IFRS 15 as an adjustment to the opening balance as at 1 January 2018. Under the transition method chosen, comparative information is not restated. Reference is made to note 28.

2 Employee expenses

Group accounting policies
Employee expenses comprise wages and salaries, including holiday allowance and pensions as well as other expenses for social security, etc.

The Group operates a number of defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. In addition, the Group has a few defined benefit plans where the responsibility for the pension obligation towards the employees lies with the Group. The Group's net obligation is calculated annually by an actuary.
The present values less fair value of any plan assets is recognised as pensions in the statement financial position.

DKK'000	2018	2017
Wages and salaries	310,489	290,217
Pensions, defined contribution plans	9,104	4,724
Pensions, defined benefit plans	397	-
Other expenses for social security	6,108	6,427
	326,098	**301,368**
Average number of full-time employees	1,286	963
Remuneration to the Executive Board and the Board of Directors		
Wages and salaries	4,006	4,008
Pensions, defined contribution plans	-	-
	4,006	**4,008**
Key management personnel		
Wages and salaries	10,690	8,832
Pensions, defined contribution plans	165	-
	10,855	**8,832**

Key management personnel comprise the CFO, CCO, Business Development Director, COO, CMO, Country Manager Poland and HR Director.

The Executive Board and key management personnel are eligible for bonuses, depending on the result of operations and personal KPIs.

3 Fees paid to auditors appointed at the annual general meeting

DKK'000	2018	2017
Statutory audit	1,020	701
Other assurance services	-	44
Tax and VAT advisory services	181	88
Other services	3,996	728
	5,197	**1,561**

4 Amortisation and depreciation

Group accounting policies
Reference is made to note 10 Intangible assets and note 12 Property, plant and equipment.

DKK'000	2018	2017
Amortisation of intangible assets	92,445	84,731
Depreciation of property, plant and equipment	127,891	153,506
	220,336	**238,237**

5 Special items

Group accounting policies
Special items include significant non-recurring income and expenses that Management does not consider to be part of the Group's ordinary operations such as fundamental structural costs and other costs related to organisational changes. These items are classified separately in the income statement in order to give a truer and fairer view of the Group's operating profit.

DKK'000	2018	2017
Deferred obligation related to rents	-	12,760
Deferred invoice handling fee	-	2,866
Other external assistance	4,098	15,673
GDPR	4,799	-
Merger and acquisition cost	18,868	-
Reorganisation	8,584	-
	36,349	**31,299**

6 Finance income

Group accounting policies
Financial items comprise interest income and expenses on debts and borrowings, 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.

DKK’000	2018	2017
Interest income	315	2
Total interest income from receivables measured at amortised cost	**315**	**2**
Currency gain, net	-	1,151
Total finance income	**315**	**1,153**

7 Finance costs

DKK’000	2018	2017
Interest on debts and borrowings, etc.	42,453	41,468
Amortisation of borrowing costs	5,255	4,476
Total interest expense on debts and borrowings at amortised cost	**47,708**	**45,944**
Currency loss, net	1,014	-
Total finance costs	**48,722**	**45,944**

8 Income tax

Group accounting policies
Tax for the year consists of current tax and deferred tax for the year, including adjustments to previous years and changes in provision for uncertain tax positions. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax expense relating to items recognised in other comprehensive income is recognised in other comprehensive income.

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 calculate the amount are those that are enacted, or substantively enacted, at the reporting date in the countries in which the Group operates and generates taxable income.

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.

DKK'000	2018	2017
Current income tax:		
Current income tax charge	-17,636	-15,322
Prior year adjustment to income tax charges	-756	2,787
Deferred tax:		
Changes in temporary differences	1,835	20,547
Changes prior year	-	-3,032
Income tax in the income statement	**-16,557**	**4,980**
Income tax in the income statement	-628	-673
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		
Income tax charged to other comprehensive income	**-628**	**-673**
Loss before tax	**-14,936**	**-59,878**
Calculated at Denmark's statutory income tax rate of 22.0%	3,286	13,173
Tax rate deviations in foreign entities, net	-193	-
Tax impact from acquisition-related costs	-756	2,787
Tax impact from other permanent differences etc. net	-18,894	-7,948
Impact adjustment deferred tax prior year	-	-3,032
Income tax reported in the consolidated income statement	**-16,557**	**4,980**

9 Deferred tax

Group accounting policies
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 reassessed 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 in which 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 other comprehensive income 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 arises. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed the 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.

Deferred tax in 2018 related to the following:

DKK'000	Consolidated statement of financial position	Consolidated income statement/other comprehensive income
Intangible assets	-42,613	-22,580
Property, plant and equipment	-13,124	-5,573
Provisions	8,916	8,244
Debt	-4,761	18,839
Other items	108	-765
Deferred tax expense (income)	**-**	**-1,835**
Net deferred tax assets (liabilities)	**-51,474**	
Reflected in the statement of financial position as follows:		
Deferred tax assets	-	
Deferred tax liabilities	-51,474	
Deferred tax liabilities, net	**-51,474**	

Deferred tax in 2017 related to the following:

DKK'000	Consolidated statement of financial position	Consolidated income statement/other comprehensive income
Intangible assets	-46,044	-14,102
Property, plant and equipment	-18,703	-8,410
Provisions	17,160	5,834
Debt	14,078	-2,265
Other items	-656	1,427
Deferred tax expense (income)		**-17,516**
Net deferred tax assets (liabilities)	**-34,165**	
Reflected in the statement of financial position as follows:		
Deferred tax assets	-	
Deferred tax liabilities	-34,165	
Deferred tax liabilities, net	**-34,165**	

The Group has carried forward losses on financial instruments with a taxable value of DKK 1 million (2017: DKK 2 million), which has not been recognised, as its future utilisation is associated with uncertainty. The carry-forward period is limited to 2-3 years.

In the Group deferred tax assets mainly related to tax losses of approx. DKK 13 million (2017: 8 million) not been recognised due to uncertainty in the future use.

10 Intangible assets

Group accounting policies

Intangible assets comprise goodwill, customer base, trademarks and software.

Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The recoverable amount is calculated as the net present value of expected future net cash flows from the operating segments to which the goodwill has been allocated. Alternatively, the recoverable amount is calculated as fair value less costs to sell. Impairment losses on goodwill are recognised in a separate line in the income statement.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs, or groups of CGUs, that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes. Management monitors goodwill on a country basis.

Impairment losses on goodwill are not reversed.

Customer base and trademarks

Customer base and trademarks acquired in a business combination are recognised at fair value at the acquisition date. Separately acquired customer bases and trademarks are recognised at historical cost. Customer base and trademarks have a finite useful life of 5-7 years and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs of customer base and trademarks over their estimated useful lives, as the pattern cannot be determined reliably.

Software

Software is initially measured at cost. Following initial recognition, software is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is recognised in the income statement when incurred.

Computer software development costs that are directly attributable to the design and testing of identifiable unique software products controlled by the Group are recognised as intangible assets if the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the software.
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group has assessed the remaining useful life to be finite for all recognised other intangible assets.

Other intangible assets with finite lives are amortised over their useful economic 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 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 in the expense category consistent with the function of the intangible assets.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 5 years.

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.

Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Summary of the policies applied to the Group's intangible assets:

- Goodwill – indefinite
- Customer base – amortised on a straight-line basis over 5 years
- Trademarks – amortised on a straight-line basis over 5-7 years
- Software – amortised on a straight-line basis over maximum 5 years

The movement in intangible assets during the year was as follows:

DKK'000	Goodwill	Customer base	Trademark	Software	Total
Cost 1 January 2018	887,717	338,795	77,921	17,322	1,321,755
Exchange rate adjustment	4,730	207	590	8	5,535
Additions	-	8,741	-	30,380	39,121
Additions from business combinations	369,781	81,687	15,122		466,590
Cost 31 December 2018	1,262,228	429,430	93,633	47,710	1,833,001
Amortisation and impairment 1 January 2018	-5,323	-175,046	-40,391	-1,608	-222,368
Amortisation	-	-70,331	-15,586	-6,528	-92,445
Amortisation and impairment 31 December 2018	-5,323	-245,377	-55,977	-8,136	-314,813
Carrying amount 31 December 2018	**1,256,905**	**184,053**	**37,656**	**39,574**	**1,158,188**
Amortisation period	**-**	**5 years**	**5-7 years**	**5 years**	
Cost 1 January 2017	887,717	337,695	77,921	450	1,303,783
Additions	-	1,100	-	16,872	17,972
Cost 31 December 2017	887,717	338,795	77,921	17,322	1,321,755
Amortisation and impairment 1 January 2017	-5,323	-107,507	-24,807	-	-137,637
Amortisation	-	-67,539	-15,584	-1,608	-84,731
Amortisation and impairment 31 December 2017	-5,323	-175,046	-40,391	-1,608	-222,368
Carrying amount 31 December 2017	**882,394**	**163,749**	**37,530**	**15,714**	**1,099,387**
Amortisation period	**-**	**5 years**	**5-7 years**	**5 years**	

11 Impairment test

Group accounting policies
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 (CGU) or group of CGUs to which goodwill is allocated. The assets of the CGUs are written down to the recoverable amount in the income statement if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (CGU) to which the goodwill relates.

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 three CGUs, which are tested for impairment:

- Denmark
- Poland
- Switzerland

Other intangible assets comprising customer base, trademark and software all relate to the activities in Denmark and Switzerland; see note 10 Intangible.

Key account estimate

Impairment test of goodwill
At 31 December 2018, Management performed the annual impairment test of the carrying amount of goodwill. No basis for impairment was found for 2018 for Denmark and Switzerland (2017: DKK 0). In the impairment tests, the carrying amount of the assets is compared with the discounted value of future cash flows.

The main part of the carrying amount of goodwill in Fitness World Group arose in connection with the acquisition of Fitness World A/S in 2015 (allocated to Denmark and Poland) and acquisition of basefit.ch AG in October 2018 (Switzerland)

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. These 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 regarding the operational development and growth in product contribution. The terminal growth rates applied for the period beyond the projections 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 it expects continuing growth in Denmark followed by a stable period after 8 years.

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks for 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 10-year Danish government bonds. The cost of debt is based on the yield to maturity on 10-year Danish government bonds plus 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 7.6% 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.

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:

2018		**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	899,308	2 %	2 %	9.6 %	11.6 %
Poland	-	n/a	n/a	n/a	n/a
Switzerland	362,920	n/a	n/a	n/a	n/a
	1,262,228				

* Long-term growth is the growth in the residual period

2017		**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	-	n/a	n/a	n/a	n/a
	882,394				

Goodwill of DKK 358 million was recognised as part of the acquisition of basefit.ch AG on 23 October 2018, see note 27 on Business combinations. It is the managements assessment that there has not been significant changes to the fair value of the goodwill recognised as part of the acquisition, hence no impairment test was made.

Sensitivity analysis
No sensitivity analysis has been carried out for the impairment of Denmark, as negative changes in the fundamental assumption that will result in impairment of goodwill are highly unlikely to materialise and the calculation of recoverable amount showed significant headroom.

Other intangible assets
The Group determines whether other intangible assets, as well as property, plant and equipment are impaired whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This requires an estimation of the recoverable amount of the relevant CGU. The recoverable amount is the higher of fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as CGUs.

Impairment testing is an area involving management judgement and requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections that have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions need to be made in respect of highly uncertain matters.

Useful lives
The useful lives and residual values of the Group’s assets are determined by Management at the time the asset is acquired and reviewed annually for appropriateness. Estimated useful economic lives of property, plant and equipment, and intangible assets are based on Management's judgement and experience. When Management identifies that the actual useful life differs materially from the estimates used to calculate depreciation and amortisation, the charge is adjusted prospectively. Due to the significance of capital investment, variations between actual and estimated useful lives could impact operating results both positively and negatively.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and Management's judgement as to the period over which economic benefits will be derived from the asset.

12 Property, plant and equipment

Group accounting policies

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

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. In calculating net present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as the discount rate.

Subsequent costs, for example 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 derecognised from the balance sheet, and the carrying amount is recognised in the income statement. All other expenses relating to ordinary repairs and maintenance are recognised in the income statement as incurred. 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 as follows:

Other fixtures and fittings	3-7 years
Leasehold improvements	8 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.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income in the consolidated income statement.

DKK‘000	Other fixtures and fittings	Leasehold improvements	Leasehold improvements in progress	Total
Cost 1 January 2018	408,505	353,215	5,681	767,401
Exchange differences	185	592	-	777
Additions	67,240	17,695	31,111	116,046
Additions from business combinations	54,629	62,238	-	116,867
Disposals	-4,299	-86	-	-4,385
Transfers	6,806	9,373	-16,179	-
Cost 31 December2018	533,066	443,027	20,613	996,706
Depreciation and impairment 1 Jannuary 2018	-177,710	-149,856	-	-327,566
Exchange differences	297	74	-	371
Depreciation	-64,897	-62,994	-	-127,891
Disposals	1,941	9	-	1,950
Depreciation and impairment 31 December 2018	-240,369	-212,767	-	-453,136
Carrying amount 31 December 2018	**292,697**	**230,260**	**20,613**	**543,570**
Property, plant and equipment includes finance lease assets with a total carrying amount of	100,628	-	-	100,628
Cost 1 January 2017	336,392	302,947	11,259	650,598
Additions from acquisitions	931	891	12	1,834
Additions	72,654	38,452	5,459	116,565
Disposals	-1,472	-124	-	-1,596
Transfer	-	11,049	-11,049	-
Cost 31 Dember 2017	408,505	353,215	5,681	767,401
Depreciation and impairment 1 January 2017	-109,907	-64,064	-	-173,971
Exchange rate adjustments	-355	-98	-	-453
Depreciation	-67,807	-85,699	-	-153,506
Disposals	359	5	-	364
Transfers				
Depreciation and impairment 31 Dember 2017	-177,710	-149,856	-	-327,566
Carrying amount 31 December 2017	**230,795**	**203,359**	**5,681**	**439,835**
Property, plant and equipment includes finance lease assets with a total carrying amount of	86,909	-	-	86,909

13 Inventories

Group accounting policies
Goods for resale are measured at cost in accordance with the first-in, first-out method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

Key accounting estimate

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

DKK'000	2018	2017
Trading goods	24,057	21,821
Inventories consumed in the year:	63,058	77,133
Write-down of inventories:		
Write-down of inventories in the year	-	1,623
Utilised inventories in the year	-2,727	-
Reversal of write-down in the year	-	-

14 Trade receivables

Accounting policies
Trade receivables are measured at amortised cost or net realisable value, equivalent to nominal value less allowances for doubtful receivables, whichever is lower.

The Group applies the simplified approach to measure expected credit losses which uses lifetime expected credit losses for all the trade receivables at each reporting date. The provision for expected credit losses is based on days past due for groups of customer with similar credit risk characteristics as well as an individual assessment.

	2018	2017
Trade receivables	43,494	28,260
Current receivables	40,479	22,728
Non-current receivables	3,015	5,532
Write-downs included in trade receivables, developed as follows:		
Write-downs at 1 January	4,700	5,850
Write downs from business combinations	3,166	-
Write-downs in the year	7,409	4,700
Write-downs realised	-4,700	-5,850
	10,575	**4,700**

Key accounting estimate
Impairment and write-down of receivables are carried out based on expected credit losses. This requires managements judgement.

The total write-downs of trade receivables of DKK 10,575 thousand at 31 December 2018 (2017: DKK 4,700 thousand) are based on an individual assessment of each receivable.

The implementation of the expected credit loss method under IFRS 9 did not result in any significant change in the allowance for bad debts.

At 31 December, the age distribution of receivables was as follows:

	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	> 91 days
2018	43,494	28,846	4,267	1,317	2,508	6,556
2017	28,260	21,513	4,922	1,052	469	304

15 Cash

Group accounting policies
Cash and cash equivalents include cash and deposits less bank overdrafts.

	2018	2017
Cash	40,060	55,661

Cash at banks earns interest at floating rates based on daily bank deposit rates. There are no restrictions on the usage of cash.

At 31 December 2018, the Group's undrawn, committed borrowing facilities totalled DKK 100 million (2017: DKK 100 million).

16 Provisions

Group accounting policies
Provisions are recognised when, as a consequence of a past event, the Group has a legal or constructive obligation and it is probable that there will be an outflow of the Group's financial resources to settle the obligation.

Provisions are measured at Management's best estimate of the costs required to settle the obligation. Discounting is applied where relevant.

Restoration costs are recognised as liabilities when a legally binding lease contract obligation exists.

Provision for legal disputes is recognised where a legal or constructive obligation has been incurred as a result of past events and it is possible that there will be an outflow of resources that can be reliably estimated. In this case, the Group arrives at an estimate based on an evaluation of the most likely outcome.

Key accounting estimate

Provision for VAT dispute
There is an ongoing VAT dispute with the Danish tax authorities covering the years 2013-2014, for which Management has made a provision under other provisions; see overview below. During 2018, Management settled VAT related to the years 2015 and 2016, as a consequence of the VAT dispute for the years 2013 and 2014 – this totalled DKK 32.4 million – a total provision of DKK 40 million was provided for the years 2015 and 2016.

Management's assessment is based on the best estimate of the costs required to settle the obligation, as of the reporting date.

2018	Restoration provision	Other provisions	Total
Provisions 1 January 2018	16,067	62,602	78,669
Additions from business combinations	20,940	478	21,418
New provision in the year	4,174	407	4,581
Reversal of provision in the year	-567	-7,634	-8,201
Utilised provision	-392	-32,441	-32,833
Provisions 31 December 2018	**40,222**	**23,412**	**63,634**

Distributed as follows in the balance sheet:

	Restoration provision	Other provisions	Total
Current	-	22,527	22,527
Non-current	40,222	885	41,107
	40,222	**23,412**	**63,634**

2017	Restoration provision	Other provisions	Total
Provisions 1 January 2017	15,500	73,520	89,020
New provision in the year	567	-	567
Reversal of provision in the year		-10,000	-10,000
Utilised provision		-918	-918
Provisions 31 December 2017	**16,067**	**62,602**	**78,669**

Distributed as follows in the balance sheet:

	Restoration provision	Other provisions	Total
Current	-	62,602	62,602
Non-current	16,067	-	16,067
	16,067	**62,602**	**78,669**

17 Non-cash transactions

	2018	2017
Amortisation and impairment of intangible assets	92,445	84,731
Depreciation of property plant and equipment	127,891	153,506
Provisions in the year	-38,851	-10,918
Exchange rate adjustments	-47	-666
Financial income	-315	-1,153
Financial expenses	48,722	45,944
Other non-cash transactions	3,943	1,719
Income tax for the year	16,557	-4,980
	250,345	**268,183**

18 Changes in net working capital

	2018	2017
Change in inventories	-1,562	-5,379
Change in trade and other receivables	-10,724	-12,595
Change in trade and other payables	-4,215	35,175
	-16,501	**17,201**

19 Interest-bearing loans and borrowings

Group accounting estimate
Bank loans and other borrowings and loans are recognised initially at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

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

Interest-bearing loans and borrowings	Expiry	Floating rate	Carrying amount 2018
Facility A	Expire up till 2020	3.5 %	237,000
Facility B	Expire up till 2022	4.0 %	838,000
Finance lease liabilities	Expire up till 2023	2.0-4.0 %	90,931
Overdraft facility	Expire up till 2019	3.1 %	20,526
Total interest-bearing loans and borrowings			**1,186,457**
Capitalised borrowing cost			-24,158
			1,162,299
Non-current			985,680
Current			176,619
Total			**1,162,299**

Interest-bearing loans and borrowings	Expiry	Floating rate	Carrying amount 2017
Facility A	Expire up till 2020	3.5 %	225,000
Facility B	Expire up till 2022	4.0 %	550,000
Finance lease liabilities	Expire up till 2022	2.0-4.0 %	70,651
Total interest-bearing loans and borrowings			**845,651**
Capitalised borrowing cost			-17,987
			827,664
Non-current			748,315
Current			79,349
Total			**827,664**

Interest on the Facility A and Facility B loans is partly hedged with interest rate swaps for 33% of the loans (2017: 67%).

Cash flow

2018	Begin	Cash flow Repayment	New loan	Other changes (non-cash) Amortisation	Business combinations	End
Facility A	225,000	-60,000	72,000	-	-	237,000
Facility B	550,000	-	288,000	-	-	838,000
Overdraft facility	-	-	-	-	20,526	20,526
Borrowing costs	-17,987	-	-11,426	5,255	-	-24,158
Finance lease payment	70,651	-26,385	34,125	-	12,540	90,931
	827,664	**-86,385**	**382,699**	**5,255**	**33,066**	**1,162,299**

2017	Begin	Cash flow Repayment	New loan	Other changes non-cash Amortisation	Business combinations	End
Facility A	275,000	-50,000	-	-	-	225,000
Facility B	550,000	-	-	-	-	550,000
Overdraft facility	-	-	-	-	-	-
Borrowing costs	-22,463	-	-	4,476	-	-17,987
Finance lease payment	60,446	-26,378	36,583	-	-	70,651
	862,983	**-76,378**	**36,583**	**4,476**	**-**	**827,664**

20 Financial assets and liabilities

Group accounting policies

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, as 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, subsequently 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.

The Group recognises its financial assets at amortised cost only if both of the following criteria are met:

The asset is held within a business model the objective of which is to collect the contractual cash flows.

The contractual terms give rise to cash flows that are solely payments of principal and interest.

Derivative financial instruments
The Group recognises derivatives at the transaction date. Derivative 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 recognised directly in the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income (OCI).

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, a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Cash flow hedges that 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 other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as financial expenses.

The Group uses foreign exchange contracts to hedge its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as financial expenses.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction impacts the income statement, such as when the hedged financial income or financial expenses is recognised or when a forecast sale occurs. Amounts previously recognised in other comprehensive income 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, 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 reassessing 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 based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial assets at amortised cost	**2018**	**2017**
Trade receivables	43,494	28,260
Other receivables	54,719	60,862
Cash	45,060	55,661
	143,273	**144,783**
Financial assets at fair value		
Financial instruments measured at fair value	4,625	7,573
Financial liabilities at amortised cost		
Financial liabilities at amortised cost		
Interest-bearing loans and borrowings	1,071,368	757,013
Finance lease liabilities	90,931	70,651
Trade payables	100,154	72,707
Other payables (excluding financial instruments at fair value)	72,954	53,187
	1,335,407	**953,558**

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:

DKK'000	**2018**	**2017**
Interest-bearing loans and borrowings (fair value)	1,095,526	775,000

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 value.

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's creditworthiness. The fair value is estimated using a discounted cash flow model. The own non-performance risk at 31 December 2018 was assessed to be insignificant.

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 according to the discounted cash flow 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 2018 was assessed to be insignificant.

21 Financial risk management objectives and policies

Group accounting policies
The Group’s activities expose it to a variety of financial risks. Management identifies and evaluates the financial risks based on principles for overall risk management. The Group’s overall risk management programme seeks to minimise potential adverse effects on the Group’s financial performance. Management is of the opinion that the Group’s exposure to financial risks is limited.

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 main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by mostly using floating-to-fixed interest rate swaps and an interest rate cap. Under the swap agreements, the Group agrees with another party to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk
Credit risk arises from cash, cash equivalents and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables for membership subscriptions or other membership services that could not be collected upfront. The carrying amounts of these financial instruments as disclosed in the table below, represent the Group’s maximum credit exposure.

Credit risk from balances with banks and financial institutions is managed by Group Management on a regular basis. The cash balances are mainly concentrated with a single A-rated counterparty.

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.

The Group’s policy is that all members must pay the membership subscription upfront, and credit risk for membership subscription is therefore limited to those fees which could not be collected upfront. The first measure to limit credit risk is that access to the services provided by the Group is no longer granted to customers with overdue receivables until the receivables have been fully paid.

The Group does not hold collateral as security for the membership receivables. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions. As a result of the Group’s prepayment policy, any account receivables balances related to membership subscriptions are automatically past due.

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

Foreign currency risk
The Group is exposed to foreign currency translation risks arising from its operating and financing activities, mainly related to its activities in Switzerland. A change of 5% on the CHF exchange rate will impact net equity with approx. DKK 20 million, and impact EBITDA with approx. DKK 1 million.

Liquidity risk
The Group's funding strategy is focused on ensuring that it has continuous access to capital. Management prepares a cash flow forecast on a monthly basis to identify the cash needs for the medium term and on a quarterly basis for the longer term. Additionally, Management monitors the intra-month cash needs on a daily basis by assessing the cash in- and outflows.

The liquidity risk is reduced by the revolving credit facility of DKK 100 million with maturity date 28 May 2022.

This facility can only be cancelled by the lenders upon receipt of a timely notice after an event of default, including non-payment, breach of (financial) covenants or breach of other obligations, in each case subject to materiality thresholds, qualifications and cure periods.

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings, based on the contractual maturities for all non-derivative financial assets and liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Financial assets and liabilities by maturity and category:

DKK'000	Carrying amount	Fair value	Total cash flow	0-1 year	1- 5 years	5 years
Financial assets, 31 December 2018						
Trade receivables	43,494	43,494	43,494	40,479	3,015	-
Other receivables	54,719	54,719	54,719	54,719		-
Cash	45,060	45,060	45,060	45,060		-
	143,273	**143,273**	**143,273**	**140,258**	**3,015**	**-**
Financial assets, 31 December 2017						
Trade receivables	28,260	28,260	28,260	22,728	5,532	-
Other receivables	60,862	60,862	60,862	60,862	-	-
Cash	55,661	55,661	55,661	55,661	-	-
	144,783	**144,783**	**144,783**	**139,251**	**5,532**	**-**
Financial liabilities, 31 December 2018						
Non-derivates						
Interest-bearing loans and borrowings	1,071,368	1,095,526	1,203,423	139,751	1,063,672	-
Finance lease liabilities	90,931	92,929	94,791	27,621	67,170	-
Trade payables	100,154	100,154	100,154	100,154	-	-
Other liabilities	72,954	72,954	72,954	72,954	-	-
Derivates						
Interest rate swap	4,625	4,625	4,625	2,594	2,031	
Total	**1,340,032**	**1,366,188**	**1,475,947**	**343,074**	**1,132,873**	**-**
Financial liabilities, 31 December 2017						
Non-derivates						
Interest-bearing loans and borrowings	757,013	775,000	889,050	89,350	799,700	
Finance lease liabilities	70,651	71,954	73,393	25,010	48,383	-
Trade payables	72,707	72,707	72,707	72,707	-	-
Other liabilities	53,187	53,187	53,187	53,187	-	-
Derivates						
Interest rate swap	7,573	7,573	7,573	4,248	3,325	-
Total	**961,131**	**980,421**	**1,095,910**	**244,502**	**851,408**	**-**

Interest rate hedging
The amount recognised in other comprehensive income as of 31 December 2018 is DKK 4,625 thousand (2017: DKK 7,573 thousand).

31 December 2018

DKK'000		2018
Fair value of derivatives	Assets	Liabilities
Interest rate swaps	-	4,625

31 December 2017

DKK'000		2017
Fair value of derivatives	Assets	Liabilities
Interest rate swaps	-	7,573

22 Capital management

Group accounting policies
The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders.

To achieve this overall objective, the Group's capital management aims, for example, to ensure that it meets financial covenants connected to the interest-bearing loans and borrowings that define capital structure requirements. Failure to meet the financial covenants would permit the bank to call in 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, finance lease liabilities, and trade and other payables, less cash.

The net debt at 31 December 2018 and at 31 December 2017 was as follows:

DKK’000	2018	2017
Interest-bearing loans and borrowings	1,071,368	757,013
Finance lease liabilities	90,931	70,651
Less cash	-45,060	-55,661
Net debt	**1,117,239**	**772,003**
Equity	694,684	649,405
Total capital and net debt	**1,811,923**	**1,421,408**
Gearing ratio	0.62	0.54

Loan covenants
Under the terms of the senior debt facilities, as at 31 December 2018, the group is required to comply with certain financial covenants as defined in the facilities agreement, which include debt and interest coverage ratios and cash flow and investment ratios.

The Group has complied with these covenants throughout the reporting period.

23 Leases

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

A finance lease is classified as a lease that, in all material respects, transfers the risks 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.

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:

DKK'000	2018	2017
0-1 year	27,621	25,010
1-5 years	67,170	48,383
>5 years	-	-
Total minimum lease payments:	**94,791**	**73,393**
Interest element	3,860	2,742
Carrying amount	**90,931**	**70,651**
Present value of minimum lease payments:		
0-1 year	27,076	24,520
1-5 years	65,853	47,434
	92,929	**71,954**

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	2018	2017
0-1 year	308,709	240,517
1-5 years	912,688	697,252
>5 years	439,109	303,859
	1,660,506	**1,241,628**

For 2018, DKK 302 million was recognised (2017: DKK 284 million) in the income statement with regard to operating leases.

24 Commitments, contingencies, commitments and pledges etc.

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

There is an ongoing tax audit in the Group, for which Management has recognised DKK 21 million (2017: DKK 61 million) as a provision to cover the costs related to 2013-2014; see note 15 Provisions (2017: 2013-2016). This is subject to uncertainty.

The Group is party to a few pending disputes. Management assesses that the outcome of the disputes will not have a negative impact on the Group's financial position, and any positive impact cannot currently be measured reliably.

Pledges and securities
The Company is jointly and severally liable for the Group's bank loans of DKK 1,075 million (2017: DKK 775 million).
The Company has executed a share pledge over its shares in its subsidiaries as security for loans under the Facility Agreement.

The Group has provided securities for several lease premises, for a total amount of DKK 39 million (2017: DKK 36 million).

Other fixtures and fittings, where the carrying amount at 31 December 2018 amounts to DKK 101 million (2017: 87 million) are financed by finance leases, where the lease obligation at 31 December 2018 amounts to DKK 91 million (2017: DKK 71 million).

25 Related party disclosures

Group accounting policies
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 2018
Fitness World Group A/S	Sub-holding	Denmark	100%
Fitness World A/S	Gym activities	Denmark	100%
Functional Supply A/S	Retailer of food and non-food products	Denmark	100%
Fitness Institute ApS	Personal training education	Denmark	100%
Fitness World Sp.Z.o.o.	Gym activities	Poland	100%
Basefit.ch AG	Gym activities	Switzerland	100%

Transactions with Executive Board, key management personnel and other related parties
The Group did not enter into any transactions with members of the Board or the Executive Management, except for compensation and benefits received as a result of their membership of the Board, employment with the Group or shareholdings in the Group. Ref. to note 2.

Fitness World A/S leases certain premises used for fitness centre facilities under normal lease agreements which expire at various dates between 2019 and 2029. Some of the lease agreements are with related parties, and related-party rent expenses for the financial year 2018 were DKK 7 million (2017: DKK 9 million).

The ultimate parent
The parent and ultimative parent company is Forward TopCo A/S, Egegårdsvej 61, 2610 Rødovre, Denmark.

Consolidated financial statements are prepared for Forward TopCo A/S, as the ultimate parent company and can be obtained by contacting the Company.

26 Issued capital

Authorised shares

DKK'000	2018	2017
A shares	3,274	3,173
B shares	12,894	12,528
	16,168	**15,701**

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	-
At 1 January 2017	**15,660**
Capital increase	41
At 1 January 2018	**15,701**
Capital increase	467
At 1 January 2018	**16,168**

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

27 Business Combinations

Group accounting policies
Business combinations are accounted for using the acquisition method. The costs of an acquisition are measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquire. For each business combination, the Group elects whether to measure the non-controlling interest in the acquire at fair value or at the proportionate share of the acquire's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in special items.

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 as at the acquisition date. This includes the separation of embedded derivatives in the acquire's host contracts.

Contingent consideration is classified either as equity or as a financial liability. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent considerations (unless classified as equity) are measured at fair value, with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 (CGUs) 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 has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the divested operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the divested operation and the portion of the CGU retained.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Acquisitions in 2018
In 2018, the Group acquired 100% of five smaller fitness clubs in Denmark and acquired also Fitness Institute ApS to strengthen the Group's business of providing educational services for personal training instructors in Denmark. The acquired fitness clubs have been merged into Fitness World A/S in 2018. In October 2018, the Group acquired 100% of the share capital of basefit.ch AG, a leading fitness chain in Switzerland. The acquisition significantly improves the Group's existing market-leading position within gym activities.

The goodwill of DKK 358 million arising from the acquisition is attributable to expected synergies from combining the operations of the Group and basefit.ch AG. Further goodwill of DKK 12 million arising from the acquisition of Fitness Institute ApS. The goodwill recognised are not deductible for income tax purposes.

Cost related to acquisitions amounted to DKK 18 million and are included as special items in the income statement.

The following table summarises the recognised amounts of identifiable assets acquired and liabilities assumed.

Identified net assets

DKK'000	Basefit.ch AG	Other	Total 2018
Intangible assets	58,069	38,740	96,809
Property, plant and equipment	113,652	3,215	116,867
Other non-current receivables	4,195	1,892	6,087
Inventories	550	124	674
Receivables	12,067	1,235	13,302
Cash and cash equivalents	16,111	2,753	18,864
Credit institutions	-30,697	-1,688	-32,385
Deferred tax liabilities	-10,385	-8,758	-19,143
Provisions	-21,418	-	-21,418
Trade payables	-6,504	-	-6,504
Company tax	-3,220	-404	-3,624
Other liabilities	-24,598	-2,530	-27,128
Deferred income	-94,812	-1,203	96,015
Net identifiable assets acquired	**13,010**	**33,376**	**46,386**
Goodwill	358,021	11,760	369,781
Net assets acquired	**371,031**	**45,136**	**416,167**
Net cash acquired with the subsidiary included in cash flows from investing activities	-16,111	-2,753	-18,864
Deferred consideration	-	-2,588	-2,588
Net cash out flow	**354,920**	**39,795**	**394,715**

The fair value of the acquired identifiable net assets of DKK 46 million is provisional, pending final valuations for those assets. The revenue included in the consolidated income statement since October 2018 contributed by basefit.ch AG was DKK 33 million. Basefit.ch AG contributed EBITDA of DKK -0.5 million over the same period. Had basefit.ch AG's financial statements been consolidated with the Group's from 1 January 2018, the Group's consolidated income statement would have been impacted by revenue of approx. DKK 181 million and EBITDA of approx. DKK 32 million. The impact from the other acquisitions are limited.

28 Changes in accounting policies and disclosures

The Group has implemented all the new or amended accounting standards and interpretations adopted by the EU and applicable for the 2018 financial year.

The nature and impact of new and amended standards and interpretations are described below:

IFRS 9 – Financial instruments
The Group adopted IFRS 9 at 1 January 2018. The impact of the new standard changes the classification, measurement and impairment of financial assets, and introduces new rules for hedge accounting.

IFRS 9 had no material impact on the consolidated statement of financial position at 1 January 2018 and 31 December 2018, nor on the consolidated statement of comprehensive income for the year ended 31 December 2018. The impact is not material because the receivables, payables and borrowings continue to be measured at amortised cost and the derivative financial instruments are still measured at fair value through profit or loss. In addition, the switch from an incurred credit loss model to an expected credit loss model does not have a material impact as members pay up front and, therefore, receivables related to membership subscriptions are always past due.

The current portfolio consists of loans and trade receivables that are held to collect contractual cash flows and that are expected to give rise to cash flows representing solely payments of principal. As such, it is concluded that these meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification of these is not required.

IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

The Group has determined that all existing hedge relationships that are currently designated as effective will continue to qualify for hedge accounting under IFRS 9.

IFRS 15 – Revenue from contracts with customers
IFRS 15 has been implemented in the Group's consolidated financial statements for the financial year beginning on 1 January 2018. The Group has applied IFRS 15 using modified retrospective application, with the cumulative effect of first-time application to be adjusted in line with the opening balance of retained earnings on 1 January 2018. The opening equity has been impacted negatively by DKK 4 million as at 1 January 2018.

Application of IFRS 15 has the following main impacts:

Revenue from joining fees is no longer recognised as revenue in the month that a new membership contract is signed, but on a monthly basis over the expected duration of a membership subscription.

The following table shows the impact, net of tax, on retained earnings of the transition to IFRS 15 on 1 January 2018:

Retained earnings	**Impact of IFRS 15 on 1 January 2018**
Increase in deferred income	4,232
Related tax effect (deferred tax)	-931
Impact on retained earnings	3,301

The impacts of adopting IFRS 15 on each of the affected line items in the Group's income statement for the year ended 31 December 2018 are shown below.

1 January – 31 December	**As reported**	**Adjustments**	**Without adoption of IFRS 15**
Revenue	1,362,594	-1,490	1,361,104
Operating expenses	-1,329,123	-	-1,329,123
Operating profit	**33,471**	**-1,490**	**31,981**
Financial expenses, net	-48,407	-	-48,407
Profit (loss) before income tax	**-14,936**	**-1,490**	**-16,426**
Income tax	-16,557	328	-16,229
Profit (loss) for the period attributable to the shareholders in the Company	**-31,493**	**-1,162**	**-32,655**

The adoption of IFRS 15 had no impact on other comprehensive income.

The following table shows the impacts of adopting IFRS 15 on the Group's balance sheet at 31 December 2018.

The impact of IFRS 15 on the Group's cash flow statement 1 January – 31 December 2018 is limited to a shift within net cash flow from operating activities, where lower profit before tax without adoption of IFRS 15 of DKK 4 million is offset by a higher change in working capital (deferred income) for the same amount. IFRS 15 had no impact on net cash flows from investing and financing activities, nor on total net cash flows.

31 December 2018	**As reported**	**Adjustments**	**Without adoption of IFRS 15**
Assets			
Non-current assets	2,115,242	-	2,115,242
Total non-current assets	**2,115,242**	**-**	**2,115,242**
Total current assets	176,109	-1,280	174,829
Total assets	**2,291,351**	**-1,280**	**2,290,071**
Equity			
Share capital	16,168	-	16,168
Retained earnings	675,593	-1,162	674,431
Hedging and exchange reserve	2,923	-	2,923
Total equity	**694,684**	**-1,162**	**693,522**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	51,474	-328	51,146
Other non-current liabilities	1,026,787	-	1,026,787
Total non-current liabilities	**1,078,261**	**-328**	**1,077,933**
Current liabilities			
Trade and other payables (including deferred income)	227,281	210	227,491
Other current liabilities	291,125	-	291,125
Total current liabilities	**518,406**	**210**	**518,616**
Total liabilities	**1,596,667**	**-118**	**1,596,549**
Total equity and liabilities	**2,291,351**	**-1,280**	**2,290,071**

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various revenue streams are summarised below.

Revenue stream	Impact IFRS 15
Joining fees	IFRS 15 does not consider joining fees to be a separate performance obligation, as the Group does not provide material goods or services in return. As a result, the joining fee for our membership contracts (which can be cancelled with one month's notice) will be spread out over the "average length of stay" instead of the contract period (which is one month) because the joining fee creates a material right in the case of these contract types. The difference between the joining fee charged and the joining fee recognised as revenue is considered to be deferred income.
Membership fees and add-on fees	No impact. The membership subscription price continues and is recognised in the month the service is rendered.
Discounts (free period/no joining fee)	Remain unchanged. Based on IFRS, discount on membership fees will be recognised in the month it is provided, as the discount does not give an incentive or material right for the member to extend the contract.
Day passes	No impact.
Personal trainer revenue (personal trainer services)	Remain unchanged. Revenue is recognised as the members use their entitlement to personal training sessions (service performance).
Revenues from sales from vending machines and other revenues	Remain unchanged. Revenue is recognised immediately at time of sale.

New accounting standards not yet adopted
The IASB has issued a number of new accounting standards and interpretations with effective date after 31 December 2018. The Group will implement the following new accounting standards and interpretations when they become mandatory:

IFRS 16 – Leases
The new IFRS 16, which replaces IAS 17 Leases and IFRIC 45, will be effective for annual periods beginning on or after 1 January 2019.

The new accounting model IFRS 16 introduces will result in almost all leases being recognised in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, a lease asset (the "right-of-use" asset) and a financial liability to pay rent are recognised, with only a few exceptions relating to short-term and low-value leases.

As lessee, the Group will be required to recognise interest expenses on the finance lease liability and depreciation expenses on the right-of-use asset separately. The Group will also be required to account for lease modifications such as changes to the lease term as well as changes in the future lease payments resulting from a change in an index or rate used to determine such payments. The remeasurement amount will be recognised as an adjustment to the lease liability and right-of-use asset.

As a result of the new standard, EBITDA as the Group's primary performance measure will be impacted by the reclassification of expensed rent to depreciation and interest expenses. Cash flow from operating activities will be impacted positively as the classification of lease payments related to rental premises changes from operating cash flow to cash flow from financing activities.

Apart from EBITDA, IFRS 16 will also impact the balance sheet and balance sheet-related ratios such as net interest-bearing debt due to how the lease asset and financial liability are recognised.

At the reporting date, the Group had non-cancellable operating lease commitments of DKK 1,661 million. The Group performed a preliminary assessment during 2018, and it is expected that most of the current leases will qualify as leases to be recognised in the balance sheet under IFRS 16 and only insignificant commitments may be covered by exceptions. Based on the preliminary assessment, the Group expects a positive impact on the EBITDA margin of 20-25%.

IFRS 16 Leases will be implemented 1 January 2019. The expected impact on the consolidated financial statemets is;

- An increase in property, plant and equipment in the range of DKK 1,480-1,500 million and a recognition of a corresponding lease liability.

- A decrease in operating expenses in the range of DKK 320-325 million

- An increase in depreciations in the range of DKK 320-325 million

- An increase in financial expenses in the range of DKK 50-60 million

An increase in cash flow from operationg activities and a decrease in cash flow from financing activities in the range of DKK 320-325 million.

In 2019, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements, including the impact from the change in the definition of the lease term, extension and termination options. As a result, no reliable amounts have been calculated that are expected to have a material effect on the Group's profit and classification of cash flows.

The Group intends to adopt the standard on 1 January 2019, applying the simplified transition approach without restating comparative amounts for the year prior to first adoption. No other new or amended standards and interpretations that are not yet effective are expected to have a material impact on the Group's financial statements.

All other new or amended standards and interpretations not yet effective are not expected to have a material impact on the Group's financial statement.

29 Events after the reporting period

No events have occurred after the balance sheet date that would influence the evaluation of the parent company's financial statements.

30 Accounting policies

This section introduces the Group’s accounting policies. A more detailed description of accounting policies and significant estimates related to specific reported amounts is presented in the respective notes. The purpose is to provide transparency of the disclosed amounts and to describe the relevant accounting policy, significant estimates and numerical disclosures for each note.

The Group is incorporated and domiciled in Denmark. The registered office is located in Copenhagen.

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 have been prepared based on the standards and interpretations that were effective at 31 December 2018. There has been no impact from the implementation of the new standards and interpretations.

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 where otherwise indicated.

The Board of Directors considered and approved the 2018 Annual Report of Fitness World Group A/S on 21 May 2019. The Annual Report will be submitted to the shareholders of Fitness World Group A/S for approval at the Annual General Meeting on 21 May 2019.

Materiality in the financial reporting
In preparing the consolidated financial statements, the Group discloses the information required according to IFRS, unless such information is deemed immaterial or irrelevant. A judgement is made as to whether more detailed specifications are necessary in the presentation of the Group’s assets, liabilities, financial position and results. All judgements are made with due consideration to legislation and the consolidated financial statements as a whole presenting a true and fair view.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash-flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance expenses. All other foreign exchange gains and losses are presented in the income statement on a net basis within other operating income/(expenses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the transaction dates), and all resulting exchange differences are recognised in other comprehensive income.

- On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate on the balance sheet date.

Non-IFRS measures
The Group presents financial measures in the Annual Report that are not defined according to IFRS. The Group believes these non-GAAP measures provide valuable information to investors and the Group's Management when evaluating performance.

Since other companies may calculate these differently from the Group, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered to be a replacement for measures defined under IFRS.

Term	Definition
EBITDA	Profit/(loss) before interest, taxes, depreciation and amortisation
EBITDA margin	EBITDA divided by revenue
EBIT	Earnings before interest and taxes
EBITDA before special items	Profit/(loss) before interest, taxes, depreciation, amortisation, and before special items
Free cash flow	Calculated as cash flow from operating activities less cash flow used for investing activities

Consolidated financial statements
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2018. 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 results 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 investee’s other vote holders

- Rights arising from other contractual arrangements

- The Group's voting rights and potential voting rights.

The Group reassesses 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 Fitness World Group A/S (DKK), the income statement is translated at the exchange rates at the transaction date, and the balance sheet 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 from translation of the opening balance of equity of foreign entities at the exchange rates at the end of the reporting period and from 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.

Foreign exchange adjustment of balances with foreign entities that 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 company or the foreign entity.

Income statement

Cost of sales

Cost of sales comprises expenses incurred in generating the sales of goods for the year.

Other external costs

Other external costs comprise sales costs, advertising, administration, rent premises, operating leases, etc.

Other operating income and expenses

Other operating income and expenses comprise income and expenses not directly related to core operations.

Comprehensive income

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

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

Balance sheet

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 cash-generating unit exceeds its recoverable amount. Impairment losses on goodwill are recognised in the income statement as amortisation, depreciation and impairment.

Impairment of goodwill is not reversed. Impairment losses recognised in respect of other assets are reversed if the assumptions and estimates underlying the impairment losses have changed. Impairment losses are reversed only if 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.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years. This mainly relates to prepaid rent, premises costs and other prepaid expenses.

Equity

Hedging reserve

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

Deferred income
Prepayments recognised under liabilities comprise payments received concerning revenue in 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 change 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 flow from investing activities. Cash flows from 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 flow from operating activities is 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 flow from investing activities is payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment, and investments.

Cash flow from financing activities comprises 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 dividends 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 that, without any hindrance, can be converted to cash and that are subject to only minor risks of changes in value.

31 Significant accounting estimates and judgements

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

Determining the carrying amounts of some assets and liabilities requires estimates and assumptions concerning future events. Estimates and assumptions are based on historical experience and other factors that Management assesses to be reasonable, but that by their nature involve uncertainty and unpredictability. These assumptions may have to be revised, and unexpected events or circumstances may occur.

The Group is subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively. Specific risks for the Group are discussed in the relevant sections of the Management’s review and in the notes.

The areas that involve a high degree of judgement and estimation and are material to the financial statements are described in more detail in the related notes.

- Valuation of intangible assets; see note 11
- Useful life of assets; see note 12
- Impairment test; see note 11
- Receivables; see note 14
- Provisions; see note 16

Parent company Financial Statements

Income statement for the parent company 1 January- 31 December

Note	DKK'000	2018	2017
	Other external costs	-208	-320
	Operating loss	**-208**	**-320**
2	Financial expenses	-11	-95
	Loss before tax	**-219**	**-415**
3	Income tax	152	79
	Loss for the year	-67	-336
	Proposed distribution of loss:		
	Retained earnings	-67	-336
		-67	**-336**

Statement of comprehensive income 1 January – 31 December

Note	DKK'000	2018	2017
	Loss for the year	**-67**	**-336**
	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	-	-
	Net gain/loss on cash flow hedges	-	-
3	Income tax	-	-
	Other comprehensive income/(loss) for the year, net of tax	**-**	**-**
	Total comprehensive income for the year, net of tax	**-67**	**-336**
	Attributable to:		
	Shareholders in the parent company	**-67**	**-336**

Balance sheet 31 December

Note	DKK'000	2018	2017
	Assets		
	Non-current assets		
4	Investment in subsidiaries	778,500	778,500
	Total non-current assets	**778,500**	**778,500**
	Current assets		
	Income tax receivable	20,701	17,626
	Prepayments	22	22
	Cash	2,863	788
	Total current assets	**23,586**	**18,436**
	TOTAL ASSETS	**802,086**	**796,936**
	Equity		
5	Share capital	16,168	15,701
	Retained earnings	769,110	769,644
	Total equity	**785,278**	**785,345**
	Liabilities		
	Current liabilities		
	Trade payables	-	107
	Other liabilities	120	-
	Income tax payable	16,688	11,484
	Total current liabilities	**16,808**	**11,591**
	Total equity and liabilities	**802,086**	**796,936**

Statement of changes in equity

DKK'000	Issued capital	Retained earnings	Total equity
Equity 1 January 2018	**15,701**	**769,644**	**785,345**
Loss for the year	-	-67	-67
Other comprehensive income			
Foreign currency translation of foreign entities	-	-	-
Value adjustment of hedging instruments	-	-	-
Tax of other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-67	-67
Transactions with shareholders			
Capital increase	467	70,981	71,448
Group contribution	-	-71,448	-71,448
Total transactions with shareholders	467	-467	-
	15.660	766,876	782,536
Equity 31 December 2018	**16,168**	**769,110**	**785,278**
Equity 1 January 2017	**15,660**	**766,876**	**782,536**
Loss for the year	-	(336)	(336)
Other comprehensive income			
Foreign currency translation of foreign entities	-	-	-
Value adjustment of hedging instruments	-	-	-
Tax of other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-336	-336
Transactions with shareholders			
Capital increase	41	3,104	3,145
Total transactions with shareholders	41	2,768	2,809
	15.660	766,876	782,536
Equity 31 December 2017	**15,701**	**769,644**	**785,345**

Cash flow statement

Note	DKK'000	2018	2017
	Operating loss	**-208**	**-320**
	Other adjustments of non-cash operating items	-11	-
	Cash flow from operating activities before changes in working capital	-219	-320
	Change in working capital	2,305	-5,843
	Cash flow from operations	2,086	-6,163
	Interest expenses, paid	-11	-95
	Cash flow from ordinary activities	2,075	-6,258
	Income tax paid	-	-
	Cash flow from operating activities	**2,075**	**-6,258**
	Investments in non-current assets	-	-
	Cash flow from investing activities	-	-
	Proceeds from share issue	71,448	3,145
	Capital contribution to subsidiary	-71,448	-
	Cash flow from financing activities	**-**	**3,145**
	Cash flows for the year	**2,075**	**-3,113**
	Cash 1 January	788	3,901
	Cash 31 December	**2,863**	**788**

Notes to the parent financial statement

Note	
1	Employee expenses
2	Finance costs
3	Income tax
4	Investments in subsidiaries
5	Issued share capital
6	Financial risk management objectives and policies
7	Capital management
8	Related parties
9	Contractual commitments and contingencies, etc.
10	Standards issued, but not yet effective
11	Accounting policies

1 Employee expenses

For information regarding remuneration to the Board of Directors and to the Executive Board for the parent company ref. note 2 to the consolidated financial statements.

2 Finance costs

DKK'000	2018	2017
Other interest expenses	-11	-94
Total financial expenses	**-11**	**-94**

3 Income tax

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

DKK'000	2018	2017
Current income tax charge	152	79
	152	**79**
Loss before tax	-219	-415
Calculated at Denmark's statutory income tax rate of 22.0%	48	91
Tax impact from other permanent differences etc.	104	-12
	152	**79**

4 Investments in subsidiaries

DKK'000	2018	2017
Cost 1 January	778,500	778,500
Cost 31 December	778,500	778,500
Impairment 1 January	-	-
Impairment	-	-
Impairment 31 December	-	-
Carrying amount 31 December	**778,500**	**778,500**

Name	Principal activities	Country of incorporation	% equity interest
Fitness World Group A/S	Holding	Denmark	100%
Fitness World A/S subsidiary of Fitness World Group A/S	Gym activities	Denmark	100%
Functional Supply A/S subsidiary of Fitness World Group A/S	Retailer of food - and non-food products	Denmark	100%
Fitness World Sp. Z.o.o. subsidiary of Fitness World A/S	Gym activities	Poland	100%
Fitness Institute ApS, Subsisiary of Fitness World A/S	Gym activities	Denmark	100%
Basefit.ch subsidiary of Fitness World Group A/S	Gym activities	Switzerland	100%

For more information on the acquisition of subsidiaries refer to note 25 in the consolidated financial statements.

5 Issued share capital

For information on issued share capital, please refer to note 26 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 21 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 22 to the consolidated financial statements for further information on the Group's capital management.

8 Related parties

Related parties are described in note 25 to the consolidated financial statements. Remuneration to Board of Directors are listed in note 2 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 1,075 million (2017: DKK 775 million), collateral has been taken in the investments in subsidiaries, where the carrying amount at 31 December 2018 was DKK 779 million (2017: DKK 779 million).

10 Standards issued, but not yet effective

Standards issued, but not yet effective are described in note 28 to the consolidated financial statements.

11 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 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.

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 30 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.