Unisport A/S

Bådehavnsgade 38, 2450 København SV

CVR no. 30 80 06 80

Annual report 2018

Approved at the Company's annual general meeting on 31/5-2019

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Unisport A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations 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 Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 31 May 2019
Executive Board:

Michael Johannes Burk CEO	Jesper Rechter Christensen CFO

Board of Directors:

Filip Domagala Chairman	Jess Ørgaard Libak Tropp	Michael Haaning

Independent auditor's report

To the shareholders of Unisport A/S

Opinion

We have audited the financial statements of Unisport A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 31 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen
State Authorised Public Accountant
mne24687

Karsten Faurholt
State Authorised Public Accountant
mne41309

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	368,681	343,207	324,789	319,811	260,702
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-3,740	4,075	18,956	16,465	20,450
Ordinary operating profit/loss	-12,703	5,369	14,185	12,993	17,342
Normalised EBITDA (before special items)	1,535	10,290	18,180	19,264	20,450
Net financials	-1,611	-1,032	-1,445	-455	-1,062
Profit/loss for the year	-11,953	-1,467	9,875	9,556	12,378
Total assets	128,367	121,272	97,422	84,899	61,093
Equity	29,738	41,691	43,158	33,283	23,727
Financial ratios					
Equity ratio	23.2%	34.4%	44.3%	39.2%	38.8%
Return on equity	-33.5%	-3.5%	25.8%	33.5%	60.3%
Average number of employees	127	116	110	89	69

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Management's review

Business review

The activity in the Company is trade of football equipment from leading brands and clubs, mainly through the internet (e-commerce).

Unusual matters having affected the financial statements

The Company has not been influenced by unusual conditions in the financial year.

Financial review

The income statement for 2018 shows a loss of DKK 11,953 thousand against a loss of DKK 1,467 thousand last year, and the balance sheet as 31 December 2018 shows equity of DKK 29,738 thousand.

In the annual report for 2017, Management expected a growth in revenue and profits in 2018.

The income statement for 2018 reflects the following:

- Revenue:
  High growth in revenue following sales- and marketing activities that has led to a net increase in number of customers.

  During the year Management decided to relocate the central warehouse. The relocation led to increased delivery times, which had a negative impact to growth.
- Profitability:
  A significant part of the growth comes from new markets requiring additional investments especially in terms of customer acquisition costs and last mile costs.

  During the year the exchange rates for SEK and NOK against DKK continued to decrease. As currency flows are not secured, negative exchange rate development has a high negative impact to profits. While comparing to realized exchange rates for 2017, the impact to revenue and profits amounts to DKK 5 mill.
- Special items / one-off costs:
  Relocation of central warehouse led to significant one-off costs of DKK 4 mill. related to moving and lower efficiency.

  In 2017 Management decided to discontinue the development of a new ERP-system. The project was finally settled in 2018 causing an additional write-down of DKK 850 thousand.

Management considers the Company´s financial performance in the year satisfactory given the above-mentioned conditions.

Special risks

The Company´s revenue is generated in DKK, SEK, NOK and EUR. Purchases and other costs are primarily made in DKK.

According to an approved risk policy, the currency risk is not hedged.

Research and development activities

A substantial part of the business IT-system is developed and managed internally. During 2018 investments have been increased to secure future growth.

Foreign branches

The Company has a registered branch in Sweden without permanent establishment.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would significantly influence the evaluation of this annual report.

Management's review

Outlook

The Company expects to grow revenue as well as profits in 2019.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Revenue	368,681	343,207
	Cost of sales	-268,692	-240,081
	Other external expenses	-60,400	-52,046
	Gross profit	39,589	51,080
3	Staff costs	-42,479	-40,790
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-9,814	-4,920
4	Other operating expenses	-850	-6,215
	Profit/loss before net financials	-13,554	-845
5	Financial expenses	-1,611	-1,032
	Profit/loss before tax	-15,165	-1,877
6	Tax for the year	3,212	410
	Profit/loss for the year	-11,953	-1,467

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Completed development projects	5,812	2,866
	Goodwill	15,758	17,626
		21,570	20,492
8	Property, plant and equipment		
	Land and buildings	17,093	0
	Other fixtures and fittings, tools and equipment	1,767	844
	Leasehold improvements	2,230	3,323
		21,090	4,167
9	Financial assets		
	Deposits, investments	3,298	2,495
		3,298	2,495
	Total non-current assets	45,958	27,154
	Current assets		
	Inventories		
	Finished goods and goods for resale	52,834	54,590
		52,834	54,590
	Receivables		
	Trade receivables	1,487	43
	Other receivables	718	0
	Prepayments	1,026	295
		3,231	338
	Cash	26,344	39,190
	Total current assets	82,409	94,118
	TOTAL ASSETS	128,367	121,272

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	5,626	5,626
	Reserve for development costs	4,438	2,089
	Retained earnings	19,674	33,976
	Total equity	29,738	41,691
11	Non-current liabilities		
12	Deferred tax	370	3,583
13	Other provisions	1,228	1,228
	Lease liabilities	13,415	0
	Total non-current liabilities	15,013	4,811
	Current liabilities		
	Lease liabilities	4,214	0
	Prepayments received from customers	1,124	1,178
	Trade payables	38,807	30,402
	Payables to group entities	19,334	18,771
	Other payables	20,137	22,544
14	Deferred income	0	1,875
	Total current liabilities	83,616	74,770
	Total liabilities	98,629	79,581
	TOTAL EQUITY AND LIABILITIES	128,367	121,272

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Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2018	5,626	2,089	33,976	41,691
18	Transfer, see "Appropriation of profit/loss"	0	2,349	-14,302	-11,953
	Equity at 31 December 2018	5,626	4,438	19,674	29,738

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Unisport A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

As of 1 January 2018, the Company has adopted the principles in IFRS 15 (revenue) and IFRS 16 (leases). Adoption of the principles in IFRS 15 has not resulted in any changes in recognition and measurement of revenues. Adoption of IFRS 16 has been done using the simplified approach, thus the right-of-use assets and lease liabilities have been recognised at 1 Janaury 2018 and comparative figures have not been restated. The adoption of the principles within IFRS 16 has resulted in recognition of right-of-use assets and lease liabilities at 1 January 2018 of DKK 17,147 thousand respectively using an incremental borrowing rate of 3% to discount the lease payments to net present value.

Except form the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Unisport Holding ApS.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Whether a contract contains a lease is assessed at contract inception. For identified leases a right-of-use asset and corresponding lease liability are recognised at the lease commencement date. At initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs including dismantling and restoration costs. The lease liability is measured at the present value of lease payments discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined an appropriate incremental borrowing rate is used instead.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciations and impairment losses and adjusted for any remeasurements of the lease liability. Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest. The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following same principel.

Right-of-use assets classified as buildings mainly relate to leases of stores and office buildings. All other lease contracts regarding other property, plant and equipment have been assessed as either short-term or low value leases and hence is not recognized as right-of-use assets.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on the time of sale in the stores or delivery from the website.
The Company considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated.

The customers hold a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.
Cost of sales is recognised after deduction of supplier discounts and bonuses.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

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

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

Completed development projects	3 years
Goodwill	20 years
Land and buildings	1-5 years
Other fixtures and fittings, tools and equipment	3-5 years

Land and buildings comprise the carrying amount of leased premises, which are depreciated over the expected leasing periods for each lease.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

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

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's eperience of the specific business areas. Goodwill is amortised on a straight-line basis over a period of 20 years, because it is related to strategically acquired enterprises.

The amortisation period is 20 years as the business strategy and earning potential is considered long-term.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 years.

The depreciation period is determined at the time of acquisition and is reassessed every year. In case of changes in the amortisation period, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Property, plant and equipment

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

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other external income and other external costs.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

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

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

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

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

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

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount factor is used that reflects the current market interest rate level plus risks specific to the liability. Changes to the discount factor during the year are recognised as financial expenses.

Restructuring costs are recognised as liabilities once a detailed, formal restructuring plan has been published no later than on the balance sheet date to the persons affected by the plan.

Provisions for restoration of leasehold improvements, etc. are measured at the present value of the expected future restoration costs at the end of the reporting period. The provision is calculated on the basis of current public authority orders and estimated costs that are discounted at present value. Specific risks associated with the provision are included in the estimated costs. A discount factor reflecting the general interest rate levels is used. Provisions are recognised as they arise and are adjusted on an ongoing basis in order to reflect changes in requirements and prices, etc. The present value of the costs is recognised in the cost of the property, plant and equipment in question and is depreciated with these assets. The increase of the present value due to the passage of time is recognised in the income statement as financial expenses.

Corporation tax and deferred tax

Joint taxation contribution payable and receivable is recognised in the balance sheet as corporation tax receivable and corporation tax payable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rate applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments received from customers

Prepayments from customers include payments received from customers regarding subsequent years, including gift cards.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years, including leasehold contributions from suppliers.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Normalised EBITDA
Normalised EBITDA, as disclosed in the Management's review, comprise operating profit before amortisation, depreciation and impairment losses and adjusted for special items.

Special items
Special items comprise significant income and expenses of a special nature relative to the Company's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items that, in the opinion of Management, do not form aprt of the Company's operating activities.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

DKK'000	2018	2017
Expenses		
Write-down of ERP-system	-850	-6,215
Warehouse move	-3,999	0
Other structural changes	-426	0
	-5,275	-6,215
Special items are recognised in the below items of the financial statements		
Other operating costs	-850	-6,215
Staff costs	-426	0
Gross Profit	-3,999	0
Net loss on special items	-5,275	-6,215

3 Staff costs

	2018	2017
Wages/salaries	40,841	39,909
Pensions	686	0
Other social security costs	952	881
	42,479	40,790
Average number of full-time employees	127	116
Remuneration to members of management:		
Executive board	3,559	2,664
Board of Directors	655	416
	4,214	3,080

4 Other operating expenses

Other operating expenses includes loss on disposal of an ERP investment totalling DKK 850 thousand (2017: DKK 6,215 thousand).

DKK'000	2018	2017
5 Financial expenses		
Interest expenses to Group Company	563	547
Interest expenses regarding leases	536	0
Other interest expenses	383	216
Foreign currency adjustments	129	269
	1,611	1,032
6 Tax for the year		
Deferred tax adjustments in the year	-3,212	-410
	-3,212	-410

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Completed development projects	Goodwill	Total
Cost at 1 January 2018	6,030	37,369	43,399
Additions in the year	4,832	0	4,832
Disposals in the year	-899	0	-899
Cost at 31 December 2018	9,963	37,369	47,332
Impairment losses and amortisation at 1 January 2018	3,164	19,743	22,907
Amortisation/depreciation in the year	987	1,868	2,855
Impairment losses and amortisation at 31 December 2018	4,151	21,611	25,762
Carrying amount at 31 December 2018	5,812	15,758	21,570

As mentioned in note 3, disposals include DKK 850 thousand related to an ERP investment which is not being taken into use (2017: DKK 6,215).

8 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2018	0	3,190	7,995	11,185
Additions relating to implementation of IFRS 16	17,147	0	0	17,147
Additions in the year	8,609	1,460	242	10,311
Disposals in the year	-3,576	0	0	-3,576
Cost at 31 December 2018	22,180	4,650	8,237	35,067
Impairment losses and depreciation at 1 January 2018	0	2,346	4,672	7,018
Depreciation in the year	5,087	537	1,335	6,959
Impairment losses and depreciation at 31 December 2018	5,087	2,883	6,007	13,977
Carrying amount at 31 December 2018	17,093	1,767	2,230	21,090
Property, plant and equipment include finance leases with a carrying amount totalling	17,093	0	0	17,093

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK'000
Cost at 1 January 2018
Additions in the year
Cost at 31 December 2018
Carrying amount at 31 December 2018

10 Share capital

The share capital comprises 5,626,086 shares of DKK 1 each. The share capital has remained unchanged since the Company's establishment.

No shares contain special rights.

11 Non-current liabilities

Non-current liabilities include leasing liabilities, which falls due more than one year from the balance sheet date.

Leasing liabilites have been recognised by using a discount rate of 3 % and with expected leasing periods with a duration of up to 4.5 years.

DKK'000	2018	2017
12 Deferred tax		
Deferred tax at 1 January	3,582	3,993
Adjustment of deferred tax	-3,212	-411
Deferred tax at 31 December	370	3,582
Deferred tax relates to:		
Intangible assets	4,745	4,508
Property, plant and equipment	-106	-128
Tax loss	-4,269	-385
Other taxable temporary differences	0	-413
	370	3,582

13 Other provisions

Opening balance at 1 January	1,228	1,228
Other provisions at 31 December	1,228	1,228

Provisions include liabilities for restoration upon the vacation of premises. The liability accumulates as wear and tear increase on the premises and is reassessed annually to determine the state of the premises at the balance sheet date.

Costs are expected to incur upon the expected termination of the premises which depends on potential extensions of the leases.

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14 Deferred income

Deferred income, DKK 0 thousand (2017: DKK 1,875 thousand), consists of payments received from vendors that may not be recognised until the subsequent financial year.

15 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with the Danish parent company Unisport Holding ApS. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes. At 31 December 2018, the net taxes receivable from the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 364 thousand. Any subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase.

Other financial obligations

The Company has entered into leases with a total obligation of DKK 5,960 thousand at 31 December 2018 (2017: DKK 2,185 thousand) of which DKK 3,607 thousand (2017: DKK 2,185 thousand) is due within a year.

Due to adoption of IFRS 16, cf. note 1 'Accounting Principles', leases regarding premises has been recognised as property, plant and equipment (buildings).

16 Collateral

As collateral for the Company's bank credit facility, the Company has provided floating charge of DKK 15 million in the Company's receivables, inventories and non-current assets.

17 Related parties

Unisport A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Unisport Holding ApS	Bådehavnsgade 38, 2450 København SV	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Unisport Holding ApS	Bådehavnsgade 38, 2450 København SV	CVR.dk

Related party transactions

Transactions with related parties in 2018 relate to joint taxation contribution, interest expenses as disclosed in note 3 and remuneration of the executive board and board of directors as disclosed in note 2.

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Notes to the financial statements

DKK'000		2018	2017
18	Appropriation of profit/loss		
	Recommended appropriation of profit/loss		
	Reserve for development costs	2,349	190
	Retained earnings/accumulated loss	-14,302	-1,657
		-11,953	-1,467