

# Unisport A/S

Bådehavnsgade 38, 2450 København SV

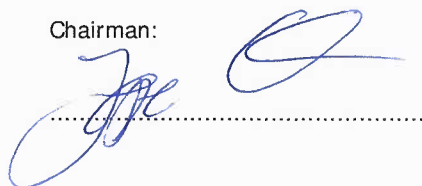
CVR no. 30 80 06 80

## Annual report 2019

Approved at the Company's annual general meeting on

*26/8-20*

Chairman:

  
.....



**Building a better  
working world**



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## 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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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, 25 June 2020  
Executive Board:

.....  
Michael Johannes Burk  
CEO

.....  
Jesper Rechter Christensen  
CFO

Board of Directors:

.....  
Filip Domagala  
Chairman

.....  
Jess Ørgaard Libak Tropp

.....  
Christian Hedegaard

## 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 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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, 25 June 2020  
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	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	382,058	363,318	337,925	319,811	317,156
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	3,660	-3,740	4,075	18,956	16,465
Operating profit/loss	-10,222	-18,067	5,369	14,185	12,993
Normalised EBITDA (before special items)	4,321	1,535	10,290	18,180	19,264
Net financials	-2,548	-1,611	-1,032	-1,445	-455
<b>Profit/loss for the year</b>	<b>-7,604</b>	<b>-11,953</b>	<b>-1,467</b>	<b>9,875</b>	<b>9,556</b>
Total assets	141,939	128,367	121,272	97,422	84,899
<b>Equity</b>	<b>22,134</b>	<b>29,738</b>	<b>41,691</b>	<b>43,158</b>	<b>33,283</b>
Gross merchandise value	384,937	363,318	337,925	319,811	317,156
<b>Financial ratios</b>					
Equity ratio	15.6%	23.2%	34.4%	44.3%	39.2%
Return on equity	-29.3%	-33.5%	-3.5%	25.8%	33.5%
<b>Average number of employees</b>	<b>133</b>	<b>127</b>	<b>116</b>	<b>110</b>	<b>89</b>

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 2019 shows a loss of DKK 7,604 thousand against a loss of DKK 11,953 thousand last year, and the balance sheet as 31 December 2019 shows equity of DKK 22,134 thousand.

In the annual report for 2018, Management expected a growth in revenue and profits in 2019.

The income statement for 2019 reflects the following:

- ▶ **Gross Merchandise Value (GMV):**  
GMV comprise the value of all merchandise sold to customers after cancellations and returns and excluding VAT. GMV has been added to report the total value of sales through the Group's sales platforms.  
GMV amounted to DKK million 384,9 (2018: DKK 363.3) and was positively impacted by high growth from sales and marketing activities that has led to a net increase in number of customers surpassing more than 500.000 active customers during the last 12 months for the first time ever and bringing the total customer base to around 3 million customers.
- ▶ **Revenue:**  
High growth in revenue following sales- and marketing activities that has led to a net increase in number of customers.
- ▶ **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 2018, the impact to revenue and profits amounts to DKK 4 mill.

- ▶ **Special items / one-off costs:**  
In 2018 Management decided to relocate the central warehouse. Profitability in 1st quarter 2019 was negatively impacted by lower efficiency. Effective 2nd quarter the operation was stabilized.

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 2019 investments have been increased to secure future growth.

### Foreign branches

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

## Management's review

### Events after the balance sheet date

Revenue and profits in 2020 will be negatively impacted by the close-down of football matches and grassroots training and matches and postponement of 2020 UEFA European Football Championship following the COVID-19 situation. Direct losses from COVID-19 will to some extent be covered by supportive packages issued by governments in Denmark.

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

### Outlook

The Company expects to grow revenue as well as profits in 2020 adjusted for COVID-19 impacts.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2019	2018
	<b>Revenue</b>	382,058	363,318
	Other operating income	2,871	5,363
	Cost of sales	-270,995	-268,692
	Other external expenses	-64,828	-60,400
	<b>Gross profit</b>	49,106	39,589
3	Staff costs	-45,446	-42,479
6,7	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-11,012	-9,814
	Other operating expenses	0	-850
	<b>Profit/ loss before net financials</b>	-7,352	-13,554
4	Financial expenses	-2,548	-1,611
	<b>Profit/ loss before tax</b>	-9,900	-15,165
5	Tax for the year	2,296	3,212
	<b>Profit/ loss for the year</b>	-7,604	-11,953

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
6	<b>Intangible assets</b>		
	Completed development projects	6,997	5,812
	Goodwill	13,890	15,758
		<u>20,887</u>	<u>21,570</u>
7	<b>Property, plant and equipment</b>		
	Land and buildings	13,188	17,093
	Other fixtures and fittings, tools and equipment	507	1,767
	Leasehold improvements	2,532	2,230
		<u>16,227</u>	<u>21,090</u>
8	<b>Financial assets</b>		
	Deposits, investments	2,577	3,298
11	Deferred tax assets	1,925	0
		<u>4,502</u>	<u>3,298</u>
	<b>Total non-current assets</b>	<u>41,616</u>	<u>45,958</u>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	79,193	52,834
		<u>79,193</u>	<u>52,834</u>
	<b>Receivables</b>		
	Trade receivables	2,293	1,487
	Receivables from group entities	2,517	0
	Other receivables	759	718
	Prepayments	733	1,026
		<u>6,302</u>	<u>3,231</u>
	<b>Cash</b>	14,828	26,344
	<b>Total current assets</b>	<u>100,323</u>	<u>82,409</u>
	<b>TOTAL ASSETS</b>	<u>141,939</u>	<u>128,367</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	5,626	5,626
	Reserve for development costs	5,458	4,438
	Retained earnings	11,050	19,674
	<b>Total equity</b>	<b>22,134</b>	<b>29,738</b>
10	<b>Non-current liabilities</b>		
11	Deferred tax	0	370
12	Other provisions	500	1,228
	Lease liabilities	9,793	13,415
	Other payables	1,632	0
	<b>Total non-current liabilities</b>	<b>11,925</b>	<b>15,013</b>
	<b>Current liabilities</b>		
	Lease liabilities	3,978	4,214
	Prepayments received from customers	1,040	1,124
	Trade payables	62,998	38,807
	Payables to group entities	15,636	19,334
	Other payables	21,137	20,137
13	Deferred income	3,091	0
	<b>Total current liabilities</b>	<b>107,880</b>	<b>83,616</b>
	<b>Total liabilities</b>	<b>119,805</b>	<b>98,629</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>141,939</b>	<b>128,367</b>

- 1 Accounting policies
- 2 Special items
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Appropriation of profit/loss

## 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
17	Transfer, see "Appropriation of profit/loss"	0	2,349	-14,302	-11,953
	<b>Equity at 1 January 2019</b>	5,626	4,438	19,674	29,738
17	Transfer, see "Appropriation of profit/loss"	0	1,020	-8,624	-7,604
	<b>Equity at 31 December 2019</b>	5,626	5,458	11,050	22,134

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Unisport A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Change in classification

Marketing contribution received from vendors have previously been presented as revenue. In 2019, marketing contribution has been presented as other operating income. Comparative figures for 2018 have been adjusted with DKK 5,363 thousand and in addition, the financial highlights in the Management Review has been adjusted for the period 2015 (DKK 2,655 thousand), 2016 (DKK 4,978 thousand) and 2017 (DKK 5,282 thousand).

#### 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.

#### 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)

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets and received marketing contribution from suppliers.

##### 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
Leasehold improvements	3-5 years

Land and buildings comprise the carrying amount of leased premises, which are depreciated over the expected leasing periods for each lease, which usually varies from 1-5 years. The remaining lease terms are disclosed in the note for property, plant and equipment.

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Balance sheet

##### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience 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 are identifiable 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.

## 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 principle.

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.

##### 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.

##### 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.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### 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 statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

##### 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 part of the Company's operating activities.

##### Gross merchandise value

Gross merchandise value, as disclosed in the Management's review, comprise is defined as the value of all merchandise sold to customers after cancellations and returns and excluding VAT, dynamically reported.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Special items

DKK'000	2019	2018
<b>Income</b>		
Reversal of unused provision for restoration of premises.	1,228	0
	<u>1,228</u>	<u>0</u>
<b>Expenses</b>		
Write-down of ERP-system	0	-850
Warehouse move	-1,889	-3,999
Other structural changes	0	-426
	<u>-1,889</u>	<u>-5,275</u>
<b>Special items are recognised in the below items of the financial statements</b>		
Other operating costs	0	-850
Staff costs	0	-426
Other external costs	-661	0
Gross Profit	<u>0</u>	<u>-3,999</u>
<b>Net loss on special items</b>	<u>-661</u>	<u>-5,275</u>

#### 3 Staff costs

Wages/salaries	42,936	40,841
Pensions	1,510	686
Other social security costs	1,000	952
	<u>45,446</u>	<u>42,479</u>

Average number of full-time employees	<u>133</u>	<u>127</u>
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Remuneration to members of Management:

Executive Board	3,446	3,559
Board of Directors	595	655
	<u>4,041</u>	<u>4,214</u>

#### 4 Financial expenses

Interest expenses to Group Company	455	563
Interest expenses regarding leases	472	536
Other interest expenses	661	383
Foreign currency adjustments	505	129
Expansion of bank credit	455	0
	<u>2,548</u>	<u>1,611</u>

#### 5 Tax for the year

Deferred tax adjustments in the year	-2,178	-3,212
Tax adjustments, prior years	-118	0
	<u>-2,296</u>	<u>-3,212</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK'000	Completed development projects	Goodwill	Total
Cost at 1 January 2019	9,963	37,369	47,332
Additions in the year	3,431	0	3,431
Cost at 31 December 2019	13,394	37,369	50,763
Impairment losses and amortisation at 1 January 2019	4,151	21,611	25,762
Amortisation in the year	2,246	1,868	4,114
Impairment losses and amortisation at 31 December 2019	6,397	23,479	29,876
<b>Carrying amount at 31 December 2019</b>	<b>6,997</b>	<b>13,890</b>	<b>20,887</b>

#### 7 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	22,180	4,650	8,237	35,067
Remeasurement of lease liability	-912	0	0	-912
Additions in the year	1,885	542	519	2,946
Disposals in the year	-328	0	-1,228	-1,556
Cost at 31 December 2019	22,825	5,192	7,528	35,545
Impairment losses and depreciation at 1 January 2019	5,087	2,883	6,007	13,977
Depreciation in the year	4,878	1,802	217	6,897
Reversal of amortisation/depreciation and impairment of disposals	-328	0	-1,228	-1,556
Impairment losses and depreciation at 31 December 2019	9,637	4,685	4,996	19,318
<b>Carrying amount at 31 December 2019</b>	<b>13,188</b>	<b>507</b>	<b>2,532</b>	<b>16,227</b>
Property, plant and equipment include finance leases with a carrying amount totalling	13,188	0	0	13,188

Buildings with a carrying amount of DKK 13,188 thousand at 31 December 2019 consist of Right-of-use assets regarding leased warehouse, flag ship store and office buildings.

Right-of-use assets are depreciated over the expected lease term of the contracts, which varies from 5 - 42 months from the balance sheet date. As discount rate, the incremental borrowing rate of 3% has been applied (2018: 3%).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Investments

DKK'000	<u>Deposits, investments</u>
Cost at 1 January 2019	3,298
Disposals in the year	-721
Cost at 31 December 2019	<u>2,577</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>2,577</u></b>

Other receivables consists of deposits on leased premises.

#### 9 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.

#### 10 Non-current liabilities

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

Leasing liabilities have been recognised by using a discount rate of 3 % and with expected leasing periods with a duration of up to 3.5 years.

DKK'000	<u>2019</u>	<u>2018</u>
<b>11 Deferred tax</b>		
Deferred tax at 1 January	370	3,582
Adjustment of deferred tax relating to prior period	-117	0
Adjustment of deferred tax	-2,178	-3,212
<b>Deferred tax at 31 December</b>	<b><u>-1,925</u></b>	<b><u>370</u></b>
Deferred tax relates to:		
Intangible assets	4,595	4,745
Property, plant and equipment	-2	-106
Tax loss	-6,518	-4,269
	<u>-1,925</u>	<u>370</u>
<b>12 Other provisions</b>		
Opening balance at 1 January	1,228	1,228
Provisions in the year	500	0
Unutilised provisions in the year, reversed	-1,228	0
<b>Other provisions at 31 December</b>	<b><u>500</u></b>	<b><u>1,228</u></b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Other provisions (continued)

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.

The reversal during 2019 is due to entering a new contract with the landlord. The income is presented as special items in note 2.

#### 13 Deferred income

Deferred income, DKK 4,764 thousand (2018: DKK 0 thousand), consists of payments received that may not be recognized until subsequent periods.

#### 14 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 2019, the net taxes receivable from the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 0. 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 adopted IFRS 16, hence leases regarding premises has been recognised as property, plant and equipment (buildings).

Lease obligations regarding low-value leases not recognised in the balance sheet amount to DKK 194 thousand at 31 December 2019.

#### 15 Collateral

As collateral for the Company's bank credit facility, the Company has provided floating charge of DKK 30 million in the Company's receivables, inventories and non-current assets.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 16 Related parties

Unisport A/S' related parties comprise the following:

##### Parties exercising control

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

##### Information about consolidated financial statements

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

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

<b>DKK'000</b>	<u>2019</u>	<u>2018</u>
<b>17 Appropriation of profit/ loss</b>		
<b>Recommended appropriation of profit/ loss</b>		
Reserve for development costs	1,020	2,349
Retained earnings/ accumulated loss	-8,624	-14,302
	<u>-7,604</u>	<u>-11,953</u>



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## Christian Hedegaard

Board of director

På vegne af: Unisport A/S

Serienummer: PID:9208-2002-2-344438487350

IP: 87.59.xxx.xxx

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NEM ID 

## Michael Johannes Burk

CEO

På vegne af: Unisport A/S

Serienummer: PID:9208-2002-2-893105787372

IP: 95.222.xxx.xxx

2020-06-29 06:56:19Z

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## Jess Ørgaard Libak Tropp

Board of director

På vegne af: Unisport A/S

Serienummer: PID:9208-2002-2-968800839271

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2020-06-29 07:57:58Z

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## Jesper Rechter Christensen

CFO

På vegne af: Unisport A/S

Serienummer: CVR:30800680-RID:38418107

IP: 94.18.xxx.xxx

2020-06-29 15:04:25Z

NEM ID 

## Filip Domagala

Chairman

På vegne af: Unisport A/S

Serienummer: PID:9208-2002-2-225690030783

IP: 217.74.xxx.xxx

2020-07-03 08:36:27Z

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## Henrik Kronborg Iversen

State Authorised Public Accountant

På vegne af: Ernst & Young P/S

Serienummer: PID:9208-2002-2-857715898602

IP: 37.96.xxx.xxx

2020-07-03 09:18:37Z

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## Karsten Faurholt

State Authorised Public Accountant

På vegne af: Ernst & Young P/S

Serienummer: CVR:30700228-RID:55166445

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