

# SDK Sport II ApS

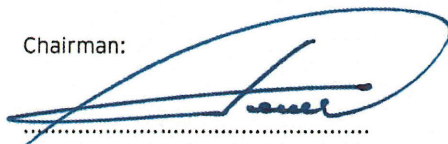
Baltorpbakken 5, DK-2750 Ballerup

CVR no. 34 47 95 26

## Annual report 2019

Approved at the Company's annual general meeting on 15 September 2020

Chairman:



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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 SDK Sport II ApS 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.

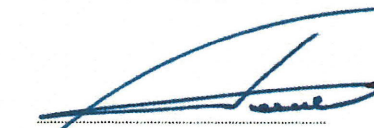

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 15 September 2020  
Executive Board:



Andreas Høgdall Holm  
CEO

Board of Directors:

  
Dmitry Barkov  
Chairman  
Janusz Gembariski  
Leonid Strakhov

## Independent auditor's report

To the shareholders of SDK Sport II ApS

### Opinion

We have audited the financial statements of SDK Sport II ApS 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.
- ▶ 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.

## Independent auditor's report

- ▶ 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.

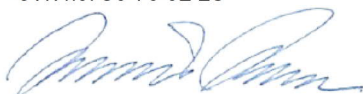
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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, 15 September 2020  
EY 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

### Company details

Name	SDK Sport II ApS
Address, Postal code, City	Baltorpbakken 5, DK-2750 Ballerup
CVR no.	34 47 95 26
Established	20 April 2012
Registered office	Ballerup
Financial year	1 January - 31 December
Board of Directors	Dmitry Barkov, Chairman Janusz Gembariski Leonid Strakhov
Executive Board	Andreas Høgdall Holm, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	1,082,060	1,094,292	1,144,724	1,102,337	1,063,528
Gross profit	101,622	119,355	178,433	194,671	187,877
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-61,451	-48,831	7,510	28,238	22,021
Operating profit/loss	-322,692	-97,702	-37,934	-14,347	-24,056
Net financials	14,528	-10,798	-10,330	-11,965	-11,629
<b>Profit/loss for the year</b>	<b>-347,062</b>	<b>-137,909</b>	<b>-40,335</b>	<b>-24,901</b>	<b>-14,323</b>
<b>Balance sheet</b>					
Total assets	303,398	613,813	664,819	707,085	735,330
Investment in property, plant and equipment	7,715	27,090	11,172	23,285	17,596
<b>Equity</b>	<b>47,370</b>	<b>297,993</b>	<b>365,565</b>	<b>405,902</b>	<b>429,459</b>
<b>Financial ratios</b>					
Operating margin	-29.8%	-8.9%	-3.3%	-1.3 %	-2.3 %
Gross margin	9.4%	10.9%	15.6%	17.7%	17.7%
Equity ratio	15.6%	48.5%	55.0%	57.4%	58.4%
Return on equity	-201.0%	-41.6%	-10.5%	-6.0%	-3.2%
<b>Other</b>					
<b>Average number of employees</b>	<b>477</b>	<b>515</b>	<b>550</b>	<b>544</b>	<b>535</b>

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



## Management's review

### Business review

The primary activities of SDK Sport II ApS is to operate the retail banners SPORTMASTER and Rezet Sneaker Store in physical stores as well as online.

SPORTMASTER, prior to the later mentioned acquisition, was a national wide omni channel retailer with 90 stores, and is the leading Danish sport online shop. SPORTMASTER has a wide and attractive range of quality products from key 3rd party sporting goods suppliers and brands (e.g. NIKE, Adidas, Hummel, Asics etc.) as well as own private label products (M79 and MASTER).

SPORTMASTER.dk was relaunched in the fall of 2013 and has been upgraded on a continuous basis, adding products and functionality, supported by updated customer care support and with a high level of integration towards the physical shops. Today it is possible to combine store products with online orders and availability on site in the shops to secure the highest level of customer wishes being fulfilment and purchases generated.

The Rezet Sneaker Store was acquired in May 2015 and is now the leading premium sneaker and apparel omni-channel with a powerful offer of key bands in the segment of exclusive sneakers.

Building the best omni-channel offer to our club members has been the key focus since the establishment as a vertical capital chain. Club SPORTMASTER was re-launched in the fall of 2012.

At the end of 2019 Sport Nordic Holding ApS, with all of its subsidiaries was sold by Nordic Capital to one of the biggest and most successful industrial retailers within sporting goods, Sportmaster Operations Pte. LTD.

Sportmaster Denmark has as a result at the end of December 2019 become a subsidiary to Sportmaster Operations Pte. LTD. who is among the biggest sporting goods retailers in the world, and who is operating in multiple countries, sharing the name of SPORTMASTER, which is also the primary retailer of sport in Denmark.

### Financial review

Total revenue of SPORTMASTER for 2019 was DKK 1,082 million (2018: DKK 1,094 million) and the operating profit before depreciations and amortizations (EBITDA) was DKK 61.5 million (2018: DKK -48.8 million), whereas operating profit (EBIT) amounts to DKK 322.7 million, due to a writedown of goodwill of DKK 225.7 million.

Loss for the year totals DKK 347.1 million (2018: DKK 137.9 million). The loss of the year is, as EBIT, deeply impacted by the change of sales proces and the write down of goodwill amounting to a total of DKK 225.7 million (DKK 212.7 as intangible assets and DKK 13 million recognized together with investments in subsidiaries), due to the impairment test showing that the carrying amount is not recoverable based on the previous years' realized losses, the challenging circumstances within the retail business and the uncertainties about when profitability improvements will crystalize. Furthermore, loss for the year is affected by a write-down of deferred tax assets of DKK 15.7 million and income from remission of debt amounting to DKK 22.1 million. Adjusted for the impairment of goodwill, write-down of deferred tax assets and income from debt remission, the loss for the year would have amounted to DKK 127.8 million.



## Management's review

Management considers the Company's financial performance in the year 2019 to be very non satisfactory and to be directly related to previous years internal struggles, and the determined focus in 2019 to change the ownership of the company.

2019 was in terms of operating business characterized by the previous management, board, and owners, with a strong focus on the M&A process and of finding a new owner for the company.

Following a couple of tough years with significant internal difficulties, with two warehouse moves and update of ERP systems, the business had moved into a negative development, and following a capital injection end of 2018 the previous owner decided to search for a new owner, to initiate the turnaround of the company.

Liquidity and cash-flow management was a determining factor and impactor of 2019s result to ensure meeting the commitments to the company's creditors.

On the 23rd of December 2019, the sale of Sport Nordic Holding ApS was successfully carried through, and the company was sold by the previous owner, Nordic Capital, to the international and successful Sporting Goods retailer Sportmaster Group Ltd., in connection with the sale there was partial redemption of the debt towards the bank while the bank relented the remaining loan, limiting the engagement with the bank to only certain bank guarantees.

Due to previous years' results and the necessity to perform a turn-around of the group in the coming years, and also based on the sales price of the Group's shares, it was decided to write-down the goodwill, of 225.7 million, and deferred tax assets of DKK 15.7 million in 2019. This was based on the expectation that implementation of strategies for the improvement of revenue growth and profitability will take some years and is not sufficient to recover the carrying amount.

The 2019 result is seen as not satisfactory.

At the end of 2019, in connection with the sale of the Group, the Group received group contributions of DKK 96.4 million from the owners which was used to re-pay bank loans. The remaining bank loans of DKK 22.1 million was written-off by the bank.

### Special risks

#### Risk management:

SDK Sport II ApS considers risk management an essential and natural element in connection with the realisation of the Company's objectives and strategy. The daily activities, the implementation of the established strategy and continuous realisation of business opportunities involve a natural risk and, therefore, the Company's handling of these issues are seen as a natural and integrated part of the daily work and a way to create a profitable Company with constant growth.

#### Commercial risks:

The Company's most significant business risks concern general socioeconomic developments, including private consumption developments as well as the Company's capacity to maintain its strong market position. Accordingly, the Company aims to be at the forefront of market developments by constantly improving and developing its range of products and services with a view to always be the natural choice for Danes buying sports equipment.

#### Interest rate risks

The Company no longer has any bank debt and is therefore not materially affected by changes in interest rates. We only carry a shortterm fixed low rate intercompany loan.

#### Currency risks:

The Company's revenue is primarily invoiced in DKK, whereas below 1% of purchases are made in USD related currencies. Accordingly, the Company's currency risk exposure is limited.

## Management's review

### Capital structure and funding

SDK Sport II ApS is financed by a combination of equity and intercompany loans. Equity consists of one share class which is owned by SDK Sport I ApS and ultimately Sportmaster Operations Pte. LTD. The capital structure is considered adequate and flexible enough to support the strategy and continued growth of the Company. Currently the company is structured with short-term intercompany loans, but during 2020 the Company will extend its facilities to include a new bank loan concurrently with intercompany loans that will be prolonged if needed. Furthermore working capital will be improved by substituting rent deposits with new bankguarantees towards the landlords.

### Statutory CSR report

The statutory report regarding CSR, including human rights, environment and climate and anti-corruption and competition, cf. §99a in the Danish Financial Statements Act, is included in Sport Nordic Holding ApS' report, to which reference is made.

### Account of the gender composition of Management

In 2019 the Board of Directors consisted of two members, both male. In 2020 another member was appointed, which was also a male. The company has established recruitment procedures ensuring that candidates of both genders are considered when hiring or promoting for management positions.

The goal for 2019 was to find a suitable female candidate for the Board, this was however not possible, and the goal has so far been postponed for 2021 until suitable candidates can be found.

On other management levels the Company is seeking to increase the number of female managers to at least 45% by 2021. Current amount of female managers in the stores is above 35%.

### Events after the balance sheet date

In connection with the new ownership, the composition of the Executive Board was changed and a new CEO were appointed, coming from within the company, and the CFO resigned his position, after a successful company transaction, during H1 2020.

The bank engagements also changed following the sale, and arrangements were made with Citibank which is also used internationally in the group. The last details of the facility agreement are currently being finalized and a formal agreement is expected to be entered into in Q3 2020.

Covid-19 gave an unforeseen and unanticipated impact on the expectation for the company's turnover, from March and into Q3 2020.

During the rebuilding of the new Sportmaster Denmark, the company was, as most retail, highly impacted by the Covid-19 from March 2020. Half of the operating stores were closed due to government decision to control contamination. This caused a huge drop in turnover and as such decreasing available cash and liquidity constraints.

The risk associated with the impact of covid-19 was a severe drop in revenue, with the highest impact in the second quarter of 2020.

However prompt response by Management reduced the level of cash-binding, and during the second quarter the cash-flow was stabilized. Furthermore good support from several partners and the owners have given a strong foundation for the further development of the company.

Management has throughout the covid-19 crisis had particular focus on decreasing the cost-levels and raising the earnings on the business performance of both stores and online. As a result the turn around has been initiated, and despite a significant drop in revenue, the management forecast is that the previous years results will be improved already in 2020, however still with a significant but expected loss in the first year of the turnaround. This was building on the positive trend from the new Management that was also already seen in the pre-covid-19 period in the beginning of 2020.

## Management's review

The new owners and new Management's focus to turn the company around was as such deeply impacted by the large drop in turnover that was seen, especially during the forced-shut-down of all the mall doors. The consecutive approach to handle the crisis at hand was to create several different scenarios for impact during the crisis. The expected impact was close to actual, which gave a good foundation for creating a matching crisis-management-plan. The management decision was to first stop capital commitments, especially concerning purchasing of new goods. Thereafter it was to reach out to all partners and find agreed solutions for lowering the impact of the crisis. Furthermore the Group operated within all governmental instructions and also made use of the government support package for sending employees home, rather than initiating lay-offs during the peak of Covid-19, hereby compensating some of the loss made during this period and securing jobs.

The loan to the parent company amounting to DKK 67,2 million has been increased and an additional credit line has been granted during 2020. In addition, the loan maturity has been extended to 31 December 2021 which ensures sufficient cash resources to pursue the Company's strategy and to perform a turn-around in the coming years.

## Outlook

SDK Sport II expects that the continuously increasing competition in the market over time will have consequences for the distribution in Denmark. SDK Sport II expects and believes in benefitting from our strong focus on continued digital development and Omni channel perspective in our offerings and in the ways, we address the market. This is also the view of our key global partners and suppliers who confirms and continues to see us as their preferred Danish partner and sales channel going into the future.

Furthermore, SDK Sport II expects that the new long-term ownership from an industrial owner, with a clear proof of concept, will help to stabilize the business and continue the further development.

Belonging to the larger group with own production facilities and well tested and proved IT-architectural retail solutions will be of benefit from 2021 going forward.

The new management plan to return SDK Sport II to profitability already in 2020 was severely challenged by the abovementioned impact of Covid-19.

The forecast for 2020 is however a significant improvement of previous years result, especially coming from a structural management focus on margins and cost-levels.

Plan for positive EBITDA and result is postponed for 2021, while forecast for 2020 is still uncertain due to risk of additional Covid-19 restraints, however EBITDA will be improved compared to 2019.

The positive outlook and turnaround of the company has resulted in the owner's willingness to initiate large new investments into SDK Sport II within the current year, benefiting our consumers, partners and marketplace in general.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2019	2018
3	<b>Revenue</b>	1,082,060	1,094,292
	Cost of goods sold	-672,531	-655,603
	Other external expenses	-307,907	-319,334
	<b>Gross profit</b>	101,622	119,355
4	Staff costs	-163,073	-168,186
	Depreciation, amortisation and impairment losses	-261,241	-48,871
	<b>Profit/loss before net financials</b>	-322,692	-97,702
	Share of profit in subsidiaries after tax	-23,231	-22,466
5	Financial income	22,082	0
6	Financial expenses	-7,554	-10,798
	<b>Profit/loss before tax</b>	-331,395	-130,966
7	Tax on loss for the year	-15,667	-6,943
	<b>Profit/loss for the year</b>	-347,062	-137,909

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
8	<b>Intangible assets</b>		
	Other intangible assets	5,066	6,591
	Goodwill	0	237,877
		<u>5,066</u>	<u>244,468</u>
9	<b>Property, plant and equipment</b>		
	Plant and equipment	7,699	8,817
	Leasehold improvements	57,846	65,993
		<u>65,545</u>	<u>74,810</u>
10	<b>Investments</b>		
	Investments in subsidiaries	11,939	35,170
	Deposits	22,061	21,984
		<u>34,000</u>	<u>57,154</u>
	<b>Total fixed assets</b>	<u>104,611</u>	<u>376,432</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Goods for resale	158,779	202,482
		<u>158,779</u>	<u>202,482</u>
	<b>Receivables</b>		
	Trade receivables	10,330	9,679
11	Deferred tax assets	0	15,667
	Other receivables	9,326	5,332
	Prepayments	4,050	3,411
		<u>23,706</u>	<u>34,089</u>
	<b>Cash</b>	<u>16,302</u>	<u>810</u>
	<b>Total non-fixed assets</b>	<u>198,787</u>	<u>237,381</u>
	<b>TOTAL ASSETS</b>	<u>303,398</u>	<u>613,813</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	10,111	10,111
	Retained earnings	37,259	287,882
	<b>Total equity</b>	<b>47,370</b>	<b>297,993</b>
	<b>Provisions</b>		
13	Other provisions	24,401	29,590
	<b>Total provisions</b>	<b>24,401</b>	<b>29,590</b>
	<b>Liabilities other than provisions</b>		
14	<b>Non-current liabilities other than provisions</b>		
	Bank debt	0	22,082
	Other payables	3,849	0
		<b>3,849</b>	<b>22,082</b>
	<b>Current liabilities other than provisions</b>		
	Bank debt	0	37,649
	Prepayments received from customers	15,040	15,989
	Trade payables	22,983	28,212
	Amounts owed to group companies	138,967	127,402
	Corporation tax	3,725	3,725
15	Other payables	24,523	30,222
	Deferred income	22,540	20,949
		<b>227,778</b>	<b>264,148</b>
	<b>Total liabilities other than provisions</b>	<b>231,627</b>	<b>286,230</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>303,398</b>	<b>613,813</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Fee to the auditors appointed by the Company in general meeting
- 20 Appropriation of profit/loss

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2018	10,101	355,464	365,565
	Capital increase	10	34,990	35,000
20	Transfer, see "Appropriation of profit/loss"	0	-137,909	-137,909
	Group contributions	0	35,337	35,337
	<b>Equity at 1 January 2019</b>	<b>10,111</b>	<b>287,882</b>	<b>297,993</b>
20	Transfer, see "Appropriation of profit/loss"	0	-347,062	-347,062
	Group contributions	0	96,439	96,439
	<b>Equity at 31 December 2019</b>	<b>10,111</b>	<b>37,259</b>	<b>47,370</b>

In connection with the change of control on 23 December 2019, the debt to the Company's credit institution was repaid by DKK 96,439 thousand by group contributions by the former and the new owners.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of SDK Sport II ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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 is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### External business combinations

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains and losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

#### Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., the book-value method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Comparative figures for previous financial years are not restated.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods for resale is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

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

#### Other operating income and operating expenses

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment.

## 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 goods sold is recognised after deduction of supplier discounts and bonuses.

##### Other external expenses

Other external costs comprise administrative expenses and other costs for operations and maintenance.

##### Staff costs

Staff costs comprise wages, salaries, pensions and other staff costs.

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment 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:

Other intangible assets	2-3 years
Goodwill	15 years
Plant and equipment	2-10 years
Leasehold improvements	3-10 years

##### Profit/loss from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on 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, remission of debt, etc.

##### Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Sport Nordic Holding Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

Sport Nordic Holding ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year - due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Intangible assets

##### Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment loss. Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is considered strategic and consequently amortised over a period of 15 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.

##### Other intangible assets

Other intangible assets, which comprise payment regarding tenancy takeover and trade names, are measured at cost less accumulated amortisation and impairment losses.

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

Plant and equipment 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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of 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 time of acquisition and is 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 amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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 costs.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of SDK Sport II ApS are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, see Business combinations above.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and 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 costs 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.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows.

##### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

##### Equity

###### *Reserve for net revaluation according to the equity method*

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

###### *Proposed dividends*

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

###### *Grants without consideration within a group*

Grants from owners without consideration are recognised as group contributions directly in retained earnings when they are received.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

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

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.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial liabilities which are written-off by the lender are recognized as income in the profit and loss statement if they are carried out on arms-length basis with no consideration in relation to shares, warrants, earn-outs, etc. If a loan is written off and the lender retains a right to proceeds from a future sale, liquidation or distribution of dividends, etc. the income is recognized directly in retained earnings under equity.

##### Prepayments received from customers

Prepayments from customers comprise liabilities regarding issued gift vouchers, recognised at the date of issue, and the customer loyalty programme, Club SPORTMASTER, recognised at fair value at the date of recognition of the related sales.

Subsequently, prepayments from customers are measured at amortised cost

##### Deferred income

Deferred income is measured at cost.



## 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
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

#### 2 Events after the balance sheet date

In connection with the new ownership, the composition of the Executive Board was changed and a new CEO were appointed, coming from within the company, and the CFO resigned his position, after a successful company transaction, during H1 2020.

The bank engagements also changed following the sale, and arrangements were made with Citibank which is also used internationally in the group. The last details of the facility agreement are currently being finalized and a formal agreement is expected to be entered into in Q3 2020.

Covid-19 gave an unforeseen and unanticipated impact on the expectation for the company's turnover, from March and into Q3 2020.

During the rebuilding of the new Sportmaster Denmark, the company was, as most retail, highly impacted by the Covid-19 from March 2020. Half of the operating stores were closed due to government decision to control contamination. This caused a huge drop in turnover and as such decreasing available cash and liquidity constraints.

The risk associated with the impact of covid-19 was a severe drop in revenue, with the highest impact in the second quarter of 2020.

However prompt response by Management reduced the level of cash-binding, and during the second quarter the cash-flow was stabilized. Furthermore good support from several partners and the owners have given a strong foundation for the further development of the company.

Management has throughout the covid-19 crisis had particular focus on decreasing the cost-levels and raising the earnings on the business performance of both stores and online. As a result the turn around has been initiated, and despite a significant drop in revenue, the management forecast is that the previous years results will be improved already in 2020, however still with a significant but expected loss in the first year of the turnaround. This was building on the positive trend from the new Management that was also already seen in the pre-covid-19 period in the beginning of 2020.

## Financial statements 1 January - 31 December

### Notes to the financial statements

The new owners and new Management's focus to turn the company around was as such deeply impacted by the large drop in turnover that was seen, especially during the forced-shut-down of all the mall doors. The consecutive approach to handle the crisis at hand was to create several different scenarios for impact during the crisis. The expected impact was close to actual, which gave a good foundation for creating a matching crisis-management-plan. The management decision was to first stop capital commitments, especially concerning purchasing of new goods. Thereafter it was to reach out to all partners and find agreed solutions for lowering the impact of the crisis. Furthermore the Group operated within all governmental instructions and also made use of the government support package for sending employees home, rather than initiating lay-offs during the peak of Covid-19, hereby compensating some of the loss made during this period and securing jobs.

The loan to the parent company amounting to DKK 67,2 million has been increased and an additional credit line has been granted during 2020. In addition, the loan maturity has been extended to 31 December 2021 which ensures sufficient cash resources to pursue the Company's strategy and to perform a turn-around in the coming years.

### 3 Segment information

The company's activities are based in Denmark and revenue derives from sale of sports consumer products in its 90 Physical stores (bricks and mortar) and through the company's website. A minor part of the revenue consist of sales to soccer clubs and sporting associations.

Revenue is specified on the two segments below; brick and mortar and website, including iSport:

- Brick and mortar DKK 834,299 thousand (2018 DKK 900,104 thousand)
- Website and iSport DKK 247,761 thousand (2018 DKK 194,187 thousand)

DKK'000	2019	2018
<b>4 Staff costs</b>		
Wages/salaries	149,893	155,162
Pensions	9,030	8,732
Other social security costs	4,150	4,292
	163,073	168,186
 Average number of full-time employees	 477	 515

Remuneration to the Executive Board amount to DKK 0 (2018: DKK 0) and the Board of Directors amount to DKK 0 (2018: DKK 0) as remuneration is expensed through the management fee paid to Sport Danmark A/S.

DKK'000	2019	2018
<b>5 Financial income</b>		
Remission of debt	22,082	0
	22,082	0

In connection with the transfer of control in the group at 23 December 2019, according to the agreement, debt to Company's credit institution was repaid by DKK 98,439 and debt amounting to 22,082 was written off.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2019	2018
<b>6 Financial expenses</b>		
Interest expenses, banks	7,155	7,401
Exchange losses	37	40
Amortisation of financing costs	0	982
Other interest expense	362	2,375
	<u>7,554</u>	<u>10,798</u>
DKK'000	<u>2019</u>	<u>2018</u>
<b>7 Tax on loss for the year</b>		
Deferred tax adjustments in the year	15,667	7,286
Tax adjustments, prior years	0	-343
	<u>15,667</u>	<u>6,943</u>

Deferred tax adjustments in the year consists of write-down of deferred tax assets to net realizable value of t.DKK 0, as management has assessed that it is unlikely that the deferred tax assets can be utilized within the next 3-5 years.

### 8 Intangible assets

DKK'000	Other intangible assets	Goodwill	Total
Cost at 1 January 2019	26,274	413,089	439,363
Additions in the year	4,862	0	4,862
Cost at 31 December 2019	<u>31,136</u>	<u>413,089</u>	<u>444,225</u>
Impairment losses and amortisation at 1 January 2019	19,683	175,212	194,895
Impairment losses in the year	2	212,705	212,707
Amortisation in the year	6,385	25,172	31,557
Impairment losses and amortisation at 31 December 2019	<u>26,070</u>	<u>413,089</u>	<u>439,159</u>
<b>Carrying amount at 31 December 2019</b>	<u>5,066</u>	<u>0</u>	<u>5,066</u>
Amortised over	<u>2-3 years</u>	<u>15 years</u>	

After some tough years with high competition in the retail business, costly movement of inventory locations, decreasing margins and pressure on the Group's liquidity position, the Group was sold at 23 December 2019 to Sportmaster Operations PTE Ltd.

The new ownership is a strong international sports retailer with strength, experience, and competence to further develop Sportmaster Denmark and to make it profitable in a few years. The turnaround will however take a few years and the first full year will not be profitable even though it will be improved compared to previous years. Major investments and changes will need to take place and will take some time for this transformation to have full effect. Long term effects of this of course has uncertainties and we cannot defend a high short-term profitability. The recent sales price of the Group's share support the necessity of a write-down of goodwill.

Consequently, goodwill has been written-down to DKK 0 resulting in a impairment of DKK 212.7 million recognized in the profit and loss statement.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Property, plant and equipment

DKK'000	Plant and equipment	Leasehold improvements	Total
Cost at 1 January 2019	43,278	131,865	175,143
Additions in the year	2,479	5,236	7,715
Disposals in the year	0	-1,864	-1,864
Cost at 31 December 2019	45,757	135,237	180,994
Impairment losses and depreciation at 1 January 2019	34,461	65,872	100,333
Impairment losses in the year	166	1,494	1,660
Depreciation in the year	3,431	11,889	15,320
Disposals	0	-1,864	-1,864
Impairment losses and depreciation at 31 December 2019	38,058	77,391	115,449
<b>Carrying amount at 31 December 2019</b>	<b>7,699</b>	<b>57,846</b>	<b>65,545</b>
Depreciated over	2-10 years	3-10 years	

#### 10 Investments

DKK'000	Investments in subsidiaries	Deposits	Total
Cost at 1 January 2019	73,720	21,984	95,704
Additions in the year	0	77	77
Cost at 31 December 2019	73,720	22,061	95,781
Value adjustments at 1 January 2019	-38,550	0	-38,550
Share of the profit for the year	-10,398	0	-10,398
Value adjustments for the year	-12,833	0	-12,833
Value adjustments at 31 December 2019	-61,781	0	-61,781
<b>Carrying amount at 31 December 2019</b>	<b>11,939</b>	<b>22,061</b>	<b>34,000</b>

Value adjustments for the year consist of adjustment of internal profit on inventory, DKK 118 and writedown of goodwill, DKK -12,951.

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
<b>Subsidiaries</b>				
Sport Danmark A/S	Ballerup	100.00%	14,158	-10,398
DKK'000			2019	2018
Deferred tax at 1 January			-15,667	-22,986
Adjustment of deferred tax, prior years			0	33
Adjustment of deferred tax			-18,957	-10,978
Write-down of deferred tax assets to net realizable value			34,624	18,264
<b>Deferred tax at 31 December</b>			<b>0</b>	<b>-15,667</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 11 Deferred tax (continued)

The company have a unrecognized tax assets amounting to DKK 53,124 thousand. As stated in note 6, management has not recognized deferred tax assets, as management does not expect to utilize this within the next 3-5 years.

#### 12 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2019	2018	2017	2016	2015
Opening balance	10,111	10,101	10,100	10,100	10,100
Capital increase	0	10	0	0	0
	<u>10,111</u>	<u>10,111</u>	<u>10,100</u>	<u>10,100</u>	<u>10,100</u>

DKK'000	2019	2018
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#### 13 Other provisions

Opening balance at 1 January	29,589	21,608
Provisions in the year	1,002	11,189
Provisions utilised in the year	-5,883	-1,406
Unutilised provisions in the year, reversed	-307	-1,801
<b>Other provisions at 31 December</b>	<u><b>24,401</b></u>	<u><b>29,590</b></u>

Provisions include liabilities for restoration upon vacation of premises and provision for returns after the balance sheet date. 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.

Provisions for returns are based on sales activities, returns percentages and the period for returning sold goods.

Costs regarding restoration of vacated premises are expected to be incurred upon the expected termination of the premises, which depends on a potential extension of the leases. Provisions for returns are short-term as they relate to returns in the beginning of 2020.

#### 14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	<u>3,849</u>	<u>0</u>	<u>3,849</u>	<u>0</u>
	<u>3,849</u>	<u>0</u>	<u>3,849</u>	<u>0</u>

Long-term debt consist of vacation pay accrual (frozen vacation days according to the new holidays act) obtained in the period in the period from 1 September 2019 to 31 December 2019.

DKK'000	2019	2018
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#### 15 Other payables

Holiday pay obligations and salary related liabilities	19,325	25,601
Fair value of hedging instruments	0	417
Other liabilities	5,198	4,204
	<u>24,523</u>	<u>30,222</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 16 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with the Danish parent company Sport Nordic 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 payable to 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.

The Group's Danish companies are jointly and severally liable for group VAT registration.

The Company has issued bank guarantees towards landlords regarding leased premises amounting to DKK 21,100 thousand (2018: DKK 24,875).

The Sportmaster Group is financed through group loans, which are entered into by the Company. The Company has issued a letter of support to its subsidiary, Sport Danmark A/S, to support with liquidity resources until at least 31 December 2020.

##### Other financial obligations

The Company has entered into operating leases with an annual lease payment of DKK 99,069 thousand (2018: DKK 101,966 thousand). The total nominal residual lease payment amounts to DKK 159,237 thousand (2018: DKK 196,905 thousand).

#### 17 Collateral

As security for the bank engagement, a floating charge amounting to DKK 75,000 thousand was provided in the Company's assets. In connection with the Group's change of control to the new owners, an agreement with the bank was entered resulting in an annulment of all securities and floating charges. Due to the administrative process, this was, however, not finally carried out before beginning of 2020 and hence was present 31 December 2019.

#### 18 Related parties

SDK Sport II ApS' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
SDK Sport I ApS	Ballerup	100 % control

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Sport Nordic Holding ApS	Ballerup	Baltorpbakken 5, 2750 Ballerup

##### Related party transactions

SDK Sport II ApS was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2019</u>	<u>2018</u>
Purchase of goods and services from group companies	619,627	630,832
Management fee expense to group companies	105,798	116,421
Payables to group companies	-138,967	-127,402

## Financial statements 1 January - 31 December

### Notes to the financial statements

As stated in note 2, remuneration of the Executive Board and the Board of Directors is expensed through the management fee to Sport Danmark A/S.

#### 19 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Sport Nordic Holding ApS.

#### 20 Appropriation of profit/loss

##### Recommended appropriation of profit/loss

Retained earnings/accumulated loss	-347,062	-137,909
	<u>-347,062</u>	<u>-137,909</u>