Unisport Holding ApS

c/o Unisport A/S, Bådehavnsgade 38, DK-2450 København SV

CVR no. 35 65 06 79

Annual report 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

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

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

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

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

Copenhagen, 31 May 2019
Executive Board:

Michael Johannes Burk
CEO

Board of Directors:

Filip Domagala Chairman	Michael Christiansen	Jess Ørgaard Libak Tropp
Martin Lumbye Hansen	Jakob Nordenhof Jønck	Michael Haaning

Independent auditor's report

To the shareholders of Unisport Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Unisport Holding ApS for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Basis for opinion

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

Independence

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on 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 Statements Act. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Henrik Kronborg Iversen State Authorised Public Accountant mne24687	Karsten Faurholt State Authorised Public Accountant mne41309

Management's review

Company details

Name	Unisport Holding ApS
Address, zip code, city	Bådehavnsgade 38, DK-2450 København SV
CVR no.	35 65 06 79
Established	29 January 2014
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Filip Domagala (Chairman) Michael Bonde Christensen Jess Ørgaard Libak Tropp Martin Lumbye Hansen Jakob Nordenhof Jønck Michael Haaning
Executive Board	Michael Johannes Burk
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, DK-2000 Frederiksberg

Management's review

Financial highlights for the Group

	2018	2017	2016	2015*	2014**
Key figures (DKK'000)					
Revenue	368,681	343,207	319,811	246,682	0
Gross profit/loss	99,989	103,126	99,004	77,013	0
Operating profit/loss before depreciation and amortisation (EBITDA)	-4,460	3,292	18,564	8,196	-6
Operating profit/loss before special items, depreciation and amortisation (adjusted EBITDA)	815	9,507	18,564	16,245	-6
Operating profit/loss before special items	-8,822	2,656	11,861	11,205	-6
Operating profit/loss	-14,097	-3,559	11,861	3,156	-6
Profit/loss from financial income and expense	-4,485	-3,790	-3,533	-3,121	0
Profit/loss for the year	-14,666	-5,834	6,426	-1,396	-6
Total assets	312,759	305,613	286,111	274,452	50
Investment in property, plant and equipment, excluding leases	1,702	483	767	6,574	0
Equity	180,410	194,558	200,335	193,019	44
Cash flows from operating activities	-1,071	12,081	14,672	7,400	0
Cash flows from investing activities	-7,336	-4,342	-3,762	-165,808	0
Cash flows from financing activities	-4,250	-397	644	181,313	50
Total cash flows	-12,657	7,342	11,554	22,905	50
Financial ratios (%)					
Gross margin	27.1	30.0	31.0	31.2	-
Operating margin	-3.8	-1.0	3.7	1.3	-
Solvency ratio	56.1	63.7	70.1	70.3	88
Return on equity	-7.8	-3.0	3.3	-1.4	-
FTE (employees)	127	116	110	89	0

* *Unisport A/S is included from the date of acquisition, 19 January 2015.*
** *Comparative figures for 2014 only include the Parent Company as the Group was established in 2015.*

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

Management's review

Primary activities

The primary activity of Unisport Holding ApS is trade of football equipment from leading brands and clubs, mainly through the internet (e-commerce) in the subsidiary, Unisport A/S.

Unusual matters

The Group has not been influenced by unusual matters in the financial year.

Development in activities and finances

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

Revenue

Revenue amounted to DKK 368.7 million (2017: DKK 343.2 million) and was positively impacted by high growth from sales and marketing activities that have led to a net increase in number of customers.

During the year, Management decided to relocate the central warehouse. The relocation led to increased delivery times, which had a negative impact on growth.

Profitability

A significant part of the growth comes from new markets requiring additional investments especially in terms of customer acquisition costs and last mile costs.

During the year, the SEK and NOK exchange rates continued to decrease against DKK. As currency flows are not hedged, negative exchange rate trends have a strong negative impact on profits. Compared to realised exchange rates for 2017, the impact on revenue and profits amounts to DKK 5 million.

Special items/one-off costs

Relocation of the central warehouse resulted in significant one-off costs of DKK 4 million related to moving and lower efficiency.

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

The Group's loss after tax amounted to DKK 14.7 million (2017: loss of DKK 5.8 million), which is considered satisfactory given the above-mentioned matters.

Outlook

The Group expects growth in both revenue and profit in 2019.

Events after the balance sheet date

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

Currency risks

The Group'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.

Management's review

Branches abroad

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

Corporate social responsibility

The Group is active in sports – especially football - retailing primarily online in Northern Europe and rest of the world. The Group currently holds one physical store in Denmark and few other stores are planned for in the future. We are resellers of global brands like Nike, Adidas, Puma and Hummel, but also in a limited extent develop our own private label products that are produced by manufacturers in e.g. Taiwan and China.

The Group has currently all its employees in Denmark. Physical stores outside Denmark will lead to employees locally. No collective agreements have been entered.

The Group has entered a collective Pension agreement. The agreement contains an insurance package that supports employees in event of sickness, loss of work ability etc.

In 2018, the Group adopted a CSR policy covering the following areas:

- Anti-corruption and competition
- Labour standards and human rights

Anticorruption and competition

The Group refuses to accept or retain business through bribery. Employees are not allowed directly or indirectly to offer, promise, grant, or authorize the giving of money or anything of value to someone in order to unduly influence the recipient in the performance of professional duties or in order to obtain or retain an improper business advantage. Employees do not ask for or accept improper benefits from others for performance of their duties to the Group. Applicable anti-bribery laws are strictly followed.

The Group and its employees follow applicable competition law. Employees do not engage in discussions with competitors regarding market allocation, information exchange, production and sales quotas.

The Group has identified the key risk areas to be within the Groups buying function (carries out all purchases from suppliers) and Product management team/Country Teams (customer pricing).

The Group has introduced a Whistleblower Policy. Relevant employees in the Group are instructed in the Group´s policies and guidelines.

During 2018 we have not registered any breaches of our policies.

Labour standards and human rights

The Group does not compromise on requirements set out in national law or international standards with regards to worker safety and human rights. The Group takes responsibility for all people participating in the conduct of its business. Those whose work contributes to the Group's business success are not deprived of their human rights, or subject to mental or bodily harm in their labour.

The Group understands that its business may have an impact on human rights issues, in particular in relation to people's working and living conditions.

The Groups´ suppliers are mainly world market leaders of Football products. Therefore, the Group do not consider human rights as a significant risk element to the business. The area will, however, be monitored in the coming years in line with planned increases of number of supplier. Human rights policy will be developed, and all suppliers will be informed.

The Group carries out mutual initiatives focusing on a healthy and safe working environment. The Group invests in several social activities among its employees to improve social relations and employees well being on the job. Given the relatively small size of organization, it has been decided that most of these activities are carried out by the operational management team.

Management's review

Labour standards and human rights (continued)

The Group has identified working accidents – primarily at the warehouse – as the main risks associated with social and employee conditions.

Safety was taken into consideration while designing and implementing new warehouse facility in 2018. All purchased equipment and fixtures hold necessary security approval if required. Security and working environment is also taken into consideration while planning and deciding operational processes.

No working accidents have been reported in year 2018.

Environment and climate

The Group complies with all applicable environmental laws and regulations. Environmental resources are used responsibly and carefully, and the Group strives to conduct its business in an environmentally sustainable way, by way of, for example, transport efficiencies regarding direct shipments to consumers and transportation between Group locations.

The Group has not yet developed specific policies regarding environment & climate, because the Group as an online retailer with very limited physical presence, only have a very limited footprint on environment & climate. The area will however be monitored closely in the coming years, and specific policies will be development if relevant.

Policy concerning the underrepresented gender

The Board of Directors of the Company consists of six members, of whom all are men. The goal is to increase the proportion of women to a minimum of 14% by the end of 2021 corresponding to one woman. The goal has not been met in 2018 as there has not been any new elections to the board during the year.

It is the policy of the Group always to appoint the best qualified candidates to leadership posts and at the same time support and enhance the qualifications of female leadership talents. In the Management team at the head office the proportion of women is currently 0%. The goal is, through increased use of networks, etc., to increase the proportion of women to a minimum of 13% by the end of 2021 corresponding to one woman. The goal has not been met in 2018. There was only one change to the Management team in 2018, in which process a male candidate proved to be the best qualified candidate. The Group has an aspiration for both genders to be represented in the final stages of recruiting new leaders.

Consolidated financial statements for the period 1 January – 31 December

Statement of comprehensive income

Note	DKK'000	2018	2017
3	Revenue	368,681	343,207
	Cost of goods sold	-268,692	-240,081
	Gross profit/loss	99,989	103,126
4	Other external costs	-56,903	-52,790
5	Staff costs	-42,271	-40,829
9	Amortisation	-2,679	-4,605
11	Depreciation	-6,958	-2,246
6	Special items	-5,275	-6,215
	Operating profit/loss	-14,097	-3,559
7	Financial expenses	-4,485	-3,790
	Profit/loss before tax	-18,582	-7,349
8	Tax for the year	3,916	1,515
	Profit/loss for the year	-14,666	-5,834
	Other comprehensive income after tax	0	0
	Total comprehensive income	-14,666	-5,834

Consolidated financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Non-current assets		
9,10	Intangible assets		
	Goodwill	195,312	195,312
	Brand value	1,625	3,125
	Customer rights	0	192
	Development costs	5,812	2,867
		202,749	201,496
11	Property, plant and equipment		
12	Leased assets	17,093	0
	Plant and equipment	1,767	844
	Leasehold improvements	2,230	3,323
		21,090	4,167
	Other non-current assets		
	Deposits, investments	3,298	2,495
		3,298	2,495
	Total non-current assets	227,137	208,158
	Current assets		
12	Inventories	52,834	54,590
	Trade receivables	1,487	43
	Corporation tax	362	676
	Prepayments	1,026	295
	Other receivables	718	0
	Cash at bank and in hand	29,194	41,851
	Total current assets	85,621	97,455
	TOTAL ASSETS	312,758	305,613

Consolidated financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
13	Equity		
	Share capital	19,490	19,463
	Treasury shares	-1,756	-1,756
	Retained earnings	162,676	176,851
	Total equity	180,410	194,558
	Liabilities		
	Non-current liabilities		
14	Provisions	1,228	1,228
15	Amounts owed to former owners	52,289	48,868
8	Deferred tax	929	4,845
	Lease liabilities	13,415	0
	Total non-current liabilities	67,861	54,941
	Current liabilities		
	Lease liabilities	4,214	0
	Prepayments from customers	1,124	1,178
	Trade payables	38,806	30,518
16	Other payables	20,343	22,543
	Deferred income	0	1,875
	Total current liabilities	64,487	56,114
	Total liabilities	132,348	111,055
	TOTAL EQUITY AND LIABILITIES	312,758	305,613

Consolidated financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	2018	2017
	Profit/loss for the year	-14,666	-5,834
	Depreciation and amortisation	9,637	6,851
18	Other adjustments of non-cash operating items, etc.	1,686	8,944
	Cash generated from operations (operating activities) before changes in working capital	-3,343	9,961
19	Changes in working capital	2,893	4,755
	Cash generated from operations	-450	14,716
	Interest paid	-399	-324
	Interest payments under IFRS 16	-536	0
	Corporation tax received/paid	314	-2,311
	Cash flows from operating activities	-1,071	12,081
9	Acquisition of other intangible assets	-4,832	-3,764
11	Acquisition of property, plant and equipment	-1,701	-483
	Acquisition of other non-current assets	-803	-95
	Cash flows from investing activities	-7,336	-4,342
	External financing:		
	Lease payments under IFRS 16	-4,550	0
	Shareholders:		
	Capital increase	300	1,650
	Acquisition of treasury shares	0	-1,756
	Settlement of warrants from executive employees	0	-439
	Proceeds from issue of warrants	0	148
	Cash flows from financing activities	-4,250	-397
	Net cash flows from operating, investing and financing activities	-12,657	7,342
	Cash and cash equivalents at 1 January	41,851	34,509
	Cash and cash equivalents at 31 December	29,194	41,851

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK'000	Share Capital	Treasury shares	Retained earnings	Total
Equity 1 January 2018	19,463	-1,756	176,851	194,558
Comprehensive income in 2018				
Loss for the year	0	0	-14,666	-14,666
Total comprehensive income for the period	0	0	-14,666	-14,666
Transactions with owners				
Capital increase	27	0	273	300
Incentive program	0	0	218	218
Total transactions with owners	27	0	491	518
Equity 31 December 2018	19,490	-1,756	162,676	180,410

DKK'000	Share Capital	Treasury shares	Retained earnings	Total
Equity 1 January 2017	19,313	0	181,022	200,335
Comprehensive income in 2017				
Profit for the year	0	0	-5,834	-5,834
Total comprehensive income for the period	0	0	-5,834	-5,834
Transactions with owners				
Capital increase	150	0	1,500	1,650
Issue of warrants	0	0	148	148
Acquisition of treasury shares	0	-1,756	0	-1,756
Incentive program	0	0	15	15
Total transactions with owners	150	-1,756	1,663	57
Equity 31 December 2017	19,463	-1,756	176,851	194,558

Consolidated financial statements for the period 1 January – 31 December

Summary of notes to the consolidated financial statements

Consolidated financial statements for the period 1 January – 31 December

Notes

1 Accounting policies

Unisport Holding ApS is a limited liability company registered in Denmark. The financial statements section of the annual report for the period 1 January – 31 December 2018 comprises both the consolidated financial statements of Unisport Holding ApS and its subsidiary (the Group) and the separate parent company financial statements.

The consolidated financial statements for Unisport Holding ApS for 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act applying to large reporting class C entities.

The annual report also fulfils the requirements laid down in International Financial Reporting Standards issued by the IASB.

On 31 May 2019, the Board of Directors and the Executive Board discussed and approved the annual report of Unisport Holding ApS for 2018. The annual report will be presented to the shareholders of Unisport Holding ApS for adoption at the annual general meeting on 31 May 2019.

The accounting policies are unchanged from last year.

Change in accounting policies

Unisport Holding ApS adopted IFRS 9 and IFRS 15 on 1 January 2018 and early adopted IFRS 16 on 1 January 2018.

Unisport Holding ApS has implemented all the relevant new or amended financial reporting standards and interpretations as adopted by the EU that are effective at 1 January 2018. At 1 January 2018, the following standards became effective and have been adopted accordingly by Sport Nordic Holding ApS:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

The implementation of IFRS 9 and IFRS 15 has not had any impact on recognition and measurement in the annual report for 2018.

IFRS 16 *Leases*

IFRS 16 *Leases* has been early adopted at 1 January 2018. Implementation of IFRS 16 has had a material impact on Unisport Holding ApS' financial statements as most contracts previously classified as off-balance sheet operating leases under IAS 17 have now been capitalised, recognising right-of-use assets and lease liabilities similar to previous practices for finance leases.

Consequently, reported operating profits have increased, as previous operating lease expenses have been replaced by depreciation and interest expenses. However, the impact on profit for the period is neutral over time, but a timing effect does occur due to frontloading of interest expenses.

Reported cash flows from operating activities have increased, but are offset by an increased cash outflow from financing activities. Accordingly, total cash flows for the period remain unchanged.

Application and practical expedients applied

IFRS 16 has been applied following the simplified approach with no impact on equity.

Comparative figures have not been restated and are presented in accordance with the previous IFRS standard on leases (IAS 17 and IFRIC 4) as disclosed in the annual report for 2017.

Consolidated financial statements for the period 1 January – 31 December

Notes

1 Accounting policies (continued)

The adoption of the principles of IFRS 16 has resulted in recognition of lease liabilities and right-of-use assets of DKK 17,147 thousand at 1 January 2018. Thus, the adoption has had no impact on equity on initial recognition.

For existing leases classified as operating leases under IAS 17, lease liabilities have been measured at the present value of the remaining lease payments discounted using an appropriate incremental borrowing rate of 3% at 1 January 2018.

Bridge from operational leases under IAS 17 and initial recognition under IFRS 16:

DKK'000	
Operating lease liability disclosed in the annual report for 2017 (IAS 17)	2,185
Discounting effect of the nominel lease liability under IAS 17	-30
Effect of longer estimated lease periods under IFRS 16 than contractual obligations	14,992
Initial recognition under IFRS 16	17,147

The statement of comprehensive income for 2018 is negatively impacted by DKK 536 thousand; however, EBITDA has been positively affected by DKK 5,087 thousand. In the cash flow statement, lease payments of DKK 4,550 thousand have been presented as cash flow from financing activities, and interest of DKK 536 thousand has been presented as cash flow from operating activities.

Basis of preparation

The consolidated financial statements have been presented in Danish kroner rounded to the nearest DKK thousand, which is also the functional currency for the Parent Company.

The accounting policies set out below have been applied consistently in respect of the financial year and comparative figures.

Summary of significant accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Unisport Holding ApS (the Company), and subsidiaries controlled by Unisport Holding ApS.

The Group controls an entity if the Group is exposed to or is entitled to variable returns due to its interest in the entity and can impact these returns through its controlling interest in the entity. In the assessment as to whether the Group exercises control, allowance is made for de facto control and potential voting rights that are real and of substance at the reporting date.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full.

Business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect acquisitions. Discontinued operations and assets held for sale are presented separately, see below.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The purchase method is applied to acquisitions of new businesses over which Unisport Holding ApS obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date when Unisport Holding ApS effectively obtains control over the acquired business.

Any excess of the consideration transferred, the value of non-controlling equity interests in the acquired entity and the fair value of any previously held equity interests over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested annually for indications of impairment. The first impairment test is performed before the end of the year of acquisition.

The consideration paid for a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition.

Expenses incurred in connection with corporate acquisitions are recognised in administrative expenses in the year in which the expenses are incurred.

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. After that, goodwill will not be adjusted. Changes in estimates of contingent purchase considerations are recognised in profit or loss for the year.

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, including goodwill at the date of disposal and costs of disposal.

Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date.

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

Revenue

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 Flagship Store or delivery from the website.

The recognized revenue is measured at the fair value of the agreed price exclusive of VAT and fees collected on behalf of third parties. All forms of discounts are recognised in revenue.

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1 Accounting policies (continued)

Right of return

The customers hold a right to return the goods within a specified period. The Group 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 Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group 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.

Cost of goods sold

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 costs

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.

Special items

Special items comprise significant income and expenses of an exceptional nature relative to the Group's earnings-generating operating activities, including restructuring cost, as well as other significant one-off items.

The items are stated separately to give a true and fair view of the Group's operating profit/loss and are specified in a note to the financial statements.

Financial income and expenses

Finance income and expenses comprise interest income and expenses as well as exchange gains and losses on transactions denominated in foreign currencies. Furthermore, amortisation of financial assets and liabilities as well as surcharges and allowances under the on-account tax scheme and fair value adjustments of derivative financial instruments which are not designated as hedging instruments are included.

Tax

Tax on profit/loss for the year

Unisport Holding ApS is jointly taxed with its Danish subsidiary Unisport A/S. The current Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises the year's current tax charge and deferred tax adjustments. The tax expense is recognised in profit or loss, other comprehensive income or directly in equity.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

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1 Accounting policies (continued)

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 on office premises 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 alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under other non-current assets 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 assets are subject to annual impairment tests and are recognised only in so far as it is probable that the assets will be utilised.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the comprehensive income for the year.

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Identification of cash-generating units is based on the management structure and internal financial control.

Brand value and customer rights

Brand value and customer rights acquired in business combinations are measured at cost less accumulated amortisation and impairment losses. Brand value and customer rights are amortised on a straight-line basis over the expected useful life as follows:

Brand value	5 years
Customer rights	3 years

Development costs

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are demonstrated, and where the Group intends to complete and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in profit and loss under other external costs.

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1 Accounting policies (continued)

Development costs comprise costs, salaries and amortization directly or indirectly attributable to the Group's development activities.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities as well as borrowing costs relating to specific and general borrowing directly attributable to the development of development projects.

Following the completion of development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is 3 years. The basis of amortisation is calculated less impairment losses, if any.

Property, plant and equipment

Plant and machinery 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. Further, cost includes the present value of the estimated costs for dismantling and removing the asset and restoring the site on which the asset was located.

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

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

Plant and equipment	3-5 years
Leasehold improvements	3-5 years

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

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

Impairment testing of non-current assets

Goodwill

Goodwill is subject to annual impairment tests, initially before the end of the acquisition year. Similarly, development projects in progress are subject to an annual impairment test.

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

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1 Accounting policies (continued)

Other non-current assets

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

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

Recognition of impairment losses in the income statement

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognised in a separate line item in the income statement.

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

Leasing

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. 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. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease are also accounted for following same principle.

Right-of-use assets classified as buildings relate to leases of the Flagship store, office buildings and investory warehouses. All other leases regarding other property, plant and equipment have been assessed as low value leases and hence is not recognized as right-of-use assets.

Buildings leases normally have an estimated lease term of 60 months.

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1 Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

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

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortized cost. A credit loss allowance is made upon initial recognition based on historical observed default rates adjusted for forward looking estimates (simplified ‘expected credit loss' model). The cost of the credit loss allowances is included in other external costs. A loss is considered realized when it is certain that we will not recover the receivable, e.g. in case of bankruptcy or similar.

Prepayments

Prepayments are measured at cost.

Equity

Dividends

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

Treasury share reserve

The treasury share reserve comprises cost of acquisition for the Group's portfolio of treasury shares. Dividends received from treasury shares are recognised directly in retained earnings in equity. Gains and losses from sale of treasury shares are recognised in share premium.

Employee obligations

Pension commitments and similar non-current liabilities

The Group has not entered into pension plans with its employees.

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1 Accounting policies (continued)

Warrants programme

The value of services received in exchange for granted warrants is measured at the fair value of the warrants granted.

For equity-settled programmes, the warrants are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity as an owner transaction.

On initial recognition of the warrants, an estimate is made of the number of warrants expected to vest. That estimate is subsequently revised for changes in the number of warrants expected to vest so that the total recognition is based on the actual number of vested warrants.

Accordingly, recognition is based on the number of warrants ultimately vested. The fair value of granted warrants is estimated using an option pricing model, taking into account the terms and conditions upon which the warrants were granted.

Provisions

Provisions are recognised when, as a result of past events, the Group 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. On acquisition of businesses, restructuring provisions in the acquired business are included in goodwill only when the acquired business had a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the expected benefits to be obtained by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

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.

Prepayments from customers

Prepayments from customers comprise liabilities regarding issued gift vouchers, recognised at the date of issue.

Prepayments from customers are measured at amortised cost.

Financial liabilities

Financial liabilities are measured at amortised cost.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Deferred income

Deferred income is measured at cost.

Fair value measurement

The Group uses the fair value concept in connection with certain disclosure requirements and for recognition of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific measurement. The entity uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. The entity's purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

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

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

Cash flows from operating activities are calculated according to the indirect method as the profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest income and expenses, dividends received and corporation taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and activities, addition and disposal of intangible assets, property, plant and equipment and other non-current assets as well as securities not classified as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size and composition of the share capital and associated expenses as well as borrowings, repayment of interest-bearing debt, lease payments under IFRS 16, purchase and sale of treasury shares and distribution of dividends to shareholders.

Cash and cash equivalents comprise cash which are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated using average exchange rates unless these deviate significantly from the rates ruling at the transaction date.

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1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

2 Significant estimation uncertainty, assumptions and assessments

Significant estimation uncertainty and assumptions

The calculation of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions made are among other things based on historical experience and other factors that Management finds reasonable in the circumstances but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. The Group is subject to risks and uncertainties which may mean that the actual outcome may differ from the estimates made. Special risks for the Group are mentioned in the Management's review and in note 21 to the consolidated financial statements.

It may be necessary to change previously made estimates due to changes in the facts on which these estimates were based or due to new knowledge or subsequent events.

Estimates particularly material to the financial reporting are made, e.g., by way of impairment testing of goodwill and an assessment of the impairment write-down in respect of inventories.

Impairment test, goodwill

In connection with the presentation of the financial statements for 2018, Management performed an impairment test of goodwill. The test was based on a number of assumptions as to the Company's financial development going forward. The most material assumptions relate to the expectations as to improved earnings. Therefore, the estimates of revenue and earnings growth are material. Also, the expectations as to the development in the interest rate used for discounting purposes are material.

If the expected earnings development is not realised, the carrying amount of goodwill cannot be maintained.

The impairment test and the relating particularly sensitive factors are described in detail in note 10 to the consolidated financial statements.

Assessment of the need for impairment write-down in respect of inventories

The Group has inventories in its flagship store and in the central warehouse. As the net realisable value of some of these inventories is expected to be lower than cost, the inventories have been written down to such expected lower value. The write-down is based on an estimate of the net realisable value based on actual, historical sales and Management's assessment.

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Special items

Management has assessed certain costs as being special items due to their exceptional nature relative to the Group's earnings-generating operating activities.

The items are stated separately to give a true and fair view of the Group's operating profit/loss and are specified in a note to the financial statements.

Leases

The Group has entered into leases regarding the flagship store, head quarter and inventory buildings.

Lease period

The lease term includes the non-cancellable period of the lease, periods covered by an extension clause, which the Group with reasonable probability expects to use, and periods covered by a termination clause, which the Group reasonable probability does not expect to use.

Provisions for restoration of leaseholds

As stated in note 1 (accounting policies), an obligation to restore the Group's leaseholds has been recognised. The amount is determined using the expected costs at the time of the vacating of the leaseholds.

Discount rate

The Group uses its incremental borrowing rate to measure the future lease payments to the present value. Management has assessed its incremental borrowing rate to 3% at 31 December 2018.

Significant accounting judgements in applying the chosen accounting policies

As part of the application of the Group's accounting policies, Management performs judgements, based on estimations, which may materially impact the amounts recognised in the consolidated financial statements.

3 Revenue

The Group's revenue derives from sales from the websites in each of the countries in which the Group operates. In addition to sales through the websites, part of revenue derives from the flagship store in central Copenhagen, and a minor part of revenue consists of sales to soccer clubs and sports associations.

All revenue transactions are recognised at a point in time.

The Group focuses on the two segments; mature markets and new markets. New markets consists of France, Germany and Austria and mature markets consists of the Scandinavian countries and Holland.

Below, a breakdown of revenue into mature markets and new markets is presented:

DKK'000	2018	2017
Revenue		
Mature markets	299,752	295,691
New markets	68,929	47,515
	368,681	343,207

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	DKK'000	2018	2017
4	Fees paid to auditor appointed at the annual general meeting		
	Fee regarding statutory audit	123	120
	Other assistance	92	90
	Tax assistance	21	20
		236	230

		2018	2017
5	Staff costs		
	Wages and salaries	40,186	39,494
	Other social security costs	952	881
	Pensions	686	0
	Share-based payment	218	454
		42,042	40,829
	Average number of employees	127	116

Remuneration of the Board of Directors, the Executive Board and executive employees

	2018			2017	
DKK'000	Board of Directors	Executive Board	Executive employees	Board of Directors and Executive Board	Executive employees
Wages and salaries	656	2,150	6,782	416	7,957
Social costs	0	2	19	0	21
Share-based payment	0	0	176	0	413
	656	2,152	6,977	416	8,391

Pursuant to section 98b of the Danish Financial Statements Act, remuneration of the Board of Directors and the Executive Board was disclosed in aggregate for 2017.

Members of the Executive Board and other executive officers are eligible for bonus depending on the financial performance for the year in question.

The Group has not entered into any special agreements on severance pay with members of the Executive Board in connection with a takeover of the Group.

Incentive programmes

Unisport Holding ApS has established a share-based incentive programme in the form of a warrant programme for executive employees and other employees. The warrants are acquired at a value close to the fair value at the grant date.

The warrants programme comprised a total of 2,400,288 warrants at 31 December 2018 (2017: 2,400,288).

Each warrant entitles the holder to subscribe for 1 share at a nominal value of DKK 1 in Unisport Holding ApS. The right can be exercised at end of 2019.

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5 Staff costs (continued)

The warrants can only be settled in shares. The outstanding warrants constitute 11% of the share capital if all warrants are exercised (2017: 11 %).

The exercise of the subscription rights is contingent on the holder not being under notice at the exercise date. There are no other conditions for the rights acquisition. Special provisions apply in the case of illness and death and in the case of changes in the capital structure of the Company, etc.

Specification of outstanding warrants

	Executive employees	Other employees	Number in total	Average exercise price per warrant (DKK)	Fair value per warrant (DKK)	Fair value in total (DKK'000)1)
Outstanding at the beginning of 2017	2,471,089	408,000	2,879,089	19.6		
Cancelled	0	-120,000	-120,000	-	-	-
Cancelled	-526,801	0	-526,801	-	-	-
Granted	24,000	16,000	40,000	16.6	0.6	4
Granted	80,000	48,000	128,000	12.4	1.3	40
Outstanding at the end of 2017	2,048,288	352,000	2,400,288	19.3		
Outstanding at the end of 2018	2,048,288	352,000	2,400,288	19.3		

1) Fair value is less payment from the holder.

The fair value calculated at the granting is based on a Black-Scholes warrant pricing model. The values of the warrants granted are calculated using an expected volatility of 35% (2017: 35%) and a risk-free interest rate of 0.1% (2017: 0.1%).

In 2018, costs recognised in results for the year relating to warrants amounted to DKK 218 thousand (2017: DKK 454 thousand).

	DKK'000	2018	2017
6	Special items		
	Write-down of ERP system	-850	-6,215
	Warehouse relocation	-3,999	0
	Other structural changes	-426	0
		-5,275	-6,215
7	Financial expenses		
	Foreign exchange loss	129	269
	Interest expense relating to leases	536	0
	Other interest expenses	3,820	3,521
		4,485	3,790

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8 Tax

Tax in the statement of comprehensive income

DKK'000	2018	2017
Tax on the profit for the year is specified as follows:		
Adjustment of deferred tax	-3,916	-1,515
	-3,916	-1,515

Tax for the year can be explained as follows:

	2018	2018	2017	2017
	DKK'000	%	DKK'000	%
Computed tax of result before tax	-3,970	22.0	-1,617	22.0
Tax effect of:				
Non-deductible expenses	54	-0.3	102	-1.4
	-3,916	21.7	-1,515	20.6

Deferred tax

DKK'000	2018	2017
Deferred tax 1 January	4,845	6,360
Deferred tax, recognised in the profit for the year	-3,916	-1,515
Deferred tax 31 December	929	4,845
Deferred tax is recognised as follows in the balance sheet:		
Deferred tax (liability)	929	4,845
Deferred tax 31 December, net	929	4,845
Deferred tax relates to:		
Intangible assets	6,726	6,450
Property, plant and equipment	-106	-128
Deferred income	0	-413
Tax losses carried forward	-5,691	-1,064
	929	4,845

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8 Tax (continued)

Changes in temporary differences during the year:

DKK'000	2018 Balance at 1/1	Recognised in profit for the year, net	Balance at 31/12
Intangible assets	6,450	276	6,726
Property, plant and equipment	-128	22	-106
Deferred income	-413	413	0
Tax losses carried forward	-1,064	-4,627	-5,691
	4,845	-3,916	929

Changes in temporary differences during the year

DKK'000	2017 Balance at 1/1	Recognised in profit for the year, net	Balance at 31/12
Intangible assets	7,092	-642	6,450
Property, plant and equipment	131	-259	-128
Deferred income	-863	450	-413
Tax losses carried forward	0	-1,064	-1,064
	6,360	-1,515	4,845

9 Intangible assets

DKK'000	Consolidated Goodwill	Brand value	Customer rights	Development costs	Total
Cost at 1 January 2018	195,312	7,500	6,900	4,737	214,449
Additions	0	0	0	4,832	4,832
Disposals	0	0	0	-899	-899
Cost at 31 December 2018	195,312	7,500	6,900	8,670	218,383
Impairment losses and amortisation at 1 Jan. 2018	0	4,375	6,708	1,871	12,954
Amortisation	0	1,500	192	987	2,679
Impairment losses and amortisation at 31 Dec. 2018	0	5,875	6,900	2,858	15,633
Carrying amount at 31 December 2018	195,312	1,625	0	5,812	202,749
Cost at 1 January 2017	195,312	7,500	6,900	4,099	213,811
Additions	0	0	0	6,854	6,854
Disposals	0	0	0	-6,215	-6,215
Cost at 31 December 2017	195,312	7,500	6,900	4,738	214,450
Impairment losses and amortisation at 1 Jan. 2017	0	2,875	4,408	1,066	8,349
Amortisation	0	1,500	2,300	805	4,605
Impairment losses and amortisation at 31 Dec. 2017	0	4,375	6,708	1,871	12,954
Carrying amount at 31 December 2017	195,312	3,125	192	2,867	201,496

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9 Intangible assets (continued)

Development costs comprise development of software. The remaining investment of DKK 850 thousand in 2018 (2017: DKK 6,215 thousand) regarding new ERP system was disposed of in 2017 and 2018 and presented as special times.

Except from goodwill, it is assessed that intangible assets have a limited useful life.

10 Impairment test

Goodwill

At 31 December 2018, the carrying amount of goodwill for the Group amounted to DKK 195.3 million.

At 31 December 2018, Management performed an impairment test of the carrying amount of goodwill, which concerns one cash-generating unit.

The recoverable value is based on the net present value, which is determined by using expected net cash flows based on budgets and forecasts for the years 2019-2023 and a discount factor before tax of 10.3% (2017: 8.1%).

Calculations are made on the assumption of yearly growth rates of 9% in 2019, 16% in 2020 and 10% from 2021-2023 and slightly increased EBITDA margins based on historical data and expectations for the years to come.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2023 is estimated at 2%. The growth rate is not assessed to exceed the long-term average growth rate within the Group's markets.

The impairment test did not give rise to any need for impairment write-down.

Other intangible assets

Management has not identified any factors that indicate impairment of brand value, customer rights or development costs.

11 Property, plant and equipment

DKK'000	Plant and equipment	Leasehold improve-ments	Total
Cost at 1 January 2018	2,039	7,587	9,626
Additions	1,460	242	1,702
Cost at 31 December 2018	3,499	7,829	11,328
Impairment losses and depreciation at 1 January 2018	1,195	4,264	5,459
Depreciation	537	1,335	1,872
Impairment losses and depreciation at 31 December 2018	1,732	5,599	7,331
Carrying amount at 31 December 2018	1,767	2,230	3,997
Cost at 1 January 2017	1,556	7,587	9,143
Additions	483	0	483
Cost at 31 December 2017	2,039	7,587	9,626
Impairment losses and depreciation at 1 January 2017	640	2,573	3,213
Depreciation	555	1,691	2,246
Impairment losses and depreciation at 31 December 2017	1,195	4,264	5,459
Carrying amount at 31 December 2017	844	3,323	4,167

Consolidated financial statements for the period 1 January – 31 December

Notes

12 Leases

Leased assets

DKK'000	Buldings	Total
Opening balance at 1 January 2018	17,147	17,147
Additions in the year	8,609	8,609
Re-meassurement of lease liabilities during the year	-3,576	-3,576
Depreciation in the year	-5,087	-5,087
Carrying amount at 31 December 2018	17,093	17,093

Reference is made to note 2 for descriptions regarding

- the extent of the Company's lease arrangements
- the process for determination of the discount rate.

Lease liabilities

DKK'000	2018
Maturity of lease liabities	
Within 1 year	4,232
Between 1-5 years	17,639
Over 5 years	0
Total non-discounted leasing liabilities at 31 December 2018	21,871
Lease liabilities recognised in the balance sheet	17,629
Current liabilities	4,214
Non-current liabilities	13,415

Amounts recognised in the statement of comprehensive income	
Interest expenses relating to leasing	536
Depreciation on leased assets	5,087
	5,623

For 2018, the Group has paid DKK 5,086 thousand regarding leases, of which interest expenses amount to DKK 536 thousand and repayment of lease liabilities amounts to DKK 4,550 thousand.

DKK'000	2018	2017
13 Inventories		
Goods for resale	52,834	54,590
Carrying amount of inventories, recognised at net sales value	219	1,557

Consolidated financial statements for the period 1 January – 31 December

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14 Equity

Capital management

Management continually assesses the need to adjust the capital structure. The equity share of total assets amounted to 58% at the end of 2018 (2017: 64%).

Capital is managed for the Group as a whole.

It is the Group's policy to use cash flows from operating activities to invest in developing the Group's revenue and earnings and to repay long-term liabilities.

Share capital

The share capital of total DKK 19,489,636 comprises:

755,223 A shares of DKK 1 each
6,099,750 B1 shares of DKK 1 each
12,634,663 B2 shares of DKK 1 each

The voting right of B2 shares is restricted to matters protecting the interests of non-controlling shareholders. Consequently, B1 shares and A shares represent 96.13% and 3.87% of the votes, respectively.

Changes in share capital since the establishment can be specified as follows:

DKK'000	2018	2017	2016	2015	2014
Balance at 1 January	19,463	19,313	19,287	50	0
Capital injection at establishment of the Company	0	0	0	0	50
Capital increase	27	150	26	19,237	0
	19,490	19,463	19,313	19,287	50

Treasury shares

At 31 December 2018, the Parent Company held 175,600 treasury shares (2017: 175,600).

	Number of shares		Nominal value (DKK'000)		% of share capital	
DKK'000	2018	2017	2018	2017	2018	2017
1 January	175,600	0	176	0	0.9	0
Additions	0	175,600	0	176	0	0.9
31 December	175,600	175,600	176	176	0.9	0.9

Treasury shares are primarily acquired for purposes of the Group's share option plans.

Warrants

The Parent Company has issued warrants in connection with incentive programme, see note 5.

Consolidated financial statements for the period 1 January – 31 December

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15 Provisions

DKK'000	2018	2017
Provisions 1 January	1,228	1,228
Provided during the year	0	0
Provisions 31 December	1,228	1,228

Provisions include liabilities for restoration upon 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 be incurred upon expected termination of the premises, which depends on a potential extension of the leases. For further description of leases, references is made to note 12.

16 Amounts owed to former owners

DKK'000	2018	2017
Non-current liabilities	52,289	48,868
Current liabilities	0	0
Carrying amount	52,289	48,868
Nominal value	52,289	48,868
Falls due more than 5 years after the balance sheet date, nominal value	0	0

2018	Average nominal interest rate	Average effective interest rate	Currency	Rate fixation period	Carrying amount
Amounts owed to former owners Fixed interest	7%	7%	DKK	12 months	52,289

2017	Average nominal interest rate	Average effective interest rate	Currency	Rate fixation period	Carrying amount
Amounts owed to former owners Fixed interest	7%	7%	DKK	12 months	48,868

The interest rate on amounts owed to former owners will increase to 12% starting from 1 January 2019.

17 Other payables

DKK'000	2018	2017
Holiday pay obligations and salary related liabilities	5,920	4,960
VAT payables	12,238	12,525
Settlement of purchase price regarding ERP system	0	3,090
Other payables	2,185	1,968
	20,343	22,543

Consolidated financial statements for the period 1 January – 31 December

Notes

18 Contractual obligations and contingencies, etc.

Leases entered into where the right of use of the underlying assets has been transferred before year end have been recognised as leased assets according to IFRS 16. Reference is made to note 12.

In 2019, the Group has agreed on a lease regarding the new store in Paris. The contractual obligation amounts to DKK 13,619 thousand and is non-cancellable until 30 April 2023.

Contingent assets and liabilities

As collateral for the Group's bank credit facility, the Company has provided a floating charge of DKK 15,000 thousand (2017: DKK 15,000 thousand) in the Group's receivables, inventories and non-current assets.

19 Other adjustments of non-cash operations items, etc.

DKK'000	2018	2017
Financial expenses	4,485	3,790
Gains/losses on disposals of intangible assets (ERP system)	850	6,215
Gains/losses on disposals of other intangible assets (software)	49	0
Tax for the year	-3,916	-1,515
Share-based payment	218	454
	1,686	8,944

20 Changes in working capital

Change in inventories	1,756	-18,206
Change in receivables	-3,022	819
Change in prepayments from customers, deferred income, trade and other payables	4,159	25,232
Change in other payables regarding investment activities	0	-3,090
	2,893	4,755

21 Financial risks and financial instruments

The Group's risk management policy

The overall financial risk management framework is laid down in the Group's finance policy. The finance policy includes the Group's currency policy, investment policy and policies regarding credit risks vis-a-vis financial counterparties.

The Group's risk exposure or risk management has not changed relative to 2017.

The Group's finance function manages financial risks at centralised level. Every month, Management supervises the Group's risk concentration in areas such as currencies, receivables, etc.

The finance policy is updated annually and approved by the Audit Committee.

It is the Group's policy not to engage in active speculation in financial risks. Thus, the Group's financial management is aimed solely at managing and reducing the financial risks directly associated with the Group's operations and financing.

Consolidated financial statements for the period 1 January – 31 December

Notes

21 Financial risks and financial instruments (continued)

The Group is exposed to a few financial risks. The disclosures in this note solely concern the most critical financial risks, which are:

- Market risks (currency risk)
- Liquidity and financing risks

The Group's most critical risks are described in the sections below. Each section first provides a summary description of the financial risk, the relating business activity, impacts, risk management related to the financial risk and the effect in the financial year.

Market risks

Currency risks

Related business activity	Impact	Risk management	Effect
The Group is exposed to currency fluctuations in primarily NOK, SEK and EUR due to sales that are settled in currencies other than the functional currency.	*Effect:* Moderate *Threat:* Low	It is group currency policy not to hedge currency risks. Purchases related to sales in NOK, SEK and EUR are made in sales currency if possible.	Fluctuations in exchange rates for NOK, SEK and EUR against DKK are accounted for in the statement of comprehensive income.

Exposure and sensitivity analysis

The Group's exposure and sensitiveness to currency movements are summed up in the table below.

A reasonable change in the exchange rates vis-a-vis the exchange rates at the balance sheet date would all things being equal have the following hypothetical impact on profit for the year and the Group's equity at year end:

	2018					
	Nominal position			Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments held to hedge future cash flows	Potential increase in the exchange rate	Hypothetical impact on profit/loss for the year	Hypothetical impact on equity
NOK/DKK	3,802	5,598	0	3%	42	42
SEK/DKK	10,606	5,490	0	3%	120	120
EUR/DKK	14,552	6,497	0	1%	63	63

	2017					
	Nominal position			Nominal position		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments held to hedge future cash flows	Potential increase in the exchange rate	Impact of profit/loss	Hypothetical impact on equity
NOK/DKK	2,778	7,091	0	3%	101	101
SEK/DKK	4,985	6,087	0	3%	26	26
EUR/DKK	29,232	6,340	0	1%	179	179

Consolidated financial statements for the period 1 January – 31 December

Notes

21 Financial risks and financial instruments (continued)

A corresponding negative change of the exchange rates would have a corresponding reverse impact on profit/loss for the year and equity.

Interest rate risks

Related business activity	Impact	Risk management	Effect
The Group's long-term debt consists of loan issued by former owners. The interest rate is fixed until termination.	*Effect*: Low *Threat:* Low	Not applicable	Not applicable

Exposure

The Group's interest rate exposure is summed up as follows:

- The long-term debt is fixed until termination.

The Group's cash is deposited on a drawing account.

Liquidity risks

Related business activity	Impact	Risk management	Impact
The Group is exposed to liquidity risks due to its ongoing activities and repayment agreements for the loan financing.	*Effect:* Low *Threat:* Low	The Group ensures liquidity through continuous management attention to payments terms and inventory levels. The Group has a net positive cash flow.	The Group's liquidity reserve consists of unutilised overdraft facilities and liquid funds. The cash resources totalled DKK 44,194 thousand at 31 December 2018 (2017: DKK 56,851 thousand). Management is of the opinion that the Group has sufficient cash resources to fulfil its obligations as they fall due.

Consolidated financial statements for the period 1 January – 31 December

Notes

21 Financial risks and financial instruments (continued)

Analysis of term to maturity

The Group's financial liabilities fall due as follows:

2018 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Amounts owed to former owners	81,984	0	0	81,984	0
Trade payables	38,807	38,807	0	0	0
31 December 2018	120,701	38,807	0	81,894	0

2017 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Amounts owed to former owners	81,984	0	0	81,984	0
Trade payables	30,518	30,518	0	0	0
31 December 2017	112,502	30,518	0	81,984	0

Assumptions underlying the analysis of term to maturity

- The analysis of term to maturity is based on all non-discounted cash flows, including interest payments according to loan agreement.
- Liabilities under leases are not included, but are reflected in note 12.

On the basis of the Group's expectations as to its future operations and current cash resources, no other critical liquidity risks have been identified.

Financing risks

Related business activity	Impact	Risk management	Effect
The Group is exposed to a financing risk as existing loan agreements terminate on 15 December 2022. The Group's operations depend on the future financing of the Group's operations and facilities.	*Effect:* Moderate *Threat:* Low	It is the Group's aim that interest-bearing debt does not exceed four times the operating profit (EBITDA).	In Management's opinion, the Group's cash resources and earnings expectations suffice for the realisation of the Group's long-term strategy.

Reference is made to note 16 for a specification of amounts owed to former owners.

Credit risks

Risk management	Effect
The Group's credit risks are linked to receivables and cash at bank and in hand. The maximum credit risk linked to financial assets corresponds to the values recognised in the balance sheet.	The Group has no significant risks regarding one individual customer or partner. Thus there is no insurance of trade receivables from sales.

Consolidated financial statements for the period 1 January – 31 December

Notes

21 Financial risks and financial instruments (continued)

Categories of financial instruments

DKK'000	2018 Carrying value	2018 Fair value	2017 Carrying value	2017 Fair value
Deposits	3,298	3,298	2,495	2,495
Trade receivables	1,487	1,487	43	43
Other receivables	718	718	0	0
Cash at bank and in hand	29,194	29,194	41,851	41,851
Receivables and cash at bank and in hand	34,697	34,697	44,389	44,389
Amounts owed to former owners	52,289	52,289	48,868	48,868
Financial liabilities measured at amortised cost	52,289	52,289	48,868	48,868

Reference is made to the Section "Methods and assumptions underlying the fair value determination" below.

Fair value hierarchy for financial instruments which are measured at fair value in the balance sheet or whose fair value is disclosed

DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non observable input (Level 3)	Total
2018				
Amounts owed to former owners	0	0	52,289	52,289
Financial liabilities, where fair value is presented	0		52,289	52,289
2017				
Amounts owed to former owners	0	0	48,868	48,868
Financial liabilities, where fair value is presented	0	0	48,868	48,868

Methods and assumptions underlying the fair value determination

The methods and assumptions applied to determine the fair value of financial instruments are described per class of financial instruments. The methods applied are unchanged compared to 2017.

Amounts owed to former owners

The loan agreement has been entered by two independent parties. Management is of the opinion that the terms are agreed at competitive terms (fair value).

Trade receivables, deposits, cash and trade payables (measured at amortised cost in the balance sheet)

The fair value of trade receivables, deposits, cash and trade payables with a short period of credit are deemed to be equal to the carrying amount.

Consolidated financial statements for the period 1 January – 31 December

Notes

22 Related party disclosures

Unisport Holding ApS' related parties comprise the following:

Parties exercising control

Nordic Capital Fund VII, England, which controls the Company.

Other related parties

The member of the Executive Board and the members of the Board of Directors.

Transactions with related parties

Remuneration of the Executive Board and the Board of Directors is disclosed in note 5.

Related parties transactions during 2018 consists of capital increase. No issuance and settlements of warrants to/from key personnel have taken place during 2018.

23 Events after the balance sheet date

No significant events have occurred after 31 December 2018.

24 New financial reporting regulation

IASB has issued the following new financial reporting standards and interpretations, which are not mandatory for Unisport Holding ApS and not applicable in the consolidated financial statements for 2018:

- IFRS 17 *Insurance Contracts*
- IFRS 9 *Prepayment Features with Negative Compensation – Ammendments to IFRS 9*
- IAS 19 *Plan Amendment, Curtailment or Settlement – Amendments to IAS 19*
- IAS 28 *Long-term Interests in Associates and Joint ventures – Amendments to IAS 28*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Conceptual Framework – Amendments to references to the Conceptual Framework in IFRS Standards*
- Annual Improvements to IFRSs 2015-2017 Cycle

Of the above, *Amendments to IFRS 9* has been approved by EU.

The approved, but not yet effective, standards and interpretations will be adopted as they become mandatory for Unisport Holding ApS. The above-mentioned standards and interpretations are not assessed to have significant impact on recognition and measurement for Unisport Holding ApS.

Consolidated financial statements for the period 1 January – 31 December

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25 The Board of Directors' managerial posts

Michael Haaning and Jess Ørgaard Libak Tropp has been appointed by Nordic Capital Fund VII.

Filip Domagala, Michael Christiansen, Martin Lumbye Hansen and Jakob Nordenhof Jønck are independent.

The Board of Directors have the following executive functions in other Danish Companies:

Board of directors	Executive functions in other Danish Companies
Filip Domagala, Independent, Chairman	CEO FD Holding ApS, FD Invest ApS. Member of the board Clerk.IO ApS. Mouseflow Holding ApS and related companies. Chairman of the board Hobbii ApS.
Michael Haaning, Appointed by Nordic Capital	CEO Andromeda ApS, Member of the Board NC Advisory A/S, Sport Nordic Holding ApS
Michael Christiansen, Independent	Member of the Board Bygma A/S and related companies, Vice Chairman of the Board KFI Erhvervsdrivende Fond and related companies, Vice chairman in Dagrofa Aps end related compagnies, Chairman of the Board Sport Nordic Holding ApS and related company, Chairman in Ka-ching A/S, CEO CIM Invest ApS
Jess Ørgaard Libak Tropp, Appointed by Nordic Capital	Chairman Rokoko Electronics ApS. Member of the Board Sport Nordic Holding ApS, Conscia Holding A/S, AX IV Con ApS, AX IV Con II ApS, AX IV Con II, ApS, Capnor Connery HoldCo A/S, Capnor Connery BidCo A/S
Martin Lumbye Hansen, Independent	CEO North-East Venture, Member of the Board Rokoko Electronics, Member of the Board Mater, Member of the Board ARKK CPH, Member of The Board Hufsy, Member of The Board North-East Venture.
Jakob Nordenhof Jønck, Independent	Member of the Board Sport Nordic Holding ApS, Lakrids JB Holding ApS and related companies. CEO Feast Kitchen ApS, JNJ Invest ApS

Parent company financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	2018	2017
	Other external costs	-503	-328
2	Staff costs	0	-439
	Operating profit/loss	-503	-767
6	Share of profit/loss in subsidiaries after tax	-25,101	-16,260
3	Financial income	563	547
4	Financial expenses	-3,437	-3,304
	Profit/loss before tax	-28,478	-19,784
5	Tax for the year	743	679
	Profit/loss for the year	-27,735	-19,105

Parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Non-current assets		
	Financial assets		
6	Investments in subsidiaries	162,103	187,204
	Total non-current assets	162,103	187,204
	Current assets		
	Receivables		
	Receivables from subsidiaries	19,334	18,771
7	Deferred tax	1,422	679
	Corporation tax	362	676
		21,118	20,126
	Cash at bank and in hand	2,850	2,661
	Total current assets	23,968	22,787
	TOTAL ASSETS	186,071	209,991
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	19,490	19,463
	Retained earnings	114,086	141,548
	Total equity	133,576	161,011
	Non-current liabilities		
9	Amounts owed to former owners	52,289	48,868
	Total non-current liabilities	52,289	48,868
	Current liabilities		
	Trade payables	206	112
	Total current liabilities	206	112
	Total liabilities	52,495	48,980
	TOTAL EQUITY AND LIABILITIES	186,071	209,991

10 Contractual obligations and contingencies, etc.
11 Related parties

Parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	19,313	160,761	180,074
	Capital increase	150	1,500	1,650
	Issue of warrants	0	148	148
	Acquisition of treasury shares and warrants	0	-1,756	-1,756
12	Transfer, see "Distribution of profit/loss"	0	-19,105	-19,105
	Equity at 1 January 2018	19,463	141,548	161,011
	Capital increase	27	273	300
12	Transfer, see "Distribution of profit/loss"	0	-27,735	-27,735
	Equity at 31 December 2018	19,490	114,086	133,576

Parent company financial statements for the period 1 January – 31 December

Summary of notes to the parent company financial statements

Parent company financial statements for the period 1 January – 31 December

Notes

1 Accounting policies

The parent company financial statements of Unisport Holding ApS for 2018 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

At 1 January 2018, the Group has adopted the principles of IFRS 15 *Revenue* and IFRS 16 *Leases*, which have also been applied in the subsidiary, Unisport A/S, which prepares its financial statements in accordance with the Danish Financial Statements Act. As the modified retrospective approach has been applied, no re-statement of comparative figures has been made.

By reference to section 112 of the Danish Financial Statements Act, no cash flow statement has been prepared, as the cash flows are included in the consolidated financial statements.

The investment in the subsidiary is recognised in accordance with the equity method in the parent company financial statements. The financial statements of the subsidiary used for recognition in the parent company are prepared in accordance with the Danish financial statements Act. The consolidated financial statements are prepared in accordance with IFRS. The main difference in accounting policies mainly relates to goodwill being amortised over 15 years in the parent company financial statements and tested for impairment according to IFRS.

Business combinations

Recently acquired or formed entities are recognised in the parent company financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

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

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, thus, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. 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) 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.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities 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 entity are recognised in equity. Comparative figures for previous financial years are not restated.

Parent company financial statements for the period 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at closing rates. 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Other external costs

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

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 expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of the Unisport Holding ApS 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.

The Parent Company is the administration company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

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 the relation, companies with tax loss carry forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year. 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.

Parent company financial statements for the period 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies adjusted to be in accordance with the Danish Financial Statements Act, 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 Unisport Holding ApS are not recognised in the reserve for net revaluation.

Impairment of non-current assets

The carrying amount of investments in subsidiaries is assessed annually for evidence of impairment.

Impairment tests are conducted on individual assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the 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 net 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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired.

Equity

Dividends

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

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Parent company financial statements for the period 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carry-forwards, 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 according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at net realisable value.

	DKK'000	2018	2017
2	Staff costs		
	Settlement of warrants acquired from executive employees	0	439
3	Financial income		
	Interests from group companies	563	547
4	Financial expenses		
	Interest expenses on debt to former owners	-3,437	-3,304
5	Tax for the year		
	Adjustment of deferred tax for year	-743	-679
		-743	-679
6	Investments in subsidiaries		
	Cost at 1 January	214,241	214,241
	Addition	0	0
	Cost at 31 December	214,241	214,241
	Value adjustments at 1 January	-27,037	-10,777
	Profit/loss for the year	-25,101	-16,260
	Value adjustments at 31 December	-52,138	-27,037
	Carrying amount at 31 December	162,103	187,204

Parent company financial statements for the period 1 January – 31 December

Notes

6 Investments in subsidiaries (continued)

Name	Registered office	Voting rights and ownership	Equity	Profit/loss for the year
Unisport A/S	Copenhagen	100%	29,738	-11,953

Unisport A/S was acquired on 19 January 2015. In this connection, residual value of positive goodwill determined in accordance with the acquisition method amounted to DKK 177,815 thousand, which amounted to DKK 132,365 thousand after accumulated depreciation at 31 December 2018 and is recognised in the carrying value of investments in subsidiaries.

7 Deferred tax

DKK'000	2018	2017
Deferred tax 1 January	-679	0
Deferred tax, recognised in profit for the year	-743	-679
Deferred tax 31 December	-1,422	-679

Deferred tax relates to:		
Tax losses carried forward	-1,422	-679

8 Share capital

The share capital of total DKK 19,489,636 comprises:

755,223 A shares of DKK 1 each
6,099,750 B1 shares of DKK 1 each
12,634,663 B2 shares of DKK 1 each

The voting right of B2 shares is restricted to matters protecting the interests of non-controlling shareholders. Consequently, B1 shares and A shares represent 96.13% and 3.87% of the votes, respectively.

Changes in share capital since the establishment can be specified as follows:

DKK'000	2018	2017	2016	2015	2014
1 January	19,463	19,313	19,287	50	0
Capital injection at establishment of the Company	0	0	0	0	50
Capital increase	27	150	26	19,237	0
31 December	19,490	19,463	19,313	19,287	50

Treasury shares

At 31 December 2018, the Parent Company owns 175,600 treasury shares (31 December 2017: 175,600).

Treasury shares are primarily acquired for purposes of the Company's share option plans.

Warrants

Unisport Holding ApS has established a share-based incentive programme in the form of a warrant program for executive employees and other employees. The warrants are acquired at a value which is close to the fair value at the grant date.

Parent company financial statements for the period 1 January – 31 December

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8 Share capital (continued)

The warrants programme comprised a total of 2,400,288 warrants at 31 December 2018 (2017: 2,400,288).

Each warrant entitles the holder to subscribe for 1 share at a nominal value of DKK 1 in Unisport Holding ApS. The right can be exercised at end of 2019.

No warrants have been utilised in 2018.

9 Amounts owed to former owners

DKK'000	2018	2017
Non-current liabilities	52,289	48,868
Current liabilities	0	0
Carrying amount	52,289	48,868
Falling due more than 5 years after the balance sheet date, nominal value	0	0

10 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the subsidiary, Unisport A/S. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes. At 31 December 2018, the net tax receivable from the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 362 thousand. Any subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase.

Apart from the above, the Company has no contingent liabilities.

11 Related parties

Unisport Holding ApS' related parties comprise the following:

Parties exercising control

Nordic Capital Fund VII, England, which controls the Company.

Other related parties

The member of the Executive Board and the members of the Board of Directors.

The subsidiary, Unisport A/S

Related party transactions

Remuneration of the Executive Board and the Board of Directors is disclosed in note 5 to the consolidated financial statements.

Related parties transactions during 2018 consist of a capital increase. No issuance and settlements of warrants to/from key personnel have taken place in 2018.

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12 Distribution of profit/loss

DKK'000	2018	2017
Proposed distribution of profit/loss		
Transferred to retained earnings	-27,735	-19,105