Unisport Holding ApS

c/o Unisport A/S

Bådehavnsgade 38, DK-2450 København SV

CVR no. 35 65 06 79

Annual report 2019

Approved at the Company's annual general meeting on 26/8-2020

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 2019.

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 2019 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2019 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 2019 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2019 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, 25 June 2020
Executive Board:

Michael Johannes Burk

Board of Directors:

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

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 2019, 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 2019 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2019 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 2019 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 25 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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

Management's review

Company details

Name	Unisport Holding ApS
Address, zip code, city	c/o Unisport A/S 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 Christiansen Jess Ørgaard Libak Tropp Martin Lumbye Hansen Jakob Nordenhof Jønck Christian Hedegaard
Executive Board	Michael Johannes Burk
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg

Management's review

Financial highlights for the Group

	2019	2018	2017	2016	2015*
Key figures (DKK'000)					
Gross merchandise value	391,388	363,318	337,925	314,833	244,027
Revenue	388,510	363,318	337,925	314,833	244,027
Gross profit/loss	114,190	94,626	97,844	94,026	74,358
Operating profit/loss before depreciation and amortisation (EBITDA)	6,792	-4,460	3,292	18,564	8,196
Operating profit/loss before special items, depreciation and amortisation (adjusted EBITDA)	8,081	815	9,507	18,564	16,245
Operating profit/loss before special items	-7,162	-8,822	2,656	11,861	11,205
Operating profit/loss	-8,452	-14,097	-3,559	11,861	3,156
Profit/loss from financial income and expense	-8,713	-4,485	-3,790	-3,533	-3,121
Profit/loss for the year	**-13,474**	**-14,666**	**-5,834**	**6,426**	**-1,396**
Total assets	362,720	312,758	305,613	286,111	274,452
Investment in property, plant and equipment, excluding leases	4,187	1,702	483	767	6,574
Equity	**168,292**	**180,410**	**194,558**	**200,335**	**193,019**
Cash flows from operating activities	5,929	-1,071	12,081	14,672	7,400
Cash flows from investing activities	-9,981	-7,336	-4,342	-3,762	-165,808
Cash flows from financing activities	-6,103	-4,250	-397	644	181,313
Total cash flows	**-10,155**	**-12,657**	**7,342**	**11,554**	**22,905**
Financial ratios (%)					
Gross margin	29.4	26.0	29.0	29.9	30.5
Operating margin	-2.2	-3.9	-1.1	3.8	1.3
Solvency ratio	46.4	56.1	63.7	70.1	70.3
Return on equity	-7.7	-7.8	-3.0	3.3	-1.4
FTE (employees)	142	127	116	110	89

* *Unisport A/S is included from the date of acquisition, 19 January 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) and Flagship Stores in the subsidiaries Unisport A/S (Denmark) and Unisport France SAS.

In 2019 the Group established its first Experience Hub (Flagship Store) outside Denmark, namely in the center of Paris/France. The purpose of the Paris Experience Hub is to create brand awareness, supporting the Group´s online business outside Scandinavia as well as to deliver direct and multichannel revenue. Activities and lease contract were acquired by the newly established company Unisport France SAS.

In 2019 the Group established Marketplace as a new sales channel on its platform. Through the existing online sales platforms, the Group trades football equipment directly delivered by the suppliers to the end-consumer. Marketplace is expected to be a key growth driver in the upcoming years strengthening the product offering without additional working capital needs.

Apart from trading football equipment, the Group has a media business operating one of the largest Social Media influencer networks for Football with inhouse content production serving a total of 4 million followers globally across various popular Social Media networks.

Unusual conditions

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

Gross Merchandise Value (GMV)
GMV comprise the value of all merchandise sold to customers after cancellations and returns and excluding VAT. GMV has been added to report the total value of sales through the Group´s sales platforms.

GMV amounted to DKK million 391,4 (2018: DKK 363.3) and was positively impacted by high growth from sales and marketing activities that has led to a net increase in number of customers surpassing more than 500.000 active customers during the last 12 months for the first time ever and bringing the total customer base to around 3 million customers.

Revenue:
Revenue amounted to DKK 388,5 million (2018: DKK 363.3 million) and was positively impacted by high growth from sales and marketing activities that has led to a net increase in number of customers.

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

During the year the exchange rates for SEK and NOK against DKK continued to decrease. As currency flows are not secured, negative exchange rate development has a high negative impact to profits. While comparing to realized exchange rates for 2018, the impact to revenue and profits amounts to DKK 4 mill.

The Experience Hub in France opened in May 2019. Profitability was impacted by only 8 months of operations and establishing costs.

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

Costs prior to the opening of the Experience Hub in Paris are recognized special items. Operational inefficiency after opening has not been recognized special items.

The Group´s loss after tax amounted to DKK 13.5 million (2018: loss of DKK 14.7 million), which is considered satisfactory given the above mentioned conditions.

Management's review

Outlook

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

Events after the balance sheet date

Revenue and profits in 2020 will be negatively impacted by the close-down of football matches and grassroot training and matches and postponement of EC20 following the COVID-19 situation. Direct losses from COVID-19 will to some extent be covered by supportive packages issued by governments in Denmark and France.

No other events have occurred after the balance sheet date to this date which would 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.

Branches and companies abroad

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

In 2019 the Group established a subsidiary in France, Unisport France SAS.

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 employs store staff in Paris. No collective agreements have been entered.

All other Group employees are employed in Denmark. No collective agreements have been entered.

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

The Group adopted a CSR policy in 2018 covering the following areas:

- Anticorruption 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.

Management's review

Anticorruption and competition (continued)

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).

New employees dealing with buying's and product Management are instructed in the guidelines.

During 2019 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 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 suppliers. 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.

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

Safety is taken into consideration while designing, implementing, and deciding operational processes.

New employees are trained in the Company processes and guidelines with a special attention to safety.

No working accidents have been reported in year 2019.

The environment & 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.

Management's review

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 2019. There has been only one change to the Board of Directors during 2019, in which process a male candidate proved to be the best qualified candidate.

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 2019. There has been only one change to the Management team during 2019, in which process a male (internal) 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	2019	2018
3	Revenue	388,510	363,318
	Cost of goods sold	-274,320	-268,692
	Gross profit	114,190	94,626
	Other operating income	2,871	5,363
4	Other external costs	-61,204	-56,903
5	Staff costs	-47,778	-42,271
9	Amortisation	-3,793	-2,679
11	Depreciation	-11,449	-6,958
6	Special items	-1,289	-5,275
	Operating profit/loss	-8,452	-14,097
7	Financial expenses	-8,713	-4,485
	Profit/loss before tax	-17,165	-18,582
8	Tax for the year	3,691	3,916
	Profit/loss for the year	-13,474	-14,666
	Other comprehensive income after tax	0	0
	Total comprehensive income	-13,474	-14,666

Consolidated financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Non-current assets		
9,10	**Intangible assets**		
	Goodwill	195,312	195,312
	Brand value	125	1,625
	Customer rights	0	0
	Development costs	7,662	5,812
		203,099	202,749
11	**Property, plant and equipment**		
12	Leased assets	40,014	17,093
	Plant and equipment	3,475	1,767
	Leasehold improvements	2,532	2,230
		46,021	21,090
	Other non-current assets		
	Deposits, investments	3,455	3,298
8	Deferred tax assets	2,762	0
		6,217	3,298
	Total non-current assets	255,337	227,137
	Current assets		
13	Inventories	81,647	52,834
	Trade receivables	2,293	1,487
	Corporation tax	0	362
	Prepayments	874	1,026
	Right of return assets	2,754	0
	Other receivables	776	718
	Cash at bank and in hand	19,039	29,194
	Total current assets	107,383	85,621
	TOTAL ASSETS	362,720	312,758

Consolidated financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
14	**Equity**		
	Share capital	19,549	19,490
	Treasury shares	-2,003	-1,756
	Retained earnings	150,746	162,676
	Total equity	168,292	180,410
	Liabilities		
	Non-current liabilities		
15	Provisions	500	1,228
16	Amounts owed to former owners	58,564	52,289
8	Deferred tax	0	929
12	Lease liabilities	20,354	13,415
	Loans from suppliers	11,952	0
	Other payables	1,632	0
	Total non-current liabilities	93,002	67,861
	Current liabilities		
	Lease liabilities	7,635	4,214
	Loans from suppliers	1,494	0
	Prepayments from customers	1,040	1,124
	Refund liabilities	4,379	0
	Trade payables	62,998	38,806
17	Other payables	20,789	20,343
	Deferred income	3,091	0
	Total current liabilities	101,426	64,487
	Total liabilities	194,428	132,348
	TOTAL EQUITY AND LIABILITIES	362,720	312,758

Consolidated financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	2019	2018
	Profit/loss for the year	-13,474	-14,666
	Depreciation and amortisation	15,243	9,637
19	Other adjustments of non-cash operating items, etc.	4,861	1,686
	Cash generated from operations (operating activities) before changes in working capital	6,630	-3,343
20	Changes in working capital	867	2,893
	Cash generated from operations	7,497	-450
	Interest paid	-1,119	-399
	Interest payments under IFRS 16	-811	-536
	Corporation tax received	362	314
	Cash flows from operating activities	5,929	-1,071
9	Acquisition of other intangible assets	-4,143	-4,832
11	Acquisition of property, plant and equipment	-4,187	-1,701
	Key money paid in connection with acquisition of a lease	-1,494	0
	Acquisition of other non-current assets	-157	-803
	Cash flows from investing activities	-9,981	-7,336
	External financing:		
	Lease payments under IFRS 16	-6,742	-4,550
	Shareholders:		
	Capital increase	597	300
	Acquisition of treasury shares	-247	0
	Settlement of warrants from executive employees	-60	0
	Proceeds from issue of warrants	349	0
	Cash flows from financing activities	-6,103	-4,250
	Net cash flows from operating, investing and financing activities	-10,155	-12,657
	Cash and cash equivalents at 1 January	29,194	41,851
	Cash and cash equivalents at 31 December	19,039	29,194

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 2019	19,490	-1,756	162,676	180,410
Comprehensive income in **2019**				
Loss for the year	0	0	-13,474	-13,474
Total comprehensive income for the period	0	0	-13,474	-13,474
Transactions with owners				
Capital increase	59	0	538	597
Issue of warrants	0	0	349	349
Settlement of warrants	0	0	-60	-60
Acquisition of treasury shares	0	-247	0	-247
Incentive program	0	0	717	717
Total transactions with owners	59	-247	1,544	1,356
Equity 31 December 2019	19,549	-2,003	150,746	168,292

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**				
Profit 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

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 2019 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 2019 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 25 June 2020, the Board of Directors and the Executive Board discussed and approved the annual report of Unisport Holding ApS for 2019. The annual report will be presented to the shareholders of Unisport Holding ApS for adoption at the annual general meeting in July 2020.

The accounting policies are unchanged from last year.

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

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.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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 operating income

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

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.

Consolidated financial statements 1 January – 31 December

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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 and key money paid to the landlord or the former lessee. 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.

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.

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Notes

1 Accounting policies (continued)

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.

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.

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1 Accounting policies (continued)

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.

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").

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Consolidated financial statements 1 January – 31 December

Notes

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	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

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

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 2019, 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 revenue growth and 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.

Consolidated financial statements 1 January – 31 December

Notes

2 **Significant estimation uncertainty, assumptions and assessments (continued)**

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

The Group has inventories in its flagship stores 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.

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 stores, 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 2019.

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.

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Notes

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 stores in central Copenhagen and central Paris, 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	2019	2018
Revenue		
Mature markets	304,034	294,389
New markets	84,476	68,929
	388,510	363,318

4 Fees paid to auditor appointed at the annual general meeting

Fee regarding statutory audit	199	123
Other assistance	102	92
Tax assistance	32	21
	333	236

5 Staff costs

Wages and salaries	43,864	40,415
Other social security costs	1,224	952
Pensions	1,973	686
Share-based payment	717	218
	47,778	42,271
Average number of employees	142	127

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

	2019		2018		
DKK'000	Board of Directors and Executive Board	Executive employees	Board of Directors	Executive Board	Executive employees
Wages and salaries	2,817	6,643	656	2,150	6,782
Social costs	3	11	0	2	19
Share-based payment	296	310	0	0	176
	3,116	6,964	656	2,152	6,977

With reference to the Danish Financial Statements Act, section 98.3, remuneration of the Board of Directors and the Executive Board has been disclosed together for 2019.

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

Consolidated financial statements 1 January – 31 December

Notes

5 **Staff costs (continued)**

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.

In 2019, additional 554,272 warrants have been issued to executive employees and other employees, a total of 72,000 warrants have been bought back from employees and a total of 80,000 warrants have been cancelled.

The warrants programme comprised a total of 2,802,560 warrants at 31 December 2019 (2018: 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 to exercise the warrants issued in 2019 is 28 February 2023. The right to excerise the warrants issued in prior years is 2 October 2020.

The warrants can only be settled in shares. The outstanding warrants constitute 13% of the share capital if all warrants are exercised (2018: 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 2018	2,104,288	296,000	2,400,288	19.3		
Outstanding at the end of 2018	2,104,288	296,000	2,400,288	19.3		
Cancelled	-32,000	-48,000	-80,000	-	-	-
Settled in cash	0	-72,000	-72,000	-	-	-
Granted	318,848	64,000	382,848	12.0	8.3	2,791
Granted	147,424	24,000	171,424	15.4	6.3	993
Outstanding at the end of 2019	2,538,560	264,000	2,802,560	17.1		

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 in 2019 are calculated using an expected volatility of 45% and a risk-free interest rate of -0.8%

In 2019, costs recognised in results for the year relating to warrants amounted to DKK 717 thousand (2018: DKK 218 thousand).

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DKK'000	2019	2018
6 Special items		
Write-down of ERP system	0	-850
Warehouse relocation	-1,889	-3,999
Other structural changes	0	-426
Establishment of Flag Ship Store in France	-628	0
Reversal of provision for restoration of premises	1,228	0
	-1,289	-5,275

7 Financial expenses		
Foreign exchange loss	505	129
Interest expense relating to leases	812	536
Other interest expenses	7,396	3,820
	8,713	4,485

8 Tax

Tax in the statement of comprehensive income

DKK'000	2019	2018
Tax on the loss for the year is specified as follows:		
Adjustment of deferred tax	-3,573	-3,916
Adjustment of deferred tax relating to previous years	-118	0
	-3,691	-3,916

Tax for the year can be explained as follows:

	2019	2019	2018	2018
	DKK'000	%	DKK'000	%
Computed tax of result before tax	-3,618	22.0	-3,970	22.0
Tax effect of:				
Non-deductible expenses	74	-0.5	54	-0.3
Adjustment of tax relating to previous years	-118	0.7	0	0
Other tax rates in subsidiaries	-29	0.2	0	0
	-3,691	22.4	-3,916	21.7

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8 Tax (continued)

Deferred tax

DKK'000	2019	2018
Deferred tax 1 January	929	4,845
Deferred tax, recognised in the profit for the year	-3,691	-3,916
Deferred tax 31 December	-2,762	929

Deferred tax is recognised as follows in the balance sheet:		
Deferred tax (liability)	0	929
Deferred tax assets (assets)	-2,762	0
Deferred tax 31 December, net	-2,762	929

Deferred tax relates to:		
Intangible assets	6,657	6,726
Property, plant and equipment	-103	-106
Tax losses carried forward	-9,316	-5,691
	-2,762	929

Changes in temporary differences during the year:

	2019		
DKK'000	Balance at 1/1	Recognised in profit for the year, net	Balance at 31/12
Intangible assets	6,726	-69	6,657
Property, plant and equipment	-106	3	-103
Tax losses carried forward	-5,691	-3,625	-9,316
	929	-3,691	-2,762

Changes in temporary differences during the year:

	2018		
DKK'000	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

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9 Intangible assets

DKK'000	Goodwill	Brand value	Customer rights	Development costs	Total
	Consolidated				
Cost at 1 January 2019	195,312	7,500	6,900	8,670	218,382
Additions	0	0	0	4,143	4,143
Disposals	0	0	0	0	0
Cost at 31 December 2019	195,312	7,500	6,900	12,813	222,525
Impairment losses and amortisation at 1 Jan. 2019	0	5,875	6,900	2,858	15,633
Amortisation	0	1,500	0	2,293	3,793
Impairment losses and amortisation at 31 Dec. 2019	0	7,375	6,900	5,151	19,426
Carrying amount at 31 December 2019	195,312	125	0	7,662	203,099
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	218,382
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

Development costs comprise development of software.

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

10 Impairment test

Goodwill

At 31 December 2019, the carrying amount of goodwill for the Group amounted to DKK 195.3 million.

At 31 December 2019, 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 2020-2024 and a discount factor before tax of 10.3% (2018: 10.3%).

Calculations are made on the assumption of yearly growth rates of 20% in 2020, 19% in 2021 and 9% from 2022-2023 and 5% in 2024 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 2024 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.

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Notes

11 Property, plant and equipment

DKK'000	Plant and equipment	Leasehold improve-ments	Total
Cost at 1 January 2019	3,499	7,829	11,328
Additions	3,668	519	4,187
Cost at 31 December 2019	7,167	8,348	15,515
Impairment losses and depreciation at 1 January 2019	1,732	5,599	7,331
Depreciation	1,960	217	2,177
Impairment losses and depreciation at 31 December 2019	3,692	5,816	9,508
Carrying amount at 31 December 2019	3,475	2,532	6,007
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

12 Leases

Leased assets - buildings

DKK'000	2019	2018
Opening balance at 1 January 2019	17,093	17,147
Additions in the year	33,105	8,609
Re-meassurement of lease liabilities during the year	-912	-3,576
Depreciation in the year	-9,272	-5,087
Carrying amount at 31 December 2019	40,014	17,093

Included in 'additions in the year' is DKK 14,940 thousand related to Key Money, which has been paid to the former lessee in order to take over the lease agreement. The Key Money has been recognized as a direct cost and is being depreciated on a straight-line basis over the expected lease term together with the Right-of-use asset. Depreciation of Key Money in 2019 amounts to DKK 1,992 thousand.

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.

Consolidated financial statements for the period 1 January – 31 December

Notes

12 Leases (continued)

Lease liabilities

DKK'000	2019	2018
Maturity of lease liabities		
Within 1 year	7,635	4,232
Between 1-5 years	24,956	17,639
Over 5 years	0	0
Total non-discounted leasing liabilities at 31 December 2019	32,592	21,871
Lease liabilities recognised in the balance sheet	27,989	17,629
Current liabilities	7,635	4,214
Non-current liabilities	20,354	13,415
Amounts recognised in the statement of comprehensive income		
Interest expenses relating to leasing	811	536
Depreciation on leased assets	9,272	5,087
	10,083	5,623

For 2019, the Group has paid DKK 7,553 thousand regarding leases (2018: DKK 5,086 thousand), of which interest expenses amount to DKK 811 thousand (2018: DKK 536 thousand) and repayment of lease liabilities amounts to DKK 6,742 thousand (2018: DKK 4,550 thousand).

	DKK'000	2019	2018
13	**Inventories**		
	Goods for resale	81,647	52,834
	Carrying amount of inventories, recognised at net sales value	1,052	219

Consolidated financial statements for the period 1 January – 31 December

Notes

14 Equity

Capital management

Management continually assesses the need to adjust the capital structure. The equity share of total assets amounted to 47% at the end of 2019 (2018: 58%).

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 19,549,316 comprises:

814,903 A shares of DKK 1 each
6,099,750 B1 shares of DKK 1 each
12,634,663 B2 shares of DKK 1 each

All shares have been paid in full.

The voting right of B2 shares is restricted to matters protecting the interests of non-controlling shareholders. Consequently, B1 shares and A shares represent 95.83% and 4.17% of the votes, respectively.

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

DKK'000	2019	2018	2017	2016	2015
Balance at 1 January	19,490	19,463	19,313	19,287	50
Capital increase	59	27	150	26	19,237
	19,549	19,490	19,463	19,313	19,287

Treasury shares

In 2019, 23,935 treasury shares have been acquired by former minority interests.

At 31 December 2019, the Parent Company held 199,535 treasury shares (2018: 175,600).

	Number of shares		Nominal value (DKK'000)		% of share capital	
DKK'000	2019	2018	2019	2018	2019	2018
1 January	175,600	175,600	176	176	0.9	0.9
Additions	23,935	0	0	0	0	0
31 December	199,535	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

Notes

15 Provisions

DKK'000	2019	2018
Provisions 1 January	1,228	1,228
Provided during the year	500	0
Reversed during the year	-1,228	0
Provisions 31 December	500	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. In 2019, the previous provision was reversed as a new agreement with the lessor was entered into where it was agreed that no restoration is to be done upon vacation of the premises.

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	2019	2018
Non-current liabilities	58,564	52,289
Current liabilities	0	0
Carrying amount	58,564	52,289
Nominal value	58,564	52,289
Falls due more than 5 years after the balance sheet date, nominal value	0	0

2019	Average nominal interest rate	Average effective interest rate	Currency	Rate fixation period	Carrying amount
Amounts owed to former owners					
Fixed interest	12%	12%	DKK	12 months	58,564

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

17 Other payables

DKK'000	2019	2018
Holiday pay obligations and salary related liabilities	4,824	5,920
VAT payables	13,974	12,238
Other payables	1,991	2,185
	20,789	20,343

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.

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

Contingent assets and liabilities

As collateral for the Group's bank credit facility, the Company has provided a floating charge of DKK 30,000 thousand (2018: 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	2019	2018
Financial expenses	8,713	4,485
Losses on disposals of intangible assets (ERP system)	0	850
Losses on disposals of other intangible assets (software)	0	49
Tax for the year	-3,691	-3,916
Share-based payment	717	218
Re-measurement of lease obligations	-150	0
Change in provisions	-728	0
	4,861	1,686

20 Changes in working capital

	2019	2018
Change in inventories	-28,813	1,756
Change in receivables	-1,221	-3,022
Change in prepayments from customers, deferred income, trade and other payables, refund liabilities and right to return assets	30,901	4,159
	867	2,893

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 2018.

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 (EUR does not fluctuate versus DKK thus not included in exposure and sensitivity analysis from 2019):

	2019					
	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	5,826	6,407	0	3%	17	17
SEK/DKK	10,165	6,632	0	3%	106	106

	2018					
	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	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

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 and a loan issued by suppliers in connection with the acquisition of a former lease. The interest rate on the loans are 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 from operations.	The Group's liquidity reserve consists of unutilised overdraft facilities and liquid funds at 31 December 2019. The cash resources totalled DKK 49,039 thousand at 31 December 2019 (2018: DKK 44,194 thousand). Management is of the opinion that the Group has sufficient cash resources to fulfil its obligations as they fall due. *Subsequent events in 2020:* Build-up of inventories prior to Q2 2020-sales and Europen Soccer Championship 2020 and lower revenue following due to COVID-19 caused a pressure on the Group´s liquidity. Numerous actions were executed successfully to maintain sufficient cash resources.

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:

2019 (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	81,984	0	0
Trade payables	62,998	62,998	0	0	0
Loans from suppliers	13,446	1,494	4,482	7,470	
31 December 2019	158,428	64,492	86,466	7,470	0

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	120,791	38,807	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 the existing loan agreement with former owners 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	2019 Carrying value	2019 Fair value	2018 Carrying value	2018 Fair value
Deposits	3,455	3,455	3,298	3,298
Trade receivables	2,293	2,293	1,487	1,487
Other receivables	777	777	718	718
Cash at bank and in hand	19,039	19,039	29,194	29,194
Receivables and cash at bank and in hand	25,564	25,564	34,697	34,697
Amounts owed to former owners	58,564	58,564	52,289	52,289
Loans from suppliers	13,446	13,446	0	0
Financial liabilities measured at amortised cost	72,010	72,010	52,289	52,289

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
2019				
Amounts owed to former owners	0	0	58,564	58,564
Amounts owed to suppliers in connection with acquisition of a lease (Key Money)	0	0	13,446	13,446
Financial liabilities, where fair value is presented	0	0	72,010	72,010
2018				
Amounts owed to former owners	0	0	52,289	52,289
Financial liabilities, where fair value is presented	0	0	52,289	52,289

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 2018.

Loans from suppliers and amounts owed to former owners

Loans from suppliers consists of amounts owed in connection with acquisition of a lease (Key Money). The loan agreements with the supplier and the former owners have 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

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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 2019 consist of a capital increase by the CEO and issuance of warrants to key personnel, including the CEO, cf. note 5. Furthermore, treasury shares has been acquired by the company from a previous share holder, cf. note 14.

23 Events after the balance sheet date

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

The Group has utilized the available supportive packages across the markets, i.e. salary compensation packages and extended payment terms on VAT, taxes etc.

In addition, payment plans were negotiated with key suppliers, landlords etc. The Group has fulfilled its obligations under the agreed payment plans. At the date of approval of the annual report for 2019, the Group has returned to ordinary payment terms and Management is of the opinion that the Group has sufficient cash resources until at least 31 December 2020.

Except from above, no significant events have occurred after 31 December 2019.

24 New financial reporting regulation

As of 1 January 2020, the Group has implemented the following new standards and interpretations:

- Amendments to References to the Conceptual Framework in IFRS
- Amendments to IFRS 3 about the definition of a business combination
- Amendments to IAS 1 og IAS 8 about definition of materiality
- Amendments to IFRS 9, IAS 39 and IFRS 7 about the IBOR-reform.

None of the above-mentioned standards and interpretations have had 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**

Jess Ørgaard Libak Tropp and Christian Hedegaard 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	Member of the Board Clerk.IO ApS, Chairman of the Board Hobbii ApS, Member of the Board OrganiCup ApS, CEO FD Holding ApS, FD Invest 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 of the Board Dagrofa ApS and related companies, Chairman of the Board Ka-ching A/S, Chairman of the Board PriceShape A/S and related companies, Chairman of the Board GolfExperten A/S, CEO CIM Invest ApS, CEO CIM Invest 2 ApS
Jess Ørgaard Libak Tropp, Appointed by Nordic Capital	Chairman of the Board Rokoko Electronics ApS. Member of the Board Conscia Holding A/S, AX IV Con ApS, AX IV Con II ApS, AX IV Con II ApS, Capnor Connery HoldCo A/S, Canpnor connerey Bidco A/S
Christian Hedegaard, Appointed by Nordic Capital	None
Martin Lumbye Hansen, Independent	Member of the Board Mater A/S, Rokoko Electronics ApS, STATE OF NORTH ApS, Carama Invest ApS, UNITY STUDIOS ApS, CEO LIN MAI ApS, North-East Venture ApS, Hufst ApS.
Jakob Nordenhof Jønck, Independent	Member of theBoard 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	2019	2018
2	Staff costs	0	0
	Other external costs	-507	-503
	Operating profit/loss	-507	-503
6	Share of profit/loss in subsidiaries after tax	-20,825	-25,101
3	Financial income	534	563
4	Financial expenses	-6,280	-3,437
	Profit/loss before tax	-27,078	-28,478
5	Tax for the year	1,376	743
	Profit/loss for the year	-25,702	-27,735

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

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Non-current assets		
	Financial assets		
6	Investments in subsidiaries	144,268	162,103
	Total non-current assets	144,268	162,103
	Current assets		
	Receivables		
	Receivables from subsidiaries	18,908	19,334
7	Deferred tax	2,798	1,422
	Corporation tax	0	362
		21,706	21,118
	Cash at bank and in hand	1,253	2,850
	Total current assets	22,959	23,968
	TOTAL ASSETS	167,227	186,071
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	19,549	19,490
	Retained earnings	88,964	114,086
	Total equity	108,513	133,576
	Non-current liabilities		
9	Amounts owed to former owners	58,564	52,289
	Total non-current liabilities	58,564	52,289
	Current liabilities		
	Trade payables	150	206
	Total current liabilities	150	206
	Total liabilities	58,714	52,495
	TOTAL EQUITY AND LIABILITIES	167,227	186,071

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 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 1 January 2019	19,490	114,086	133,576
	Capital increase	59	538	597
	Issue of warrants	0	349	349
	Settlement of warrants	0	-60	-60
	Acquisition of treasury shares	0	-247	-247
12	Transfer, see "Distribution of profit/loss"	0	-25,702	-25,702
	Equity at 31 December 2019	19,549	88,964	108,513

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

Summary of notes to the parent company financial statements

Note

1	Accounting policies
2	Staff costs
3	Financial income
4	Financial expenses
5	Tax for the year
6	Investments in subsidiaries
7	Deferred tax
8	Share capital
9	Amounts owed to former owners
10	Contractual obligations and contingencies, etc.
11	Related parties
12	Distribution of profit/loss

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 2019 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

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.

2 **Staff costs**

The Company has no employees.

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

	DKK'000	2019	2018
3	**Financial income**		
	Interests from group companies	534	563
4	**Financial expenses**		
	Interest expenses on debt to former owners	-6,280	-3,437
5	**Tax for the year**		
	Adjustment of deferred tax for year	-1,376	-743
		-1,376	-743
6	**Investments in subsidiaries**		
	Cost at 1 January	214,241	214,241
	Addition	2,990	0
	Cost at 31 December	217,231	214,241
	Value adjustments at 1 January	-52,138	-27,037
	Profit/loss for the year	-20,825	-25,101
	Value adjustments at 31 December	-72,963	-52,138
	Carrying amount at 31 December	144,268	162,103

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	Loss for the year
Unisport A/S	Copenhagen	100%	22,134	-7,604
Unisport France SAS	Paris	100%	2,765	-223

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 119,369 thousand after accumulated depreciation at 31 December 2019 and is recognised in the carrying value of investments in subsidiaries.

7 Deferred tax

DKK'000	2018	2017
Deferred tax 1 January	-1,422	-679
Deferred tax, recognised in profit for the year	-1,376	-743
Deferred tax 31 December	-2,798	-1,422
Deferred tax relates to:		
Tax losses carried forward	-2,798	-1,422

8 Share capital

The share capital of total DKK 19,549,316 comprises:

814,903 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 95.83% and 4.17% of the votes, respectively.

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

DKK'000	2019	2018	2017	2016	2015
Balance at 1 January	19,490	19,463	19,313	19,287	50
Capital increase	59	27	150	26	19,237
	19,549	19,490	19,463	19,313	19,287

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

Notes

8 Share capital (continued)

Treasury shares

At 31 December 2019, the Parent Company owns 199,535 treasury shares (31 December 2018: 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.

The warrants programme comprised a total of 2,802,560 warrants at 31 December 2019 (2018: 2,400,288). References are made to note 5 in the consolidated financial statements regarding specification of granted and settled warrants in 2019.

Each warrant entitles the holder to subscribe for 1 share at a nominal value of DKK 1 in Unisport Holding ApS. The right to exercise the warrants issued in 2019 is 28 February 2023. The right to excerise the warrants issued I prior years is 2 October 2020.

9 Amounts owed to former owners

DKK'000	2019	2018
Non-current liabilities	58,564	52,289
Current liabilities	0	0
Carrying amount	58,564	52,289
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 2019, the net tax payables from the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 0 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 subsidiaries, Unisport A/S and Unisport France SAS.

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

Notes

11 Related parties (continued)

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 2019 consist of a capital increase by the CEO and issuance of warrants to key personnel, including the CEO, cf. note 5 to the consolidated financial statements. Furthermore, treasury shares has been acquired by the company from a previous share holder, cf. note 8.

12 Distribution of profit/loss

DKK'000	2019	2018
Proposed distribution of profit/loss		
Transferred to retained earnings	-25,702	-27,735

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Christian Hedegaard
Board of director
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Michael Johannes Burk
CEO
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Jess Ørgaard Libak Tropp
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Filip Domagala
Chairman
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