BESTSELLER A/S
Fredskovvej 5
7330 Brande
CVR no. 88 21 65 12

Annual report for 2019/20

Adopted at the annual general meeting on
7 October 2020

Thomas Børglum Jensen
chairman

BESTSELLER

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Statement by management on the annual report

The Supervisory Board and Executive Board have today discussed and approved the annual report of BESTSELLER A/S for the financial year 1 August 2019 - 31 July 2020.

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

In our opinion, the consolidated financial statements and Parent financial statements give a true and fair view of the company and the Group financial position at 31 July 2020 and of the results of the Group and the Parent company operations and cash flows for the financial year 1 August 2019 - 31 July 2020.

In our opinion, Management's review includes a fair review of the matters dealt within the Management's review.

Management recommends that the annual report should be approved by the company at the general meeting.

Aarhus, 7 October 2020

Executive board

Anders Holch Povlsen

Thomas Børglum Jensen

Supervisory board

Merete Bech Povlsen
chairman

Anders Holch Povlsen

Finn Poulsen

Lise Kaae

Troels Holch Povlsen

Independent auditor's report

To the shareholder of BESTSELLER A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BESTSELLER A/S for the financial year 1 August 2019 - 31 July 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies, for both the group and the parent company. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31 July 2020 and of the results of the group and the parent company's operations and cash flows for the financial year 1 August 2019 - 31 July 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Management's responsibilities for the consolidated financial statements and the financial statements

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

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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.

Statement on management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company 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 management's review.

Aarhus, 7 October 2020

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Friis
State Authorised Public Accountant
mne32732

Søren Jensen
State Authorised Public Accountant
mne34132

Company details

The company	BESTSELLER A/S Fredskovvej 5 7330 Brande	
	CVR no.:	88 21 65 12
	Reporting period:	1 August 2019 - 31 July 2020
	Domicile:	Ikast-Brande
Supervisory board	Merete Bech Povlsen, chairman Anders Holch Povlsen Finn Poulsen Lise Kaae Troels Holch Povlsen	
Executive board	Anders Holch Povlsen Thomas Børglum Jensen	
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C	

Group chart

Company	Residence	Ownership
BESTSELLER A/S	**Brande, Denmark**	
9292-1394 Québec Inc.	Montreal, Canada	50%
AHPK GmbH	Hamburg, Germany	51%
24.5.2011 US Corporation	Wilmington, Delaware, USA	100%
- BESTSELLER Wholesale US LLC	Wilmington, Delaware, USA	100%
AM PIECES Retail A/S	Brande, Denmark	51%
BESTSELLER AS	Olso, Norway	100%
BESTSELLER af 24.5.2011 A/S	Brande, Denmark	100%
BESTSELLER Australia PTY Ltd.	Mosman, Australia	100%
BESTSELLER Birlesik Tekstil Ltd.	Istanbul, Turkey	90%
BESTSELLER Commerce B.V.	Amsterdam, Netherlands	100%
- BESTSELLER Handels B.V.	Amsterdam, Netherlands	100%
- BESTSELLER Service B.V.	Amsterdam, Netherlands	100%
- BESTSELLER Commerce Poland Sp. z O.O.	Lozienica, Poland	100%
- BESTSELLER Handels Portugal, Unispessoal LDA	Lisbon, Portugal	100%
BESTSELLER Lease Management A/S	Brande, Denmark	100%
BESTSELLER Italy SpA	Castel San Pietro Terme, Italy	100%
- BESTSELLER Stores Italy SpA	Castel San Pietro Terme, Italy	100%
BESTSELLER Stores Austria GmbH	Wienna, Austria	100%
- BESTSELLER Handels GmbH	Wienna, Austria	100%
BESTSELLER Retail Europe A/S	Brande, Denmark	75%
- BESTSELLER Retail Benelux B.V.	Leusden, Netherlands	100%
- BESTSELLER Retail Sp. z O.O.	Warsaw, Poland	100%
- BRE Ireland Retail Limited	Dublin, Ireland	100%
- ONLY Stores Austria GmbH	Wienna, Austria	100%
- Grønhaug Retail AS *	Bergen, Norway	50%
- ONLY Stores A/S	Brande, Denmark	100%
- ONLY Stores Belgium BVBA	Antwerp, Belgium	100%
- ONLY Stores Denmark A/S	Brande, Denmark	100%
- ONLY Stores Finland OY	Espoo, Finland	100%
- ONLY Stores France SaS	Paris, France	100%
- ONLY Stores Germany GmbH	Viersen, Germany	100%
- ONLY Stores Ireland Ltd.	Dublin, Ireland	100%
- ONLY Stores Holland B.V.	Leusden, Netherlands	100%
- ONLY Stores Luxembourg S.a.r.l.	Luxembourg, Luxembourg	100%
- ONLY Stores Norway AS	Bergen, Norway	100%
- ONLY Stores Spain S.L.	Churriana, Spain	100%
- ONLY Stores Sweden AB	Solna, Sweden	100%
- ONLY Stores Switzerland AG	Glattbrugg, Switerland	100%
- Retail-Fabrikken A/S *	Haderslev, Denmark	50%
BESTSELLER Retail Ireland Limited	Dublin, Ireland	100%
BESTSELLER Retail UK Ltd.	Birmingham, England	100%
BESTSELLER (Schweiz) AG	Glattbrugg, Switerland	100%
BESTSELLER Stores A/S	Brande, Denmark	100%
BESTSELLER Stores Belgium BVBA	Antwerp, Belgium	100%
BESTSELLER Stores Czech Republic s.r.o.	Prague, Czech Republic	100%
BESTSELLER Stores Denmark A/S	Brande, Denmark	100%
BESTSELLER Stores Finland OY	Helsinki, Finland	100%

Group chart - continued

Company	Residence	Ownership
BESTSELLER Stores Luxembourg Sarl	Luxembourg, Luxembourg	100%
BESTSELLER Stores Norway AS	Bergen, Norway	100%
BESTSELLER Stores Poland Sp. z O.O.	Warsaw, Poland	100%
BESTSELLER Stores Sverige AB	Solna, Sweden	100%
BESTSELLER Stores Slovak Republic s.r.o.	Bratislava, Slovakia	100%
BESTSELLER Stores Switzerland AG	Glattbrugg, Switzerland	100%
BESTSELLER Sverige AB	Solna, Sweden	100%
- Hagamagasinet AB	Solna, Sweden	100%
BESTSELLER Textilhandels GmbH	Hamburg, Germany	100%
BESTSELLER United China Ltd.	Kowloon, Hong Kong	100%
BESTSELLER United Italy Srl	Castel San Pietro Terme, Italy	100%
BESTSELLER United Singapore Pte. Ltd.	Singapore, Singapore	100%
- BEST United India Comforts Pvt. Ltd.	Mumbai, India	100%
- ONLY Retail Pvt. Ltd.	Mumbai, India	99%
- SELECTED Retail Private Limited	Mumbai, India	100%
- VERO MODA Retail Pvt. Ltd.	Mumbai, India	100%
BESTSELLER Wholesale A/S	Brande, Denmark	100%
BESTSELLER Wholesale Belgium BVBA	Antwerp, Belgium	100%
BESTSELLER Wholesale Canada Inc.	Montréal, Canada	100%
- BESTSELLER Retail Canada Inc.	Montréal, Canada	100%
BESTSELLER Wholesale OY	Helsinki, Finland	100%
BESTSELLER Wholesale France SaS	Paris, France	100%
- BESTSELLER Stores France SaS	Paris, France	100%
- 9/9 - 49 France Sarl	Paris, France	100%
BESTSELLER Wholesale (Ireland) Ltd.	Dublin, Ireland	100%
BESTSELLER Wholesale Poland Sp. z O.O.	Warsaw, Poland	100%
BESTSELLER Wholesale Spain S.L.U.	Churriana, Spain	100%
- BESTSELLER Stores Spain S.L.U.	Churriana, Spain	100%
- BESTSELLER Tekstil Ltd.	Istanbul, Turkey	90%
- BS Company of 14.12.2014 Sociedad Limitada	Churriana, Spain	100%
- BESTSELLER Textil Whs Uruguay S.A.	Montevideo, Uruguay	100%
- BESTSELLER Latam ZF S.A.	Montevideo, Uruguay	100%
- BESTSELLER Wholesale Chile SpA	Santiago, Chile	100%
- BESTSELLER Wholesale Mexico S.A. C.V.	Ciudad de México, Mexico	100%
- BESTSELLER Textil Mexico S.A. de C.V.	Ciudad de México, Mexico	100%
BESTSELLER Wholesale UK Ltd.	London, England	100%
Best Whs Clothing Greece LLC	Athens, Greece	100%
Bluetide Ltd.	Dubai, United Arab Emirates	100%
BRN Best Retail Norge AS	Namsos, Norway	51%
VILA A/S	Skanderborg, Denmark	100%
- VILA Belgium BVBA	Antwerp, Belgium	100%
- VILA Benelux B.V.	Amstelveen, Netherlands	100%
- VILA Stores B.V.	Amstelveen, Netherlands	100%
- VILA Clothes AG	Glattbrugg, Switzerland	100%
- VILA Clothes Handels GmbH	Wienna, Austria	100%
- VILA Clothes Ltd.	Dublin, Ireland	100%
- VILA Clothes Ltd.	London, United Kingdom	100%
- VILA Finland Oy	Espoo, Finland	100%
- VILA France SaS	Paris, France	100%

Group chart - continued

Company	Residence	Ownership
- VILA Italy S.R.L.	Castel San Pietro Terme, Italy	100%
- VILA Norge AS	Oslo, Norway	100%
- VILA Spain S.L.U.	Torremolinos, Spain	100%
- VILA Stores A/S	Skanderborg, Denmark	100%
- BESTSELLER Stores Germany GmbH	Hamburg, Germany	100%
- VILA GmbH	Hamburg, Germany	100%
- VILA Sweden AB	Solna, Sweden	100%
- VILA Wholesale A/S	Skanderborg, Denmark	100%
Bestseller Stores Netherlands B.V.	Amstelveen, Netherlands	100%
- BESTSELLER Wholesale Benelux B.V.	Amstelveen, Netherlands	100%
- BESTSELLER United NL B.V.	Amstelveen, Netherlands	100%
- BESTSELLER Fashion India Pvt. Ltd.	Mumbai, India	100%
- BESTSELLER Wholesale India Pvt. Ltd.	Mumbai, India	100%
Toast (Mail Order) Limited	London, United Kingdom	100%

* Associated company

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	Group				
	2019/20	**2018/19**	**2017/18**	**2016/17**	**2015/16**
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Revenue	24.133	25.817	24.157	23.402	22.791
Gross margin	11.551	12.756	12.256	11.467	10.825
Gross profit	6.326	8.296	7.879	7.148	6.934
Profit before net financials	988	2.731	2.747	2.494	2.294
Net financials	-212	44	108	12	-260
Profit before tax	776	2.775	2.855	2.505	2.032
Profit for the year	415	2.108	2.107	1.771	1.265
Balance sheet					
Total assets	13.830	15.405	14.215	14.436	16.590
Investment in property, plant and equipment	513	922	1.055	689	802
Equity	5.254	7.071	6.928	7.129	10.768
Financial ratios					
Gross margin ratio	47,9%	49,4%	50,7%	49,0%	47,5%
Operating margin ratio	4,1%	10,6%	11,4%	10,7%	10,1%
Solvency ratio	38,0%	45,9%	48,7%	49,4%	64,9%

For definitions, see accounting policies.

Management's review

Business review

The Company's and the Group's activities are to develop and sell fashion wear. The Company and the Group primarily sell its goods in Europe, India and America.

Business model

BESTSELLER A/S (BESTSELLER) is a fashion company. BESTSELLER markets and sells fashion clothing and accessories for men, women, teens and children. BESTSELLER has offices and warehouses in 24 countries. The products are sold online, in approx. 2,600 chain stores and via approx. 18.000 wholesale customers of which 1.750 have shop-in-shops.

Business review

The group's income statement for the year ended 31 July 2020 shows a profit of TDKK 415.355, and the balance sheet at 31 July 2020 shows equity of TDKK 5.253.968.

The result of the year is negative effected by the changes in market conditions and general lockdown related to Covid-19.

Outlook

The expectations for 2020/21 is to deliver a better result than 2019/20 and close to previous years results. This will require an extraordinary effort, particular considering the continued changes in consumer behavior leading to a new reality for online and retail.

Research and development

The Company's and the Group's collections are being continually developed during the financial year. The Company and the Group does not engage in other development activities apart from the regular development and maintenance of its IT systems.

Particular risks

In Management's assessment, the Company and the Group are not exposed to particular risks apart from those generally occurring in this line of business.

Management's review

BESTSELLER REMAINS COMMITTED TO FASHION FWD

Since the launch of our sustainability strategy Fashion FWD, we have taken important steps in building a foundation that will enable us to address some of the fashion industry's key sustainability challenges. Fashion FWD will launch us towards our North Star – our ultimate ambition – BESTSELLER is **climate positive, fair for all and circular by design.** To illustrate our commitment to these goals – and to underline that collaboration is essential to accelerate sustainable change in our industry – we signed the G7 Fashion Pact in August 2019 to show our support to a series of environmental commitments based on Science-Based Targets. This report will outline BESTSELLER's progress during the financial year of 2019/20 with regards to the three elements of our North Star.

While the ongoing COVID-19 pandemic has had a serious impact on BESTSELLER and the fashion industry in general, it has also reemphasised for us that sustainability is an absolute basic principle for creating a resilient world with thriving businesses. We cannot lose momentum on the progress and the important initiatives we have worked hard for in recent years. As a company with a wide reach, we know we have a large responsibility and sustainability is embedded in our culture.

Turning ambition into action

In 2019/20, BESTSELLER has continued developing roadmaps and setting baselines to build the foundation required to achieve our Fashion FWD goals and continue our advance towards our North Star. We have also taken significant steps in transforming our business processes, product design and material sourcing, so that we can integrate sustainability within our business.

The importance of strong relationships with our partners and suppliers, through which we have grown our common business over the years, have really shown their value during these uncertain times. We are grateful for all these relationships.

Key highlights

- We are well on the way to transforming our cotton sourcing to 100 percent more sustainable cotton. In 2019/20, 81 percent of the cotton we sourced came from more sustainable sources, including 19 percent organic cotton.

- In January 2020, we became a partner of the Organic Cotton Accelerator – the only multi-stakeholder organisation fully dedicated to organic cotton. BESTSELLER has signed agreements with two farm groups in India – totalling 2,000 organic cotton farmers.

- In December 2019, we intensified our long-term collaboration with BSR's HERproject™ by signing a five-year partnership agreement. In total 78,478 women have benefitted from HERproject™ workplace programmes in BESTSELLER's supply chain.

Management's review

CLIMATE POSITIVE

In BESTSELLER, we want to have a positive impact on the planet's climate across our value chain by removing more greenhouse gases than we emit. Our Fashion FWD strategy sets out our policies, programmes and goals with regards to the environment and climate. In particular, we are focused on improving the raw materials we use, reducing our impact on water systems, protecting biodiversity and reducing carbon emissions. In general, BESTSELLER is committed to creating a future for fashion within planetary boundaries.

In 2018, BESTSELLER officially committed to setting goals for the reduction of greenhouse gases through the Science Based Targets initiative (SBTi). Since then, we have been working hard to collect data and create a baseline for our climate goals and action plans. In 2019/20, this has included conducting screening assessments to understand what is material and relevant, as well as peer benchmarking studies. We expect to make our SBT climate goals public during FY 2020/21.

A large proportion of the resources used by the fashion industry is related to the materials used to make textiles and is therefore a risk to our planet due to the environmental impact. From growing raw materials to producing usable fibres and fabrics, our business relies on substantial amounts of energy, water, land and chemicals. Additionally, the fashion industry is contributing to the increasing scarcity of resources and rising level of waste at a global level, which effects our natural world and challenges our business resilience.

Making a material difference

BESTSELLER has a significant opportunity to make an overall positive impact on environment and people by improving the raw materials we use to make our products. This includes investing in the global supply and resilience of organic cotton, increasing our use of innovative and recycled fibres and setting high standards in terms of animal welfare.

With regards to BESTSELLER's sourcing, we have prioritised transitioning to more sustainable cotton due to cotton's position as one of our most important raw materials by volume, and this can be seen in our results so far. We still have some work to do with regards to the integration of recycled polyester. Read about our progress below:

- Fashion FWD goal: By 2022, we will source 100% of our cotton from more sustainable alternatives.
  - 2019/20 status: 81%

- Fashion FWD goal: By 2025, within our 100% more sustainable cotton supply, we will source 30% organic cotton.
  - 2019/20 status: 19%

- Fashion FWD goal: By 2025, we will source 50% of our polyester from recycled polyester or other more sustainable alternatives.
  - 2019/20 status: 6%

Management's review

Collaborating with major sustainable textile initiatives such as Fashion for Good, Textile Exchange (TE) and the Better Cotton Initiative (BCI), we are working with industry peers to increase the availability, and our own sourcing, of fibres and materials produced with a smaller environmental footprint. For example, in January 2020, we proudly partnered with the Organic Cotton Accelerator to create conditions of change to secure the future of organic cotton and from the upcoming harvest we expect to source 1,500 tonnes of organic cotton direct from farmers. In June 2020, we announced that we had partnered with environmental organisation Canopy to eliminate the use of man-made cellulosic (MMC) fibres, paper and packaging sourced from ancient and endangered forests in our supply chain. BESTSELLER has committed that by 2022, 100 percent of our MMC fibres will be sourced responsibly in line with industry best practice, such as the Forest Stewardship Council (FSC).

At BESTSELLER, we have a policy that no animals should be harmed during the manufacturing of our products. We are working with industry experts to support the development and implementation of credible animal welfare standards. BESTSELLER's long-term ambition is to source all our raw materials from responsible sources, and we are committed to driving transparency and traceability in the supply chains of animal derived fibres and materials. In addition, we support the use of recycled animal fibres and more sustainable innovations of non-animal origin that can replace animal-based fibres. BESTSELLER is a fur-free company and does not accept the use of materials derived from endangered species.

All the virgin down used in BESTSELLER products comes from sources certified according to the Responsible Down Standard (RDS). Alternatively, certified recycled down can be used. We have a goal to source all our wool from responsible sources by 2025 – meaning certified to the Responsible Wool Standard (RWS) or equivalent standards, organic wool or recycled wool. We have partnered with The Good Cashmere Standard® by AbTF and will effectively start sourcing cashmere fibres for our products through this source from 2020 onwards.

Improving environmental management in our supply chain

BESTSELLER measures the environmental performance of our suppliers' facilities across seven impact areas: environmental management systems, water use, wastewater, chemical use, waste management, energy use and greenhouse gas emissions. We have set year-on-year targets for our suppliers to work towards and we track and support environmental management improvements across our supply chain.

When choosing our suppliers, we consider the level of risk and sustainability performance, and we drive improvements through incentives. BESTSELLER has committed that by 2025 we will source 75 percent of all our product orders with suppliers performing highly in both environmental and social sustainability. In 2019, we have engaged 227 factories across seven countries in the adoption and utilisation of the Higg FEM (Facility Environmental Module) tool. The average score from our suppliers was 45/100 for 2019 up from 37/100 in 2018.

To help protect water sources and safeguard long-term water use, we have focused on materials that require less water to be produced, and we have worked with our suppliers to encourage more responsible water management and the adoption of advances such as waterless dyeing and energy/water-efficient laundry machineries.

Management's review

In 2019/20, we have undertaken more strategic mapping of water use in our supply chain, so we can set more tangible targets. We have become a member of the Alliance for Water Stewardship (AWS) and we are adopting its standard framework for achieving sustainable water management in a river catchment context. In Pakistan, three of our suppliers in Karachi have been working with AWS to implement the framework and we will share the lessons learnt throughout our supply chain going forward.

We have a strong focus on chemical management to verify that our finished products are meeting our stringent requirements, and to protect workers in the supply chain from hazardous chemicals. Our Restricted Substances List (RSL), Packaging Restricted Substances List (pRSL) and Manufacturing Restricted Substances List (MRSL) catalogue chemicals that are banned and restricted in our final products. Through our Chemical Testing Programme, we regularly utilise certified independent laboratories to ensure full compliance. Our RSL has been developed by our internal chemical specialists, is updated yearly and is fully in-line with all global legislation. We set year-on-year chemical management targets for key suppliers and support their progress towards these goals. As a member of the AFIRM group, we align with the industry on test methods, as well as collaborate on chemical investigations and legislative updates.

In 2020/21, BESTSELLER will integrate a digital chemical inventory tool into our supply chain after a successful pilot. The tool will enable our supply chain partners to easily identify the existence of potentially hazardous chemicals, so they can be phased out. This will increase the transparency of chemical use throughout the supply chain. By 2025, BESTSELLER has committed to having 100 percent approved and traceable chemicals in all our core products.

Transforming energy use in our own operations

As part of Fashion FWD, BESTSELLER has set a goal to reduce our energy consumption in our owned and operated buildings by 30 percent by 2025. In 2019/20, we started to research systems and an efficient way to collect and monitor our energy data.

For our 2021 goal of powering our own and operated buildings globally with 100 percent renewable electricity, we are on track. In August 2020, in collaboration with the Danish company Better Energy, construction began on our own 200-megawatt (MV) capacity solar plant. It will produce the equivalent of BESTSELLER's entire global electricity consumption for owned and operated buildings. The new solar power plant, which is privately funded with no subsidies, has been made possible by BESTSELLER's parent company HEARTLAND.

FAIR FOR ALL

In BESTSELLER, we want everyone working in our value chain to be empowered by jobs that are safe, that protect human rights and provide fair incomes and opportunities for everyone to reach their personal potential. As a large fashion company, we are touching the lives of millions of workers in our supply chain every day and protecting them from human rights abuses is integral to BESTSELLER's values.

To promote the wellbeing of the workers in our supply chain and support national stakeholders in driving the garment and footwear industry forward, we work with our suppliers to provide safe workplaces and fair employment.

Management's review

Due to the historical context and the social and political reality of the countries where our clothes are produced, there are a number of salient risks associated with our supply chain. Overall, there remains a risk of unethical and unsafe working conditions within the global textile supply chain. These issues can lead to instability in production and the abuse of both human and labour rights.

Raising safety standards

At BESTSELLER, we do not own any factories, but collaborate with suppliers and factories to produce our products. All factories must go through a comprehensive onsite social & labour and chemical & environment assessment from one of our local Responsible Sourcing teams – or from a third party appointed by BESTSELLER – to be approved for BESTSELLER production. We developed our factory standards programme to ensure that all applicable human and labour rights are protected for workers in our supply chain, that decent working conditions prevail, and that BESTSELLER's production does not have a negative impact on the environment.

A large part of our production occurs at factories that we have worked with for 20 years or more. These long-term partnerships help our mutual transition to a more sustainable reality. Since the global outbreak of COVID-19, we have maintained an even closer dialogue with our suppliers to assist factories in a challenging time. In particular, we have focused on preventive measures, wage payments and that any dismissals adhered to all legal requirements.

BESTSELLER is committed to embedding occupational health & safety (OHS) within all sourcing processes and it is a central element of our factory standards programme. Following the outbreak of COVID-19, we quickly identified the significant risks it would have on our supply chain. We have been and continue to be in regular dialogue with our suppliers to help them through this difficult time. Our Responsible Sourcing have provided guidance and support on financial support opportunities and preventative health measures to limit the spread of the virus.

To encourage suppliers to invest in OHS, we have been developing a business case that links OHS and productivity in the factories. Having a strong business case helps us and our suppliers to further build internal and external awareness and interest for sustainable supply chain objectives, thus promoting sustainability of the supply chain as a business enabling platform. To further contribute to this process, we have joined various projects conducting research in this area. These projects include the Productivity and Occupational Health Safety project (POSH) designed by the University of Aalborg, in collaboration with Ahsanullah University of Science and Technology (Bangladesh) and funded by the Danish Development Agency (DANIDA) that was successfully completed in 2019.

It is absolutely paramount that workers are safe from fire and electrical risks, and are able to work in safe, structurally sound buildings. We are a signatory to the Bangladesh Accord on Fire and Building Safety (the Accord), which was replaced by the RMG Sustainability Council (RSC) from June 2020. To build on our efforts around fire and building safety, BESTSELLER has joined and become a steering committee member of the Life and Building Safety (LABS) initiative that is facilitated by the Sustainable Trade Initiative (IDH). Working with LABS, we help improve the working conditions of garment workers – especially in India – by addressing risks related to fire and electrical hazards, structural building safety and providing proper safety training for workers.

Management's review

Protecting workers' rights

Constructive social dialogue between employers, workers and their representatives is vital to enabling workers to understand their rights, voice their needs and negotiate improvements. Over the past few years, our approach has focused on developing workplace social dialogue in factories and developing social dialogue at sectoral/industrial level. In BESTSELLER, we believe social dialogue is a prerequisite for progress with regards to key labour rights issues. These include freedom of association, women's empowerment and wage digitalisation.

As part of Fashion FWD, BESTSELLER committed to evaluating and redesigning our Productivity & Social Dialogue programme based on learnings from Myanmar and Bangladesh and further implement improvements for management and workers in partnership with our key suppliers across key sourcing countries by 2021. In 2019/20, we achieved the first part of that goal with the completion of a revamped Productivity & Social Dialogue programme.

In Myanmar, BESTSELLER has also worked together with two other global brands and ACT (Action Collaboration Transformation) to establish a Freedom of Association (FOA) Guideline with local labour unions and suppliers' representatives. The FOA Guideline and our dialogue programme has been crucial in the aftermath of COVID-19 to protect workers from unfair dismissal.

BESTSELLER is a member of ACT – an agreement between global brands, retailers and trade unions to transform the garment, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level that is linked to purchasing practices. BESTSELLER has signed a Memorandum of Understanding with IndustriALL and agreed to respect and deliver on five ACT Purchasing Practices commitments in a progressive manner.

For almost a decade, we have been working with Business for Social Responsibility (BSR) and its local partners on creating an environment that enables women to develop and access resources for continuous personal development. Having become a catalyst member of HERproject™ this year, BESTSELLER intensified its relationship with BSR and formed a five-year strategic partnership.

By the end of 2019/20, we had reached more than 44,574 women in BESTSELLER's supply chain across Bangladesh, Cambodia, China, India, Pakistan and Vietnam. Factoring in HERproject™ programmes supported by other brands, the total number of women that have benefited from HERproject™ workplace programmes in BESTSELLER's supply chain reached 78,478. In response to COVID-19, BESTSELLER collaborated with BSR to repurpose HERhealth materials and resources to compile locally relevant hygiene resources.

Cash payments in the global garment supply chain create significant challenges for both employers and workers. For employers, this includes loss of worker production-time and risk of fraud during transportation. Workers face the threat of theft on payday and a lack of personal financial visibility in order to save or invest money.

Management's review

BESTSELLER joined the BSR / HERproject™ Wage Digitalisation Project in Bangladesh in August 2019 to contribute to finding a solution to these problems, simultaneously taking a step towards achieving one of our Fashion FWD goals: By 2025, we will support all tier 1 factories in implementing digital payment of wages. Initial results have shown that worker production-time lost on payday has fallen by 78 percent, while 12.5 percent of women reported an increased confidence to deal with expected or unexpected expenses and 10 percent stopped giving their salaries to others.

Currently, we are working with BSR on scaling up our efforts in wage digitalisation and supporting our suppliers and workers following the global outbreak of COVID-19, enabling infrastructure for digital solutions and preserving sustainability of the garment industry.

Increasing transparency in our supply chain

We believe in increased transparency to the public and we believe that by opening up our factory list, we can encourage everyone to take steps towards continuous improvements in the supply chain. Twice a year, we publish an updated list of our on-boarded tier 1 garment manufacturing factories.

Transparency enables BESTSELLER to address risks, promote positive change and build further trust with our stakeholders. We will continue to increase our transparency around our supply chain and products, and we have a target to publish our key materials suppliers in 2021. And we are well on the way, as all Chinese material suppliers, who represent the majority, are published through the Institute of Public & Environment Affairs (IPE).

The IPE is a non-profit environmental NGO based in Beijing, which uses transparency to strengthen environmental governance in China. Amongst other tools, the IPE has online maps that display the pollution records of millions of Chinese factories. BESTSELLER has joined the IPE's Green Supply Chain Map, which provides maximum transparency and accountability of our suppliers. BESTSELLER's logo is displayed in connection with our suppliers' facilities, so consumers and investors can stay updated on our supply chain's environmental management.

CIRCULAR BY DESIGN

In BESTSELLER, we want our business model to be based on design principles that prioritise efficiency and the reuse of resources at every level, from fibres to water and chemicals to post-consumer, in order to minimise waste and keep resources in use.

BESTSELLER understands the critical role collaboration will play in achieving systemic change. To help drive this circularity transition, we have pledged to test and implement circular business models in selected key markets with relevant partners by 2025. As a strategic partner of Fashion for Good and the Global Fashion Agenda, we are supporting innovative solutions that can facilitate a circular fashion model. In July 2019, VERO MODA signed up to The Jeans Redesign project developed under the Ellen MacArthur Foundation's Make Fashion Circular initiative and designed three styles of jeans following four specific guidelines: durability, material health, recyclability and traceability. The jeans arrived in stores in July 2020.

Management's review

Reducing plastic use

We have mapped our plastic and packaging footprint to ensure we take action in impactful areas, all the while making quick changes to reduce the use of plastic wherever and whenever possible. For example, we have stopped using plastic shopping bags in our stores and replaced them with bags made from FSC paper, while also working with our customers to reduce the use of bags in general. We are also assisting our suppliers in replacing polybags that protect our garments during transportation with a certified recycled plastic option as part of our Policy for Plastic Packaging.

As a part of Fashion FWD, we have set two goals to reduce our plastic use:

- By 2025, we will phase out single-use virgin plastic wherever possible.
- By 2025, all consumer-facing packaging will be 100 percent reusable, recyclable or compostable.

These goals will also contribute to our commitment to protect the ocean environment as signatory of the G7 Fashion Pact.

Looking ahead, we are committed to finding renewable bio-based alternatives to conventional plastic through BESTSELLER's investment platform Invest FWD, while we are also collaborating with external stakeholders to support high-quality recycling of plastic in our distribution, e-commerce and retail operations.

Advancing Digital Solutions

We want to change the way we work and think, embedding digital solutions throughout our value chain – from our product development processes and all the way through to customer sales solutions to make us more efficient.

In November 2019, we launched our first Digital Showroom in Hamburg, Germany. By digitalising the buying journey for wholesale customers, we can present a collection with just 65 percent of the physical samples we would normally use. In 2020, we plan to roll out improved software and embed remote selling into the digital journey.

OUR PEOPLE

Our colleagues are the BESTSELLER family. The expertise, knowledge and creativity our colleagues provide is paramount to our success as a company. We empower our colleagues through active dialogue and by providing a safe, diverse and inclusive workplace for them. Because as they thrive, we also thrive as a business.

Fostering diversity and inclusiveness

Fairness, opportunities and a sense of responsibility is part of our vision at BESTSELLER. We treat each other as family, which means that we take each other's differences into account, while creating an empowering environment where people can thrive and develop.

Management's review

Our Diversity & Inclusiveness policy is the blueprint we use as we aim to assemble a workforce that is truly representative of all sections of society. We recruit talents based on their personality, skills and experience and irrespective of gender, age, ethnicity, national origin, sexual orientation, disability or religious background. An inclusive workplace and a diverse workforce is vital for our global competitiveness and sustainable transition.

Engaging employees

Employee engagement continues to be a key focus for BESTSELLER. We have been measuring engagement in many parts of our company. In March 2020, we were planning to launch a global framework for our engagement surveys. Due to COVID-19, this had to be postponed, but we will continue the work in 2020/21, where we will launch our first engagement pulse in September 2020. Despite the small setback, we remain on track to reach our Fashion FWD goal.

The surveys will gather feedback from up to 6000 of our colleagues based in locations such as Denmark, Canada, UK, France, the Netherlands, Belgium, Austria, Turkey and Greece to start with. Based on periodic surveys, the new system will capture feedback on what is most important to our colleagues regarding workplace satisfaction, growth opportunities, inclusion, leadership and job content. With plans to roll out to all global offices at BESTSELLER, this centralised feedback gathering system will serve to inform strategic actions that will help improve BESTSELLER's employee engagement and consequently our colleagues' productivity and performance.

Diversifying leadership training

Continuously developing our leaders is important to us because it motivates our colleagues, while also building business resilience. In 2019, BESTSELLER introduced a new initiative to strengthen our succession planning to ensure all managers work according to their specific leadership role and easily transition from one role to another. Our leadership approach is being embedded in the way we attract, recruit, develop and assess leadership in BESTSELLER. During the past year, our HR department – BESTSELLER PEOPLE – has trained 124 managers in Denmark. In 2020, this leadership training programme is being expanded throughout our company to cover more markets and significantly more colleagues.

Protecting employees' health and wellbeing

We provide physical surroundings that make our colleagues feel safe and secure. During COVID-19, we have naturally adapted our policies and behaviour to ensure our colleagues remain comfortable about coming to work. BESTSELLER has closely followed the authorities' COVID-19 guidelines in all our locations around the world, respecting the importance of doing our part to limit the spread of the virus. We are learning each day and adapting to the new reality we face, so we can continue to support our colleagues in realising their full potential.

Preventing corruption and bribery

Due to the global nature of our business, including our supply chain, we are aware that there is a high risk in certain countries where we operate. This risk is more likely in regions where political and social structures are weakened, which reduces transparency.

Management's review

To ensure we conduct business with ethics and integrity, and to protect our company from corrupt practices that we may meet, BESTSELLER has developed a Code of Ethics, which is updated biannually. Our Code of Ethics is a wide-ranging policy, which sets out the proper way to do business in BESTSELLER, including anti-bribery and corruption. All colleagues are to complete our e-learning course on the Code of Ethics to equip them with the knowledge of BESTSELLER's guiding principles on conducting business in an honest manner.

Additionally, we have developed a Code of Ethics for Business Partners, which is also supported by BESTSELLER's Code of Conduct for suppliers. Anti-corruption clauses are included in our contracts with suppliers and business partners, which state that we would stop working with them if an instance of bribery or corruption should occur.

In October 2019, BESTSELLER implemented a whistleblower system that helps to protect our company from unethical and unlawful conduct. At BESTSELLER, we base all relations on trust, respect and honesty. Colleagues are encouraged to speak up if there is anything they are concerned about. The whistleblower system provides colleagues with a channel to report suspicions or knowledge of serious breaches of BESTSELLER's Code of Ethics or violations of laws within certain areas, such as fraud, competition law, human rights and child labour. Reports can be submitted in both Danish and English and can be submitted anonymously.

LOOKING AHEAD

The financial year of 2019/20 was an activity-filled period for BESTSELLER, and not least in terms of our sustainability work. Accelerating the fashion industry's transformation to a sustainable reality remains a big challenge, however, we remain fully committed. We need to adapt to the reality we act in – and act to achieve the reality we wish to be a part of.

Find the full Sustainability Report 2019 on about.bestseller.com

Statutory statement regarding target figures for gender representation in the Board of Directors, cf. section 99b of the Danish Financial Statements Act

BESTSELLER A/S is subject the rules on target figures and policies for the gender composition of management. BESTSELLER A/S continues to be of the opinion that qualifications and experience should be the decisive factor behind any job position.

With this in mind, BESTSELLER intends to comply with the legislation, and hereby inform that the present Supervisory board of BESTSELLER A/S consists of 5 members – two women and three men. Thus there is an equal gender composition in the Supervisory board of BESTSELLER A/S.

At the other management levels, BESTSELLER A/S has an even gender composition at present.

Accounting policies

The annual report of BESTSELLER A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2019/20 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group's and the Parent company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Groups and the Parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial costs. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

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

Fixed assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Accounting policies

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the individual month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to equity.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to equity. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities is taken directly to equity.

Recognition and measurement of business combinations

Newly acquired or newly established subsidiaries are recognised in the consolidated financial statement from the date of acquisition or the date of establishment respectively. When subsidiaries are sold or liquidated, they cease to be recognised in the consolidated financial statement at the time of transfer or time of liquidation and earnings or losses at the time of sale or liquidation are recognised in the profit and loss account. The comparative figures are not adjusted for acquisitions or disposals.

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

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair value at the date of acquisition. Costs for restructuring recognised in the acquired entity before the date of acquisition and not an agreed part of the acquisition is part of the acquisition balance sheet and hence 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 considered.

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. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (badwill), representing an anticipated adverse development in the acquired enterprises is recognised in the income statement at the date of acquisition when the general revenue recognition criteria are met.

If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminary calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognised as error.

Accounting policies

The purchase consideration for an entity 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 purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised in the income statement.

Costs incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Recognition and measurement of intra-group business combinations

The uniting of interests method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided the combination is considered final at the time of acquisition with restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in the equity.

Consolidated financial statements

The consolidated financial statements comprise the Parent company BESTSELLER A/S and subsidiaries in which the Parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the Group chart.

The consolidated annual accounts are prepared as a consolidation of the accounts of the Parent company and the individual subsidiaries. Adjustments are made for intercompany turnover and expenditure, shareholdings, intra-group balances and dividends, as well as unrealized internal income and loss. The accounts used for the consolidation are prepared in accordance with the Group's accounting policies.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Non-controlling interests

The annual accounts of the Group's subsidiaries are included 100% in the consolidated figures. The non-controlling interests proportionate share of the profit and loss as well as the equity in subsidiaries not 100% owned by the Group are included as a part of the Group's profit and loss but are disclosed separately.

On initial recognition, non-controlling interest are measured at the fair value of the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities. Goodwill relating to the non-controlling interests' share of the acquire is thus recognised.

Accounting policies

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made, and risk has passed to the buyer and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Cost of sales

Cost of sales comprises costs incurred in generating the revenue for the year. Cost of sales includes provisions for loss on returned goods.

Other operating income

Other operating income comprises items of a secondary nature relative to the Group's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise costs for distribution, marketing and administration, including office costs, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Development costs

Development costs comprise costs relating to development project that do not qualify for the recognition in the balance sheet. Development costs are expensed in the income statement as other external costs and staff costs.

Profit/loss from investments in subsidiaries and associates

The proportionate share of the profit/loss for the year after tax of subsidiaries is recognised in the Parent company's income statement after full elimination of intra-group profits/losses and amortisation of goodwill. In situations of sales of subsidiaries gains/losses are recognised in the income statement.

The proportionate share of the profit/loss for the year of associates is recognised in both the consolidated and the Parent company's income statement after elimination of the proportionate share of intra-group profits/gains and amortisation of goodwill. In situations of sales of associates gains/losses are recognised in the income statement.

Accounting policies

Financial income and costs

Financial income and costs comprise interest income and costs, realized and unrealized gains and losses on securities, payables and transactions denominated in foreign currencies, dividends received on other investments, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

Tax on profit for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets 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. Interests are not included in the cost. Where individual components of an item of intangible assets have different useful lives, they are accounted for as separate items, which are depreciated separately. Non-current assets are depreciated on a straight-line basis, based on cost and on the following continually estimated useful lives:

Software is amortized according to the straight-line method over the expected useful life of 3 years.

Leasehold rights/key money is amortized according to the straight-line method of the non-terminable lease term. In case such term does not exist, the leasehold right/key money is amortized over 5 to 7 years.

Goodwill is amortised over the estimated useful life between 5-20 years. The estimated useful life is determined by management based on their experience within each area of business. The amortisation period is determined based on to what extent the purchase concerns a strategically acquired company with a strong market position and a long-term profitability and to what extent the goodwill includes temporary intangible resources which has not been able to spin off and recognise as individual assets.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs.

Accounting policies

Property, plant and equipment

Property, plant and equipment 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. Interests are not included in the cost.

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

Non-current assets are depreciated on a straight-line basis, based on cost and on the following continually estimated useful lives:

	Useful life	
Buildings	10-50	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5-10	years

The basis of depreciation is based on the residual value of the asset at the end of its useful life. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Property, plant and equipment are written down to its recoverable amount if this is lower than the carrying amount.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs, respectively.

Non-current investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the Group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the Parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost.

Accounting policies

Other non-current investments

Other non-current assets consist of deposits in leaseholds and securities, measured at cost, which the entity plans on holding until expiry.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation. The impairment test is performed for each individual asset or group of assets. The recoverable amount of the asset is calculated as the value in use or the fair value less disposal costs, whichever is higher.

Where there is indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. If it is not possible to determine the recoverable amount for individual assets, the assets are reviewed jointly in the smallest identifiable group of assets to determine a reliable recoverable amount.

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

Domicile properties and other assets, for which it is not possible to calculate an individual capital value as the asset, in itself, does not generate future cash flows, are subject to a test for indication of impairment together with the group of assets, to which they may be attributed.

Previously recognised impairment losses are reversed when the reason for recognition no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of inventories comprises the purchase price plus delivery costs.

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

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. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Accounting policies

Prepayments

Prepayments recognised under 'Current assets' comprises costs incurred concerning subsequent financial years.

Cash at hand and in bank

Cash at hand and in bank comprise cash at hand and in bank.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries and associates relative to the cost.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions are measured at net realizable value or fair value. If the obligation is expected to be settled far into the future the obligation is measured at fair value. Provisions comprise anticipated costs for losses on returned goods, obligations concerning leases and other contractual liabilities. Provisions are recognised when the Group has a legal or constructive obligation at the balance sheet date and there is a probability of an outflow of resources required to settle the obligation.

Current tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

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

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Accounting policies

Liabilities other than provisions

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

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

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

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

Cash flow statement

The cash flow statement shows the Group's and the Parent company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the Group's and the Parent company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Accounting policies

Cash flows from operating activities

Cash flows from operating activities comprise cash flows presented according to the indirect method and are calculated as the Groups share of the profit/loss for the year adjusted for changes in the working capital, paid corporate taxes and non-cash income statement items such as depreciation, amortisation and impairment losses and provisions made. The working capital comprises current assets less current liabilities – exclusive of the financial statement items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from payments associated with the purchase of sale of companies, activities and financial non-current assets as well as purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment including the acquisition of financially leased assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's and the Parent company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Financial highlights

Definitions of financial ratios.

Gross margin ratio* $\frac{\text{Gross margin x 100}}{\text{Revenue}}$

**) Gross margin = Revenue - cost of sales*

Operating margin ratio $\frac{\text{Profit before net financials x 100}}{\text{Revenue}}$

Solvency ratio $\frac{\text{Equity (at year end) x 100}}{\text{Total assets}}$

Income statement 1 August - 31 July

	Note	Group 2019/20 TDKK	Group 2018/19 TDKK	Parent Company 2019/20 TDKK	Parent Company 2018/19 TDKK
Revenue	1	**24.133.133**	**25.817.348**	**12.979.038**	**14.188.772**
Other operating income		213.927	205.506	201.609	246.694
Cost of sales		-12.582.240	-13.061.812	-10.199.784	-11.037.420
Other external costs		-5.438.457	-4.664.890	-892.926	-809.120
Gross profit		**6.326.363**	**8.296.152**	**2.087.937**	**2.588.926**
Staff costs	2	-4.489.883	-4.765.955	-1.277.524	-1.267.256
Depreciation and amortisation of intangible assets and property, plant and equipment		-848.432	-799.224	-134.891	-257.202
Profit before net financials		**988.048**	**2.730.973**	**675.522**	**1.064.468**
Income from investments in subsidiaries		0	0	31.216	1.233.517
Income from investments in associates		2.130	-369	0	0
Financial income	3	122.341	227.187	81.893	151.984
Financial costs	4	-336.570	-183.060	-212.590	-90.950
Profit before tax		**775.949**	**2.774.731**	**576.041**	**2.359.019**
Tax on profit/loss for the year	5	-360.594	-666.568	-198.998	-330.561
Group profit for the year		**415.355**	**2.108.163**	**377.043**	**2.028.458**
Non-contolling interests' share of net profit of subsidiaries		-38.312	-79.705	0	0
Shareholders of BESTSELLER'S share of net profit		**377.043**	**2.028.458**	**377.043**	**2.028.458**
Distribution of profit	6				

Balance sheet 31 July

	Note	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Assets					
Software		20.816	25.766	0	0
Goodwill		201.895	240.587	0	0
Key money / leasehold rights		52.102	75.842	0	0
Intangible assets	7	**274.813**	**342.195**	**0**	**0**
Land and buildings		2.616.552	2.842.892	2.262.912	2.335.081
Other fixtures and fittings, tools and equipment		444.935	512.979	93.991	117.182
Leasehold improvements		610.825	810.506	18.690	16.397
Property, plant and equipment in progress		54.937	111.579	9.281	51.993
Property, plant and equipment	8	**3.727.249**	**4.277.956**	**2.384.874**	**2.520.653**
Investments in subsidiaries	9	0	0	5.019.910	5.357.897
Investments in associates	10	12.610	11.763	0	0
Securities		446	447	0	0
Deposits		120.392	89.794	1.158	1.126
Fixed asset investments		**133.448**	**102.004**	**5.021.068**	**5.359.023**
Total non-current assets		**4.135.510**	**4.722.155**	**7.405.942**	**7.879.676**
Inventories		3.267.877	3.275.169	2.071.701	1.818.472
Inventories		**3.267.877**	**3.275.169**	**2.071.701**	**1.818.472**
Trade receivables		2.278.169	2.769.710	11.082	29.635
Receivables from group enterprises		471.882	1.889.416	1.926.118	3.643.781
Other receivables		407.627	542.065	0	22.436
Deferred tax asset	13	200.774	99.771	0	0
Corporation tax		85.303	119.357	0	0
Prepayments	11	268.511	321.799	57.671	55.297
Receivables		**3.712.266**	**5.742.118**	**1.994.871**	**3.751.149**
Cash at bank and in hand		**2.714.381**	**1.665.649**	**827.482**	**217.932**
Total current assets		**9.694.524**	**10.682.937**	**4.894.054**	**5.787.552**
Total assets		**13.830.034**	**15.405.092**	**12.299.996**	**13.667.228**

Balance sheet 31 July

	Note	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Equity and liabilities					
Share capital		110.000	110.000	110.000	110.000
Retained earnings		4.769.407	4.578.255	4.769.407	4.578.255
Proposed dividend for the year		0	2.000.000	0	2.000.000
Equity before non-controlling interests		**4.879.407**	**6.688.255**	**4.879.407**	**6.688.255**
Non-controlling interests		374.561	382.294	0	0
Equity	12	**5.253.968**	**7.070.549**	**4.879.407**	**6.688.255**
Deferred tax	13	41.983	9.939	39.210	5.032
Provisions relating to investments in group entities		0	0	641.518	473.513
Other provisions	14	2.022.430	1.377.612	448.999	413.169
Total provisions		**2.064.413**	**1.387.551**	**1.129.727**	**891.714**
Mortgage credit institutions		78.301	163.872	0	0
Total non-current liabilities	15	**78.301**	**163.872**	**0**	**0**

Balance sheet 31 July (continued)

		Group		Parent Company	
	Note	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Equity and liabilities					
Credit institutions		1.602.520	2.344.157	1.602.520	1.989.900
Mortgage credit institutions	15	3.698	6.789	0	0
Trade payables		1.808.489	1.802.619	828.218	843.621
Payables to group enterprises		33.076	168.989	3.174.450	2.485.930
Corporation tax		407.680	475.799	121.480	286.638
Other payables		2.541.827	1.939.240	564.194	481.170
Deferred income	16	36.062	45.527	0	0
Total current liabilities		**6.433.352**	**6.783.120**	**6.290.862**	**6.087.259**
Total liabilities		**6.511.653**	**6.946.992**	**6.290.862**	**6.087.259**
Total equity and liabilities		**13.830.034**	**15.405.092**	**12.299.996**	**13.667.228**

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Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity before non-controlling interests	Non-controlling interests	Total
Equity at 1 August 2019	110.000	4.578.255	2.000.000	6.688.255	382.294	7.070.549
Exchange adjustments	0	-179.358	0	-179.358	-10.066	-189.424
Cash capital increase	0	0	0	0	25.123	25.123
Ordinary dividend paid	0	0	-2.000.000	-2.000.000	0	-2.000.000
Fair value adjustment of hedging instruments	0	-8.376	0	-8.376	0	-8.376
Dividends	0	0	0	0	-61.102	-61.102
Net profit/loss for the year	0	377.043	0	377.043	38.312	415.355
Tax on transactions on equity	0	1.843	0	1.843	0	1.843
Equity at 31 July 2020	**110.000**	**4.769.407**	**0**	**4.879.407**	**374.561**	**5.253.968**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 August 2019	110.000	0	4.578.255	2.000.000	6.688.255
Ordinary dividend paid	0	0	0	-2.000.000	-2.000.000
Exchange adjustment, foreign investments	0	-179.358	0	0	-179.358
Fair value adjustment of hedging instruments	0	0	-8.376	0	-8.376
Net profit/loss for the year	0	31.216	345.827	0	377.043
Tax on transactions on equity	0	0	1.843	0	1.843
Distributed dividends from investments in subsidiaries	0	-834.473	834.473	0	0
Transfer	0	982.615	-982.615	0	0
Equity at 31 July 2020	**110.000**	**0**	**4.769.407**	**0**	**4.879.407**

Cash flow statement 1 August - 31 July

	Note	Group 2019/20 TDKK	Group 2018/19 TDKK	Parent Company 2019/20 TDKK	Parent Company 2018/19 TDKK
Net profit/loss for the year		415.355	2.108.163	377.043	2.028.458
Adjustments	23	1.804.181	1.368.773	290.970	-678.261
Change in working capital	24	1.280.271	-652.819	771.444	346.811
Cash flows from operating activities before financial income and expenses		**3.499.807**	**2.824.117**	**1.439.457**	**1.697.008**
Corporation tax paid		-425.565	-644.977	-288.978	-302.579
Cash flows from operating activities		**3.074.242**	**2.179.140**	**1.150.479**	**1.394.429**
Purchase of intangible assets		-26.764	-98.532	0	0
Purchase of property, plant and equipment		-513.036	-922.041	-51.603	-150.858
Fixed asset investments made etc		0	0	-265.128	-288.186
Sale of property, plant and equipment		216.127	85.619	9.779	18.003
Sale of fixed asset investments etc		3.963	672	0	0
Dividends received from subsidiaries		0	0	834.473	488.344
Dividends received from associates		500	1.264	0	0
Other receivables		-30.598	-14.449	-31	-72
Cash flows from investing activities		**-349.808**	**-947.467**	**527.490**	**67.231**

Cash flow statement 1 August - 31 July (continued)

	Note	Group 2019/20 TDKK	Group 2018/19 TDKK	Parent Company 2019/20 TDKK	Parent Company 2018/19 TDKK
Proceeds of loans from credit institutions		-830.299	1.727.324	-387.380	1.744.198
Changes in receivables/payables to group enterprises		1.286.120	-1.474.363	1.318.962	-1.433.187
Capital contribution from group		0	87.474	0	87.474
Dividend paid		-2.061.102	-1.991.283	-2.000.000	-1.900.000
Cash flows from financing activities		**-1.605.281**	**-1.650.848**	**-1.068.418**	**-1.501.515**
Change in cash and cash equivalents		**1.119.153**	**-419.175**	**609.551**	**-39.855**
Cash at bank and in hand		1.665.650	2.068.906	217.932	257.787
Currency translation adjustment of cash		-70.422	15.918	0	0
Cash and cash equivalents		1.595.228	2.084.824	217.932	257.787
Cash and cash equivalents		**2.714.381**	**1.665.649**	**827.483**	**217.932**
Analysis of cash and cash equivalents:					
Cash at bank and in hand		2.714.381	1.665.649	827.483	217.932
Cash and cash equivalents		**2.714.381**	**1.665.649**	**827.483**	**217.932**

Notes

		Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Revenue	24.133.133	25.817.348	12.979.038	14.188.772
	Total revenue	**24.133.133**	**25.817.348**	**12.979.038**	**14.188.772**
	Denmark	1.669.212	1.572.098	833.007	586.961
	Rest of Europe	20.980.712	22.262.262	12.086.235	13.530.561
	Rest of the world	1.483.209	1.982.988	59.796	71.250
	Total revenue	**24.133.133**	**25.817.348**	**12.979.038**	**14.188.772**

The Company's and the Group's revenue is disclosed by geographical markets. The Company's and the Group's activities consists of one business segment why the revenue is only disclosed by geographical markets. The segment information is consistent with the Company's and the Group's applied accounting policies, risks and internal controlling.

2	**Staff costs**				
	Wages and salaries	3.640.823	3.873.267	1.075.591	1.069.137
	Pensions	214.910	223.330	108.610	103.337
	Other social security costs	433.204	439.769	16.616	17.569
	Other staff costs	200.946	229.589	76.707	77.213
		4.489.883	**4.765.955**	**1.277.524**	**1.267.256**
	Average number of employees	18.607	19.393	2.296	2.270

Executive Board received remuneration of DKK 9.643 thousands (2018/19: DKK 8.765 thousands). The remuneration is dependent on the Group's profit/loss. The Supervisory Board received no remuneration.

3	**Financial income**				
	Financial income, group enterprises	764	856	43.626	38.847
	Other financial income	121.577	226.331	38.267	113.137
		122.341	**227.187**	**81.893**	**151.984**

Notes

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
4 Financial costs				
Financial costs, group enterprises	1	401	8.739	8.374
Other financial costs	336.569	182.659	203.851	82.576
	336.570	**183.060**	**212.590**	**90.950**

5 Tax on profit/loss for the year				
Current tax for the year	440.931	627.238	167.225	319.614
Change in deferred tax for the year	-70.063	1.898	34.178	-31.940
Adjustment of tax concerning previous years	-10.274	37.432	-2.405	42.887
	360.594	**666.568**	**198.998**	**330.561**

6 Distribution of profit				
Proposed dividend for the year	0	2.000.000	0	2.000.000
Reserve for net revaluation under the equity method	0	0	31.216	1.233.517
Retained earnings	377.043	28.458	345.827	-1.205.059
	377.043	**2.028.458**	**377.043**	**2.028.458**

Notes

7 Intangible assets

Group

	Software	Goodwill	Key money / leasehold rights
Cost at 1 August 2019	81.940	599.837	186.762
Exchange adjustment	-2.201	-7.981	-2.945
Net effect from merger and acquisition	0	0	47.611
Additions for the year	4.846	310	21.608
Disposals for the year	-333	-2.922	-8.869
Cost at 31 July 2020	84.252	589.244	244.167
Impairment losses and amortisation at 1 August 2019	56.174	359.250	110.920
Exchange adjustment	-1.102	-6.346	0
Net effect from merger and acquisition	0	0	30.102
Impairment losses for the year	802	0	42.811
Amortisation for the year	7.779	36.063	14.558
Reversal of impairment and amortisation of sold assets	-217	-1.618	-6.326
Impairment losses and amortisation at 31 July 2020	63.436	387.349	192.065
Carrying amount at 31 July 2020	**20.816**	**201.895**	**52.102**

Notes

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 August 2019	3.743.258	2.283.234	2.655.570	111.579
Exchange adjustment	211	-42.753	-40.838	-2.529
Net effect from merger and acquisition	0	0	38.155	0
Additions for the year	16.878	241.458	214.848	39.852
Disposals for the year	-150.488	-111.182	-178.751	-74.141
Transfers for the year	170	5.134	14.520	-19.824
Cost at 31 July 2020	3.610.029	2.375.891	2.703.504	54.937
Impairment losses and depreciation at 1 August 2019	900.366	1.770.254	1.845.064	0
Exchange adjustment	1.337	-27.597	-24.141	0
Impairment losses for the year	0	68.002	222.477	0
Depreciation for the year	99.515	198.245	158.179	0
Net effect from merger and acquisition	0	0	29.705	0
Reversal of impairment and depreciation of sold assets	-7.741	-77.948	-138.605	0
Impairment losses and depreciation at 31 July 2020	993.477	1.930.956	2.092.679	0
Carrying amount at 31 July 2020	**2.616.552**	**444.935**	**610.825**	**54.937**

Notes

8 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 August 2019	3.110.053	506.989	24.098	51.993
Additions for the year	15.655	28.193	7.755	0
Disposals for the year	0	-18.101	0	-42.712
Cost at 31 July 2020	3.125.708	517.081	31.853	9.281
Impairment losses and depreciation at 1 August 2019	774.972	389.807	7.701	0
Depreciation for the year	87.824	41.605	5.462	0
Reversal of impairment and depreciation of sold assets	0	-8.322	0	0
Impairment losses and depreciation at 31 July 2020	862.796	423.090	13.163	0
Carrying amount at 31 July 2020	**2.262.912**	**93.991**	**18.690**	**9.281**

Notes

		Parent Company	
		2020	2019
		TDKK	TDKK
9	**Investments in subsidiaries**		
	Cost at 1 August 2019	8.113.889	7.830.579
	Additions for the year	265.128	288.186
	Disposals for the year	0	-4.876
	Cost at 31 July 2020	8.379.017	8.113.889
	Revaluations at 1 August 2019	-3.284.510	-4.058.164
	Disposals for the year	0	4.876
	Exchange adjustment	-179.358	45.993
	Net profit/loss for the year	31.216	1.233.517
	Received dividend	-834.473	-488.344
	Other equity movements, net	0	-22.388
	Equity investments with negative net asset value amortised over receivables and provisions	908.018	528.518
	Revaluations at 31 July 2020	-3.359.107	-2.755.992
	Carrying amount at 31 July 2020	**5.019.910**	**5.357.897**
	Remaining positive difference included in the above carrying amount at 31 July 2020	99.007	

Notes

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
10 Investments in associates				
Cost at 1 August 2019	27.211	27.211	0	0
Cost at 31 July 2020	27.211	27.211	0	0
Revaluations at 1 August 2019	-15.448	-13.701	0	0
Exchange adjustment	-783	-114	0	0
Net profit/loss for the year	2.130	-369	0	0
Received dividend	-500	-1.264	0	0
Revaluations at 31 July 2020	-14.601	-15.448	0	0
Carrying amount at 31 July 2020	**12.610**	**11.763**	**0**	**0**

Ownership in associates, see group chart pages 6 - 8.

11 Prepayments

Prepayments comprise prepaid costs regarding rent, insurance premiums, subscriptions and interest.

12 Equity

The share capital consists of 220.000 shares of a nominal value of TDKK 500. No shares carry any special rights.

Notes

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
13 Deferred tax				
Deferred tax at 1 August 2019	-89.832	-91.466	5.032	36.972
Exchange adjustments	-739	-10	0	0
Adjustment of deferred tax for the year	-70.063	1.898	34.178	-31.940
Other movements on deferred tax	1.843	-254	0	0
Deferred tax at 31 July 2020	**-158.791**	**-89.832**	**39.210**	**5.032**
Deferred tax liabilities	41.983	9.939	39.210	5.032
	41.983	**9.939**	**39.210**	**5.032**
Deferred tax asset				
Calculated tax asset	200.774	99.771	0	0
Carrying amount	**200.774**	**99.771**	**0**	**0**
14 Other provisions				
Balance at beginning of year at 1 August 2019	1.377.612	1.407.898	413.169	380.579
Exchange adjustment	-11.822	849	0	0
Provision in year	899.054	276.373	41.000	66.300
Applied in the year	-242.414	-307.508	-5.170	-33.710
Balance at 31 July 2020	**2.022.430**	**1.377.612**	**448.999**	**413.169**
The expected due dates of other provisions are:				
Within one year	869.125	677.033	446.999	411.169
Between 1 and 5 years	909.539	692.318	2.000	2.000
Over 5 years	243.766	8.261	0	0
	2.022.430	**1.377.612**	**448.999**	**413.169**

Other provisions primarily compromise pending disputes, lease liabilities and other liabilities, etc.

Notes

15 Long term debt

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Mortgage credit institutions				
After 5 years	64.753	137.410	0	0
Between 1 and 5 years	13.548	26.462	0	0
Non-current portion	78.301	163.872	0	0
Within 1 year	3.698	6.789	0	0
Current portion	3.698	6.789	0	0
	81.999	**170.661**	**0**	**0**

16 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

17 Events after the balance sheet date

No events materially affecting the financial position have occurred after the balance sheet date.

18 Rent and lease liabilities

Operating lease liabilities. Total future lease payments:				
Within 1 year	1.551.993	1.808.022	31.623	20.140
Between 1 and 5 years	3.203.273	3.884.368	31.895	45.117
After 5 years	696.007	1.106.979	0	0
	5.451.273	**6.799.369**	**63.518**	**65.257**

Notes

19 Contingent liabilities

Guarantee commitments
The Parent and the Group company has issued guarantee commitments for DKK 7.522 thousands and DKK 334.535 thousands respectively.

Other contingent liabilities

The Parent and the Group company has other obligations amounting to a total of DKK 0 thousands and DKK 12.075 thousands respectively.

The Parent company and the Group are parties to a number of pending disputes that are not deemed to have any material effect on coming financial years.

The Group has provided collateral for mortgage debt and bank debt totalling DKK 82m (2018/19: DKK 170,6m) which is secured by land and buildings, with a carrying amount of DKK 135,8m (2018/19: DKK 284,2m)

The Parent company has issued letters of support for subsidiaries. Furthermore the Parent company has issued a guarantee of payment for the liabilities of a number of subsidiaries totalling DKK 235m pr. 31 July 2020.

Contingent liabilities vis-à-vis the Parent company and group enterprises

The Company participates in a joint Danish taxation arrangement with HEARTLAND A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore secondarily liable for income taxes etc for the jointly taxed entities as well as to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Financial instruments

Expected future transactions

BESTSELLER A/S seeks to reduce foreign currency risks by hedging currency exposure on purchase of goods. At 31 July 2020, BESTSELLER A/S has entered into foreign exchange forward contracts relating to future transactions in foreign currency of USD 87,1m and CNY 234m. At 31 July 2020, the value of the contracts is DKK -35,6m before tax, which is recognised in the income and in the equity statements.

Notes

21 Related parties and ownership structure

Controlling interest

BESTSELLER United A/S, Fredskovvej 5, 7330 Brande (Majority owner)

Transactions

Parent company
Sale of goods to subsidiaries - DKK 12.739.736 thousands
Sale of services to subsidiaries - DKK 236.730 thousands
Sale of goods to other related parties - DKK 15 thousands
Sale of services to other related parties - DKK 7.274 thousands

Purchase of services from subsidiaries - DKK 421.853 thousands
Purchase of services from other related parties - DKK 156.667 thousands

Interest income from subsidiaries - DKK 42.862 thousands
Interest income from other related parties - DKK 764 thousands
Interest costs to subsidiaries - DKK 8.739 thousands
Interest costs to other related parties - DKK 0 thousands
Capital contribution - DKK 246.390 thousands
Paid dividend - DKK 2.000.000 thousands
Dividend recieved - DKK 834.473 thousands
Purchase of intergroup companies - DKK 18.738 thousands

Receivables from group companies - DKK 1.478.385 thousands
Payables to group enterprises - DKK -3.164.498 thousands
Receivables from other related parties - DKK 447.733 thousands
Payables to other related parties - DKK -9.952 thousands

Consolidated
Sale of goods to related parties - DKK 93.039 thousands
Sale of services to related parties - DKK 7.366 thousands
Purchase of goods from related parties - DKK 13.140 thousands
Purchase of services from related parties - DKK 338.922 thousands

Interest income from related parties - DKK 764 thousands
Interest costs to related parties - DKK 1 thousands
Paid dividend - DKK 2.000.000 thousands
Purchase of intergroup companies - DKK 68.290 thousands
Sale of assets to other related parties - DKK 135.000 thousands

Receivables from related parties - DKK 471.882 thousands
Payables to related parties - DKK -33.076 thousands

Besides distribution of dividend, no other transactions were carried through with shareholders in the year.
Remuneration/fees to members of the Executive Board are reflected in note 2.

Notes

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
22 Fee to auditors appointed at the general meeting				
EY:				
Fees regarding statutory audit	4.516	5.128	855	1.225
Other assurance engagements	945	1.048	0	0
Tax advisory services	958	1.389	56	279
Other assistance	634	1.223	200	430
	7.053	**8.788**	**1.111**	**1.934**
23 Cash flow statement - adjustments				
Depreciation, amortisation and impairment losses	848.432	799.224	134.891	257.202
Income from investments in subsidiaries	0	0	-31.216	-1.233.517
Income from investments in associates	-2.130	369	0	0
Tax on profit/loss for the year	360.594	666.568	198.998	330.561
Change in other provisions	603.818	-96.486	-5.170	-33.610
Exchange adjustment	-6.533	-902	-6.533	902
Other adjustments	0	0	0	201
	1.804.181	**1.368.773**	**290.970**	**-678.261**
24 Cash flow statement - change in working capital				
Change in stocks	7.293	-39.042	-253.230	167.457
Change in receivables	714.250	-519.006	185.941	-329.131
Change in trade payables, etc.	558.728	-94.771	838.733	508.485
	1.280.271	**-652.819**	**771.444**	**346.811**