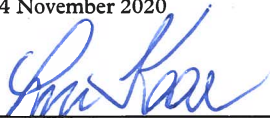


HEARTLAND A/S  
Inge Lehmanns Gade 2  
8000 Aarhus C  
CVR no. 28 50 23 70

# Annual report for 2019/20

Adopted at the annual general meeting on  
24 November 2020.



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Lise Kaae  
chairman

HEARTLAND

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**Statement by management on the annual report**

The board of directors and executive board have today discussed and approved the annual report of HEARTLAND 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 company operations and consolidated 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 with in the management's review.

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

Aarhus, 24 November 2020

**Executive board**  
Lise Kaae**Board of directors**  
Anders Holch Povlsen  
chairman  
Merete Bech Povlsen  
Anne Kirstine Storm Holch Povlsen  
Troels Holch Povlsen

## **Independent auditor's report**

### ***To the shareholder of HEARTLAND AIS***

#### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of HEARTLAND A/S for the financial year 1 August 2019 - 31 July 2020, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. 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 consolidated 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.
- 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.

## Independent auditor's report

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.

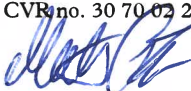
In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company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

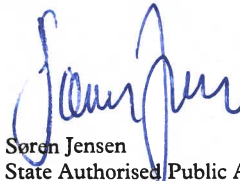
Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

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, 24 November 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**

HEARTLAND A/S  
Inge Lehmanns Gade 2  
8000 Aarhus C

CVR no.: 28 50 23 70

Reporting period: 1 August 2019 - 31 July 2020

Domicile: Aarhus

**Board of directors**

Anders Holch Povlsen, chairman  
Merete Bech Povlsen  
Anne Kirstine Storm Holch Povlsen  
Troels Holch Povlsen

**Executive board**

Lise Kaae

**Auditors**

EY Godkendt Revisionspartnerselskab  
Værkmestergade 25  
8000 Aarhus C

**Group chart**

<b>Company</b>	<b>Residence</b>	<b>Ownership</b>
<b>HEARTLAND A/S</b>	<b>Aarhus, Denmark</b>	
BESTSELLER UNITED A/S	Aarhus, Denmark	100%
- BESTSELLER A/S	Brande, Denmark	100%
- 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	Oslo, 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	100%
- 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	Vienna, Austria	100%
- BESTSELLER Handels GmbH	Vienna, 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	Vienna, 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, United Kingdom	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, United Kingdom	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	Vienna, 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%
- United Capital 2009 A/S	Brande, Denmark	100%
- Aktieselskabet af 5.6.2014	Aarhus, Denmark	100%
- MandM Direct Limited	London, United Kingdom	98%
- MandM Direct Limited Eire	Cork, Ireland	100%
- Aktieselskabet af 5.5.2010	Aarhus, Denmark	100%
- Aktieselskabet af 5.8.2013	Aarhus, Denmark	100%
- ASOS PLC*	London, United Kingdom	25%
- Aktieselskabet af 14.10.2012	Aarhus, Denmark	100%
- Stylepit A/S	Copenhagen, Denmark	100%
- Stylepit.com A/S	Copenhagen, Denmark	100%
- Stylepit AS	Oslo, Norway	100%
- Stylepit Poland Sp. z O.O.	Lozianica, Poland	100%
- Aktieselskabet af 1.2.2017	Aarhus, Denmark	100%
- Zalando SE*	Berlin, Germany	10%
- Bianco Footwear A/S	Lunderskov, Denmark	100%
- Bianco Danmark A/S	Lunderskov, Denmark	100%
- Bianco Footwear Germany GmbH	Hamburg, Germany	100%
- Bianco Vermietungs GmbH	Hamburg, Germany	100%
- Bianco Retail GmbH	Hamburg, Germany	100%
- Bianco Footwear Retail GmbH – under liquidation	Hamburg, Germany	100%
- Bianco Norge AS	Oslo, Norway	100%
- Bianco Footwear Sweden AB	Göteborg, Sweden	100%
- Ca'shott A/S	Lunderskov, Denmark	100%
- Ca'shott Concept Stores A/S	Lunderskov, Denmark	100%
- Miinto Holding ApS	Copenhagen, Denmark	60%
- Miinto ApS	Copenhagen, Denmark	100%
- Miinto Host ApS	Copenhagen, Denmark	100%
- Meinto Benelux B.V.	Amsterdam, Netherlands	100%
- Miinto Switzerland AG	Glattbrugg, Switzerland	100%
- Miinto AB	Stockholm, Sweden	100%
- Miinto.no AS	Oslo, Norway	100%
- Miinto Tech PL. Sp. z o.o.	Warszawa, Poland	100%
- Miinto.pl Sp.Z.o.o	Warszawa, Poland	100%
- Miinto BE BVBA	Brasschaat, Belgium	100%
- Showroom SP. z o.o.	Warszawa, Poland	100%

## Group chart - continued

Company	Residence	Ownership
- Invest FWD A/S	Aarhus, Denmark	100%
- pond Textile A/S*	Aarhus, Denmark	50%
- Braveheart International Ltd.	London, United Kingdom	100%
Aktieselskabet af 21. november 2001	Brande, Denmark	100%
Foreseen Fashion A/S	Brande, Denmark	100%
BESTSELLER Legal A/S	Aarhus, Denmark	100%
Aktieselskabet III af 26.11.2018	Aarhus, Denmark	100%
- Aktieselskabet I af 26.11.2018	Aarhus, Denmark	100%
- Aktieselskabet II af 26.11.2018	Aarhus, Denmark	100%
- Anpartsselskabet IV af 26.11.2018	Aarhus, Denmark	100%
Aktieselskabet af 1.1.2019	Aarhus, Denmark	50%
- Constantinsborg A/S	Aarhus, Denmark	100%
- &Aplace A/S	Aarhus, Denmark	100%
- Donau Agro ApS*	Aabybro, Denmark	45%
- Aktieselskabet af 24.5.2019	Aarhus, Denmark	100%
BRIGHTFOLK A/S	Aarhus, Denmark	100%
- Aktieselskabet af 9.1.2014	Aarhus, Denmark	100%
- Intervare A/S	Brøndby, Denmark	71%
- Nemlig.com A/S	Brøndby, Denmark	100%
- Aktieselskabet af 17.9.2014	Aarhus, Denmark	100%
- Aktieselskabet af 1.12.2016	Aarhus, Denmark	68%
- Normal A/S	Skanderborg, Denmark	100%
- Mjølglas Holding AB	Stockholm, Sweden	100%
- Normal Sweden AB	Stockholm, Sweden	100%
- Normal France Holding SaS	Paris, France	100%
- Normal France SaS	Paris, France	100%
- Coport Holding B.V.	Amsterdam, Netherlands	100%
- Normal Netherlands B.V.	Amsterdam, Netherlands	75%
- Normal Norge AS	Kristiansand, Norway	100%
- Ejendomsselskabet Godthåbsvej 41 A/S	Skanderborg, Denmark	100%
- Brightfolk Limited	London, United Kingdom	100%
- African Leadership University (Mauritius) Ltd.*	Ebene, Mauritius	19%
- Hypezone ApS	Aarhus, Denmark	100%
- Anpartsselskabet af 2.6.2018	Aarhus, Denmark	100%
- UBSend A/S	Aarhus, Denmark	86%
- UBSend B.V.	Amsterdam, Netherlands	100%
- UBSend GmbH	Berlin, Germany	100%
- Coureon Growth UG	Berlin, Germany	100%
- UBSend Limited	London, United Kingdom	100%
- WineFamly ApS*	Holstebro, Denmark	26%
- Founders A/S*	Copenhagen, Denmark	33%
- &Tradition A/S*	Copenhagen, Denmark	25%
- Anpartsselskabet af 23.4.2020	Copenhagen, Denmark	100%
- Neocles B.V.*	Amsterdam, Netherlands	50%
- Aktieselskabet af 10.6.2014	Aarhus, Denmark	100%
- Whiteaway Group A/S*	Aarhus, Denmark	52%
- Ambiente Direct GmbH*	München, Germany	50%
- Aktieselskabet af 26. januar 2017	Aarhus, Denmark	50%
- Aktieselskabet af 28. juni 2016	Copenhagen, Denmark	50%

## Group chart - continued

Company	Residence	Ownership
- Julie Sandlau A/S	Copenhagen, Denmark	100%
- Julie Sandlau China ApS	Copenhagen, Denmark	100%
- Julie Sandlau Norge AS	Copenhagen, Denmark	100%
- Julie Sandlau Vietnam Co. Ltd.	Hanoi, Vietnam	100%
- Aktieselskabet af 1.3.2017	Aarhus, Denmark	100%
- NUMIS Corporation PLC*	London, United Kingdom	23%
- Aktieselskabet af 2.7.2018	Aarhus, Denmark	100%
- Aktieselskabet af 12.6.2018	Aarhus, Denmark	100%
- About You Holding GmbH*	Hamburg, Germany	28%
- Lix Technologies ApS	Aarhus, Denmark	86%
- Plandisc Group ApS*	Aarhus, Denmark	28%
- Aktieselskabet af 20.3.2020	Aarhus, Denmark	100%
- Klarna Holding AB*	Stockholm, Sweden	11%
- Investo Capital I K/S*	Aalborg, Denmark	50%
- Varley International Holdings Limited*	London, United Kingdom	20%
Aktieselskabet af 19.11.2018	Aarhus, Denmark	100%
- Anpartsselskabet af 1. april 2010	Aarhus, Denmark	52%
- Anpartsselskabet af 1.12.2018	Aarhus, Denmark	51%
- Anpartsselskabet af 10.12.2018	Aarhus, Denmark	51%
Aktieselskabet af 1.8.1996	Aarhus, Denmark	100%
- 1 August 1996 AG	Schaffhausen, Switzerland	100%
- Cheer Long Ltd.	Hong Kong, Hong Kong	100%
- J. Lindeberg Holding (Singapore) Pte. Ltd.*	Singapore, Singapore	50%
- 1 August 1996 Ltd.	Hong Kong, Hong Kong	100%
- BESTSELLER Fashion Group China Limited*	Hong Kong, Hong Kong	50%
- 31 July 2012 Limited	Hong Kong, Hong Kong	100%
- AAA United BV	Amstelveen, Netherlands	100%
- Ashwell Holding Company Pvt. Ltd.	Mumbai, India	99%
- Bombay Rayon Fashions Limited.*	Mumbai, India	24%
Aktieselskabet af 16.11.2005	Aarhus, Denmark	100%
- Romfor Sustainable Forestry S.R.L.	Brasov, Romania	100%
- S.C. Wildland S.R.L.	Brasov, Romania	100%
- Studio 6A A/S	Aarhus, Denmark	100%
- Wildland Limited	Aviemore, United Kingdom	100%
- Aldourie Castle Limited	Inverness, United Kingdom	100%
- Ben Loyal Limited	Inverness, United Kingdom	100%
- Braeroy Limited	Dundee, United Kingdom	100%
- Braesgill Ltd.	Inverness, United Kingdom	100%
- Glenfeshie Limited	Dundee, United Kingdom	100%
- Kinloch (Sutherland) Limited	Inverness, United Kingdom	100%
- Lynaberack Limited	Inverness, United Kingdom	100%
- Strathmore (Sutherland) Limited	Inverness, United Kingdom	100%
- Gaick Limited	Inverness, United Kingdom	100%
- Eighton Investments Unlimited Company	Dublin, Ireland	100%
- Eriboll (Sutherland) Limited	Aviemore, United Kingdom	100%
- Wildland Ventures Limited	Inverness, United Kingdom	100%
- North Coast 500 Limited*	Inverness, United Kingdom	52%
- Kinrara House Limited	Aviemore, United Kingdom	100%
- WILD Ltd.	Aviemore, United Kingdom	100%

**Group chart - continued**

<b>Company</b>	<b>Residence</b>	<b>Ownership</b>
- Wildland International Limited	Aviemore, United Kingdom	100%
- Grumeti Community and Conservation LLC*	Wilmington, USA	25%
- Rwanda Holdings LLC*	Wilmington, USA	25%
Anpartsselskabet af 19.9.2006	Aarhus, Denmark	100%
- BlackBird Air Charter A/S	Billund, Denmark	90%
- BlackBird Air A/S	Billund, Denmark	100%
- BlackBird Crew ApS	Billund, Denmark	100%
- BlackBird Maintenance ApS	Billund, Denmark	100%
AAA United A/S	Aarhus, Denmark	100%
- Aplace A/S	Aarhus, Denmark	100%
- BYLIV ApS	Aarhus, Denmark	100%
- Ejendomsselskabet Søminedepotet ApS	Aarhus, Denmark	100%
- Masteskurene A/S	Aarhus, Denmark	100%
- ISIB Ejendomsselskab A/S	Brande, Denmark	45%
- Anpartsselskabet Bassin 7, Aarhus Ø	Aarhus, Denmark	51%
- Bassin 7 Bolig ApS	Aarhus, Denmark	100%
- Bassin 7 Erhverv ApS	Aarhus, Denmark	100%
- &Aplace Limited	London, United Kingdom	100%
- 25-26 Dering Street Property Limited	London, United Kingdom	100%
- AAA Verge Apartments Limited	London, United Kingdom	100%
- Hanover & Oxford Property Limited	London, United Kingdom	100%
- Hanover House Limited	London, United Kingdom	100%
- 07.02.2018 Limited	London, United Kingdom	100%
- 10.05.2018 Limited	London, United Kingdom	100%
- 15.08.2017 Limited	Edinburgh, United Kingdom	100%
- Swan Walk (Property) 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:

	<b>Group</b>				
	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>
	MDKK	MDKK	MDKK	MDKK	MDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	32.344	32.428	29.143	26.046	24.745
Gross margin	14.680	15.366	14.232	12.639	11.813
Gross profit	8.092	9.724	8.949	7.703	7.206
Profit/loss before net financials	620	2.357	2.354	2.095	2.017
Net financials	-207	-589	921	521	-221
Profit before tax	413	1.768	3.275	2.616	2.865
Profit for the year	45	1.167	2.536	1.877	2.103
<b>Balance sheet</b>					
Balance sheet total	46.419	45.580	41.725	36.506	32.957
Investment in property, plant and equipment	1.597	2.202	2.998	1.262	2.892
Equity	25.249	26.076	24.429	22.605	21.523
<b>Financial ratios</b>					
Gross margin ratio	45,4%	47,4%	48,8%	48,5%	47,7%
Operating margin ratio	1,9%	7,3%	8,1%	8,0%	8,2%
Solvency ratio	54,4%	57,2%	58,5%	61,9%	65,3%

For definitions, see accounting policies.

## Management's review

### Business activities

HEARTLAND A/S is a holding and investment company. We invest in areas such as fashion, retail and technology, sustainability and business innovation, renewables, nature conservation, education and property.

### Financial review

The group's income statement for the year ended 31 July 2020 shows a profit of DKK 0,1 billion, and the balance sheet at 31 July 2020 shows equity of DKK 25,2 billion.

The result for the year is below expectations and is negatively impacted by the changes in market conditions and general lock-down related to Covid-19 from some investments.

### Outlook

The expectations for 2020/21 is to deliver a better result than 2019/20 closer to previous years' results.

### 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.

### Statutory report on Corporate Social Responsibility, cf. section 99a in the Danish Financial Statements Act.

#### Business model

HEARTLAND strives to invest in companies that will create long-term profitability, while providing value to society. We believe that we will generate more valuable investment in the long-term by being an investor that seeks to integrate sustainability within the investment process, as well as in the investments where we execute active ownership.

Our core business is fashion and our family business BESTSELLER A/S (BESTSELLER) account for 74 % of the total consolidated revenue.

#### Policy

In HEARTLAND, we respect the people we work with, the environment we live in and the society we are part of. We consider it important that our business activities and investments make a positive contribution to the world around us. Our greatest risk of having a negative impact on human rights, social and labour conditions, environmental and climate aspects, as well as anti-corruption and business ethics, is through our investments.

Our focus on sustainability in our investments and in the investment-process is based on the general principles with regards to environment and climate, human rights, employees, anti-corruption and ethics.

We continuously strive to develop our policies and processes on how we act responsibly as a holding and investment company.

## **Management's review**

To prevent and address unlawful or unethical conduct related to our organisation, HEARTLAND has implemented a channel where colleagues can report suspicions or knowledge of serious breaches of – among other things – ethical standards, issues regarding financial crimes, threat to the environment, health and safety, protection of personal data, workplace harassment, discrimination and violations of human rights.

### **Environment and climate**

We work to promote the protection of the environment and we expect our business activities and the companies we invest in to do the same.

In this financial year, in collaboration with the Danish company Better Energy and BESTSELLER, the project to construct our own 200-megawatt capacity solar power plant began. The new solar power plant is privately funded with no subsidies. It will produce the equivalent of BESTSELLER's entire global electricity consumption for owned and operated buildings and our subsidiaries NORMAL and NEMLIG.COM will be part of the solar power plant project as well. The plant is expected to be fully operational in 2021.

### **Human rights**

In HEARTLAND, we respect human rights as stated in key UN conventions such as the International Bill of Human Rights, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations' Guiding Principles on Business and Human Rights (UNGPs). It is essential to us that our business activities, and the companies we invest in, do the same and do not cause or contribute to adverse impacts on human rights.

### **Employees**

We, and the companies we invest in, must act as a responsible employer, providing proper terms of employment and appropriate health and safety standards.

### **Anti-corruption and ethics**

We do not accept any form of corruption or bribery and expect that our subsidiaries work against corruption in all its forms, including bribery and facilitation payments.

### **Summary and highlights**

HEARTLAND wishes to support and promote responsible and sustainable business and continuously evaluate the activities of our business and our subsidiaries. Therefore, we have an ongoing dialogue with our subsidiaries concerning business and sustainability.

During the financial year 2019/2020, we held several meetings with selected companies where we discussed status, progress, goals and ambitions within the following areas: Environment and Climate, Human Rights, Employees, Anti-corruption and Ethics. The ongoing dialogue with our subsidiaries gives us valuable insight and overview of each company's sustainability work. In FY 2020/2021, HEARTLAND will continue this evaluation process with selected subsidiaries based on an impact assessment and analysis of materiality.

Below are some Corporate Social Responsibility highlights for the financial year 2019/2020 from three of HEARTLAND's larger subsidiaries; BESTSELLER, NORMAL and NEMLIG.COM.



## Management's review

### **BESTSELLER**

#### **Business model**

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. BESTSELLER owns no factories but are working with suppliers and factories in primarily Asia and Europe.

BESTSELLER remains committed to the sustainability strategy Fashion FWD. In FY 2019/20, BESTSELLER has taken important steps in building a foundation that will enable it to address some of the fashion industry's key sustainability challenges and reach its ultimate ambition – a BESTSELLER that is climate positive, fair for all and circular by design.

#### **Environment and Climate**

BESTSELLER wants to have a positive impact on the planet's climate across the value chain by removing more greenhouse gases than it emits. The Fashion FWD strategy sets out the company's policies, programmes and goals with regards to the environment and climate. In particular, BESTSELLER is focused on improving the raw materials it uses, reducing its impact on water systems, protecting biodiversity and reducing carbon emissions.

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, BESTSELLER relies on substantial amounts of energy, water, land and chemicals. By improving the raw materials and focusing on more sustainable materials, BESTSELLER strives to make an overall positive impact on the environment. For instance, BESTSELLER set a goal that by 2022 they will source 100 percent of their cotton from more sustainable alternatives. 2019/20 status is 81 percent. By 2025, within their 100 percent more sustainable cotton supply, BESTSELLER will source 30 percent organic cotton. 2019/20 status is 19 percent. By 2025, BESTSELLER will source 50 percent of its polyester from recycled polyester or other more sustainable alternatives. 2019/20 status is 6 percent.

BESTSELLER is also focused on circularity by design and, together with external stakeholders, works on designing styles that are developed following specific guidelines: durability, material health, recyclability and traceability. The first styles arrived in stores in July 2020. BESTSELLER has also mapped its plastic and packaging footprint and stopped using plastic shopping bags in stores. The plastic bags have been replaced with bags made from FSC paper, while BESTSELLER has also worked with its customers to reduce the use of bags in general. As a part of Fashion FWD, BESTSELLER has set goals to reduce plastic use. One goal is that by 2025 all consumer-facing packaging will be 100 percent reusable, recyclable or compostable. BESTSELLER is also committed to finding renewable bio-based alternatives to conventional plastic through its investment platform Invest FWD.

To improve the environmental management in its supply chain, BESTSELLER continued in FY 2019/2020 to measure the environmental performance of its suppliers' facilities across seven impact areas: environmental management systems, water use, wastewater, chemical use, waste management, energy use and greenhouse gas emissions. BESTSELLER has committed that by 2025 it will source 75 percent of all product orders with suppliers performing highly in both environmental and social sustainability.

## **Management's review**

### **Employees**

The expertise, knowledge and creativity that BESTSELLER's colleagues provide is paramount to the company's success. BESTSELLER wants to empower its colleagues through active dialogue and by providing a safe, diverse and inclusive workplace. Because as they thrive, BESTSELLER also thrives as a business. BESTSELLER has a strong focus on fostering a diverse and inclusive workforce, engaging employees, developing and training leaders and protecting employees' health and wellbeing.

Through BESTSELLER's Diversity & Inclusiveness policy, the company aims to assemble a workforce that is truly representative of all sections of society. Talents are recruited based on their personality, skills and experience and irrespective of gender, age, ethnicity, national origin, sexual orientation, disability or religious background.

To achieve one of its Fashion FWD goals, BESTSELLER was set to launch its first engagement pulse survey in March 2020 but, due to COVID-19, it was postponed until FY 2020/21. Based on periodic surveys, the new system will capture feedback on what is most important to colleagues around the world regarding workplace satisfaction, growth opportunities, inclusion, leadership and job content.

BESTSELLER's leadership approach is being embedded in the way the company attracts, recruits, develops and assesses leadership. During the past year, the HR department – BESTSELLER PEOPLE – has trained 124 managers in Denmark. In 2020, this leadership training programme is being expanded throughout the company to cover more markets and significantly more colleagues.

### **Human rights and supply chain**

Due to the historical context and the social and political reality of the countries where BESTSELLER's clothes are produced, there are a number of salient risks associated with the 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.

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

BESTSELLER believes that social dialogue between employers, workers and their representatives is a prerequisite for progress with regards to key labour rights issues. These include freedom of association, women's empowerment and wage digitalisation.

Together with multiple stakeholders, BESTSELLER takes part in various agreements and programmes to transform the garment, textile and footwear industry and – among other things – to achieve living wages for workers through collective bargaining at industry level.

## Management's review

In addition, BESTSELLER joined a Wage Digitalisation Project in Bangladesh in August 2019 to address the significant challenges regarding cash payment. For employers, these challenges include 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. The project supports one of BESTSELLER's goals that by 2025 it 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 female workers reported an increased confidence to deal with expected or unexpected expenses and 10 percent stopped giving their salaries to others.

BESTSELLER is committed to ensuring the health and safety of workers and to embed occupational health and safety within all sourcing processes and through various projects (e.g. fire and electrical risks). Furthermore, following the outbreak of COVID-19, BESTSELLER provided guidance and preventative health measures to limit the spread of the virus.

### Anti-corruption and ethics

Due to the global nature of BESTSELLER, there is a risk of being involved in corruption and bribery. This risk is more likely in regions where political and social structures are weakened.

BESTSELLER's Code of Ethics for Employees and Code of Ethics for Business Partners set out some general ethical guidelines and emphasises that BESTSELLER has a zero-tolerance to corruption and bribery. All colleagues are to complete an e-learning course on the Code of Ethics and BESTSELLER's guiding principles on conducting business in an honest manner. The Code of Ethics for Business Partners is supported by BESTSELLER's Code of Conduct for suppliers and anti-corruption clauses are included in contracts with suppliers and other business partners.

In October 2019, BESTSELLER implemented a whistle-blower system that provides colleagues with a channel to report suspicions or knowledge of serious breaches of BESTSELLER's Code of Ethics or violations of laws for instance regarding fraud, human rights and competition law.

*Find more in-depth information about BESTSELLER's sustainability work in BESTSELLER's Statutory Report on Corporate Social Responsibility in the annual accounts for the financial year 2019/20 and in BESTSELLER's full Sustainability Report 2019 on [about.bestseller.com \(https://about.bestseller.com/media/3131/bestseller\\_sustainability\\_report\\_2019.pdf\)](https://about.bestseller.com/media/3131/bestseller_sustainability_report_2019.pdf).*

## NEMLIG.COM

### Business model

The purpose of Intervare A/S and nemlig.com A/S (NEMLIG.COM), respectively, is to sell groceries to public municipalities so they can assist vulnerable and/or elderly citizens with their grocery shopping, and sell groceries directly to residential customers, who order goods via a dedicated web-based platform. NEMLIG.COM trades with a wide range of suppliers and sells all relevant products, from dry goods to fruit and vegetables, as well as refrigerated and frozen goods. The company operates from one central location in Denmark, which houses both administration and production. All customer orders are processed and packed from this location. The delivery of packaged goods to the customers is handled by independent transportation contractors.

## Management's review

### Environment and climate

NEMLIG.COM has an ambition to be the most sustainable supermarket in Denmark. In order to achieve this ambition and to mitigate environmental risks, NEMLIG.COM has established a number of policies and actions to minimise the use of packing materials, minimise food waste and increase donations of excess food, and provide a return service to increase the recycling of customer plastic bags, thermal and cardboard boxes, which are examples of projects to limit and reduce their carbon footprint.

In FY 2019/20, NEMLIG.COM has – among other things – increased its activities to combat food waste by donating to three non-profit organisations and the Copenhagen Zoo. Based on market estimations, NEMLIG.COM operates a waste percentage that only equals one third of the food waste produced in a regular supermarket. Additionally, NEMLIG.COM has effectively increased its sales of near-expired products.

In its efforts to minimise waste and limit its carbon footprint, NEMLIG.COM has continued its return service for plastic bags, cardboard boxes and thermal boxes, and has witnessed an increased return rate. In FY 2020/21, NEMLIG.COM expects to introduce plastic bags that contain recycled plastic.

NEMLIG.COM is also focusing on more sustainable transportation of goods to consumers and has tested electric delivery vans in cooperation with Volkswagen. As part of the new Flexible Delivery method, the company has introduced night-time deliveries. These deliveries are expected to significantly improve the company's overall carbon emissions due to a more efficient planning of customer routes and less traffic.

In FY 2020/21, an external partner is expected to assess the company and its carbon emissions in a full Life Cycle Assessment (LCA) and NEMLIG.COM is planning to source sustainable energy exclusively from the solar power plant initiated by HEARTLAND.

### Employees and social engagement

NEMLIG.COM wants to provide a safe working environment for a diverse group of employees from multiple countries and cultures and has implemented procedures to register the well-being of employees, as well as the current working conditions.

To promote an open and unbiased approach to employees, the company has set up specific guidelines for all employees in administration and production. This framework provides guidelines for a safe and respectful working environment regardless of ethnicity, religion, language and other cultural differences.

The company has succeeded in its efforts to welcome marginalised workgroups and 65 different nationalities are represented amongst the approximately 1,450 total employees. Staff has grown 37 percent overall this financial year, which is almost double the growth in staff since last year. The company is committed to providing employment for marginalised groups and people without Danish citizenship, who are looking to integrate into Danish society through their employment. These efforts will continue in the coming years.

Since NEMLIG.COM employs people with different nationalities, the company faces the risk of compliance with valid working and residence permits for those employees, who are not currently European citizens. To prevent illegal employment, the company has various governance procedures in place to ensure the needed permits and authorisations are in place. In FY 2019/20, there have been no reported incidents of a lack of valid residence and/or work permits.

## Management's review

### Human rights and supply chain

The rights, health, safety and wellbeing of own employees, as well as those working with suppliers and other cooperation partners is a high priority for NEMLIG.COM.

In this financial year, the company has implemented a Supplier Code of Conduct (SCoC) that promotes workers' rights and compliance with local laws and international conventions. The SCoC is being implemented in trade agreements as part of annual negotiations and as a prerequisite to do business with NEMLIG.COM. The company anticipates that the SCoC will be fully implemented in FY 2020/21. The company previously initiated a code of conduct specifically for independent transportation contractors.

Both codes of conduct are mechanisms to mitigate the risk of trading with suppliers, who do not have their own framework for corporate social responsibility, and to prevent adverse impacts on human rights.

### Anti-corruption and ethics

NEMLIG.COM is aware of a minor risk of bribery in their cooperation with suppliers and transporters and has a zero tolerance to bribery and corruption conducted by employees, transporters and suppliers.

The codes of conduct for the independent contractors and suppliers provides strict guidelines regarding corruption and bribery. There have been no reported incidents of corruption, bribery or nepotism this financial year.

NEMLIG.COM is currently assessing a best-practice procedure and risk management framework to mitigate risks. This procedure and framework are expected to be introduced in FY 2020/21.

*Find more in-depth information about NEMLIG.COM's sustainability work in NEMLIG.COM's Statutory Report on Corporate Social Responsibility in the annual accounts for FY 2019/20.*

## NORMAL

### Business model

NORMAL A/S (NORMAL) is a retailer primarily focused on personal care and cosmetics. NORMAL runs more than 240 stores across five markets: Denmark, Norway, Sweden, the Netherlands and France, and it employs more than 4,000 employees. NORMAL also operates a central warehouse located in Horsens, Denmark. Most products are sourced from suppliers within the EU, ranging from large multinational companies to smaller niche producers.

### Environment and climate

NORMAL's policy is to offer its customers a broad assortment of products, which allows them to make sustainable choices. NORMAL follows market trends and customer demands and continues to increase its range of sustainable products. Further, in the operation and maintenance of stores, NORMAL continuously strives to reduce energy and resource consumption and introduce sustainable approaches in its routines.

NORMAL carefully considers the risks related to product materials and ingredients. NORMAL has increased the amount of more sustainable products, such as fragrance-free, paraben-free, organic, plastic-free, vegan, fair trade and reusable packaging. Compared to FY 2018/19, reusable packaging has been more than doubled in FY 2019/20 and the goal for FY 2020/21 is to further increase this number. Additionally, NORMAL will be offering its customers at least two new recyclable alternatives to plastic carrier bags.

## **Management's review**

Another identified risk that could negatively affect the climate is connected with the operation and maintenance of NORMAL's stores. To limit this, adequate energy saving measures have been introduced (e.g. in terms of store lighting installations). During 2019/20, routines have been optimised at NORMAL's central warehouse and this has resulted in transport reductions and subsequent reductions in carbon emissions.

In FY 2020/21, NORMAL will conduct energy audits across its Danish organisation (i.e. in stores, at the headquarters and at the warehouse). This will provide the foundation for additional energy consumption optimisation and further contribute to the continued search for potential improvement. Finally, NORMAL expects to be part of the solar power plant project initiated by HEARTLAND and thereby use green energy in all NORMAL stores.

### **Employees and social engagement**

NORMAL strives to be an attractive workplace with a high level of job satisfaction. High priority is given to the continuous training of managers, onboarding routines, a strong focus on social and labour conditions, and ensuring a healthy and safe working environment for all employees. NORMAL endeavours to reflect its surrounding environment as closely as possible, also in terms of workforce diversity (e.g. gender, age, ethnicity, physical and/or mental disabilities).

By the end of FY 2019/20, all Danish store managers with more than one year's seniority had completed a Management Training Course and in 2020/21 the training set-up will be further extended. Furthermore, NORMAL introduced an employee app that was mentioned in last year's annual account to all its employees in all countries. The employee app facilitates online training and quizzes to improve employee awareness of topics such as GDPR, occupational health and safety, and IT security.

Like many other retailers, NORMAL faced a large risk this spring because of the COVID-19 pandemic and NORMAL was forced to temporarily cut back activities and shut down stores. NORMAL accomplished its key goal of not reducing staff. High priority has been given to the health and safety of NORMAL's employees and NORMAL has taken extensive precautionary measures to ensure that all employees feel safe in the stores, and that the employees who were sent home temporarily felt secure and confident of their continued employment.

NORMAL engages in ongoing projects and collaborations to contribute to local communities, (e.g. helping challenged citizens enter the labour market). For example, in FY 2019/20, NORMAL's warehouse employed a total of four people with autism and six young interns and continued its cooperation with the local authorities and the local Prison and Probation Service about job-testing schemes and relabelling tasks, which are outsourced to vulnerable members of society such as the mentally disabled. The ambition for 2020/21 is to pursue these commitments at an equivalent scale. In 2019/20, the social efforts and commitments undertaken by NORMAL's warehouse resulted in a special CSR certificate instituted by the Municipality of Horsens.

### **Human rights**

NORMAL recognises and respects all internationally acknowledged human rights and conventions. All suppliers and business partners are expected to act accordingly.

## Management's review

The main risk of adversely impacting human rights relates to the collaboration with external suppliers. To prevent and mitigate this risk, NORMAL has implemented a Code of Conduct stipulating – among other things – its human rights policies. NORMAL's suppliers have either signed the Code of Conduct or documented their own Code of Conduct with terms that meet NORMAL's requirements. This procedure will be reviewed on an ongoing basis.

### Anti-corruption and ethics

Trust and ethics are the cornerstones of NORMAL's relations with employees, business partners, suppliers and customers and NORMAL and this is where the company faces a minor risk. NORMAL has a zero-tolerance policy towards corruption and bribery.

NORMAL has implemented a Code of Ethics setting out ethical guidelines and anti-corruption policies to be complied with by all existing and future employees in NORMAL.

*Find more in-depth information about NORMAL's sustainability work in NORMAL's Statutory Report on Corporate Social Responsibility in the annual accounts for FY 2019/20.*

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

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

In spite of the above comment and in order to comply with the legislation, we hereby inform that the present Board of Directors of HEARTLAND A/S consists of 4 members – two women and two men. There is thus an equal gender composition in the Board of Directors of HEARTLAND A/S.

HEARTLAND A/S has less than 50 employees why no policy has been established to increase the proportion of the underrepresented gender in the other management levels of the company.

## Accounting policies

The annual report of HEARTLAND 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 group's 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.

### 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.



## Accounting policies

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.

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 HEARTLAND 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.

## Accounting policies

### 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 acquiree is thus recognised.

### 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 company'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 the 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.

#### 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.

## Accounting policies

### 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.

### Tax on profit/loss for the year

The parent 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/loss 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 3-5 years.

Leasehold rights/key money/trademark rights is amortized according to the straight-line method of the non-terminable leaseterm. In case such term does not exist, the leasehold right/key money/trademark rights 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 parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, 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	10-100 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 expenses, 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 investments consists of other equity investments in which the group does not possess a controlling interest or significant influence. Other equity investments which are not listed investments are measured at cost. Long-term equity investments in listed entities are measured at fair value. Fair value adjustment is recognised under financial income or financial costs.

### Impairment of non-current 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.

### **Securities**

Securities which consist of listed shares and bonds, are measured at fair value at the balance sheet date.

### **Cash at bank and in hand**

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.

### **Other 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

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.

### 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.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the 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 is 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 are taken directly to equity.

### 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 xx together with fair value adjustments of the hedged asset or liability.

## **Accounting policies**

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 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 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.

#### **Cash flows from operating activities**

Cash flows from operating activities comprise cash flows presented according to the indirect method and are calculated as the share of the profit 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 or 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.

#### **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 at hand and in bank.



**Accounting policies****Financial highlights**

Definitions of financial ratios.

Gross margin	$\frac{\text{Revenue} - \text{cost of sales}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Operating margin ratio	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity (at year end)} \times 100}{\text{Total assets}}$

**Income statement 1 August - 31 July**

	Note	Group		Parent Company	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
<b>Revenue</b>	1	<b>32.343.666</b>	<b>32.427.770</b>	<b>0</b>	<b>0</b>
Other operating income		236.341	219.885	11.151	8.502
Cost of sales		-17.663.920	-17.061.756	0	0
Other external costs		-6.824.072	-5.862.204	-57.484	-15.336
<b>Gross profit</b>		<b>8.092.015</b>	<b>9.723.695</b>	<b>-46.333</b>	<b>-6.834</b>
Staff costs	2	-5.903.888	-5.969.365	-26.586	-29.024
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	7-8	-1.568.123	-1.397.508	-1.734	-1.370
<b>Profit/loss before net financials</b>		<b>620.004</b>	<b>2.356.822</b>	<b>-74.653</b>	<b>-37.228</b>
Income from investments in subsidiaries		0	0	94.989	1.157.073
Income from investments in associates		73.763	493.185	0	0
Financial income	3	430.600	344.393	100.616	32.221
Financial costs	4	-711.517	-1.426.602	-57.375	-31.626
<b>Profit before tax</b>		<b>412.850</b>	<b>1.767.798</b>	<b>63.577</b>	<b>1.120.440</b>
Tax on profit/loss for the year	5	-367.779	-600.569	6.443	5.817
<b>Profit for the year</b>		<b>45.071</b>	<b>1.167.229</b>	<b>70.020</b>	<b>1.126.257</b>
Non-controlling interests' share of net profit of subsidiaries		24.949	-40.972	0	0
<b>Shareholders of HEARTLAND's share of net profit</b>		<b>70.020</b>	<b>1.126.257</b>	<b>70.020</b>	<b>1.126.257</b>
Distribution of profit	6				

**Balance sheet 31 July**

	Note	Group		Parent Company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>Assets</b>					
Software		255.406	214.014	0	0
Goodwill		1.467.369	1.681.379	0	0
Key money/leasehold rights/trademark rights		72.246	109.742	0	0
<b>Intangible assets</b>	7	<b>1.795.021</b>	<b>2.005.135</b>	<b>0</b>	<b>0</b>
Land and buildings	8	11.476.495	11.444.583	79.983	81.494
Other fixtures and fittings, tools and equipment	8	1.245.219	1.104.833	684	1.165
Leasehold improvements	8	769.444	975.776	0	0
Property, plant and equipment in progress	8	732.978	558.401	0	0
<b>Property, plant and equipment</b>		<b>14.224.136</b>	<b>14.083.593</b>	<b>80.667</b>	<b>82.659</b>
Investments in subsidiaries	9	0	0	25.296.715	27.561.571
Investments in associates	10	16.081.563	16.643.272	0	0
Receivables from group enterprises		0	0	35.342	40.728
Other non-current investments	11	842.614	876.957	0	0
Deposits	11	176.625	146.301	0	0
<b>Non-current investments</b>		<b>17.100.802</b>	<b>17.666.530</b>	<b>25.332.057</b>	<b>27.602.299</b>
<b>Total non-current assets</b>		<b>33.119.959</b>	<b>33.755.258</b>	<b>25.412.724</b>	<b>27.684.958</b>

**Balance sheet 31 July (continued)**

	Note	Group		Parent Company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>Assets</b>					
Inventories		4.636.010	4.424.189	0	0
<b>Inventories</b>		<b>4.636.010</b>	<b>4.424.189</b>	<b>0</b>	<b>0</b>
Trade receivables		2.467.884	2.925.566	0	0
Receivables from group enterprises		0	0	677.923	229.114
Other receivables		694.766	789.876	314	5.515
Deferred tax asset	14	225.356	121.725	193	28
Corporation tax		211.578	264.436	10.193	7.956
Prepayments	12	371.155	406.608	593	310
<b>Receivables</b>		<b>3.970.739</b>	<b>4.508.211</b>	<b>689.216</b>	<b>242.923</b>
Securities		895.651	848.271	0	0
<b>Securities</b>		<b>895.651</b>	<b>848.271</b>	<b>0</b>	<b>0</b>
<b>Cash at bank and in hand</b>		<b>3.796.877</b>	<b>2.043.627</b>	<b>244.302</b>	<b>32.772</b>
<b>Total current assets</b>		<b>13.299.277</b>	<b>11.824.298</b>	<b>933.518</b>	<b>275.695</b>
<b>Total assets</b>		<b>46.419.236</b>	<b>45.579.556</b>	<b>26.346.242</b>	<b>27.960.653</b>

**Balance sheet 31 July**

	Note	Group		Parent Company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>Equity and liabilities</b>					
Share capital		80.000	80.000	80.000	80.000
Reserve for net revaluation under the equity method		0	0	5.210.113	8.521.714
Retained earnings		24.132.512	24.899.082	18.922.399	16.377.368
<b>Equity before non-controlling interests</b>		<b>24.212.512</b>	<b>24.979.082</b>	<b>24.212.512</b>	<b>24.979.082</b>
Non-controlling interests		1.036.605	1.096.820	0	0
<b>Equity</b>	13	<b>25.249.117</b>	<b>26.075.902</b>	<b>24.212.512</b>	<b>24.979.082</b>
Deferred tax	14	186.725	137.582	0	0
Other provisions	15	2.030.870	1.407.995	0	0
<b>Total provisions</b>		<b>2.217.595</b>	<b>1.545.577</b>	<b>0</b>	<b>0</b>
Mortgage loans		1.140.679	1.371.150	44.713	46.384
Payables to group enterprises		0	0	432.580	0
<b>Total non-current liabilities</b>	16	<b>1.140.679</b>	<b>1.371.150</b>	<b>477.293</b>	<b>46.384</b>
Mortgage loans	16	58.566	99.902	1.688	1.702
Credit institutions		10.987.534	10.856.800	254	0
Trade payables		2.881.718	2.574.573	271	914
Payables to group enterprises		0	0	1.487.142	2.916.782
Corporation tax		485.147	545.640	0	0
Other payables		3.309.537	2.404.943	166.120	15.039
Deferred income	17	89.343	105.069	962	750
<b>Total current liabilities</b>		<b>17.811.845</b>	<b>16.586.927</b>	<b>1.656.437</b>	<b>2.935.187</b>
<b>Total liabilities</b>		<b>18.952.524</b>	<b>17.958.077</b>	<b>2.133.730</b>	<b>2.981.571</b>
<b>Total equity and liabilities</b>		<b>46.419.236</b>	<b>45.579.556</b>	<b>26.346.242</b>	<b>27.960.653</b>
Events after the balance sheet date	18				
Rent and lease liabilities	19				
Contingent liabilities	20				
Financial instruments	21				
Related parties and ownership structure	22				
Fee to auditors appointed at the general meeting	23				

## Statement of changes in equity

### Group

	Share capital	Retained earnings	Equity before non-controlling interests	Non-controlling interests	Total
Equity at 1 August 2019	80.000	24.899.082	24.979.082	1.096.820	26.075.902
Exchange adjustments	0	-515.097	-515.097	-5.709	-520.806
Cash capital increase	0	0	0	40.250	40.250
Ordinary dividend paid	0	0	0	-61.102	-61.102
Extraordinary dividend paid	0	-330.000	-330.000	0	-330.000
Purchase of non-controlling shares	0	-56.937	-56.937	-9.863	-66.800
Sale of non-controlling shares	0	-1.777	-1.777	3.098	1.321
Fair value adjustment of hedging instruments	0	-7.857	-7.857	0	-7.857
Other equity movements	0	75.078	75.078	-1.940	73.138
Net profit/loss for the year	0	70.020	70.020	-24.949	45.071
<b>Equity at 31 July 2020</b>	<b>80.000</b>	<b>24.132.512</b>	<b>24.212.512</b>	<b>1.036.605</b>	<b>25.249.117</b>

### Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 August 2019	80.000	8.521.714	16.377.368	24.979.082
Extraordinary dividend paid	0	0	-330.000	-330.000
Exchange adjustment, foreign	0	-515.097	0	-515.097
Other equity movements	0	8.507	0	8.507
Net profit/loss for the year	0	94.989	-24.969	70.020
Distributed dividends from investments in subsidiaries	0	-2.900.000	2.900.000	0
<b>Equity at 31 July 2020</b>	<b>80.000</b>	<b>5.210.113</b>	<b>18.922.399</b>	<b>24.212.512</b>

**Cash flow statement 1 August - 31 July**

	Note	Group	
		2019/20 TDKK	2018/19 TDKK
Net profit/loss for the year		45.071	1.167.229
Adjustments	24	2.440.818	2.584.169
Change in working capital	25	1.572.436	-511.586
<b>Cash flows from operating activities before financial income and expenses</b>		<b>4.058.325</b>	<b>3.239.812</b>
Corporation tax paid		-429.901	-725.677
<b>Cash flows from operating activities</b>		<b>3.628.424</b>	<b>2.514.135</b>
Purchase of intangible assets		-142.828	-254.383
Purchase of property, plant and equipment		-1.596.908	-2.202.399
Purchase of non-current investments		-688.216	-4.339.064
Sale of intangible assets		3.815	20.519
Sale of property, plant and equipment		280.861	88.576
Sale of non-current investments		410.627	1.228.689
Securities		-1.549	-30.926
Dividends received from associates		599.277	238.094
Deposits		-30.360	-20.490
<b>Cash flows from investing activities</b>		<b>-1.165.281</b>	<b>-5.271.384</b>
Repayment/raising of mortgage loans		-271.807	459.687
Repayment/raising of loans from credit institutions		89.025	1.667.445
Sale/purchase of non-controlling shares		-65.479	327.437
Dividend paid		-391.102	-91.283
<b>Cash flows from financing activities</b>		<b>-639.363</b>	<b>2.363.286</b>
<b>Change in cash and cash equivalents</b>		<b>1.823.780</b>	<b>-393.963</b>
Cash at bank and in hand		2.043.627	2.423.480
Exchange adjustment of cash		-70.530	14.110
Cash and cash equivalents		1.973.097	2.437.590
<b>Cash and cash equivalents</b>		<b>3.796.877</b>	<b>2.043.627</b>
Analysis of cash and cash equivalents:			
Cash at bank and in hand		3.796.877	2.043.627
<b>Cash and cash equivalents</b>		<b>3.796.877</b>	<b>2.043.627</b>

## Notes

	Group		Parent Company	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
<b>1 Revenue</b>				
Denmark	5.893.275	5.065.876	0	0
Rest of Europe	24.945.809	25.491.006	0	0
Rest of the world	1.504.582	1.870.888	0	0
<b>Total revenue</b>	<b>32.343.666</b>	<b>32.427.770</b>	<b>0</b>	<b>0</b>
Revenue related to sale of clothes	26.493.860	27.713.804	0	0
Revenue related to other activities	5.849.806	4.713.966	0	0
<b>Total revenue</b>	<b>32.343.666</b>	<b>32.427.770</b>	<b>0</b>	<b>0</b>
<b>2 Staff costs</b>				
Wages and salaries	4.848.612	4.925.258	21.146	23.784
Pensions	292.140	276.048	4.675	4.675
Other social security costs	494.131	498.480	130	84
Other staff costs	269.005	269.579	635	481
	<b>5.903.888</b>	<b>5.969.365</b>	<b>26.586</b>	<b>29.024</b>
Average number of employees	22.377	22.784	19	19
The executive board and board of directors received remuneration DKK 15.3 million (2018/19: DKK 13.2 million). The remuneration is dependant on the Group's profit/loss.				
<b>3 Financial income</b>				
Financial income, group enterprises	0	0	20.363	26.477
Other financial income	430.600	344.393	80.253	5.744
	<b>430.600</b>	<b>344.393</b>	<b>100.616</b>	<b>32.221</b>
<b>4 Financial costs</b>				
Loss regarding other non-current investments	88.153	1.086.839	0	0
Financial costs, group enterprises	0	0	12.507	8.129
Other financial costs	623.364	339.763	44.868	23.497
	<b>711.517</b>	<b>1.426.602</b>	<b>57.375</b>	<b>31.626</b>



## Notes

	Group		Parent Company	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
<b>5 Tax on profit/loss for the year</b>				
Current tax for the year	432.237	570.020	-6.285	-5.710
Change in deferred tax for the year	-54.447	4.064	-165	-45
Adjustment of tax concerning previous years	-10.011	26.485	7	-62
	<u>367.779</u>	<u>600.569</u>	<u>-6.443</u>	<u>-5.817</u>
<b>6 Distribution of profit</b>				
Extraordinary dividend for the year	330.000	0	330.000	0
Reserve for net revaluation under the equity method	0	0	94.989	1.157.073
Retained earnings	-259.980	1.126.257	-354.969	-30.816
	<u>70.020</u>	<u>1.126.257</u>	<u>70.020</u>	<u>1.126.257</u>
<b>7 Intangible assets</b>				
<b>Group</b>				Key money/leasehold rights/trademark rights
		Software	Goodwill	
Cost at 1 August 2019		481.548	3.077.609	279.237
Exchange adjustment		-835	3.483	-2.789
Additions for the year		112.727	854	29.247
Disposals for the year		-5.284	-48.083	-8.869
Transfers for the year		0	-7.381	7.381
Cost at 31 July 2020		<u>588.156</u>	<u>3.026.482</u>	<u>304.207</u>
Impairment losses and amortisation at 1 August 2019		267.534	1.396.230	169.495
Exchange adjustment		-765	-2.877	-32
Impairment losses for the year		1.473	1.197	43.145
Amortisation for the year		68.599	216.298	21.948
Reversal of impairment and amortisation of sold assets		-4.091	-48.004	-6.326
Transfers for the year		0	-3.731	3.731
Impairment losses and amortisation at 31 July 2020		<u>332.750</u>	<u>1.559.113</u>	<u>231.961</u>
<b>Carrying amount at 31 July 2020</b>		<u>255.406</u>	<u>1.467.369</u>	<u>72.246</u>

## 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	12.757.741	3.053.413	2.943.028	558.401
Exchange adjustment	81.056	-50.544	-45.803	-2.561
Additions for the year	425.235	467.170	254.451	450.052
Disposals for the year	-65.690	-151.249	-180.225	-135.509
Transfers for the year	-22.634	145.077	14.962	-137.405
Cost at 31 July 2020	<u>13.175.708</u>	<u>3.463.867</u>	<u>2.986.413</u>	<u>732.978</u>
Impairment losses and depreciation at 1 August 2019	1.313.158	1.948.580	1.967.252	0
Exchange adjustment	-3.873	-28.982	-24.956	0
Impairment losses for the year	206.051	88.002	158.179	0
Depreciation for the year	189.218	317.782	256.231	0
Reversal of impairment and depreciation of sold assets	-5.292	-106.783	-139.737	0
Transfers for the year	-49	49	0	0
Impairment losses and depreciation at 31 July 2020	<u>1.699.213</u>	<u>2.218.648</u>	<u>2.216.969</u>	<u>0</u>
<b>Carrying amount at 31 July 2020</b>	<b><u>11.476.495</u></b>	<b><u>1.245.219</u></b>	<b><u>769.444</u></b>	<b><u>732.978</u></b>

#### Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment
Cost at 1 August 2019	82.566	1.482
Disposals for the year	0	-432
Cost at 31 July 2020	<u>82.566</u>	<u>1.050</u>
Impairment losses and depreciation at 1 August 2019	1.071	317
Depreciation for the year	1.512	222
Reversal of impairment and depreciation of sold assets	0	-173
Impairment losses and depreciation at 31 July 2020	<u>2.583</u>	<u>366</u>
<b>Carrying amount at 31 July 2020</b>	<b><u>79.983</u></b>	<b><u>684</u></b>

## Notes

	<b>Parent Company</b>	
	<b>2020</b>	<b>2019</b>
	TDKK	TDKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 August 2019	19.039.857	15.691.905
Additions for the year	1.046.745	4.993.706
Disposals for the year	0	-1.645.754
Cost at 31 July 2020	<u>20.086.602</u>	<u>19.039.857</u>
Revaluations at 1 August 2019	8.521.714	8.958.400
Disposals for the year	0	15.398
Exchange adjustment	-515.097	82.805
Net profit/loss for the year	94.989	1.157.073
Received dividend	-2.900.000	-1.775.950
Other equity movements, net	8.507	83.988
Revaluations at 31 July 2020	<u>5.210.113</u>	<u>8.521.714</u>
<b>Carrying amount at 31 July 2020</b>	<u><b>25.296.715</b></u>	<u><b>27.561.571</b></u>

Ownership in subsidiaries see group chart pages 6 - 11.

## Notes

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>10 Investments in associates</b>				
Cost at 1 August 2019	14.685.818	12.528.478	0	266.431
Additions for the year	576.991	2.660.651	0	3.833
Disposals for the year	-355.116	-503.311	0	-270.264
Cost at 31 July 2020	<u>14.907.693</u>	<u>14.685.818</u>	<u>0</u>	<u>0</u>
Revaluations at 1 August 2019	1.957.454	2.086.902	0	-30.999
Disposals for the year	1.904	-692.998	0	30.999
Exchange adjustment	-336.729	150.017	0	0
Net profit/loss for the year	73.763	493.185	0	0
Received dividend	-599.277	-238.094	0	0
Other equity movements, net	76.755	158.442	0	0
Revaluations at 31 July 2020	<u>1.173.870</u>	<u>1.957.454</u>	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 July 2020</b>	<b><u>16.081.563</u></b>	<b><u>16.643.272</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
Remaining positive difference included in the above carrying amount at 31 July 2020	<u>6.340.193</u>	<u>6.948.703</u>	<u>0</u>	<u>0</u>

Ownership in associates, see group chart pages 6 - 11.

## Notes

### 11 Non-current investments

#### Group

	Other non- current investments	Deposits
Cost at 1 August 2019	1.968.731	146.301
Exchange adjustment	0	-36
Additions for the year	111.225	41.374
Disposals for the year	-57.415	-11.014
Cost at 31 July 2020	<u>2.022.541</u>	<u>176.625</u>
Revaluations at 1 August 2019	-1.091.774	0
Revaluations for the year	-88.153	0
Revaluations at 31 July 2020	<u>-1.179.927</u>	<u>0</u>
<b>Carrying amount at 31 July 2020</b>	<b><u>842.614</u></b>	<b><u>176.625</u></b>

### 12 Prepayments

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

### 13 Equity

The share capital consists of:

	Nominal value
40.000 A shares of TDKK 1.000	40.000.000
40.000 B shares of TDKK 1.000	40.000.000
	<u>80.000.000</u>

The shares have equal voting rights.

## Notes

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>14 Deferred tax</b>				
Deferred tax at 1 August 2019	15.857	29.223	-28	17
Exchange adjustment	-581	-754	0	0
Adjustment of deferred tax for the year	-54.447	4.064	-165	-45
Other movements on deferred tax	540	5.304	0	0
Deferred tax concerning previous years	0	-21.980	0	0
<b>Deferred tax at 31 July 2020</b>	<b>-38.631</b>	<b>15.857</b>	<b>-193</b>	<b>-28</b>
Transferred to deferred tax asset	225.356	121.725	193	28
	<b>186.725</b>	<b>137.582</b>	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>				
Calculated tax asset	225.356	121.725	193	28
<b>Carrying amount</b>	<b>225.356</b>	<b>121.725</b>	<b>193</b>	<b>28</b>
<b>15 Other provisions</b>				
Balance at beginning of year at 1 August 2019	1.407.995	1.429.377	0	0
Exchange adjustment	-7.132	1.701	0	0
Provision in year	899.637	285.406	0	0
Utilised during the year	-269.630	-308.489	0	0
<b>Balance at 31 July 2020</b>	<b>2.030.870</b>	<b>1.407.995</b>	<b>0</b>	<b>0</b>
The expected due dates of other provisions are:				
Within one year	874.750	701.061	0	0
Between 1 and 5 years	910.281	696.600	0	0
Over 5 years	245.839	10.334	0	0
	<b>2.030.870</b>	<b>1.407.995</b>	<b>0</b>	<b>0</b>

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

## Notes

### 16 Long term debt

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>Mortgage loans</b>				
After 5 years	579.237	607.584	37.966	39.588
Between 1 and 5 years	561.442	763.566	6.747	6.796
Non-current portion	1.140.679	1.371.150	44.713	46.384
Within 1 year	58.566	99.902	1.688	1.702
	<b>1.199.245</b>	<b>1.471.052</b>	<b>46.401</b>	<b>48.086</b>
<b>Payables to group enterprises</b>				
Between 1 and 5 years	0	0	432.580	0
Non-current portion	0	0	432.580	0
Other short-term debt to subsidiaries	0	0	1.487.142	2.916.782
Current portion	0	0	1.487.142	2.916.782
	<b>0</b>	<b>0</b>	<b>1.919.722</b>	<b>2.916.782</b>

### 17 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years. Etc. rent income, tenant allowance and other deferred income.

### 18 Events after the balance sheet date

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

### 19 Rent and lease liabilities

Within 1 year	1.854.177	2.097.885	0	0
Between 1 and 5 years	3.866.262	4.650.772	0	0
After 5 years	791.299	1.234.093	0	0
	<b>6.511.738</b>	<b>7.982.750</b>	<b>0</b>	<b>0</b>

## Notes

### 20 Contingent liabilities

#### Guarantee commitments

The parent company is jointly taxed with its Danish Group entities. The entities are jointly and severally liable for Danish income taxes as well as withholding taxes on dividends, interests and royalties payable by the group of jointly taxed entities. Due income taxes and withholding taxes payable by the group of jointly taxed entities totals DKK 89,3 million at 31 July 2020. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

The group has issued guarantee commitments for DKK 0,4 billion.

#### Other contingent liabilities

##### Parent company

The parent company has provided collateral for mortgage debt totaling DKK 47 million at 31 July 2020 which is secured by land and buildings.

The parent company has issued a letter of support to an affiliated company in the group for debt totaling DKK 55 million at 31 July 2020.

The parent company has issued a letter of intent to the bank for an affiliated company's obligations, which amounts to DKK 5,8 billion at 31 July 2020 and a letter of intent to the bank for an associated company's obligations, which amounts to DKK 42 million.

##### Group

The group has entered into purchase agreements totaling DKK 2,6 billion.

The group has other obligations amounting to a total of DKK 0,1 billion

The group has provided collateral for mortgage debt and bank debt totaling DKK 4,6 billion (2018/19: DKK 4,4 billion) which is secured by land and buildings, with a carrying amount of DKK 6,8 billion (2018/19: DKK 7,0 billion).

As collateral for bank debt of DKK 5,8 billion, the group has provided security in shares in investments in associates with a total book value of DKK 6,4 billion.

### 21 Financial instruments

#### Group

The Group uses hedging instruments such as forward exchange contracts and interest and currency swaps to hedge recognised and non-recognised transactions.

#### Expected future transactions

The group seeks to reduce foreign currency risks by hedging currency exposure on purchase of goods and certain operating equipment.

At 31 July 2020, the group has entered into foreign exchange forward contracts relating to future transactions in foreign currency of USD 87 million, CNY 234 million and SEK 100 million.

At 31 July 2020, the value of the contracts is DKK -28 million before tax, which is recognized in P&L and in equity.



## Notes

### 22 Related parties and ownership structure

#### Controlling interest

Anders Holch Povlsen (Majority owner)

#### Transactions

##### Parent company

Sale of services to group companies - DKK 7,5 million

Sale of services to other related companies - DKK 1,0 million

Purchase of services from group companies - DKK 8,9 million

Interest income from subsidiaries - DKK 20,4 million

Interest income from other related parties - DKK 0,9 million

Interest expense to subsidiaries - DKK 12,5 million

Purchase of subsidiaries - DKK 39,0 million

Capital contribution - DKK 1.007,7 million

Received dividend - DKK 2.900,0 million

Receivables from group companies - DKK 713,3 million

Receivables from other related parties - DKK 16,1 million

Payables to group companies - DKK 1.919,7 million

##### Group

Sale of goods to other related parties - DKK 2.935,0 million

Sale of services to other related parties - DKK 224,9 million

Purchase of goods from other related parties - DKK 20,4 million

Purchase of services from other related parties - DKK 12,2 million

Interest income from other related parties - DKK 0,9 million

Receivables from other related parties - DKK 16,1 million

No transactions were carried through with shareholders in the year. Remuneration/fees to members of the executive board and the board of directors are reflected in note 2.

## Notes

	<b>Group</b>		<b>Parent Company</b>	
	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>
<b>23 Fee to auditors appointed at the general meeting</b>				
EY Godkendt Revisionspartnerselskab:				
Fees regarding statutory audit	7.731	8.764	140	120
Assurance engagement	945	1.048	0	0
Tax assistance	1.024	1.209	0	0
Other assistance	731	1.064	0	101
	<b>10.431</b>	<b>12.085</b>	<b>140</b>	<b>221</b>

	<b>Group</b>	
	<b>2019/20</b>	<b>2018/19</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>24 Cash flow statement - adjustments</b>		
Depreciation, amortisation and impairment losses	1.568.123	1.397.508
Loss regarding other non-current investments	88.153	1.086.839
Income from investments in associates	-73.763	-493.185
Tax on profit/loss for the year	367.779	600.569
Change in other provisions	622.875	-21.382
Other adjustments	-132.349	13.820
	<b>2.440.818</b>	<b>2.584.169</b>

<b>25 Cash flow statement - change in working capital</b>		
Change in inventories	-211.821	-265.100
Change in receivables	588.245	-473.491
Change in trade payables, etc.	1.196.012	227.005
	<b>1.572.436</b>	<b>-511.586</b>