

**BESTSELLER LEASE MANAGEMENT A/S**

**Fredskovvej 5**

**7330 Brande**

**CVR no. 19 28 83 90**

# **Annual report for 2021/22**

Adopted at the annual general meeting on  
28 October 2022

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Thomas Børglum Jensen  
chairman

**BESTSELLER**

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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 BESTSELLER LEASE MANAGEMENT A/S for the financial year 1 August 2021 - 31 July 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 July 2022 and of the results of the company's operations for the financial year 1 August 2021 - 31 July 2022.

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, 28 October 2022

### **Executive board**

Anders Holch Povlsen  
Director

### **Board of Directors**

Thomas Børglum Jensen  
chairman

Anders Holch Povlsen

Merete Bech Povlsen

## **Independent auditor's report**

### **To the shareholder of BESTSELLER LEASE MANAGEMENT A/S**

#### **Opinion**

We have audited the financial statements of BESTSELLER LEASE MANAGEMENT A/S for the financial year 1 August 2021 - 31 July 2022, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 July 2022 and of the results of the company's operations for the financial year 1 August 2021 - 31 July 2022 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 " (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 company in accordance with the International Ethics Standards Board for Accountants' International 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 and the IESBA Code.

#### **Management's responsibilities for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **Independent auditor's report**

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

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

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

### **Statement on management's review**

Management is responsible for management's review.

Our opinion on the 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 financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

## **Independent auditor's report**

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Aarhus, 28 October 2022

EY  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Morten Friis  
statsautoriseret revisor  
mne32732

Søren Jensen  
statsautoriseret revisor  
mne34132

## Company details

### The company

BESTSELLER LEASE MANAGEMENT A/S  
Fredskovvej 5  
7330 Brande

CVR no.: 19 28 83 90

Reporting period: 1 August 2021 - 31 July 2022

Domicile: Ikast-Brande

### Board of Directors

Thomas Børglum Jensen, chairman  
Anders Holch Povlsen  
Merete Bech Povlsen

### Executive board

Anders Holch Povlsen, director

### Auditors

EY  
Godkendt Revisionspartnerselskab  
Værkmestergade 25  
8000 Aarhus C

## Financial highlights

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

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	6.418	5.831	6.785	8.167	8.732
Profit/loss before net financials	1.152	-759	-1.799	-884	-1.631
Net financials	-4.331	3.222	-66	-593	-118
Profit/loss for the year	-2.480	1.920	-1.455	-1.152	-1.364
<b>Balance sheet</b>					
Balance sheet total	70.668	89.490	74.695	72.561	73.186
Investment in property, plant and equipment	0	3.653	3.208	3.570	2.822
Equity	66.275	68.755	66.835	68.290	69.442
<b>Financial ratios</b>					
Solvency ratio	93,8%	76,8%	89,5%	94,1%	94,9%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

## **Management's review**

### **Business review**

As in previous years, the main activity has consisted of subletting shop leases to BESTSELLER's partners, lending to customers and related business.

### **Financial review**

The company's income statement for the year ended 31 July 2022 shows a loss of DKK 2.479.835, and the balance sheet at 31 July 2022 shows equity of DKK 66.275.380.

The year's result is as expected.

### **Expected development of the company, including specific prerequisites and uncertainties**

It is the management's expectation that the activity and the result for the coming year will be on a par with 2020/21.

## **Accounting policies**

The annual report of BESTSELLER LEASE MANAGEMENT A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized class C entities.

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

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, 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 company 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 company 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.

## **Income statement**

### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

### **Revenue**

The net turnover is recognized in the income statement if delivery and transfer of risk have taken place before the end of the year, and if the income can be calculated reliably and is expected to be received. The net turnover is recognized exclusive of VAT and taxes and with the deduction of discounts in connection with the sale and is measured at the sales value of the fixed consideration.

### **Rental expenses**

The cost of goods includes the costs involved in achieving the year's turnover.

### **Other operating income**

Other operating income comprises items of a secondary nature relative to the company's activities

## **Accounting policies**

### **Other operating expenses**

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

### **Other external expenses**

Other external costs include costs for administration.

### **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.

### **Financial income and expenses**

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

### **Tax on profit/loss for the year**

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

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

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

## **Balance sheet**

### **Intangible assets**

Intangible fixed assets, including acquired lease rights, etc., are measured at cost less accumulated depreciation and amortization. write-downs on intangible fixed assets are made based on an ongoing assessment of the assets' useful life in the company.

Lease rights are depreciated linearly over the non-cancellable lease period or over 5-10 years, if a non-cancellable period does not exist.

Intangible rights etc. written down to recoverable amount if this is lower than the accounting value.

Profit or loss on the disposal of intangible fixed assets is calculated as the difference between the sales price less selling costs and the accounting value at the time of sale, and is recognized in the income statement under other operating income or other operating costs.

## Accounting policies

### Tangible assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Interests are not included in the cost.

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

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

	<b>Useful life</b>
Leasehold improvements	5 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

### Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in subsidiaries is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence 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.

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

### 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 expenses incurred concerning subsequent financial years.

### **Securities and investments as current assets**

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

### **Cash and cash equivalents**

Cash includes bank deposits.

### **Income 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 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.

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.

### **Liabilities**

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 expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

## Accounting policies

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 expenses.

## Cash flow statement

Pursuant to sections §86 subsection 4, of the Danish Financial Statements Act, the company has not prepared a statement of cash flow.

## Financial highlights

Definitions of financial ratios.

Solvency ratio

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Equity (at year end) x 100

Total assets

**Income statement 1 August - 31 July**

	<b>Note</b>	<b>2021/22</b> DKK	<b>2020/21</b> DKK
<b>Gross profit</b>		<b>6.417.805</b>	<b>5.831.013</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.253.957	-6.122.303
Other operating costs		-12.113	-467.554
<b>Profit/loss before net financials</b>		<b>1.151.735</b>	<b>-758.844</b>
Financial income	1	76.808	3.403.994
Financial costs	2	-4.408.150	-182.041
<b>Profit/loss before tax</b>		<b>-3.179.607</b>	<b>2.463.109</b>
Tax on profit/loss for the year	3	699.772	-542.797
<b>Profit/loss for the year</b>		<b>-2.479.835</b>	<b>1.920.312</b>
Distribution of profit	4		

**Balance sheet 31 July**

	<b>Note</b>	<b>2022</b> DKK	<b>2021</b> DKK
<b>Assets</b>			
Lease rights		6.555.014	9.154.241
<b>Intangible assets</b>	5	<u>6.555.014</u>	<u>9.154.241</u>
Leasehold improvements		4.463.621	7.130.465
<b>Tangible assets</b>	6	<u>4.463.621</u>	<u>7.130.465</u>
<b>Total non-current assets</b>		<u>11.018.635</u>	<u>16.284.706</u>
Receivables from group entities		8.080.459	19.278.602
Other receivables		6.185.187	6.738.188
Corporation tax		1.031.448	0
<b>Receivables</b>		<u>15.297.094</u>	<u>26.016.790</u>
Current asset investments		42.739.790	46.915.773
<b>Securities</b>		<u>42.739.790</u>	<u>46.915.773</u>
<b>Cash at bank and in hand</b>		<u>1.612.372</u>	<u>273.092</u>
<b>Total current assets</b>		<u>59.649.256</u>	<u>73.205.655</u>
<b>Total assets</b>		<u><u>70.667.891</u></u>	<u><u>89.490.361</u></u>

**Balance sheet 31 July**

	<b>Note</b>	<b>2022</b> DKK	<b>2021</b> DKK
<b>Equity and liabilities</b>			
Share capital		70.000.000	70.000.000
Retained earnings		<u>-3.724.620</u>	<u>-1.244.785</u>
<b>Equity</b>	<b>7</b>	<b><u>66.275.380</u></b>	<b><u>68.755.215</u></b>
Provision for deferred tax	8	<u>363.000</u>	<u>81.000</u>
<b>Total provisions</b>		<b><u>363.000</u></b>	<b><u>81.000</u></b>
Trade payables		2.024	497.101
Payables to group entities		778.616	19.184.296
Corporation tax		0	196.944
Other payables		<u>3.248.871</u>	<u>775.805</u>
<b>Total current liabilities</b>		<b><u>4.029.511</u></b>	<b><u>20.654.146</u></b>
<b>Total liabilities</b>		<b><u>4.029.511</u></b>	<b><u>20.654.146</u></b>
<b>Total equity and liabilities</b>		<b><u>70.667.891</u></b>	<b><u>89.490.361</u></b>

**Statement of changes in equity**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 August 2021	70.000.000	-1.244.785	68.755.215
Net profit/loss for the year	0	-2.479.835	-2.479.835
<b>Equity at 31 July 2022</b>	<b><u>70.000.000</u></b>	<b><u>-3.724.620</u></b>	<b><u>66.275.380</u></b>

## Notes

	<b>2021/22</b>	<b>2020/21</b>
	DKK	DKK
<b>1 Financial income</b>		
Interest received from group entities	207	22.514
Other financial income	1.266	3.365.674
Exchange adjustments	75.335	15.806
	<u><b>76.808</b></u>	<u><b>3.403.994</b></u>
<b>2 Financial costs</b>		
Financial expenses, group entities	189.124	172.591
Other financial costs	4.219.026	9.450
	<u><b>4.408.150</b></u>	<u><b>182.041</b></u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-981.772	246.620
Deferred tax for the year	282.000	295.097
Adjustment of tax concerning previous years	0	1.080
	<u><b>-699.772</b></u>	<u><b>542.797</b></u>
<b>4 Distribution of profit</b>		
Retained earnings	-2.479.835	1.920.312
	<u><b>-2.479.835</b></u>	<u><b>1.920.312</b></u>

## Notes

### 5 Intangible assets

	<u>Lease rights</u>
Cost at 1 August 2021	41.160.999
Cost at 31 July 2022	<u>41.160.999</u>
Impairment losses and amortisation at 1 August 2021	32.006.758
Amortisation for the year	<u>2.599.227</u>
Impairment losses and amortisation at 31 July 2022	<u>34.605.985</u>
<b>Carrying amount at 31 July 2022</b>	<b><u><u>6.555.014</u></u></b>

### 6 Tangible assets

	<u>Leasehold improvements</u>
Cost at 1 August 2021	42.470.327
Disposals for the year	<u>-6.340.251</u>
Cost at 31 July 2022	<u>36.130.076</u>
Impairment losses and depreciation at 1 August 2021	35.339.862
Depreciation for the year	2.654.730
Reversal of impairment and depreciation of sold assets	<u>-6.328.137</u>
Impairment losses and depreciation at 31 July 2022	<u>31.666.455</u>
<b>Carrying amount at 31 July 2022</b>	<b><u><u>4.463.621</u></u></b>

### 7 Equity

The share capital consists of 70.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.

## Notes

	<b>2022</b>	<b>2021</b>
	DKK	DKK
<b>8 Provision for deferred tax</b>		
Provision for deferred tax at 1 August 2021	81.000	-214.097
Deferred tax recognised in income statement	282.000	295.097
<b>Provision for deferred tax at 31 July 2022</b>	<b>363.000</b>	<b>81.000</b>
<b>Provisions for deferred tax on:</b>		
Intangible assets	1.030.882	1.303.969
Property, plant and equipment	-667.882	-1.222.969
	<b>363.000</b>	<b>81.000</b>

## 9 Evens after the balance sheet date

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

## 10 Contingent liabilities

Lease agreements entails future total payments of TDKK 212.417 and TDKK 139 are due after 5 years (2020/21: TDKK 222.058).

### Contingent liabilities related to group enterprises

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

## Notes

### 11 Related parties and ownership structure

#### Controlling interest

BESTSELLER A/S, Fredskovvej 5, 7330 Brande

#### Transactions

Income from subletting etc. to subsidiaries 2021/22 DKK 155.960.337

Purchase of administrative services from subsidiaries 2021/22 DKK 1.236.531

Purchase of services related to guarantee fees from subsidiaries 2021/22 DKK 175.099

Investment contributions provided to subsidiaries 2021/22 DKK 3.220.000

Financial income received from subsidiaries 2021/22 DKK 207

Financial expenses paid to subsidiaries 2021/22 DKK 189.124

Receivables from subsidiaries 2021/22 DKK 8.080.459

Payables to subsidiaries 2021/22 DKK 778.616

#### Consolidated financial statements

The accounts of BESTSELLER Lease Management A/S are included in the consolidated financial statement of BESTSELLER A/S, Fredskovvej 5, 7330 Brande as the smallest group.

The accounts of BESTSELLER Lease Management A/S are included in the consolidated financial statement of HEARTLAND A/S, Inge Lehmanns Gade 2, 8000 Aarhus C as the biggest group.