

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

Annual report for 2018/19

Adopted at the annual general meeting on
27 November 2019



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 2018 - 31 July 2019.

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 2019 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 August 2018 - 31 July 2019.

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, 27 November 2019

Executive board


Lise Kaae

Board of directors


Anders Holch Povlsen
chairman


Anne Storm Holch Povlsen


Troels Holch Povlsen


Merete Bech 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 2018 - 31 July 2019, 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 2019 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 August 2018 - 31 July 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

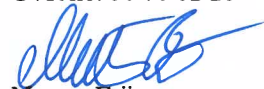
In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company 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.

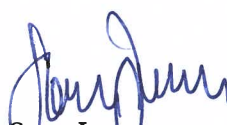
Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material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

Aarhus, 27 November 2019

ERNST & YOUNG
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 2018 - 31 July 2019

Domicile: Aarhus

Board of directors

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

Executive board

Lise Kaae

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C

Group chart

Company	Residence	Ownership
HEARTLAND A/S	Aarhus, Denmark	
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%
- BESTSELLER af 24.5.2011 A/S	Brande, Denmark	100%
- 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 Australia PTY Ltd.	Mosman, Australia	100%
- BESTSELLER Birllesik 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 Handels AG	Glattbrugg, Switzerland	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 Czech Republic s.r.o.	Prague, Czech Republic	100%
- BESTSELLER Retail Luxembourg Sarl	Grand Rue, Luxembourg	100%
- 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 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, Switzerland	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, Switzerland	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%

Group chart - continued

Company	Residence	Ownership
- BESTSELLER Stores Finland OY	Helsinki, Finland	100%
- BESTSELLER Stores Germany GmbH	Hamburg, Germany	100%
- 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%
- 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%

Group chart - continued

Company	Residence	Ownership
- VILA France SaS	Paris, France	100%
- 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%
- VILA Stores 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%
- Fashiontrade.com B.V.*	Amsterdam, Netherlands	50%
- Aktieselskabet af 21. november 2001	Brande, Denmark	100%
- United Insurance af 01.08.2011 A/S	Brande, Denmark	100%
- United Capital 2009 A/S	Aarhus, Denmark	100%
- BESTSELLER Lease Management 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	26%
- Foreseen Fashion A/S	Brande, Denmark	100%
- 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.	Lozienica, Poland	100%
- Aktieselskabet af 1.2.2017	Aarhus, Denmark	100%
- Zalando SE*	Berlin, Germany	10%
- Bianco Footwear A/S	Lunderskov, Denmark	90%
- 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%

Group chart - continued

Company	Residence	Ownership
- 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%
- Invest FWD A/S	Aarhus, Denmark	100%
- pond Textile A/S*	Aarhus, Denmark	50%
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%
Aktieselskabet af 1.1.2019	Aarhus, Denmark	38%
- 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%
- MatHem i Sverige AB*	Stockholm, Sweden	12%
- Aktieselskabet af 17.9.2014	Aarhus, Denmark	100%
- Aktieselskabet af 1.12.2016	Aarhus, Denmark	68%
- Normal A/S	Skanderborg, Denmark	100%
- Mjølglaslet 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	75%
- 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%
- UB Tech 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%
- WS Group ApS	Copenhagen, Denmark	65%
- Neocles B.V.*	Amsterdam, Netherlands	50%
- Aktieselskabet af 10.6.2014	Aarhus, Denmark	100%
- Whiteaway Group A/S*	Aarhus, Denmark	52%

Group chart - continued

Company	Residence	Ownership
- Ambiente Direct GmbH	München, Germany	98%
- Aktieselskabet af 26. januar 2017	Aarhus, Denmark	50%
- Aktieselskabet af 28. juni 2016	Copenhagen, Denmark	50%
- 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	29%
- Lix Technologies ApS*	Aarhus, Denmark	32%
- Plandisc Group ApS*	Aarhus, Denmark	28%
- Klarna Holding AB*	Stockholm, Sweden	13%
- Investo Capital I K/S*	Aalborg, Denmark	50%
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%
- BESTSELLER United (Schweiz) AG	Schaffhausen, Switzerland	100%
- Cheer Long Ltd.	Hong Kong, Hong Kong	100%
- J. Lindeberg Holding (Singapore) Pte. Ltd.*	Singapore, Singapore	50%
- BESTSELLER United Ltd.	Hong Kong, Hong Kong	100%
- BESTSELLER Fashion Group China Limited*	Hong Kong, Hong Kong	100%
- 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%

Group chart - continued

Company	Residence	Ownership
- 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	51%
- Anpartsselskabet Bassin 7, Aarhus Ø	Aarhus, Denmark	51%
- Bassin 7 Bolig ApS	Aarhus, Denmark	100%
- Bassin 7 Erhverv ApS	Aarhus, Denmark	100%
- Hayworth S.à r.l. – under liquidation	Luxembourg, Luxembourg	100%
- Swan Walk S.à r.l. – under liquidation	Luxembourg, Luxembourg	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:

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Revenue	32.428	29.143	26.046	24.745	23.075
Gross margin	15.366	14.232	12.639	11.813	10.387
Gross profit	9.724	8.949	7.703	7.206	5.745
Profit/loss before net financials	2.357	2.354	2.095	2.017	737
Net financials	-589	921	521	-221	361
Profit before tax	1.768	3.275	2.616	2.865	2.085
Profit for the year	1.167	2.536	1.877	2.103	1.570
Balance sheet					
Balance sheet total	45.580	41.725	36.506	32.957	33.769
Investment in property, plant and equipment	2.202	2.998	1.262	2.892	1.551
Equity	26.076	24.429	22.605	21.523	21.514
Financial ratios					
Gross margin ratio	47,4%	48,8%	48,5%	47,7%	45,0%
Operating margin ratio	7,3%	8,1%	8,0%	8,2%	3,2%
Solvency ratio	57,2%	58,5%	61,9%	65,3%	63,7%

For definitions, see accounting policies.

Management's review

Business activities

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

Business review

The group income statement for the year ended 31 July shows a profit of TDKK 1,1 billion, and the balance sheet at 31 July 2019 shows equity of DKK 26,1 billion.

The result for the year is below expectations and is negatively impacted by unrealised loss on other non-current investments and disappointing performance from some investments.

Outlook

For 2019/20, the Company and the Group expects a consolidated revenue and profit/loss before net financial on the same level as 2018/19.

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.

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.

HEARTLAND A/S' Statutory report on Corporate Social Responsibility, cf. section 99a in the Danish Financial Statements Act.

BUSINESS MODEL

HEARTLAND A/S (HEARTLAND) and its investment view is highly influenced by the owner family's values. We strive to invest in companies that will create long-term profitability, while creating 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 in the investment process, as well as in the investments where we execute active ownership.

Our core business is fashion and our subsidiary BESTSELLER A/S (BESTSELLER) accounts for 80 % of our total consolidated revenue.

POLICY

In HEARTLAND, we have the greatest respect for 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. Furthermore, we believe our greatest risk of having an adverse 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 the investment-process is based on the general principles within 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 company.

Management's review

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.

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 corruption and expect that the companies we invest in work against corruption in all its forms, including bribery and facilitation payments.

During the financial year 2018/2019, HEARTLAND started a structured CSR evaluation of the activities in order to support and promote a responsible and sustainable business. The evaluation included the areas of human rights, social and labour conditions, environment, climate and anti-corruption. HEARTLAND has an ongoing dialogue with selected companies based on the main impacts identified within each of the five areas. This is an ongoing process and in the financial year 2019/2020, HEARTLAND will continue this evaluation based on an impact assessment and analysis of materiality.

Several of our subsidiaries work extensively with sustainability. Others are well on their way and some have recently started focusing more strategically on sustainability.

BESTSELLER, NORMAL and NEMLIG.COM are subsidiaries in HEARTLAND with a certain size, turnover and impact on society. Below are some FY 2018/2019 Corporate Social Responsibility highlights for the three above-mentioned subsidiaries.

BESTSELLER

In BESTSELLER, sustainability is an integral part of the business model. BESTSELLER is a fashion company and 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. 2,800 chain stores and via 18.000 wholesale customers of which 2.100 of these has shop-in-shops spread across Europe, North and South America, Australia and India. BESTSELLER owns no factories but are working with suppliers and factories in primarily Asia and Europe.

Through its Fashion FWD strategy, BESTSELLER will transform its business model even further and put social and environmental considerations at the heart of our business, enabling BESTSELLER to reinvent the way BESTSELLER designs, makes and delivers fashion.

Management's review

BESTSELLER's ultimate ambition is to become climate positive, fair for all and circular by design. The Fashion FWD strategy covers the entire value chain, focusing on four key areas: Creating FWD, Making FWD, Engaging FWD and Delivering FWD. BESTSELLER has defined multiple ambitious and measurable goals to guide its journey from 2019 to 2025.

ENVIRONMENT AND CLIMATE

BESTSELLER is taking a holistic approach to protecting the environment. The global challenges of climate change and resource scarcity present distinct risks for the fashion industry. And with the industry generating nearly 7% of global greenhouse gas (GHG) emissions, BESTSELLER has a clear responsibility to act. To address these challenges and transform the environmental footprint, BESTSELLER is taking an ambitious, interconnected approach, guided by multiple goals on saving energy, water and chemicals and reducing waste.

The approach includes promoting sustainable raw materials. BESTSELLER has also set ambitious climate goals, e.g. through commitment to the Science Based Targets initiative. In 2019, BESTSELLER announced plans to build a solar power plant, which will produce the equivalent amount of energy that BESTSELLER consumes in its owned and operated buildings globally by 2021. Furthermore, BESTSELLER will reduce its energy consumption in these buildings by 30% by 2025.

The approach also includes improving suppliers' environmental impact and building momentum within chemical management through BESTSELLER's Restricted Substances List (RSL) and testing program. In 2018, BESTSELLER updated the RSL and delivered 125 chemical management training sessions to 1,659 supplier participants in Bangladesh, Pakistan, India, China, Cambodia and Turkey.

To conserve water quality and availability for the business and future generations, BESTSELLER is sourcing raw materials with a lower water footprint, promoting water-saving in manufacturing, and promoting safer alternatives to harmful chemicals. Moreover, BESTSELLER is engaging in industry dialogues and major forums on circular fashion and is increasing the volume of recycled and innovative fibres in the products.

HUMAN RIGHTS

People across the world play an important role in designing, making and selling BESTSELLER's products, yet in many of the sourcing countries, there is often a lack of effective governance on human rights and labour issues. In particular, workers in the supply chain still face the risk of unfair and unsafe working conditions, low pay, and a lack of opportunity for progression.

BESTSELLER's Code of Conduct forms the foundation of the ethical, social and environmental standards BESTSELLER expects its suppliers to uphold. Together with the human rights, illegal labour, child labour, home-working and sustainability policies, the Code of Conduct guides the efforts to identify, address and prevent adverse human rights impacts on employees and workers in BESTSELLER and its supply chain.

Management's review

To protect, uphold and improve workers' rights and workplace safety in BESTSELLER's supply chain, BESTSELLER continues to work with its compliance program, audits, social dialogue and participation in industry collaborations. Furthermore, BESTSELLER partners with other stakeholders to achieve fair living wages, e.g. through the apparel industry initiative ACT. BESTSELLER monitors direct suppliers' performance through comprehensive social and environmental compliance programmes, independent audits and compliance visits. In the financial year 2018-2019, BESTSELLER's compliance and third-party auditors made 849 visits. This included 427 suppliers and 784 factories.

BESTSELLER is also focused on protecting women in its supply chain, since women represent around 80% of the world's garment workers, and yet are particularly vulnerable to harsh treatment, low wages and poor job quality. Through ongoing partnerships, BESTSELLER strives to promote female workers conditions and opportunities and train women workers on work and life skills. As an example, BESTSELLER supported women in learning about female health through an ongoing partnership with HERproject, an initiative managed by not-for-profit organisation Business for Social Responsibility (BSR) in Bangladesh in 2018/19.

EMPLOYEES

Attracting and retaining a diverse, talented employee community is critical to BESTSELLER's ability to thrive as a company and achieve sustainability ambitions. Through various programs, BESTSELLER continuously works to attract and retain a diverse and talented workforce, engage employees and leaders and promote learning and development. In 2018, BESTSELLER undertook a comprehensive research exercise to help understand perceptions of leadership in different countries. The outcome is the Leadership Pipeline initiative designed to reemphasize leadership development capabilities across BESTSELLER to achieve a sustainable advantage through people. Specifically, BESTSELLER focuses on diversity and inclusion as a key factor for success and during Autumn 2019, BESTSELLER will have rolled out our global Diversity and Inclusion policy. During the coming year BESTSELLER will also implement an awareness program to strengthen diversity further.

Protecting employees' health and safety is critical to BESTSELLER and remains a key priority. In 2018, BESTSELLER introduced a process in Denmark to help avoid long-term illness and support employees affected by illness to achieve a swift recovery.

ANTI-CORRUPTION AND ETHICS

BESTSELLER takes a zero-tolerance approach to bribery and corruption. At a policy level, BESTSELLER's Code of Ethics covers multiple elements of business ethics, including bribery and anti-corruption, and forms the foundation of employee training on these topics, just as it provides all partners and suppliers with a clear indication of the expectations on ethical behaviour. These expectations are further reinforced in the supplier Code of Conduct. Further to this, BESTSELLER has individual anti-corruption and anti-fraud policies, which provide clear guidance to employees on legal requirements, along with potential risks and how to address them.

All relevant BESTSELLER employees are required to undertake a Code of Ethics e-learning course every two years, while new employees must undertake the course as standard.

Management's review

The fashion industry faces a shared risk of corrupt practices in certain production countries. Before on-boarding, BESTSELLER reviews the ethical practices of any new supplier as part of the initial supplier assessment. Anti-corruption clauses are included in contracts with suppliers and business partners, and BESTSELLER seeks proof of ethical practices through supplier audits. If any instances of bribery or corruption are discovered, BESTSELLER does not enter into a business relationship or cease working with the supplier.

More in-depth information about BESTSELLER's sustainability work, the Fashion FWD strategy, initiatives, specific results and goals, can be found in BESTSELLER A/S' Statutory report on corporate social responsibility in their annual report for the financial year 2018/2019 and BESTSELLER's Sustainability Report 2018:

https://about.bestseller.com/media/2872/bestseller_sustainability_report_2018.pdf

NORMAL BUSINESS MODEL

Normal A/S and its subsidiaries (NORMAL) is a retailer with a primary focus on personal care and cosmetics. NORMAL runs more than 200 stores across five markets (Denmark, Norway, Sweden, the Netherlands and France) and employs more than 3,500 employees. To support the business, NORMAL also operates a central warehouse located in Horsens. All products are sourced from suppliers within the EU, ranging from large multinational companies to smaller niche producers.

ENVIRONMENT AND CLIMATE

Risks related to the use of materials and ingredients in the products and energy consumption are important to NORMAL. Within the areas of climate and environment, NORMAL operates with an external and an internal perspective. The external perspective covers the product assortment where NORMAL offers customers a broad assortment such as fragrance-free, paraben-free, organic, plastic-free, vegan, fair trade and reusable packaging. These categories account for an increasingly large share of total sales. NORMAL follows market trends and customer demands and aspires to increase its range of sustainable products.

The internal perspective covers the operation and maintenance of stores. Here, NORMAL continuously strives to reduce resource consumption and introduce sustainable approaches in its routines such as waste separation, use of environmentally certified cleaning agents and energy saving lightning in stores. As an example, carrier bags sold in stores are now made of 100% recycled plastic. As another example, in order to reduce energy consumption, more than 80 % of the Danish stores now only have basic lighting in the period until the store opens for customers. This saves approx. 579,000 kilowatts per hour with basic lightning.

HUMAN RIGHTS, ETHICS AND ANTI-CORRUPTION

NORMAL recognises and respects all internationally acknowledged human rights and UN Conventions. Furthermore, trust and ethics are the cornerstones of NORMAL's relations with its employees, business partners, suppliers and customers.

The main risk of adversely impacting human rights relates to the cooperation with external suppliers. To accommodate such risks, NORMAL is implementing a supplier Code of Conduct stipulating, among other things, a human rights policy.

Management's review

The main risk of corruption is associated with the cooperation with suppliers. During the autumn of 2019, NORMAL will be implementing a code of ethics, setting out ethical guidelines and anti-corruption policies to be complied with by all employees in NORMAL.

EMPLOYEES

NORMAL strives to be a modern and attractive workplace with a high level of job satisfaction and skilled and enterprising employees. NORMAL continuously focuses on critical areas such as the safety, health, well-being and motivation of its employees. High priority is given to the training of store managers, and that all persons with staff responsibility have enough managerial competencies. For example, NORMAL has over the past year, been working with a training program and management courses for store managers.

During the autumn of 2019, NORMAL will be introducing an employee app to all its employees. This will supplement internal courses with online training and quizzes to improve employee awareness of topics such as GDPR, health, safety and IT security, as well as enhancing the flow of information within the organisation.

Furthermore, NORMAL endeavours to reflect its surrounding environment as closely as possible, also in terms of workforce diversity (e.g. gender, age, ethnicity and physical and/or mental disabilities).

More in-depth information about NORMAL's sustainability work can be found in NORMAL's Statutory Report on Corporate Social Responsibility in the annual report for the financial year 2018/2019.

NEMLIG.COM

BUSINESS MODEL

Intervare A/S and Nemlig.com A/S (NEMLIG.COM) sells groceries directly to customers, who order goods from home by using a dedicated web-based platform. The company trades with a wide range of suppliers and sells various food stuffs and household items. The company operates from one central location in Denmark, which houses both administration and production. From this location all customer orders are processed, which means all goods are packed there. The delivery of packaged goods to the customers is handled by independent transportation contractors.

ENVIRONMENT AND CLIMATE

NEMLIG.COM has an ambition to be the most sustainable supermarket in Denmark, and this ambition requires continuous documentation and improvement of the company's use of resources. In order to achieve this ambition, the company has established a number of policies to minimise risks and to limit the use of packing materials, minimise food waste, provide a service to increase the recycling of customer plastic bags and consequently reduce the carbon footprint of the production within the company. NEMLIG.COM has numerous initiatives and programs to support the policies mentioned above and promote a responsible approach to the environment and climate.

As an example, NEMLIG.COM faces a risk regarding food waste and has therefore increased donations of food from 1 to 3 non-profit organizations, which has decreased NEMLIG.COM's waste percentage. NEMLIG.COM has also effectively increased its sales of near-expired products to customers. Further, NEMLIG.COM faces a risk regarding the use of plastic. As an initiative, NEMLIG.COM has reduced the use of small plastic bags used to package conventional fruit and vegetables. This has significantly reduced the use of plastic bags in each order.

Management's review

HUMAN RIGHTS

Risks of adverse impacts on human rights can occur with suppliers that do not have their own framework for corporate social responsibility. Just as the health, safety and well-being of employees in the company is a high priority, the same is true for employees of suppliers and cooperation partners in general. Therefore, NEMLIG.COM has developed a Supplier Code of Conduct that promotes workers' rights and compliance with local laws and international conventions.

NEMLIG.COM has already implemented the Code in contracts for the independent transportation contractors and the company will introduce the Code as part of the annual negotiation of trade agreements with suppliers. NEMLIG.COM expects that the Code will be fully implemented by the majority of suppliers in the coming fiscal year.

EMPLOYEES

It is a priority for NEMLIG.COM to provide a safe, healthy and respectful working environment for a diverse group of employees from multiple countries and cultures. For instance, the company has set up specific guidelines to all employees that promotes a safe and respectful working environment, regardless of ethnicity, religion, language and other cultural differences. NEMLIG.COM welcomes marginalised workgroups, and the company employs around 900 employees from 42 different countries.

By employing workers of different nationalities, NEMLIG.COM is exposed to risks regarding compliance with valid working and residence permits for those employees who are not currently European citizens. The company has multiple processes to ensure compliance and limit exposure to unlawful employment of workers. In the financial year 2018-2019, there have been no reported incidents regarding employment of trainees, interns or regular workers, due to lack of valid residence and/or working permits.

ANTI-CORRUPTION AND ETHICS

NEMLIG.COM has a zero tolerance to bribery and corruption conducted by employees, cooperation partners and suppliers. The Code of Conduct for the independent cooperation partners and suppliers provides strict guidelines regarding corruption and bribery and NEMLIG.COM assess that the exposure to risks in this regard is minimised. There have been no reported incidents of corruption, bribery or nepotism this fiscal year.

More in-depth information about NEMLIG.COM's sustainability work can be found in Intervare A/S and Nemlig.com A/S's Statutory Report on Corporate Social Responsibility in the annual report for the financial year 2018/2019.

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 2018/19 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 2018/19 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 instalments 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 components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

	Useful life
Buildings	10-100 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.

Fixed 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

Revenue - cost of sales

Gross margin ratio

Gross margin x 100

Revenue

Operating margin ratio

Profit/loss before net financials x 100

Revenue

Solvency ratio

Equity (at year end) x 100

Total assets

Income statement 1 August - 31 July

	Note	Group		Parent Company	
		2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
Revenue	1	32.427.770	29.143.466	0	0
Other operating income		219.885	263.988	8.502	3.727
Cost of sales		-17.061.756	-14.911.934	0	0
Other external costs		-5.862.204	-5.546.124	-15.336	-12.743
Gross profit		9.723.695	8.949.396	-6.834	-9.016
Staff costs	2	-5.969.365	-5.246.919	-29.024	-22.324
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	7-8	-1.397.508	-1.348.874	-1.370	-266
Profit/loss before net financials		2.356.822	2.353.603	-37.228	-31.606
Income from investments in subsidiaries	9	0	0	1.157.073	2.405.253
Income from investments in associates	10	493.185	750.666	0	-30.999
Financial income	3	344.393	484.968	32.221	14.176
Financial costs	4	-1.426.602	-314.578	-31.626	-6.488
Profit before tax		1.767.798	3.274.659	1.120.440	2.350.336
Tax on profit/loss for the year	5	-600.569	-739.135	5.817	4.151
Profit for the year		1.167.229	2.535.524	1.126.257	2.354.487
Non-controlling interests' share of net profit of subsidiaries		-40.972	-181.037	0	0
Shareholders of HEARTLAND's share of net profit		1.126.257	2.354.487	1.126.257	2.354.487
Distribution of profit	6				

Balance sheet 31 July

	Note	Group		Parent Company	
		2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
Assets					
Software		214.014	197.314	0	0
Goodwill		1.681.379	1.788.240	0	0
Key money/leasehold rights/trademark rights		109.742	102.110	0	0
Intangible assets	7	2.005.135	2.087.664	0	0
Land and buildings	8	11.444.583	11.019.445	81.494	0
Other fixtures and fittings, tools and equipment	8	1.104.833	965.616	1.165	1.105
Leasehold improvements	8	975.776	724.875	0	0
Property, plant and equipment in progress	8	558.401	487.462	0	0
Property, plant and equipment		14.083.593	13.197.398	82.659	1.105
Investments in subsidiaries	9	0	0	27.561.571	24.675.041
Investments in associates	10	16.643.272	14.615.383	0	235.432
Receivables from group enterprises	11	0	0	40.728	0
Other non-current investments	11	876.957	317.763	0	0
Deposits	11	146.301	121.294	0	0
Non-current investments		17.666.530	15.054.440	27.602.299	24.910.473
Total non-current assets		33.755.258	30.339.502	27.684.958	24.911.578

Balance sheet 31 July (continued)

	Note	Group		Parent Company	
		2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
Assets					
Inventories		4.424.189	4.159.089	0	0
Inventories		4.424.189	4.159.089	0	0
Trade receivables		2.925.566	2.649.828	0	0
Receivables from group enterprises		0	0	229.114	222.482
Other receivables		789.876	653.953	5.515	89.365
Deferred tax asset	14	121.725	156.921	28	0
Corporation tax		264.436	185.145	7.956	3.906
Prepayments	12	406.608	344.778	310	331
Receivables		4.508.211	3.990.625	242.923	316.084
Securities		848.271	812.348	0	0
Securities		848.271	812.348	0	0
Cash at bank and in hand		2.043.627	2.423.480	32.772	39.557
Total current assets		11.824.298	11.385.542	275.695	355.641
Total assets		45.579.556	41.725.044	27.960.653	25.267.219

Balance sheet 31 July

	Note	Group		Parent Company	
		2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
Equity and liabilities					
Share capital		80.000	80.000	80.000	80.000
Reserve for net revaluation under the equity method		0	0	8.521.714	8.927.401
Retained earnings		24.899.082	23.606.032	16.377.368	14.678.631
Equity before non-controlling interests		24.979.082	23.686.032	24.979.082	23.686.032
Non-controlling interests		1.096.820	743.035	0	0
Equity	13	26.075.902	24.429.067	24.979.082	23.686.032
Deferred tax	14	137.582	186.144	0	17
Other provisions	15	1.407.995	1.429.377	0	0
Total provisions		1.545.577	1.615.521	0	17
Mortgage loans		1.371.150	924.021	46.384	0
Total non-current liabilities	16	1.371.150	924.021	46.384	0
Mortgage loans	16	99.902	87.344	1.702	0
Credit institutions		10.856.800	9.233.419	0	0
Trade payables		2.574.573	2.724.080	914	2.488
Payables to group enterprises		0	0	2.916.782	1.553.533
Corporation tax		545.640	578.091	0	0
Other payables		2.404.943	2.039.006	15.039	25.149
Deferred income	17	105.069	94.495	750	0
Total current liabilities		16.586.927	14.756.435	2.935.187	1.581.170
Total liabilities		17.958.077	15.680.456	2.981.571	1.581.170
Total equity and liabilities		45.579.556	41.725.044	27.960.653	25.267.219
Events after the balance sheet date	18				
Rent and lease liabilities	19				
Contingencies, etc.	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 2018	80.000	23.606.032	23.686.032	743.035	24.429.067
Exchange adjustments	0	82.805	82.805	-1.806	80.999
Ordinary dividend paid	0	0	0	-91.283	-91.283
Purchase of non-controlling shares	0	-50.716	-50.716	-186.302	-237.018
Sale of non-controlling shares	0	-9.533	-9.533	573.988	564.455
Fair value adjustment of hedging instruments	0	-3.264	-3.264	-37	-3.301
Other equity movements	0	147.501	147.501	18.253	165.754
Net profit/loss for the year	0	1.126.257	1.126.257	40.972	1.167.229
Equity at 31 July 2019	80.000	24.899.082	24.979.082	1.096.820	26.075.902

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 August 2018	80.000	8.927.401	14.678.631	23.686.032
Disposal of subsidiaries and associates	0	46.397	-46.397	0
Exchange adjustment, foreign	0	82.805	0	82.805
Other equity movements	0	83.988	0	83.988
Net profit/loss for the year	0	1.157.073	-30.816	1.126.257
Distributed dividends from investments in subsidiaries	0	-1.775.950	1.775.950	0
Equity at 31 July 2019	80.000	8.521.714	16.377.368	24.979.082

Cash flow statement 1 August - 31 July

	Note	Group	
		2018/19 TDKK	2017/18 TDKK
Net profit/loss for the year		1.167.229	2.535.524
Adjustments	24	2.584.169	1.241.131
Change in working capital	25	-511.586	-743.329
Cash flows from operating activities before financial income and expenses		3.239.812	3.033.326
Corporation tax paid		-725.677	-559.604
Cash flows from operating activities		2.514.135	2.473.722
Purchase of intangible assets		-254.383	-376.572
Purchase of property, plant and equipment		-2.202.399	-2.997.584
Purchase of non-current investments		-4.437.581	-3.291.640
Sale of intangible assets		20.519	10.652
Sale of property, plant and equipment		88.576	274.704
Sale of non-current investments		1.296.280	132.306
Dividends received from associates		238.094	16.303
Deposits		-20.490	3.089
Cash flows from investing activities		-5.271.384	-6.228.742
Repayment/raising of mortgage loans		459.687	-173.011
Repayment/raising of loans from credit institutions		1.667.445	3.453.478
Sale/purchase of non-controlling shares		327.437	0
Dividend paid		-91.283	-585.367
Cash flows from financing activities		2.363.286	2.695.100
Change in cash and cash equivalents		-393.963	-1.059.920
Cash and cash equivalents		2.423.480	3.551.053
Exchange adjustment of cash equivalents		14.110	-67.653
Cash and cash equivalents		2.043.627	2.423.480
Cash at bank and in hand		2.043.627	2.423.480
Cash and cash equivalents		2.043.627	2.423.480

Notes

	Group		Parent Company	
	2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
1 Revenue				
Denmark	5.065.876	4.068.285	0	0
Rest of Europe	25.491.006	22.772.011	0	0
Rest of the world	1.870.888	2.303.170	0	0
Total revenue	32.427.770	29.143.466	0	0
Revenue related to sale of clothes	27.713.804	25.822.566	0	0
Revenue related to other activities	4.713.966	3.320.900	0	0
Total revenue	32.427.770	29.143.466	0	0
2 Staff costs				
Wages and salaries	4.925.258	4.349.038	23.784	20.627
Pensions	276.048	255.102	4.675	1.019
Other social security costs	498.480	432.162	84	166
Other staff costs	269.579	210.617	481	512
	5.969.365	5.246.919	29.024	22.324
Average number of employees	22.784	21.125	19	15
The executive board and board of directors received remuneration DKK 13.2 million (2017/18: DKK 15.4 million). The remuneration is dependant on the Group's profit/loss.				
3 Financial income				
Financial income, group enterprises	0	0	26.477	5.412
Other financial income	344.393	484.968	5.744	8.764
	344.393	484.968	32.221	14.176
4 Financial costs				
Loss regarding other non-current investments	1.086.839	4.935	0	0
Financial costs, group enterprises	0	0	8.129	6.483
Other financial costs	339.763	309.643	23.497	5
	1.426.602	314.578	31.626	6.488

Notes

	Group		Parent Company	
	2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
5 Tax on profit/loss for the year				
Current tax for the year	570.020	693.840	-5.710	-4.168
Change in deferred tax for the year	4.064	79.372	-45	17
Adjustment of tax concerning previous years	26.485	-34.077	-62	0
	600.569	739.135	-5.817	-4.151
6 Distribution of profit				
Extraordinary dividend for the year	0	0	0	519.333
Reserve for net revaluation under the equity method	0	0	1.157.073	1.854.921
Retained earnings	1.126.257	2.354.487	-30.816	-19.767
	1.126.257	2.354.487	1.126.257	2.354.487

7 Intangible assets

Group

	Software	Goodwill	Key money/leasehold rights/trademark rights
Cost at 1 August 2018	417.332	2.970.360	265.304
Exchange adjustment	-1.096	-11.995	39
Additions for the year	101.739	124.551	28.093
Disposals for the year	-36.427	-5.307	-14.199
Cost at 31 July 2019	481.548	3.077.609	279.237
Impairment losses and amortisation at 1 August 2018	220.018	1.182.120	163.194
Exchange adjustment	-1.290	3.023	-783
Impairment losses for the year	375	0	1.862
Amortisation for the year	66.092	215.717	18.345
Reversal of impairment and amortisation of sold assets	-17.661	-4.630	-13.123
Impairment losses and amortisation at 31 July 2019	267.534	1.396.230	169.495
Carrying amount at 31 July 2019	214.014	1.681.379	109.742

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 2018	11.893.036	2.753.486	2.432.662	487.462
Exchange adjustment	-142.650	-6.275	20.629	1.754
Additions for the year	824.378	529.857	553.593	294.571
Disposals for the year	-1.753	-190.322	-97.255	-40.590
Transfers for the year	184.730	-33.333	33.399	-184.796
Cost at 31 July 2019	<u>12.757.741</u>	<u>3.053.413</u>	<u>2.943.028</u>	<u>558.401</u>
Impairment losses and depreciation at 1 August 2018	873.591	1.787.870	1.707.787	0
Exchange adjustment	205	-9.391	15.155	0
Impairment losses for the year	257.650	72.405	69.601	0
Depreciation for the year	182.439	271.299	241.723	0
Reversal of impairment and depreciation of sold assets	-727	-161.815	-78.802	0
Transfers for the year	0	-11.788	11.788	0
Impairment losses and depreciation at 31 July 2019	<u>1.313.158</u>	<u>1.948.580</u>	<u>1.967.252</u>	<u>0</u>
Carrying amount at 31 July 2019	<u><u>11.444.583</u></u>	<u><u>1.104.833</u></u>	<u><u>975.776</u></u>	<u><u>558.401</u></u>

Notes

8 Property, plant and equipment (continued)

Group

Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment
Cost at 1 August 2018	0	1.372
Additions for the year	82.565	960
Disposals for the year	0	-850
Cost at 31 July 2019	<u>82.565</u>	<u>1.482</u>
Impairment losses and depreciation at 1 August 2018	0	266
Depreciation for the year	1.071	299
Reversal of impairment and depreciation of sold assets	0	-248
Impairment losses and depreciation at 31 July 2019	<u>1.071</u>	<u>317</u>
Carrying amount at 31 July 2019	<u>81.494</u>	<u>1.165</u>

Notes

	Parent Company	
	2019	2018
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 August 2018	15.691.905	14.224.502
Additions for the year	4.993.706	2.044.370
Disposals for the year	-1.645.754	-576.967
Cost at 31 July 2019	<u>19.039.857</u>	<u>15.691.905</u>
Revaluations at 1 August 2018	8.958.400	8.052.784
Disposals for the year	15.398	-87.933
Exchange adjustment	82.805	-329.900
Net profit/loss for the year	1.157.073	2.405.253
Received dividend	-1.775.950	-1.260.000
Other equity movements, net	83.988	178.196
Equity investments with negative net asset value amortised over receivables	0	24.736
Revaluations at 31 July 2019	<u>8.521.714</u>	<u>8.983.136</u>
Carrying amount at 31 July 2019	<u><u>27.561.571</u></u>	<u><u>24.675.041</u></u>

Ownership in subsidiaries see group chart pages 6 - 11.

Notes

	Group		Parent Company	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
10 Investments in associates				
Cost at 1 August 2018	12.528.478	9.442.965	266.431	0
Exchange adjustment	0	-1.065	0	0
Additions for the year	2.660.651	3.145.928	3.833	266.431
Disposals for the year	-503.311	-59.325	-270.264	0
Transfers for the year	0	-25	0	0
Cost at 31 July 2019	14.685.818	12.528.478	0	266.431
Revaluations at 1 August 2018	2.086.902	1.587.356	-30.999	0
Disposals for the year	-692.998	-199.564	30.999	0
Exchange adjustment	150.017	-107.874	0	0
Net profit/loss for the year	493.185	750.666	0	-30.999
Received dividend	-238.094	-16.303	0	0
Transfers for the year	0	2	0	0
Other equity movements, net	158.442	72.622	0	0
Revaluations at 31 July 2019	1.957.454	2.086.905	0	-30.999
Carrying amount at 31 July 2019	16.643.272	14.615.383	0	235.432
Goodwill included in the above carrying amount at 31 July 2019	6.948.703	6.192.189	0	0

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

Notes

11 Other non-current investments

Group	Other non-current investments	Deposits
Cost at 1 August 2018	322.698	121.294
Exchange adjustment	0	4.517
Additions for the year	1.678.413	35.635
Disposals for the year	-32.380	-15.145
Cost at 31 July 2019	<u>1.968.731</u>	<u>146.301</u>
Revaluations at 1 August 2018	-4.935	0
Revaluations for the year	-1.086.839	0
Revaluations at 31 July 2019	<u>-1.091.774</u>	<u>0</u>
Carrying amount at 31 July 2019	<u>876.957</u>	<u>146.301</u>

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	<u>40.000.000</u>
	<u>80.000.000</u>

The shares have equal voting rights.

Notes

	Group		Parent Company	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
14 Deferred tax				
Deferred tax at 1 August 2018	29.223	-25.747	17	0
Exchange adjustment	-754	1.598	0	0
Adjustment of deferred tax for the year	4.064	79.372	-45	17
Other movements on deferred tax	5.304	-12.608	0	0
Deferred tax concerning previous years	-21.980	-13.392	0	0
Deferred tax at 31 July 2019	15.857	29.223	-28	17
Transferred to deferred tax asset	121.725	156.921	28	0
Provision for deferred tax	137.582	186.144	0	17
Deferred tax asset				
Calculated tax asset	121.725	156.921	28	0
Carrying amount	121.725	156.921	28	0
15 Other provisions				
Balance at beginning of year at 1 August 2018	1.429.377	1.536.343	0	0
Exchange adjustment	1.701	12.652	0	0
Provision in year	285.406	363.862	0	0
Utilised during the year	-308.489	-483.480	0	0
Balance at 31 July 2019	1.407.995	1.429.377	0	0
The expected due dates of other provisions are:				
Within one year	701.061	614.359	0	0
Between 1 and 5 years	696.600	802.655	0	0
Over 5 years	10.334	12.363	0	0
	1.407.995	1.429.377	0	0

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

Notes

16 Long term debt

	Group		Parent Company	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
Mortgage loans				
After 5 years	607.584	568.533	39.588	0
Between 1 and 5 years	763.566	355.488	6.796	0
Non-current portion	1.371.150	924.021	46.384	0
Within 1 year	99.902	87.344	1.702	0
	1.471.052	1.011.365	48.086	0

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	2.097.885	1.886.928	0	0
Between 1 and 5 years	4.650.772	4.657.294	0	0
After 5 years	1.234.093	1.488.860	0	0
	7.982.750	8.033.082	0	0

Notes

20 Contingencies, etc.

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 264,7 million at 31 July 2019. 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 0,8 billion.

Other contingent liabilities

Parent company

The parent company has provided collateral for mortgage debt totalling DKK 48 million at 31 July 2019 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 totalling DKK 47 million at 31 July 2019.

The parent company has issued a letter of intent to the bank for an affiliated company's obligations, which amounts to DKK 5,3 billion at 31 July 2019 and a guarantee for an associated company's obligations, which amounts to DKK 42 million.

Group

The group has entered into purchase agreements totalling DKK 1,2 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 totalling DKK 4,4 billion (2017/18: DKK 3,9 billion) which is secured by land and buildings, with a carrying amount of DKK 7,0 billion (2017/18: DKK 5,7 billion).

As collateral for bank debt of DKK 5,3 billion, the group has provided security in shares with a total book value of DKK 7,0 billion - divided on investments in associates of DKK 6,1 billion, other non-current investments of DKK 0,3 billion and securities of DKK 0,6 billion.

Notes

21 Financial instruments

Parent company

At 31 July 2019 HEARTLAND A/S has entered into currency swaps regarding purchase of NOK 1,2 billion versus sales of DKK. The difference measured at fair value is recognized in the income statement.

Group

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

Recognised transactions

At 31 July 2019 the group has entered into currency swaps regarding purchase of NOK 1,2 billion versus sales of DKK, and exchange forward contracts relating to the company's debt to suppliers of USD 7 million. The difference measured at fair value is recognized in the income statement.

Forecast transactions

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

At 31 July 2019, the group has entered into foreign exchange forward contracts relating to future transactions in foreign currency of USD 75 million, DKK 36,4 million, CNY 131 million and GBP 5 million.

At 31 July 2019, the value of the contracts is DKK 31 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 6,3 million

Sale of services to other related companies - DKK 0,3 million

Purchase of services from group companies - DKK 7,0 million

Interest income from subsidiaries - DKK 26,5 million

Interest income from other related parties - DKK 0,3 million

Interest expense to subsidiaries - DKK 8,1 million

Purchase of subsidiaries - DKK 532,7 million

Sale of subsidiaries - DKK 1.627,0 million

Sale of other related companies - DKK 239,3 million

Capital contribution - DKK 3.878,6 million

Received dividend - DKK 1.776,0 million

Receivables from group companies - DKK 490,8 million

Receivables from other related parties - DKK 15,3 million

Payables to group companies - DKK 3.137,8 million

Group

Sale of goods to other related parties - DKK 2.253,5 million

Sale of services to other related parties - DKK 208,0 million

Purchase of goods from other related parties - DKK 14,2 million

Purchase of services from other related parties - DKK 29,7 million

Interest income from other related parties - DKK 0,3 million

Purchase of minority shares - DKK 237,0 million

Sale of minority shares - DKK 564,5 million

Purchase of shares from other related companies - DKK 305,0 million

Receivables from other related parties - DKK 15,3 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

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
23 Fee to auditors appointed at the general meeting				
ERNST & YOUNG:				
Fees regarding statutory audit	8.764	8.944	120	110
Assurance engagement	669	758	0	0
Tax assistance	1.209	1.157	0	0
Other assistance	1.443	1.075	101	96
	12.085	11.934	221	206

	Group	
	2018/19	2017/18
	TDKK	TDKK
24 Cash flow statement - adjustments		
Depreciation, amortisation and impairment losses	1.397.508	1.348.874
Loss regarding other non-current investments	1.086.839	4.935
Income from investments in associates	-493.185	-750.666
Tax on profit/loss for the year	600.569	739.135
Change in other provisions	-21.382	-106.966
Other adjustments	13.820	5.819
	2.584.169	1.241.131

25 Cash flow statement - change in working capital		
Change in inventories	-265.100	-703.593
Change in receivables	-473.491	-181.481
Change in trade payables, etc.	227.005	141.745
	-511.586	-743.329