

# Gebr. Heinemann Retail ApS

c/o Københavns Lufthavn, Vestvej 6, 2770 Kastrup

CVR no. 29 60 55 56

## Annual report

for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 22 June 2020

Chairman:

  
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### Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Gebr. Heinemann Retail ApS for the financial year 1 January - 31 December 2019.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

Further, in my opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

I recommend that the annual report be approved at the annual general meeting.

Kastrup, 22 June 2020  
Executive Board:

A handwritten signature in blue ink, appearing to read 'Esben Keller', written over a dotted line.

Esben Keller  
CEO

## Independent auditor's report

To the shareholder of Gebr. Heinemann Retail ApS

### Opinion

We have audited the financial statements of Gebr. Heinemann Retail ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 rules and requirements.

### Management's responsibilities for the financial statements

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



### Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 22 June 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jan C. Olsen

State Authorised Public Accountant  
mne33717



## Management's review

### Company details

Name	Gebr. Heinemann Retail ApS
Address, Postal code, City	c/o Københavns Lufthavn, Vestvej 6, 2770 Kastrup
CVR no.	29 60 55 56
Registered office	Tårnby
Financial year	1 January - 31 December
Executive Board	Esben Keller, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank A/S

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	1,043,484	1,031,177	1,041,292	1,017,822	1,008,625
Gross profit	130,527	116,968	117,232	470,804	105,866
Net financials	252	-270	-103	97	-3,886
Profit before tax	33,704	15,710	7,203	367,242	-10,915
<b>Profit for the year</b>	<b>26,145</b>	<b>14,967</b>	<b>3,770</b>	<b>368,542</b>	<b>-2,767</b>
<b>Financial ratios</b>					
Total assets	238,699	216,932	202,271	195,871	172,376
Investment in property, plant and equipment	-6,307	-48,008	-12,560	-956	-3,677
<b>Equity</b>	<b>166,869</b>	<b>140,724</b>	<b>125,757</b>	<b>121,987</b>	<b>-246,556</b>
<b>Financial ratios</b>					
Operating margin	3.2%	1.5%	0.7%	36.1 %	-0.7 %
Gross margin	12.5%	11.3%	11.3%	46.3%	10.5%
Return on assets	5.2%	-2.0%	-6.4%	199.4%	0.6%
Equity ratio	69.9%	64.9%	62.2%	62.3%	-143.0%
<b>Average number of employees</b>					
	280	317	308	295	294

Financial ratios are calculated in accordance with the terms and conditions as described in accounting policies.

## Management's review

### Business review

Since 1 March 2007, the Company had the concession to carry on tax and duty free sales of spirits, tobacco, confectionery, perfume and cosmetics at Copenhagen Airports through six tax free shops. Following successful negotiations with Copenhagen Airports, a new 5 year contract was signed in April 2017 effective from 1 March 2018 to 28 February 2023. The contract included an option of a 5 year extension from 1 March 2023 to 29 February 2028, but requires a new 5 year agreement.

### Financial review

The income statement for 2019 shows a profit of DKK 26,145 thousand against a profit of DKK 14,967 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 166,869 thousand. The increase in profit is due to lower amortisation / depreciation of assets and product mix.

### Research and development activities

The Company is not involved in research and development activities in connection with the products sold in the shops, but is engaged in initiatives to increase penetration and satisfaction of the customers.

### Statutory CSR report

We know that our business activities affect the environment as well as the lives of many people, especially those of our employees and customers. We also know that we have the means to contribute to positive developments of society. We accept this significant corporate responsibility and strive to live up to its demands.

The purpose of the strategy is to create a strong link between corporate responsibility and our core business. Our materiality and risk assessment have helped us to focus our efforts on issues that are most material to our core business and our key stakeholders.

Our corporate responsibility activities help us to do business responsibly while focusing on our vision and mission, by living our brand values - Surprising - Service oriented and Personal - and thereby creating value for our customers and business.

We at Gebr. Heinemann Retail follow the market trends closely in order to ensure that we are always prepared to meet the demands of our customers.

Gebr. Heinemann Retail has a CSR policy which describes the principles and values which the Company follows. For the statutory CSR report, please refer to Appendix 1.

### Account of the gender composition of Management

The Company does not have a Board of Directors.

In the financial year 2019, the uppermost leadership level in Gebr. Heinemann Retail Denmark consisted of one person.

The Company has a non discriminating equality policy with a focus on personal skills required for each job profile at all levels of other management levels. Women and men have equal opportunities within the Company. However, we will work to improve and counterbalance the underrepresented gender. In doing this, we will always strive to ensure that there is at least one of each gender among the final three candidates for promotion and recruitment for other management positions.



## Management's review

### Events after the balance sheet date

As a consequence of COVID-19 the companies activity level will be significant reduced for the financial year of 2020 compared to 2019. Based on the forecasts for 2020 for profit, current cash-flow, financial support from state aid of payroll compensation and fixed costs and a comfort letter from Gebr. Heinemann SE & CO. KG. management asses that there is no doubt on the entity's ability to continue as a going concern for the next 12 months as a minimum.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year end.

### Outlook

2020 is highly effected by COVID-19, and net profit are expected to be negative with 60 mio. DKK, if we take the current border and travel situation for 2020 into consideration. Travel behavior is not forecasted back to normal before year 2021-2022. We are adjusting and improving our business to accommodate the new COVID-19 situation, and are preparing the business for the COVID-19 effects, and the years following. The expected improvements of the overall business are implementation of numerous initiatives to increase the gross margin and turnover, and full focus on cost efficiency, based on a the expectations of passenger numbers departing out of Copenhagen airport.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2019	2018
	Revenue	1,043,484	1,031,177
	Cost of sales	-469,820	-468,782
3	Other operating income	21,648	20,275
	Other external expenses	-464,785	-465,702
	<b>Gross profit</b>	<b>130,527</b>	<b>116,968</b>
4	Staff costs	-84,196	-87,818
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-12,879	-13,143
	Other operating expenses	0	-27
	<b>Profit before net financials</b>	<b>33,452</b>	<b>15,980</b>
5	Financial income	1,105	484
6	Financial expenses	-853	-754
	<b>Profit before tax</b>	<b>33,704</b>	<b>15,710</b>
7	Tax for the year	-7,559	-743
	<b>Profit for the year</b>	<b>26,145</b>	<b>14,967</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
8	<b>Intangible assets</b>		
	Acquired intangible assets	13	17
		<u>13</u>	<u>17</u>
9	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	42,278	49,371
	Leasehold improvements	1,103	1,451
		<u>43,381</u>	<u>50,822</u>
	<b>Total fixed assets</b>	<u>43,394</u>	<u>50,839</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	24,919	22,317
		<u>24,919</u>	<u>22,317</u>
	<b>Receivables</b>		
	Receivables from group entities	36,983	12,046
12	Deferred tax assets	859	1,460
	Other receivables	10,237	24,736
10	Prepayments	60,996	80,330
		<u>109,075</u>	<u>118,572</u>
	<b>Cash</b>	<u>61,311</u>	<u>25,204</u>
	<b>Total non-fixed assets</b>	<u>195,305</u>	<u>166,093</u>
	<b>TOTAL ASSETS</b>	<u>238,699</u>	<u>216,932</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
11	Share capital	31,000	31,000
	Retained earnings	135,869	109,724
	<b>Total equity</b>	<b>166,869</b>	<b>140,724</b>
	<b>Provisions</b>		
	Other provisions	3,684	3,684
13	<b>Total provisions</b>	<b>3,684</b>	<b>3,684</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	42,862	49,102
	Income taxes payable	493	869
	Joint taxation contribution payable	47	0
	Other payables	24,744	22,553
		<b>68,146</b>	<b>72,524</b>
	<b>Total liabilities other than provisions</b>	<b>68,146</b>	<b>72,524</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>238,699</b>	<b>216,932</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Fee to the auditors appointed by the Company in general meeting



## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	31,000	109,724	140,724
18	Transfer, see "Appropriation of profit"	0	26,145	26,145
	Equity at 31 December 2019	31,000	135,869	166,869

## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2019	2018
	Profit for the year	26,145	14,967
19	Adjustments	32,582	31,201
	Cash generated from operations (operating activities)	58,727	46,168
20	Changes in working capital	8,372	5,754
	Cash generated from operations (operating activities)	67,099	51,922
	Interest paid, etc.	252	-58
	<b>Cash flows from operating activities</b>	<b>67,351</b>	<b>51,864</b>
	Additions of intangible assets	0	-6
	Additions of property, plant and equipment	-6,307	-48,008
	Other cash flows from investing activities	0	-92,973
	<b>Cash flows to investing activities</b>	<b>-6,307</b>	<b>-140,987</b>
	Proceeds of debt, group entities	-24,937	21,721
	<b>Cash flows from financing activities</b>	<b>-24,937</b>	<b>21,721</b>
	<b>Net cash flow</b>	<b>36,107</b>	<b>-67,402</b>
	Cash and cash equivalents at 1 January	25,204	92,606
21	<b>Cash and cash equivalents at 31 December</b>	<b>61,311</b>	<b>25,204</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Gebr. Heinemann Retail ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue at the time of delivery and when risks passes to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, concession fee, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	5 years
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The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

In the 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.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

The Company is covered by the Danish rules on compulsory joint taxation of the Heinemann Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the management company for the joint taxation and, consequently, settles all corporation tax payments with the tax authorities.

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

Tax for the year comprises current corporation tax, joint taxation contributions for the year and changes in deferred tax for the year - including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Other intangible assets include other acquired intangible assets.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of fixed assets

Intangible assets and property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

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

##### Inventories

Inventories are measured at cost in accordance with the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

The company has chosen IAS 39 as interpretation for impairment of financial receivables.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short-term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Provisions

Provisions comprise expected expenses relating to leasehold restoration. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

##### Liabilities

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

##### Segment information

Segment information has not been disclosed pursuant to section 96(1) of the Danish Financial Statements Act as Management is of the opinion that such disclosure is of significant interest to its competitors and, therefore, could be highly detrimental to the Company.

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

#### 2 Events after the balance sheet date

As a consequence of COVID-19 the companies activity level will be significant reduced for the financial year of 2020 compared to 2019. Based on the forecasts for 2020 for profit, current cash-flow, financial support from state aid of payroll compensation and fixed costs and a comfort letter from Gebr. Heinemann SE & CO. KG. management asses that there is no doubt on the entity's ability to continue as a going concern for the next 12 months as a minimum.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year end.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2019	2018
<b>3 Other operating income</b>		
Advertising income	20,333	19,981
Other operating income	1,128	294
Gain on the sale of property, plant and equipment	187	0
	<u>21,648</u>	<u>20,275</u>
<b>4 Staff costs</b>		
Wages/salaries	71,095	73,044
Pensions	8,788	9,149
Other social security costs	2,297	2,153
Other staff costs	2,016	3,472
	<u>84,196</u>	<u>87,818</u>
Average number of full-time employees	<u>280</u>	<u>317</u>
Pursuant to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
DKK'000	2019	2018
<b>5 Financial income</b>		
Exchange gain	1,105	484
	<u>1,105</u>	<u>484</u>
<b>6 Financial expenses</b>		
Interest expenses, group entities	266	212
Exchange losses	587	542
	<u>853</u>	<u>754</u>
<b>7 Tax for the year</b>		
Estimated tax charge for the year	7,000	2,203
Deferred tax adjustments in the year	601	-1,460
Tax adjustments, prior years	-42	0
	<u>7,559</u>	<u>743</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Intangible assets

DKK'000	Acquired Intangible assets
Cost at 1 January 2019	709
Cost at 31 December 2019	709
Impairment losses and amortisation at 1 January 2019	692
Amortisation/depreciation in the year	4
Impairment losses and amortisation at 31 December 2019	696
Carrying amount at 31 December 2019	13

#### 9 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	93,182	13,845	107,027
Additions in the year	6,307	0	6,307
Disposals in the year	-3,872	0	-3,872
Cost at 31 December 2019	95,617	13,845	109,462
Impairment losses and depreciation at 1 January 2019	43,811	12,394	56,205
Amortisation/depreciation in the year	12,527	348	12,875
Reversal of prior-year impairment losses	-2,999	0	-2,999
Impairment losses and depreciation at 31 December 2019	53,339	12,742	66,081
Carrying amount at 31 December 2019	42,278	1,103	43,381

#### 10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including concession fee which is recognised in the income statement on a straight-line basis starting from 1 March 2018. The concession contract terminates on 28 February 2023.

#### 11 Share capital

The Company's share capital has remained DKK 31,000 thousand over the past 5 years.

DKK'000	2019	2018
12 Deferred tax		
Deferred tax at 1 January	-1,460	0
Adjustments to profit/loss for the year	601	-1,460
Deferred tax at 31 December	-859	-1,460

Deferred tax recognised in 2019 is expected to be utilised within 3 years. This is based on the budget earnings for the years 2020-2022.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 13 Provisions

Other provisions consist of provisions for re-establishment obligations, totalling DKK 3,684 thousand, which are due at the termination of the existing concession contract on 28 February 2023.

#### 14 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

DKK'000	2019	2018
Other contingent liabilities	1,156,821	1,507,936
	<u>1,156,821</u>	<u>1,507,936</u>

Other contingent liabilities consist of a concession agreement which gives the Company the right to carry on trade at Copenhagen Airports, but which also imposes obligations on the Company through to expiry of the contract on 28 February 2023.

According to the new contract with Københavns Lufthavn A/S for the period 1 March 2018 - 28 February 2023, the Company must make investments of minimum DKK 60 million relating to leasehold improvements.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling.

##### Other financial obligations

##### Other rent and lease liabilities:

DKK'000	2019	2018
Rent and lease liabilities	9,877	12,867
	<u>9,877</u>	<u>12,867</u>

Rent payments concern a contract which is non-cancellable until 28 February 2023.

#### 15 Collateral

No assets were pledged as collateral or otherwise charged at 31 December 2019.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 16 Related parties

Gebr. Heinemann Retail ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Gebr. Heinemann SE & Co. KG	Koreastraße 3, Hamburg, Germany	Participating interest (sole shareholder)

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Gebr. Heinemann SE & Co. KG	Koreastraße 3, Hamburg, Germany	+49 40 301020

##### Related party transactions

Gebr. Heinemann Retail ApS was engaged in the below related party transactions:

DKK'000	2019	2018
Purchase of goods from Parent Company	415,606	408,588
Management fee to Parent Company	9,433	8,421
Income from parent company	82,892	93,409
Receivables from Parent Company	36,589	12,046

##### Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

DKK'000	2019	2018
<b>17 Fee to the auditors appointed by the Company in general meeting</b>		
Statutory audit	257	262
Assurance engagements	68	136
Tax assistance	334	491
Other assistance	187	182
	<u>846</u>	<u>1,071</u>
<b>18 Appropriation of profit</b>		
Recommended appropriation of profit		
Retained earnings	26,145	14,967
	<u>26,145</u>	<u>14,967</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2019	2018
<b>19 Adjustments</b>		
Amortisation/depreciation and impairment losses	12,879	13,143
Gain/loss on the sale of non-fixed assets	-85	-27
Provisions	0	149
Financial expenses	252	58
Tax for the year	1,001	-1,457
Adjustment of prepayment	18,596	19,212
Other adjustments	-61	123
	<u>32,582</u>	<u>31,201</u>
<b>20 Changes in working capital</b>		
Change in inventories	-2,602	-6,053
Change in receivables	15,237	11,159
Change in trade and other payables	-4,263	648
	<u>8,372</u>	<u>5,754</u>
<b>21 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	<u>61,311</u>	<u>25,204</u>
	<u>61,311</u>	<u>25,204</u>