

Aktieselskabet af 5.5.2010  
Inge Lehmanns Gade 2  
8000 Aarhus C  
CVR no. 32 89 23 37

# Annual report for 2019/20

Adopted at the annual general meeting on  
24 November 2020



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Lise Kaae  
chairman

HEARTLAND

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## Statement by management on the annual report

The board of directors and executive board have today discussed and approved the annual report of Aktieselskabet af 5.5.2010 for the financial year 1 August 2019 - 31 July 2020.

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

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

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Aarhus, 24 November 2020

### Executive board



Anders Holch Povlsen

### Board of directors



Lise Kaae  
chairman



Anders Holch Povlsen



Anne Kirstine Storm Holch Povlsen

## **Independent auditor's report**

### ***To the shareholder of Aktieselskabet af 5.5.2010***

#### **Opinion**

We have audited the financial statements of Aktieselskabet af 5.5.2010 for the financial year 1 August 2019 - 31 July 2020, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

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

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the " (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' 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 financial statements**

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

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

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

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

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:

## **Independent auditor's report**

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

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

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

Management is responsible for management's review.

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

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

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

## Independent auditor's report

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

Aarhus, 24 November 2020

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Morten Friis

State Authorised Public Accountant

mne32732

## Company details

### The company

Aktieselskabet af 5.5.2010  
Inge Lehmanns Gade 2  
8000 Aarhus C

CVR no.: 32 89 23 37

Reporting period: 1 August 2019 - 31 July 2020

Domicile: Aarhus

### Board of directors

Lise Kaae, chairman  
Anders Holch Povlsen  
Anne Kirstine Storm Holch Povlsen

### Executive board

Anders Holch Povlsen

### Auditors

EY Godkendt Revisionspartnerselskab  
Værkmestergade 25  
8000 Aarhus C

## Financial highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	-1.488	-3.166	-260	-637	-57
Net financials	-163.571	714.182	99.649	-32.008	58.853
Profit/loss for the year	-139.289	712.521	103.023	-39.518	39.228
<b>Balance sheet</b>					
Balance sheet total	6.827.788	6.400.215	5.223.235	3.219.884	2.489.127
Equity	956.080	1.030.284	282.795	20.987	21.301
<b>Financial ratios</b>					
Solvency ratio	14,0%	16,1%	5,4%	0,7%	0,9%
Return on equity	-14,0%	108,5%	67,8%	-186,9%	12,4%

For definitions, see accounting policies.



## **Management's review**

### **Business review**

The company's principal activities consists in investment and financing.

### **Financial review**

The company's income statement for the year ended 31 July 2020 shows a loss of TDKK 139.289, and the balance sheet at 31 July 2020 shows equity of TDKK 956.080.

The income statement for the year is negatively affected by a reduced share of profit of associates and exchange losses.

The loss for the year is in line with the expectations, as expressed in the annual report last year.

### **Outlook**

For the coming year, an improvement in earnings is expected compared to the current year.

## **Accounting policies**

The annual report of Aktieselskabet af 5.5.2010 for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

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

The annual report for 2019/20 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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

### **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 company and the value of the asset can be measured reliably.

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

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

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

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

## **Income statement**

### **Gross Profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company summarizes certain items in the income statement. Gross profit includes other external costs.

### **Other external costs**

Other external costs comprise costs for administration.

### **Financial income and costs**

Financial income and costs comprises 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 of subsidiaries is recognised in the 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 the 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 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**

### **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 any remaining value 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.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 20 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

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**

### **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.

### **Cash and cash in hand**

Cash at bank and in hand comprise cash 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.

### **Income tax and deferred tax**

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

Deferred tax is measured according to the 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.

### **Liabilities**

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

### **Foreign currency translation**

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

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

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

## Accounting policies

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the 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.

### Financial highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

**Income statement 1 August - 31 July**

	<b>Note</b>	<b>2019/20</b> TDKK	<b>2018/19</b> TDKK
<b>Gross Profit</b>		<b>-1.488</b>	<b>-3.166</b>
Income from investments in subsidiaries		-16	-15
Income from investments in associates		-48.134	718.686
Financial income	1	7.129	32.700
Financial costs	2	-122.550	-37.189
<b>Profit/loss before tax</b>		<b>-165.059</b>	<b>711.016</b>
Tax on profit/loss for the year	3	25.770	1.505
<b>Profit/loss for the year</b>		<b>-139.289</b>	<b>712.521</b>
Distribution of profit	4		

**Balance sheet 31 July**

	Note	2020 TDKK	2019 TDKK
<b>Assets</b>			
Investments in subsidiaries	5	634	650
Investments in associates	6	3.279.055	2.877.929
<b>Non-current investments</b>		<u>3.279.689</u>	<u>2.878.579</u>
<b>Total non-current assets</b>		<u>3.279.689</u>	<u>2.878.579</u>
Receivables from group enterprises		3.521.461	3.520.124
Other receivables		854	0
Corporation tax		25.770	1.505
<b>Receivables</b>		<u>3.548.085</u>	<u>3.521.629</u>
<b>Cash at bank and in hand</b>		<u>14</u>	<u>7</u>
<b>Total current assets</b>		<u>3.548.099</u>	<u>3.521.636</u>
<b>Total assets</b>		<u><u>6.827.788</u></u>	<u><u>6.400.215</u></u>

**Balance sheet 31 July**

	Note	2020 TDKK	2019 TDKK
<b>Equity and liabilities</b>			
Share capital		875	875
Retained earnings		955.205	1.029.409
<b>Equity</b>	<b>7</b>	<b>956.080</b>	<b>1.030.284</b>
Credit institutions		5.835.108	5.316.283
Trade payables		19	17
Payables to group enterprises		36.496	52.529
Other payables		85	1.102
<b>Total current liabilities</b>		<b>5.871.708</b>	<b>5.369.931</b>
<b>Total liabilities</b>		<b>5.871.708</b>	<b>5.369.931</b>
<b>Total equity and liabilities</b>		<b>6.827.788</b>	<b>6.400.215</b>
Significant events occurring after end of reporting period	8		
Contingent liabilities	9		
Mortgages and collateral	10		
Related parties and ownership structure	11		



**Statement of changes in equity**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 August 2019	875	1.029.409	1.030.284
Exchange adjustment, foreign	0	29.899	29.899
Other equity movements	0	35.186	35.186
Net profit/loss for the year	0	-139.289	-139.289
<b>Equity at 31 July 2020</b>	<b>875</b>	<b>955.205</b>	<b>956.080</b>

## Notes

	2019/20 TDKK	2018/19 TDKK
<b>1 Financial income</b>		
Interest received from group enterprises	7.129	13.167
Other financial income	0	19.533
	<u>7.129</u>	<u>32.700</u>
<b>2 Financial costs</b>		
Financial costs, group enterprises	13.486	14.458
Other financial costs	109.064	22.731
	<u>122.550</u>	<u>37.189</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-25.770	-1.505
	<u>-25.770</u>	<u>-1.505</u>
<b>4 Distribution of profit</b>		
Retained earnings	-139.289	712.521
	<u>-139.289</u>	<u>712.521</u>

## Notes

	2020 TDKK	2019 TDKK
<b>5 Investments in subsidiaries</b>		
Cost at 1 August 2019	7.570	7.570
Cost at 31 July 2020	7.570	7.570
Revaluations at 1 August 2019	-6.920	-6.905
Net profit/loss for the year	-16	-15
Revaluations at 31 July 2020	-6.936	-6.920
<b>Carrying amount at 31 July 2020</b>	<b>634</b>	<b>650</b>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Aktieselskabet af 5.8.2013	Aarhus	100%

## Notes

	2020 TDKK	2019 TDKK
<b>6 Investments in associates</b>		
Cost at 1 August 2019	3.276.220	3.577.019
Additions for the year	384.174	64.517
Disposals for the year	0	-365.316
Cost at 31 July 2020	<u>3.660.394</u>	<u>3.276.220</u>
Revaluations at 1 August 2019	-398.291	-441.627
Disposals for the year	-7.709	3.069
Exchange adjustment	29.899	-51.591
Net profit/loss for the year	-40.424	5.299
Other equity movements, net	35.186	86.559
Revaluations at 31 July 2020	<u>-381.339</u>	<u>-398.291</u>
<b>Carrying amount at 31 July 2020</b>	<u><u>3.279.055</u></u>	<u><u>2.877.929</u></u>

The company acquired shares in associates during the year, in relation to the transaction no goodwill was recognized.

The disposals for the year have negatively affected the profit/loss for the year with DKK 7,7 million.

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
ASOS plc	London	25%

## 7 Equity

The share capital consists of 1.000 shares of a nominal value of TDKK 875. No shares carry any special rights.

## 8 Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## Notes

### 9 Contingent liabilities

The Company is jointly taxed with the other Danish enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation. The total amount appears from the annual report of HEARTLAND A/S, which is the administration company in the joint taxation.

### 10 Mortgages and collateral

As collateral for the bank debt of DKK 5,8 billion the company has provided security in investments in associates.

### 11 Related parties and ownership structure

#### Controlling interest

BESTSELLER UNITED A/S, Inge Lehmanns Gade 2, 8000 Aarhus C (Majority owner)

#### Transactions

Purchase of services from group enterprises - DKK 56 thousands

Interest income from group enterprises - DKK 7.129 thousands

Interest expenses to group enterprises - DKK 13.486 thousands

Receivables from group enterprises - increased by DKK 1.337 thousands

Payables to group enterprises - reduced by DKK 16.033 thousands

#### Consolidated financial statements

The company is reflected in the group report as the parent company

HEARTLAND A/S  
Inge Lehmanns Gade 2  
8000 Aarhus C