

## Normal A/S

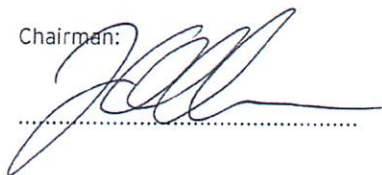
Thomas Helsteds Vej 18, 8660 Skanderborg

CVR no. 34 88 37 93

### Annual report 2017/18

Approved at the Company's annual general meeting on 21 November 2018

Chairman:

A handwritten signature in blue ink, appearing to be 'J. M.', written over a dotted line.

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Normal A/S for the financial year 1 August 2017 - 31 July 2018.

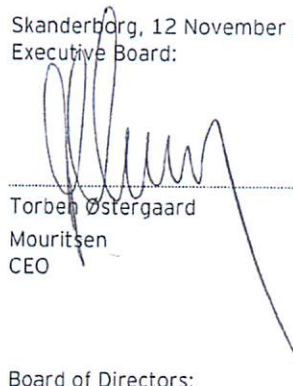
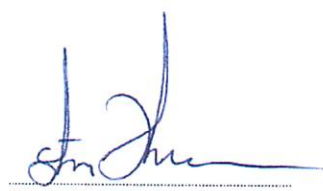
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2018 and of the results of the Company's operations for the financial year 1 August 2017 - 31 July 2018.

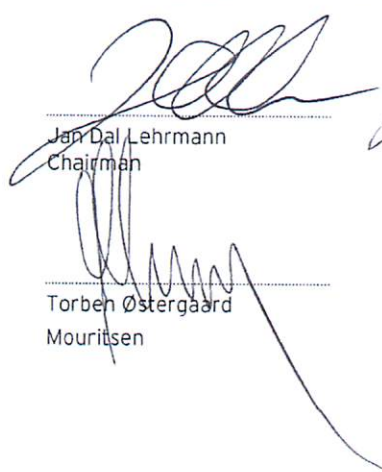
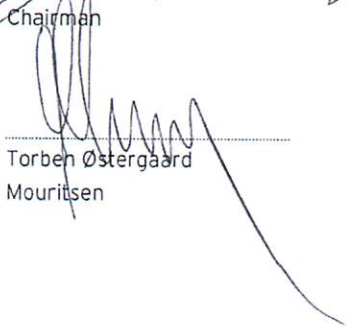
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Skanderborg, 12 November 2018  
Executive Board:

  
Torben Østergaard  
Mouritsen  
CEO  
Steen Overholdt Hansen  
CFO

Board of Directors:

  
Jan Dal Lehmman  
Chairman  
Paul Brian McGreevy  
Lise Kaas  
Torben Østergaard  
Mouritsen



## Independent auditor's report

To the shareholder of Normal A/S

### Opinion

We have audited the financial statements of Normal A/S for the financial year 1 August 2017 - 31 July 2018, which comprise income statement, balance sheet, statement of changes in equity 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 July 2018 and of the results of the Company's operations for the financial year 1 August 2017 - 31 July 2018 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.
- ▶ 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.

## Independent auditor's report

- ▶ 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.

Aarhus, 12 November 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Jens Weiersøe Jakobsen  
State Authorised Public Accountant  
mne30152



Christian Jøker  
State Authorised Public Accountant  
mne31471



## Management's review

### Company details

Name	Normal A/S
Address, Postal code, City	Thomas Helsteds Vej 18, 8660 Skanderborg
CVR no.	34 88 37 93
Established	12 December 2012
Registered office	Skanderborg
Financial year	1 August 2017 - 31 July 2018
Board of Directors	Jan Dal Lehrmann, Chairman Paul Brian McGreevy Lise Kaae Torben Østergaard Mouritsen
Executive Board	Torben Østergaard Mouritsen, CEO Steen Overholdt Hansen, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

## Management's review

### Financial highlights

DKK m	2017/18 12 months	2017 7 months	2015/16 12 mdr.(months)	2014/15 12 mdr.(months)	2013/14 12 mdr.(months)
<b>Key figures</b>					
Revenue	1,257	483	665	323	92
Gross margin	247	102	149	72	22
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	78	26	39	21	6
Operating profit/loss	49	10	18	14	4
Net financials	-7	-3	-3	-2	-1
Profit before tax	33	9	15	12	3
Profit/loss for the year	23	7	12	9	3
<b>Assets and liabilities</b>					
Fixed assets	179	144	137	50	17
Non-fixed assets	444	256	234	114	33
<b>Total assets</b>	<b>623</b>	<b>400</b>	<b>371</b>	<b>164</b>	<b>50</b>
Investment in property, plant and equipment	27	9	80	22	13
<b>Equity</b>	<b>142</b>	<b>102</b>	<b>96</b>	<b>84</b>	<b>35</b>
Current liabilities other than provisions	460	283	270	79	14
<b>Financial ratios</b>					
Operating margin	3.9%	2.1%	2.7%	4.3 %	4.3 %
Current ratio	96.5%	90.5%	86.7%	144.3%	235.7%
Equity ratio	22.8%	25.5%	25.9%	51.2%	70.0%
Return on equity	19.1%	12.2%	13.2%	15.1%	14.6%
<b>Employees</b>					
Average number of employees	488	436	349	150	53

## Management's review

### Business review

The objective of the Company and the Group is to trade non-food products primarily through retail stores. At present the Normal Group includes subsidiaries in Norway, Sweden and the Netherlands.

Our mission is to make it inexpensive and adventurous to shop branded everyday products and to give our customers a unique shopping experience at everyday low prices every time they visit and go shopping in our stores.

### Financial review

Revenue for the year totals DKK 1,257 million, and profit for the year after tax totals DKK 23.4 million. The balance sheet at 31 July 2018 shows total assets of DKK 623.3 million and equity of DKK 142.4 million.

Activities for the year measured by revenue is significantly higher compared to last year due to many more stores both in Denmark and the subsidiaries in Norway, Sweden and the Netherlands. In the financial year the Normal Group opened 56 new stores including activities and stores outside Denmark, and as of 31 July 2018 the Normal A/S Group has a total of 137 stores in the present four countries.

The result for the year is satisfying, not least considering the massive expansion and related start-up costs for new stores and new markets and increasing investments in organizational growth and IT systems.

### Special risks

The Company's activities are deemed not to pose any special risks other than the usual risks in the industry.

Purchases made abroad imply that purchase prices and thereby results of operation and cash flows are affected by exchange rate and interest rate fluctuations for selected currencies. Hedging is made for the most significant and volatile commercial exchange rate risks. Hedging takes place primarily through forward exchange transactions to hedge expected purchases. The Company does not engage in speculative foreign currency holdings.

Moderate changes in the interest level is deemed not to have any significant impact on earnings. Therefore, the Company does not hedge interest rate risks.

### Statutory CSR report

In Normal A/S we take responsibility for the business we run and we endeavour to meet the challenges we may meet. The Company has not laid down any separate policies for corporate social responsibility, human rights, environmental aspects and climate impact, and therefore, the Management's review does not make any disclosures in that respect.

I Normal A/S-koncernen er der i 2018 igangsat et projekt omkring et mere systematisk arbejde med og rapportering om samfundsansvar i overensstemmelse med lovgivningens krav herom, som er gældende for Normal A/S-koncernen fra og med regnskabsåret 2018/19. [oversættes]

### Account of the gender composition of Management

In the opinion of Normal A/S qualifications and experience and not the gender of a person are primarily to decide whether an individual is suitable for the job or not. Normal A/S believes that diversity among its employees, including an even distribution of the genders contribute positively to the working environment and strengthens the Company's performance and competitiveness.

In order to comply with legislation, a target figure has been laid down for the even representation of both genders on the Board of Directors in Normal A/S. Consequently, minimum 25% of the members of the Board of Directors appointed by the general meeting are to be female. Today, there are four members of the Board of Directors of which one is female. The target has thus been reached.

The gender composition in the Normal A/S Group is not equal. At department and store management level, the Group has at present an over-representation of women who make up 83% of the employees at department and store management level, which solely is attributable to the current recruitment situation within Danish retail.



## Management's review

Consequently, men are the underrepresented gender in other executive positions than the Executive Board. The management team of the Normal A/S Group comprise 181 persons, including the Company's Executive Board and the department managers of various functions and store managers. Male managers on this management level made up 21% in 2017/18. Male employees made up 35% of all employees in the Group.

## Outlook

The ongoing growth is expected to continue in the coming financial year, especially outside Denmark. As a consequence, revenue and results of operations are expected to increase.

## Financial statements 1 August 2017 - 31 July 2018

### Income statement

Note	DKK'000	2017/18 12 months	2017 7 months
2	Revenue	1,256,774	483,148
	Other operating income	8,313	759
	Cost of goods sold	-810,178	-287,435
	Other external expenses	-207,891	-94,676
	<b>Gross margin</b>	<b>247,018</b>	<b>101,796</b>
3	Staff costs	-168,662	-75,528
	Amortisation/depreciation of intangible assets and property, plant and equipment	-29,306	-15,892
	<b>Profit before net financials</b>	<b>49,050</b>	<b>10,376</b>
	Net profit/loss from investments in group entities	-9,242	1,153
4	Financial income	473	24
5	Financial expenses	-7,684	-2,812
	<b>Profit before tax</b>	<b>32,597</b>	<b>8,741</b>
6	Tax for the year	-9,243	-1,668
	<b>Profit for the year</b>	<b>23,354</b>	<b>7,073</b>

## Financial statements 1 August 2017 - 31 July 2018

### Balance sheet

Note	DKK'000	2017/18	2017
	<b>ASSETS</b>		
	Fixed assets		
7	Intangible assets		
	Software and licences	24,477	16,709
	Goodwill	4,680	5,860
		<u>29,157</u>	<u>22,569</u>
8	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	58,070	54,478
	Leasehold improvements	32,838	31,960
		<u>90,908</u>	<u>86,438</u>
9	Investments		
	Investments in group entities, net asset value	26,265	5,149
	Deposits, investments	32,694	30,153
		<u>58,959</u>	<u>35,302</u>
	<b>Total fixed assets</b>	<u>179,024</u>	<u>144,309</u>
	<b>Non-fixed assets</b>		
	Inventories		
	Finished goods and goods for resale	271,647	209,155
	Prepayments for goods	0	1,254
		<u>271,647</u>	<u>210,409</u>
	Receivables		
	Trade receivables	2,916	2,237
	Receivables from group entities	119,230	578
	Income taxes receivable	0	38
	Joint taxation contribution receivable	0	7,943
	Other receivables	12,139	3,281
10	Deferred income	18,501	15,062
		<u>152,786</u>	<u>29,139</u>
11	Investments	1,750	0
	Cash	18,074	16,205
	<b>Total non-fixed assets</b>	<u>444,257</u>	<u>255,753</u>
	<b>TOTAL ASSETS</b>	<u>623,281</u>	<u>400,062</u>



## Financial statements 1 August 2017 - 31 July 2018

### Balance sheet

Note	DKK'000	2017/18	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	533	533
	Net revaluation reserve according to the equity method	0	933
	Reserve for treasury shares	1,750	0
	Other reserves	24	24
	Retained earnings	140,109	100,963
	<b>Total equity</b>	<b>142,416</b>	<b>102,453</b>
	<b>Provisions</b>		
14	Deferred tax	19,256	14,988
	<b>Total provisions</b>	<b>19,256</b>	<b>14,988</b>
	<b>Liabilities other than provisions</b>		
13	Non-current liabilities other than provisions		
	Other payables	2,073	0
		<b>2,073</b>	<b>0</b>
	<b>Current liabilities other than provisions</b>		
	Bank debt	133,856	76,696
	Trade payables	193,625	81,409
	Payables to group entities	101,551	100,000
	Joint taxation contribution payable	4,976	0
	Other payables	22,372	20,790
15	Deferred income	3,156	3,726
		<b>459,536</b>	<b>282,621</b>
	<b>Total liabilities other than provisions</b>	<b>461,609</b>	<b>282,621</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>623,281</b>	<b>400,062</b>

- 1 Accounting policies
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Currency risks
- 19 Related parties

## Financial statements 1 August 2017 - 31 July 2018

### Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Reserve for treasury shares	Other reserves	Retained earnings	Total
20	Equity at 1 January 2017	533	0	0	24	95,043	95,600
	Transfer, see "Appropriation of profit"	0	1,153	0	0	5,920	7,073
	Exchange adjustment	0	-220	0	0	0	-220
20	Equity at 1 August 2017	533	933	0	24	100,963	102,453
	Transfer, see "Appropriation of profit"	0	-783	0	0	24,137	23,354
	Equity transferred to reserves	0	0	1,750	0	-1,750	0
	Exchange adjustment	0	-150	0	0	0	-150
	Contribution from group	0	0	0	0	16,759	16,759
	Equity at 31 July 2018	533	0	1,750	24	140,109	142,416

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Normal A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) and section 86(4) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements or cash flow statement. The Company's financial statements and cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Heartland A/S. Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act.

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.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

### Income statement

#### Revenue

Income from the sale of goods for resale and finished goods, comprising sale of everyday necessities is recognised in revenue when transfer of the most significant rewards and risks 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.



## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains 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, premises, bad debts, payments under operating leases, 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 entity's employees. The item is net of refunds made by public authorities.

##### Amortisation/depreciation and impairment

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

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised on a straight-line basis over the expected useful life. Acquired IP rights include patents, rights and licences.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's assessment of i.a. the nature of the business acquired, earnings, market position and stability of the industry.

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:

Software and licences	5 years
Goodwill	5 years

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.

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:

Fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-7 years

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 depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statement 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

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Intangible assets

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 five years.

Other intangible assets include intellectual property rights acquired.

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

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

##### 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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. 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.



## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates 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 are 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 FIFO 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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.



## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

##### Prepayments

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

##### Equity

##### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### 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.

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

##### Financial ratios

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

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

	DKK'000	2017/18 12 months	2017 7 months
<b>2</b>	<b>Segment information</b>		
	Breakdown of revenue by geographical segment:		
	Denmark	1,023,732	473,895
	Other countries	233,042	9,253
		<u>1,256,774</u>	<u>483,148</u>
<b>3</b>	<b>Staff costs</b>		
	Wages/salaries	154,123	69,032
	Pensions	6,802	3,059
	Other social security costs	1,863	1,062
	Other staff costs	5,874	2,375
		<u>168,662</u>	<u>75,528</u>
	Average number of full-time employees	<u>488</u>	<u>436</u>
	Total remuneration to Management amounts to DKK 3,733 thousand (2017: DKK 1,803 thousand (7 months)).		
	DKK'000	2017/18 12 months	2017 7 months
<b>4</b>	<b>Financial income</b>		
	Interest receivable, group entities	473	0
	Other financial income	0	24
		<u>473</u>	<u>24</u>
<b>5</b>	<b>Financial expenses</b>		
	Interest expenses, group entities	5,071	1,078
	Other financial expenses	2,613	1,734
		<u>7,684</u>	<u>2,812</u>
<b>6</b>	<b>Tax for the year</b>		
	Estimated tax charge for the year	4,976	-4,398
	Deferred tax adjustments in the year	4,267	6,066
		<u>9,243</u>	<u>1,668</u>



## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 7 Intangible assets

DKK'000	Software and licences	Goodwill	Total
Cost at 1 August 2017	19,405	7,709	27,114
Additions in the year	12,801	285	13,086
Disposals in the year	-83	0	-83
Cost at 31 July 2018	32,123	7,994	40,117
Impairment losses and amortisation at 1 August 2017	2,696	1,849	4,545
Amortisation/depreciation in the year	5,033	1,465	6,498
Amortisation/depreciation and impairment of disposals in the year	-83	0	-83
Impairment losses and amortisation at 31 July 2018	7,646	3,314	10,960
Carrying amount at 31 July 2018	24,477	4,680	29,157

#### 8 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 August 2017	76,030	44,143	120,173
Additions in the year	17,545	9,734	27,279
Disposals in the year	0	-80	-80
Cost at 31 July 2018	93,575	53,797	147,372
Impairment losses and depreciation at 1 August 2017	21,552	12,183	33,735
Impairment losses in the year	444	610	1,054
Amortisation/depreciation in the year	13,509	8,246	21,755
Reversal of amortisation/depreciation and impairment of disposals	0	-80	-80
Impairment losses and depreciation at 31 July 2018	35,505	20,959	56,464
Carrying amount at 31 July 2018	58,070	32,838	90,908

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 9 Investments

DKK'000	Investments in group entities, net asset value	Deposits, investments	Total
Cost at 1 August 2017	4,216	30,153	34,369
Additions in the year	30,508	2,596	33,104
Disposals in the year	0	-55	-55
Cost at 31 July 2018	34,724	32,694	67,418
Value adjustments at 1 August 2017	933	0	933
Exchange adjustment	-150	0	-150
Share of the profit/loss for the year	-9,242	0	-9,242
Value adjustments at 31 July 2018	-8,459	0	-8,459
Carrying amount at 31 July 2018	26,265	32,694	58,959

Name	Domicile	Interest
<b>Subsidiaries</b>		
Normal Norge AS	Kristiansand	75.00%
Mjölklaset Holding AB	Stockholm	100.00%
Coport Holding B.V.	Amsterdam	100.00%
Ejendomsselskabet Godthåbsvej 41 A/S	Skanderborg	100.00%

#### 10 Deferred income

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and lease of operating equipment.

#### 11 Investments

Investments comprise shares of a nominal amount of DKK 3,333 in the parent company Aktieselskabet af 1.12.2016, which are recognised at cost.

#### 12 Share capital

The share capital comprises 533,333 shares of DKK 1 nominal value each. All shares rank equally.

Analysis of changes in the share capital over the past 5 years:

DKK'000	2017/18	2017	2016	2015	2014
Opening balance	533	533	533	259	198
Capital increase	0	0	0	298	61
Capital reduction	0	0	0	-24	0
	533	533	533	533	259

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/7 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	2,073	0	2,073	0
	<u>2,073</u>	<u>0</u>	<u>2,073</u>	<u>0</u>

DKK'000	2017/18	2017
<b>14 Deferred tax</b>		
Deferred tax at 1 August	14,988	5,378
Adjustments for the year of deferred tax	4,268	6,066
Adjustment re. joint taxation contribution for 2016	0	3,544
<b>Deferred tax at 31 July</b>	<u>19,256</u>	<u>14,988</u>

Deferred tax relates to intangible assets and property, plant and equipment as well as deferred income, other liabilities and tax loss carryforwards.

#### 15 Deferred income

Deferred income consists of rent discounts obtained, which are accrued over the interminable period of the lease.

#### 16 Contingent liabilities, etc.

##### Contingent liabilities

DKK'000	2017/18	2017
Guarantee commitments, leases	24,149	7,950
	<u>24,149</u>	<u>7,950</u>

##### Other contingent liabilities

The Company is jointly taxed with its ultimate parent, Heartland A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2017/18	2017
Rent and lease liabilities	391,874	302,453
	<u>391,874</u>	<u>302,453</u>

Rent and lease liabilities include a rent obligation totalling DKK 388,711 thousand (2017: DKK 300,381 thousand) in interminable rent agreements with remaining contract terms of 1-10 years. Furthermore, the Company has liabilities under operating leases for fixtures and fittings, totalling DKK 3,163 thousand (2017: DKK 2,072 thousand) with remaining contract terms of 1-6 years.

## Financial statements 1 August 2017 - 31 July 2018

### Notes to the financial statements

#### 17 Collateral

As security for the Company's debt to credit institutions, the Company has provided collateral to the bank in the form of a floating charge of DKK 22,250 thousand secured on trade receivables, inventories, fixtures and fittings, tools and equipment as well as goodwill and acquired intangible assets.

#### 18 Currency risks

At 31 July 2018, Normal A/S had concluded foreign exchange contracts regarding the Company's purchases of goods totalling GBP 7,100 thousand of which GBP 838 thousand is recognised as trade payables in the balance sheet at 31 July 2018.

#### 19 Related parties

Normal A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Aktieselskabet af 1.12.2016 (parent company)	Fredskovvej 5, 7330 Brande, Denmark	Shareholder

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Heartland A/S	Fredskovvej 5, 7330 Brande, Denmark	Consolidated financial statements can be requisitioned at <a href="http://www.cvr.dk">www.cvr.dk</a>

DKK'000	2017/18 12 months	2017 7 months
20 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	-783	1,153
Retained earnings	24,137	5,920
	23,354	7,073