Normal A/S

Godthåbsvej 41, 8660 Skanderborg

CVR no. 34 88 37 93

Annual report 2020/21

Approved at the Company's annual general meeting on 18 November 2021

Chair of the meeting:

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Jan D. Lehrmann

Contents

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 2020 - 31 July 2021.

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 2021 and of the results of the Company's operations for the financial year 1 August 2020 - 31 July 2021.

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, 18 October 2021
Executive Board:

Torben Ø. Mouritsen
CEO

Steen O. Hansen
CFO

Board of Directors:

Jan D. Lehrmann
Chair

Paul B. McGreevy

Lise Kaae

Torben Ø. 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 2020 - 31 July 2021, 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 2021 and of the results of the Company's operations for the financial year 1 August 2020 - 31 July 2021 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- 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, 18 October 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Friis State Authorised Public Accountant mne32732	Christian Jøker State Authorised Public Accountant mne31471

Management's review

Company details

Name	Normal A/S
Address, Postal code, City	Godthåbsvej 41, 8660 Skanderborg
CVR no.	34 88 37 93
Established	12 December 2012
Registered office	Skanderborg
Financial year	1 August 2020 - 31 July 2021
Board of Directors	Jan D. Lehrmann, Chair Paul B. McGreevy Lise Kaae Torben Ø. Mouritsen
Executive Board	Torben Ø. Mouritsen, CEO Steen O. Hansen, CFO
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKKm	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	2,961	2,313	1,891	1,257	483
Gross profit	595	448	353	247	102
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	280	183	112	78	26
Ordinary operating profit	233	146	77	49	10
Net financials	9	2	2	-7	-3
Profit before tax	327	190	69	33	9
Profit for the year	**275**	**158**	**51**	**23**	**7**
Fixed assets	726	417	266	206	144
Non-fixed assets	750	589	608	418	256
Total assets	**1,476**	**1,006**	**874**	**624**	**400**
Investments in property, plant and equipment	43	23	26	27	9
Equity	**582**	**304**	**192**	**142**	**102**
Current liabilities other than provisions	716	522	500	360	283
Financial ratios					
Operating margin	7.9%	6.3%	4.1%	3.9 %	2.1 %
Current ratio	104.7%	112.8%	121.6%	116.1%	90.5%
Equity ratio	39.4%	30.2%	22.0%	22.8%	25.5%
Return on equity	62.1%	63.7%	30.6%	19.1%	12.2%
Average number of employees	782	661	627	488	436

Management's review

Business review

Normal Group's business activities comprise retail trade, primarily within personal care and cosmetics, and are pursued through more than 300 stores across six markets: Denmark, Norway, Sweden, the Netherlands, France and Finland. Normal Group also operates a central warehouse located in Horsens, Denmark.

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 shop in our stores.

Financial review

The result for the year is satisfactory, not least in the light of the Covid-19 situation. The result includes investments in a continuing expansion and related start-up costs for new stores and new markets and continuing investments in organizational growth and IT systems. The total number of stores in Normal Group has been increased with 30% during the year to more than 300 stores, and during the year we started activity in a new market, Finland.

The financial results for and the expansion during the financial year 2020/21 have been affected by the Covid-19 situation, especially in markets where our stores have been partially closed during the year due to restrictions. However, we don’t estimate the Covid-19 effects to be substantial for the financial accounts.

Financial risks and use of financial instruments

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

The Company does not engage in speculative foreign currency transactions.

Statutory CSR report

Being an international company with more than 5,000 employees across six markets, Normal Group's main corporate social responsibility is related to the safety and well-being of its customers and employees as well as the sourcing and distribution of products. All products are sourced from suppliers in Europe, ranging from large multinational companies to smaller niche producers.

Normal Group's overall corporate social responsibility focus remains a constant and continuous awareness of the subject and the taking of adequate action wherever needed and relevant.

Climate and environment

Policy

Within the areas of climate and environment, Normal Group operates with an external and an internal perspective:

The external perspective covers the assortment of products offered to customers in the stores. The core principle within Normal Group is to offer its customers a broad assortment which allows them to make sustainable choices. Normal Group follows market trends and customer demands and continues to increase its range of sustainable products.

The internal perspective comprises the operation and maintenance of stores. Here, Normal Group continuously strives to reduce energy and resource consumption and introduce sustainable approaches in its routines, wherever possible.

Normal Group’s goal for FY2021/22 is to continuously increase its focus on climate and environment. Normal Group will continue to review the policy and sustainability strategy and introduce more and ambitious goals.

Management's review

Risk, actions and results

Products and sustainability:

The main risk associated with the climate and environment stems from the use of materials and ingredients for the products marketed and sold in Normal Group's stores. Normal Group continues to work on ensuring correct handling of all materials and offering eco-friendly alternatives with special attention to such alternatives also from a marketing perspective.

Sustainability within Normal Group's product assortment is organised under the following headings: Fragrance-free, paraben-free, organic, plastic-free, vegan, fair trade and reusable package. These categories account for an increasingly large share of the assortment, and during FY2020/21 the share of sustainable items in the product assortment has been doubled compared to last year.

Normal Group's goal for FY2021/22 is to further increase this number by continuously adding sustainable alternatives to its product portfolio, subject to consumer demand. A strong focus remains on purchasing products delivered in recycled or recyclable packaging, whenever possible.

The targeted launch of sustainable plastic bag alternatives is currently being realised on all markets with the out-phasing of all plastic bags and the introduction of two non-woven alternatives offered to the customers of Normal Group. So far, the non-woven alternative has been shipped to the stores on four markets; the last two markets will follow in Q4 2021.

Operation and maintenance:

Another risk of negatively affecting the climate stems from the operation and maintenance of Normal Group's locations (stores, warehouse, local offices and Danish headquarters). Store routines have been implemented and are being pursued, focusing on climate-preserving or energy-saving measures wherever possible, e.g. in terms of store lighting installations, waste separation, the use of environmentally certified cleaning agents in all stores and the reuse of relevant materials.

During FY2020/21, even more new routines have been introduced at Normal Group's central warehouse: Almost all GNFR items (Goods Not For Resale) are now being stored, picked and distributed centrally from the warehouse and shipped to stores across the markets together with the ordinary deliveries of goods to the stores, resulting in considerable CO_2 emission savings originating from transport reductions: A total of five major suppliers and several minor suppliers now ship their deliveries only to the central warehouse, and the goal is to continuously enrol all future suppliers of GNFR items to Normal Group in this scheme.

In addition, the waste separation project at Normal Group's central warehouse initiated in FY2019/20 is being further pursued with waste being separated into even more fractions: At present, waste at the warehouse is being separated into nine fractions, and a special cooperation has been initiated with a supplier regarding the separation and recycling of label wastepaper which has become a significant waste source as the warehouse labelling division has been continuously expanded in the past year.

A waste separation project has also been initiated at the Danish headquarters, with waste from offices, kitchen, canteen etc. currently being separated into nine fractions.

Normal Group continues to engage in service agreements with local suppliers in all its European markets on certain areas within cleaning and maintenance. Steps are currently being taken to ensure e.g. that service agreements are entered into with local suppliers located no more than 50 kilometres from the store's address. Several agreements have been concluded, and this work is in progress and will be pursued. This too has led to significant CO_2 emission savings due to transport reductions.

The energy audits targeted for FY2020/21 across Normal Group's Danish organisation (stores, headquarters and warehouse) have been completed, and follow-up has been conducted on all action areas identified: For instance, the general lighting consumption has been reduced in the Danish stores by turning off the night light function during daily opening hours. This has resulted in an annual CO_2 emission saving of 58 tons.

Moreover, the temperature of all store refrigerators has been adjusted, resulting in a CO_2 emission saving of 8 tons per year.

Management's review

The work with energy audits has been systemized, and audits will be performed regularly in the years to come to ensure a continued basis for additional energy consumption optimisation and identification of improvement potentials.

Finally, new sustainable initiatives are targeted for the years to come, including for instance the installation of electric vehicle charging stations at Normal Group's new central warehouse which is currently being erected near Hedensted, Denmark, and will be ready for operation by the end of 2022, and also at the Danish headquarters.

The new central warehouse in Hedensted will also have solar panels incorporated into the buildings, with a targeted nominal peak effect of 176 kW.

Human rights, ethics and anti-corruption

Policy

Normal Group recognises and respects all internationally acknowledged human rights and labour market conventions. All suppliers and business partners are expected to act accordingly.

Furthermore, trust and ethics are the cornerstones of Normal Group's relations with and attitude to its employees, business partners, suppliers and customers. Normal Group has implemented a zero-tolerance policy towards corruption and bribery.

Normal Group's goal for FY2021/22 is to continuously increase its focus on human rights. Normal Group will continue to review the policy and strategy and introduce more and ambitious goals.

Risk, actions and results

Code of Conduct:

The main risk associated to the violation of human rights relates to the collaboration with external suppliers. To accommodate such risks, Normal Group has enacted a Code of Conduct stipulating the human rights policies, and this Code of Conduct is being enforced on a continuous basis. All suppliers have either signed the Normal Code of Conduct or signed their own Code of Conduct on terms that meet the requirements set out in the Normal Code of Conduct. In FY2020/21, no violations of Normal Group's Code of Conduct have been detected.

The principal risk of corruption is associated with the interaction with Normal Group's suppliers. Normal Group's risk, however, remains limited due to its range of suppliers being located within the EU and based on the multinational brand reputation of most suppliers. Normal Group's ambition remains that all suppliers must either sign our Code of Conduct or have their own in place that meet our requirements.

Code of Ethics:

Normal Group has implemented a Code of Ethics setting out ethical guidelines and anti-corruption policies to be complied with by all employees of Normal Group. All new employees of Normal Group are requested to make themselves acquainted with the Code of Ethics and sign the document. In FY2020/21, all new employees signed the Code of Ethics.

Social and labour conditions

Policy

Normal Group strives to be an attractive workplace with a high level of job satisfaction. High priority is given to the continuous training of managers, onboarding routines and ensuring a healthy and safe working environment for all employees.

Normal Groups offers a workplace with a strong corporate social responsibility profile which contributes as a positive factor in the recruitment of new employees and adds a sense of community and commitment among Normal Group's employees, ultimately resulting in job enrichment and employee retention.

Furthermore, Normal Group endeavours to reflect its surrounding environment as closely as possible, also in terms of workforce diversity. This relates to both gender, age, race as well as physical and/or mental disabilities.

Management's review

Risk, actions and results

Corona pandemic:

Like many other retailers, Normal Group has been affected by the COVID-19 pandemic and was forced to temporarily cut back activities, also in FY2020/21. It remains a key goal for Normal Group to get through these challenging times without having to cut back on its staff, and this goal is still being accomplished.

Normal Group has pursued the extensive precautionary measures taken during the first months of the pandemic to ensure that all employees continuously feel safe in the stores and confident of their continued employment with Normal Group.

Leadership training courses:

In FY2020/21, Normal Group has continued to invest in people, implementing leadership programmes for all parts of the organization.

The leadership programme for store managers is based on a lifelong learning principle, expressed in three ways of learning; structured learning, emergent learning, and impulsive dimensions. To implement and firmly anchor the programme across Normal Group’s markets, a new People & Performance Partner organisation is currently being established. The goal for FY2021/22 is to extend the leadership programme across all markets and to enrol both store managers and assistant store managers in the programmes.

The mid-level managers at Normal Group's headquarters in Denmark are currently participating in a multiple day HQ leadership programme, facilitated in cooperation with the Danish Chamber of Commerce. The HQ Leadership programme is designed to create insights into the leadership role, develop personal leadership skills, and strengthen the relationship between employees and managers.

In FY2021/22, a leadership programme for Normal Group's warehouse managers has been initiated to develop internal leadership skills, specifically aimed at developing and embracing a strong culture in the diverse workforce of more than 25 different nationalities represented at the warehouse. The warehouse leadership programme consists of monthly classroom workshops as well as continuous leadership sparring on a one-to-one basis.

In addition to the leadership programmes pursued across Normal Group's organisation, strong focus is maintained on the implementation of culture and corporate values through the onboarding of new employees, and the continuous strengthening of internal pipeline resources, e.g. in terms of future store managers and regional managers.

Normal Warehouse:

Normal Group engages in ongoing collaborations with relevant parties to contribute to local communities, e.g., by helping challenged citizens enter the labour market. These efforts are special focus areas at Normal Group's central warehouse in Horsens, Denmark, exemplified in FY2020/21 by the permanent commitment to a project where young autistic people are offered employment at the warehouse. By the end of FY2020/21, a total of two autistic persons and five young interns under project "NExTWORK" were employed at the warehouse. This accounts for around 5% of the total warehouse workforce. The goal for FY2021/22 is to continue these projects at an equivalent scale.

In addition, the warehouse pursues its cooperation with the local authorities of Horsens, Hedensted and Viborg and the local Prison and Probation Service about job testing schemes and re-labelling tasks which are outsourced to e.g. mentally disabled persons and vulnerable persons who are unable to attend to an ordinary job. The ambition for FY2021/22 is to pursue these commitments at an equivalent scale.

Furthermore, a cooperation has been initiated with Social Craft ApS, a Horsens-based company working to support and procure employment for persons who, for some reason, find themselves standing at the edge of the traditional labour market. This new cooperation comprises approx. 25 warehouse employees.

In FY2020/21, the social efforts and commitments undertaken by Normal Group's warehouse resulted in the warehouse being awarded with a special corporate social responsibility certificate instituted by the Municipality of Horsens.

Management's review

In the spring of 2021, Normal Group's warehouse initiated a corporation with the organization NIIS, an organisation working on effectively integrating immigrants and refugees into the Danish labour market. It has been agreed to extend this cooperation and focus even more warehouse resources on local communities. This will e.g. be carried out in the form of a project that works to prepare young people who have never had a job for entering the labour market, or to motivate them to take up education, thus enabling them to provide for themselves in the long term.

To further support the diversified workforce at Normal Group's warehouse, an internal initiative referred to as Normal Warehouse Life Support was taken in the spring of 2021. The purpose of this initiative is to offer personal "life support" to the warehouse employees, helping them e.g. to understand and handle relevant aspects of everyday life that can be challenging for non-natives, e.g. in terms of Danish legislation, culture and cultural habits, social standards etc. The Life Support initiative is being pursued through the employee app and by way of face-to-face consultations.

Miscellaneous:

In general, Normal Group's strong focus on social and labour conditions, and the national legislations of the countries in which Normal Group operates, contribute to minimising circumstances that may have a negative effect on the employees' health and well-being.

During FY2021/22, Normal Group will continue its contribution to the education of young people by initiating students' store training and by continuing to offer internships, both at the headquarters, the warehouse and in stores across the markets.

Moreover, Normal Group pursues a social strategy of dedicating two full working days every year where all employees at the Danish headquarters work together to support charitable organisations.

One of such organisations is LykkeLiga, a Danish network of handball teams for mentally handicapped children and young people working for securing equal opportunities for children with special needs to engage in local sports clubs and communities.

So far, Normal Group's contribution to LykkeLiga's activities has come in the form of lump sum sponsorships, but mainly in the form of Normal Group hosting and participating in beneficial activities in cooperation with LykkeLiga, e.g. handball tournaments, training sessions etc., as well as the donation of monetary contributions generated through the sale of special products in Normal Group's stores. Normal Group intends to further develop and expand its cooperation with LykkeLiga in the coming year, thus also contributing to increased public awareness of LykkeLiga and the charitable work pursued by this organisation.

Over the past year, Normal Group has also reached out and made donations of various types and scopes to a total of approx. 40 charitable organisations, mainly small-scale and local organisations.

Finally, Normal Group continues to develop and expand the employee app covering all employees across all markets. The app currently has 4,752 unique users across all six markets and features a total average of more than 75,000 unique sessions every month. The employee app facilitates online training and quizzes to improve and document employee awareness of e.g. GDPR, health, safety and IT security. The employee app continues to support a virtual corporate community and flow of information, bringing the employees of Normal Group closer together.

The future goal is for the employee app to develop in line with the general expansion of Normal Group so that the app will constitute a platform for efficient communication, training and onboarding for any new market of Normal Group - from day 1.

Account of the gender composition of Management

In the opinion of Normal Group, qualifications and experience - and not the gender of a person - are the main decisive factors when determining whether an individual is suitable for a job or not. Normal Group believes that diversity among its employees, including an even distribution by gender, contributes positively to the working environment and strengthens Normal Group'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 of Normal Group. Consequently, a minimum of 25 % of the members of the Board of Directors appointed by the general meeting must be female. Today, the Board of Directors has four members, one of whom is female. The target has thus been reached.

Management's review

The gender distribution of Normal Group is not equal: At department and store management level, Normal Group has a current over-representation of female employees who account for a total of 81 % of all employees. This is solely attributable to the current recruitment situation in retail.

Consequently, Normal Group has a current under-representative of male employees in executive positions other than the Executive Board. The management team of Normal Group comprises 400 persons, including the Executive Board, department managers of various functions, and store managers. Male executives on this management level account for 27 %. Male employees account for a total of 19 % of all employees of Normal Group.

Persons of both genders are encouraged to apply for managerial positions at Normal Group.

Outlook

The ongoing growth is expected to continue in the coming financial year, especially outside Denmark. Therefore, revenue and results of operations are expected to increase with similar growth rates.

Financial statements 1 August 2020 - 31 July 2021

Income statement

Note	DKK'000	2020/21	2019/20
2	**Revenue**	2,961,157	2,313,417
	Other operating income	43,682	28,650
	Cost of goods sold	-2,149,447	-1,659,287
	Other external expenses	-260,743	-235,045
	Gross profit	594,649	447,735
3	Staff costs	-315,038	-264,403
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-46,142	-37,781
	Profit before net financials	233,469	145,551
	Net profit/loss from investments in subsidiaries	83,829	42,864
5	Financial income	18,250	10,284
6	Financial expenses	-9,020	-8,448
	Profit before tax	326,528	190,251
7	Tax for the year	-51,598	-32,459
	Profit for the year	274,930	157,792

Financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	ASSETS		
	Fixed assets		
8	**Intangible assets**		
	Software and licences	27,991	29,954
	Goodwill	1,671	2,143
		29,662	32,097
9	**Property, plant and equipment**		
	Fixtures and fittings, tools and equipment	63,961	58,646
	Leasehold improvements	34,115	29,517
		98,076	88,163
10	**Investments**		
	Investments in subsidiaries	526,060	222,087
	Receivables from group entities	31,324	33,536
	Deposits	40,914	41,474
		598,298	297,097
	Total fixed assets	726,036	417,357
	Non-fixed assets		
	Inventories		
	Goods for resale	453,214	379,119
		453,214	379,119
	Receivables		
	Receivables from group entities	218,073	160,259
	Other receivables	31,960	14,601
11	Prepayments	24,156	21,292
		274,189	196,152
	Investments	0	1,120
	Cash	22,601	12,614
	Total non-fixed assets	750,004	589,005
	TOTAL ASSETS	1,476,040	1,006,362

Financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	533	533
	Net revaluation reserve	64,092	0
	Reserve for treasury shares	0	1,120
	Retained earnings	464,486	302,016
	Dividend proposed for the year	52,600	0
	Total equity	581,711	303,669
	Provisions		
13	Deferred tax	18,413	20,975
	Total provisions	18,413	20,975
	Liabilities other than provisions		
14	**Non-current liabilities other than provisions**		
	Payables to group entities	139,656	139,656
	Payables to shareholders and management	18,344	18,344
	Other payables	2,073	2,073
		160,073	160,073
	Current liabilities other than provisions		
	Bank debt	137,633	55,062
	Trade payables	362,745	365,487
	Payables to group entities	63,777	689
	Joint taxation contribution payable	54,160	32,045
	Other payables	94,296	65,188
16	Deferred income	3,232	3,174
		715,843	521,645
		875,916	681,718
	TOTAL EQUITY AND LIABILITIES	1,476,040	1,006,362

1 Accounting policies
17 Contractual obligations and contingencies, etc.
18 Collateral
19 Related parties
20 Appropriation of profit

Financial statements 1 August 2020 - 31 July 2021

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve	Reserve for treasury shares	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 August 2019	533	0	1,120	190,433	0	192,086
	Equity adjustment, purchase of non-controlling shares	0	0	0	-38,671	0	-38,671
	Equity adjustments, investments	0	0	0	-4,664	0	-4,664
20	Transfer, see "Appropriation of profit"	0	0	0	157,792	0	157,792
	Exchange rate adjustment, investments	0	0	0	-2,874	0	-2,874
	Equity at 1 August 2020	533	0	1,120	302,016	0	303,669
20	Transfer, see "Appropriation of profit"	0	64,092	-1,120	159,358	52,600	274,930
	Exchange rate adjustment, investments	0	0	0	3,112	0	3,112
	Equity at 31 July 2021	533	64,092	0	464,486	52,600	581,711

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies

The annual report of Normal A/S for 2020/21 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 a 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements 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.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

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 presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the 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 forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

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

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 **Accounting policies (continued)**

Income statement

Revenue

Income from the sale of goods for resale, comprising sale of everyday necessities, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer 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

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

The item comprises amortisation/depreciation 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

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 acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 **Accounting policies (continued)**

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

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 acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

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 any impairment losses. 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.

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 plus or minus 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 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 groups 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).

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Cash

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

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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

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.

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 statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

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

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

	DKK'000	2020/21	2019/20
2	**Segment information**		
	Breakdown of revenue by geographical segment:		
	Denmark	1,535,384	1,295,015
	Other countries	1,425,773	1,018,402
		2,961,157	2,313,417
3	**Staff costs**		
	Wages/salaries	284,141	238,703
	Pensions	15,879	13,054
	Other social security costs	5,016	3,449
	Other staff costs	10,002	9,197
		315,038	264,403
	Average number of full-time employees	782	661

Total remuneration to Management amounts to DKK 5,750 thousand (2019/20: DKK 5,521 thousand).

4	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	14,285	11,360
	Depreciation of property, plant and equipment	31,857	26,421
		46,142	37,781
5	**Financial income**		
	Interest income, group entities	634	4,098
	Other financial income	17,616	6,186
		18,250	10,284
6	**Financial expenses**		
	Interest expenses, group entities	7,080	7,131
	Other financial expenses	1,940	1,317
		9,020	8,448
7	**Tax for the year**		
	Estimated tax charge for the year	54,160	32,045
	Deferred tax adjustments in the year	-2,562	414
		51,598	32,459

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

8 Intangible assets

DKK'000	Software and licences	Goodwill	Total
Cost at 1 August 2020	53,879	8,510	62,389
Additions in the year	11,094	756	11,850
Cost at 31 July 2021	64,973	9,266	74,239
Impairment losses and amortisation at 1 August 2020	23,925	6,367	30,292
Amortisation/depreciation in the year	13,057	1,228	14,285
Impairment losses and amortisation at 31 July 2021	36,982	7,595	44,577
Carrying amount at 31 July 2021	27,991	1,671	29,662

9 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 August 2020	122,993	63,423	186,416
Additions in the year	28,360	14,639	42,999
Disposals in the year	-3,552	-97	-3,649
Cost at 31 July 2021	147,801	77,965	225,766
Impairment losses and depreciation at 1 August 2020	64,347	33,906	98,253
Amortisation/depreciation in the year	21,815	10,041	31,856
Reversal of amortisation/depreciation and impairment of disposals	-2,322	-97	-2,419
Impairment losses and depreciation at 31 July 2021	83,840	43,850	127,690
Carrying amount at 31 July 2021	63,961	34,115	98,076

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

10 Investments

DKK'000	Investments in subsidiaries	Receivables from group entities	Deposits	Total
Cost at 1 August 2020	245,011	33,536	41,474	320,021
Additions in the year	216,957	0	0	216,957
Disposals in the year	0	-2,212	-560	-2,772
Cost at 31 July 2021	461,968	31,324	40,914	534,206
Value adjustments at 1 August 2020	-22,924	0	0	-22,924
Exchange adjustment	3,187	0	0	3,187
Share of the profit/loss for the year	83,829	0	0	83,829
Value adjustments at 31 July 2021	64,092	0	0	64,092
Carrying amount at 31 July 2021	526,060	31,324	40,914	598,298

Name	Domicile	Interest
Subsidiaries		
Normal Norge AS	Kristiansand, Norway	100.00%
Normal Sweden AB	Stockholm, Sweden	100.00%
Normal Finland Oy	Helsinki, Finland	100.00%
Normal France Holding S.A.S.	Paris, France	100.00%
Normal Netherlands B.V.	Amsterdam, Netherlands	100.00%

11 Prepayments

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

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	2020/21	2019/20	2018/19	2017/18	2016/17
Opening balance	533	533	533	533	533
	533	533	533	533	533

DKK'000	2020/21	2019/20
13 Deferred tax		
Deferred tax at 1 August	20,975	20,561
Adjustments of deferred tax for the year	-2,562	414
Deferred tax at 31 July	18,413	20,975

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

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/7 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	139,656	0	139,656	0
Payables to shareholders and management	18,344	0	18,344	0
Other payables	2,073	0	2,073	0
	160,073	0	160,073	0

15 Derivative financial instruments

At 31 July 2021, Normal A/S had concluded foreign exchange contracts regarding the Company's sale of goods etc. totalling NOK 75,000 thousand and SEK 150,000 thousand, of which NOK 46,196 thousand and SEK 20,687 thousand is recognised in the balance sheet.

16 Deferred income

Deferred income consists of rent reductions accrued over the interminable lease period.

17 Contingent liabilities, etc.

Contingent liabilities

DKK'000	2020/21	2019/20
Guarantee commitments, leases	22,306	12,473
	22,306	12,473

Other contingent liabilities

The Company is jointly taxed with its ultimative 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	2020/21	2019/20
Rent and lease liabilities	500,317	282,557

Rent and lease liabilities include a rent obligation totalling DKK 494,213 thousand (2019/20: DKK 279,619 thousand) in interminable lease agreements with remaining contract terms of 1-10 years. Furthermore, the Company has liabilities under operating leases for fixtures and fittings, totalling 6,104 DKK thousand (2019/20: DKK 2,937 thousand) with remaining contract terms of 1-3 years.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

18 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.

As security for the subsidiary's rent liability, the parent company has provided a joint and several guarantee for a maximum amount of DKK 97,608 thousand.

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)	Inge Lehmanns Gade 2, 8000 Aarhus C, Denmark	Shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Heartland A/S	Inge Lehmanns Gade 2, 8000 Aarhus C, Denmark	Consolidated financial statements can be requisitioned at www.cvr.dk

	DKK'000	2020/21	2019/20
20	**Appropriation of profit**		
	Recommended appropriation of profit		
	Proposed dividend	52,600	0
	Net revaluation reserve	64,092	0
	Reserves according to the articles of association	-1,120	0
	Retained earnings	159,358	157,792
		274,930	157,792