

# Normal A/S

Godthåbsvej 41, 8660 Skanderborg

CVR no. 34 88 37 93

## Annual report 2019/20

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Approved at the Company's annual general meeting on 26 November 2020

Chairman:



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Jan D. Lehrmann

## Contents

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
<b>Financial statements 1 August 2019 - 31 July 2020</b>	<b>12</b>
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes to the financial statements	16

## 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 2019 - 31 July 2020.

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

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


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 November 2020  
Executive Board:




Torben Ø. Mouritsen  
CEO

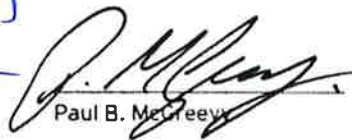


Steen O. Hansen  
CFO

Board of Directors:



Jan D. Lehmann  
Chairman



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 2019 - 31 July 2020, 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 2020 and of the results of the Company's operations for the financial year 1 August 2019 - 31 July 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

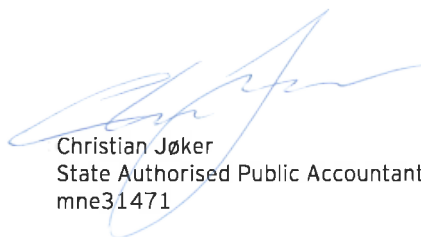
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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 November 2020  
EY GODKENDT REVISIONSPARTNERSELSKAB  
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 2019 - 31 July 2020
Board of Directors	Jan D. Lehrmann, Chairman Paul B. McGreevy Lise Kaae Torben Ø. Mouritsen
Executive Board	Torben Ø. Mouritsen, CEO Steen O. Hansen, CFO
Auditors	EY Godkendt Revisionspartnerselskab Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

## Management's review

### Financial highlights

m	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Key figures</b>					
Revenue	2,313	1,891	1,257	483	665
Gross margin	448	353	247	102	149
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	183	112	78	26	39
Ordinary operating profit	146	77	49	10	18
Net financials	2	2	-7	-3	-3
Profit before tax	190	69	33	9	15
<b>Profit for the year</b>	<b>158</b>	<b>51</b>	<b>23</b>	<b>7</b>	<b>12</b>
<b>Assets</b>					
Fixed assets	417	266	206	144	137
Non-fixed assets	589	608	418	256	234
<b>Total assets</b>	<b>1,006</b>	<b>874</b>	<b>624</b>	<b>400</b>	<b>371</b>
Investment in property, plant and equipment	23	26	27	9	80
<b>Equity</b>	<b>304</b>	<b>192</b>	<b>142</b>	<b>102</b>	<b>96</b>
Current liabilities other than provisions	522	500	360	283	270
<b>Financial ratios</b>					
Operating margin	6.3%	4.1%	3.9%	2.1 %	2.7 %
Current ratio	112.8%	121.6%	116.1%	90.5%	86.7%
Equity ratio	30.2%	22.0%	22.8%	25.5%	25.9%
Return on equity	63.7%	30.6%	19.1%	12.2%	13.2%
<b>Average number of employees</b>					
	<b>661</b>	<b>627</b>	<b>488</b>	<b>436</b>	<b>349</b>

## 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 240 stores across five markets: Denmark, Norway, Sweden, the Netherlands and France. 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. 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.

### Special risks

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 4,000 employees across five 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. Most products are sourced from suppliers within the EU, 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.

#### 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 environmental-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 2019/2020 the share of sustainable items in the product assortment has been more than doubled compared to last year. Normal Group's goal for 2020/21 is to further increase this number by continuously adding sustainable alternatives to its product portfolio, subject to consumer demand. All products are purchased with recycled or recyclable packaging, whenever possible. In 2020/2021, Normal Group will be offering at least two new recyclable alternatives to plastic carrier bags to its customers.



## Management's review

### Operation and maintenance:

Another risk of negatively affecting the climate stems from the operation and maintenance of Normal Group's stores. Here, store routines have been implemented 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, such as cardboard.

During 2019/20, new routines have been introduced at the central warehouse, meaning that GNFR items (Goods Not For Resale) are now 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. This has resulted in considerable CO2 emission savings originating from transport reductions.

Normal Group has concluded service agreements with local suppliers in all its European markets on certain areas within cleaning and maintenance. This too has led to significant CO2 emission savings due to transport reductions.

It is Normal Group's target for 2020/21 to conduct energy audits across the Danish organisation, i.e. in stores, at the headquarters and at the warehouse. This will provide the foundation for additional energy consumption optimisation and further contribute to the continued search for improvement potentials.

Finally, Normal Group will be part of the solar power plant project initiated by Heartland under a so-called power purchase agreement (PPA). The plant is expected to be fully operational in the first half-year of 2021 and the ambition is to supply all stores with green energy as soon as the plant is ready to deliver, expectedly by the end of 2021/22.

### **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.

#### *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. 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. 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. Our 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:

Moreover, 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 to sign the document.

### **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 positive job enrichment and employee retention.

## Management's review

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.

### *Risk, actions and results*

Corona pandemic:

Like many other retailers, Normal Group was forced to temporarily cut back activities and shut down stores, especially in France, following the outbreak of the Corona pandemic in the beginning of 2020. It was a key goal for Normal Group to manage to get through these challenging times without having to cut back on its staff, and this goal was accomplished.

Since the outbreak of the Corona pandemic, Normal Group has taken extensive precautionary measures, including extensive internal communication, to ensure that all employees feel safe in the stores, and that the employees who were sent home temporarily felt secure and confident of their continued employment with Normal Group.

Management training courses:

The store managers' training courses initiated in 2018 are being pursued, and by the end of FY 2019/20 all Danish store managers with more than one year's seniority had completed the training course. In 2020/21, the training set-up will be extended from the original 3-day event to an actual training course including preparatory work, 2 x 2-day courses and subsequent implementation work in the stores.

The Corona pandemic has put a temporary stop to the implementation of the management training courses, but expectations are that the work will be initiated during the spring of 2021 in Sweden and Norway.

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 2019/2020 by the permanent commitment to a project where young autistic people are offered employment at the warehouse. By the end of FY 2019/20, a total of four autistic persons and six young interns under project "NExTWORK" were employed at the warehouse. The goal for 2020/21 is to continue these projects at an equivalent scale. This accounts for around 7% of the total warehouse workforce.

In addition, the warehouse is continuing its cooperation with the local authorities of Horsens, Hedensted and Viborg and the local Prison and Probation Service about job testing schemes and relabelling tasks which are outsourced to e.g. people with mental health conditions and vulnerable people who are unable to attend to an ordinary job. The ambition for 2020/21 is to pursue these commitments at an equivalent scale and to further strengthen the social profile at the warehouse by entering into a new cooperation with Social Craft ApS, a Horsens-based company working to support and procure employment for persons who for some reason find themselves at the edge of the traditional labour market. This new cooperation is expected to comprise approx. 25 warehouse employees.

In 2019/20, 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

### 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 2020/21, Normal Group will continue its contribution to the education of young people by initiating students' store training in the French stores and by continuing to offer internships, both at the headquarters and in stores across the markets.

In the spring of 2020, Normal Group initiated a project referred to as "The Best Store Job in the World", the purpose of which is to ensure the continued job satisfaction and commitment among all store workers across the markets. The project is based on a series of focus group interviews with various types of store workers. In 2020/21, focus will be on ensuring that all managers are sufficiently prepared and equipped for their jobs and responsibilities, and that all store assistants get a sense of understanding why their jobs are equally important and meaningful.

Moreover, Normal Group pursues a social strategy of dedicating two full working days every year where all employees at the Danish headquarters do charity work in collaboration with local organisations.

In addition, Normal Group entered into a formal cooperation with LykkeLiga in the spring of 2020. LykkeLiga is a Danish network of handball teams for mentally handicapped children aged 6 to 15, working for securing equal opportunities for mentally handicapped children to play handball and engage in local sports clubs and communities - just like any other "normal" child.

Normal Group's contribution to LykkeLiga's activities will come in the form of lump sum sponsorships, but mainly in the form of Normal Group hosting and arranging 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, thus also contributing to increased public awareness of LykkeLiga and the charitable work pursued by this organisation. Another aspect of Normal Group's contributions and goals for the coming year is to assist LykkeLiga in extending its activities to also cover Norway.

During 2019/20, Normal Group introduced an employee app to all its employees in all countries. The employee app facilitates online training and quizzes to improve employee awareness of e.g. GDPR, health, safety and IT security, and it enhances the flow of information within the organisation. Moreover, the employee app has created a virtual corporate community, bringing the employees of Normal Group closer together, even across borders.

### 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 for the even representation of both genders on the Board of Directors in Normal A/S has been set. Consequently, a minimum of 25 % of the members of the Board of Directors appointed by the general meeting must be female. Today, there are four members on the Board of Directors, one of whom is female. The target has thus been reached.

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 77% of all employees. This is solely attributable to the current recruitment situation in Danish 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 304 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 18% of all employees of Normal Group.

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

## Management's review

### 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.

## Financial statements 1 August 2019 - 31 July 2020

### Income statement

Note	DKK'000	2019/20	2018/19
2	<b>Revenue</b>	2,313,417	1,891,208
	Other operating income	28,650	21,944
	Cost of goods sold	-1,659,287	-1,330,090
	Other external expenses	-235,045	-230,443
	<b>Gross profit</b>	447,735	352,619
3	Staff costs	-264,403	-241,051
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-37,781	-34,350
	<b>Profit before net financials</b>	145,551	77,218
	Net profit/loss from investments in subsidiaries	42,864	-10,166
5	Financial income	10,284	9,325
6	Financial expenses	-8,448	-7,804
	<b>Profit before tax</b>	190,251	68,573
7	Tax for the year	-32,459	-17,437
	<b>Profit for the year</b>	157,792	51,136

## Financial statements 1 August 2019 - 31 July 2020

### Balance sheet

Note	DKK'000	2019/20	2018/19
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
8	<b>Intangible assets</b>		
	Software and licences	29,954	29,658
	Goodwill	2,143	3,650
		<u>32,097</u>	<u>33,308</u>
9	<b>Property, plant and equipment</b>		
	Fixtures and fittings, tools and equipment	58,647	61,303
	Leasehold improvements	29,518	30,139
		<u>88,165</u>	<u>91,442</u>
10	<b>Investments</b>		
	Investments in subsidiaries	222,087	64,881
	Receivables from group entities	33,536	35,845
	Deposits	41,474	40,106
		<u>297,097</u>	<u>140,832</u>
	<b>Total fixed assets</b>	<u>417,359</u>	<u>265,582</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Goods for resale	379,119	300,886
		<u>379,119</u>	<u>300,886</u>
	<b>Receivables</b>		
	Receivables from group entities	160,259	262,199
	Other receivables	14,601	13,348
11	Prepayments	21,292	18,599
		<u>196,152</u>	<u>294,146</u>
12	<b>Investments</b>	1,120	1,120
	<b>Cash</b>	12,614	12,319
	<b>Total non-fixed assets</b>	<u>589,005</u>	<u>608,471</u>
	<b>TOTAL ASSETS</b>	<u>1,006,364</u>	<u>874,053</u>

## Financial statements 1 August 2019 - 31 July 2020

### Balance sheet

Note	DKK'000	2019/20	2018/19
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
13	Share capital	533	533
	Reserve for treasury shares	1,120	1,120
	Retained earnings	302,016	190,433
	<b>Total equity</b>	<b>303,669</b>	<b>192,086</b>
	<b>Provisions</b>		
14	Deferred tax	20,975	20,561
	<b>Total provisions</b>	<b>20,975</b>	<b>20,561</b>
	<b>Liabilities other than provisions</b>		
15	<b>Non-current liabilities other than provisions</b>		
	Payables to group entities	139,656	139,656
	Payables to shareholders and management	18,344	18,344
	Other payables	2,073	3,683
		160,073	161,683
	<b>Current liabilities other than provisions</b>		
15	Current portion of long-term liabilities	0	590
	Bank debt	55,062	203,776
	Trade payables	365,489	241,047
	Payables to group entities	689	2,318
	Joint taxation contribution payable	32,045	16,132
	Other payables	65,188	33,596
16	Deferred income	3,174	2,264
		521,647	499,723
	<b>Total liabilities other than provisions</b>	<b>681,720</b>	<b>661,406</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,006,364</b>	<b>874,053</b>

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

## Financial statements 1 August 2019 - 31 July 2020

### Statement of changes in equity

Note	DKK'000	Share capital	Reserve for treasury shares	Retained earnings	Total
	Equity at 1 August 2018	533	1,750	140,133	142,416
21	Transfer, see "Appropriation of profit"	0	0	51,136	51,136
	Exchange rate adjustment, investments	0	0	-966	-966
	Equity adjustments, investments	0	-630	630	0
	Extraordinary dividend distributed	0	0	-500	-500
	<b>Equity at 1 August 2019</b>	<b>533</b>	<b>1,120</b>	<b>190,433</b>	<b>192,086</b>
	Equity adjustment, purchase of non-controlling shares	0	0	-38,671	-38,671
	Equity adjustments, investments	0	0	-4,664	-4,664
21	Transfer, see "Appropriation of profit"	0	0	157,792	157,792
	Exchange rate adjustment, investments	0	0	-2,874	-2,874
	<b>Equity at 31 July 2020</b>	<b>533</b>	<b>1,120</b>	<b>302,016</b>	<b>303,669</b>



## Financial statements 1 August 2019 - 31 July 2020

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Normal A/S for 2019/20 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.

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.

#### 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 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.

## Financial statements 1 August 2019 - 31 July 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, 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

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.

## Financial statements 1 August 2019 - 31 July 2020

### 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

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.

#### Profit/loss 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 2019 - 31 July 2020

### 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 deducted 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 2019 - 31 July 2020

### 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.

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

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

##### *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".

## Financial statements 1 August 2019 - 31 July 2020

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 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 2019 - 31 July 2020

### Notes to the financial statements

DKK'000	2019/20	2018/19
<b>2 Segment information</b>		
Breakdown of revenue by geographical segment:		
Denmark	1,295,015	1,162,502
Other countries	1,018,402	728,706
	<u>2,313,417</u>	<u>1,891,208</u>
<b>3 Staff costs</b>		
Wages/salaries	238,703	217,961
Pensions	13,054	10,439
Other social security costs	3,449	3,183
Other staff costs	9,197	9,468
	<u>264,403</u>	<u>241,051</u>
Average number of full-time employees	<u>661</u>	<u>627</u>
Total remuneration to Management amounts to DKK 5,521 thousand (2018/19: DKK 4,582 thousand).		
<b>4 Amortisation/depreciation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	11,360	9,136
Depreciation of property, plant and equipment	26,421	25,214
	<u>37,781</u>	<u>34,350</u>
<b>5 Financial income</b>		
Interest income, group entities	4,098	7,273
Other financial income	6,186	2,052
	<u>10,284</u>	<u>9,325</u>
<b>6 Financial expenses</b>		
Interest expenses, group entities	7,131	6,659
Other financial expenses	1,317	1,145
	<u>8,448</u>	<u>7,804</u>
<b>7 Tax for the year</b>		
Estimated tax charge for the year	32,045	16,132
Deferred tax adjustments in the year	414	1,305
	<u>32,459</u>	<u>17,437</u>

## Financial statements 1 August 2019 - 31 July 2020

### Notes to the financial statements

#### 8 Intangible assets

DKK'000	Software and licences	Goodwill	Total
Cost at 1 August 2019	44,731	8,460	53,191
Additions in the year	10,098	50	10,148
Disposals in the year	-950	0	-950
Cost at 31 July 2020	53,879	8,510	62,389
Impairment losses and amortisation at 1 August 2019	15,073	4,810	19,883
Amortisation/depreciation in the year	9,802	1,557	11,359
Reversal of amortisation/depreciation and impairment of disposals	-950	0	-950
Impairment losses and amortisation at 31 July 2020	23,925	6,367	30,292
Carrying amount at 31 July 2020	29,954	2,143	32,097

#### 9 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 August 2019	108,852	56,423	165,275
Additions in the year	15,720	7,511	23,231
Disposals in the year	-1,578	-510	-2,088
Cost at 31 July 2020	122,994	63,424	186,418
Impairment losses and depreciation at 1 August 2019	47,549	26,284	73,833
Amortisation/depreciation in the year	18,288	-8,132	26,420
Reversal of amortisation/depreciation and impairment of disposals	-1,490	-510	-2,000
Impairment losses and depreciation at 31 July 2020	64,347	33,906	98,253
Carrying amount at 31 July 2020	58,647	29,518	88,165



## Financial statements 1 August 2019 - 31 July 2020

### Notes to the financial statements

#### 10 Investments

DKK'000	Investments in subsidiaries	Receivables from group entities	Deposits	Total
Cost at 1 August 2019	84,461	35,845	40,106	160,412
Additions in the year	160,550	0	2,065	162,615
Disposals in the year	0	-2,309	-697	-3,006
Cost at 31 July 2020	245,011	33,536	41,474	320,021
Value adjustments at 1 August 2019	-19,580	0	0	-19,580
Exchange adjustment	-2,873	0	0	-2,873
Share of the profit/loss for the year	42,864	0	0	42,864
Equity adjustments, investments	-4,664	0	0	-4,664
Equity adjustments, purchase of non-controlling shares	-38,671	0	0	-38,671
Value adjustments at 31 July 2020	-22,924	0	0	-22,924
Carrying amount at 31 July 2020	222,087	33,536	41,474	297,097

Name	Domicile	Interest
<b>Subsidiaries</b>		
Normal Norge AS	Kristiansand, Norway	100.00%
Mjölkglasat Holding AB	Stockholm, Sweden	100.00%
Coport Holding B.V.	Amsterdam, Netherlands	100.00%
Normal France Holding S.A.S.	Paris, France	100.00%

#### 11 Prepayments

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

#### 12 Investments

Investments comprise shares of a nominal amount of DKK 2,133 in the parent company Aktieselskabet af 1.12.2016, which are recognised at cost.

#### 13 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	2019/20	2018/19	2017/18	2016/17	2015/16
Opening balance	533	533	533	533	533
	533	533	533	533	533

## Financial statements 1 August 2019 - 31 July 2020

### Notes to the financial statements

DKK'000	2019/20	2018/19
<b>14 Deferred tax</b>		
Deferred tax at 1 August	20,561	19,256
Adjustments of deferred tax for the year	414	1,305
<b>Deferred tax at 31 July</b>	<b>20,975</b>	<b>20,561</b>

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

### 15 Non-current liabilities other than provisions

DKK'000	Total debt at 31/7 2020	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
	<b>160,073</b>	<b>0</b>	<b>160,073</b>	<b>0</b>

### 16 Deferred income

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

### 17 Contingent liabilities, etc.

#### Contingent liabilities

DKK'000	2019/20	2018/19
Guarantee commitments, leases	12,473	12,370
	<b>12,473</b>	<b>12,370</b>

#### 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	2019/20	2018/19
Rent and lease liabilities	282,557	291,591

Rent and lease liabilities include a rent obligation totalling DKK 279,619 thousand (2018/19: DKK 286,422 thousand) in interminable lease agreements with remaining contract terms of 1-11 years. Furthermore, the Company has liabilities under operating leases for fixtures and fittings, totalling DKK 2,937 thousand (2018/19: DKK 5,169 thousand) with remaining contract terms of 1-4 years.

## Financial statements 1 August 2019 - 31 July 2020

### 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 45,320 thousand.

#### 19 Currency risks

At 31 July 2020, Normal A/S had concluded foreign exchange contracts regarding the Company's sale of goods totalling SEK 100,000 thousand, of which SEK 11,276 thousand is recognised as receivables in the balance sheet.

#### 20 Related parties

Normal A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Aktieselskabet af 1.12.2016 (parent company)	Inge Lehmanns Gade 2, 8000 Aarhus C, Denmark	Shareholder

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Heartland A/S	Inge Lehmanns Gade 2, 8000 Aarhus C, Denmark	Consolidated financial statements can be requisitioned at <a href="http://www.cvr.dk">www.cvr.dk</a>

	<u>2019/20</u>	<u>2018/19</u>
DKK'000		
21 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	0	500
Retained earnings	157,792	50,636
	<u>157,792</u>	<u>51,136</u>