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Søstrene Grenes Holding ApS

Mariane Thomsens Gade 1 C, 5.
8000 Aarhus C
Central Business Registration No 35140328

Annual report 01.05.2018 - 30.04.2019

The Annual General Meeting adopted the annual report on 12.09.2019

Chairman of the General Meeting

Name: Lasse Søndergaard Christensen

Contents

Entity details

Entity
Søstrene Grenes Holding ApS
Mariane Thomsens Gade 1 C, 5.
8000 Aarhus C

Central Business Registration No (CVR): 35140328
Founded: 01.03.2013
Registered in: Aarhus
Financial year: 01.05.2018 - 30.04.2019

Website: www.sostrenegrene.com

Board of Directors
Lasse Søndergaard Christensen, chairman
Cresten Vaupell Grene
Mikkel Vaupell Grene
Inger Grene
Kurt Hedegaard Carstensen

Executive Board
Mikkel Vaupell Grene
Cresten Vaupell Grene

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Søstrene Grenes Holding ApS for the financial year 01.05.2018 - 30.04.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2019 and of the results of its operations and cash flows for the financial year 01.05.2018 - 30.04.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 12.09.2019

Executive Board

Mikkel Vaupell Grene	Cresten Vaupell Grene

Board of Directors

Lasse Søndergaard Christensen chairman	Cresten Vaupell Grene	Mikkel Vaupell Grene
Inger Grene	Kurt Hedegaard Carstensen	

Independent auditor's report

To the shareholders of Søstrene Grenes Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Søstrene Grenes Holding ApS for the financial year 01.05.2018 - 30.04.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2018 - 30.04.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group’s and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Aarhus, 12.09.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant
Identification No (MNE) mne31482

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Management commentary

	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000
Financial highlights					
Key figures					
Revenue	1,127,612	893,653	613,748	438,936	331,187
Gross profit/loss	352,073	311,480	178,793	127,519	81,414
Operating profit/loss	68,894	110,944	46,109	49,477	35,251
Net financials	(19,449)	(8,144)	(3,756)	(2,311)	(812)
Profit/loss for the year	31,126	77,540	32,264	35,332	26,277
Profit/loss for the year excl minority interests	36,628	77,815	31,836	34,825	0
Total assets	771,793	583,250	465,461	315,484	206,832
Investments in property, plant and equipment	107,552	116,773	133,030	17,384	3,151
Equity	273,452	248,888	171,646	147,637	99,402
Equity excl minority interests	267,559	238,368	162,309	142,164	99,402
Cash flows from (used in) operating activities	(26,240)	29,420	54,795	54,361	17,714
Cash flows from (used in) investing activities	(111,183)	(67,156)	(140,241)	(21,007)	(10,582)
Cash flows from (used in) financing activities	35,194	85,860	(25,473)	15,811	(4,454)
Ratios					
Gross margin (%)	31.2	34.9	29.1	29.1	24.6
Net margin (%)	2.8	8.7	5.3	8.0	7.9
Return on equity (%)	14.5	38.8	20.9	28.8	30.1
Equity ratio (%)	34.5	42.7	36.9	46.8	48.1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl. minority interests x 100}}{\text{Total assest}}$	The financial strength of the Entity

Management commentary

THE WONDERFUL WORLD OF ANNA & CLARA

The wonderful tale of Søstrene Grene began in the late summer of 1973, in Aarhus, Denmark. It is the story of the two elderly sisters, Anna and Clara Grene, who diligently work to create slight, bright differences to everyday life.

Søstrene Grene is a chain of retail stores where a truly special atmosphere exists. Walking into one of these stores is meant to feel like entering an oasis where, at least for a while, shoppers can take a break from the hectic pace of everyday life. By doing this, Søstrene Grene seeks out to set the stage for wonderful experiences and joyful moments. Experiences that encourage people to explore and to let their imagination run free.

With great passion, Søstrene Grene develops new designs within their product categories. The stores receive a wealth of new products every week, and many of these items are only sold for a short period of time. Common to all products is an elegant and feminine expression that brings beauty to everyday life, and the prices are always kept at a reasonable level.

In every respect, Søstrene Grene is based on strong values, as a family owned and operated company with a unique culture called “the Sister Spirit”. Today Søstrene Grene is still managed from the head offices in Aarhus, Denmark, where it all began with the first store opening.

Welcome to Anna and Clara´s wonderful world.

www.sostrenegrene.com

Aarhus, September 2019,

Cresten & Mikkel Vaupell Grene

Management commentary

Primary activities

Søstrene Grene is a family owned and operated group of companies with strong, positive values and a unique culture. The family ownership makes it possible to think and operate Søstrene Grene with a sound and long term perspective, constantly innovating the concept and products, respecting the history and values of Søstrene Grene dating back to the very beginning in 1973.

Søstrene Grenes Holding ApS is the holding company that gathers the companies related to the Søstrene Grene business owned by Cresten Grene and Mikkel Grene.

The business consists of wholesale business related to the import and export of goods to the Søstrene Grene stores and retail activities in own stores and stores partly owned through joint venture companies. Apart from fully owned and partial owned stores, a large number of stores are owned and operated by franchise partners.

All rights related to the Søstrene Grene brand is owned by the wholesale company Søstrene Grenes Import A/S which is a fully owned subsidiary of Søstrene Grenes Holding ApS.

Today, Søstrene Grene stores are found in Austria, Belgium, Denmark, Faroe Islands, France, Germany, Iceland, Ireland, Japan, Norway, the Netherlands, Spain, Sweden, Switzerland and the UK.

Søstrene Grene is a very strong brand with more than 3.4 million followers on different social media platforms, which plays a vital part in the business strategy.

Development in activities and finances

Søstrene Grene is experiencing a very positive trend with a positive response from customers and partners in all markets. In the financial year, a growth in revenue of 26% was generated boosted by the opening of new stores. This has been achieved by strengthening the whole value chain from production to the customers in the stores, by increasing the standard of quality in operations in all departments and by adding a large number of new staff members in the head office, doubling the staff over 2 - 3 years to strengthen the Søstrene Grene brand and business model to ensure a positive development in the years to come.

The income statement for the financial year ending 30 April 2019 shows a gross profit growing from DKK 311m to DKK 352m. The profit before tax shows a decrease from DKK 103m to DKK 49m. Last year's result included income from sales of property of DKK 26m and the normalized result is DKK 77m for comparison. The decrease is a result of increased costs in the head office and in joint venture companies due to expansion in none mature markets to create the foundation for future growth and development and investments in the future omnichannel solution. The result is also impacted by a write off of loans to a partner as a financial cost.

Management commentary

Currently subsidiaries are established as joint venture entities in Germany, Ireland, The Netherlands, UK, France and Japan (associated).

Operating income shows a profit of DKK 69m. The Operating profit 2017/18 of DKK 111m was including profit as a one-time effect from sales of property. The normalized Operating profit 2017/18 was DKK 84m
The balance sheet shows equity of DKK 273m (30 April 2018: DKK 249m) and cash flow from ordinary operating activities amounts to DKK - 4m, due to substantial investments in opening new stores.

The development of the revenue and profit is considered to be slightly disappointing by the management since the level of ambition is as always extremely high. However, taking into consideration the growth and results of most other retailers in the same areas and a difficult market situation, the numbers should probably be considered satisfying.

Unusual circumstances affecting recognition and measurement
A write off of a loan and capital in a partner has impacted the result negatively by DKK 16m.

Outlook
Søstrene Grene has established a strong position in several attractive retail markets with a very large potential and the ambition is to continue the expansion of new stores in these areas as well adding new revenue streams and services with a new omnichannel business model and a major digital transformation of the business.

The expectations for the financial year were growth in revenue with 25 - 40%. Financial year 2018/19 has realized a growth in Revenue of DKK 213m, or 24%, slightly below expected. Earnings before tax for the year without profit from sales of properties last year is down by DKK 25m. This is somewhat below expectations due to increased costs at the head office for the implantation of the new strategy "Søstrene Grene for the future" which includes among other initiatives: digitalisation of the business, heavy IT investments, renewal of the store concept, increased investments in staff and competences, new omnichannel business model etc. The result was also influences by the sanitation and strengthening of the store portfolio including closing and moving of existing stores due to changed customer behavior and a new more challenging retail landscape in Europe.

The growth rate in numbers of stores are expected to slow down and focus will be to consolidate the existing markets and the implementation of the new strategy. However openings in Finland with a franchise partner is scheduled for autumn 2019. It is expected that the new openings will consolidate the existing markets within the financial year 2019/20.

The strategy "Søstrene Grene for the future" is expected to develop an even stronger culture, even more relevant and unique products, even more inviting and differentiating retail experience, new business channels, further digitalisation of the business and increased focus on sustainability as well as other efforts to

Management commentary

even strengthen the position of the Søstrene Grene brand is expected to fuel a continuously strong growth in the future.

A positive trend in revenue is expected in the financial year 2019/20. The Management expects revenue to grow within 9 to 20% to approximately DKK 1,200m to DKK 1,300m. A large part of the growth is expected to come from the omnichannel business model which is associated with more cost in the first one or two years until the roll out plan has been implemented.

Earnings before tax for the year 2019/20 is expected to be DKK 40m to DKK 60m.

Material assumptions and uncertainties
The exact number of new stores cannot be predicted since it depends on timing of opening and availability of suitable locations.

Particular risks
Risk involves generally usual risks related to wholesale and retail business including fluctuations of currencies, debtor's ability to pay, freight rates, consumers behavior, new legislation related to the business in different countries, EU directives and BREXIT.

The main currency risk relates to the purchase of products in US dollar. To offset the risk of currencies going forward a hedging policy has been implemented as per May 2018. Product purchase is hedged by 25%, 50% and 75% of expected usage in the periods 7-12, 4-6 and 1-3 months respectively in advance.

Interest rate risk is primarily related to the short-term debt to banks. The long-term debt is split between fixed interest rate and variable interest rate with ratio 65%/35%. The aim is to limit the interest risk and ensure not to be exposed to increased interest rates.

Statutory report on corporate social responsibility
Statutory statement on corporate social responsibility (CSR), see section 99a of the Danish Financial Statement Act.

Søstrene Grene is a family-owned company with strong human values. As a natural consequence, corporate social responsibility and respect for human rights have always been highly prioritised and a natural part of the way Søstrene Grene runs its business. For further regarding the business model see the section on primary activities above.

Søstrene Grene's CSR engagement is defined in a "Responsible Sourcing Strategy", a "Climate and Environmental Strategy" and a "Community Involvement Strategy" with policies defined for each of the areas.

Management commentary

Responsible Sourcing Strategy
The majority of Søstrene Grene's product range is produced in Asian countries. From a risk perspective the main risk factors are: risk of human rights and labor right violations, unsafe working environment, environmental issues. Søstrene Grene's Responsible Sourcing Strategy is therefore considered the most essential area in Søstrene Grene's CSR work.

Søstrene Grene's Supplier Code of Conduct defines the requirements that Søstrene Grene sets for all suppliers. The requirements refer to human rights, labor rights, working environment, environmental protection etc. All suppliers have signed the Supplier Code of Conduct. Søstrene Grene has an CSR-audit team that monitors compliance with the Code of Conduct and guides the supplier in case improvements are required. In total Søstrene Grene has approximately 400 different suppliers. The suppliers are selected for audits, according to various criteria based on risk and relevance, including parameters such as product category, production process and country, number and size of orders etc.

The Company prioritises to collaborate with the suppliers on improvements, since this has the most significant effect on working conditions and environmental protection. In case the supplier is not genuinely committed to rectify non-compliances, or if zero tolerance principles as defined in the Supplier Code of Conduct are violated, the cooperation with the supplier will be terminated. In the fiscal year 2018/2019 the activity in this field have been, as follows:

More than 70 suppliers have been audited in China, India and Vietnam. 4 audits have revealed Zero Tolerance concerns, status at the time of writing is as follows:
We have had to stop doing business with one supplier.
One supplier is on Stand-by at the moment. We are pending documentation showing that the concerns have been corrected.

Two suppliers have documented that the Zero Tolerance concerns have been corrected, so we have been able to place orders with them again.

Our supplier training program have been continued and expanded during the fiscal year. This effort is showing promising results, especially in terms of better dialogue with the suppliers resulting in a better overview of what steps needs to be taken to get even better results in the future. Our plan is to integrate and increase supplier training in our work with Social Compliance even more in the coming years.

Climate and Environmental Strategy
Søstrene Grene's Climate and Environmental Strategy focuses on minimising CO2 emissions, energy consumption, recycling, hazardous substances in products and organic products.

From a risk perspective the main risk factors are the energy consumption, CO2 emissions, and emissions related to production of procured products.

Our policys is to include as many products as possible that are labelled with an environmental mark etc. FSC, Organic, Fair Trade, Vegan, Svanemærket, GOTS and Økotex.

Management commentary

Søstrene Grene has a chain of custody certification under Forest Stewardship Council (FSC). FSC is a world-wide NGO which ensures that forests around the world are managed in a responsible and sustainable way. In some key areas: Paper Products, Wooden Furniture and Artist Materials 100% of the products Søstrene Grene sells are produced from FSC certified materials. The share of FSC certified products has been increased in the relevant product categories. It is our ambition to increase the percentage of FSC certified products even more in some categories like kitchen products and toys. We are slowly but surely increasing the number FSC certified products in above categories, but still have work to do before we reach our goal.

During the financial year, we have started developing a global sustainability strategy. We have taken the first steps to develop a comprehensive policy for the use of plastic in our product range, but also in product packaging and transport packaging. Our ambition is to reduce our use of plastic significantly in the coming years. The sustainability strategy will also include a plan to reduce the use of transport packaging: cardboard, paper, plastic etc. The first steps to reduce unnecessary packaging was taken a few years ago by improving the packaging instructions to our suppliers. So far this have resulted in a limited reduction only, so we are developing a comprehensive plan to reduce unnecessary packaging. in the coming years.

When it comes to Sea Transport we have reduced our CO2 footprint by using a forwarder with great attention to this issue – according to their calculations we have saved at least 521 tonnes of CO2 during the fiscal year compared to industry average according to Mærsk certificate.

This fiscal year is the first in our newly built HQ and logistics center. The move to new energy efficient buildings have resulted in a reduction of energy consumption pr. Employee. As an integral part of our sustainability work we will keep looking for ways to reduce energy consumption in the coming years.

Anti Corruption and Bribery

Søstrene Grene has a non-tolerance policy towards corruption and bribery by always acting fairly, professionally and with integrity. It is a policy that employees are made aware of through introductory training and continuous awareness raising.

The risks are related to legal and financial consequences related to employees violating the policy.
No violations have come to management's attention in the fiscal year.

Community Involvement Strategy

With an increased size and role in society, Søstrene Grene can create positive changes to vulnerable people.

Danish Red Cross and Søstrene Grene have had a close cooperation for several years. A donation of DKK 1 is given each time a bottle of water is sold in the stores in Denmark and Norway. This year, Søstrene Grene has donated DKK 454k. The coming year the Company plans to expand the charity work, so it covers all markets.

Management commentary

For more detailed information on CSR in Søstrene Grene, please go to www.sostrenegrene.com/csr.

Statutory report on the underrepresented gender
Statutory statement on the underrepresented gender in Management, see section 99b of the Danish Financial Statement Act.

The supreme governing body of Søstrene Grenes Holding ApS is composed of four male and one female board members. During the year a new board member has been appointed, in the recruitment proces the best qualified was a man. By the end of 2021, Søstrene Grenes Holding ApS will seek to obtain a ratio of at least 40:60% of the underrepresented gender. This is to be effected through internal as well as external recruitment if there are relevant candidates. This process has already been initiated, which is reflected in the other management bodies in the group. Here the split is 42:58% including the two owners.

There is a tendency towards a stronger overrepresentation of women in the retail business as store managers. The European subsidiaries established as joint venture entities are mainly managed by a married couple.

Even though competences do always come first in the selection of resources to management positions, Søstrene Grene strives to offer equal possibilities for men and women on the management level. With more male owners within the group, it is a challenge to change the ratios from day to day in the top management, but the overall goal is to give equal possibilities and access to management positions to both genders.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Revenue	1	1,127,612,266	893,652,914
Other operating income	2	20,719,634	42,091,804
Cost of sales		(549,139,940)	(475,794,809)
Other external expenses	3	(247,119,375)	(148,469,831)
Gross profit/loss		**352,072,585**	**311,480,078**
Staff costs	4	(249,479,134)	(166,298,535)
Depreciation, amortisation and impairment losses	5	(31,105,895)	(18,680,298)
Other operating expenses		(2,593,302)	(15,556,833)
Operating profit/loss		**68,894,254**	**110,944,412**
Income from investments in associates		(4,073,720)	0
Other financial income	6	2,764,267	3,214,594
Impairment losses on financial assets		(11,755,431)	0
Other financial expenses	7	(6,384,301)	(11,358,680)
Profit/loss before tax		**49,445,069**	**102,800,326**
Tax on profit/loss for the year	8	(18,319,179)	(25,260,552)
Profit/loss for the year	9	**31,125,890**	**77,539,774**

Consolidated balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Acquired intangible assets		13,459,668	11,227,920
Intangible assets	10	**13,459,668**	**11,227,920**
Land and buildings		270,820,213	272,727,367
Other fixtures and fittings, tools and equipment		71,435,663	30,635,178
Leasehold improvements		82,196,232	43,244,060
Property, plant and equipment	11	**424,452,108**	**346,606,605**
Investments in associates		0	488,720
Receivables from associates		0	10,983,833
Deposits		18,375,733	13,124,676
Other receivables		3,646,381	6,417,490
Fixed asset investments	12	**22,022,114**	**31,014,719**
Fixed assets		**459,933,890**	**388,849,244**
Manufactured goods and goods for resale		184,852,406	121,582,110
Prepayments for goods		9,396,602	7,700,615
Inventories		**194,249,008**	**129,282,725**
Trade receivables		81,991,871	36,471,566
Other receivables		11,741,164	7,128,082
Income tax receivable		0	1,080,009
Prepayments	14	5,654,038	3,592,124
Receivables		**99,387,073**	**48,271,781**
Cash		**18,223,064**	**16,846,309**
Current assets		**311,859,145**	**194,400,815**
Assets		**771,793,035**	**583,250,059**

Consolidated balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital		80,000	80,000
Revaluation reserve		36,154,114	36,686,267
Retained earnings		223,325,289	191,601,250
Proposed dividend		8,000,000	10,000,000
Equity attributable to the Parent's owners		**267,559,403**	**238,367,517**
Share of equity attributable to minority interests		**5,892,458**	**10,520,124**
Equity		**273,451,861**	**248,887,641**
Deferred tax	15	17,412,609	18,883,000
Provisions for investments in associates	16	3,585,000	0
Provisions		**20,997,609**	**18,883,000**
Mortgage debt		144,436,464	145,867,620
Bank loans		18,275,000	0
Finance lease liabilities		21,065,733	0
Convertible and dividend-yielding debt instruments		1,364,641	1,698,831
Deposits		15,175	27,474
Non-current liabilities other than provisions	17	**185,157,013**	**147,593,925**

Consolidated balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Current portion of long-term liabilities other than provisions	17	20,376,899	8,234,272
Bank loans		129,511,763	25,905,808
Convertible and dividend-yielding debt instruments		5,305,977	5,108,598
Trade payables		77,908,764	74,083,039
Payables to shareholders and management		0	4,709,085
Income tax payable		16,983,808	19,999,985
Other payables		42,099,341	29,844,706
Current liabilities other than provisions		**292,186,552**	**167,885,493**
Liabilities other than provisions		**477,343,565**	**315,479,418**
Equity and liabilities		**771,793,035**	**583,250,059**
Associates	13		
Financial instruments	19		
Unrecognised rental and lease commitments	20		
Contingent liabilities	21		
Assets charged and collateral	22		
Transactions with related parties	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK	Revaluation reserve DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	80,000	36,686,267	191,601,250	10,000,000
Increase of capital	0	0	0	0
Ordinary dividend paid	0	0	0	(10,000,000)
Exchange rate adjustments	0	0	15,860	0
Fair value adjustments of hedging instruments	0	0	4,446,669	0
Other entries on equity	0	0	(1,898,999)	0
Transfer to reserves	0	(532,153)	532,153	0
Profit/loss for the year	0	0	28,628,356	8,000,000
Equity end of year	**80,000**	**36,154,114**	**223,325,289**	**8,000,000**

	Share of equity attributable to minority interests DKK	Total DKK
Equity beginning of year	10,520,124	248,887,641
Increase of capital	881,667	881,667
Ordinary dividend paid	0	(10,000,000)
Exchange rate adjustments	(6,867)	8,993
Fair value adjustments of hedging instruments	0	4,446,669
Other entries on equity	0	(1,898,999)
Transfer to reserves	0	0
Profit/loss for the year	(5,502,466)	31,125,890
Equity end of year	**5,892,458**	**273,451,861**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Operating profit/loss		68,894,254	110,944,412
Amortisation, depreciation and impairment losses		31,105,895	18,680,298
Working capital changes	18	(103,863,580)	(55,044,904)
Other operating income, gain from sale of property		0	(26,244,952)
Cash flow from ordinary operating activities		**(3,863,431)**	**48,334,854**
Financial income received		2,764,267	3,214,594
Financial expenses paid		(6,384,301)	(11,358,680)
Income taxes refunded/(paid)		(18,756,598)	(10,771,127)
Cash flows from operating activities		**(26,240,063)**	**29,419,641**
Acquisition etc of intangible assets		(6,961,911)	(3,774,288)
Sale of intangible assets		0	1,092
Acquisition etc of property, plant and equipment		(107,207,726)	(116,772,786)
Sale of property, plant and equipment		2,986,491	53,390,000
Cash flows from investing activities		**(111,183,146)**	**(67,155,982)**
Loans raised		79,434,000	93,044,285
Repayments of loans etc		(34,239,991)	(7,455,717)
Dividend paid		(10,000,000)	(2,000,000)
Cash capital increase, contribution minority		0	1,390,000
Loans from associates		0	881,572
Cash flows from financing activities		**35,194,009**	**85,860,140**
Increase/decrease in cash and cash equivalents		**(102,229,200)**	**48,123,799**
Cash and cash equivalents beginning of year		(9,059,499)	(57,183,298)
Cash and cash equivalents end of year		**(111,288,699)**	**(9,059,499)**
Cash and cash equivalents at year-end are composed of:			
Cash		18,223,064	16,846,309
Short-term debt to banks		(129,511,763)	(25,905,808)
Cash and cash equivalents end of year		**(111,288,699)**	**(9,059,499)**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
1. Revenue		
DACH and Benelux	377,353,386	238,733,380
Nordic	442,581,013	479,422,644
Sourthern Europe	232,949,300	91,194,580
Other	74,728,567	84,302,310
	1,127,612,266	**893,652,914**

The Group's segments comprise business areas and geographical markets. DACH and Benelux consist of Germany, Switzerland, Austria and Benelux, Nordic consist of Denmark, Norway, Sweden, Iceland and Faroe Islands, Southern Europe consist of Spain and France. Other region comprises all other markets.

The Group's primary activities are to buy, design and sell goods to the Søstrene Grene shops and to develop the Søstrene Grene concept. Referring to S. 96 of the Danish Financial Statements Act, Management does not want to further disclose the geographical distribution of revenue as a detailed distribution and the Group's revenue by geographical area will be of considerable damage to the competitive situation.

2. Other operating income

Last year other operating income included a profit form sale of two of the Company's properties totalling DKK 26m.

	2018/19 DKK	2017/18 DKK
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	690,750	554,250
Other assurance engagements	0	36,500
Tax services	93,750	99,539
Other services	85,000	1,228,343
	869,500	**1,918,632**

	2018/19 DKK	2017/18 DKK
4. Staff costs		
Wages and salaries	201,389,503	141,806,311
Pension costs	12,949,990	8,197,726
Other social security costs	17,384,746	8,907,949
Other staff costs	17,754,895	7,386,549
	249,479,134	**166,298,535**
Average number of employees	**681**	**502**

Notes to consolidated financial statements

	Remuneration of management 2018/19 DKK	Pension liabilities 2018/19 DKK	Remuneration of management 2017/18 DKK	Pension liabilities 2017/18 DKK
Board of Directors	75,000	0	75,000	0
Total amount for management categories	8,652,000	377,000	8,090,000	140,000
	8,727,000	**377,000**	**8,165,000**	**140,000**

According to S. 98b(3) of the Danish Financial Statements Act, Management´s and the Board of Directors´remuneration is shown collectively.

	2018/19 DKK	2017/18 DKK
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	4,730,163	4,083,373
Depreciation of property, plant and equipment	26,375,732	14,274,629
Profit/loss from sale of intangible assets and property, plant and equipment	0	322,296
	31,105,895	**18,680,298**

	2018/19 DKK	2017/18 DKK
6. Other financial income		
Financial income from associates	1,734,952	118,668
Other interest income	1,029,315	3,095,926
	2,764,267	**3,214,594**

	2018/19 DKK	2017/18 DKK
7. Other financial expenses		
Financial expenses from associates	3,713,156	964,154
Other interest expenses	2,671,145	10,394,526
	6,384,301	**11,358,680**

	2018/19 DKK	2017/18 DKK
8. Tax on profit/loss for the year		
Current tax	19,789,570	21,609,229
Change in deferred tax	(1,470,391)	3,702,351
Adjustment concerning previous years	0	(51,028)
	18,319,179	**25,260,552**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
9. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	8,000,000	10,000,000
Retained earnings	28,628,356	67,815,015
Minority interests' share of profit/loss	(5,502,466)	(275,241)
	31,125,890	**77,539,774**

	Acquired intangible assets DKK
10. Intangible assets	
Cost beginning of year	18,744,887
Additions	6,961,911
Cost end of year	**25,706,798**
Amortisation and impairment losses beginning of year	(7,516,967)
Amortisation for the year	(4,730,163)
Amortisation and impairment losses end of year	**(12,247,130)**
Carrying amount end of year	**13,459,668**

Notes to consolidated financial statements

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
11. Property, plant and equipment			
Cost beginning of year	235,505,255	44,730,949	53,991,016
Exchange rate adjustments	0	211,660	(555,655)
Additions	937,686	57,024,000	49,590,035
Disposals	0	(1,387,946)	(2,847,043)
Cost end of year	**236,442,941**	**100,578,663**	**100,178,353**
Revaluations beginning of year	50,900,000	0	0
Revaluations end of year	**50,900,000**	**0**	**0**
Depreciation and impairment losses beginning of year	(13,677,888)	(14,095,771)	(10,746,956)
Depreciation for the year	(2,844,840)	(15,732,494)	(7,798,398)
Reversal regarding disposals	0	685,265	563,233
Depreciation and impairment losses end of year	**(16,522,728)**	**(29,143,000)**	**(17,982,121)**
Carrying amount end of year	**270,820,213**	**71,435,663**	**82,196,232**
Recognised assets not owned by entity	**-**	**19,289,768**	**-**

The Company has divided its properties into two categories: “domicile and inventory properties” and “shop properties”.

At 30.04.2019 domicile and inventory properties amount to DKK 208m, whereas shop properties amount to DKK 63m.

Please refer to accounting policies stating that the Group’s shop properties are recognised at fair value.

Land and buildings (Shop properties) are continuously revalued to fair value, equal to the open market value of the property according to S. 41 of the Danish Financial Statements Act. Revaluations to fair value are recognised directly in equity under “revaluation reserve” with deduction of depreciation. An assessor´s valuation was obtained in 2015/16. No assessor´s valuation was obtaind in 2018/19.

The revaluation after depreciation equals DKK 47m at the balance sheet date.

Notes to consolidated financial statements

	Investments in associates DKK	Receivables from associates DKK	Deposits DKK	Other receivables DKK
12. Fixed asset investments				
Cost beginning of year	488,720	10,983,833	13,124,676	6,417,490
Exchange rate adjustments	0	610,024	(836,078)	0
Additions	0	161,574	7,895,698	937,785
Disposals	0	0	(1,808,563)	(3,708,894)
Cost end of year	**488,720**	**11,755,431**	**18,375,733**	**3,646,381**
Impairment losses for the year	(488,720)	(11,755,431)	0	0
Impairment losses end of year	**(488,720)**	**(11,755,431)**	**0**	**0**
Carrying amount end of year	**0**	**0**	**18,375,733**	**3,646,381**

	Registered in	Equity interest %
13. Associates		
Hilmer Japan Co. Ltd.	Japan	40.0

Associates not measured at equity value

Hilmer Japan Co. Ltd.

Investments in associates are measured at cost, as Management recognises cost at the most fair value.

14. Prepayments

Prepayments recognised under assets include expenses incurred relating to subsequent financial years. Prepayments are measured at cost.

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
15. Deferred tax		
Intangible assets	2,961,000	2,470,000
Property, plant and equipment	22,082,000	21,019,000
Inventories	(3,031,391)	(3,731,000)
Receivables	(1,114,000)	(845,000)
Liabilities other than provisions	(3,485,000)	(30,000)
	17,412,609	**18,883,000**

Changes during the year	
Beginning of year	18,883,000
Recognised in the income statement	(1,470,391)
End of year	**17,412,609**

16. Provisions for investments in associates

The company has contractually guaranteed 40% of loan lent to Hilmer Japan Co. Ltd. in case Hilmer Japan Co. Ltd. before the settlement of the debt does not have the ability to defray its liabilities to lender. The carrying amount of the garantee amounts to DKK 4m.

	Due within 12 months 2018/19 DKK	Due within 12 months 2017/18 DKK	Due after more than 12 months 2018/19 DKK	Outstanding after 5 years DKK
17. Liabilities other than provisions				
Mortgage debt	14,288,573	8,234,272	144,436,464	115,927,330
Bank loans	2,150,000	0	18,275,000	9,675,000
Finance lease liabilities	3,938,326	0	21,065,733	3,412,272
Convertible and dividend-yielding debt instruments	0	0	1,364,641	0
Deposits	0	0	15,175	0
	20,376,899	**8,234,272**	**185,157,013**	**129,014,602**

	2018/19 DKK	2017/18 DKK
18. Change in working capital		
Increase/decrease in inventories	(64,966,283)	(46,039,929)
Increase/decrease in receivables	(54,700,292)	(9,633,655)
Increase/decrease in trade payables etc	15,802,995	628,680
	(103,863,580)	**(55,044,904)**

Notes to consolidated financial statements

19. Financial instruments

Other receivables include a positive fair value of the forward exchange contracts of DKK 5,699k. The forward exchange contracts have been acquired to hedge the foreign currency risk of trade payables in USD. The exchange profit has been set off against the value adjustments of the hedged payables in the Balance sheet. The forward exchange contracts have a term of 0-12 months. The forward exchange contracts have been entered into the Company's usual bank.

	2018/19 DKK	2017/18 DKK
20. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**589,065,199**	**498,212,246**

Of total rental and lease commitments, the total unrecognised rental commnitments amount to DKK 583m. The Company re-leases the leaseholds and has a corresponding contingent asset at the balance sheet date of DKK 24m.

21. Contingent liabilities

The Group's bank has issued a bank guarantee of DKK 34m for leaseholds at the balance sheet date, payment guarantee to mortgage debt for DKK 35m as well as a guarantee for non-recognised import letters of credit with an open balance at the balance sheet date totalling DKK 1m. In addition, there is other guarentee for DKK 4m.

22. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties, which amounts to DKK 148m at the balance sheet date. The carrying amount of mortgaged properties amounts to DKK 203m. The mortgage also comprises the plant and machinery deemed part of the property.

The Group has issued an allmonies mortgage of DKK 10m as security for the subsidiary Søstrene Grenes Handelskompagnie A/S' debt to Sydbank.

23. Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed in the financial year.

Notes to consolidated financial statements

24. Subsidiaries	Registered in	Corporate form	Equity interest %
Søstrene Grenes Import A/S	Denmark	A/S	100.0
- Søstrene Grene Europe B.V.	Netherlands	B.V.	100.0
- Søstrene Grene Trading Shanghai Co, Ltd	Shanghai	Ltd	100.0
Søstrene Grene Deutschland GmbH	Germany	GmbH	100.0
- Hilmer Holding GmbH	Germany	GmbH	75.0
- Hilmer 1 GmbH	Germany	GmbH	100.0
- Hilmer 2 GmbH	Germany	GmbH	100.0
- Hilmer 3 GmbH	Germany	GmbH	100.0
- Hilmer 4 GmbH	Germany	GmbH	100.0
- Hilmer 5 GmbH	Germany	GmbH	100.0
- Hilmer 6 GmbH	Germany	GmbH	100.0
- Hilmer 7 GmbH	Germany	GmbH	100.0
- Hilmer Süd Holding GmbH	Germany	GmbH	75.0
- Hilmer Süd 1 GmbH	Germany	GmbH	100.0
- Hilmer Süd 2 GmbH	Germany	GmbH	100.0
- Hilmer Süd 3 GmbH	Germany	GmbH	100.0
- Hilmer Süd 4 GmbH	Germany	GmbH	100.0
- Hilmer Süd 5 GmbH	Germany	GmbH	100.0
- Hilmer West Holding GmbH	Germany	GmbH	75.0
- Hilmer West 1 GmbH	Germany	GmbH	100.0
- Hilmer West 2 GmbH	Germany	GmbH	100.0
- Hilmer West 3 GmbH	Germany	GmbH	100.0
- Hilmer West 4 GmbH	Germany	GmbH	100.0
SG Northern England Ltd.	England	Ltd.	50.0
- SG Victoria Nottingham Ltd.	England	Ltd.	100.0
- SG Chester Ltd.	England	Ltd.	100.0
- SG No. 3 Ltd.	England	Ltd.	100.0
- SG No. 4 Ltd.	England	Ltd.	100.0
S. Grene Operations Ireland Ltd.	Ireland	Ltd.	50.0
- S. Green Dún Laohaire Ltd.	Ireland	Ltd.	100.0
- S. Grene Dublin 1 Ltd.	Ireland	Ltd.	100.0
- S. Grene Cork 1 Ltd.	Ireland	Ltd.	100.0
- Hilmer R.T.I. 1 Ltd.	Ireland	Ltd.	100.0
- Hilmer R.T.I. 2 Ltd.	Ireland	Ltd.	100.0

Notes to consolidated financial statements

	Registered in	Corpo-rate form	Equity inte-rest %
24. Subsidiaries (continued)			
- Hilmer R.T.I. 3 Ltd.	Ireland	Ltd.	100.0
- Hilmer R.T.I. 4 Ltd.	Ireland	Ltd.	100.0
- Hilmer R.T.I. 5 Ltd.	Ireland	Ltd.	100.0
Hilmer Northern Ireland Holding Ltd.	Northern Ireland	Ltd.	50.0
- Hilmer Northern Ireland Ltd.	Northern Ireland	Ltd.	100.0
- Hilmer Newry Ltd.	Northern Ireland	Ltd.	100.0
- Hilmer Bangor Ltd.	Northern Ireland	Ltd.	100.0
Aarhus Retail B.V.	Netherlands	B.V.	50.0
- SG Retail Groningen B.V.	Netherlands	B.V.	100.0
- SG Retail Den Haag B.V.	Netherlands	B.V.	100.0
- SG Retail Nieuwendijk B.V.	Netherlands	B.V.	100.0
- SG Retail Zwolle B.V.	Netherlands	B.V.	100.0
- SG Retail Rotterdam B.V.	Netherlands	B.V.	100.0
- SG Retail Den Bosch B.V.	Netherlands	B.V.	100.0
- SG Retail Nijmegen B.V.	Netherlands	B.V.	100.0
- SG Retail Enschede B.V.	Netherlands	B.V.	100.0
- SG Retail Amersfoort B.V.	Netherlands	B.V.	100.0
- SG Retail Eindhoven B.V.	Netherlands	B.V.	100.0
- SG Retial Breda B.V.	Netherlands	B.V.	100.0
- SG Retail Utrecht HC B.V.	Netherlands	B.V.	100.0
- SG Retail Maastricht B.V	Netherlands	B.V.	100.0
- SG Retail Haarlem B.V	Netherlands	B.V.	100.0
- SG Retail Utrecht B.V.	Netherlands	B.V.	100.0
Søstrene Grene Holding France S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Holding France S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 1 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 2 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 3 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 4 S.A.R.L.	France	S.A.R.L.	100.0

Notes to consolidated financial statements

	Registered in	Corpo-rate form	Equity inte-rest %
24. Subsidiaries (continued)			
- Hilmer Retail 5 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 6 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 7 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Retail 8 S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer Vest France Holding S.A.R.L.	France	S.A.R.L.	50.0
- SGTF S.A.R.L.	France	S.A.R.L.	100.0
- SGBM S.A.R.L.	France	S.A.R.L.	100.0
- SGBA S.A.R.L.	France	S.A.R.L.	100.0
- SGPC S.A.R.L.	France	S.A.R.L.	100.0
- SGLM S.A.R.L.	France	S.A.R.L.	100.0
- SGPL S.A.R.L.	France	S.A.R.L.	100.0
- SGTC S.A.R.L.	France	S.A.R.L.	100.0
- Hilmer East France Holding S.A.R.L.	France	S.A.R.L.	50.0
- SG Mulhouse Distribution S.A.R.L.	France	S.A.R.L.	100.0
- SG Rive Etoile Distribution S.A.R.L.	France	S.A.R.L.	100.0
- SG Saint Genies Laval Distribution S.A.R.L.	France	S.A.R.L.	100.0
- SG Besancon Distribution S.A.R.L.	France	S.A.R.L.	100.0

Notes to consolidated financial statements

	Registered in	Corpo-rate form	Equity inte-rest %
24. Subsidiaries (continued)			
- SG Val Thoiry Distribution S.A.R.L.	France	S.A.R.L.	100.0
- SG Annecy Distribution S.A.R.L.	France	S.A.R.L.	100.0
Søstrene Grenes Handelskompagnie A/S	Denmark	A/S	100.0

Companies with a 50% ownership interest are considered to be under considerable influence due to a ownership agreement with the minority shareholder.

Parent income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Other external expenses		(572,530)	(504,390)
Operating profit/loss		**(572,530)**	**(504,390)**
Income from investments in group enterprises		49,330,806	77,605,869
Income from investments in associates		(4,073,720)	0
Other financial income	1	3,082,921	1,378,413
Impairment losses on financial assets		(11,755,431)	0
Other financial expenses	2	(2,966,432)	(3,042,129)
Profit/loss before tax		**33,045,614**	**75,437,763**
Tax on profit/loss for the year	3	3,582,742	478,252
Profit/loss for the year	4	**36,628,356**	**75,916,015**

Parent balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Investments in group enterprises		323,783,797	253,132,893
Receivables from group enterprises		65,336,187	32,039,287
Investments in associates		0	488,720
Receivables from associates		0	10,983,833
Fixed asset investments	5	**389,119,984**	**296,644,733**
Fixed assets		**389,119,984**	**296,644,733**
Receivables from group enterprises		3,423,534	3,218,382
Deferred tax	6	3,482,000	0
Joint taxation contribution receivable		24,188,215	17,049,006
Receivables		**31,093,749**	**20,267,388**
Cash		**24,455**	**77,135**
Current assets		**31,118,204**	**20,344,523**
Assets		**420,238,188**	**316,989,256**

Parent balance sheet at 30.04.2019

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital		80,000	80,000
Reserve for net revaluation according to the equity method		247,100,474	193,233,173
Retained earnings		12,378,929	33,155,344
Proposed dividend		8,000,000	10,000,000
Equity		**267,559,403**	**236,468,517**
Provisions for investments in associates	7	3,585,000	0
Provisions		**3,585,000**	**0**
Trade payables		331,250	27,489
Payables to group enterprises		126,854,062	63,921,227
Income tax payable		21,908,473	16,572,023
Current liabilities other than provisions		**149,093,785**	**80,520,739**
Liabilities other than provisions		**149,093,785**	**80,520,739**
Equity and liabilities		**420,238,188**	**316,989,256**
Contingent liabilities	8		
Assets charged and collateral	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	80,000	193,233,173	33,155,344	10,000,000
Ordinary dividend paid	0	0	0	(10,000,000)
Exchange rate adjustments	0	15,861	0	0
Other entries on equity	0	(13,553,331)	18,000,000	0
Transfer to reserves	0	18,073,965	(18,073,965)	0
Profit/loss for the year	0	49,330,806	(20,702,450)	8,000,000
Equity end of year	**80,000**	**247,100,474**	**12,378,929**	**8,000,000**

	Total DKK
Equity beginning of year	236,468,517
Ordinary dividend paid	(10,000,000)
Exchange rate adjustments	15,861
Other entries on equity	4,446,669
Transfer to reserves	0
Profit/loss for the year	36,628,356
Equity end of year	**267,559,403**

Dividends have been decided in the subsidiary Søstrene Grenes Import A/S of DKK 18,000k. The amount has been moved from Reserve for net revaluation according to the equity method to Retained earnings.

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
1. Other financial income		
Financial income arising from group enterprises	2,311,323	1,259,745
Financial income from associates	771,598	118,668
	3,082,921	**1,378,413**

	2018/19 DKK	2017/18 DKK
2. Other financial expenses		
Financial expenses from group enterprises	2,958,252	2,126,122
Financial expenses from associates	0	916,007
Other interest expenses	6,498	0
Other financial expenses	1,682	0
	2,966,432	**3,042,129**

	2018/19 DKK	2017/18 DKK
3. Tax on profit/loss for the year		
Current tax	(100,742)	(476,983)
Change in deferred tax	(3,482,000)	0
Adjustment concerning previous years	0	(1,269)
	(3,582,742)	**(478,252)**

	2018/19 DKK	2017/18 DKK
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	8,000,000	10,000,000
Transferred to reserve for net revaluation according to the equity method	49,330,806	65,670,454
Retained earnings	(20,702,450)	245,561
	36,628,356	**75,916,015**

Notes to parent financial statements

	Invest-ments in group enterprises DKK	Receivables from group enterprises DKK	Investments in associates DKK	Receivables from associates DKK
5. Fixed asset investments				
Cost beginning of year	58,626,859	32,039,287	488,720	10,983,833
Exchange rate adjustments	56,464	0	0	0
Additions	0	33,296,900	0	771,598
Cost end of year	**58,683,323**	**65,336,187**	**488,720**	**11,755,431**
Revaluations beginning of year	194,506,034	0	0	0
Exchange rate adjustments	15,861	0	0	0
Adjustments on equity	4,445,007	0	0	0
Share of profit/loss for the year	60,707,296	0	0	0
Adjustment of intra-group profits	(11,376,490)	0	0	0
Investments with negative equity value depreciated over receivables	18,073,965	0	0	0
Other adjustments	(1,271,199)	0	0	0
Revaluations end of year	**265,100,474**	**0**	**0**	**0**
Impairment losses for the year	0	0	(488,720)	(11,755,431)
Impairment losses end of year	**0**	**0**	**(488,720)**	**(11,755,431)**
Carrying amount end of year	**323,783,797**	**65,336,187**	**0**	**0**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK	Profit/loss DKK
Investments in associates comprise:					
Hilmer Japan Co. Ltd.	Japan	Ltd.	40.0	(26,097,000)	(11,844,000)

Due to 40% ownership Hilmer Japan Co. Ltd. is considered a Associates investments.

Notes to parent financial statements

6. Deferred tax

Deferred tax is a result of difference between accounting and tax valuation. The resulting amount is considered to give a tax deduction in the future.

7. Provisions for investments in associates

The company has contractually guaranteed 40% of loan lent to Hilme Japan Co. Ltd. In case Hilmer Japan Co. Ltd. before the settlement of the debt does not have the ability to defray its liabilities to lender. The carrying amount of the loan amounts to DKK 4m.

8. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

9. Assets charged and collateral

In relation to leaseholds used by the Group’s franchisees the Company has issued a guarantee to the lessor totalling DKK 17m.

Collateral provided for group enterprises

Collateral securities provided for subsidiaries and group enterprises. As security for the subsidiaries’ bank debt the parent has issued a guarantee to the subsidiaries' bank. The subsidiaries banks debt amounts to DKK 26m at balance sheet date.

The Company is liable for mortgage liabilities in Søstrene Grenes Import A/S and Søstrene Grenes Handelskompagnie A/S, which total DKK 209m at the balance sheet date.

The Company has issued a guarantee to Hilmer R.T.I. 2 Ltd. totaling DKK 1,865k.

10. Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed in the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Revenue is measured after elimination of intra-group trade.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. Received compensation from public authorities is deducted in the staff cost.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment losses on financial assets
Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intangible assets.

The cost of acquired intellectual rights comprises costs, including external fees and internal salaries that are directly and indirectly attributable to the intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line amortisation is made on the basis of the estimated useful lives of the assets witch are 3-5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools, equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	5-50 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment in progress relate to the building of a new logistics centre. Property, plant and equipment in progress are measured at cost and written down to the lower of recoverable amount and carrying amount. Property, plant and in progress are not depreciated.

Properties

The Company has divided its properties into two categories: 1) domicile and inventory properties and 2) shop properties.

Domicile and inventory properties are recognised at cost with deduction of accumulated depreciation, whereas shop properties are recognised at fair value minus accumulated depreciation. The valuation is reviewed continuously by an independent valuer.

Shop properties are revalued to fair value on a continuous basis, equal to the fair value of the property in accordance with S. 41 of the Danish Financial Statements Act. Revaluation of fair value is recognised directly

Accounting policies

in equity under ”Reserve for net revaluation according to the equity method in parent statement and under “Revaluation reserve” in the consolidated statement.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Properties for sale are presented under current assets at the time properties are decided to be sold and relocated. Depreciation is also stopped at this time.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management’s proposal for distribution of profit/loss.

Accounting policies

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank loans.