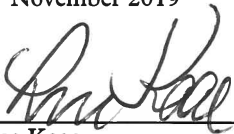


Annual report for 2018/19

Adopted at the annual general meeting on
27 November 2019



Lise Kaae
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Aktieselskabet af 1.2.2017 for the financial year 1 August 2018 - 31 July 2019.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 July 2019 and of the results of the company's operations for the financial year 1 August 2018 - 31 July 2019.

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

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

Aarhus, 27 November 2019

Executive board

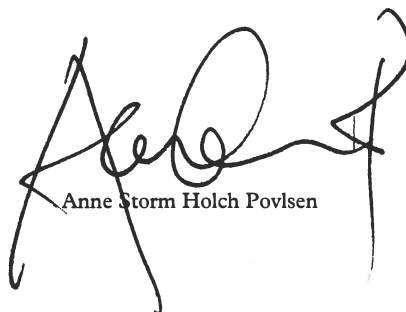


Anders Holch Povlsen
CEO

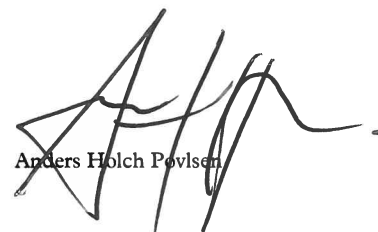
Supervisory board



Lise Kaae
chairman



Anne Storm Holch Povlsen



Anders Holch Povlsen

Independent auditor's report

To the shareholder of Aktieselskabet af 1.2.2017

Opinion

We have audited the financial statements of Aktieselskabet af 1.2.2017 for the financial year 1 August 2018 - 31 July 2019, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 July 2019 and of the results of the company's operations for the financial year 1 August 2018 - 31 July 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 " (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

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

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

Statement on management's review

Management is responsible for management's review.

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

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

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

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

Independent auditor's report

Aarhus, 27 November 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Morten Friis
State Authorised Public Accountant
mne32732

Company details**The company**

Aktieselskabet af 1.2.2017
Inge Lehmanns Gade 2
8000 Aarhus C

CVR no.: 38 78 43 82

Reporting period: 1 August 2018 - 31 July 2019

Domicile: Aarhus

Supervisory board

Lise Kaae, chairman
Anne Storm Holch Povlsen
Anders Holch Povlsen

Executive board

Anders Holch Povlsen, CEO

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C

Management's review

Business activities

The Company's principal activities consist in investment and financing.

Business review

The company's income statement for the year ended 31 July shows a loss of TDKK 34.458, and the balance sheet at 31 July 2019 shows equity of TDKK 3.264.571.

Significant events occurring after end of reporting period

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

Accounting policies

The annual report of Aktieselskabet af 1.2.2017 for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

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

The annual report for 2018/19 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

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

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

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

Income statement

Gross profit

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

Revenue

Sales revenues are recognised as revenue according to the invoicing principle.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external costs

Other external costs comprise costs for administration.

Financial costs

Financial costs comprises interest costs, realized and unrealized gains and losses on securities, payables and transactions denominated in foreign currencies.

Accounting policies

Profit/loss from investments in associates

The proportionate share of the profit/loss for the year of associates is recognised in the company's income statement after elimination of the proportionate share of intra-group profits/gains and amortisation of goodwill. In situations of sales of associates gains/losses are recognised in the income statement.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Interests are not included in the cost. Where individual components of an item of intangible assets have different useful lives, they are accounted for as separate items, which are depreciated separately. Non-current assets are depreciated on a straight-line basis, based on cost and on the following continually estimated useful lives:

Software is amortized according to the straight-line method over the expected useful life.

Leasehold rights are amortized according to the straight-line method of the non-terminable leaseterm or 5 to 7 years in case such a term does not exist.

Goodwill is amortised over the estimated useful life between 5-20 years. The estimated useful life is determined by management based on their experience within each area of business. The amortisation period is determined based on to what extent the purchase concerns a strategically acquired company with a strong market position and a long-term profitability and to what extent the goodwill includes temporary intangible resources which has not been able to spin off and recognize as individual assets.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence term, however maximally 8 years.

Accounting policies

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Parent Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3-5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in associates

Investments in associates are measured by the equity method at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

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. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles. The amortization period is 20 years.

Net revaluations of investments in associates are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. If it is not possible to determine the recoverable amount for individual assets, the assets are reviewed jointly in the smallest identifiable group of assets to determine a reliable recoverable amount.

Accounting policies

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Assets, for which it is not possible to calculate an individual capital value as the asset, in itself, does not generate future cash flows, are subject to a test for indication of impairment together with the group of assets, to which they may be attributed.

Previously recognised impairment losses are reversed when the reason for recognition no longer exist. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Cash and cash equivalents

Cash at hand and in bank comprise cash in bank.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

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

Foreign currency translation

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

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

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

Accounting policies

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

Income statement 1 August - 31 July

	Note	2018/19 TDKK	2017/18 TDKK
Gross profit		3.650	4.140
Loss from investments in associates		-91.257	-58.839
Financial costs	1	<u>-3.298</u>	<u>-4</u>
Profit/loss before tax		-90.905	-54.703
Tax on profit/loss for the year	2	<u>56.447</u>	<u>-910</u>
Profit/loss for the year		<u>-34.458</u>	<u>-55.613</u>
Retained earnings		<u>-34.458</u>	<u>-55.613</u>
		<u>-34.458</u>	<u>-55.613</u>

Balance sheet 31 July

	Note	2019 TDKK	2018 TDKK
Assets			
Investments in associates	3	<u>3.201.083</u>	<u>3.073.667</u>
Fixed asset investments		<u>3.201.083</u>	<u>3.073.667</u>
Total non-current assets		<u>3.201.083</u>	<u>3.073.667</u>
Receivables from group enterprises		7.037	5.410
Corporation tax		<u>56.447</u>	<u>0</u>
Receivables		<u>63.484</u>	<u>5.410</u>
Cash at bank and in hand		<u>23</u>	<u>0</u>
Total current assets		<u>63.507</u>	<u>5.410</u>
Total assets		<u><u>3.264.590</u></u>	<u><u>3.079.077</u></u>

Balance sheet 31 July

	Note	2019 TDKK	2018 TDKK
Equity and liabilities			
Share capital		500	500
Retained earnings		<u>3.264.071</u>	<u>3.077.023</u>
Equity		<u>3.264.571</u>	<u>3.077.523</u>
Banks		0	1
Trade payables		19	0
Payables to group enterprises		0	625
Corporation tax		0	910
Other payables		<u>0</u>	<u>18</u>
Total current liabilities		<u>19</u>	<u>1.554</u>
Total liabilities		<u>19</u>	<u>1.554</u>
Total equity and liabilities		<u><u>3.264.590</u></u>	<u><u>3.079.077</u></u>
Contingencies, etc.	4		
Mortgages and collateral	5		
Related parties and ownership structure	6		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 August 2018	500	3.077.023	3.077.523
Change of investments through net exchange differences	0	7.446	7.446
Other equity movements	0	28.211	28.211
Net profit/loss for the year	0	-34.458	-34.458
Contribution from group	0	185.849	185.849
Equity at 31 July 2019	500	3.264.071	3.264.571

Notes

	2018/19 TDKK	2017/18 TDKK
1 Financial costs		
Financial costs, group enterprises	3.135	0
Other financial costs	163	4
	<u>3.298</u>	<u>4</u>
2 Tax on profit/loss for the year		
Current tax for the year	-56.447	910
	<u>-56.447</u>	<u>910</u>

3 Investments in associates

The Company acquired shares in associates during the year, in relations to the transaction total goodwill of 150.937 TDKK was recognized.

4 Contingencies, etc.

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

5 Mortgages and collateral

As collateral for affiliated company's debt to credit institutions, the company has pledged its cash at bank worth 0,02 million DKK and shares in associated company with a booked value of 3.203 million DKK by 31 July 2019.

6 Related parties and ownership structure

Consolidated financial statements

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

HEARTLAND A/S
Inge Lehmanns Gade 2
8000 Aarhus C