BESTSELLER A/S
Fredskovvej 5
7330 Brande
CVR no. 88 21 65 12

Annual report for 2020/21

Adopted at the annual general meeting on
7 October 2021

Thomas Børglum Jensen
chairman

BESTSELLER

Table of contents

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of BESTSELLER A/S for the financial year 1 August 2020 - 31 July 2021.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 July 2021 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 August 2020 - 31 July 2021.

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, 7 October 2021

Executive board

Anders Holch Povlsen	Thomas Børglum Jensen

Supervisory board

Merete Bech Povlsen Chairman	Anders Holch Povlsen	Finn Poulsen
Lise Kaae	Troels Holch Povlsen	

Independent auditor's report

To the shareholder of BESTSELLER A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BESTSELLER A/S for the financial year 1 August 2020 - 31 July 2021, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, for both the group and the parent company. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31 July 2021 and of the results of the group and the parent company's operations and cash flows for the financial year 1 August 2020 - 31 July 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 parent company 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 parent 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 consolidated financial statements and parent company 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 parent 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

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

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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.

Aarhus, 7 October 2021

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Friis
State Authorised Public Accountant
mne32732

Søren Jensen
State Authorised Public Accountant
mne34132

Company details

The company	BESTSELLER A/S Fredskovvej 5 7330 Brande
	CVR no.: 88 21 65 12
	Reporting period: 1 August 2020 - 31 July 2021
	Domicile: Ikast-Brande
Supervisory board	Merete Bech Povlsen, chairman Anders Holch Povlsen Finn Poulsen Lise Kaae Troels Holch Povlsen
Executive board	Anders Holch Povlsen Thomas Børglum Jensen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C

Group chart

Company	Residence	Ownership
BESTSELLER A/S	**Brande, Denmark**	
9292-1394 Québec Inc.	Montreal, Canada	50%
AHPK GmbH	Hamburg, Germany	75%
Aktieselskabet af 12.12.2020	Brande, Denmark	100%
24.5.2011 US Corporation	Wilmington, Delaware, USA	100%
- BESTSELLER Wholesale US LLC	Wilmington, Delaware, USA	100%
AM PIECES Retail A/S	Brande, Denmark	51%
BESTSELLER AS	Olso, Norway	100%
BESTSELLER Logistics A/S	Brande, Denmark	100%
BESTSELLER Australia PTY Ltd.	Mosman, Australia	100%
BESTSELLER Birlesik Tekstil Ltd.	Istanbul, Turkey	90%
BESTSELLER Commerce B.V.	Amsterdam, Netherlands	100%
- BESTSELLER Handels B.V.	Amsterdam, Netherlands	100%
- BESTSELLER Service B.V.	Amsterdam, Netherlands	100%
- BESTSELLER Commerce Poland Sp. z O.O.	Lozienica, Poland	100%
- BESTSELLER Handels Portugal, Unispessoal LDA	Lisbon, Portugal	100%
BESTSELLER Lease Management A/S	Brande, Denmark	100%
BESTSELLER Italy SpA	Castel San Pietro Terme, Italy	100%
- BESTSELLER Stores Italy SpA	Castel San Pietro Terme, Italy	100%
BESTSELLER Stores Austria GmbH	Wienna, Austria	100%
- BESTSELLER Handels GmbH	Wienna, Austria	100%
BESTSELLER Retail Europe A/S	Brande, Denmark	75%
- BESTSELLER Retail Benelux B.V.	Leusden, Netherlands	100%
- BESTSELLER Retail Sp. z O.O.	Warsaw, Poland	100%
- BRE Ireland Retail Limited	Dublin, Ireland	100%
- ONLY Stores Austria GmbH	Wienna, Austria	100%
- Grønhaug Retail AS *	Bergen, Norway	50%
- ONLY Stores A/S	Brande, Denmark	100%
- ONLY Stores Belgium BVBA	Antwerp, Belgium	100%
- ONLY Stores Denmark A/S	Brande, Denmark	100%
- ONLY Stores Finland OY	Espoo, Finland	100%
- ONLY Stores France SaS	Paris, France	100%
- ONLY Stores Germany GmbH	Viersen, Germany	100%
- ONLY Stores Ireland Ltd.	Dublin, Ireland	100%
- ONLY Stores Holland B.V.	Leusden, Netherlands	100%
- ONLY Stores Luxembourg S.a.r.l.	Luxembourg, Luxembourg	100%
- ONLY Stores Norway AS	Bergen, Norway	100%
- ONLY Stores Spain S.L.	Churriana, Spain	100%
- ONLY Stores Sweden AB	Solna, Sweden	100%
- ONLY Stores Switzerland AG	Glattbrugg, Switerland	100%
- Retail-Fabrikken A/S *	Haderslev, Denmark	50%
BESTSELLER Retail Ireland Limited	Dublin, Ireland	100%
BESTSELLER Retail UK Ltd.	Birmingham, England	100%
BESTSELLER (Schweiz) AG	Glattbrugg, Switerland	100%
BESTSELLER Stores A/S	Brande, Denmark	100%
BESTSELLER Stores Belgium BVBA	Antwerp, Belgium	100%
BESTSELLER Stores Czech Republic s.r.o.	Prague, Czech Republic	100%
BESTSELLER Stores Denmark A/S	Brande, Denmark	100%
BESTSELLER Stores Finland OY	Helsinki, Finland	100%

Group chart - continued

Company	Residence	Ownership
BESTSELLER Stores Luxembourg Sarl	Luxembourg, Luxembourg	100%
BESTSELLER Stores Norway AS	Bergen, Norway	100%
BESTSELLER Stores Poland Sp. z O.O.	Warsaw, Poland	100%
BESTSELLER Stores Sverige AB	Solna, Sweden	100%
BESTSELLER Stores Slovak Republic s.r.o.	Bratislava, Slovakia	100%
BESTSELLER Stores Switzerland AG	Glattbrugg, Switzerland	100%
BESTSELLER Sverige AB	Solna, Sweden	100%
- Hagamagasinet AB	Solna, Sweden	100%
BESTSELLER Textilhandels GmbH	Hamburg, Germany	100%
BESTSELLER United China Ltd.	Kowloon, Hong Kong	100%
BESTSELLER United Italy Srl	Castel San Pietro Terme, Italy	100%
BESTSELLER United Singapore Pte. Ltd.	Singapore, Singapore	100%
- BEST United India Comforts Pvt. Ltd.	Mumbai, India	100%
- ONLY Retail Pvt. Ltd.	Mumbai, India	99%
- SELECTED Retail Private Limited	Mumbai, India	100%
- VERO MODA Retail Pvt. Ltd.	Mumbai, India	100%
BESTSELLER Wholesale A/S	Brande, Denmark	100%
BESTSELLER Wholesale Belgium BVBA	Antwerp, Belgium	100%
BESTSELLER Wholesale Canada Inc.	Montréal, Canada	100%
- BESTSELLER Retail Canada Inc.	Montréal, Canada	100%
BESTSELLER Wholesale OY	Helsinki, Finland	100%
BESTSELLER Wholesale France SaS	Paris, France	100%
- BESTSELLER Stores France SaS	Paris, France	100%
- 9/9 - 49 France Sarl	Paris, France	100%
BESTSELLER Wholesale (Ireland) Ltd.	Dublin, Ireland	100%
BESTSELLER Wholesale Poland Sp. z O.O.	Warsaw, Poland	100%
BESTSELLER Wholesale Spain S.L.U.	Churriana, Spain	100%
- BESTSELLER Stores Spain S.L.U.	Churriana, Spain	100%
- BESTSELLER Tekstil Ltd.	Istanbul, Turkey	90%
- BS Company of 14.12.2014 Sociedad Limitada	Churriana, Spain	100%
- BESTSELLER Textil Whs Uruguay S.A.	Montevideo, Uruguay	100%
- BESTSELLER Latam ZF S.A.	Montevideo, Uruguay	100%
- BESTSELLER Wholesale Chile SpA	Santiago, Chile	100%
- BESTSELLER Wholesale Mexico S.A. C.V.	Ciudad de México, Mexico	100%
- BESTSELLER Textil Mexico S.A. de C.V.	Ciudad de México, Mexico	100%
BESTSELLER Wholesale UK Ltd.	London, England	100%
Best Whs Clothing Greece LLC	Athens, Greece	100%
Bluetide Ltd.	Dubai, United Arab Emirates	100%
BRN Best Retail Norge AS	Namsos, Norway	51%
VILA A/S	Skanderborg, Denmark	100%
- VILA Belgium BVBA	Antwerp, Belgium	100%
- VILA Benelux B.V.	Amstelveen, Netherlands	100%
- VILA Stores B.V.	Amstelveen, Netherlands	100%
- VILA Clothes AG	Glattbrugg, Switzerland	100%
- VILA Clothes Handels GmbH	Wienna, Austria	100%
- VILA Clothes Ltd.	Dublin, Ireland	100%
- VILA Clothes Ltd.	London, United Kingdom	100%
- VILA Finland Oy	Espoo, Finland	100%
- VILA France SaS	Paris, France	100%

Group chart - continued

Company	Residence	Ownership
- VILA Italy S.R.L.	Castel San Pietro Terme, Italy	100%
- VILA Norge AS	Oslo, Norway	100%
- VILA Spain S.L.U.	Torremolinos, Spain	100%
- VILA Stores A/S	Skanderborg, Denmark	100%
- BESTSELLER Stores Germany GmbH	Hamburg, Germany	100%
- VILA GmbH	Hamburg, Germany	100%
- VILA Sweden AB	Solna, Sweden	100%
- VILA Wholesale A/S	Skanderborg, Denmark	100%
Bestseller Stores Netherlands B.V.	Amstelveen, Netherlands	100%
- BESTSELLER Wholesale Benelux B.V.	Amstelveen, Netherlands	100%
- BESTSELLER United NL B.V.	Amstelveen, Netherlands	100%
- BESTSELLER Fashion India Pvt. Ltd.	Mumbai, India	100%
- BESTSELLER Wholesale India Pvt. Ltd.	Mumbai, India	100%
Toast (Mail Order) Limited	London, United Kingdom	100%

* Associated company

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	Group				
	2020/21	2019/20	2018/19	2017/18	2016/17
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Revenue	26.405	24.133	25.817	24.157	23.402
Gross margin	13.019	11.551	12.756	12.256	11.467
Gross profit	9.435	6.326	8.296	7.879	7.148
Profit before net financials	4.458	988	2.731	2.747	2.494
Net financials	146	-212	44	108	12
Profit before tax	4.604	776	2.775	2.855	2.505
Profit for the year	3.609	415	2.108	2.107	1.771
Balance sheet					
Total assets	18.246	13.830	15.405	14.215	14.436
Investment in property, plant and equipment	379	513	922	1.055	689
Equity	8.734	5.254	7.071	6.928	7.129
Financial ratios					
Gross margin ratio	49,3%	47,9%	49,4%	50,7%	49,0%
Operating margin ratio	16,9%	4,1%	10,6%	11,4%	10,7%
Solvency ratio	47,9%	38,0%	45,9%	48,7%	49,4%

For the financial ratios definitions, see the summary of significant accounting policies.

Management's review

Business activities

The Company's and the Group's activities are to develop and sell fashion wear. The Company and the Group primarily sell its goods in Europe, India and America.

Business model

BESTSELLER A/S (BESTSELLER) is a fashion company. BESTSELLER markets and sells fashion clothing and accessories for men, women, teens and children. BESTSELLER has offices and warehouses in 27 countries. The products are sold online, in approx. 2.500 chain stores and via approx. 17.500 wholesale customers and via approx. 1.600 shop-in-shops.

Business review

The group's income statement for the year ended 31 July 2021 shows a profit of TDKK 3.609.194, and the balance sheet at 31 July 2021 shows an equity of TDKK 8.734.040.

The result of the year has exceeded the outlook provided in last years financial statement. This has been possible due to an extraordinary effort.

Outlook

The expectations for 2021/22 is to deliver a result in line with the 2020/21 result. This will require an extraordinary effort, particular considering the current challenges in the global supply chain.

Research and development

The Company's and the Group's collections are being continually developed during the financial year. The Company and the Group does not engage in other development activities apart from the regular development and maintenance of its IT systems.

Particular risks

In Management's assesment, the Company and the Group are not exposed to particular risks apart from those generally occurring in this line of business.

Management's review

Statutory statement regarding corporate responsibility, cf. section 99a of the Danish Financial Statements Act.

PROACTIVE APPROACH VITAL TO ACHIEVING COMPREHENSIVE & CONTINUOUS IMPROVEMENT

With 2021 well underway, BESTSELLER is investing even more time and resources to create a digital and sustainable future for our company. While the initial shock of COVID-19 has worn off, there remain numerous challenges related to the global pandemic. There is no learning experience like a crisis, and at BESTSELLER, we have learned a lot including the importance of being proactive.

There are a number of similarities between the pandemic and the broad planetary crisis. We live in a connected world, which makes challenges and opportunities so multifaceted that our approach must be collaborative, and our solutions must be holistic.

BESTSELLER is committed to adopting and investing in innovation to futureproof our company. Markets are changing rapidly, and our customers' expectations are higher than ever. We have to remain focused on continuously improving and using our business to create positive impact. By staying loyal to our suppliers, business partners and customers, working hard, collaborating with our industry and seeking new solutions, we can build a more sustainable and prosperous future together.

BESTSELLER is a fashion group. BESTSELLER markets and sells fashion clothing and accessories for men, women, teens and children. BESTSELLER has offices and warehouses in 27 countries. The products are sold online, in approx. 2.500 chain stores and via approx. 17.500 wholesale customers and via approx. 1.600 shop-in-shops.

FUNDAMENTAL GOALS ACHIEVED ACROSS FASHION FWD

At BESTSELLER, our sustainability strategy Fashion FWD continues to guide us. During 2020/21, we achieved some fundamental goals, which will provide a strong foundation for further progress. Numerous challenges and questions remain, however, and we are well aware that this journey is not a sprint. We are committed to doing everything we can to strive for our North Star – our ultimate ambition – of creating a BESTSELLER that is **climate positive, fair for all and circular by design.**

Management's review

Key highlights

- We have set greenhouse gas reduction goals through the Science Based Targets initiative (SBTi), which were approved in early 2021 – a significant milestone in our Fashion FWD strategy.
- In June 2021, we signed a trailblazing global agreement with Maersk to utilise their certified sustainable biofuel – Maersk ECO Delivery – to power the vast majority of our sea freight.
- We continue to expand our use of more sustainable materials. For example, organic cotton constituted 23 percent of our more sustainable cotton use in FY 2020/21, up from 19 percent in FY 2019/20, with four years remaining to reach our goal of 30 percent.
- In September 2020, we established Fashion FWD Lab to support innovators and entrepreneurs in tailoring and scaling their concepts for widespread use in the fashion industry.
- A number of BESTSELLER brands launched styles with a circularity focus with widespread success in FY 2020/21, including VERO MODA's limited edition Circulose® dress, which sold out online within days.
- In March 2021 – and well ahead of schedule – we achieved our women's empowerment goal of reaching 100,000 women in tier 1 factories BESTSELLER sources from.

CLIMATE POSITIVE

ALIGNING OUR BUSINESS WITH OUR PLANET

As a global fashion company, we have a responsibility to transform our business so that our environmental footprint is in line with the needs of our planet. Some of the biggest challenges our world faces are related to our planet's natural resources, and we must rethink the way we consume them across our value chain.

BESTSELLER is committed to becoming climate positive, which means we must produce and operate leaner, and significantly and continuously reduce the energy, water and chemicals we use and the waste we create. Collaboration throughout our supply chain will be vital to our success, as this is where we have the biggest environmental impact. The increasing impact of climate change and environmental degradation on the countries and regions where we source our products represents a risk to our ability to access stable sourcing markets.

PROGRESS & IMPACT

In the late 2020, we sent our Science Based Targets (SBTs) to the SBTi for approval, concluding a comprehensive data collection project to set our baseline, analysis to understand our climate impact, and modelling of our targets.

A company's targets can only be validated if they are in line with the Paris Agreement, and BESTSELLER's SBTs were approved in early 2021, as aligned with the most ambitious goal of a 1.5 C pathway. Based on our baseline year of 2018, BESTSELLER's approved SBTs are:

- BESTSELLER commits to reduce absolute scope 1 and 2 GHG emissions by 50 percent by 2030 compared to its baseline year of 2018.
- BESTSELLER commits to reduce absolute scope 3 GHG emissions from purchased goods and services and upstream and downstream transportation by 30 percent over the same timeframe.

Management's review

Reducing our direct carbon footprint will be critical to our ultimate ambition of becoming climate positive. In early 2021, we initiated our Stores FWD programme, with the aim to reduce the energy consumption in our stores by 30 percent by 2025, with an initial focus on transitioning to low-watt LED bulbs, which can reduce a store's electricity use by up to 50 percent.

Our biggest environmental impact comes from our supply chain. To reduce the consumption of water, chemicals and energy, as well as the production of waste, we must work closely with our supply chain partners for our mutual benefit. In February, BESTSELLER launched a programme Environment FWD in Bangladesh, which will equip key personnel at our tier 1 suppliers' factories with the skills and confidence to improve their facilities' environmental performance across chemical management, water use, wastewater management, energy use, GHG emissions, waste and environmental management systems.

To reduce our impact when transporting our products, BESTSELLER signed an agreement with Maersk in June to use the Danish shipping company's carbon neutral and certified sustainable biofuel – Maersk ECO Delivery. The agreement is of global significance, as it covers almost all our sea freight requirements worldwide.

One of the tools we use to measure environmental management is the Higg Facility Environmental Module (Higg FEM) Index. In 2020, 219 tier 1 and 2 (Preferred Materials Suppliers) suppliers completed a Higg FEM assessment, representing 86 percent of our orders by value. 96 of these suppliers' results were verified, with an average score of 51. This was an improvement on the past two years' average scores of 36 and 45, respectively.

In FY 2020/21, we have continued to focus on reducing our overall water impact. One area we prioritised was effluent management, in particular the safe disposal of leftover sludge that is a biproduct of effluent treatment plants (ETP). In Bangladesh, we have collaborated with Geocycle and its associate company Lafarge Surma Chhatak Cement Plant, which can use ETP sludge in cement production. As of May 2021, eight BESTSELLER suppliers have sent a total of 285 tonnes of their ETP sludge to Geocycle.

BESTSELLER's Chemical Testing Programme tested a total of 11,631 different styles in 2020/21, resulting in a failure rate of 6.4 percent. We conduct continuous testing to ensure our products do not contain chemicals included in our Restricted Substances List (RSL) and Packaging Restricted Substances List (PRSL). While our failure percentage rose compared to the previous year, this was largely due to the fact that our manufacturers' own supply chains were disrupted by COVID-19. For example, if chemicals or raw materials are no longer available, a factory could inadvertently replace them with materials that do not meet our standards due to a lack of transparency.

To improve our chemical inventory transparency, BESTSELLER has adopted GoBlu's BHive app, whereby chemical inventory managers use their smart phone to photograph a chemical's label, which is then cross-checked across the app's database and BESTSELLER's restricted chemicals list, providing both the factory and our brands with detailed product information. As of June 2021, 93 factories across Bangladesh, China, India, Pakistan and Turkey have been onboarded with the tool, with 50 actively using it to report their chemical product usage to BESTSELLER.

Management's review

At BESTSELLER, we love denim but this versatile fabric's and product's traditional production methods can be harmful to the environment. Our brands have continued their in-depth efforts to improve the jeans and other denim products they sell. For example, JACK & JONES further tightened the requirements for when its products can be included as part of its Low Impact Denim (LID) range, ONLY launched its Swan Jeans in 2020 – the brand's most sustainable jeans to date that have been certified by the Nordic Swan Ecolabel and the EU Ecolabel. SELECTED successfully transitioned to 100 percent organic cotton in its jeans, which are now all Responsibly Washed – the brand's finishing process that requires less water, less energy and less chemicals than regular methods.

GOING FORWARD

With our SBTs approved, the work has begun to achieve the ambitious goals we have set ourselves. This will take a dedicated effort from all areas of our company. The next 12 months will see us focus on further internal alignment, improving our data collection with regards to greenhouse gas emissions and the development and implementation of reduction strategies.

We are also working towards aligning BESTSELLER's climate targets with SBTi's new initiative – Science-Based Targets for Nature – that is focused on global water systems and biodiversity. This work will include our new water strategy, which we are developing to meet the following Fashion FWD goal: **By 2021, we will set targets to safeguard future water resources.**

To meet our targets on climate, water and circularity, our products need to be consolidated with suppliers that are willing to move forward with us on this journey. A supplier's holistic environmental performance is very important. We use data from the Factory Standards Programme, Higg FEM, BHive, and the Institute of Public and Environmental Affairs (IPE) to create a Supplier Environment Rating. **By 2025, we have committed in our Fashion FWD strategy that 75 percent of all product orders will be placed with suppliers that are highly rated in our sustainability evaluation.**

CIRCULAR BY DESIGN

KEEPING RESOURCES IN USE FOR LONGER

At BESTSELLER, we are committed to a circular future. The fashion industry must move away from its traditional linear model of take-make-waste and embrace circularity where finite resources are protected and waste is eliminated. This circular ideal is far from reality, however, and we cannot get there alone. True circularity will require change and commitment from numerous stakeholders including governments and other industries.

To achieve our ultimate ambition of being circular by design, we need new ways of thinking throughout our value chain and from all sections of our business. Circular principles can already be seen in the way we are reusing our own textile waste to create new fibres, specifically designing products that can be repurposed or recycled, and identifying and prioritising production technologies that reuse water and chemicals.

Management's review

PROGRESS & IMPACT

The materials we use to make our products constitute one of the most significant impacts we have on the environment. They collectively require land, water, energy and other resources to produce, and – in a non-circular system – they also largely end up as waste. As our business is built upon significant use of raw materials, the increasing scarcity of these resources due to climate change and environmental degradation can lead to a risk of unstable supply and – by extension – volatile prices. Therefore, our increasing use of more sustainable and recycled materials has a positive impact on planet and people. The fashion industry's traditional linear business model also represents a risk, as there is an increasing demand for circular solutions from key stakeholders, which is expected to impact consumer behaviour.

Cotton is our most important raw material by volume and has therefore been a key focus of BESTSELLER's transition to more sustainable materials for many years. Compared to our 2020 Sustainability Report, our use of more sustainable cotton dropped in FY 2020/21 to 76 percent of our overall cotton use due to internal structural changes that affected the reporting period.

By comparison, our organic cotton use remained steady at 23 percent of all more sustainable cotton sourced. Our efforts to transition from conventional cotton to more sustainable sources have unearthed challenges, however, and we can see that sourcing organic cotton is becoming increasingly difficult due to global demand severely exceeding supply.

BESTSELLER has responded with a number of key initiatives to stimulate the global supply of organic cotton. For example, BESTSELLER joined the Organic Cotton Accelerator (OCA) in January 2020 to secure a transparent organic cotton stream from around 2,000 farmers in India. We have subsequently expanded our direct-to-farm approach in Pakistan (Milliner Cotton Organic) and Africa (CmiA-Organic). Additionally, we have added 'in-conversion cotton' to our more sustainable materials portfolio to encourage more farmers to adopt organic farming principles by paying them the organic premium as their farms go through the lengthy organic conversion process.

In FY 2020/21, we more than doubled our use of recycled polyester compared to 2019. Recycled polyester accounted for 11 percent of our overall supply, which puts us on track to achieve our 50 percent recycled polyester goal by 2025.

BESTSELLER initiated two key projects based in Bangladesh at the end of 2020 to further increase our use of recycled cotton going forward. We teamed up with recycled cotton producer CYCLO to create a system that turns our brands' own textile cutting scraps into useable yarn and fabric, while at an industry level, BESTSELLER became an inaugural member of Global Fashion Agenda's Circular Fashion Partnership – an initiative that aims to achieve a long-term, scalable transition to a circular fashion system.

Additionally, we continue to increase our sourcing of more sustainable wool. In FY 2020/21, 39 percent of our wool was more sustainable (35% recycled wool, 4% responsibly sourced), which shows a significant improvement over the past 18 months. In the calendar year 2019, we sourced just 15 percent recycled wool.

Management's review

In terms of man-made cellulosics (MMC), BESTSELLER has begun tracing wood pulp sources in our supply chain in line with our partnership with environmental organisation Canopy. This is part of our two-pronged transition to more sustainable MMC – increasing our sourcing of verified branded fibres and enhancing traceability in our supply chain to identify and promote viscose suppliers that live up to the Canopy Hot Button standards. In FY 2020/21, 39 percent of the MMC we sourced was branded more sustainable MMC. Additionally, BESTSELLER joined a pioneering consortium working on a solution to verify MMC fibres from preferred suppliers throughout the fashion supply chain using innovative blockchain technology developed by a company called TextileGenesis™.

With regards to our responsible sourcing programme that deals with animal-based materials, BESTSELLER partnered with The Good Cashmere Standard® to help promote more sustainable practices within cashmere farming and began sourcing cashmere fibres through this programme. Furthermore, we updated our Animal Welfare policy to better reflect our approach to wool and our ban on mohair. We are also exploring substitutes for traditional leather, including a collaboration with Danish innovators Beyond Leather, who are developing a leather alternative made with apple pulp that is left behind after making juice or cider.

As stated earlier in this report, BESTSELLER's commitment to sustainability innovation in the fashion industry took a significant stride forward in FY 2020/21 thanks to the establishment of our Fashion FWD Lab. BESTSELLER unveiled a number of innovation partnerships under the Lab's umbrella during the past financial year, including the aforementioned CYCLO project.

Fashion FWD Lab collaborations:

- Spinnova (textile fibres produced from wood without harmful chemicals)
- Infinited Fiber (a closed loop solution producing a new cotton-like fibre made from waste)
- Beyond Leather (a leather replacement based on fruit waste)
- Renewcell (low impact circular material Circulose®)
- CYCLO (recycling local cutting scraps into new yarn and fabric)
- LENZING™ CARBON-ZERO TENCEL™ (certified carbon neutral MMC)
- Circular Systems (transforming waste into fibre)
- Nature Coating (transforming wood waste into high-performing black pigments)
- Evrnu (new fibre made from recycled textiles that can be recycled again)

Fashion FWD Lab has had a significant impact on Invest FWD – BESTSELLER's investment arm for sustainable fashion – as it has helped identify promising candidates for investment. In 2021, BESTSELLER announced that Invest FWD had added Infinited Fiber, Circular Systems, Nature Coating and Evrnu to its portfolio.

In addition to our Fashion FWD Lab initiatives, which all support our circular by design ambition, we continued to promote circular design principles with internal training of our designers and buyers. This training has led to a number of our brands putting circularity-inspired styles on the market.

Management's review

We see digitalisation as central to our future, as it can make us more efficient, more agile and more sustainable. The impact of COVID-19 has seen digitisation (converting analogue systems to digital) and digitalisation (optimising our business practices through digital technologies and data) accelerate rapidly in BESTSELLER. For example, SELECTED is now presenting all new collections 100 percent digitally. Our digital showroom solution has also taken great strides forward in FY 2020/21. We launched our 2.0 version in January, which is now available in 11 offices around the world, and NAME IT has joined VERO MODA in using the solution. Our digital showrooms reduce our need for physical samples in B2B sales, as wholesale customers can see the entire collection via a high-resolution big screen.

With regards to packaging, BESTSELLER has begun transitioning to polybags made from 100 percent recycled polyethylene certified by the Global Recycling Standard, which are also designed for subsequent high-quality recycling. We use polybags to protect our products during transport. By the end of FY 2020/21, we had converted approximately 80 percent of our polybags to recycled. Additionally, we have developed and rolled out two policies regarding packaging – one focused on plastic packaging and the other dedicated to paper and cardboard.

GOING FORWARD

By the end of 2021, we will have replaced all polybags we use to protect our clothes during transport with certified 100 percent recycled alternatives. This will save an estimated 1,750 metric tonnes of virgin plastic per year. Additionally, we are working to optimise and reduce the size of our polybags to make further reductions to our plastic use, while we are also collaborating with industry peers in an effort to align our polybag standards and concepts.

Our packaging policies regarding both plastic and paper-based have been implemented in our global supply chain, and this will be expanded in FY 2021/22 to include paper-based trim and marketing (e.g. wrapping and boxes).

Having gained some early momentum with our Fashion FWD Lab, we will continue to deepen our collaboration with existing projects and innovators, while we will search for the next big idea – investigating, identifying, and working with solutions for our entire value chain.

FAIR FOR ALL

PROMOTING DIGNITY, EQUALITY AND SAFETY FOR ALL

People from across the world play a role in designing, manufacturing, transporting and selling our products, as well as supporting those who do so. At BESTSELLER, we strive to be fair for all and we are focused on creating a positive impact for people through our business activities. Our ambition to be fair for all relates to human rights, factory standards and building safety, social dialogue and women's empowerment in our supply chain – as well as topics such as talent development and employee engagement for BESTSELLER employees.

There are a number of risks related to our supply chain. As the majority of our suppliers are based in countries with a certain amount of social and political instability, we risk supply interruptions, as well as associated stakeholder pressure. There are also risks associated with health and safety, as well as industrial relations, at an individual factory level that can impact our production.

Management's review

Regarding our own employees, the demand for highly educated international talent is continuously rising. We risk being unable to recruit the right talents – and enough of them – to build the modern, tech-savvy and sustainable company BESTSELLER needs to be.

PROGRESS & IMPACT

In March 2021, we announced that we have achieved our Fashion FWD women's empowerment goal of reaching 100,000 women through different programmes – and four years ahead of schedule. With a new ambitious target on the way, we have also signed an agreement to bring HERessentials – an app-based digital training and awareness programme designed in conjunction with our long-term partners Business for Social Responsibility (BSR) – to Pakistan. HERessentials is novel in that it aims to put technology in the hands of low-income women with low tech skills, providing them with critical information on health, financial resilience, and strategies for managing relationships and handling stress. As of June 2021, a total of 102,259 women in BESTSELLER's supply chain have been reached by BSR's HERproject.

Our Factory Standards Programme identifies and addresses risks within labour and human rights, as well as health and safety, and environmental issues at tier one suppliers. At routine intervals, all suppliers in our supply chain conduct a self-assessment covering 16 social, labour and environment areas. Our local teams of specialists verify the suppliers' answers to the self-assessment during on-site social and labour performance evaluations. In the 2020/21 financial year, we conducted 728 onsite factory visits (of which 266 were conducted by approved third parties) at roughly 620 factories (the number of factories within our supply chain changes throughout the year). In addition to our own assessments, we work with the Higg Facility Environmental Module (Higg FEM) and Facility Social & Labour Module (FSLM) tools.

In FY 2020/21, BESTSELLER conducted 37 investigations into potential cases of critical non-compliance. Three of these cases are still pending resolution. 12 of these cases were dismissed after investigators found no evidence of wrongdoing or required no penalty. Of the remaining 22 cases, 17 were resolved as per our standard operating procedures (1 resulted in a fine, 11 resulted in official warning letters, and 2 were resolved by other means). In five cases, an unsatisfactory resolution process led BESTSELLER to end the business relationship going forward and the suppliers were offboarded in accordance with our standard operating procedures.

BESTSELLER is a signatory to the Social & Labour Convergence Programme (SLCP), which aims to reduce duplicative social and labour audits by offering one Converged Assessment Framework (CAF) that is accepted across multiple brands. To save suppliers both time and financial resources in 2020, we decided to accept verified SLCP assessments, as equal to third party audits.

As a signatory to the Accord on Fire and Building Safety in Bangladesh, 100 percent of our suppliers are under the Accord programme, and suppliers that do not agree to Accord monitoring and training are not onboarded into our supply chain. As of June 2021, for the 71 factories onboarded before December 2018 we have an average 97.56% self-declared remediation on their initial assessment. The RMG Sustainability Council (RSC) has verified 88.92% of these remediation efforts. For the 24 factories onboarded after January 2019, we have an average 85.7% self-declared remediation. The RSC has verified 85.8% of these remediation efforts. 49 of all factories in Bangladesh completed health and safety training. Additionally, we conducted a pilot of The Life and Building Safety (LABS) Initiative with some of our suppliers in India in 2020, with a total of nine factories enrolled in the programme.

Management's review

In 2020, we designed BESTSELLER's Productivity and Social Dialogue Programme based on lessons learned from initiatives we have participated in in Myanmar (MYPOD) and Bangladesh (POSH). The programme aims to help workers and management work together to contribute to improved worker wellbeing and productivity. One of our long-term suppliers in Turkey, Deniz Tekstil, has nominated one of their factories for a pilot of the new programme, and we will start this project once the risk from covid-19 has subsided. Furthermore, we expanded our use of Quizrr – a global organisation that provides digital training solutions specifically for educating workers and mid-level managers using real-life situation videos and questionnaires via digital tools in FY 2020/21. As of June 2021, there have been a total of 39,213 training sessions held at our suppliers, training 11,543 employees since we started with Quizrr in 2019.

At BESTSELLER, we believe that all workers should receive a fair wage, which enables them to provide for their families and uphold a decent living standard. Since 2018, BESTSELLER has been a member of Action Collaboration Transformation (ACT) to push for living wages. In June 2021, BESTSELLER adopted a new ACT-aligned responsible factory offboarding policy. By offboarding responsibly, we seek to minimise the risk to factory workers whenever BESTSELLER or the supplier decides to phase out production and end a business relationship. As a member of ACT, we also helped establish interim dispute resolution mechanisms (DRM) in Myanmar and Bangladesh, which we have continued to promote throughout FY 2020/21.

With regards to BESTSELLER's employees, FY 2020/21 saw us significantly increase our digital internal training efforts thanks to a rethink of our approach brought on by COVID-19. Throughout BESTSELLER's history, our company has been committed to providing talented colleagues a room to grow. By growing talent, we believe we grow our business. The pandemic forced our internal trainers to take their programmes online in FY 2020/21. With no travel required, however, our trainers were even more effective, which saw us reach our goal of training 4,000 colleagues by 2022 in December 2020.

To increase diversity at BESTSELLER and make it an even more inclusive workplace, we put together a Social Responsibility team in our PEOPLE (HR) department in FY 2020/21. The team has developed and implemented part of our anti-harassment policy and set the global guidelines for our approach toward flexible ways of working. This team has gathered data to be able to design a roadmap for implementing diversity and inclusion in all existing initiatives and processes and will also focus on sickness absence prevention, health and safety and promoting equality in BESTSELLER in general.

In September 2020, BESTSELLER launched its engagement survey – Our People's Voice (OPV) – to nearly 1,500 colleagues in nine different languages across six markets. In March 2021, the second edition of Our People's Voice reached approximately 3,400 colleagues with the addition of six markets. Interestingly, we could see that 69 percent of all teams taking and documenting actions following the first OPV saw an increase in their overall engagement in the subsequent survey.

We provide physical surroundings that make our colleagues feel safe and secure. During COVID-19, we have naturally adapted our policies and behaviour to ensure our colleagues remain comfortable about coming to work. BESTSELLER has closely followed the authorities' COVID-19 guidelines in all our loca-tions around the world, respecting the importance of doing our part to limit the spread of the virus.

Management's review

Due to the global nature of our business, including our supply chain, we are aware that there is a high risk in certain countries where we operate. This risk is more likely in regions where political and social structures are weakened, which reduces transparency. To ensure we conduct business with ethics and integrity, and to protect our company from corrupt practices that we may meet, BESTSELLER has a Code of Ethics, which is updated biannually. Our Code of Ethics is a wide-ranging policy, which sets out the proper way to do business in BESTSELLER, including antibribery and corruption. All colleagues are to complete our e-learning course on the Code of Ethics to equip them with the knowledge of BESTSELLER's guiding principles on conducting business in an honest manner.

In FY 2020/21, we conducted a new risk assessment of our anti-corruption efforts and identified areas with potential for improvement. Following this process, we interviewed key colleagues and management from our sourcing organisation to better understand our risks regarding corruption.

Additionally, we have developed a Code of Ethics for Business Partners, which is also supported by BESTSELLER's Code of Conduct for suppliers. Anti-corruption clauses are included in our contracts with suppliers and business partners, which state that we would stop working with them if an instance of bribery or corruption should occur.

At BESTSELLER, we base all relations on trust, respect and honesty. Colleagues are encouraged to speak up if there is anything they are concerned about. Our whistleblower system provides colleagues with a channel to report suspicion or knowledge of serious breaches of BESTSELLER's Code of Ethics or violations of laws within certain areas, such as fraud, competition law, human rights, harrassment and child labour. Reports can be submitted in both Danish and English and can be submitted anonymously.

GOING FORWARD

With regards to our women's empowerment programme, BESTSELLER has found a potential implementing partner to expand into Turkey and we are currently scoping suppliers to partner with.

In FY 2021/22, we intend to improve our supplier and factory rating system to ensure data consistency and alignment by investing in new IT tools for training suppliers on how to complete the self-assessments, as well as updating our data collection and management systems internally. We will be reviewing and updating supplier requirements regarding our Fire, Building and Electrical Safety programme based on a risk-based approach in sourcing countries not covered by LABS and the Accord. We will also train our teams in SLCP and FSLM strategies, so they can disseminate this information among our suppliers.

BESTSELLER is also introducing supplier ratings for environmental performance that will be shared with our sourcing offices and buying teams to funnel more of our business to suppliers with better environ-mental performance.

As of 1 September 2021, the new International Accord for Health and Safety in the Textile and Garment Industry came into effect, continuing the legally-binding commitments to workplace safety in Bangladesh and committing to explore the expansion of the programme to other countries. BESTSELLER was involved throughout the negotiations and is proud to be a signatory to this new agreement between brands and global trade unions.

Management's review

BESTSELLER will continue to advocate for freedom of association across our sourcing markets, and work with employer organisations and unions that have the right to participate in collective bargaining and explore opportunities to support the development of these functions in countries where they do not yet exist.

By the end of 2021, we expect all our colleagues to have access to a new online learning platform, which will meet the demands of the business for continuous learning.

As part of Fashion FWD, we set a goal to complete a global rollout of Our People's Voice by the end of 2021. We will not reach that initial goal due to COVID-19, but we expect to complete that process during 2022. We also expect to complete the rollout of an updated version of BESTSELLER's Code of Ethics by the end of this year.

Based on our series of interviews with key colleagues regarding BESTSELLER's anti-corruption efforts, we are now developing a new specialised training resource for all colleagues exposed to such risks.

For more detailed information please read the Sustainability Report 2020 on our website **about.bestseller.com**

Statutory statement regarding target figures for gender representation in the board of Directors, cf. section 99b of the Danish Financial Satements Act

BESTSELLER A/S is subject to the rules on target figures and policies for the gender composition of management. BESTSELLER A/S continues to be of the opinion that qualification and experience should be the decisive factor behind any job position.

With this in mind, BESTSELLER intends to comply with the legistation, and hereby inform that the present Supervisory board of BESTSELLER A/S consists of 5 members - two women and three men. Thus there is an equal gender composition in the Supervisory board of BESTSELLER A/S.

At the other management levels, BESTSELLER A/S has an even gender composition at present.

Accounting policies

The annual report of BESTSELLER A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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

The annual report for 2020/21 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 group's and the parent company's 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 group's and the parent company's 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 installments 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.

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 costs. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under '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 costs.

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

Accounting policies

Foreign subsidiaries, associates and participating interests 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 the fair value reserve under 'Equity' in the consolidated financial statements.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to the fair value reserve under 'Equity'. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

Recognition and measurement of business combinations

Newly acquired or newly established subsidiaries are recognised in the consolidated financial statement from the date of acquisition or the date of establishment respectively. When subsidiaries are sold or liquidated, they cease to be recognised in the consolidated financial statement at the time of transfer or time of liquidation and earnings or losses at the time of sale or liquidation are recognised in the profit and loss account. The comparative figures are not adjusted for acquisitions or disposals.

Gains and losses on the disposal of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal including any non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair value at the date of acquisition. Costs for restructuring recognised in the acquired entity before the date of acquisition and not an agreed part of the acquisition is part of the acquisition balance sheet and hence the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is considered.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (badwill), representing an anticipated adverse development in the acquired enterprises is recognised in the income statement at the date of acquisition when the general revenue recognition criteria are met.

If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminary calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognised as error.

Accounting policies

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form ofassets transferred, liabilities assumed, and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised in the income statement.

Costs incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Recognition and measurement of intra-group business combinations

The uniting of interests method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided the combination is considered final at the time of acquisition with restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in the equity.

Consolidated financial statements

The consolidated financial statements comprise the Parent company BESTSELLER A/S and subsidiaries in which the Parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has acontrolling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the Group chart.

The consolidated annual accounts are prepared as a consolidation of the accounts of the Parent company and the individual subsidiaries. Adjustments are made for intercompany turnover and expenditure, shareholdings, intra-group balances and dividends, as well as unrealized internal income and loss. The accounts used for the consolidation are prepared in accordance with the Group's accounting policies.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Non-controllig interests

The annual accounts of the Group's subsidiaries are included 100% in the consolidated figures. The non-controlling interests proportionate share of the profit and loss as well as the equity in subsidiaries not 100% owned by the Group are included as a part of the Group's profit and loss but are disclosed separately.

On initial recognition, non-controlling interest are measured at the fair value of the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities. Goodwill relating to the non-controlling interests' share of the acquire is thus recognised.

Accounting policies

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made, and risk has passed to the buyer and that the income can be reliably measured and is expected to be received.

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.

Cost of sales

Cost of sales comprises costs incurred in generating the revenue for the year. Cost of sales includes provisions for loss on returned goods.

Other operating income

Other operating income comprises items of a secondary nature relative to the Group's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise costs for distribution, marketing and administration, including office costs, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Development costs

Development costs comprise costs relating to development project that do not qualify for the recognition in the balance sheet. Development costs are expensed in the income statement as other external costs and staff costs.

Profit/loss from investments in subsidiaries and associates

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

The proportionate share of the profit/loss for the year of associates is recognised in both the consolidated and the Parent 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.

Accounting policies

Financial income and costs

Financial income and costs comprise interest income and costs, realized and unrealized gains and losses on securities, payables and transactions denominated in foreign currencies, dividends received on other investments, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

Tax on profit 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 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 of 3 years.

Leasehold rights/key money is amortized according to the straight-line method of the non-terminable lease term. In case such term does not exist, the leasehold right/key money is amortized over 5 to 7 years.

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 recognise as individual assets.

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 costs.

Accounting policies

Property, plant and equipment

Property, plant and equipment 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 property, plant and equipment 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:

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

The basis of depreciation is based on the residual value of the asset at the end of its useful life. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Property, plant and equipment are written down to its recoverable amount if this is lower than the carrying amount.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs, respectively.

Non-current investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured 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.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the Parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

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

Accounting policies

Other non-current investments

Other non-current assets consist of deposits in leaseholds and securities, measured at cost, which the entity plans on holding until expiry.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation. The impairment test is performed for each individual asset or group of assets. The recoverable amount of the asset is calculated as the value in use or the fair value less disposal costs, whichever is higher.

Where there is indications 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.

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.

Domicile properties and other 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.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of inventories comprises the purchase price plus delivery costs.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

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.

Accounting policies

Prepayments

Prepayments recognised under 'Current assets' comprises costs incurred concerning subsequent financial years.

Cash at hand and in bank

Cash at hand and in bank comprise cash at hand and in bank.

Equity

Reserve for exchange rate adjustments

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

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries and associates relative to the cost.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions are measured at net realizable value or fair value. If the obligation is expected to be settled far into the future the obligation is measured at fair value. Provisions comprise anticipated costs for losses on returned goods, obligations concerning leases and other contractual liabilities. Provisions are recognised when the Group has a legal or constructive obligation at the balance sheet date and there is a probability of an outflow of resources required to settle the obligation.

Current 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.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Accounting policies

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities other than provisions

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

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

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Derivative financial instruments

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

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

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

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

Accounting policies

Cash flow statement

The cash flow statement shows the Group's and the Parent company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the Group's and the Parent company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities comprise cash flows presented according to the indirect method and are calculated as the Groups share of the profit/loss for the year adjusted for changes in the working capital, paid corporate taxes and non-cash income statement items such as depreciation, amortisation and impairment losses and provisions made. The working capital comprises current assets less current liabilities – exclusive of the financial statement items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from payments associated with the purchase of sale of companies, activities and financial non-current assets as well as purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment including the acquisition of financially leased assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's and the Parent company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Financial highlights

Definitions of financial ratios.

Gross margin ratio* $$\frac{\text{Gross margin x 100}}{\text{Revenue}}$$

*) Gross margin = Revenue - cost of sales

Operating margin ratio $$\frac{\text{Profit before net financials x 100}}{\text{Revenue}}$$

Solvency ratio $$\frac{\text{Equity (at year end) x 100}}{\text{Total assets}}$$

Income statement 1 August - 31 July

	Note	Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**26.404.906**	**24.133.133**	**16.362.216**	**12.979.038**
Other operating income		480.112	213.927	185.005	201.609
Cost of sales		-13.385.578	-12.582.240	-11.250.071	-10.199.784
Other external costs		-4.064.373	-5.438.457	-974.610	-892.926
Gross profit		**9.435.067**	**6.326.363**	**4.322.540**	**2.087.937**
Staff costs	2	-4.372.644	-4.489.883	-1.386.883	-1.277.524
Depreciation and amortisation of intangible assets and property, plant and equipment		-604.891	-848.432	-127.115	-134.891
Profit before net financials		**4.457.532**	**988.048**	**2.808.542**	**675.522**
Income from investments in subsidiaries		0	0	1.337.670	31.216
Income/loss from investments in associates		-1.500	2.130	0	0
Financial income	3	295.295	122.341	226.364	81.893
Financial costs	4	-147.654	-336.570	-83.249	-212.590
Profit before tax		**4.603.673**	**775.949**	**4.289.327**	**576.041**
Tax on profit for the year	5	-994.479	-360.594	-691.731	-198.998
Profit for the year		**3.609.194**	**415.355**	**3.597.596**	**377.043**
Distribution of profit	6				

Balance sheet 31 July

	Note	Group 2021 TDKK	Group 2020 TDKK	Parent company 2021 TDKK	Parent company 2020 TDKK
Assets					
Software		17.199	20.816	0	0
Goodwill		170.610	201.895	0	0
Key money / leasehold rights		45.073	52.102	0	0
Intangible assets	7	**232.882**	**274.813**	**0**	**0**
Land and buildings		2.559.034	2.616.552	2.193.227	2.262.912
Other fixtures and fittings, tools and equipment		289.985	444.935	73.624	93.991
Leasehold improvements		531.995	610.825	20.202	18.690
Property, plant and equipment in progress		102.733	54.937	20.115	9.281
Property, plant and equipment	8	**3.483.747**	**3.727.249**	**2.307.168**	**2.384.874**
Investments in subsidiaries	9	0	0	5.494.633	5.019.910
Investments in associates	10	11.041	12.610	0	0
Securities		44.097	446	0	0
Deposits		126.730	120.392	1.033	1.158
Fixed asset investments		**181.868**	**133.448**	**5.495.666**	**5.021.068**
Total non-current assets		**3.898.497**	**4.135.510**	**7.802.834**	**7.405.942**
Inventories		4.632.555	3.267.877	3.153.049	2.071.701
Inventories		**4.632.555**	**3.267.877**	**3.153.049**	**2.071.701**
Trade receivables		2.661.782	2.278.169	31.632	11.082
Receivables from group enterprises		2.534.621	471.882	4.423.033	1.926.118
Other receivables		578.032	407.627	84.808	0
Deferred tax asset	13	215.788	200.774	30.550	0
Corporation tax		114.593	85.303	0	0
Prepayments	11	265.539	268.511	54.474	57.671
Receivables		**6.370.355**	**3.712.266**	**4.624.497**	**1.994.871**
Cash at bank and in hand		**3.344.637**	**2.714.381**	**1.834.566**	**827.482**
Total current assets		**14.347.548**	**9.694.524**	**9.612.112**	**4.894.054**
Total assets		**18.246.045**	**13.830.034**	**17.414.946**	**12.299.996**

Balance sheet 31 July

		Group		Parent company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Share capital		110.000	110.000	110.000	110.000
Reserve for exchange rate adjustments		-21.502	0	0	0
Retained earnings		5.843.032	4.769.407	5.821.530	4.769.407
Proposed dividend for the year		2.500.000	0	2.500.000	0
Equity before non-controlling interests		**8.431.530**	**4.879.407**	**8.431.530**	**4.879.407**
Non-controlling interests		302.510	374.561	0	0
Equity	12	**8.734.040**	**5.253.968**	**8.431.530**	**4.879.407**
Deferred tax	13	3.771	41.983	0	39.210
Provisions relating to investments in group entities		0	0	268.134	641.518
Other provisions	14	1.728.869	2.022.430	497.835	448.999
Total provisions		**1.732.640**	**2.064.413**	**765.969**	**1.129.727**
Mortgage credit institutions		75.041	78.301	0	0
Total non-current liabilities	15	**75.041**	**78.301**	**0**	**0**

Balance sheet 31 July (continued)

	Note	Group		Parent company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Equity and liabilities					
Credit institutions		448	1.602.520	0	1.602.520
Mortgage credit institutions	15	3.486	3.698	0	0
Trade payables		4.089.513	1.808.489	2.030.973	828.218
Payables to group enterprises		37.556	33.076	4.702.924	3.174.450
Corporation tax		1.009.777	407.680	718.889	121.480
Other payables		2.528.207	2.541.827	764.661	564.194
Deferred income	16	35.337	36.062	0	0
Total current liabilities		**7.704.324**	**6.433.352**	**8.217.447**	**6.290.862**
Total liabilities		**7.779.365**	**6.511.653**	**8.217.447**	**6.290.862**
Total equity and liabilities		**18.246.045**	**13.830.034**	**17.414.946**	**12.299.996**

Events after the balance sheet date	17
Rent and lease liabilities	18
Contingent liabilities	19
Financial instruments	20
Related parties and ownership structure	21
Fee to auditors appointed at the general meeting	22

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate adjustments	Retained earnings	Proposed dividend for the year	Equity before non-controlling interests	Non-controlling interests	Total
Equity at 1 August 2020	110.000	0	4.769.407	0	4.879.407	374.561	5.253.968
Exchange adjustments	0	-21.502	0	0	-21.502	-12.734	-34.236
Purchase of minority shares	0	0	0	0	0	-40.663	-40.663
Fair value adjustment of hedging instruments	0	0	9.428	0	9.428	0	9.428
Other equity movements	0	0	-31.325	0	-31.325	0	-31.325
Dividends	0	0	0	0	0	-30.252	-30.252
Net profit/loss for the year	0	0	1.097.596	2.500.000	3.597.596	11.598	3.609.194
Tax on transactions on equity	0	0	-2.074	0	-2.074	0	-2.074
Equity at 31 July 2021	**110.000**	**-21.502**	**5.843.032**	**2.500.000**	**8.431.530**	**302.510**	**8.734.040**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 August 2020	110.000	0	4.769.407	0	4.879.407
Exchange adjustment, foreign investments	0	-21.502	0	0	-21.502
Fair value adjustment of hedging instruments	0	0	9.428	0	9.428
Other equity movements	0	-31.325	0	0	-31.325
Net profit/loss for the year	0	1.337.670	-240.074	2.500.000	3.597.596
Tax on transactions on equity	0	0	-2.074	0	-2.074
Distributed dividends from investments in subsidiaries	0	-595.265	595.265	0	0
Transfer	0	-689.578	689.578	0	0
Equity at 31 July 2021	**110.000**	**0**	**5.821.530**	**2.500.000**	**8.431.530**

Cash flow statement 1 August - 31 July

	Note	Group		Parent company	
		2020/21 TDKK	2019/20 TDKK	2020/21 TDKK	2019/20 TDKK
Net profit/loss for the year		3.609.194	415.355	3.597.596	377.043
Adjustments	23	1.265.663	1.804.181	-511.634	290.970
Change in working capital	24	270.041	1.280.271	1.166.622	771.444
Cash flows from operating activities before financial income and expenses		**5.144.898**	**3.499.807**	**4.252.584**	**1.439.457**
Corporation tax paid		-425.898	-425.565	-115.798	-288.978
Cash flows from operating activities		**4.719.000**	**3.074.242**	**4.136.786**	**1.150.479**
Purchase of intangible assets		-6.263	-26.764	0	0
Purchase of property, plant and equipment		-378.504	-513.036	-64.900	-51.603
Fixed asset investments made etc		-107.616	0	-72.981	-265.128
Sale of property, plant and equipment		54.431	216.127	15.491	9.779
Sale of fixed asset investments etc		5.422	3.963	0	0
Dividends received from subsidiaries		0	0	595.265	834.473
Dividends received from participating interests		300	500	0	0
Deposits		-6.337	-30.598	125	-31
Cash flows from investing activities		**-438.567**	**-349.808**	**473.000**	**527.490**

Cash flow statement 1 August - 31 July (continued)

	Note	Group 2020/21 TDKK	Group 2019/20 TDKK	Parent company 2020/21 TDKK	Parent company 2019/20 TDKK
Proceeds of loans from credit institutions		-1.605.545	-830.299	-1.602.520	-387.380
Changes in receivables/payables to group enterprises		-2.000.392	1.286.120	-2.000.183	1.318.962
Dividend paid		-30.252	-2.061.102	0	-2.000.000
Cash flows from financing activities		**-3.636.189**	**-1.605.281**	**-3.602.703**	**-1.068.418**
Change in cash and cash equivalents		**644.244**	**1.119.153**	**1.007.083**	**609.551**
Cash at bank and in hand		2.714.381	1.665.650	827.483	217.932
Overdraft facility		-13.988	-70.422	0	0
Cash and cash equivalents		2.700.393	1.595.228	827.483	217.932
Cash and cash equivalents		**3.344.637**	**2.714.381**	**1.834.566**	**827.483**
Analysis of cash and cash equivalents:					
Cash at bank and in hand		3.344.637	2.714.381	1.834.566	827.483
Cash and cash equivalents		**3.344.637**	**2.714.381**	**1.834.566**	**827.483**

Notes

		Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Revenue	26.404.906	24.133.133	16.362.216	12.979.038
	Total revenue	**26.404.906**	**24.133.133**	**16.362.216**	**12.979.038**
	Denmark	1.694.228	1.662.600	1.302.227	833.007
	Rest of Europe	23.203.892	20.980.712	14.917.437	12.086.235
	Rest of the world	1.506.786	1.489.821	142.552	59.796
	Total revenue	**26.404.906**	**24.133.133**	**16.362.216**	**12.979.038**

The Company's and the Group's revenue is disclosed by geographical markets. The Company's and the Group's activities consists of one business segment why the revenue is only disclosed by geographical markets. The segment information is consistent with the Company's and the Group's applied accounting policies, risks and internal controlling.

		Group 2020/21	Group 2019/20	Parent company 2020/21	Parent company 2019/20
2	**Staff costs**				
	Wages and salaries	3.660.267	3.684.703	1.253.504	1.110.856
	Pensions	171.100	171.030	63.033	73.345
	Other social security costs	383.513	433.204	15.377	16.616
	Other staff costs	157.764	200.946	54.969	76.707
		4.372.644	**4.489.883**	**1.386.883**	**1.277.524**
	Average number of employees	16.132	18.607	1.945	2.296

Executive Board received remuneration of DKK 13.858 thousands (2019/20: DKK 9.643 thousands). The remuneration is dependent on the Groups profit. The Supervisory Board received no remuneration.

		Group 2020/21	Group 2019/20	Parent company 2020/21	Parent company 2019/20
3	**Financial income**				
	Financial income, group enterprises	536	764	35.476	43.626
	Other financial income	294.759	121.577	190.888	38.267
		295.295	**122.341**	**226.364**	**81.893**
4	**Financial costs**				
	Financial costs, group enterprises	0	1	5.938	8.739
	Other financial costs	147.654	336.569	77.311	203.851
		147.654	**336.570**	**83.249**	**212.590**

Notes

		Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
5	**Tax on profit for the year**				
	Current tax for the year	1.077.748	440.931	762.207	167.225
	Change in deferred tax for the year	-46.078	-70.063	-63.250	34.178
	Adjustment of tax concerning previous years	-30.043	-10.274	-716	-2.405
	Adjustment of deferred tax concerning previous years	-7.148	0	-6.510	0
		994.479	**360.594**	**691.731**	**198.998**
6	**Distribution of profit**				
	Proposed dividend for the year	2.500.000	0	2.500.000	0
	Reserve for net revaluation under the equity method	0	0	1.337.670	31.216
	Non-controlling intrests	11.598	38.312	0	0
	Retained earnings	1.097.596	377.043	-240.074	345.827
		3.609.194	**415.355**	**3.597.596**	**377.043**

7 Intangible assets

Group

	Software	Goodwill	Key money / leasehold rights
Cost at 1 August 2020	84.252	589.244	244.167
Exchange adjustment	394	751	74
Additions for the year	3.264	1.999	1.000
Disposals for the year	-80	-5.093	-9.982
Cost at 31 July 2021	87.830	586.901	235.259
Impairment losses and amortisation at 1 August 2020	63.436	387.349	192.065
Exchange adjustment	309	-6.334	889
Impairment losses and reversals for the year	-147	0	-3.739
Amortisation for the year	7.113	35.962	9.938
Reversal of impairment and amortisation of sold assets	-80	-686	-8.967
Impairment losses and amortisation at 31 July 2021	70.631	416.291	190.186
Carrying amount at 31 July 2021	**17.199**	**170.610**	**45.073**

Notes

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 August 2020	3.610.029	2.375.891	2.703.504	54.937
Exchange adjustment	-7.928	6.298	8.889	-44
Additions for the year	53.352	123.868	145.755	55.529
Disposals for the year	-115.303	-64.994	-131.239	-7.689
Cost at 31 July 2021	3.540.150	2.441.063	2.726.909	102.733
Impairment losses and depreciation at 1 August 2020	993.477	1.930.956	2.092.679	0
Exchange adjustment	4.962	8.111	5.954	0
Impairment losses and reversals for the year	0	109.823	34.524	0
Depreciation for the year	91.284	153.485	166.647	0
Reversal of impairment and depreciation of sold assets	-108.607	-51.297	-104.890	0
Impairment losses and depreciation at 31 July 2021	981.116	2.151.078	2.194.914	0
Carrying amount at 31 July 2021	**2.559.034**	**289.985**	**531.995**	**102.733**

Notes

8 Property, plant and equipment (continued)

Parent company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 August 2020	3.125.708	517.081	31.853	9.281
Additions for the year	24.940	17.979	9.029	12.952
Disposals for the year	-117.364	-16.716	0	0
Transfers for the year	2.106	12	0	-2.118
Cost at 31 July 2021	3.035.390	518.356	40.882	20.115
Impairment losses and depreciation at 1 August 2020	862.796	423.090	13.163	0
Depreciation for the year	87.974	31.624	7.517	0
Reversal of impairment and depreciation of sold assets	-108.607	-9.982	0	0
Impairment losses and depreciation at 31 July 2021	842.163	444.732	20.680	0
Carrying amount at 31 July 2021	**2.193.227**	**73.624**	**20.202**	**20.115**

Notes

	Parent company	
	2021	2020
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 August 2020	8.379.017	8.113.889
Additions for the year	72.981	265.128
Disposals for the year	-831	0
Cost at 31 July 2021	8.451.167	8.379.017
Revaluations at 1 August 2020	-4.267.125	-3.284.510
Disposals for the year	-347	0
Exchange adjustment	-21.502	-179.358
Net profit/loss for the year	1.337.670	31.216
Received dividend	-595.265	-834.473
Equity investments with negative net asset value amortised over receivables and provisions	621.360	908.018
Elimination of intercompany profits on investments	-31.325	0
Revaluations at 31 July 2021	-2.956.534	-3.359.107
Carrying amount at 31 July 2021	**5.494.633**	**5.019.910**

Remaining positive difference included in the above carrying amount at 31 July 2021	91.131

Notes

	Group		Parent company	
	2021	**2020**	**2021**	**2020**
	TDKK	TDKK	TDKK	TDKK
10 Investments in associates				
Cost at 1 August 2020	27.211	27.211	0	0
Cost at 31 July 2021	27.211	27.211	0	0
Revaluations at 1 August 2020	-14.601	-15.448	0	0
Exchange adjustment	231	-783	0	0
Net profit/loss for the year	-1.500	2.130	0	0
Received dividend	-300	-500	0	0
Revaluations at 31 July 2021	-16.170	-14.601	0	0
Carrying amount at 31 July 2021	**11.041**	**12.610**	**0**	**0**

Ownership in associates, see group chart pages 6 - 8.

11 Prepayments

Prepayments comprise prepaid costs regarding rent, insurance premiums, subscriptions and interest.

12 Equity

The share capital consists of 220.000 shares of a nominal value of TDKK 500. No shares carry any special rights.

Notes

		Group		Parent company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
13	**Deferred tax**				
	Deferred tax at 1 August 2020	-158.791	-89.832	39.210	5.032
	Exchange adjustments	2.074	-739	0	0
	Adjustment of deferred tax for the year	-46.078	-70.063	-63.250	34.178
	Other movements on deferred tax	-2.074	1.843	0	0
	Deferred tax concerning previous years	-7.148	0	-6.510	0
	Deferred tax at 31 July 2021	**-212.017**	**-158.791**	**-30.550**	**39.210**
	Deferred tax liabilities	3.371	41.983	0	39.210
		3.771	**41.983**	**0**	**39.210**
	Deferred tax asset				
	Calculated tax asset	215.788	200.774	30.550	0
	Carrying amount	**215.788**	**200.774**	**30.550**	**0**
14	**Other provisions**				
	Balance at beginning of year	2.022.430	1.377.612	448.999	413.169
	Exchange adjustment	-439	-11.822	0	0
	Provision in year	210.904	899.054	49.000	41.000
	Applied in the year	-504.026	-242.414	-164	-5.170
	Saldo ultimo	**1.728.869**	**2.022.430**	**497.835**	**448.999**
	The expected due dates of other provisions are:				
	Within one year	887.163	869.125	495.835	446.999
	Between 1 and 5 years	706.509	909.539	2.000	2.000
	Over 5 years	135.197	243.766	0	0
		1.728.869	**2.022.430**	**497.835**	**448.999**

Other provisions primarily compromise pending disputes, lease liabilities and other liabilities, etc.

Notes

15 Long term debt

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Mortgage credit institutions				
After 5 years	61.096	64.753	0	0
Between 1 and 5 years	13.945	13.548	0	0
Non-current portion	75.041	78.301	0	0
Within 1 year	3.486	3.698	0	0
Current portion	3.486	3.698	0	0
	78.527	**81.999**	**0**	**0**

16 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

17 Events after the balance sheet date

No events materially affecting the financial position have occurred after the balance sheet date.

18 Rent and lease liabilities

	Group 2021 TDKK	Group 2020 TDKK	Parent company 2021 TDKK	Parent company 2020 TDKK
Rent and lease liabilities				
Operating lease liabilities. Total future lease payments:				
Within 1 year	1.534.718	1.551.993	52.271	31.623
Between 1 and 5 years	2.755.074	3.203.273	60.351	31.895
After 5 years	537.251	696.007	0	0
	4.827.043	**5.451.273**	**112.622**	**63.518**

Notes

19 Contingent liabilities

Guarantee commitments

The Parent and the Group company has issued guarantee commitments for DKK 79.877 thousands and DKK 388.632 thousands respectively.

Other contingent liabilities

The Parent and the Group company has other obligations amounting to a total of DKK 0 thousands and DKK 20.482 thousands respectively.

The Parent company and the Group are parties to a number of pending disputes that are not deemed to have any material effect on coming financial years.

The Group has provided collateral for mortgage debt and bank debt totalling DKK 79m (2019/20: DKK 82m) which is secured by land and buildings, with a carrying amount of DKK 129,5m (2019/20: DKK 135,8m)

The Parent company has issued letters of support for subsidiaries. Furthermore the Parent company has issued a guarantee of payment for the liabilities of a number of subsidiaries totalling DKK 454m pr. 31 July 2021.

Contingent liabilities vis-à-vis the Parent company and group enterprises

The Company participates in a joint Danish taxation arrangement with HEARTLAND A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore secondarily liable for income taxes etc for the jointly taxed entities as well as to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Financial instruments

Expected future transactions

BESTSELLER A/S seeks to reduce foreign currency risks by hedging currency exposure on purchase of goods. At 31 July 2021, BESTSELLER A/S has entered into foreign exchange forward contracts relating to future transactions in foreign currency of USD 147m and CNY 348m. At 31 July 2021, the value of the contracts is DKK 23m before tax, which is recognised in the income statement.

BESTSELLER A/S has also entereed into foreign currency options. The market value amounts to DKK 60m at 31 July 2021. The underlying asset spend (in USD) represents a higher value than the value of the foreign currency options.

Notes

21 Related parties and ownership structure

Controlling interest

BESTSELLER United A/S, Fredskovvej 5, 7330 Brande (Majority owner)

Transactions

Parent company
Sale of goods to subsidiaries - DKK 15.858.501 thousands
Sale of services to subsidiaries - DKK 190.404 thousands
Sale of goods to other related parties - DKK 82.567 thousands
Sale of services to other related parties - DKK 1.896 thousands

Purchase of services from subsidiaries - DKK 331.557 thousands
Purchase of services from other related parties - DKK 69.090 thousands

Interest income from subsidiaries - DKK 34.940 thousands
Interest income from other related parties - DKK 536 thousands
Interest costs to subsidiaries - DKK 5.938 thousands
Capital contribution - DKK 8.622 thousands
Dividend recieved - DKK 595.265 thousands
Purchase of intergroup companies - DKK 64.359 thousands

Receivables from group companies - DKK 1.900.059 thousands
Payables to group enterprises - DKK -4.690.915 thousands
Receivables from other related parties - DKK 2.522.974 thousands
Payables to other related parties - DKK -12.009 thousands

Consolidated
Sale of goods to related parties - DKK 200.838 thousands
Sale of services to related parties - DKK 1.909 thousands
Purchase of goods from related parties - DKK 11.159 thousands
Purchase of services from related parties - DKK 251.137 thousands

Interest income from related parties - DKK 536 thousands
Interest costs to related parties - DKK 0 thousands

Receivables from related parties - DKK 2.534.621 thousands
Payables to related parties - DKK -37.556 thousands

No other transactions were carried through with shareholders in the year. Remuneration/fees to members of the Executive Board are reflected in note 2.

Notes

	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
22 Fee to auditors appointed at the general meeting				
EY:				
Fees regarding statutory audit	4.931	4.516	1.305	855
Other assurance engagements	915	945	0	0
Tax advisory services	810	958	23	56
Other assistance	725	634	113	200
	7.381	**7.053**	**1.441**	**1.111**
23 Cash flow statement - adjustments				
Depreciation, amortisation and impairment losses	604.891	848.432	127.115	134.891
Income from investments in subsidiaries	0	0	-1.337.670	-31.216
Income/loss from investments in associates	1.500	-2.130	0	0
Tax on profit for the year	994.479	360.594	691.731	198.998
Change in other provisions	-342.561	603.818	-164	-5.170
Exchange adjustment	7.354	-6.533	7.354	-6.533
	1.265.663	**1.804.181**	**-511.634**	**290.970**
24 Cash flow statement - change in working capital				
Change in stocks	-1.364.678	7.293	-1.081.348	-253.230
Change in receivables	-613.393	714.250	-685.619	185.941
Change in trade payables, etc.	2.248.112	558.728	2.933.589	838.733
	270.041	**1.280.271**	**1.166.622**	**771.444**