

VILA STORES A/S
Stilling Kirkevej 10, Stilling
8660 Skanderborg
CVR no. 26 70 56 06

Annual report for 2021/22

Adopted at the annual general meeting on
10 October 2022



Thomas Børglum Jensen
chairman

BESTSELLER

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Statement by management on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of VILA STORES A/S for the financial year 1 August 2021 - 31 July 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 July 2022 and of the results of the company's operations for the financial year 1 August 2021 - 31 July 2022.

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, 10 October 2022

Executive board



Finn Poulsen

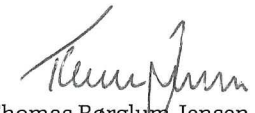
Board of Directors



Anders Holch Povlsen
chairman



Finn Poulsen



Thomas Bøglum Jensen

Independent auditor's report

To the shareholder of VILA STORES A/S

Opinion

We have audited the financial statements of VILA STORES A/S for the financial year 1 August 2021 - 31 July 2022, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 July 2022 and of the results of the company's operations for the financial year 1 August 2021 - 31 July 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the " (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International 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 and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on management's review

Management is responsible for management's review.

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

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

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

Independent auditor's report

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

Aarhus, 10 October 2022

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Morten Friis
Statsautoriseret revisor
mne32732



Søren Jensen
Statsautoriseret revisor
mne34132

Company details

The company

VILA STORES A/S
Stilling Kirkevej 10, Stilling
8660 Skanderborg

CVR no.: 26 70 56 06

Reporting period: 1 August 2021 - 31 July 2022

Domicile: Skanderborg

Board of Directors

Anders Holch Povlsen, chairman
Finn Poulsen
Thomas Børglum Jensen

Executive board

Finn Poulsen

Auditors

EY
Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C

Management's review

Business review

The main activity has similarly consisted of retail sales of clothing, as previous years.

Financial review

The company's income statement for the year ended 31. juli 2022 shows a profit of DKK 149.555, and the balance sheet at 31 July 2022 shows equity of DKK 13.313.461.

Accounting policies

The annual report of VILA STORES A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

Basis of recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any 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.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably 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.

Accounting policies

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

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

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Average number of employees calculated based on the ATP method.

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.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

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

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

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

Accounting policies

Balance sheet

Tangible assets

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.

The depreciable amount is cost less the expected residual value at the end of the useful life.

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.

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

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

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

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

Fixed asset investments

Stocks

Stocks 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 goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses 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.

Prepayments

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

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

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 comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

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

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

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. Deferred tax is measured at net realisable value.

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

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.

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.

Liabilities

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

Income statement 1 August - 31 July

	Note	2021/22 DKK	2020/21 DKK
Gross profit		3.532.003	5.887.247
Staff costs	1	<u>-2.867.765</u>	<u>-3.783.760</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-452.592	-538.309
Other operating costs		<u>0</u>	<u>-825.116</u>
Financial income		0	68
Financial costs		<u>-15.563</u>	<u>-45.736</u>
Profit/loss before tax		196.083	694.394
Tax on profit/loss for the year	2	<u>-46.528</u>	<u>-141.777</u>
Profit/loss for the year		<u>149.555</u>	<u>552.617</u>
 Recommended appropriation of profit/loss			
Proposed dividend for the year		10.000.000	0
Extraordinary dividend for the year		0	12.500.000
Retained earnings		<u>-9.850.445</u>	<u>-11.947.383</u>
		<u>149.555</u>	<u>552.617</u>

Balance sheet 31 July

	Note	2022 DKK	2021 DKK
Assets			
Other fixtures and fittings, tools and equipment		14.692	32.848
Leasehold improvements		424.251	786.387
Tangible assets	3	438.943	819.235
Total non-current assets		438.943	819.235
Finished goods and goods for resale		301.949	564.719
Stocks		301.949	564.719
Trade receivables		0	88.929
Receivables from subsidiaries		23.794.122	19.993.222
Other receivables		77.080	40.398
Deferred tax asset		391.000	426.000
Prepayments	4	705.552	131.883
Receivables		24.967.754	20.680.432
Cash at bank and in hand		108.503	6.266.031
Total current assets		25.378.206	27.511.182
Total assets		25.817.149	28.330.417

Balance sheet 31 July

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		1.550.000	1.550.000
Retained earnings		1.763.461	-886.094
Proposed dividend for the year		10.000.000	0
Equity		<u>13.313.461</u>	<u>663.906</u>
Trade payables		19.014	61.236
Payables to subsidiaries		11.926.064	26.093.261
Corporation tax		11.528	5.104
Other payables		547.082	1.506.910
Total current liabilities		<u>12.503.688</u>	<u>27.666.511</u>
Total liabilities		<u>12.503.688</u>	<u>27.666.511</u>
Total equity and liabilities		<u>25.817.149</u>	<u>28.330.417</u>
Events after the balance sheet date	5		
Contingent liabilities	6		
Related parties and ownership structure	7		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 August 2021	1.550.000	11.613.906	0	13.163.906
Net profit/loss for the year	0	-9.850.445	10.000.000	149.555
Equity at 31 July 2022	1.550.000	1.763.461	10.000.000	13.313.461

Notes

	2021/22	2020/21
	DKK	DKK
1 Staff costs		
Wages and salaries	2.332.993	2.998.946
Pensions	244.745	332.920
Other social security costs	19.448	64.917
Other staff costs	270.579	386.977
	<u>2.867.765</u>	<u>3.783.760</u>
Average number of employees	<u>7</u>	<u>11</u>
2 Tax on profit/loss for the year		
Current tax for the year	11.528	5.104
Deferred tax for the year	35.000	-20.928
Adjustment of tax concerning previous years	0	-11.400
Adjustment of deferred tax concerning previous years	0	169.001
	<u>46.528</u>	<u>141.777</u>
3 Tangible assets		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 August 2021	953.928	2.332.262
Additions for the year	0	72.300
Disposals for the year	-1.978	0
Cost at 31 July 2022	<u>951.950</u>	<u>2.404.562</u>
Impairment losses and depreciation at 1 August 2021	921.080	1.545.875
Depreciation for the year	18.156	434.436
Reversal of impairment and depreciation of sold assets	-1.978	0
Impairment losses and depreciation at 31 July 2022	<u>937.258</u>	<u>1.980.311</u>
Carrying amount at 31 July 2022	<u>14.692</u>	<u>424.251</u>

Notes

4 Prepayments

Prepayments comprise prepaid costs regarding rent, insurance premium, subscriptions etc.

5 Events after the balance sheet date

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

6 Contingent liabilities

Rental contracts entail future minimum payments totalling DKK 1.840 thousands. Of this amount, rental commitments to affiliated companies amount to DKK 2.076 thousands. The rental contracts have a term of up to 11 months.

Contingent liabilities related to group enterprises

The Company participates in a Danish joint 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.

7 Related parties and ownership structure

Controlling interest

The company is 100% owned by VILA A/S, Stilling Kirkevej 10, 8660 Skanderborg. VILA STORES A/S' accounts are included in the consolidated accounts for BESTSELLER A/S as the smallest group.