

Sephora Danmark ApS

Kampmannsgade 2. 6

1604 Copenhagen V

CVR No. 33863225

Annual Report 2023

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 14 June 2024

Björn Rudolf Überschär
Chairman

Sephora Danmark ApS

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Management's Statement

Today, Management has considered and adopted the Annual Report of Sephora Danmark ApS for the financial year 1 January 2023 - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 14 June 2024

Executive Board

Marie-Christine Marchive
General Manager Europe

Board of Directors

Björn Rudolf Überschär
Chairman

Nazli Zeynep Onursal
CFO One Europe

Marie-Christine Marchive
General Manager Europe

Independent Auditors' Report

To the shareholder of Sephora Danmark ApS

Opinion

We have audited the financial statements of Sephora Danmark ApS for the financial year 1 January 2023 - 31 December 2023, which comprise an income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of its operations for the financial year 1 January 2023 - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis of opinion

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

Management's responsibility for the financial statements

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

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

The auditor's responsibility 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 auditors' 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

Independent Auditors' Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * 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 relating 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 the Management's review.

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

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

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

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

Copenhagen, 14 June 2024

Mazars Danmark

Statsautoriseret Revisionspartnerselskab

CVR-no. 31061741

Nicklas Rasmussen

State Authorised Public Accountant

MNE no. mne43474

Sephora Danmark ApS

Company details

Company	Sephora Danmark ApS Kampmannsgade 2. 6 1604 Copenhagen V
CVR No.	33863225
Date of formation	25 July 2011
Financial year	01-01-2023 - 31-12-2023
Board of Directors	Björn Rudolf Überschär, Chairman Nazli Zeynep Onursal, CFO One Europe Marie-Christine Marchive, General Manager Europe
Executive Board	Marie-Christine Marchive, General Manager Europe
Auditors	Mazars Danmark Statsautoriseret Revisionspartnerselskab Midtermolen 1, 2.tv 2100 København Ø CVR-no.: 31061741

Management's Review

Business and framework conditions

Sephora Danmark ApS sells perfumery and cosmetic products covering the segments fragrance, make-up, skin and haircare for women and men.

Products are purchased from the parent company Sephora S.A.S., Saran/France, affiliated companies as well as external third-party companies.

The distribution of Sephora Danmark ApS is covered via its own online shop, sephora.dk, as well as in 2 own stores (closure of store Ryesgade in June 2023) and 5 corners (shop-in-shop concept with Magasin du Nord). In addition, products are sold via the online portal of Magasin du Nord.

On 1 January 2023, Sephora Danmark ApS became part of a so-called HUB that includes the German, Swiss, Danish and Swedish markets. The national companies continue to exist, but the management, the management team and the teams in the individual departments have been consolidated. The majority of the team is based in Germany and the distribution of all personnel costs is governed by a service level agreement.

Development in activities and financial matters

In 2023, Sephora Danmark ApS's realized gross profit was up by 84% on the prior year. Sephora Danmark ApS had a significant growth in activity and the online business grew by 64%. The online business in particular is characterized by fierce price pressure that is a challenge of margin development. Sephora's unique selling point is the sale of exclusive products and of its own brand under the name "Sephora collection".

Sephora Danmark ApS as a beauty retailer is strongly influenced through seasonal effects such as Valentines's day, Easter, Mother's Day, and above all Black Friday and Christmas.

The Company's Income Statement of the financial year 1 January 2023 - 31 December 2023 shows a result of 7 mDKK and the Balance Sheet at 31 December 2023 a total balance sheet of 62 mDKK and an equity of -19 mDKK.

Sephora Danmark ApS's sole shareholder, Sephora S.A.S, Saran/France, has issued a letter of comfort in favour of Sephora Danmark ApS on April 10 2024 that is valid until June 30 2025. There are currently no indications suggesting that Sephora S.A.S does not dispose of sufficient financial funds to fulfil its obligation under the letter of comfort.

The company, its shareholder and the LVMH group as a whole are financed from the cash pool system established with LVMH Group Treasury SA, Paris/France (former LVMH Finance Belgique S.A., Brussels/Belgium).

Profit/loss for the year in relation to expected developments

As indicated in last year's outlook that inflation pressure didn't have any major impact on the business development of the company. Revenue was expected to be at least 20% up on prior year, our expectation were exceeded.

The positive result was expected and in line with the general strong business development.

Uncertainty relating to recognition and measurement

There is no uncertainty related to recognition or measurement.

Unusual circumstances affecting recognition and measurement

There are no unusual circumstances affecting recognition or measurement.

Management's Review

Outlook

The Danish economic trend in 2023 was affected by an all-time high in terms of inflation, massive increases in interest rates, low level of consumer confidence and high level of employment. On account of the dynamic development, it is, however, not possible to quantify the effects on the predicted financial performance indicators more exactly. To date, we can see that inflation pressure has not had any significant impact on the company's operating activities.

The first quarter of 2024 showed growth in activity compared to last year for both channels. Thus, we anticipate a further uplift in terms of financials compared to 2023. In summary, the managing directors expect gross profit of Sephora Danmark ApS to be at least 10% up on prior year.

The forecast revenue growth is expected to lead to an improvement in earnings with continued overall profit.

Events after the balance sheet date

Economic development in 2024 is influenced by the development of the global economy and the general political and economic situation. We assume that the macroeconomic situation and the tense geopolitical situation will persist and have a negative impact on consumer purchasing behaviour. However, a more precise quantification of the effects on the forecasted financial performance is currently not possible due to the dynamic development and the uncertainties in this regard. To date, the rise in consumer prices in particular has had no impact on the company's business activities.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appear in thousands

	2023	2022	2021	2020	2019
Key figures					
Gross profit	38.729	21.038	13.415	6.435	18.389
Operating profit/loss	10.483	-5.476	-8.378	-15.986	-12.759
Net financial income and expenses	-2.185	-524	-288	-549	-371
Profit/loss for the year	6.566	-4.902	-6.752	-12.899	-10.217
Total assets	59.158	52.406	45.955	47.430	54.406
Investment in tangible assets	3.456	7.225	1.632	2.595	1.882
Total equity	-19.118	-25.685	-20.763	-14.010	-1.111
Ratios					
Solvency ratio (%)	-32,32	-49,01	-45,18	-29,54	-2,04

For definitions of key ratios, see Accounting Policies.

Accounting Policies

Reporting Class

The Annual Report of Sephora Danmark ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C-medium.

The accounting policies used in the preparation of the financial statements have not been changed compared to last year.

With reference to section 86 (4) of the Danish Financial Statement Act, Sephora Danmark ApS has not prepared a cash flow statement.

General Information

Recognition and measurement

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

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income Statement

Gross profit/loss

Gross profit or loss comprise revenue, changes in inventories of finished goods and work in progress, own work capitalized, other operating income, cost of raw materials and consumables and external expenses.

With reference to section 32 in Danish Financial Statements Act the above are combined in the figure "Gross profit".

Revenue

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

Accounting Policies

Change in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods. This item includes ordinary write-downs of such inventories.

Other operating income

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

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment loss

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

Other operating expenses

Other operating expenses include items relating to activities secondary to the main activity of the enterprises.

Financial income and expenses

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the the Danish tax Prepayment Scheme etc.

Other financial expenses

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

Income taxes

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

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

Accounting Policies

Balance Sheet

Intellectual property rights etc.

Intellectual property rights etc comprise software licences, completed development projects and development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equaling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount. Completed development projects are amortised on a straight-line basis using their estimated useful lives of the assets. The amortisation period is 3-5 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the assets fair value and present value of future lease payment.

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

Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	5 years	0%

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

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

Deposits

Deposits are measured at cost.

Inventories

Inventories are measured at the lower of cost using the average method and net realisable value.

Cost of goods for reale consists of purchase price plus delivery costs.

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

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accounting Policies

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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

Other financial liabilities

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

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Provisions

Deferred tax

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

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

Financial highlights

The key figures are calculated according to Danish Finance Society's Recommendations & Financial Ratios.

Ratios

Solvency ratio (%)

=

Calculation formula

Equity X 100

Total assets

Ratios reflect

The financial strength of the Entity

Sephora Danmark ApS

Income Statement

	Note	2023 DKK	2022 DKK
Gross profit		38.729.407	21.037.816
Employee benefits expense	1	-24.708.757	-22.149.581
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-3.219.805	-3.938.075
Other operating expenses		-317.741	-426.373
Profit from ordinary operating activities		10.483.104	-5.476.213
Finance income		117.926	44.409
Finance expenses	2	-2.303.225	-568.140
Profit from ordinary activities before tax		8.297.805	-5.999.944
Tax expense on ordinary activities	3	-1.731.314	1.098.348
Profit	4	6.566.491	-4.901.596
 Proposed distribution of results			
Retained earnings		6.566.491	-4.901.596
Distribution of profit		6.566.491	-4.901.596

Sephora Danmark ApS

Balance Sheet as of 31 December

	Note	2023 DKK	2022 DKK
Assets			
Acquired intangible assets	5	791.373	1.056.500
Intangible assets		791.373	1.056.500
Fixtures, fittings, tools and equipment	6	2.025.648	1.876.889
Leasehold improvements	7	6.762.236	6.924.398
Property, plant and equipment in progress	8	443.417	246.813
Property, plant and equipment		9.231.301	9.048.100
Deposits, investments	9	5.247.851	5.781.253
Investments		5.247.851	5.781.253
Fixed assets		15.270.525	15.885.853
Manufactured goods and goods for resale		16.827.405	13.672.229
Inventories		16.827.405	13.672.229
Short-term trade receivables		21.582.457	13.672.713
Short-term receivables from group enterprises		832.170	2.250.262
Current deferred tax	10	360.410	870.442
Short-term tax receivables		0	1.004.895
Other short-term receivables		791.891	4.634.511
Prepayments	11	102.859	284.918
Receivables		23.669.787	22.717.741
Cash and cash equivalents		3.390.082	130.069
Current assets		43.887.274	36.520.039
Assets		59.157.799	52.405.892

Balance Sheet as of 31 December

	Note	2023 DKK	2022 DKK
Liabilities and equity			
Contributed capital		80.002	80.002
Retained earnings		-19.198.381	-25.764.872
Equity		-19.118.379	-25.684.870
Other provisions		0	2.916
Provisions		0	2.916
Prepayments received from customers	12	3.244.065	1.017.360
Trade payables		7.407.679	5.991.953
Payables to group enterprises		58.349.705	65.435.164
Tax payables		1.245.050	0
Other payables		8.029.679	5.643.369
Short-term liabilities other than provisions		78.276.178	78.087.846
Liabilities other than provisions within the business		78.276.178	78.087.846
Liabilities and equity		59.157.799	52.405.892
Capital Resources	13		
Contingent liabilities	14		
Mortgages and collaterals	15		
Unrecognised rental and lease commitments	16		
Transactions with related parties	17		
Consolidation	18		

Sephora Danmark ApS

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	80.002	-25.764.872	-25.684.870
Profit (loss)	<u>0</u>	<u>6.566.491</u>	<u>6.566.491</u>
Equity 31 December 2023	<u>80.002</u>	<u>-19.198.381</u>	<u>-19.118.379</u>

The contributed capital has remained unchanged for the past 5 years.

Notes

	2023	2022
1. Employee benefits expense		
Wages and salaries	23.343.898	20.339.795
Post-employment benefit expense	1.260.501	1.324.910
Social security contributions	479.037	476.350
Other employee expense	-374.679	8.526
	24.708.757	22.149.581
Average number of employees	77	76
Referring to the Danish Financial Statement Act §98B, section 3.2 Management's salaries are left out.		
2. Finance expenses		
Finance expenses arising from group enterprises	-2.007.239	-450.022
Other finance expenses	-295.986	-118.118
	-2.303.225	-568.140
3. Tax expense		
Change in deferred tax for the year	510.032	-72.756
Current tax	1.245.049	-1.025.592
Current tax prior years	-23.767	0
	1.731.314	-1.098.348
4. Distribution of profit		
Retained earnings	6.566.491	-4.901.596
	6.566.491	-4.901.596
5. Acquired intangible assets		
Cost at the beginning of the year	6.341.347	6.298.180
Addition during the year, incl. improvements	0	43.167
Disposal during the year	-3.546	0
Cost at the end of the year	6.337.801	6.341.347
Depreciation and amortisation at the beginning of the year	-5.284.847	-4.982.467
Amortisation for the year	-265.127	-302.380
Reversal of impairment losses and amortisation of disposed assets	3.546	0
Impairment losses and amortisation at the end of the year	-5.546.428	-5.284.847
Carrying amount at the end of the year	791.373	1.056.500

Notes

6. Fixtures, fittings, tools and equipment

	2023	2022
Cost at the beginning of the year	7.427.645	8.151.549
Addition during the year, incl. improvements	1.159.902	745.220
Disposal during the year	-2.349.707	-1.472.910
Transfers during the year to other items	246.813	3.786
Cost at the end of the year	6.484.653	7.427.645
Depreciation and amortisation at the beginning of the year	-5.550.756	-5.183.492
Amortisation for the year	-986.600	-1.457.667
Reversal of impairment losses and amortisation of disposed assets	2.078.351	1.090.403
Impairment losses and amortisation at the end of the year	-4.459.005	-5.550.756
Carrying amount at the end of the year	2.025.648	1.876.889

7. Leasehold improvements

Cost at the beginning of the year	23.378.546	17.321.471
Addition during the year, incl. improvements	1.852.300	6.232.931
Disposal during the year	-3.888.137	-175.856
Cost at the end of the year	21.342.709	23.378.546
Depreciation and amortisation at the beginning of the year	-16.454.148	-14.408.109
Amortisation for the year	-1.968.077	-2.178.028
Reversal of impairment losses and amortisation of disposed assets	3.841.752	131.989
Impairment losses and amortisation at the end of the year	-14.580.473	-16.454.148
Carrying amount at the end of the year	6.762.236	6.924.398

8. Property, plant and equipment in progress

Cost at the beginning of the year	246.813	3.786
Addition during the year, incl. improvements	443.417	246.813
Transfers during the year to other items	-246.813	-3.786
Cost at the end of the year	443.417	246.813
Carrying amount at the end of the year	443.417	246.813

9. Deposits

Cost at the beginning of the year	5.781.253	5.631.263
Addition during the year, incl. improvements	370.870	149.990
Disposal during the year	-904.272	
Cost at the end of the year	5.247.851	5.781.253
Carrying amount at the end of the year	5.247.851	5.781.253

Notes

10. Deferred tax assets and liabilities

	2023	2022
Balance at the beginning of the year	870.442	797.686
Adjustments during the year	-510.032	72.756
Balance at the end of the year	360.410	870.442

Adjustment of deferred tax assets is recognised in the income statement.
The deferred tax assets concerns intangible assets and property, plant and equipment.

11. Prepayments

Prepayments primarily comprise prepaid rental costs.

12. Prepayments received from customers

Prepayments primarily comprise of prepayments received from costumers.

13. Capital Resources

Sephora Danmark ApS's sole shareholder, Sephora S.A.S, Saran/France, has issued a letter of comfort in favour of Sephora Danmark ApS on April 10 2024 that is valid until June 30 2025. There are currently no indications suggesting that Sephora S.A.S does not dispose of sufficient financial funds to fulfil its obligation under the letter of comfort

14. Contingent liabilities

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

15. Mortgages and collaterals

None.

16. Unrecognised rental and lease commitments

Commitments under rental agreements or leases until expiry 36.651.321 (2022: 44.250.893 DKK)
The lease period expires in 5 years.

17. Transactions with related parties

Tranactions with Group Companies	2023	2022
	DKK	DKK
Sales to group companies	22.949	742.408
Purchase from group companies	88.217.261	54.820.803
Financial expenses group companies	-2.007.239	-450.022
Receivables from group companies	758.908	2.250.262
Payables to group companies	58.349.705	65.435.164

Sephora Danmark ApS

Notes

18. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

LVMH Group S.A., Paris, France

Name and registered office of the Parent preparing consolidated financial statements for the biggest group:

LVMH Group S.A., Paris, France