



MUJI Denmark ApS

c/o Illum
Østergade 52
1100 København K

CVR No. 40675523

Annual Report 2021/22

3. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 17 March 2023

Masato Arai
Chairman

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MUJI Denmark ApS

Management's Statement

Today, Management has considered and adopted the Annual Report of MUJI Denmark ApS for the financial year 1 September 2021 - 31 August 2022.

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 August 2022 and of the results of the Company's operations for the financial year 1 September 2021 - 31 August 2022.

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, 17 March 2023

Executive Board

Masato Arai
Man. Director

Supervisory Board

Masato Arai
Chairman

Toshiaki Kojima
Member

Independent Auditors' Report

To the shareholders of MUJI Denmark ApS

Opinion

We have audited the financial statements of MUJI Denmark ApS for the financial year 1 September 2021 - 31 August 2022, 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 August 2022 and of the results of its operations for the financial year 1 September 2021 - 31 August 2022 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 our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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 considers 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; 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements 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 no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements 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.
- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the

Independent Auditors' Report

related disclosures made by Management are reasonable.

- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 which 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 opinion providing assurance regarding the Management's review.

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

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 17 March 2023

KPMG Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198

Morten Høgh-Petersen

State Authorised Public Accountant

mne34283

MUJI Denmark ApS

Company details

Company	MUJI Denmark ApS c/o Illum Østergade 52 1100 København K
CVR No.	40675523
Date of formation	24 July 2020
Registered office	København
Supervisory Board	Masato Arai Toshiaki Kojima
Executive Board	Masato Arai, Man. Director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 Copenhagen CVR-no.: 25578198

Management's Review

The Company's principal activities

The Company's principal activities consist in import, purchase, distribution and marketing of clothing and accessories and other related business

Development in activities and financial matters

The Company's Income Statement of the financial year 1 September 2021 - 31 August 2022 shows a result of DKK -23.904.967 and the Balance Sheet at 31 August 2022 a balance sheet total of DKK 15.895.978 and an equity of DKK -32.944.494.

The Company has performed its annual review of Fixed Assets for impairment and has fully impaired its fixed assets in the year to comply with accounting standards only. The Company remains committed to trading via its stores and online in Denmark in the future.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Uncertainties relating to going concern

The company has lost more than 50% of the company's capital and is thus covered by the rules on capital losses in the Companies Act. The COVID-19 pandemic has seen unprecedented economic impacts, with the retail sector being especially hard hit. Since 11th May 2020, our retail store has resumed its operations ensuring the store is safe for the return of its customers. As with other retailers, we are experiencing the shift in customer demand towards the direct channel from the traditional brick and mortar store. The business had made sure the store is safe and secure for the customer to visit. However, the business appreciates that the customers still not confident to return to work or to central cities to continue their usual shopping habits. Thus, the business is now focusing on enhancing its online shopping experience by bringing the best of MUJI digitally to the customer. The Company notes that the supply chain has continued to operate normally during this time as all our products are imported from Asia via the Netherlands. Due to the halting of production in China for several weeks, lower stock levels may be expected for some products. However, the company notes it has sufficient stock at the warehouse in the Netherlands. Thus, the business is not expecting to have a major disruption to its inventory levels. However, any disruptions to the operations at the warehouse would disrupt the supply. The business is working closely with its logistics partners in order to minimise the potential impact the business could have on such a down time.

Mitigating steps taken by the group include speaking with landlords, suppliers and service providers to negotiate possible delay of large payments. We have also used government provided furlough assistance wherever possible. The ultimate parent company has financed the working capital deficit so that the group could overcome this turbulent time. At the time of filing the annual report the company has received a letter of support from its parent company in the UK which, will ensure the company has sufficient liquidity for its operation until the end of the next financial year, August 2022. The parent company is MUJI Europe Holdings Limited, Bedford House 4th Floor, 21A John Street, London WC1N 2BF, United Kingdom. The ultimate parent company is RYOHIN KEIKAKU CO. LTD, 4-26-3. HIGASHI-IKEBUKURO, TOSHIMA-KU, TOKYO 170-8424, JAPAN.

Accounting Policies

Reporting Class

The Annual Report of MUJI Denmark ApS for 2021/22 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, cost of raw and consumables and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs of subcontractors and change in inventories for the year.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Equipment	5-10 years	0%
Leasehold improvements	3-10 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial expenses include interest expenses, realised and unrealised transactions in foreign currencies and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

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

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Deposits

Deposits are measured at cost.

Inventories

Merchandise are measured at cost comprising purchase price plus delivery costs.

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.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

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

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Accounting Policies

Other payables

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

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

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Income Statement

	Note	2021/22 kr.	2020/21 kr.
Gross profit		4.538.485	-3.642.773
Employee benefits expense	2	-10.110.708	-8.632.634
Depreciation and amortisation expenses		-18.084.639	-2.650.042
Profit from ordinary operating activities		-23.656.862	-14.925.449
Other finance income		120	55.457
Other finance expenses		-248.225	-171.752
Profit from ordinary activities before tax		-23.904.967	-15.041.744
Profit		-23.904.967	-15.041.744
Proposed distribution of results			
Retained earnings		-23.904.967	-15.041.744
Distribution of profit		-23.904.967	-15.041.744

Balance Sheet as of 31 August

	Note	2022 kr.	2021 kr.
Assets			
Equipment	3	0	549.410
Leasehold improvements	4	0	17.256.470
Leasehold improvements in progress		0	179.016
Fixed assets		0	17.984.896
Deposits, investments		91.130	91.130
Financial assets		91.130	91.130
Fixed assets		91.130	18.076.026
Goods for resale		3.261.915	4.045.817
Prepayments for goods		19.693	0
Inventories		3.281.608	4.045.817
Trade receivables		518.158	732.484
Current deferred tax		581.863	581.863
Other short-term receivables		50.000	1.265.719
Prepayments		15.362	111.263
Receivables		1.165.383	2.691.329
Cash and cash equivalents		11.357.857	10.744.977
Current assets		15.804.848	17.482.123
Assets		15.895.978	35.558.149

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Balance Sheet as of 31 August

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Contributed capital		51.000	51.000
Share premium		0	8.014.190
Retained earnings		-32.995.494	-17.104.717
Equity	1	-32.944.494	-9.039.527
Trade payables		477.933	196.959
Payables to group enterprises		43.924.036	42.518.128
Other payables		4.438.503	1.882.589
Short-term liabilities		48.840.472	44.597.676
Liabilities other than provisions within the business		48.840.472	44.597.676
Liabilities and equity		15.895.978	35.558.149
Contingent liabilities	5		
Other disclosures	6		

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Statement of changes in Equity

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 September 2021	51.000	8.014.190	-17.104.717	-9.039.527
Profit (loss)	0	0	-23.904.967	-23.904.967
Transferred from share premium	0	-8.014.190	8.014.190	0
Equity 31 August 2022	51.000	0	-32.995.494	-32.944.494

The share capital has remained unchanged from last year.

Notes

1. Uncertainties relating to going concern

The company has lost more than 50% of the company's capital and is thus covered by the rules on capital losses in the Companies Act.

The COVID-19 pandemic has seen unprecedented economic impacts, with the retail sector being especially hard hit. Since 11th May 2020, our retail store has resumed its operations ensuring the store is safe for the return of its customers. As with other retailers, we are experiencing the shift in customer demand towards the direct channel from the traditional brick and mortar store.

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The ultimate parent company is RYOHIN KEIKAKU CO. LTD, 4-26-3. HIGASHI-IKEBUKURO, TOSHIMA-KU, TOKYO 170-8424, JAPAN.

	2021/22	2020/21
2. Employee expense		
Wages and salaries	9.437.782	7.946.788
Post-employment benefit expense	454.766	547.528
Social security contributions	218.160	138.318
	10.110.708	8.632.634
Average number of employees	29	27
3. Plant and machinery		
Cost at the beginning of the year	776.321	119.998
Addition during the year, incl. improvements	0	656.323
Cost at the end of the year	776.321	776.321
Depreciation and amortisation at the beginning of the year	-226.911	0
Amortisation for the year	-265.238	-226.911
Impairment losses for the year	-284.172	0
Impairment losses and amortisation at the end of the year	-776.321	-226.911
Carrying amount at the end of the year	0	549.410

Notes

4. Leasehold improvements

Cost at the beginning of the year	19.736.827	3.437.093
Addition during the year, incl. improvements	99.743	16.299.734
Cost at the end of the year	19.836.570	19.736.827
Depreciation and amortisation at the beginning of the year	-2.480.357	-147.811
Amortisation for the year	-2.617.030	-2.332.546
Impairment losses for the year	-14.739.183	0
Impairment losses and amortisation at the end of the year	-19.836.570	-2.480.357
Carrying amount at the end of the year	0	17.256.470

5. Contingent liabilities

The company has entered into a rental contract with earliest termination in October 2025, corresponding to a liability of DKK 43.445.875.

	2022	2021
6. Special items		
Received compensation for fixed costs regarding COVID-19	0	1.215.719
Balance at the end of the year	0	1.215.719