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Emil Retail Holding ApS

c/o Magasin du Nord, Kongens Nytorv 13, kl., 1050 Copenhagen K

Company reg. no. 42 40 11 02

Annual report

20 May - 31 December 2021

The annual report was submitted and approved by the general meeting on the 27 April 2022.

Rasmus Elverdam
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of Emil Retail Holding ApS for the financial year 20 May - 31 December 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2021, and of the result of the activities, consolidated and of the company, respectively, during the financial year 20 May – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen K, 27 April 2022

Managing Director

Peter Fabricius

Board of directors

Ernst-Albrecht von Hake	Thomas Bredlow	Katharina Andrea Kneisel

Independent auditor's report

To the Shareholders of Emil Retail Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Emil Retail Holding ApS for the financial year 20 May to 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. 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 financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 20 May - 31 December 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" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the 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 the 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 the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the 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 judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements and the 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 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 the 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 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 the 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 the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely 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 the 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 the 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 the 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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management’s Review.

Copenhagen, 27 April 2022

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen State Authorised Public Accountant mne30153	Ronnie Lund Jensen State Authorised Public Accountant mne41308

Company information

The company	Emil Retail Holding ApS c/o Magasin du Nord Kongens Nytorv 13, kl. 1050 Copenhagen K
	Company reg. no. 42 40 11 02 Financial year: 20 May - 31 December
Board of directors	Ernst-Albrecht von Hake Thomas Bredlow Katharina Andrea Kneisel
Managing Director	Peter Fabricius
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	Peek Cloppenburg Holding BV.
Subsidiary	Aktieselskabet TH. Wessel & Vett. Magasin Du Nord, A/S, København

Consolidated financial highlights

DKK in thousands.	2021
Income statement:	
Revenue in Magasin	1.887.584
Revenue	1.145.470
Gross profit	387.039
EBITDA	152.488
Profit from operating activities	21.908
Net financials	-2.237
Net profit or loss for the year	-10.589
Statement of financial position:	
Balance sheet total	1.119.259
Investments in property, plant and equipment	28.357
Equity	1.035.451
Cash flows:	
Operating activities	451.437
Investing activities	-1.129.264
Financing activities	1.046.000
Total cash flows	368.173
Employees:	
Average number of full-time employees	1.097
Key figures in %:	
Return on assets	2,0
EBIT margin	1,9
Solvency ratio	52,4
Return on equity	2,1

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management´s review

Business activities
The Group operates seven department stores in Denmark at Kgs. Nytorv, in Lyngby, in Rødovre, in the shopping centre Fields on Amager, in Odense, Aarhus and Aalborg as well as the online shops, Magasin.dk and Magasin.se.

Unusual circumstances
The Group has in the financial year received a group contribution amounted to DKK 1.046.000 million.

Development in activities and financial matters
The international fashion retailer Peek & Cloppenburg, headquartered in Düsseldorf and Vienna, acquired Magasin in May 2021. The Peek & Cloppenburg group comprises around 140 stores in 15 countries.

The operating profit of the group before depreciation, amortisation, impairment and tax amounted to DKK 152 million.

The net profit for the period amounted to DKK -11 million after tax. All things considered, the management finds the results satisfactory.

Amortisation, depreciation and impairment amounted to DKK 131 million.

Equity amounted to DKK 1.035 million and solvency ratio amounted to 52.4 %.

Assets total amounted to DKK 1.976 million.

Strategy
The Group’s vision is to be the leading Scandinavian omni-channel retailer within fashion, beauty and design.

With a strong representation of more than 1.200 international and Scandinavian brands across a breadth of product categories, the Group strives to offer our customers a curated selection of the most loved brands, the best personal services and constantly maintain relevance by delivering newness and products with limited distribution. The individual stores have different demographic profiles, thus brands, categories and fit-outs are tailored to the local demographic. For the two Autumn/Winter and Spring/Summer seasons more than 80 new brands were launched.

To strengthen our omni-channel position, the Group has recently launched a significantly refreshed Goodie app 2.0 for iPhone and Android users in an effort to remain relevant in the modern retail environment. The updated Goodie app offers our loyal customers vouchers, small gifts and surprises to competitions and invitations to exciting events, booking options for treatments and much more. So far it has been well received by the end-users.

Management´s review

During the financial year 2021, the Group continued to have a significant increase in the number of Goodie Card customers, and currently we have an active base of approx. 700,000 loyal Goodie Card customers.

Expected developments
The Group’s budget for 2022 shows a continuing high level of activity. However, the increased uncertainty due to the corona pandemic makes it challenging to make specific predictions and expectations for the 2022 financial year. It is estimated by the management that there is no uncertainty related to the Group’s ability to continue as a going concern.

The Group expects a positive resulat for the financial year 2022.

Marketing, promotion campaigns and customer service will remain at a high level in order to maintain Magasin’s market position.

The Group also maintain its ambition of continuing the introduction of new brands, products and improving the shopping experience in the seven department stores and on Magasin.dk and Magasin.se.

Ownership structure
The Group is wholly owned by Peek & Cloppenburg Holding B.V.S, which is registered in the Netherlands.

Cash and capital ressources
As a department store the Group is a highly seasonal business and cash needs are strongest in September and October immediately before the Christmas trading.

Investments of DKK 28 million into property, plant and equipment were made during the financial year without raising any supplementary financing.

General risks
The Group's most material operating risk is its ability to keep a strong position in the retail market and to continue being innovative and constantly launching new brands and products at the right price. Moreover, the Group is exposed with respect to its ability to continue controlling and optimising inventory and making the right purchases. The Group has a leading market position within these areas via a structured performance within merchandising and a flexible purchasing model, which combines its own purchases and private label brands with concession and consignment partner agreements.

Events occurring after the end of the financial year
No events materially affecting the assessment of the Annual Report have occured after the balance sheet date.

Management´s review

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

The Group takes leadership in showing responsibility both within the products we sell, the services we offer and the way we conduct our business. We take care of our customers, employees and suppliers. It is important for the Group that we act as a responsible and credible player in society.

Consumers trust Magasin, both as a brand and as a department store. Having confidence in a company increasingly means that consumers expect the company to have control over how it affects the environment, climate and social conditions, and therefore we have based our work with responsibility on two core principles developed on the basis of Magasin's existing DNA: honesty and authenticity.

Honesty means that the Group communicates credibly and openly and takes responsibility for what we say, to whom and what the context is. Credibility is created through mapping, overview, deep understanding of one's own organization as well as development of concrete guidelines and communication procedures. On that basis, the Group can communicate honestly.

Authenticity means that the Group puts good products, durability and quality first. It also means that the Group strives to deliver results that speak a simple and credible language when it comes to resource consumption and ethical guidelines, and that both products and business live up to what is promised.

At the Group we encourage all partners to join our efforts in taking responsibility; for human, environment and the planet. Taking responsibility is for the Group about having overview of, all processes, all parts of the company, all parts of the production as well as assisting our customers with how to treat and take care of our products to make them last longer.

We are constantly working at reducing the amount of packaging and plastic. One of the things we are really proud of is our non-wowen shopping bag, which is made from partially recycled plastic (20% non-wowen material). The bag can be used several times by the customer, which reduces the general consumption of bags. When you use it again and again, you both help to take care of the environment and reduce our consumption of resources. The bag is 100% recyclable, so when your bag is worn out, it can be reused for the production of other packaging, it just needs to be sorted as plastic.

At the Group we encourage all partners to join our efforts in taking responsibility; for human, environment and the planet. Taking responsibility is for the Group about having overview of, all processes, all parts of the company, all parts of the production as well as assisting our customers with how to treat and take care of our products to make them last longer.

We also make an effort at utilizing our resources the best possible way. This means that we switch to energy-saving light sources (LED), systems and other things when we can. We have also reduced how long light sources, heating, cooling, ventilation, escalators and other energy-consuming objects are switched on, so that we can keep energy consumption to a minimum. Among other things, we have also shortened the time our Christmas lights are on, which is why it is now only in use some of the day, rather than around the clock.

Management´s review

In addition to electricity consumption, Magasin has also put increased focus on waste sorting, and we currently sort: bio-waste, small combustibles, bulky waste as well as iron, cardboard, paper and plastic for recycling.

The Group has set an ambitious target for 2025 to be known among our customers as the leading company within “we love to care”.

For more information visit Magasin’s We Love to Care universe at magasin.dk/we-love-to-care.html.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

At the Group, we want to reflect society's as well as our customers' distribution of women and men. This also applies at management level.

At the Group, we want all our employees to feel that the company has an open and open-minded culture where each employee can utilize his or her skills and talent as best as possible, regardless of gender.

Target figures

The legislation aims to ensure equal gender distribution among the governing body, which means that both sexes are represented by 40% or more.

At the Group, the highest governing body is the Group’s Supervisory Board.

The share of female board members elected by the shareholders’ committee is currently none of the two selectable seats, by which the intended target is not achieved.

The Group has achieved equal gender distribution at other management levels and is therefore exempt from explaining policies, actions and results to increase the underrepresented gender.

Policies to increase the proportion of the underrepresented gender in the other levels of management

The legislation aims to ensure equal gender distribution among the Group's management levels, which means that both sexes are represented by 40 % or more. At the Group, male managers account for 40 % and the female managers account for 60 %. At the Group the underrepresented sex among the company's other management levels are therefore men.

Management´s review

The group has therefore focused on increasing the proportion of men in the Group at other management levels through the following policies and initiatives:

- Attracting and recruiting new employees

The Group’s job adverts clearly states that the candidate is not judged by gender, age or religious beliefs.

- Succession

All managers have succession planning conversations where factors such as work-life balance can be discussed and any actions or changes can be agreed upon.

Furthermore, with our succession plans we ensure that there is diversity within the individual management teams, in relation to e.g. gender and age, in order to achieve synergy between the team members.

- Part-time Management / Part-time Management position

At the Group, we strive to achieve a good work-life balance for all our employees. Therefore, we work with a variety of initiatives to enable us to retain good employees and managers on the long-term.

We believe that we will have happier, more motivated and thus dedicated managers, if they have the opportunity for a better balance between work and personal life. We also want to get both women and men back on the career track after maternity leave or when the children become older.

Hence, as manager at the Group you have the option to work part-time for a period. This is a system that is tailored to the individual and with fixed work schedules, so it is clear to the managers and colleagues, when the manager is working.

Report on the company’s policy on data ethics according to section 99 d of the Danish Financial Statements Act

The Group processes data for a variety of reasons and the processing of personal data is an integral part of the Goup’s ability to perform the daily work and optimize business processes and marketing activities. With the increased use of data follows an important focus on data ethics. We work with data ethical considerations the following way:

The purpose of this is to state the Group’s data ethics principles and describe the overall ways on how we process personal data, making it clear to our stakeholders that we are dedicated in protecting their data to high ethical standards.

We use a variety of technologies when processing data.

Management´s review

The Goup strives to ensure that our employees are well-informed about data ethics and that they handle data correctly, and we will continuously improve our processing of data. Moreover, it is also possible to communicate anonymously via a whistle blowing service at Magasin.

Data processing in the Group
As a business the Group divide its processing activities into the following main areas each supported by IT:
1. HR activities
2. Customer related activities
3. Finance activities
4. Internal Audit/Security

Each of these areas consists of different processing activities which have been documented and defined as part of a data mapping process. It is important for the Group that each of these parties and the outside trust our way of using data.

HR related processing activities
The overall purpose of this processing is to administer the relationship between job applicants, current and former employees and the Group, and at the same time ensure a sustainable development of skills and knowledge for the employees.

Customer related processing activities
Processing of personal data about our customers occurs both online and in store. The processing of customer related data takes place for different purposes:
- Expediting orders.
- Marketing.
- Customer service.
- Bookings of beauty treatments or a personal shopper experience.
- Competitions and events.
- Loyalty clubs.
- Security.
- And other purposes.

Finance related processing activities
Processing of personal data as part of financial activities is unavoidable. The main purpose of the processing is to ensure that financial transactions are registered correctly and to administer financial relationships.

Internal Audit / security related processing activities
Internal Audit processes personal data for the purpose of ensuring security and prevention of fraud, theft, documentation of insurance related incidents or other types of crime. The processing of CCTV-footage may contain information about criminal convictions.

Management´s review

Governance and reporting
We acknowledge that data and systems can be misused or used for unintended purposes. We assess and document permissible uses of our data and systems and take measures to avoid impermissible uses. the Group will continue to develop procedures to improve our use of data.

The board of Directors are the owner of the Policy for Data Ethics.

Each year the Group will account for this policy in accordance with section 99 d of the Danish Financial Statements Act.

Accounting policies

The annual report for Emil Retail Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Peek & Cloppenburg Holding B.V.

As at 29 May 2021, the Group aquired 100 % of the shares in Aktieselskabet TH. Wessel & Vett. Magasin du Nord. In the consolidated statement, the Group has included the result for the ownership period.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Accounting policies

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

The consolidated financial statements

The consolidated income statements comprise the parent company Emil Retail Holding ApS and those group enterprises of which Emil Retail Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

Income statement

Revenue

The Group's net revenue comprises revenue from department stores and internet sales as well as fees from concessions.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

The total sales activities in Magasin's department stores and internet shop including revenue from concession and consignment sales has been disclosed in a note.

Cost of sales

Cost of sales comprises costs concerning purchase of goods less discounts and changes in inventories.

Accounting policies

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including government refunds related to fixed costs and salary and profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Development projects

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 5 years.

Software

Software is measured at cost less accumulated amortisation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Amortisation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful life of the assets, which are 2-5 years.

Goodwill

Acquired goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Aquired goodwill is amortised on a straight-line basis over the amortisation period, which represent 20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Concessions, patents, licenses, trademarks, and similar rights acquired

Concessions, patents, licenses, trademarks, and similar rights acquired comprises of distribution rights. These are measured at cost less accrued amortisation. Concessions, patents, licenses, trademarks, and similar rights acquired are amortised on an assesment of the expected useful life, for a maximum of 20 years.

Accounting policies

Tangible assets
Items of Tangible assets are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	10-25 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets
The carrying amount of both intangible and tangible fixed are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Accounting policies

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Other financial instruments and equity investments

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Other long term assets

Other long term assets comprise the long term part of loan to external partners.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

Accounting policies

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

As administration company, Emil Retail Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Provisions

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.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Income statement

DKK thousand.

Note		Parent 20/5 2021 - 31/12 2021	Group 20/5 2021 - 31/12 2021
2	Revenue	0	1.145.470
	Other operating income	3.469	0
	Costs of goods sold	0	-415.715
	Other external expenses	-23.323	-342.716
	Gross profit	**-19.854**	**387.039**
4	Staff costs	-3.427	-234.552
	Earnings Before Interest Taxes Depreciation and Amortization	**-23.281**	**152.487**
	Depreciation, amortisation, and impairment	0	-130.579
	Operating profit	**-23.281**	**21.908**
	Income from investments in subsidiaries	12.865	0
5	Other financial income	2	138
	Other financial expenses	-297	-2.375
	Pre-tax net profit or loss	**-10.711**	**19.671**
	Tax on net profit or loss for the year	122	-30.260
6	**Net profit or loss for the year**	**-10.589**	**-10.589**
	Break-down of the consolidated profit or loss:		
	Shareholders in Emil Retail Holding ApS		-10.589
			-10.589

Balance sheet

DKK thousand.

Assets

Note		Parent 31/12 2021	Group 31/12 2021
	Non-current assets		
7	Completed development projects, including patents and similar rights arising from development projects	0	13.639
8	Software	0	45.349
9	Goodwill	0	460.628
10	Concessions, patents, licenses, trademarks, and similar rights aquired	0	40.629
	Total intangible assets	0	560.245
11	Other fixtures and fittings, tools and equipment	0	114.622
12	Leasehold improvements	0	87.636
	Total property, plant, and equipment	0	202.258
13	Investments in subsidiaries	1.097.208	0
14	Other financial investments	0	32
15	Deposits	0	149.095
	Total investments	1.097.208	149.127
	Total non-current assets	**1.097.208**	**911.630**
	Current assets		
	Manufactured goods and goods for resale	0	378.144
	Total inventories	0	378.144
	Trade receivables	0	39.478
	Receivables from group enterprise	12.696	0
	Income tax receivables	122	0
	Other receivables	9.233	24.785
16	Prepayments	0	13.018
	Total receivables	22.051	77.281
	Cash and cash equivalents	0	609.345
	Total current assets	**22.051**	**1.064.770**
	Total assets	**1.119.259**	**1.976.400**

Balance sheet

DKK thousand.

Note	Equity and liabilities	Parent 31/12 2021	Group 31/12 2021
	Equity		
	Contributed capital	40	40
	Reserve for net revaluation according to the equity method	12.865	0
	Reserve for development costs	0	10.638
	Retained earnings	1.022.546	1.024.773
	Equity before non-controlling interest.	1.035.451	1.035.451
	Total equity	**1.035.451**	**1.035.451**
	Provisions		
17	Provisions for deferred tax	0	13.910
18	Other provisions	59.668	123.846
	Total provisions	**59.668**	**137.756**
	Long term labilities other than provisions		
19	Prepayments received from concessionaires etc.	0	7.434
20	Other payables	0	37.621
	Total long term liabilities other than provisions	0	45.055
	Trade payables	0	399.129
	Payables to group enterprise	23.718	23.718
	Income tax payable	0	30.421
	Other payables	422	304.870
	Total short term liabilities other than provisions	24.140	758.138
	Total liabilities other than provisions	**24.140**	**803.193**
	Total equity and liabilities	**1.119.259**	**1.976.400**

1 Unusual circumstances in the annual report

3 Fees, auditor

21 Contingencies

22 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity 20 May 2021	40	0	0	0	40
Group contribution	0	0	0	1.046.000	1.046.000
Share of profit or loss	0	0	10.638	-21.227	-10.589
	40	**0**	**10.638**	**1.024.773**	**1.035.451**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 20 May 2021	40	0	0	40
Group contribution	0	0	1.046.000	1.046.000
Share of profit or loss	0	12.865	-23.454	-10.589
	40	**12.865**	**1.022.546**	**1.035.451**

Statement of cash flows

DKK thousand.

Note		Group 20/5 2021 - 31/12 2021
	Net profit or loss for the year	-10.589
23	Adjustments	219.653
24	Change in working capital	251.080
	Cash flows from operating activities before net financials	460.144
	Interest received, etc.	148
	Interest paid, etc.	-2.376
	Cash flows from ordinary activities	457.916
	Income tax paid	-6.479
	Cash flows from operating activities	**451.437**
	Purchase of intangible assets	-16.564
	Purchase of property, plant, and equipment	-28.354
	Purchase of fixed asset investments	-3
	Acquisition of enterprises and activities	-1.084.343
	Cash flows from investment activities	**-1.129.264**
	Group contribution	1.046.000
	Cash flows from investment activities	**1.046.000**
	Change in cash and cash equivalents	**368.173**
	Cash and cash equivalents at 20 May 2021	241.172
	Cash and cash equivalents at 31 December 2021	**609.345**
	Cash and cash equivalents	
	Cash and cash equivalents	609.345
	Cash and cash equivalents at 31 December 2021	**609.345**

Notes

DKK thousand.

1. Unusual circumstances in the annual report

The Group has in the financial year received a group contribution amounted to DKK 1.046.000 million

	Parent 20/5 2021 - 31/12 2021	Group 20/5 2021 - 31/12 2021
2. Revenue		
Revenue in Magasin	0	1.887.584
Hereof related to concessions etc.	0	-742.114
	0	**1.145.470**

Segmental statement

Geographical – secondary segment:

	Net revenue, Denmark	**Net revenue, Europe other**	**Total**
Group	1.126.911	18.559	1.145.470

	Group 20/5 2021 - 31/12 2021
3. Fees, auditor	
Auditor's remuneration	550
Remuneration related to statutory audit	510
Other services	40
	550

Notes

DKK thousand.

		Group 20/5 2021 - 31/12 2021
4.	**Staff costs**	
	Salaries and wages	213.983
	Pension costs	18.150
	Other costs for social security	1.454
	Other staff costs	965
		234.552
	Average number of employees	1.097

Remuneration to the executive board of the parent company has not been disclosed in accordance with the section 98 B(3) of the Danish Financial Statement Act.

		Parent 20/5 2021 - 31/12 2021	Group 20/5 2021 - 31/12 2021
5.	**Other financial income**		
	Othe financial income	2	138
		2	**138**

		Parent 20/5 2021 - 31/12 2021
6.	**Proposed appropriation of net profit**	
	Reserves for net revaluation according to the equity method	12.865
	Allocated from retained earnings	-23.454
	Total allocations and transfers	**-10.589**

Notes

DKK thousand.

		Parent 31/12 2021	Group 31/12 2021
7.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 20 May 2021	0	7.772
	Additions during the year	0	7.539
	Cost 31 December 2021	**0**	**15.311**
	Amortisation and writedown 20 May 2021	0	-432
	Amortisation and depreciation for the year	0	-1.240
	Amortisation and writedown 31 December 2021	**0**	**-1.672**
	Carrying amount, 31 December 2021	**0**	**13.639**

		Parent 31/12 2021	Group 31/12 2021
8.	**Software**		
	Cost 20 May 2021	0	171.314
	Additions during the year	0	9.025
	Disposals during the year	0	-8.345
	Cost 31 December 2021	**0**	**171.994**
	Amortisation and writedown 20 May 2021	0	-124.843
	Amortisation and depreciation for the year	0	-10.147
	Reversal of depreciation, amortisation, and impairment loss, assets disposed of	0	8.345
	Amortisation and writedown 31 December 2021	**0**	**-126.645**
	Carrying amount, 31 December 2021	**0**	**45.349**

Notes

DKK thousand.

		Parent 31/12 2021	Group 31/12 2021
9.	**Goodwill**		
	Additions during the year	0	474.468
	Cost 31 December 2021	**0**	**474.468**
	Amortisation and depreciation for the year	0	-13.840
	Amortisation and writedown 31 December 2021	**0**	**-13.840**
	Carrying amount, 31 December 2021	**0**	**460.628**
10.	**Concessions, patents, licenses, trademarks, and similar rights aquired**		
	Additions during the year	0	41.850
	Cost 31 December 2021	**0**	**41.850**
	Amortisation and depreciation for the year	0	-1.221
	Amortisation and writedown 31 December 2021	**0**	**-1.221**
	Carrying amount, 31 December 2021	**0**	**40.629**
11.	**Other fixtures and fittings, tools and equipment**		
	Cost 20 May 2021	0	701.724
	Additions during the year	0	17.621
	Disposals during the year	0	-228.830
	Cost 31 December 2021	**0**	**490.515**
	Amortisation and writedown 20 May 2021	0	-584.894
	Amortisation and depreciation for the year	0	-19.829
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	228.830
	Amortisation and writedown 31 December 2021	**0**	**-375.893**
	Carrying amount, 31 December 2021	**0**	**114.622**

Notes

DKK thousand.

		Parent 31/12 2021	Group 31/12 2021
12.	**Leasehold improvements**		
	Cost 20 May 2021	0	203.498
	Additions during the year	0	10.733
	Cost 31 December 2021	**0**	**214.231**
	Depreciation and writedown 20 May 2021	0	-118.168
	Amortisation and depreciation for the year	0	-8.427
	Depreciation and writedown 31 December 2021	**0**	**-126.595**
	Carrying amount, 31 December 2021	**0**	**87.636**
13.	**Investments in subsidiaries**		
	Additions during the year	1.084.343	0
	Cost 31 December 2021	**1.084.343**	**0**
	Net profit or loss for the year before amortisation of goodwill	103.801	0
	Revaluation 31 December 2021	**103.801**	**0**
	Amortisation of goodwill for the year	-90.936	0
	Depreciation on goodwill 31 December 2021	**-90.936**	**0**
	Carrying amount, 31 December 2021	**1.097.208**	**0**
	The item includes goodwill with an amount of	546.737	0
	Goodwill is recognised under the item "Additions during the year" with an amount of	637.673	0

Subsidiaries:

	Domicile	Equity interest
Aktieselskabet TH. Wessel & Vett. Magasin Du Nord	København	100 %

Notes

DKK thousand.

		Parent 31/12 2021	Group 31/12 2021
14.	**Other financial investments**		
	Cost 20 May 2021	0	32
	Cost 31 December 2021	**0**	**32**
	Carrying amount, 31 December 2021	**0**	**32**
15.	**Deposits**		
	Cost 20 May 2021	0	149.092
	Additions during the year	0	3
	Cost 31 December 2021	**0**	**149.095**
	Carrying amount, 31 December 2021	**0**	**149.095**
16.	**Prepayments**		
	Prepaid expenses	0	13.018
		0	**13.018**

Prepayments and accued income consist of prepaid property tax and rent and othe prepaid expenses.

		Parent 31/12 2021	Group 31/12 2021
17.	**Provisions for deferred tax**		
	Provisions for deferred tax 20 May 2021	0	10.831
	Deferred tax relating to the net profit or loss for the year	0	3.079
		0	**13.910**

Notes

DKK thousand.

		Parent 31/12 2021	Group 31/12 2021
18.	**Other provisions**		
	Other provisions 20 May 2021	0	69.272
	Change in other provisions for the year	59.668	54.574
		59.668	**123.846**

Other provisions consists of onerous lease provisions aand provision for refunds, insurance cases and regulation of concessions revenue.

For the parent company, other provisions consists of provisions related to purchase of Magasin du Nord.

		Parent 31/12 2021	Group 31/12 2021
19.	**Prepayments received from concessionaires etc.**		
	Prepayments received from customers	0	7.434
		0	**7.434**

		Parent 31/12 2021	Group 31/12 2021
20.	**Other payables**		
	Freezed holiday funds	0	37.621
		0	**37.621**

21. Contingencies

Rental agreements and lease commitments

	DKK in thousands
Within 1 year	211.739
Between 1 and 5 years	785.009
After 5 years	1.481.591
Total contingent liabilities	**2.478.339**

Comprising:	
Lease of buildings	2.474.128
Other rental obligations	4.211

Notes

DKK thousand.

21. Contingencies (continued)

Rental agreements and lease commitments (continued)

The lease with the longest duration cannot be terminated until 1 December 2034. There is an obligation on the Company's leases to refurbish the leases upon their expiration. The company does not intend to terminate the lease agreements in the near future.

Joint taxation

The parent company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The parent company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 30.421 thousand.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

22. Related parties

The company is a wholy owned subsidiary of Peek & Cloppenburg Holding B.V. (The Nederlands)

Peek & Cloppenburg Holding B.V. is a wholy owned subsidiary of Peek & Cloppenburg KG. Peek & Cloppenburg KG (Austria) is the ultimate parent company.

Notes

DKK thousand.

		Group 20/5 2021 - 31/12 2021
23.	**Adjustments**	
	Depreciation, amortisation, and impairment	130.579
	Other financial income	-138
	Other financial expenses	2.375
	Tax on net profit or loss for the year	30.260
	Other provisions	56.577
		219.653

24.	**Change in working capital**	
	Change in inventories	9.343
	Change in receivables	125.572
	Change in trade payables and other payables	116.165
		251.080