Aktieselskabet Th. Wessel & Vett, Magasin du Nord

Kongens Nytorv 13
1050 Copenhagen K
CVR no. 58 19 12 13

Annual Report for 2018/19

Adopted at the Annual General Meeting on 31 January 2020

Chairman

Rasmus Elverdam

Contents

	Page
Statements	
Statement by Management on the Annual Report	1
Independent Auditor's Report	2
Management´s Review	
Company Details	5
Financial Highlights	7
Management's Review	8
Financial Statements	
Accounting Policies	13
Income Statement 1 September - 31 August	19
Balance Sheet 31 August	20
Statement of changes in equity	22
Notes to the Annual Report	23

Statement by Management on the Annual Report

The Executive Board and Board of Directors have today discussed and approved the Annual Report of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for the financial year 1 September 2018 - 31 August 2019.

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

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 August 2019 and of the results of the Company's operations for the financial year 1 September 2018 - 31 August 2019.

In our opinion, Management's Review includes a fair review of the matters dealt with in the Management's Review.

Management recommends that the Annual Report should be approved at the Annual General Meeting.

Copenhagen, 31 January 2020

Executive Board

Peter King CEO	Peter Fabricius CFO

Supervisory board

Michael Robert Hazell Chairman	Jessica Louise Shepherd Deputy Chairman	Peter King
Steen Guldbæk Jensen Staff Representative	Aoife Mary Blicher Staff Representative	

Independent Auditor's Report

To the shareholder of Aktieselskabet Th. Wessel & Vett, Magasin du Nord

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 August 2019 and of the results of the Company's operations for the financial year 1 September 2018 - 31 August 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for the financial year 1 September 2018 - 31 August 2019, which comprise a summary of accounting policies, income statement, balance sheet, statement of changes in equity and notes (“Financial Statements”).

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 Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Independent Auditor's Report

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

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

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

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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 31 January 2020

BDO STATSAUTORISERET REVISIONSAKTIESELSKAB
CVR no. 20 22 26 70

Per Frost Jensen
State Authorised Public Accountant
MNE no. mne27740

Company Details

The Company	Aktieselskabet Th. Wessel & Vett, Magasin du Nord Kongens Nytorv 13 1050 Copenhagen K
	Website: www.magasin.dk
	CVR no.: 58 19 12 13
	Reporting period: 1 September 2018 - 31 August 2019
	Domicile: Copenhagen
Board of Directors	Michael Robert Hazell, Chairman Jessica Louise Shepherd, Deputy Chairman Peter King Steen Guldbæk Jensen, Staff Representative Aoife Mary Blicher, Staff Representative
Executive Board	Peter King, CEO Peter Fabricius, CFO
Auditors	BDO STATSAUTORISERET REVISIONSAKTIESELSKAB Havneholmen 29 1561 København

Company Details

Consolidated Financial Statements

The Company's immediate parent undertaking is Debenhams Retail Limited.

The company is controlled by Celine Jersey TopCo Limited. Celine Jersey TopCo Limited is the ultimate parent undertaking and is a company incorporated in Jersey.

The company is a wholly owned subsidiary of Celine Group Holdings Limited and is included in that company’s consolidated financial statements, which are publicly available. The smallest and largest group that prepares consolidated statements of which the company is a member is headed by Celine Group Holdings Limited.

Copies of the financial statements of Celine Group Holdings Limited can be obtained by writing to the Company Secretary at 334 - 348 Oxford Street London W1C 1JG.

Financial Highlights

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

	2018/19	2017/18	2016/17	2015/16	2014/15
	MDKK	MDKK	MDKK	MDKK	MDKK
Income statement					
Revenue in Magasin	2.865	2.821	2.822	2.851	2.764
Revenue	1.829	1.787	1.791	1.814	1.736
Gross profit	616	640	639	661	606
EBITDA	173	227	228	227	194
Profit/loss before financial income and expenses	108	154	172	176	145
Net financials	0	2	1	3	5
Profit/loss for the year	84	122	135	143	134
Balance sheet					
Assets	949	968	816	888	1.148
Investment in property, plant and equipment	25	91	87	68	51
Equity	474	465	343	408	665
Number of employees	1.209	1.144	1.080	1.122	1.110
Financial ratios					
EBIT margin	5,9%	8,6%	9,6%	9,7%	8,4%
Return on assets	11,3%	17,3%	20,2%	17,3%	13,8%
Solvency ratio	49,9%	48,0%	42,0%	45,9%	57,9%
Return on equity	17,9%	30,2%	36,0%	26,7%	22,4%

Management's Review

Business activities
The Company 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 an online shop, Magasin.dk.

Development in activities and financial circumstances
Operating profit before depreciation, amortisation, impairment and tax amounted to DKK 173 million (2017/18: DKK 227 million), which was below our expectation. Decline in profit was due to investments in the opening of the new department store in Aalborg as well as investments in operational efficiency for the online shop. The profit for the period amounted to DKK 84 million after tax (2017/18: DKK 122 million).

Amortisation, depreciation and impairment amounted to DKK 65 million (2017/18: DKK 73 million).

Equity amounted to DKK 474 million (2017/18: DKK 465 million) and solvency ratio amounted to 49.9 % (2017/18: 48.0 %).

Assets total amounted to DKK 949 million (2017/18: DKK 968 million).

Subsequent events
No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Department store operations
Revenue in Magasin increased by DKK 44 million due to the opening of the new department store.

The gross margin % is unchanged compared to last year.

Other external expenses have increased slightly primarily due to an increase in rent and estate costs as well as warehouse costs to the online shop. Number of FTEs has increased due to the opening of the new department store and payroll expenses have for that reason increased compared to last year. The staff cost ratio calculated on the basis of revenue has increased from 23.1 % to 23.7 %.

Investments
Investments for the year in property, plant and equipment amounted to DKK 42 million.

Strategy
Magasin’s vision is to be one of the most successful omni-channel retail concepts in Europe within fashion and design.

Management's Review

With a strong representation of international and Scandinavian brands across a breadth of product categories, Magasin 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 100 new brands were launched.

In the beginning of the financial year 2018/19 Magasin’s seventh department store opened in the Friis shopping centre in the heart of Aalborg. The store has been warmly received and since grand opening on the 20th of September 2018 it has had more than 1.5 million visitors, and our online sales in North Jutland has also increased significantly.

Magasin.dk reached double-digit profitable growth in 2018/19, reflecting the success of Magasin’s continued investments in this area. Magasin.dk is our most visited store with more than 28 million visitors annually. In close cooperation with Prime Cargo, an automated robot-controlled warehouse in Kolding for Magasin’s online shop was ready for operation the 1st of September 2019 as planned. With the new AutoStore we can service our online customers quickly and efficiently with pick and pack that takes just a few minutes from start to finish.

During 2018/19 Magasin’s department stores have launched a range of new concepts and unique services. As the first in the market, we have trained a wide range of fragrance experts that can help customers with creating their own personal scent wardrobe. We have also teamed up with the popular Kenny Anker and opened an eyebrow bar. Furthermore, we launched a new large family room overlooking Kgs. Nytorv with room for both parents and children.

In the summer of 2019 we have made a major upgrade of the 1st and 4th floor at the Kgs. Nytorv flagship store. On the 1st floor we have launched a new young urban universe with cool streetwear and several new brands for both men and women, and at the same time, we have opened a Rezet sneakers store. We have also created a new and stylish Men’s design lab and a new Men’s Casual area. On the 4th floor, we have opened a 1,400 square meter leisure area with Gadgets & Tech from Smartech, Humac, B&O, among others, and a large sports and leisure range with Spejder Sport and Sportmaster as well as a Travel market.

Our Click & Collect and GLS parcel shops in all stores are very successful with over 400,000 parcels since launch in April 2018. We have also hired a B2B manager who can service our many corporate customers. Finally we have launched a tourist lounge at Kgs. Nytorv as we are experiencing an increased demand from our many foreign tourists.

Expectations for the future

Magasin expects revenue and gross profit for the financial year 2019/2020 (September 1, 2019 - August 31, 2020) to be in line with the same period in 2018/2019.

The total investments for the coming year will be similar to the level of 2018/2019. Marketing, promotion campaigns and customer service will remain at a high level in order to maintain Magasin’s market position. During the financial year 2018/19 we have had a significant increase in the number of Goodie Card customers and currently we have an active base of more than 440,000 loyal Goodie Card customers.

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

During the financial year 2019/20 we will also launch Magasin.se with delivery to Sweden which will give Magasin the opportunity to reach a new market and increase our sales channels further.

Net profit for 2019/20 is expected to be on a similar level compared with the same period last year and a positive cash flow from operating activities are expected.

Ownership structure
Magasin is wholly owned by Debenhams Retail Limited, which is registered in the UK.

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

As stated, investments of DKK 42 million into property, plant and equipment were made during the year without raising any supplementary financing.

General risks
Magasin’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. Magasin is moreover exposed with respect to its ability to continue controlling and optimising inventory and making the right purchases. Magasin 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.

Corporate social responsibility
Magasin considers corporate social responsibility increasingly important to its business and strive to accelerate the development of a sustainable and responsible lifestyle industry. At Magasin we encourage all partners to join our efforts in taking responsibility; for human, environment and the planet. Taking responsibility is for Magasin 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.

Management's Review

For the collection of our own kids brand Bakito we are proud that we this year achieved 80% of sustainable materials and we aim to reach 100% in 2021. Additionally a major part of the Magasin Du Nord Collection are today already of sustainable materials and we continue to work dedicated on bringing our policy around responsibility into our partnerships.

At Magasin we have reduced the usage of plastic bags by changing to 100% recyclable bags. Furthermore our buyers and personal shoppers are being trained in sustainability to share our knowledge, experience and practices with our customers and partners.

Target figure and policy to increase the proportion of the under-represented gender at Magasins management

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

At Magasin, 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.

As Magasin has achieved equal gender distribution on the Board, the Company is exempt from setting and reporting a target figure to the supreme management body.

Target figure

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

At Magasin the highest governing body is Magasin’s Supervisory Board.

The share of female board members elected by the shareholders’ committee is two of two selectable seats, by which the intended target is achieved.

Magasin 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 under-represented gender in the other levels of management

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

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

- Attracting and recruiting new employees

Magasins 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 Magasin, we strive to achieve a good worklife 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 Magasin 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.

Accounting Policies

The Annual Report of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Accounting Policies applied are consistent with those of last year.

The Annual Report for 2018/19 is presented in MDKK.

Basis of recognition and measurement
Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 will flow to the Company and the value of the asset can be measured reliably.

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

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the Annual Report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are recognised directly in equity.

Accounting Policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest Financial Statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Revenue is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Revenue in Magasin is disclosed as this revenue reflects the total sales activities in Magasin's department stores and internet shop including revenue from consession and consignment sales.

Cost of goods sold

Cost of goods sold include cost of purchased goods etc. used in generating the revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest and realised and unrealised exchange adjustments.

Accounting Policies

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

Balance sheet

Intangible assets
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 lives of the assets, which are:

Software	2-5	years

Tangible assets
Items of Tangible assets are measured at cost less accumulated depreciation and impairment losses.

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

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

Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting Policies

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Deposits
Deposits comprises primarily of deposits regarding rent for department stores.

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

The cost of goods for resale comprises the purchase price plus delivery costs.

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

Receivables
Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

Equity
Dividend
Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Accounting Policies

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 fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Amounts owed to concessionaires
Amounts owed to concessionaires, consists of amounts relating to revenue to be settled with concessionaires.

Liabilities
Other debts are measured at amortised cost, substantially corresponding to nominel value.

Cash flow statement
The Company has chosen in accordance with the Danish Financial Statements Act § 86;4, not to present a cash flow statement, as the Company is included in the consolidated group report for the ultimate Parent Company Debenhams Retail Limited.

Accounting Policies

Financial Highlights

Definitions of financial ratios.

EBIT margin $$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$$

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

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Income Statement 1 September - 31 August

	Note	2018/2019	2017/2018
		MDKK	MDKK
Revenue in Magasin		2.865	2.821
Hereof related to concessions etc.		-1.036	-1.034
Revenue		**1.829**	**1.787**
Cost of goods sold		-753	-737
Other external expenses		-460	-410
Gross profit		**616**	**640**
Staff costs	2	-443	-413
Earnings Before Interest Taxes Depreciation and Amortization		**173**	**227**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-65	-73
Profit/loss before financial income and expenses		**108**	**154**
Financial income	3	1	2
Financial costs		-1	0
Profit/loss before tax		**108**	**156**
Tax on profit/loss for the year	4	-24	-34
Net profit/loss for the year		**84**	**122**
Distribution of profit	5		

Balance Sheet 31 August

	Note	2019 MDKK	2018 MDKK
Assets			
Software		31	25
Intangible assets	6	**31**	**25**
Other fixtures and fittings, tools and equipment		187	209
Leasehold improvements		86	93
Tangible assets	7	**273**	**302**
Deposits	8	149	149
Financial investments		**149**	**149**
Fixed assets total		**453**	**476**
Goods for resale		278	269
Inventories		**278**	**269**
Trade receivables		47	38
Receivables from group enterprises		20	144
Other receivables		3	2
Prepayments	9	35	29
Receivables		**105**	**213**
Cash at bank and in hand		**113**	**10**
Current assets total		**496**	**492**
Assets total		**949**	**968**

Balance Sheet 31 August

	Note	2019 MDKK	2018 MDKK
Liabilities and equity			
Share capital		184	184
Retained earnings		290	281
Equity	10	**474**	**465**
Deferred tax	13	9	0
Other provisions	11	6	5
Provisions total		**15**	**5**
Deposit received from concessionaires etc.		7	9
Long-term debt	12	**7**	**9**
Amounts owed to concessionaires	12	115	109
Trade payables		186	223
Corporation tax		10	20
Other payables		142	137
Short-term debt		**453**	**489**
Debt total		**460**	**498**
Liabilities and equity total		**949**	**968**
Rental agreements and lease commitments	14		
Securities	15		
Related parties and group information	16		
Fee to auditors appointed at the general meeting	17		

Statement of changes in equity

	Share capital	Retained earnings	Total
	MDKK	MDKK	MDKK
Equity at 1 September 2018	184	281	465
Extraordinary dividend paid	0	-75	-75
Net profit/loss for the year	0	84	84
Equity at 31 August 2019	**184**	**290**	**474**

Notes to the Annual Report

1 Information on segments

Segment information according to section 96 of the Danish Financial Statements Act is not relevant since the Company only operates department stores in Denmark. There are therefore no different business activities or different geographical areas.

	2018/2019	2017/2018
	MDKK	MDKK
2 Staff costs		
Wages and salaries	400	373
Pensions	34	32
Other social security costs	3	3
Other staff costs	6	5
	443	**413**
of which remuneration to the Executive Board and Board of Directors	**10**	**9**
Average number of employees	1.209	1.144

3 Financial income

	2018/2019	2017/2018
Interest received from parent	1	2
	1	**2**

Notes to the Annual Report

		2018/2019 MDKK	2017/2018 MDKK
4	**Tax on profit/loss for the year**		
	Current tax for the year	14	23
	Deferred tax for the year	9	11
	Adjustment of tax concerning previous years	1	0
		24	**34**
5	**Distribution of profit**		
	Retained earnings	84	122
		84	**122**

6 Intangible assets

	Software MDKK
Cost at 1 September 2018	113
Additions for the year	17
Cost at 31 August 2019	130
Impairment losses and amortisation at 1 September 2018	88
Amortisation for the year	11
Impairment losses and amortisation at 31 August 2019	99
Carrying amount at 31 August 2019	**31**
Amortised over	2-5 years

7 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	MDKK	MDKK
Cost at 1 September 2018	666	173
Additions for the year	19	6
Cost at 31 August 2019	685	179
Impairment losses and depreciation at 1 September 2018	457	80
Depreciation for the year	41	13
Impairment losses and depreciation at 31 August 2019	498	93
Carrying amount at 31 August 2019	**187**	**86**
Depreciated over	2-10 years	10-25 years

8 Financial investments

	Deposits
	MDKK
Cost at 1 September 2018	149
Cost at 31 August 2019	149
Carrying amount at 31 August 2019	**149**

9 Prepayments

Prepayments consist of prepaid property tax and rent and other prepaid expenses.

Notes to the Annual Report

10 Equity

The share capital consists of 184.000.001 shares of a nominal value of DKK 1. No shares carry any special rights.

	2019	2018
	MDKK	MDKK
11 Other provisions		
Balance at beginning of year at 1 September	5	5
Provision in year	1	0
Balance at 31 August	**6**	**5**

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

	2019	2018
12 Long term debt		
Deposit received from concessionaires etc.		
Between 1 and 5 years	7	9
Non-current portion	7	9
Within 1 year	115	109
Current portion	115	109
	122	**118**
13 Deferred tax		
Deferred tax asset at 1 September	0	-11
Recognised in income statement	9	11
Deferred tax at 31 August	**9**	**0**

Notes to the Annual Report

		2019	2018
		MDKK	MDKK
14	**Rental agreements and lease commitments**		
	Operating lease commitments. Total future lease payments:		
	Within 1 year	215	212
	Between 1 and 5 years	822	827
	After 5 years	1.894	2.071
		2.931	**3.110**

The financial obligations are as follows:

	2019	2018
Lease obligations regarding buildings	2.925	3.104
Other rental obligations	6	6

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.

15 Securities

Magasin has provided a floating charge over its assets to the amount of DKK 50 million in favour of the Group lender banks. Depending on groups solidary performance there is a risk that the charge may be enforced.

16 Related parties and group information

Transactions

Transactions with closely related parties are done at market conditions.

Consolidated financial statements

The Company's immediate parent undertaking is Debenhams Retail Limited.

The company is controlled by Celine Jersey TopCo Limited. Celine Jersey TopCo Limited is the ultimate parent undertaking and is a company incorporated in Jersey.

The company is a wholly owned subsidiary of Celine Group Holdings Limited and is included in that company’s consolidated financial statements, which are publicly available. The smallest and largest group that prepares consolidated statements of which the company is a member is headed by Celine Group Holdings Limited.

Copies of the financial statements of Celine Group Holdings Limited can be obtained by writing to the Company Secretary at 334 - 348 Oxford Street London W1C 1JG.

17 Fee to auditors appointed at the general meeting

In accordance with the Danish Financial Statements Act 96 (3), the fee to the auditor is not disclosed.