

Aktieselskabet Th. Wessel & Vett.
Magasin Du Nord
Kongens Nytorv 13, 1050 Copenhagen

Company reg. no. 58 19 12 13

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 11 May 2023.

Rasmus Elverdam
Chairman of the meeting

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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 executive board have presented the annual report of Aktieselskabet Th. Wessel & Vett. Magasin Du Nord for the financial year 1 January - 31 December 2022.

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 financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2022 and of the company's results of activities in the financial year 1 January – 31 December 2022.

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, 11 May 2023

Executive board

Peter Fabricius
Managing director

Michael Jagd Jelbo
Finance director

Board of directors

Ernst-Albrecht von Hake
Chairman

Peter Gerald King
Deputy Chairman

Steffen Schüller

Katharina Andrea Kneisel

Peter Thostrup

Steen Guldbæk Jensen
Staff Representative

Tina Burmester
Staff Representative

Independent auditor's report

To the Shareholders of Aktieselskabet Th. Wessel & Vett. Magasin Du Nord

Opinion

We have audited the financial statements of Aktieselskabet Th. Wessel & Vett. Magasin Du Nord for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional 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 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.

Independent auditor's report

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.

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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 11 May 2023

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

Aktieselskabet Th. Wessel & Vett. Magasin Du Nord
Kongens Nytorv 13
1050 Copenhagen

Company reg. no. 58 19 12 13

Financial year: 1 January 2022 - 31 December 2022

Board of directors

Ernst-Albrecht von Hake, Chairman
Peter Gerald King, Deputy Chairman
Steffen Schüller
Katharina Andrea Kneisel
Peter Thostrup
Steen Guldbæk Jensen, Staff Representative
Tina Burmester, Staff Representative

Executive board

Peter Fabricius, Managing director
Michael Jagd Jelbo, Finance director

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Emil Retail Holding ApS

Financial highlights

MDKK	<u>2022</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
Income statement:					
Revenue in Magasin	2.887	3.456	2.577	2.865	2.821
Revenue	1.935	2.503	1.685	1.829	1.787
Gross profit	642	876	414	616	640
EBITDA	159	249	35	173	227
Profit from operating activities	90	157	-50	108	154
Net financials	-4	-5	-2	0	2
Net profit or loss for the year	68	117	-42	84	122
Statement of financial position:					
Balance sheet total	1.669	1.407	1.127	949	968
Investments in property, plant and equipment	34	55	14	25	91
Equity	603	550	433	474	465
Employees:					
Average number of full-time employees	1.084	1.073	1.097	1.209	1.144
Key figures in %:					
Return on assets	5,7	12,2	-4,4	11,3	17,3
EBIT margin	4,7	6,3	-3,0	5,9	8,6
Solvency ratio	36,1	39,1	38,4	49,9	48,0
Return on equity	11,8	23,8	-9,3	17,9	30,2

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

The figures for the financial year 2020/21 covers a period of 16 month and are therefore not directly comparable with the financial year 2022.

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 the online shops, Magasin.dk and Magasin.se.

Unusual circumstances

As a result of continuous development of the strategy, and smaller changes and adaptations over the years, management has readressed the classification of certain items in the profit and loss statement.

In this respect management has identified the following changes that has been made this year and needs to be reclassified in the comparable figures in last years financial statement.

Reclassification relates to income that has been set off against expenses previously. The assumptions and nature related to the items that previous classification was based on, is no longer applicable.

The adjustments does not affect Equity, profit and loss statement or balance sheet. The change only affect reclassification within the profit and loss statement. And it does materially change key figures in percentage as listed in the financial highlights.

The comparable figures for the financial year 1 September 2020 - 31 December 2021 have been adjusted as follows:

Revenue increased from t.DKK 2.340.726 to t.DKK 2.502.809, corresponding to a change amounts to t.DKK 162.083.

Other operating income increased from t.DKK 132.612 to t.DKK 159.280, corresponding to a change amounts to t.DKK 26.668.

Costs of goods sold increased from t.DKK -1.021.886 to t.DKK -1.049.462, corresponding to a change amounts to t.DKK -27.576.

Other external costs increased from t.DKK -683.838 to t.DKK -736.196, corresponding to a change amounts to t.DKK -52.358.

Staff costs increased from t.DKK -518.626 to t.DKK -627.443, corresponding to a change amounts to t.DKK -108.817.

Development in activities and financial matters

Magasin's operating profit before depreciation, amortisation, impairment and tax amounted to DKK 159 million (2020/21: DKK 249 million).

The net profit for the period amounted to DKK 68 million after tax (2020/21: DKK 117 million). All things considered, the management finds the results satisfactory.

Management's review

Amortisation, depreciation and impairment amounted to DKK 70 million (2020/21: DKK 92 million).

Equity amounted to DKK 604 million (2020/21: DKK 550 million) and solvency ratio amounted to 36.1 % (2020/21: 39.1 %).

Assets total amounted to DKK 1.669 million (2020/21: DKK 1.407 million).

Department store operations

Revenue in Magasin decreased compared to 2020/21 primarily due to the extended accounting period last year.

The gross margin % increased slightly compared to last year due to lower markdowns.

Other external expenses have decreased relatively due to an enhanced focus on cost reduction in all areas. The staff cost ratio calculated on the basis of revenue also decreased from 25.1 % to 24.8 %.

Investments

Investments in property, plant and equipment amounted to DKK 34 million.

Strategy

Magasin's vision is to be the leading Scandinavian omni-channel retailer within fashion, beauty and design.

We aim to 'Wow', 'Match' and 'Win' not only our Customers, but our Employees and Brand Partners as well.

Through a long term omnichannel growth, via a people-first approach, where we take responsibility for nourishing a strong and caring culture; and via a circular economy supported mind-set, extending our responsibilities for products sold to include their full lifecycle.

With a strong representation of more than 1.200 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 80 new brands were launched.

To strengthen our omni-channel position, Magasin launched a Goodie loyalty app for the Swedish market in an effort to remain relevant in the modern retail environment. So far it has been well received by the end-users.

During the financial year 2022, Magasin continued to have a significant increase in the number of Goodie Card customers, reaching a base of approx. 1 million loyal Goodie Card customers in early 2023.

Management's review

As part of Magasin's new investment strategy Magasin invested in the brands MessyWeekend and Lust Copenhagen in 2022. These investments can be seen as a new and ambitious step in a direction that makes good commercial sense for our business and of course also for the brands.

Expected developments

Magasin's budget for 2023 shows a continuing high level of activity. However, the increased uncertainty due to the changed global economic outlook makes it challenging to make specific predictions and expectations for the 2023 financial year. Magasin expects revenue and net profit for the financial year 2023 (January 1 - December 31, 2023) to be in line with the same period in 2022. It is estimated by the management that there is no uncertainty related to the company's ability to continue as a going concern.

The total investments for the coming year will be similar to the level of 2022. Marketing, promotion campaigns and customer service will remain at a high level in order to maintain Magasin's market position.

Magasin 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. Furthermore, Magasin is launching Magasin.no in late Summer / Autumn 2023.

Ownership structure

Magasin is wholly owned by Emil Retail Holding ApS, which is registered in Denmark.

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 34 million into property, plant and equipment were made during the financial 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. Moreover, Magasin is 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.

Events occurring after the end of the financial year

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

Management's review

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

Magasin du Nord has a long and proud tradition as a flagship in Danish retail, and for more than 150 years we have worked hard to provide the best service. Our retail channels have been – and still are – guarantors of quality experiences and orderliness, both in terms of product and service. It is a heritage that we are proud of and that we strive to continue in a modern framework.

Magasin takes leadership in showing responsibility 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 Magasin that we act as a responsible and credible player in society.

Today, responsibility and quality are still a big part of our values, but globalisation and the complex world we live in has meant that the concepts are expanding. We all have a responsibility to try to make things better. Not least when, like us, you have deep, Danish roots and great attention in society. Quality and responsibility has become much more extensive than before, and we as a modern company, has an extended responsibility.

On that basis, we have initiated a new systematic work approach with the responsibility of our products, our service, our culture and our physical surroundings.

The work has only just begun and it is a work that will continue as long as Magasin are influencing the habits and wishes of the Danes. That is why we have set up a management team to improve and document our work with responsibility. Based on the principles behind the UN's 17 Sustainable Development Goals, we have developed a management tool to help us involve the accountability perspective explicitly in our decisions, and work proactively to bring accountability to the core of our business. We believe in progress through people and processes. The Group is chaired by the CEO and composed of the responsible for each business entity. This has been done to put maximum decision-making power behind the work.

At Magasin, we encourage all our 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.

For more information visit Magasin's We Love to Care universe at magasin.dk/we-love-to-care.html we you will find our new CSR report 2023 "To have and take responsibility – Structure for Magasin's work with responsibility".

Management's review

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

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.

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 Magasin, the highest governing body is Magasin's Supervisory Board.

The share of female board members elected by the shareholders' committee is currently one of the five selectable seats, by which the intended target is not 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 underrepresented gender in the other levels of management

The legislation aims to ensure equal gender distribution among the company's 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

Magasin'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

Management's review

At Magasin, 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 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.

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

Magasin processes data for a variety of reasons and the processing of personal data is an integral part of Magasin'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 Magasin'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.

Magasin 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 Magasin

As a business Magasin 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 Magasin that each of these parties and the outside trust our way of using data..

Management's review

HR related processing activities:

The overall purpose of this processing is to administer the relationship between job applicants, current and former employees and Magasin, 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.

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

Accounting policies

The annual report for Aktieselskabet Th. Wessel & Vett. Magasin Du Nord has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in TDKK.

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 EMIL Retail Holding ApS.

Comparable figures

The comparable figures for the financial year 2020/21, covering a 16 month period, are not directly comparable with the financial year 2022.

Material reclassification

As a result of continuous development of the strategy, and smaller changes and adaptations over the years, management has readressed the classification of certain items in the profit and loss statement.

In this respect management has identified the following changes that has been made this year and needs to be reclassified in the comparable figures in last years financial statement.

Reclassification relates to income that has been set off against expenses previously. The assumptions and nature related to the items that previous classification was based on, is no longer applicable.

The adjustments does not affect Equity, profit and loss statement or balance sheet. The change only affect reclassification within the profit and loss statement. And it does materially change key figures in percentage as listed in the financial highlights.

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Accounting policies

Staff costs increased from t.DKK -518.626 to t.DKK -627.443, corresponding to a change amounts to t.DKK -108.817.

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 company 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 company 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.

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.

Accounting policies

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 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. Revenue is measured at the fair value of the consideration promised 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.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

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.

Accounting policies

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.

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 company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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).

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.

Accounting policies

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.

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.

Accounting policies

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.

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

Investments

Other financial instruments and equity investments

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.

Deposits

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

Other long term asset

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

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 estimated selling 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.

Accounting policies

Cash on hand and demand deposits

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

Equity

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.

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

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".

According to the rules of joint taxation, Aktieselskabet Th. Wessel & Vett. Magasin Du Nord is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

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 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.

Income statement

DKK thousand.

<u>Note</u>	1/1 2022 - 31/12 2022	1/9 2020 - 31/12 2021
2 Revenue	1.934.563	2.502.809
Work performed for own account and capitalised	10.437	0
Other operating income	24.966	159.280
Costs of goods sold	-792.379	-1.049.462
Other external costs	-535.976	-736.196
Gross profit	641.611	876.431
4 Staff costs	-482.110	-627.443
Earnings Before Interest Taxes Depreciation and Amortization	159.501	248.988
Depreciation, amortisation, and impairment	-69.538	-92.099
Operating profit	89.963	156.889
5 Other financial income	2.182	146
Other financial costs	-6.309	-5.399
Pre-tax net profit or loss	85.836	151.636
6 Tax on net profit or loss for the year	-17.926	-34.456
7 Net profit or loss for the year	67.910	117.180

Balance sheet at 31 December

DKK thousand.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Non-current assets		
8 Completed development projects, including patents and similar rights arising from development projects	43.043	13.639
9 Software	27.093	45.349
Total intangible assets	<u>70.136</u>	<u>58.988</u>
10 Other fixtures and fittings, tools and equipment	105.325	114.622
11 Leasehold improvements	86.178	87.635
Total property, plant, and equipment	<u>191.503</u>	<u>202.257</u>
12 Receivables from group enterprises	544.680	0
13 Other financial instruments and equity investments	1.532	32
14 Deposits	15.120	149.096
Total investments	<u>561.332</u>	<u>149.128</u>
Total non-current assets	<u>822.971</u>	<u>410.373</u>
Current assets		
Manufactured goods and goods for resale	376.453	308.415
Total inventories	<u>376.453</u>	<u>308.415</u>
Trade receivables	52.087	39.478
Receivables from group enterprises	33.604	0
Deferred tax assets	0	10.340
Income tax receivables	10.257	0
Other receivables	251	15.552
15 Prepayments and accrued income	22.730	13.018
Total receivables	<u>118.929</u>	<u>78.388</u>
Cash on hand and demand deposits	350.542	609.345
Total current assets	<u>845.924</u>	<u>996.148</u>
Total assets	<u>1.668.895</u>	<u>1.406.521</u>

Balance sheet at 31 December

DKK thousand.

Equity and liabilities		<u>2022</u>	<u>2021</u>
<u>Note</u>			
Equity			
	Contributed capital	184.000	184.000
	Reserve for development costs	33.574	10.638
	Retained earnings	385.835	355.861
	Total equity	<u>603.409</u>	<u>550.499</u>
Provisions			
16	Provisions for deferred tax	6.829	0
17	Other provisions	41.287	64.178
	Total provisions	<u>48.116</u>	<u>64.178</u>
Long term liabilities other than provisions			
18	Bank loans	239.504	0
19	Deposit received from concessionaires etc.	5.897	7.434
	Other payables	38.455	37.621
	Total long term liabilities other than provisions	<u>283.856</u>	<u>45.055</u>
	Bank loans	11	0
	Trade payables	468.948	399.129
	Payables to group enterprises	5.222	0
	Payables to participating interest	0	12.696
	Income tax payable	2.020	30.543
	Other payables	257.313	304.421
	Total short term liabilities other than provisions	<u>733.514</u>	<u>746.789</u>
	Total liabilities other than provisions	<u>1.017.370</u>	<u>791.844</u>
	Total equity and liabilities	<u>1.668.895</u>	<u>1.406.521</u>
1	Special items		
3	Fees, auditor		
20	Charges and security		
21	Contingencies		
22	Related parties		

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 September 2020	184.000	0	249.319	433.319
Retained earnings for the year	0	10.638	106.542	117.180
Equity 1 January 2022	184.000	10.638	355.861	550.499
Retained earnings for the year	0	22.936	29.974	52.910
Extraordinary dividend adopted during the financial year	0	0	15.000	15.000
Distributed extraordinary dividend adopted during the financial year	0	0	-15.000	-15.000
	184.000	33.574	385.835	603.409

Notes

DKK thousand.

1/1 2022	1/9 2020
- 31/12 2022	- 31/12 2021
<u> </u>	<u> </u>

1. Special items

As a result of the special covid-19 aid packages, the company has in the financial year 1 January 2022 – 31 December 2022 recognized t.DKK 9.699 (2020/21 t.DKK 132.612) regarding compensation in the company's other operating income.

2. Revenue

Revenue in Magasin	2.877.854	3.618.249
Hereof related to concessions etc.	-943.291	-1.115.440
	<u>1.934.563</u>	<u>2.502.809</u>

Segmental statement

	Net revenue, Denmark	Net revenue, Europe other	Total
Geographical – secondary segment:	<u>1.889.981</u>	<u>44.582</u>	<u>1.934.563</u>

3. Fees, auditor

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

4. Staff costs

Salaries and wages	444.202	579.094
Pension costs	31.504	40.931
Other costs for social security	2.464	3.253
Other staff costs	3.940	4.165
	<u>482.110</u>	<u>627.443</u>

Executive board and board of directors	<u>3.032</u>	<u>10.292</u>
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Average number of employees	<u>1.084</u>	<u>1.073</u>
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5. Other financial income

Interest, group enterprises	2.018	19
Other financial income	164	127
	<u>2.182</u>	<u>146</u>

Notes

DKK thousand.

	1/1 2022 - 31/12 2022	1/9 2020 - 31/12 2021
	<u> </u>	<u> </u>
6. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	1.763	40.579
Adjustment of deferred tax for the year	17.169	-6.972
Adjustment of tax for previous years	-1.006	849
	<u>17.926</u>	<u>34.456</u>
7. Proposed distribution of net profit		
Extraordinary dividend distributed during the financial year	15.000	0
Transferred to retained earnings	29.974	106.542
Transferred to other reserves	22.936	10.638
Total allocations and transfers	<u>67.910</u>	<u>117.180</u>
	<u>31/12 2022</u>	<u>31/12 2021</u>
8. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 January 2022	15.311	0
Additions during the year	36.249	15.311
Cost 31 December 2022	<u>51.560</u>	<u>15.311</u>
Amortisation and writedown 1 January 2022	-1.672	0
Amortisation and depreciation for the year	-6.845	-1.672
Amortisation and writedown 31 December 2022	<u>-8.517</u>	<u>-1.672</u>
Carrying amount, 31 December 2022	<u>43.043</u>	<u>13.639</u>

Magasin has made a strategic decision to significantly upgrade the company's IT platforms in order to strengthen Magasin's presence on all platforms. Due to the size and scale of the project, it has been decided to also use internal resources to drive the process and develop updated digital infrastructure. A strengthened presence on all platforms will increase Magasin's revenue both online and in stores. The projects are progressing according to plan and benefits from finished projects have already started to materialize in online sales and expect to increase in the future.

Notes

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
9. Software		
Cost 1 January 2022	171.993	160.236
Additions during the year	0	20.102
Disposals during the year	<u>-52.011</u>	<u>-8.345</u>
Cost 31 December 2022	<u>119.982</u>	<u>171.993</u>
Amortisation and writedown 1 January 2022	-126.644	-111.146
Amortisation and depreciation for the year	-18.256	-23.843
Depreciation, amortisation, and impairment loss for the year, assets disposed of	<u>52.011</u>	<u>8.345</u>
Amortisation and writedown 31 December 2022	<u>-92.889</u>	<u>-126.644</u>
Carrying amount, 31 December 2022	<u>27.093</u>	<u>45.349</u>
10. Other fixtures and fittings, tools and equipment		
Cost 1 January 2022	490.514	695.166
Additions during the year	21.735	24.178
Disposals during the year	<u>-116.037</u>	<u>-228.830</u>
Cost 31 December 2022	<u>396.212</u>	<u>490.514</u>
Amortisation and writedown 1 January 2022	-375.892	-556.961
Amortisation and depreciation for the year	-31.032	-47.761
Depreciation, amortisation and impairment loss for the year, assets disposed of	<u>116.037</u>	<u>228.830</u>
Amortisation and writedown 31 December 2022	<u>-290.887</u>	<u>-375.892</u>
Carrying amount, 31 December 2022	<u>105.325</u>	<u>114.622</u>

Notes

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
11. Leasehold improvements		
Cost 1 January 2022	207.621	183.216
Additions during the year	11.948	31.014
Disposals during the year	<u>-18.505</u>	<u>-6.609</u>
Cost 31 December 2022	<u>201.064</u>	<u>207.621</u>
Depreciation and writedown 1 January 2022	-119.986	-107.773
Amortisation and depreciation for the year	-13.405	-12.213
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>18.505</u>	<u>0</u>
Depreciation and writedown 31 December 2022	<u>-114.886</u>	<u>-119.986</u>
Carrying amount, 31 December 2022	<u>86.178</u>	<u>87.635</u>
12. Receivables from group enterprises		
Additions during the year	<u>544.680</u>	<u>0</u>
Cost 31 December 2022	<u>544.680</u>	<u>0</u>
Carrying amount, 31 December 2022	<u>544.680</u>	<u>0</u>
Which specifies as follow:		
EMIL Retail Holding ApS	<u>544.680</u>	<u>0</u>
	<u>544.680</u>	<u>0</u>
13. Other financial instruments and equity investments		
Cost 1 January 2022	32	32
Additions during the year	<u>1.500</u>	<u>0</u>
Cost 31 December 2022	<u>1.532</u>	<u>32</u>
Carrying amount, 31 December 2022	<u>1.532</u>	<u>32</u>

Notes

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
14. Deposits		
Cost 1 January 2022	149.096	148.788
Additions during the year	440	308
Disposals during the year	<u>-134.416</u>	<u>0</u>
Cost 31 December 2022	<u>15.120</u>	<u>149.096</u>
Carrying amount, 31 December 2022	<u>15.120</u>	<u>149.096</u>
15. Prepayments and accrued income		
Prepaid expenses	<u>22.730</u>	<u>13.018</u>
	<u>22.730</u>	<u>13.018</u>
Prepayments and accrued income consist of prepaid property tax and rent and other prepaid expenses.		
16. Provisions for deferred tax		
Provisions for deferred tax 1 January 2022	-10.340	-3.368
Deferred tax of the net profit or loss for the year	<u>17.169</u>	<u>-6.972</u>
	<u>6.829</u>	<u>-10.340</u>
17. Other provisions		
Other provisions 1 January 2022	64.178	72.739
Change in other provisions for the year	<u>-22.891</u>	<u>-8.561</u>
	<u>41.287</u>	<u>64.178</u>
Other provisions consists of onerous lease provisions and provision for refunds, insurance cases and regulation of concessions revenue.		
18. Bank loans		
Total bank loans	239.504	0
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Total bank loans	<u>239.504</u>	<u>0</u>

Notes

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
19. Deposit received from concessionaires etc.		
Prepayments received from customers	5.897	7.434
	<u>5.897</u>	<u>7.434</u>

20. Charges and security

For bank engagement, t.DKK 239.504, the company has provided security in floating company charge a nominal value of t.DKK 250.000. For the credit facilities within the Emil Retail Holding ApS Group the company has also provided an absolute guarantee.

Intercompany receivables and debt is subordinated to credit institute.

21. Contingencies

Contingent liabilities

	31/12 2022 DKK in thousands	31/12 2021 DKK in thousands
Within 1 year	216.047	211.739
Between 1 and 5 years	843.586	785.009
After 5 years	1.315.702	1.481.591
Total contingent liabilities	<u>2.375.335</u>	<u>2.478.339</u>

Comprising:

Lease of buildings	2.372.334	2.474.128
Other rental obligations	3.003	4.211

Joint taxation

With EMIL Retail Holding ApS, company reg. no 42401102 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The 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.

Notes

DKK thousand.

21. Contingencies (continued)

Joint taxation (continued)

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

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

22. Related parties

Transactions

Transactions with closely related parties are done at market conditions.

Consolidated financial statements

The company is a wholly owned subsidiary of EMIL Retail Holding ApS and is included in that company's consolidated financial statements, which are publicly available.

EMIL Retail Holding ApS is a wholly owned subsidiary of Peek & Cloppenburg Holding B.V.

Peek & Cloppenburg Holding B.V. is a wholly owned subsidiary of Peek & Cloppenburg KG. JC Switzerland Holding AG, Zug is the ultimate parent company.