Grant Thornton
Godkendt
Revisionspartnerselskab

Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936

T (+45) 33 110 220

www.grantthornton.dk

# 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 2023

The annual report was submitted and approved by the general meeting on the 10 May 2024.

Rasmus Elverdam
Chairman of the meeting

# Contents



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

## Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Aktieselskabet Th. Wessel & Vett. Magasin Du Nord for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Copenhagen, 10 May 2024

**Executive board**

| | |
|---|---|
| Peter Fabricius<br>Managing director | Michael Jagd Jelbo<br>Finance director |

**Board of directors**

| | | |
|---|---|---|
| Ernst-Albrecht von Hake<br>Chairman | Peter Gerald King<br>Deputy Chairman | Peter Thostrup |
| Steen Guldbæk Jensen<br>Staff Representative | Tina Burmester<br>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 2023, 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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, 10 May 2024

**Grant Thornton**
Certified 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<br>Kongens Nytorv 13<br>1050 Copenhagen | |
| | Company reg. no. | 58 19 12 13 |
| | Financial year: | 1 January 2023 - 31 December 2023 |
| **Board of directors** | Ernst-Albrecht von Hake, Chairman<br>Peter Gerald King, Deputy Chairman<br>Peter Thostrup<br>Steen Guldbæk Jensen, Staff Representative<br>Tina Burmester, Staff Representative | |
| **Executive board** | Peter Fabricius, Managing director<br>Michael Jagd Jelbo, Finance director | |
| **Auditors** | Grant Thornton, Godkendt Revisionspartnerselskab<br>Stockholmsgade 45<br>2100 København Ø | |
| **Parent company** | Emil Retail Holding ApS | |

## Financial highlights

| MDKK | 2023 | 2022 | 2020/21 (16 mths) | 2019/20 | 2018/19 |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Revenue in Magasin | 2.901 | 2.877 | 3.456 | 2.577 | 2.865 |
| Revenue | 1.972 | 1.935 | 2.503 | 1.685 | 1.829 |
| Gross profit | 645 | 642 | 876 | 414 | 616 |
| EBITDA | 127 | 159 | 249 | 35 | 173 |
| Profit from operating activities | 58 | 90 | 157 | -50 | 108 |
| Net financials | 15 | -4 | -5 | -2 | 0 |
| Net profit or loss for the year | 57 | 68 | 117 | -42 | 84 |
| **Statement of financial position:** | | | | | |
| Balance sheet total | 1.450 | 1.669 | 1.407 | 1.127 | 949 |
| Investments in property, plant and equipment | 37 | 34 | 55 | 14 | 25 |
| Equity | 661 | 603 | 550 | 433 | 474 |
| **Employees:** | | | | | |
| Average number of full-time employees | 1.072 | 1.084 | 1.073 | 1.097 | 1.209 |
| **Key figures in %:** | | | | | |
| Return on assets | 3,7 | 5,9 | 12,2 | -4,4 | 11,3 |
| EBIT margin | 2,9 | 4,7 | 6,3 | -3,0 | 5,9 |
| Solvency ratio | 45,6 | 36,1 | 39,1 | 38,4 | 49,9 |
| Return on equity | 9,0 | 11,8 | 23,8 | -9,3 | 17,9 |

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

# 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**

Management has reassessed the estimate related to onerous lease provisions. The previsous estimate was t.DKK 34.909. Management assess it is more true and fair to reassess the estimate to t.DKK 0.

The reassessed estimate has an impact to net result before tax of t.DKK 34.909.

**Development in activities and financial matters**

Magasin's operating profit before depreciation, amortisation, impairment and tax amounted to DKK 127 million (2022: DKK 159 million).

The net profit for the period amounted to DKK 57 million after tax (2022: DKK 68 million). All things considered, the management finds the results satisfactory.

Amortisation, depreciation and impairment amounted to DKK 69 million (2022: DKK 70 million).

Equity amounted to DKK 661 million (2022: DKK 604 million) and solvency ratio amounted to 46.9 % (2022: 36.1 %).

Assets total amounted to DKK 1.450 million (2022: DKK 1.669 million).

*Department store operations*

Revenue in Magasin slightly increased compared to 2022 primarily driven by the flagship store at Kongens Nytorv, while the gross profit was in line with 2022.

Other external expenses have decreased relatively due to an enhanced focus on cost reduction in all areas. The staff cost ratio calculated based on revenue increased from 24,9 % to 26,3 %.

*Investments*

Investments in property, plant and equipment amounted to DKK 37 million.

## Management´s review

### Strategy

Magasin aspire to be the leading Scandinavian omni-channel retailer within fashion, beauty and design.

Our company takes leadership in showing responsibility within both the products we sell and the services we offer and in the way, we conduct our business.

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 our 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.

During the financial year 2023, 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.

As part of Magasin's new investment strategy, Magasin acquired 100% of the swimwear and athleisure brand Copenhagen Cartel in 2023. Together with previous investments into the sexual well-being brand Lust Copenhagen and a minority stake in the eyewear brand MessyWeekend, the ambition is to gather strong and forward-looking entrepreneurial forces into a new business unit; Magasin Ventures.

### Expected developments

Magasin's budget for 2024 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 2024 financial year. Magasin expects revenue and net profit for the financial year 2024 (January 1 - December 31, 2024) to be in line with the same period in 2023. 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 2023. 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, Magasin.se, and Magasin.no.

# Management´s review

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

**Cash and capital ressources**
As an omni-channel multi-brand retailer, 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 37 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 optimizing inventory and making the right purchases. Magasin has a leading market position in these areas via a structured performance within merchandising and a flexible purchasing model, which combines its own purchases and private label brands with concession and consignment partner agreements.

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

## Management´s review

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

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, and it is important for Magasin that we act as a responsible and credible player in society. 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, haves an extended responsibility.

On that basis, we have initiated a new systematic work approach with the responsibility of our products, our services, 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 people around us. That is why we have set up a steering committee with management participation 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 composed by the responsible directors for each business entity and chaired the CEO, to put maximum decision-making power behind the work.

At Magasin, we encourage all our partners to join our efforts in taking responsibility; for people, the 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 www.magasin.dk/ansvarlighed/ where you will also find our CSR report “To have and take responsibility – Structure for Magasin’s work with responsibility”.

## Management´s review

### Target figures and policies for the underrepresented gender

**Overview of the status of target figures for the underrepresented gender**

| | 2023 | 2022 |
|---|---|---|
| **Board of Directors** | | |
| Total number of members of board of Directors, excluding employee-elected members | 5 | 5 |
| Underrepresented gender in board of Directors | 20 % | 20 % |
| Target figure of underrepresented gender in board of Directors | 40 % | 40 % |
| Year of expected fulfilment | 2030 | 2030 |
| **Other management levels** | | |
| Total number of other management levels | 179 | 166 |
| Underrepresented gender at other management levels | 37 % | 41 % |
| Target figure of underrepresented gender at other management levels | 40 % | 40 % |
| Year of expected fulfilment | 2025 | 2025 |

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. Magasin's culture is known for giving room to be who you are. It runs deep in Magasin's DNA to accommodate all customers, and therefore it is only natural that Magasin's employees are also characterized by diversity.

A diverse workforce provides, among other things, a dynamic and innovative workplace. Magasin therefore works to promote a spacious working environment and a workplace with the right resources and skills among employees, regardless of gender, living situation, disability, sexual orientation, age, ethnic origin, interests, education, religion and different professional backgrounds.

Magasin makes an active effort in our employer branding to appeal to all genders. We work actively to ensure an equal distribution of men, women and other genders in our visual material and show all genders in videos, leaflets and other materials dealing with attracting candidates. In addition, we contribute to the national branding of retail trade by participating in the national branding campaign of the retail education, where the distribution between all genders is advantageously balanced. Magasin also works actively to ensure a balanced gender composition in all management levels.

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

## Management´s review

*Target figures for the company's top management*

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 was 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 for the company's other management levels*

In 2023, Magasin employed 179 managers. Of the 179 managers, 113 were women and 66 were men.

Among the largest group of managers, related to Magasins' key area – sales and operations in the stores, Magasin employed 101 managers, 70 women and 31 men.

Top-level managers in Stores (FL) consisted of 17 women and 9 men.

For back of house functions Magasin employed 52 managers, 26 women and 26 men.

As a result, the distribution between women and men at all levels beneath the Directors is 62% women and 38% men. As there is total equality among the back of house leaders in 2023, it is a focus area for Magasin, both in regards to recruitment and in regards to appointment/succession, that Magasin - if there are equally qualified candidates for a position - prioritizes achieving its equality goals for any open position in the stores.

In this context, Magasin has initiated several initiatives, including:

- Targeted recruitment
- Magasin's job adverts clearly states that the candidate is not judged by gender, age or religious beliefs
- Annual employee development interviews (MUS) with job development and succession wishes in focus
- Possibility of differentiated salary packages adapted to the individual manager's life situation

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.

## Management´s review

**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 and we strive 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..

**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.

## Management´s review

**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 DKK.

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.

Management has reassessed the estimate related to onerous lease provisions. The previsous estimate was t.DKK 34.909. Management assess it is more true and fair to reassess the estimate to t.DKK 0.

The reassessed estimate has an impact to net result before tax of t.DKK 34.909.

**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.

## Accounting policies

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

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

### Income statement

**Revenue**
The Company's net revenue comprises revenue form 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.

## Accounting policies

**Staff costs**

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

**Depreciation, amortisation, and writedown for impairment**

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

**Financial income and expenses**

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

**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 write-downs for impairment.

## Accounting policies

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

**Software**

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

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

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

**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.

## Accounting policies

**Impairment loss relating to non-current assets**

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

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

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

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.

## Accounting policies

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

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

**Equity**
**Reserve for 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 ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.

## Accounting policies

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.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**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 1 January - 31 December

DKK thousand.

| Note | | 2023 | 2022 |
|---|---|---|---|
| 2 | Revenue | 1.971.933 | 1.934.563 |
| | Work performed for own account and capitalised | 14.071 | 10.437 |
| | Other operating income | 20.896 | 24.966 |
| | Costs of goods sold | -842.514 | -792.379 |
| | Other external costs | -518.978 | -535.976 |
| | **Gross profit** | **645.408** | **641.611** |
| 4 | Staff costs | -518.589 | -482.110 |
| | **Earnings Before Interest Taxes Depreciation and Amortization** | **126.819** | **159.501** |
| | Depreciation, amortisation, and impairment | -69.162 | -69.538 |
| | **Operating profit** | **57.657** | **89.963** |
| 5 | Other financial income | 22.708 | 2.182 |
| | Other financial costs | -7.683 | -6.309 |
| | **Pre-tax net profit or loss** | **72.682** | **85.836** |
| 6 | Tax on net profit or loss for the year | -15.554 | -17.926 |
| **7** | **Net profit or loss for the year** | **57.128** | **67.910** |

## Balance sheet at 31 December

DKK thousand.

| Note | Assets | 2023 | 2022 |
|---|---|---|---|
| | **Non-current assets** | | |
| 8 | Completed development projects, including patents and similar rights arising from development projects | 62.312 | 43.043 |
| 9 | Software | 13.209 | 27.093 |
| | Total intangible assets | 75.521 | 70.136 |
| 10 | Other fixtures, fittings, tools and equipment | 102.619 | 105.325 |
| 11 | Leasehold improvements | 85.427 | 86.178 |
| | Total property, plant, and equipment | 188.046 | 191.503 |
| 12 | Receivables from group enterprises | 408.330 | 544.680 |
| 13 | Other financial instruments and equity investments | 1.782 | 1.532 |
| 14 | Deposits | 15.518 | 15.120 |
| | Total investments | 425.630 | 561.332 |
| | **Total non-current assets** | **689.197** | **822.971** |
| | **Current assets** | | |
| | Manufactured goods and goods for resale | 409.222 | 376.453 |
| | Total inventories | 409.222 | 376.453 |
| | Trade receivables | 73.319 | 52.087 |
| | Receivables from group enterprises | 3.740 | 33.604 |
| | Income tax receivables | 2.618 | 10.257 |
| | Other receivables | 338 | 251 |
| 15 | Prepayments and accrued income | 69.234 | 22.730 |
| | Total receivables | 149.249 | 118.929 |
| | Cash on hand and demand deposits | 201.920 | 350.542 |
| | **Total current assets** | **760.391** | **845.924** |
| | **Total assets** | **1.449.588** | **1.668.895** |

## Balance sheet at 31 December

DKK thousand.

| Note | Equity and liabilities | 2023 | 2022 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 184.000 | 184.000 |
| | Reserve for development costs | 48.603 | 33.574 |
| | Retained earnings | 427.934 | 385.835 |
| | **Total equity** | **660.537** | **603.409** |
| | **Provisions** | | |
| 16 | Provisions for deferred tax | 25.001 | 6.829 |
| 17 | Other provisions | 6.049 | 41.287 |
| | **Total provisions** | **31.050** | **48.116** |
| | **Liabilities other than provisions** | | |
| | Bank loans | 0 | 239.504 |
| 18 | Deposit received from concessionaires etc. | 5.588 | 5.897 |
| 19 | Other payables | 39.936 | 38.455 |
| | Total long term liabilities other than provisions | 45.524 | 283.856 |
| | Bank loans | 45 | 11 |
| | Trade payables | 449.245 | 468.948 |
| | Payables to group enterprises | 56.321 | 5.222 |
| | Income tax payable | 0 | 2.020 |
| | Other payables | 206.866 | 257.313 |
| | Total short term liabilities other than provisions | 712.477 | 733.514 |
| | **Total liabilities other than provisions** | **758.001** | **1.017.370** |
| | **Total equity and liabilities** | **1.449.588** | **1.668.895** |

**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 January 2022 | 184.000 | 10.638 | 355.861 | 550.499 |
| Retained earnings for the year | 0 | 0 | 29.974 | 29.974 |
| 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 |
| Transferred from retained earnings | 0 | 22.936 | 0 | 22.936 |
| Equity 1 January 2022 | 184.000 | 33.574 | 385.835 | 603.409 |
| Retained earnings for the year | 0 | 0 | 42.099 | 42.099 |
| Transferred from retained earnings | 0 | 15.029 | 0 | 15.029 |
| | **184.000** | **48.603** | **427.934** | **660.537** |

## Notes

DKK thousand.

| | 2023 | 2022 |
|---|---|---|

**1. Special items**

As a result of the special covid-19 aid packages, the company has in the financial year 1 January 2023 – 31 December 2023 recognized t.DKK 4.051 (2022 t.DKK 9.699) regarding compensation in the company's other operating income.

The financial year 1 January 2023 - 31 december 2023 has been affected positively by a reassessment to provision for onerous lease, made in earlier years of t.DKK 34.909. The reassessment of the provision, recognized under external costs, is t.DKK 34.909 as the provision by end of the year 2023 is zero.

**2. Revenue**

| | 2023 | 2022 |
|---|---|---|
| Revenue in Magasin | 2.901.391 | 2.877.854 |
| Hereof related to concessions etc. | -929.458 | -943.291 |
| | **1.971.933** | **1.934.563** |

**Segmental statement**

| | **Net revenue, Denmark** | **Net revenue, Europe other** | **Total** |
|---|---|---|---|
| Geographical – secondary segment: | 1.926.815 | 45.118 | 1.971.933 |

**3. Fees, auditor**

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

**4. Staff costs**

| | 2023 | 2022 |
|---|---|---|
| Salaries and wages | 475.906 | 444.202 |
| Pension costs | 35.983 | 31.504 |
| Other costs for social security | 2.433 | 2.464 |
| Other staff costs | 4.267 | 3.940 |
| | **518.589** | **482.110** |
| Executive board and board of directors | 2.992 | 3.032 |
| Average number of employees | 1.072 | 1.084 |

## Notes

DKK thousand.

| | | 2023 | 2022 |
|---|---|---|---|
| **5.** | **Other financial income** | | |
| | Interest, group enterprises | 21.445 | 2.018 |
| | Other financial income | 1.263 | 164 |
| | | **22.708** | **2.182** |
| **6.** | **Tax on net profit or loss for the year** | | |
| | Tax on net profit or loss for the year | -2.618 | 1.763 |
| | Adjustment of deferred tax for the year | 18.172 | 17.169 |
| | Adjustment of tax for previous years | 0 | -1.006 |
| | | **15.554** | **17.926** |
| **7.** | **Proposed distribution of net profit** | | |
| | Extraordinary dividend distributed during the financial year | 0 | 15.000 |
| | Transferred to retained earnings | 42.099 | 29.974 |
| | Transferred to other reserves | 15.029 | 22.936 |
| | **Total allocations and transfers** | **57.128** | **67.910** |
| **8.** | **Completed development projects, including patents and similar rights arising from development projects** | | |
| | Cost 1 January 2023 | 51.560 | 15.311 |
| | Additions during the year | 34.201 | 36.249 |
| | **Cost 31 December 2023** | **85.761** | **51.560** |
| | Amortisation and write-down 1 January 2023 | -8.517 | -1.672 |
| | Amortisation and depreciation for the year | -14.932 | -6.845 |
| | **Amortisation and write-down 31 December 2023** | **-23.449** | **-8.517** |
| | **Carrying amount, 31 December 2023** | **62.312** | **43.043** |

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.

| | | 31/12 2023 | 31/12 2022 |
|---|---|---|---|
| **9.** | **Software** | | |
| | Cost 1 January 2023 | 119.982 | 171.993 |
| | Disposals during the year | 0 | -52.011 |
| | **Cost 31 December 2023** | **119.982** | **119.982** |
| | Amortisation and write-down 1 January 2023 | -92.889 | -126.644 |
| | Amortisation and depreciation  for the year | -13.884 | -18.256 |
| | Depreciation, amortisation, and impairment loss for the year, assets disposed of | 0 | 52.011 |
| | **Amortisation and write-down 31 December 2023** | **-106.773** | **-92.889** |
| | **Carrying amount, 31 December 2023** | **13.209** | **27.093** |
| **10.** | **Other fixtures, fittings, tools and equipment** | | |
| | Cost 1 January 2023 | 396.212 | 490.514 |
| | Additions during the year | 25.798 | 21.735 |
| | Disposals during the year | -54.478 | -116.037 |
| | **Cost 31 December 2023** | **367.532** | **396.212** |
| | Amortisation and write-down 1 January 2023 | -290.887 | -375.892 |
| | Amortisation and depreciation for the year | -28.504 | -31.032 |
| | Depreciation, amortisation and impairment loss for the year, assets disposed of | 54.478 | 116.037 |
| | **Amortisation and write-down 31 December 2023** | **-264.913** | **-290.887** |
| | **Carrying amount, 31 December 2023** | **102.619** | **105.325** |

## Notes

DKK thousand.

| | | 31/12 2023 | 31/12 2022 |
|---|---|---|---|
| **11.** | **Leasehold improvements** | | |
| | Cost 1 January 2023 | 201.064 | 207.621 |
| | Additions during the year | 11.094 | 11.948 |
| | Disposals during the year | -12.519 | -18.505 |
| | **Cost 31 December 2023** | **199.639** | **201.064** |
| | Depreciation and writedown 1 January 2023 | -114.886 | -119.986 |
| | Amortisation and depreciation for the year | -11.845 | -13.405 |
| | Reversal of depreciation, amortisation and impairment loss, assets disposed of | 12.519 | 18.505 |
| | **Depreciation and writedown 31 December 2023** | **-114.212** | **-114.886** |
| | **Carrying amount, 31 December 2023** | **85.427** | **86.178** |
| **12.** | **Receivables from group enterprises** | | |
| | Cost 1 January 2023 | 544.680 | 0 |
| | Additions during the year | 0 | 544.680 |
| | Disposals during the year | -136.350 | 0 |
| | **Cost 31 December 2023** | **408.330** | **544.680** |
| | **Carrying amount, 31 December 2023** | **408.330** | **544.680** |
| | Which specifies as follow: | | |
| | EMIL Retail Holding ApS | 408.330 | 544.680 |
| | | **408.330** | **544.680** |
| **13.** | **Other financial instruments and equity investments** | | |
| | Cost 1 January 2023 | 1.532 | 32 |
| | Additions during the year | 250 | 1.500 |
| | **Cost 31 December 2023** | **1.782** | **1.532** |
| | **Carrying amount, 31 December 2023** | **1.782** | **1.532** |

## Notes

DKK thousand.

| | | 31/12 2023 | 31/12 2022 |
|---|---|---|---|
| **14.** | **Deposits** | | |
| | Cost 1 January 2023 | 15.120 | 149.096 |
| | Additions during the year | 398 | 440 |
| | Disposals during the year | 0 | -134.416 |
| | **Cost 31 December 2023** | **15.518** | **15.120** |
| | **Carrying amount, 31 December 2023** | **15.518** | **15.120** |

| | | | |
|---|---|---|---|
| **15.** | **Prepayments and accrued income** | | |
| | Prepaid expenses | 69.234 | 22.730 |
| | | **69.234** | **22.730** |

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 2023 | 6.829 | -10.340 |
| | Deferred tax relating to the net profit or loss for the year | 18.172 | 17.169 |
| | | **25.001** | **6.829** |

| | | | |
|---|---|---|---|
| **17.** | **Other provisions** | | |
| | Other provisions 1 January 2023 | 41.287 | 64.178 |
| | Change in other provisions for the year | -35.238 | -22.891 |
| | | **6.049** | **41.287** |

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

| | | | |
|---|---|---|---|
| **18.** | **Deposit received from concessionaires etc.** | | |
| | Prepayments received from customers | 5.588 | 5.897 |
| | | **5.588** | **5.897** |

## Notes

DKK thousand.

| | 31/12 2023 | 31/12 2022 |
|---|---|---|
| **19. Other payables** | | |
| Freezed holiday funds | 39.936 | 38.455 |
| | **39.936** | **38.455** |
| Share of liabilities due after 5 years | 39.936 | 38.455 |

**20. Charges and security**

For bank engagement, t.DKK 0, 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 2023 DKK in thousands | 31/12 2022 DKK in thousands |
|---|---|---|
| Within 1 year | 211.304 | 216.047 |
| Between 1 and 5 years | 796.875 | 843.586 |
| After 5 years | 1.065.964 | 1.315.702 |
| **Total contingent liabilities** | **2.074.143** | **2.375.335** |
| Comprising: | | |
| Lease of buildings | 2.069.433 | 2.372.334 |
| Other rental obligations | 4.710 | 3.003 |

**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 wholy 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 wholy owned subsidiary of Peek & Cloppenburg Holding B.V.

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