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Grant Thornton
Statsautoriseret
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 September 2020 - 31 December 2021

The annual report was submitted and approved by the general meeting on the 28 February 2022.

Rasmus Elverdam
Chairman of the meeting

Contents

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 September 2020 - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 September 2020 – 31 December 2021.

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

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

Copenhagen, 28 February 2022

Executive board

Peter Fabricius Managing director	Michael Jagd Jelbo Finance director

Board of directors

Ernst-Albrecht von Hake Chairman	Peter Gerald King Deputy Chairman	Thomas Bredlow
Peter Thostrup	Steen Guldbæk Jensen Staff Representative	Aoife Mary Blicher 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 September 2020 - 31 December 2021, which comprise a summary of significant accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 September 2020 - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the Management’s Review
Management is responsible for the Management’s Review.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Copenhagen, 28 February 2022

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

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

Company information

The company	Aktieselskabet Th. Wessel & Vett. Magasin Du Nord Kongens Nytorv 13 1050 Copenhagen
	Company reg. no. 58 19 12 13 Financial year: 1 September 2020 - 31 December 2021
Board of directors	Ernst-Albrecht von Hake, Chairman Peter Gerald King, Deputy Chairman Thomas Bredlow Peter Thostrup Steen Guldbæk Jensen, Staff Representative Aoife Mary Blicher, 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	2020/21	2019/20	2018/19	2017/18	2016/17
Income statement:					
Revenue in Magasin	3.456	2.577	2.865	2.821	2.822
Revenue	2.341	1.685	1.829	1.787	1.791
Gross profit	768	414	616	640	639
EBITDA	249	35	173	227	228
Profit from operating activities	157	-50	108	154	172
Net financials	-5	-2	0	2	1
Net profit or loss for the year	117	-42	84	122	135
Statement of financial position:					
Balance sheet total	1.407	1.127	949	968	816
Investments in property, plant and equipment	55	14	25	91	87
Equity	550	433	474	465	343
Employees:					
Average number of full-time employees	1.073	1.097	1.209	1.144	1.080
Key figures in %:					
Return on assets	12,2	-4,4	11,3	17,3	17,3
EBIT margin	6,7	-3,0	5,9	8,6	9,6
Solvency ratio	39,1	38,4	49,9	48,0	45,9
Return on equity	23,8	-9,3	17,9	30,2	26,7

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.

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

As part of the new ownership structure, Magasin has changed its accounting period and the financial year end is now 31st of December. To accommodate for this change, the annual report for 2020/21 is a 16-month period and thus difficult to compare with 2019/20.

Magasin's operating profit before depreciation, amortisation, impairment and tax amounted to DKK 249 million (2019/20: DKK 35 million). Besides the extended 16-month accounting period, the result has been strongly impacted by the COVID-19 pandemic and the resulting government lockdown of Magasin's brick-and-mortar stores in the period from 17th of December 2020 to 20th of April 2021.

The net profit for the period amounted to DKK 117 million after tax (2019/20: DKK -42 million). All things considered, the management finds the results satisfactory.

Amortisation, depreciation and impairment amounted to DKK 92 million (2019/20: DKK 85 million).

Equity amounted to DKK 550 million (2019/20: DKK 433 million) and solvency ratio amounted to 38.1 % (2019/20: 38.4 %).

Assets total amounted to DKK 1.407 million (2019/20: DKK 1.126 million).

Department store operations
Revenue in Magasin increased compared to 2019/20 primarily due to the extended accounting period.

The gross margin % also increased compared to last year due to lower markdowns and increased salary and fixed cost compensation received from the Government as part of Other operating income.

Other external expenses have increased relatively due to an increase in rent and estate costs as well as warehouse costs to the online shop. The staff cost ratio calculated on the basis of revenue also increased from 22.5 % to 23.4 %.

Investments
Investments in property, plant and equipment amounted to DKK 55 million.

Management´s review

Strategy

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

With a strong representation of more than 1.200 international and Scandinavian brands across a breadth of product categories, 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.

All seven of Magasin's brick-and-mortar stores remained temporarily closed between 17th of December 2020 and 20th of April 2021, although with better than expected results post re-openings. Moreover, Magasin.dk reached double-digit profitable growth in 2020/21, reflecting not only the lockdown of brick-and-mortar store but also the success of Magasin's continued investments in this area. Magasin.dk is our most visited store.

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

During the financial year 2020/21, Magasin continued to have a significant increase in the number of Goodie Card customers, and currently we have an active base of approx. 700,000 loyal Goodie Card customers.

Expected developments

Magasin's budget for 2022 shows a continuing high level of activity. However, the increased uncertainty due to the corona pandemic makes it challenging to make specific predictions and expectations for the 2022 financial year. While the COVID-19 pandemic has had a general negative effect on physical retailing, Magasin expects revenue and net profit for the financial year 2022 (January 1 - December 31, 2022) to be in line or above the same period in 2020/2021 converted to a 12 month period. 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 2020/2021 when adjusted for the 16-month period. 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.

Management´s review

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

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

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

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

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

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

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

Gifts are beautifully wrapped in Magasin with 100% recycled paper, just as all our gift boxes are made from recycled cardboard. Both wrapping paper and gift boxes are printed with water-based paint and water-based varnish. Items ordered on Magasin.dk and Magasin.se comes in recycled packaging, just as we work purposefully to minimize the consumption of packaging by optimizing the size.

We also make an effort at utilizing our resources the best possible way. This means that we switch to energy-saving light sources (LED), systems and other things when we can. We have also reduced how long light sources, heating, cooling, ventilation, escalators and other energy-consuming objects are

Management´s review

switched on, so that we can keep energy consumption to a minimum. Among other things, we have also shortened the time our Christmas lights are on, which is why it is now only in use some of the day, rather than around the clock.

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

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

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

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

At 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 none of the four 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.

Management´s review

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

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.

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.

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..

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).

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.

Change in the financial year
Due to change in the ownership, whereas new the parent company EMIL Retail Holding ApS has purchased the shares in the Company by end May 2020, the financial year has been changed during 2020/2021. The financial year 2020/21 is therefore covering 16 months, i.e. from 1 September 2020 to 31 December 2021. Therefore, the comparable figures, covering a 12 month period, are not directly comparable with the financial year 2020/21.

Classifications
In the financial year 1 September 2019 - 31 August 2020, the company had included t.DKK 29.649 in COVID-19 compensation in the company's staff costs. The COVID-19 compensation should have been classified as Other operating income. The comparative figures have not been corrected.

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 from department stores and internet sales as well as fees from concessions.

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

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

Cost of sales

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

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.

Accounting policies

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 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 loan to external partners.

Inventories

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

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

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

Receivables

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

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

Prepayments and accrued income

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

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.

Note		1/9 2020 - 31/12 2021	1/9 2019 - 31/8 2020
2	Revenue	2.340.726	1.684.618
	Other operating income	132.612	23.400
	Costs of goods sold	-1.021.886	-734.231
	Other external costs	-683.838	-559.651
	Gross profit	**767.614**	**414.136**
4	Staff costs	-518.626	-378.716
	Earnings Before Interest Taxes Depreciation and Amortization	**248.988**	**35.420**
	Depreciation, amortisation, and impairment	-92.099	-85.426
	Operating profit	**156.889**	**-50.006**
5	Other financial income	146	158
	Other financial costs	-5.399	-1.817
	Pre-tax net profit or loss	**151.636**	**-51.665**
6	Tax on net profit or loss for the year	-34.456	10.148
7	**Net profit or loss for the year**	**117.180**	**-41.517**

Balance sheet

DKK thousand.

Note	Assets	31/12 2021	31/8 2020
	Non-current assets		
8	Completed development projects, including patents and similar rights arising from development projects	13.639	0
9	Software	45.349	49.090
	Total intangible assets	58.988	49.090
10	Other fixtures and fittings, tools and equipment	114.622	138.205
11	Leasehold improvements	87.635	75.443
	Total property, plant, and equipment	202.257	213.648
12	Other financial instruments and equity investments	32	32
13	Deposits	149.096	148.788
	Total investments	149.128	148.820
	Total non-current assets	**410.373**	**411.558**
	Current assets		
	Manufactured goods and goods for resale	308.415	259.511
	Total inventories	308.415	259.511
	Trade receivables	39.478	48.152
	Receivables from group enterprises	0	20.000
14	Deferred tax assets	10.340	3.368
	Other receivables	15.552	62.506
15	Prepayments and accrued income	13.018	25.488
	Total receivables	78.388	159.514
	Cash on hand and demand deposits	609.345	295.995
	Total current assets	**996.148**	**715.020**
	Total assets	**1.406.521**	**1.126.578**

Balance sheet

DKK thousand.

Note	Equity and liabilities	31/12 2021	31/8 2020
	Equity		
	Contributed capital	184.000	184.000
	Reserve for development costs	10.638	0
	Retained earnings	355.861	249.319
	Total equity	**550.499**	**433.319**
	Provisions		
16	Other provisions	64.178	72.739
	Total provisions	**64.178**	**72.739**
	Long term labilities other than provisions		
17	Deposit received from concessionaires etc.	7.434	6.703
18	Other payables	37.621	37.328
	Total long term liabilities other than provisions	45.055	44.031
	Bank loans	0	2
	Trade payables	399.129	355.470
	Payables to participating interest	12.696	0
	Income tax payable	30.543	1.537
	Other payables	304.421	219.480
	Total short term liabilities other than provisions	746.789	576.489
	Total liabilities other than provisions	**791.844**	**620.520**
	Total equity and liabilities	**1.406.521**	**1.126.578**

1 Special items
3 Fees, auditor
19 Contingencies
20 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 September 2019	184.000	0	290.836	474.836
Retained earnings for the year	0	0	-41.517	-41.517
Equity 1 September 2020	184.000	0	249.319	433.319
Retained earnings for the year	0	10.638	106.542	117.180
	184.000	**10.638**	**355.861**	**550.499**

Notes

DKK thousand.

1. Special items

As a result of the worldwide COVID-19 pandemic and the special aid packages, the company has in the financial year 1 September 2020 – 31 December 2021 recognized t.DKK 132.612 in compensation in the company's other operating income.

	1/9 2020 - 31/12 2021	1/9 2019 - 31/8 2020
2. Revenue		
Revenue in Magasin	3.456.166	2.574.740
Hereof related to concessions etc.	-1.115.440	-890.122
	2.340.726	**1.684.618**

Segmental statement

	Net revenue, Denmark	**Net revenue, Europe other**	**Total**
Geographical – secondary segment:	2.299.964	40.762	2.340.726

3. Fees, auditor

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

Notes

DKK thousand.

		1/9 2020 - 31/12 2021	1/9 2019 - 31/8 2020
4.	**Staff costs**		
	Salaries and wages	470.277	340.696
	Pension costs	40.931	31.306
	Other costs for social security	3.253	2.575
	Other staff costs	4.165	4.139
		518.626	**378.716**
	Executive board and board of directors	10.292	6.338
	Average number of employees	1.073	1.097

In the financial year 1 September 2019 - 31 August 2020, the company had included t.DKK 29.649 in COVID-19 compensation in the company's staff costs. The COVID-19 compensation should have been classified as Other operating income. The comparative figures have not been corrected.

5.	**Other financial income**		
	Interest, group enterprises	19	142
	Other financial income	127	16
		146	**158**

6.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	40.579	2.331
	Adjustment of deferred tax for the year	-6.972	-12.479
	Adjustment of tax for previous years	849	0
		34.456	**-10.148**

7.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	106.542	0
	Transferred to reserve for development costs	10.638	0
	Allocated from retained earnings	0	-41.517
	Total allocations and transfers	**117.180**	**-41.517**

Notes

DKK thousand.

		31/12 2021	31/8 2020
8.	**Completed development projects, including patents and similar rights arising from development projects**		
	Additions during the year	15.311	0
	Cost 31 December 2021	**15.311**	**0**
	Amortisation and depreciation for the year	-1.672	0
	Amortisation and writedown 31 December 2021	**-1.672**	**0**
	Carrying amount, 31 December 2021	**13.639**	**0**
9.	**Software**		
	Cost 1 September 2020	160.236	129.939
	Additions during the year	20.102	30.297
	Disposals during the year	-8.345	0
	Cost 31 December 2021	**171.993**	**160.236**
	Amortisation and writedown 1 September 2020	-111.146	-99.276
	Amortisation and depreciation for the year	-23.843	-11.870
	Depreciation, amortisation, and impairment loss for the year, assets disposed of	8.345	0
	Amortisation and writedown 31 December 2021	**-126.644**	**-111.146**
	Carrying amount, 31 December 2021	**45.349**	**49.090**

Notes

DKK thousand.

		31/12 2021	31/8 2020
10.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 September 2020	695.166	685.207
	Additions during the year	24.178	9.959
	Disposals during the year	-228.830	0
	Cost 31 December 2021	**490.514**	**695.166**
	Amortisation and writedown 1 September 2020	-556.961	-497.207
	Amortisation and depreciation for the year	-47.761	-59.754
	Depreciation, amortisation and impairment loss for the year, assets disposed of	228.830	0
	Amortisation and writedown 31 December 2021	**-375.892**	**-556.961**
	Carrying amount, 31 December 2021	**114.622**	**138.205**
11.	**Leasehold improvements**		
	Cost 1 September 2020	183.216	179.334
	Additions during the year	31.014	3.882
	Cost 31 December 2021	**214.230**	**183.216**
	Depreciation and writedown 1 September 2020	-107.773	-93.971
	Amortisation and depreciation for the year	-18.822	-13.802
	Depreciation and writedown 31 December 2021	**-126.595**	**-107.773**
	Carrying amount, 31 December 2021	**87.635**	**75.443**
12.	**Other financial instruments and equity investments**		
	Cost 1 September 2020	32	32
	Cost 31 December 2021	**32**	**32**
	Carrying amount, 31 December 2021	**32**	**32**

Notes

DKK thousand.

		31/12 2021	31/8 2020
13.	**Deposits**		
	Cost 1 September 2020	148.788	148.788
	Additions during the year	308	0
	Cost 31 December 2021	**149.096**	**148.788**
	Carrying amount, 31 December 2021	**149.096**	**148.788**
14.	**Deferred tax assets**		
	Deferred tax assets 1 September 2020	3.368	-9.111
	Deferred tax of the net profit or loss for the year	6.972	12.479
		10.340	**3.368**
15.	**Prepayments and accrued income**		
	Prepaid expenses	13.018	25.488
		13.018	**25.488**

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

		31/12 2021	31/8 2020
16.	**Other provisions**		
	Other provisions 1 September 2020	72.739	5.588
	Change in other provisions for the year	-8.561	67.151
		64.178	**72.739**

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

		31/12 2021	31/8 2020
17.	**Deposit received from concessionaires etc.**		
	Prepayments received from customers	7.434	6.703
		7.434	**6.703**

Notes

DKK thousand.

		31/12 2021	31/8 2020
18.	**Other payables**		
	Freezed holiday funds	37.621	37.328
		37.621	**37.328**

19. Contingencies

Rental agreements and lease commitments

	31/12 2021 DKK in thousands	31/8 2020 DKK in thousands
Within 1 year	211.739	215.902
Between 1 and 5 years	785.009	809.598
After 5 years	1.481.591	1.666.659
Total contingent liabilities	**2.478.339**	**2.692.159**

Comprising:		
Lease of buildings	2.474.128	2.688.874
Other rental obligations	4.211	3.286

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

Joint taxation

With EMIL Retail Holding ApS, company reg. no 42401102 as administration company, the company is subject to the Danish scheme of joint taxation and, as from 1 June 2021, 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.

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.

Notes

DKK thousand.

20. 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. Peek & Cloppenburg KG is the ultimate parent company.