

**Aktieselskabet Th. Wessel & Vett,  
Magasin du Nord**

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

**Annual Report for 2019/20**

Adopted at the Annual General  
Meeting on the 21<sup>st</sup> of January 2021

**Chairman of the meeting**

Rasmus Elverdam

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## Statement by Management on the Annual Report

The Executive Board and Board of Directors have today discussed and approved the Annual Report of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for the financial year 1 September 2019 - 31 August 2020.

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

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 August 2020 and of the results of the Company's operations for the financial year 1 September 2019 - 31 August 2020.

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

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

Copenhagen, 21 January 2021.

### Executive Board

Peter Gerald King  
CEO

Peter Fabricius  
CFO

### Supervisory board

Mark Anthony Gifford  
Chairman

Michael Robert Hazell  
Deputy Chairman

Peter Gerald King

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 2019 - 31 August 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and a summary of significant accounting policies. 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 August 2020, and of the results of the Company operations and cash flows for the financial year 1 September 2019 - 31 August 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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.

## Independent Auditor's Report

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Copenhagen, 21 January 2021

BDO STATSAUTORISERET REVISIONSAKTIESELSKAB

CVR no. 20 22 26 70

Per Frost Jensen

State Authorised Public Accountant

MNE no. mne27740

## Company Details

### The Company

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

Website: [www.magasin.dk](http://www.magasin.dk)

CVR no.: 58 19 12 13

Reporting period: 1 September 2019 - 31 August 2020

Domicile: Copenhagen

### Board of Directors

Mark Anthony Gifford, Chairman  
Michael Robert Hazell, Deputy Chairman  
Peter Gerald King  
Peter Thostrup  
Steen Guldbæk Jensen, Staff Representative  
Aoife Mary Blicher, Staff Representative

### Executive Board

Peter Gerald King, CEO  
Peter Fabricius, CFO

### Auditors

BDO STATS AUTORISERET REVISIONSAKTIESELSKAB  
Havneholmen 29  
1561 København

## Company Details

### Consolidated Financial Statements

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

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

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

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

## Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	MDKK	MDKK	MDKK	MDKK	MDKK
<b>Income statement</b>					
Revenue in Magasin	2.577	2.865	2.821	2.822	2.851
Revenue	1.685	1.829	1.787	1.791	1.814
Gross profit	414	616	640	639	661
Normalised EBITDA*	102	173	227	228	227
EBITDA	35	173	227	228	227
Profit/loss before financial income and expenses	-50	108	154	172	176
Net financials	-2	0	2	1	3
Normalised Profit/loss for the year*	23	84	122	135	143
Profit/loss for the year	-42	84	122	135	143
<b>Balance sheet</b>					
Assets	1.126	949	968	816	888
Investment in property, plant and equipment	14	25	91	87	68
Equity	432	474	465	343	408
Number of employees	1.097	1.209	1.144	1.080	1.122
<b>Financial ratios</b>					
EBIT margin	-3,0%	5,9%	8,6%	9,6%	8,4%
Return on assets	-4,4%	11,3%	17,3%	17,3%	13,8%
Solvency ratio	38,5%	49,9%	48,0%	45,9%	57,9%
Return on equity	-9,1%	17,9%	30,2%	26,7%	22,4%

Note:

\* Excluding the year's non-recurring onerous lease provision and impairment.

## 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 shop, Magasin.dk and Magasin.se.

### Development in activities and financial circumstances

Operating profit before depreciation, amortisation, impairment and tax amounted to DKK 35 million (2018/19: DKK 173 million), which was below our expectation. The decline in profit 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 18<sup>th</sup> of March to 10<sup>th</sup> of May 2020.

The profit for the period before store impairments and onerous lease provisions amounted to DKK 23 million after tax (2018/19: DKK 84 million). After extraordinary store impairments and onerous lease provisions related to the stores of Aalborg and Fields the result of the year amounted to a loss of DKK -42 million.

Amortisation, depreciation and impairment amounted to DKK 85 million (2018/19: DKK 65 million).

Equity amounted to DKK 432 million (2018/19: DKK 474 million) and solvency ratio amounted to 38.5 % (2018/19: 49.9 %).

Assets total amounted to DKK 1.126 million (2018/19: DKK 949 million).

### Subsequent events

From the 17<sup>th</sup> of December 2020, Magasin's seven brick-and-mortar stores were closed down by the Danish government for the second time due to the COVID-19 pandemic. The impact of this second lockdown and the continuation of the COVID-19 outbreak is considered a non-adjusting subsequent event and does not affect the financial reporting for the year ended 31<sup>st</sup> of August 2020. However, it will have a profound impact on the results of the financial year 2020/2021.

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

### Department store operations

Revenue in Magasin decreased by DKK 288 million primarily due to the COVID-19 pandemic and the lockdown period that significantly affected Magasin's brick-and-mortar department stores.

The gross margin % also decreased compared to last year due to higher markdowns.

Other external expenses have increased slightly primarily due to an increase in rent and estate costs as well as warehouse costs to the online shop. The staff cost ratio calculated on the basis of revenue has decreased from 23.7 % to 22.5 %.

### Investments

Investments for the year amounted to DKK 44 million.

## Management's Review

### Strategy

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

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

Magasin delivered an acceptable performance in 2019/20, in the context of an unprecedented challenging trading environment, severely impacted by the global COVID-19 pandemic which forced the temporary store closures with only food spaces and online available for trade for nearly two months.

All seven of Magasin's brick-and-mortar stores remained temporarily closed between 18<sup>th</sup> of March and 10<sup>th</sup> of May 2020, although with better than expected results post re-openings and trade levels very close to the same period last year. Without the nationwide lockdown, management estimates that the year's financial result would have been in line with the previous year.

Magasin.dk reached double-digit profitable growth in 2019/20, reflecting the success of Magasin's continued investments in this area. Magasin.dk is our most visited store. In close cooperation with Prime Cargo, an automated robot-controlled warehouse in Kolding for Magasin's online shop was ready for operation the 1st of September 2019 as planned. With the new AutoStore we can service our online customers quickly and efficiently with pick and pack that takes just a few minutes from start to finish.

During 2019/20 Magasin launched a new Goodie rewards loyalty programme in an effort to remain relevant in the modern retail environment. Every time a customer shops at Magasin or at Magasin.dk and have their Goodie app scanned, they get the possibility to earn free star vouchers to shop for. Besides the star voucher levels, the new Goodie app offers our loyal customers anything from small gifts and surprises to competitions and invitations to exciting events.

During the financial year 2019/20 Magasin had a significant increase in the number of Goodie Card customers and currently we have an active base of approx. 600,000 loyal Goodie Card customers.

### Expectations for the future

Magasin was closed down by the Danish government once again from the 17<sup>th</sup> of December 2020 due to COVID-19 restrictions. As the global COVID-19 pandemic continues to have a negative effect on physical retailing, Magasin expects revenue and net profit for the financial year 2020/2021 (September 1, 2020 - August 31, 2021) to be in line with the same period in 2019/2020. The company is currently exploring the government's relief packages, and it is estimated by the management that there is no uncertainty related to the company's ability to continue as a going concern.

## Management's Review

In September 2020, Magasin.dk migrated to a new transactional platform that offers a much-improved user experience. With over 29 million visitors annually on magasin.dk, it is Magasin's most visited store and second largest store after Kongens Nytorv measured by turnover.

The total investments for the coming year will be similar to the level of 2019/2020. 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.

For the financial year 2019/20 Magasin made non-recurring impairments of DKK 16 million and onerous lease provisions of DKK 67 million related to two identified underperforming stores. Provisions are recorded to reflect the estimated committed closure costs and onerous leases whereby the future contractual obligations exceed the forecast economic benefits. The associated costs are forecast to be incurred over the remaining lease period.

### Ownership structure

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

### Cash and capital resources

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

As stated, investments of DKK 44 million into property, plant and equipment were made during the year without raising any supplementary financing.

### General risks

Magasin's most material operating risk is its ability to keep a strong position in the retail market and to continue being innovative and constantly launching new brands and products at the right price. 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.

### Corporate social responsibility

Accountability is part of Magasin's DNA. For more than 150 years, we have made a difference in our society because we want to help create a more responsible lifestyle industry and a sustainable future.

Magasin considers corporate social responsibility increasingly important to its business and strive to accelerate the development of a sustainable and responsible lifestyle industry. At Magasin we encourage all partners to join our efforts in taking responsibility; for human, environment and the planet. Taking responsibility is for Magasin about having overview of, all processes, all parts of the company, all parts of the production as well as assisting our customers with how to treat and take care of our products to make them last longer.

## Management's Review

In the design studio at Kgs. Nytorv, Magasin's skilled design team works on the upcoming collections for our own kids brand Bakito, which is made from the most appropriate materials, such as sustainable viscose, recycled polyester and 100% organic GOTS certified cotton.

Additionally a major part of the Magasin Du Nord Collection are today already of sustainable materials and we continue to work dedicated on bringing our policy around responsibility into our partnerships.

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

More information on Magasin's We Love to Care efforts can be found at [magasin.dk/we-love-to-care.html](https://magasin.dk/we-love-to-care.html)

### **Target figure and policy to increase the proportion of the under-represented gender at Magasin's management**

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

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

#### **Target figure**

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

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

The share of female board members elected by the shareholders' committee is 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 under-represented gender in the other levels of management**

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

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

## Management's Review

- 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.

## Accounting Policies

The Annual Report of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

The Annual Report for 2019/20 is presented in MDKK.

### Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

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

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

### Foreign currency translation

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

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

## Accounting Policies

### Income statement

#### Revenue

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

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

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

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

#### Cost of goods sold

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

#### Other operating income

Other operating income include provision for government refunds related to fixed costs.

#### Other external expenses

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

#### Staff costs

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

#### Amortisation, depreciation and impairment losses

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

#### Financial income and expenses

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

#### Tax on profit/loss for the year

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

## Accounting Policies

### Balance sheet

#### Intangible assets

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

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

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

Software	2-5 years
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#### Tangible assets

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

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

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

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

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

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

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

#### Impairment of fixed assets

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

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

## Accounting Policies

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

### Financial investments

#### Deposits

Deposits comprise primarily of deposits regarding rent for department stores.

#### Other long term asset

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

#### Inventories

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

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

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

#### Receivables

Receivables are measured at amortised cost.

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

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Equity

#### Dividend

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

#### Provisions

Provisions are recognised when as a result of a past event the Company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

## Accounting Policies

### Income tax and deferred tax

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

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

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

### Amounts owed to concessionaires

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

### Liabilities

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

### Cash flow statement

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

## Accounting Policies

### Financial Highlights

Definition of financial ratios.

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

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

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

$$\text{Return on equity} = \frac{\text{Net Profit/loss of the year} \times 100}{\text{Average equity}}$$

## Income Statement 1 September - 31 August

	Note	2019/20	2018/19
		MDKK	MDKK
Revenue in Magasin	1	2.577	2.865
Hereof related to concessions etc.		-892	-1.036
<b>Revenue</b>		<b>1.685</b>	<b>1.829</b>
Cost of goods sold		-735	-753
Other operating income		23	0
Other external expenses		-559	-460
<b>Gross profit</b>		<b>414</b>	<b>616</b>
Staff costs	2	-379	-443
<b>Earnings Before Interest Taxes Depreciation and Amortization</b>		<b>35</b>	<b>173</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-85	-65
<b>Profit/loss before financial income and expenses</b>		<b>-50</b>	<b>108</b>
Financial income	3	0	1
Financial costs		-2	-1
<b>Profit/loss before tax</b>		<b>-52</b>	<b>108</b>
Tax on profit/loss for the year	4	10	-24
<b>Net profit/loss for the year</b>		<b>-42</b>	<b>84</b>
Distribution of profit	5		

## Balance Sheet 31 August

	<u>Note</u>	<u>2019/20</u> MDKK	<u>2018/19</u> MDKK
<b>Assets</b>			
Software		49	31
<b>Intangible assets</b>	6	<b>49</b>	<b>31</b>
Other fixtures and fittings, tools and equipment		138	187
Leasehold improvements		75	86
<b>Tangible assets</b>	7	<b>213</b>	<b>273</b>
Deposits	8	149	149
Other long term assets	14	7	0
<b>Financial investments</b>		<b>156</b>	<b>149</b>
<b>Fixed assets total</b>		<b>418</b>	<b>453</b>
Goods for resale		260	278
<b>Inventories</b>		<b>260</b>	<b>278</b>
Trade receivables		41	47
Receivables from group enterprises		20	20
Other receivables		63	3
Deferred tax asset	13	3	0
Prepayments	9	25	35
<b>Receivables</b>		<b>152</b>	<b>105</b>
<b>Cash at bank and in hand</b>		<b>296</b>	<b>113</b>
<b>Current assets total</b>		<b>708</b>	<b>496</b>
<b>Assets total</b>		<b>1.126</b>	<b>949</b>

## Balance Sheet 31 August

	Note	2019/20	2018/19
		MDKK	MDKK
<b>Liabilities and equity</b>			
Share capital		184	184
Retained earnings		248	290
<b>Equity</b>	10	<b>432</b>	<b>474</b>
Deferred tax	13	0	9
Other provisions	11	73	6
<b>Provisions total</b>		<b>73</b>	<b>15</b>
Deposit received from concessionaires etc.		7	7
Other liabilities		37	0
<b>Long-term debt</b>	12	<b>44</b>	<b>7</b>
Amounts owed to concessionaires	12	128	115
Trade payables		228	186
Corporation tax		2	10
Other payables		219	142
<b>Short-term debt</b>		<b>577</b>	<b>453</b>
<b>Debt total</b>		<b>621</b>	<b>460</b>
<b>Liabilities and equity total</b>		<b>1.126</b>	<b>949</b>
Rental agreements and lease commitments	15		
Securities	16		
Related parties and group information	17		
Fee to auditors appointed at the general meeting	18		

## Statement of changes in Equity

	Share capital	Retained earnings	Total
Equity at 1 September 2019	184	290	474
Extraordinary dividend paid	0	0	0
Net profit/loss for the year	0	-42	-42
Equity at 31 August 2020	<b>184</b>	<b>248</b>	<b>432</b>

## Notes to the Annual Report

	<u>2019/20</u>	<u>2018/19</u>
	MDKK	MDKK
<b>1 Information on segments</b>		
Net revenues are distributed as follows in geographical markets:		
Net revenue, Denmark	1.676	1.829
Net revenue, Europe other	9	0
	<u><b>1.685</b></u>	<u><b>1.829</b></u>
	<u>2019/20</u>	<u>2018/19</u>
	MDKK	MDKK
<b>2 Staff costs</b>		
Wages and salaries	339	400
Pensions	31	34
Other social security costs	3	3
Other staff costs	6	6
	<u><b>379</b></u>	<u><b>443</b></u>
<b>of which remuneration to the Executive Board and Board of Directors</b>	<u><b>6</b></u>	<u><b>10</b></u>
Average number of employees	<u><b>1.097</b></u>	<u><b>1.209</b></u>
<b>3 Financial income</b>		
Interest received from parent	<u>0</u>	<u>1</u>
	<u><b>0</b></u>	<u><b>1</b></u>

## Notes to the Annual Report

	<u>2019/20</u>	<u>2018/19</u>
	MDKK	MDKK
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	2	14
Deferred tax for the year	-13	9
Adjustment of tax concerning previous years	<u>1</u>	<u>1</u>
	<b><u>-10</u></b>	<b><u>24</u></b>
<b>5 Distribution of profit</b>		
Retained earnings	<u>-42</u>	<u>84</u>
	<b><u>-42</u></b>	<b><u>84</u></b>
<b>6 Intangible assets</b>		<b>Software</b>
		MDKK
Cost at 1 September 2019		130
Additions for the year		<u>30</u>
Cost at 31 August 2020		<u>160</u>
Impairment losses and amortisation at 1 September 2019		99
Amortisation for the year		12
Impairment losses and amortisation at 31 August 2020		111
<b>Carrying amount at 31 August 2020</b>		<b><u>49</u></b>
Amortised over		<u>2-5 years</u>

## Notes to the Annual Report

### 7 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	MDKK	MDKK
Cost at 1 September 2019	685	179
Additions for the year	10	4
Cost at 31 August 2020	<u>695</u>	<u>183</u>
Impairment losses and amortisation at 1 September 2019	497	94
Depreciation for the year	45	14
Impairment of the year	15	0
Impairment losses and amortisation at 31 August 2020	557	108
<b>Carrying amount at 31 August 2020</b>	<b><u>138</u></b>	<b><u>75</u></b>
	<u>2-10 years</u>	<u>10-25 years</u>

### 8 Financial investments

	Deposits and other long term assets
	MDKK
Cost at 1 September 2019	<u>149</u>
Cost at 31 August 2020	156
<b>Carrying amount at 31 August 2020</b>	<b><u>156</u></b>

### 9 Prepayments

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

## Notes to the Annual Report

### 10 Equity

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

	2019/20	2018/19
	MDKK	MDKK
<b>11 Other provisions</b>		
Balance at beginning of year at 1 September	6	5
Provision in year	67	1
<b>Balance at 31 August</b>	<b>73</b>	<b>6</b>

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

### 12 Long-term debt

Freezed holiday funds	37	0
Deposits received from concessionaires	7	7
Between 1 and 5 years	44	7
Non-current portion	44	7
Amounts owed to concessionaires, within 1 year	128	115
Current portion	128	115
	<b>172</b>	<b>122</b>

### 13 Deferred tax

Deferred tax asset at 1 September	9	0
Recognised in income statement	-12	9
<b>Deferred tax at 31 August</b>	<b>-3</b>	<b>9</b>

## Notes to the Annual Report

	<u>2019/20</u>	<u>2018/19</u>
	MDKK	MDKK
<b>14 Other long term assets</b>		
Long term part of loan-agreement	<u>7</u>	<u>0</u>

### 15 Rental agreements and lease commitments

	<u>2019/20</u>	<u>2018/19</u>
	MDKK	MDKK
Operating lease commitments.		
Total future lease payments:		
Within 1 year	216	215
Between 1 and 5 years	809	822
After 5 years	<u>1.667</u>	<u>1.894</u>
	<b><u>2.692</u></b>	<b><u>2.931</u></b>

The financial obligations are as follows:

Lease obligations regarding buildings	2.689	2.925
Other rental obligations	3	6

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

### 16 Securities

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

## Notes to the Annual Report

### 17 Related parties and group information Transactions

Transactions with closely related parties are done at market conditions.

#### **Consolidated financial statements**

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

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

The company is a wholly owned subsidiary of Celine Group Holdings Limited and is included in that company's consolidated financial statements, which are publicly available.

The smallest and largest group that prepares consolidated statements of which the company is a member is headed by Celine Group Holdings Limited.

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

### 18 Fee to auditors appointed at the general meeting

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



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## Per Frost Jensen

### Underskriver 1

På vegne af: BDO Statsautoriseret revisionsaktiesels...

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