

ILLUM A/S

Østergade 52
DK-1100 København K

CVR no. 27 35 59 43

Annual report 2023

The annual report was presented and approved at the
Company's annual general meeting on

7 June 2024

Tobias Vieth

Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

Independent auditor's report

Management's review

Company details

Financial highlights

Operating review

Financial statements 1 January – 31 December

Income statement

Balance sheet

Statement of changes in equity

Cash flow statement

Notes

ILLUM A/S
Annual report 2023
CVR no. 27 35 59 43

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for ILL year 1 January - 31 December 2023.

The annual report has been 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 assets, liabilities, cash flows 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 7 June 2024
Executive Board:

Jeanette Aaen

Board of Directors:

Sean Christopher Hill
Chairman

Vittorio Radice

Jeanette Aaen



Independent auditor's report

To the shareholder of ILLUM A/S

Opinion

We have audited the financial statements of ILLUM A/S for the financial year 1 January - 31 December 2023, including the income statement, balance sheet, statement of changes in equity, cash flows and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position as at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities" 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 ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and may be detected by the audit, and, if not detected, they could reasonably be expected to influence the economic decisions of users based on the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we are required to plan and perform the audit with professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, and 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 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 made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to the Company's ability to continue as a going concern.



Independent auditor's report

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's review, and we do not express a conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and to determine whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised Public Accountant
mne35442

ILLUM A/S
Annual report 2023
CVR no. 27 35 59 43

Management's review

Company details

ILLUM A/S
Østergade 52
DK-1100 København K

Telephone:	33 14 40 02
Website:	www.illum.dk
CVR no.:	27 35 59 43
Established:	24 September 2003
Registered office:	Copenhagen
Financial year:	1 January - 31 December

Board of Directors

Sean Christopher Hill, Chairman
Vittorio Radice
Jeanette Aaen

Executive Board

Jeanette Aaen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020
Gross profit/loss	14,595	882	-13,902	
Operating loss	-93,753	-101,206	-114,265	
Profit/loss from financial income and expenses	491	-7,165	-7,625	
Loss for the year	-74,371	-88,339	-99,973	
Total assets	415,427	406,917	450,344	
Investments in property, plant and equipment	14,354	15,728	7,846	
Equity	58,051	132,422	-217,979	
Cash flows from operating activities	-53,158	-92,443	-26,127	
Cash flows from investing activities	-26,113	-18,342	-9,417	
Cash flows from financing activities	77,628	74,666	64,861	
Total cash flows	-1,643	-36,119	29,317	
Current ratio	45.0%	54.0%	26.9%	
Solvency ratio	14.0%	32.5%	-48.4%	

The financial ratios have been calculated as follows:

Current ratio

$\text{Current assets} \times 100 / \text{Current liabilities}$

Solvency ratio

$\frac{\text{Equity ex. non-controlling interests year end}}{\text{Total liabilities at year end}} \times 100$

Management's review

Operating review

Principal activities

ILLUM A/S operates the department store ILLUM from the address Østergade 52, Copenhagen.

Development in activities and financial position

Loss for the year (including comparison with forecasts previously announced)

The Company's income statement for 2023 shows a loss of DKK 74,371 thousand as against a loss of DKK 8 Equity in the Company's balance sheet at 31 December 2023 stood at DKK 58,051 thousand as against DKK December 2022.

The financial year was in line with forecast, and planned strategy.

Outlook

ILLUM expects to continue the development of the department store, in accordance with the defined strategy at service and experiences for customers.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023
Gross profit		<u>14,1</u>
Staff costs	3	-77,1
Depreciation of property, plant and equipment and amortisation of intangible assets	4	<u>-30,1</u>
Loss before financial income and expenses		-93,1
Other financial income		0
Other financial expenses	5	<u>-</u>
Loss before tax		-93,1
Tax on loss for the year	6	<u>18,1</u>
Loss for the year	7	<u><u>-74,1</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023
ASSETS		
Fixed assets		
Intangible assets	8	
Acquired intangible assets		<u>12,</u>
Property, plant and equipment	9	
Fixtures, fittings, tools and equipment		:
Leasehold improvements		237,
Property, plant and equipment in progress		<u>7,</u>
		<u>244,</u>
Total fixed assets		<u>257,</u>
Current assets		
Inventories		
Finished goods and goods for resale		<u>83,</u>
Receivables		
Trade receivables		16,
Corporation tax		18,
Other receivables		9,
Prepayments	10	<u>6,</u>
		<u>50,</u>
Cash at bank and in hand		<u>23,</u>
Total current assets		<u>158,</u>
TOTAL ASSETS		<u><u>415,</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>31/12 2023</u>
EQUITY AND LIABILITIES		
Equity		
Contributed capital	11	922,1
Retained earnings		<u>-864,1</u>
Total equity		<u>58,1</u>
Liabilities		
Non-current liabilities		
Deposits	12	<u>5,1</u>
Current liabilities		
Trade payables		107,1
Payables to group entities		221,1
Other payables, including taxes payable		12,1
Deferred income	13	<u>10,1</u>
		<u>352,1</u>
Total liabilities		<u>357,1</u>
TOTAL EQUITY AND LIABILITIES		<u>415,1</u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>
Equity at 1 January 2023	922,896	-790,;
Transferred over the distribution of loss	0	-74,;
Equity at 31 December 2023	<u>922,896</u>	<u>-864,;</u>

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2023
Profit for the year		-74,1
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets	4	30,1
Other adjustments of non-cash operating items	14	-19,1
Cash generated from operations before changes in working capital		-63,1
Changes in working capital	15	-10,1
Cash generated from operations		-73,1
Interest income		1,1
Interest expense		-
Corporation tax paid		20,1
Cash flows from operating activities		-53,1
Acquisition of intangible assets	8	-11,1
Acquisition of property, plant and equipment	9	-14,1
Cash flows from investing activities		-26,1
Repayment of debt to group enterprises		-
Incurrence of debt to group enterprises		77,1
Cash capital increase		-
Other cash flows from (used in) financing activities		-
Cash flows from financing activities		77,1
Cash flows for the year		-1,1
Cash and cash equivalents at the beginning of the year		25,1
Cash and cash equivalents at year end		23,1

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of ILLUM A/S for 2023 has been prepared in accordance with the provisions applying to registered entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of executive remuneration on management categories

In accordance with section 98b(3)(II) of the Danish Financial Statements Act, remuneration of the Executive Director presented, as the Board of Directors did not receive any emoluments.

Leases

The Company has no leases that transfer substantially all risks and rewards incident to ownership to the Company.

All the Company's leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other contingent liabilities, etc.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, 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 liability was recognised in the latest financial statements is recognised in the income statement as financial income or expense.

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the amount of the grant can be measured reliably.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as the costs are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be received, the grant is recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be received.

Grants to acquire assets are recognised in the balance sheet as deferred income/prepayments and transferred to income in the income statement line with depreciation/amortisation of the assets covered by the grant.

Income statement

Revenue

ILLUM A/S' revenue consists of revenue from sales in ILLUM A/S' own stores, sale of services to concessionaires and concession sales.

Income from the sale of goods for resale, comprising direct sale of goods from ILLUM A/S' own stores, is recognised when the transfer of the most significant rewards and risks to the buyer has taken place.

Revenue from concession agreements:

When selling goods and services delivered by concessionaires, the Company does not assume significant reward or risk of the sale, and revenue is thus presented on a net basis and measured at the fair value of the distribution fee.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payments denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. Tax on loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Software

Licences (software) are measured at cost less accumulated amortisation and impairment losses. Licences (software) are amortised on a straight-line basis over the period of contract, however, not exceeding 5 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is calculated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures, fittings, tools and equipment	1-15 years
Leasehold improvements	1-30 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on the profit/loss is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry they are transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income under depreciation, amortisation and impairment losses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that their carrying amount down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, they are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to bring the inventories to their present condition and location and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. Where there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the receivables including the realisable value of any collateral received. The effective interest rate for the individual receivables is the discount rate.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the current year, tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of the tax benefit in the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date. Deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the profit and loss statement or equity, respectively.

Prepayments

Prepayments recognised under current assets comprise prepayments of costs incurred relating to subsequent financial periods.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

loan together with interest expenses.

Other liabilities are measured at amortised cost.

Deferred income

Deferred income recognised under liabilities comprises advance invoicing regarding income in subsequent years

Cash flow

The cash flow statement shows the Company's cash flows from operating, investing and financing activities changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of profit/loss for the year adjusted items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital in respect as well as raising of loans, installments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months convertible into cash and which are subject to only an insignificant risk of changes in value.

2 Capital resources

The Company has lost more than 50% of its contributed capital and is thus subject to the provisions on loss of Companies Act. It is Management's expectation that the capital can be restored operations going forward. If, and if this will not take place, the Company's owners will contribute new capital to restore the contributed capital.

3 Staff costs

DKK'000	2023
Wages and salaries	70,4
Pensions	6,0
Other social security costs	1,1
	<u>77,5</u>
Average number of full-time employees	:

4 Depreciation of property, plant and equipment and amortisation of intangible assets

DKK'000	2023
---------	------

Financial statements 1 January – 31 December

Notes

5 Other financial expenses

DKK'000	2023
Interest paid to group entities	
Other interest expenses	
Exchange losses	:
	:
	<u> </u>

6 Tax on loss for the year

DKK'000	2023
Current tax for the year	-18,8
	<u> </u>
	<u> </u>

7 Proposed distribution of loss

DKK'000	2023
Retained earnings	-74,8
	<u> </u>
	<u> </u>

8 Intangible assets

DKK'000
Cost at 1 January 2023
Additions
Cost at 31 December 2023
Amortisation and impairment losses at 1 January 2023
Amortisation
Amortisation and impairment losses at 31 December 2023
Carrying amount at 31 December 2023

9 Property, plant and equipment

DKK'000	Fixtures, fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 January 2023	4,185	458,332	8,8
Additions	108	14,246	
Transferred	0	1,043	-1,0
Cost at 31 December 2023	<u>4,293</u>	<u>473,621</u>	<u>7,8</u>
Depreciation and impairment at 1 January 2023	-3,667	-208,821	
Depreciation for the year	<u>-303</u>	<u>-27,631</u>	

Financial statements 1 January – 31 December

Notes

10 Prepayments

DKK'000	31/12 2023
Prepayments	2,1
Concessions	3,1
	<u>6,2</u>

11 Contributed capital

The contributed capital consists of 922,896,211 shares of a nominal value of DKK 1 each.
All shares rank equally.

12 Non-current liabilities other than provisions

DKK'000	31/12 2023
Deposits:	
1-5 year	5,1
	<u>5,1</u>

Deposits from concessionaries are repaid upon termination of the contract.

13 Deferred income

Deferred income of DKK 10,046 thousand (2022: DKK 9,679 thousand) comprise payments received (giftcard customers that cannot be recognised until the subsequent financial year.

14 Other adjustments

DKK'000	31/12 2023
Other financial income	-
Financial expenses	-
Tax on profit/loss for the year	-18,1
Provisions	-
	<u>-19,1</u>

15 Changes in working capital

DKK'000	31/12 2023
Change in inventories	-2,1
Change in receivables	-13,0
Change in trade and other payables	5,1
	<u>-10,0</u>

Financial statements 1 January – 31 December

Notes

16 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for costs such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the tax to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group is not liable to any other parties.

Operating lease obligations

Total future lease payments:

DKK'000	31/12 2023
Within 1 year	152,4
Between 1 and 5 years	781,3
After 5 years	2,552,1
	<u>3,486,1</u>

Total per obligation type

DKK'000	31/12 2023
Minimum rental obligation	3,486,1
Other lease obligations, primarily cars	
	<u>3,486,1</u>

The above is based on the nominal remaining payments.

The calculation of the lease obligation has been made from the balance sheet date until the date when the lease is terminated. In the event of vacation before expiry of the lease, costs for reestablishment, etc., may occur. No provision is made for this respect.

17 Related parties disclosure

Control

CRC Luxembourg S.á.r.l. 43, Avenue J. F. Kennedy 1855 Luxembourg

CRC Luxembourg S.á.r.l. holds the majority of the contributed capital in the Company.

ILLUM A/S is part of the consolidated financial statements of CRC Luxembourg S.á.r.l., 43, Avenue J. F. Kennedy, Luxembourg, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of CRC Luxembourg S.á.r.l. can be obtained by contacting the Company at info@illum.dk.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed related party transactions as they were conducted on an arm's length basis.