

FEMILET A/S

Højbovej 1, 1.
DK-8600 Silkeborg

CVR no. 37 99 95 12

Annual report 2023

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

31 May 2024

Patrice Jean Francois Kretz
Chairman of the annual general meeting

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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 FEMILET A/S for the financial 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 and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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

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

Silkeborg, 31 May 2024
Executive Board:

Guillaume Kretz
CEO

Board of Directors:

Patrice Jean Francois Kretz
Chairman

Bénédicte Marie Fanny
Huriez

Guillaume Kretz



Independent auditor's report

To the shareholder of FEMILET A/S

Opinion

We have audited the financial statements of FEMILET A/S for the financial year 1 January - 31 December 2023, comprising income statement, balance sheet, statement of changes in equity 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 at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's 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 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 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 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, 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.



Independent auditor's report

- 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 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 any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 31 May 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Katrine Gybel
State Authorised Public Accountant
mne45848

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Management's review

Company details

FEMILET A/S
Højbovej 1, 1.
DK-8600 Silkeborg

Telephone:	96 60 44 44
CVR no.:	37 99 95 12
Established:	27 November 1945
Registered office:	Silkeborg
Financial year:	1 January - 31 December

Board of Directors

Patrice Jean Francois Kretz, Chairman
Bénédicte Marie Fanny Huriez
Guillaume Kretz

Executive Board

Guillaume Kretz, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25 57 81 98

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Management's review

Operating review

Principal activities

The Company is engaged in the sale of lingerie and related products. The Company's products are distributed through two sales channels. One channel comprises concept stores, and the other through online sales.

Material uncertainties regarding going concern

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

Development in activities and financial position

The Company reported a loss of DKK 10,197 thousand for 2023 (2022: a loss of DKK 9,001 thousand). The loss is below our expectations for the year and the situation considered, results are still unacceptable. In 2010, the French lingerie Group, Chantelle, acquired the Company, and a long-term plan was subsequently prepared for the Company. The implementation of these plans is in process and will continue in the years ahead. 2023 was yet another year with a market under pressure. The high inflation in Denmark still plays a significant role. Electricity, gasoline, food and other basic necessities are still impacted by high prices, reducing the disposable income of Danes. Consequently, Danes remain cautious when shopping, and luxury items are often economised. The warehouse supporting the Company's activities for e-commerce was moved from The Netherlands to France in 2022. This was done in order to gather all logistic retail activities in the group at one site. This strategic move has created new IT opportunities that will ensure a more efficient flow of goods and improve our inventory levels. This strategic move has already proven to be right, but the full effect is still to be seen. During 2023, the Company did not renovate any stores, but will continue to invest in the stores and the brand in the future. Some investments are already in the pipeline. The Company's inventory at the warehouse and in the stores are still owned by its sister company. This also has the implication that the Company runs its stores as an agent with its sister company as the principal. The synergies between the different retail networks in the Chantelle Group have been improved greatly by this. To ensure a strong future for Femilet in Denmark, there is a need for new strategic actions. The new strategic direction will have a significant impact on the headquarters and administrative department of Femilet, as some functions will be allocated to the Dutch subsidiary at Livera BV. The shareholder of the Company continues to support this process and will provide financial support to the Company to secure the long-term financial basis for its operations.

Outlook

It is the strategy of the Company to further strengthen its business activities going forward and, in this way, foster profitable growth long term. The Company expects to report improved results for 2024 but will continue to invest. Particular risks The war is still ongoing, and the influence of this will affect Femilet. Femilet will constantly keep track of market developments and develop with the necessary changes. With large development projects on the IT side, there could be some risk linked to implementation. Operating risks Femilet sells fashion-oriented products and is thereby dependent on current fashion trends. The Company is exposed to some risks in regards to sourcing depending on how the war situation develops, but benefits from being part of a large group with various distribution channels.

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Management's review

Operating review

Intellectual capital

Femilet's staff of qualified employees makes up an important asset for the continued development of the Company. The Company's key competences lie within the areas of sales as well as a well-documented and tried-and-tested retailers' concept. Furthermore, the Company benefits from the collaboration and sharing of best practice with the Chantelle Group.

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Income statement

DKK'000	Note	2023	2022
Gross profit		20,180	20,469
Staff costs	3	-28,746	-27,874
Impairment on property, plant and equipment and intangible assets		-1,379	-1,235
Operating loss		-9,945	-8,640
Other operating costs		0	-214
Loss before financial income and expenses		-9,945	-8,854
Other financial income		0	50
Other financial expenses	4	-252	-197
Loss before tax		-10,197	-9,001
Tax on loss for the year		0	0
Loss for the year		-10,197	-9,001
Proposed distribution of loss			
Retained earnings		-10,197	-9,001
		-10,197	-9,001

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Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	5		
Acquired intangible assets		180	420
Property, plant and equipment	6		
Fixtures, fittings, tools and equipment		235	280
Leasehold improvements		2,492	3,165
Property, plant and equipment in progress		0	227
		<u>2,727</u>	<u>3,672</u>
Financial assets			
Deposits		1,897	2,284
Total fixed assets		<u>4,804</u>	<u>6,376</u>
Current assets			
Receivables			
Trade receivables		74	35
Other receivables		124	338
Prepayments		197	246
		<u>395</u>	<u>619</u>
Cash at bank and in hand		4,952	5,057
Total current assets		<u>5,347</u>	<u>5,676</u>
TOTAL ASSETS		<u><u>10,151</u></u>	<u><u>12,052</u></u>

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Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		12,611	12,611
Retained earnings		-24,293	-14,096
Total equity		<u>-11,682</u>	<u>-1,485</u>
Liabilities			
Current liabilities			
Prepayments received from customers		1,375	1,738
Trade payables		842	1,047
Payables to group entities		14,459	5,836
Other payables, including taxes payable		5,157	4,916
		<u>21,833</u>	<u>13,537</u>
Total liabilities		<u>21,833</u>	<u>13,537</u>
TOTAL EQUITY AND LIABILITIES		<u>10,151</u>	<u>12,052</u>

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Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2023	12,611	-14,096	-1,485
Transferred over the distribution of loss	0	-10,197	-10,197
Equity at 31 December 2023	12,611	-24,293	-11,682

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1 Accounting policies

The annual report of FEMILET A/S for 2023 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

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 payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities. Refunds received from public authorities are deducted from staff costs.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

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1 Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities 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. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation. The basis of amortisation is cost less any residual values, and amortisation is provided on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Earnest money 10 years.

The amortisation period is determined based on the expected economic life of the strategic investment of earnest money.

Intangible assets are written down to their recoverable amount if this is lower than the carrying amount. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Development costs and costs for internally generated rights are recognised in the income statement in the acquisition year.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

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

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and 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.

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 provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

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1 Accounting policies

Fixtures, fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

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

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and participating interests (including associates) is subject to an annual test for indications of 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 they may be impaired. Write-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 from the disposal of the asset or the group of assets after the end of the useful life.

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. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

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 year, adjusted for 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 and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

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

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1 Accounting policies

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the 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 income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

2 Material uncertainty regarding going concern

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

3 Staff costs

DKK'000	2023	2022
Wages and salaries	25,751	25,254
Pensions	2,242	1,951
Other social security costs	753	669
	<u>28,746</u>	<u>27,874</u>
Average number of full-time employees	<u>58</u>	<u>58</u>

4 Other financial expenses

DKK'000	2023	2022
Interest paid to group entities	253	113
Other interest expenses	23	78
Exchange losses	-24	6
	<u>252</u>	<u>197</u>

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5 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2023	14,063
Cost at 31 December 2023	14,063
Amortisation and impairment losses at 1 January 2023	-13,643
Amortisation	-240
Amortisation and impairment losses at 31 December 2023	-13,883
Carrying amount at 31 December 2023	180

6 Property, plant and equipment

DKK'000	Fixtures, fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2023	12,079	12,949	227	25,255
Additions	98	96	0	194
Transferred	0	227	-227	0
Cost at 31 December 2023	12,177	13,272	0	25,449
Depreciation and impairment at 1 January 2023	-11,799	-9,784	0	-21,583
Depreciation for the year	-143	-996	0	-1,139
Depreciation and impairment at 31 December 2023	-11,942	-10,780	0	-22,722
Carrying amount at 31 December 2023	235	2,492	0	2,727

7 Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 5,686 thousand within three years (2022: DKK 6,037 thousand).

Lease obligations (operating leases) are due at a total of DKK 662 thousand within three years.

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8 Mortgages and collateral

A company charge of DKK 21 million has been provided as collateral for amounts owed to credit institutions secured upon inventories and trade receivables representing a carrying amount of DKK 75 thousand at 31 December 2023, and a chattel mortgage registered to the owner of DKK 2 million secured upon fixtures and fittings, tools and equipment and leasehold improvements and related equipment with a carrying amount of DKK 2.7 million at 31 December 2023 has been provided.

Through credit institutions, the Company has provided guarantees totalling DKK 892 thousand.

9 Related parties

FEMILET A/S' related parties comprise the following:

Control

Chantelle SA, 8/10 Rue de Provigny, BP 60137, 94234 Cachan, France.

Chantelle SA holds the majority of the contributed capital in the Company.

Femilet A/S is part of the consolidated financial statements of Chantelle SA, which is the smallest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Chantelle SA can be obtained by contacting the Company.