



BESTSELLER

ANNUAL REPORT

1 AUGUST 2022  
31 JULY 2023

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# REFASHIONING OUR BUSINESS TODAY — TO PREPARE FOR THE CHALLENGES OF TOMORROW

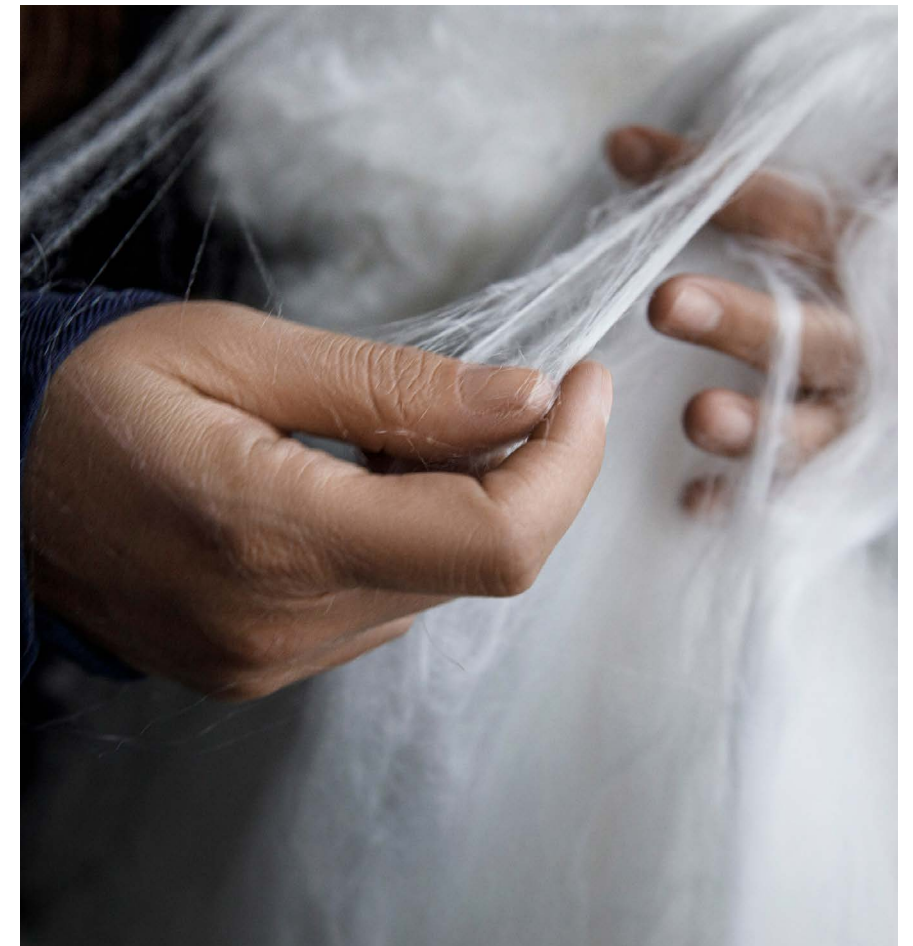
*This report details BESTSELLER's financial and sustainability performance for the financial year from 1 August 2022 through to 31 July 2023.*

*Inspired by nature and spiderwebs, this innovative new material from our partner Spinnova displays an entirely new way of creating textile fibre.*

In this report we will describe how we are working with suppliers, customers and partners to design and redesign our business to fit the landscape we operate in. In a rapidly evolving fashion market and global economy with changing shopper expectations, ongoing adaptation and transformation is needed to succeed.

We will describe how we invest in the future and strive to grow our business to make a positive impact on our communities, colleagues and environment.

Our mantra continues to be the best supplier for our customers, best customer for our suppliers and best family of brands for our shoppers.





# A LETTER FROM OUR CEO & OWNER

*In BESTSELLER, we are committed to re-imagining and transforming the business of fashion.*

This year, we did our best to maintain our previous record-breaking performance and results. While we have celebrated our achievements, we are also aware of the tailwind that contributed to our recent success.

The financial results we report this year are satisfying and motivating. Firstly, I am glad that we – once again – managed to surpass our previous record results in terms of revenue. Our skilled colleagues, and our long-standing partnerships, have propelled us forward, and we humbly acknowledge this performance. Not least when witnessing how macroeconomic forces have impacted the fashion industry globally.

Inflation, energy prices, and an increase in costs, along with the prevailing financial turmoil, have had an impact on our company. Despite these challenges, it is commendable that we have been able to maintain momentum in our sales. However, these circumstances have squeezed our overall results.

As we dwell on our numbers from this year, we know we can improve. As a growth-oriented company, aware of the positive impact our results can enable, we are determined to do better in the coming years and our motivations remain intact.


*We anticipate the financial uncertainty to continue into the current financial year, 2023-24, and expect revenue to remain stable and profit ranging between DKK 4 and 5 billion.*



As the global retail landscape undergoes economic change, digital revolutions, and climate challenges, we recognise the need for continuous transformation within our company.

Our positive results are essential to our ability to successfully navigate the transition we are undergoing – and to us being able to leave a positive impact on the world around us. We are mindful of this fact.

This transformation will require commitment and a long-term vision. As a family-owned company with an aspiration to grow our business sustainably, BESTSELLER is well placed to achieve our mission to bring fashion forward.

  
Anders Holch Povlsen



# A JOINT LETTER FROM OUR CFO & HEAD OF SUSTAINABILITY

This is BESTSELLER's first integrated report. Unlike our previous, separately published annual and sustainability reports, we are now communicating our combined financial, social, and environmental performance together in one unified format.

*The performance of our business and impact on our environment and society are now even more interconnected than ever. We believe a responsible business has the capacity to generate value for all stakeholders – including our customers, colleagues, suppliers, shoppers and the society as a whole. Our long-term business will depend upon us succeeding in reaching both pinnacles. In this integrated report, we aim to highlight exactly this perspective.*

**DORTE RYE OLSEN**  
Head of Sustainability  
BESTSELLER

The year 2022-23 was – despite obstacles and ever-changing challenges – successful for BESTSELLER in many ways with a revenue of DKK 37 billion and an operating profit of DKK 4.9 billion. Our retail business with 2,100 own stores achieved record top and bottom line results.

The partnership with our classic wholesale customers was another positive highlight, whereas online sales through our direct online and pure online partners faced difficult market conditions and did not contribute positively to sales growth for the first time in many years.

These overall positive results were driven by our more than 20,000 dedicated colleagues, who continue to work tirelessly to create value for our partners, customers and society. Delivering sales growth in a tough and challenging market is very positive and something we are pleased to achieve.



**THOMAS BØRGLUM  
JENSEN**  
Chief Financial Officer  
BESTSELLER



However, commercial success has also affected some of our other important aspirations. As our business continues to grow, there has not been a decoupling of this growth from the indirect greenhouse gas emissions of our supply chain.

Reducing our indirect emissions and transforming our business to prepare for a circular future is one of the biggest challenges for our company in the years to come.

In recent years, we have reduced our scope 1 & 2 greenhouse gas emissions by more than 80 percent. Our sustainability strategy, Fashion FWD, has been instrumental in driving progress towards our goals. It is important to recognise that we still have a long journey ahead. There is no denying that.

In this report, we will detail how we are continuing to work hard to address this challenge.

By investing in renewable energy, using resources efficiently and promoting human rights, we believe our business can be a positive force for change. Our positive results mean we have the capacity to continue to accelerating this change, and throughout this report, we describe the actions we are taking now and in the future.

Three of the most important steps include:

Designing products from materials that have a lower environmental impact, with circularity in mind.

Working holistically with our partners across the supply chain to reduce emissions.

Increasing focus on the use phase of our products to extend life cycle.

In parallel with these steps, we are continuously building an understanding of how the planetary ecosystems and society interrelate. As companies, industries and legislators obtain further knowledge of the full ecosystem, we will have to find collaborative solutions to reach the required scale and prepare for a circular future. No company can do this alone.

Legislation plays a pivotal role in this regard, and we wholeheartedly welcome global legislation and initiatives as crucial instruments for transforming and facilitating change across industries and societies.

By embracing holistic collaboration across the industry with our customers, suppliers, legislators, and other stakeholders, we can collectively work towards creating the future we all need – for our company, our industry, our society and the environment. In BESTSELLER, we are determined to do so.

Thomas Børglum Jensen  
Chief Financial Officer, BESTSELLER

Dorte Rye Olsen  
Head of Sustainability, BESTSELLER

**RINGKØBING**  
Denmark — 1975



# BESTSELLER AT A GLANCE

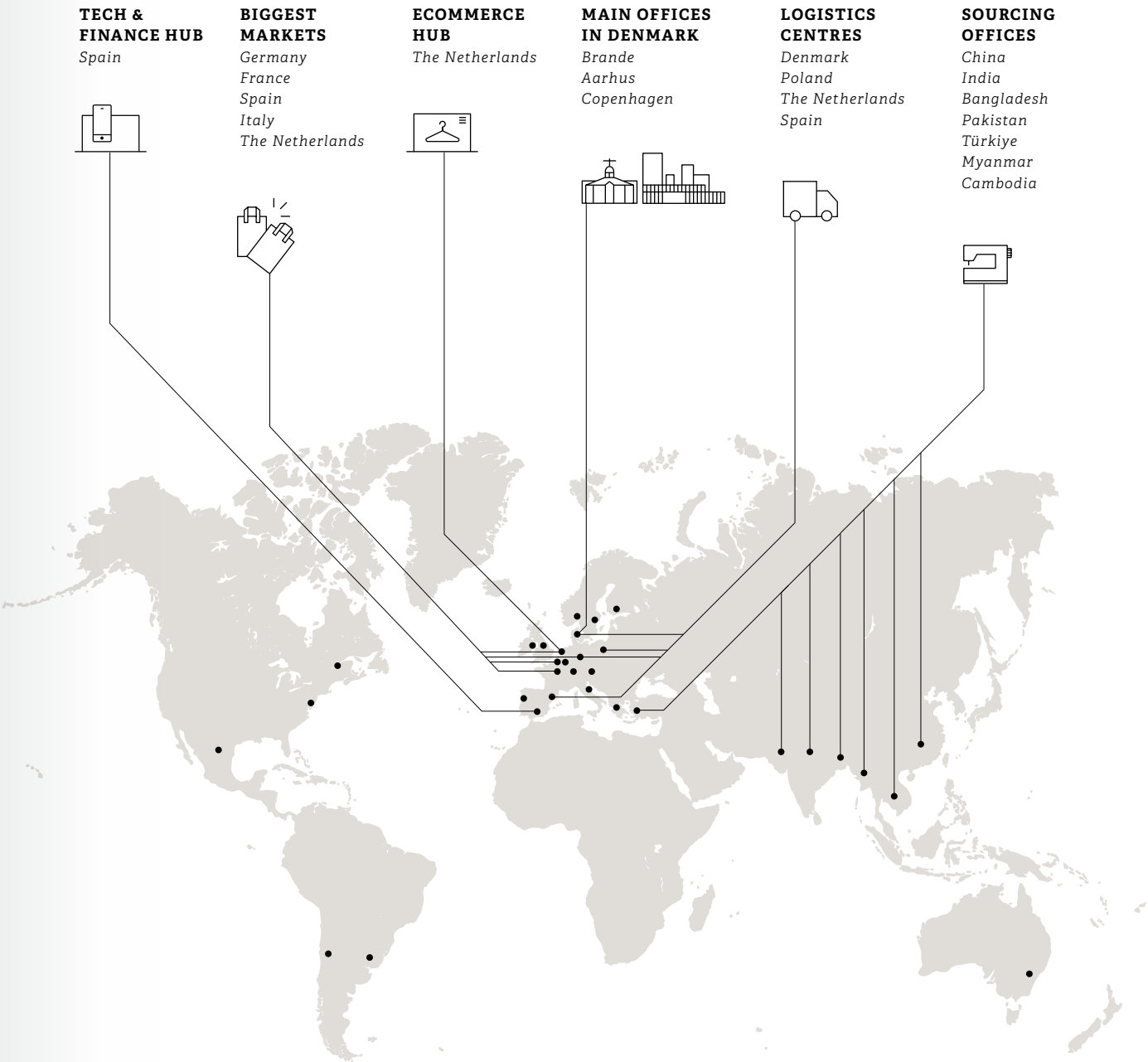
*BESTSELLER is a family-owned company consisting of a group of brands designing fashion for all ages, genders and occasions. Our company was established by the Holch Povlsen family in Denmark in 1975, and the Founding Principles defined then still guide our approach.*

Our products are based on the concept of good quality at competitive prices and are sold in more than 75 countries across Europe, Asia, North America, South America, Oceania and the Middle East.

Through our wholesale business, we sell our products to more than 16,000 multi-brand, department stores and online retailers worldwide. There are approximately 2,700 branded BESTSELLER retail stores in 38 countries globally. We own approximately 2,100 of these stores, while the other stores are operated by partners.

We are more than 20,000 colleagues working across design, logistics, sales, technology and other functions. We employ committed and ambitious colleagues with a positive mindset.

Our global supply chain partners include more than 400 suppliers, with products being manufactured at more than 800 factories, employing over 700,000 people across 29 countries.





# 2022— 2023 HIGHLIGHTS



## Leading the way to top five record

Germany, France, Spain, Italy and the Netherlands were the top five largest markets across wholesale, retail and ecommerce.



## Expanded Accord agreement in Pakistan

We joined leading fashion brands in affirming our commitment to the International Accord for Health and Safety in the Textile and Garment Industry in Pakistan.



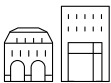
## Solar power to our partners

Our parent company, HEARTLAND, partnered with SOLshare and began installing solar panels to provide green energy directly to the factories of our production partners in Bangladesh.



## Türkiye: Our best performing market

Türkiye delivered the highest sales growth with more than 40 percent top-line growth across retail and wholesale.



## Record retail performance

This year, retail was the most successful part of our total business. We opened more than 250 new stores and saw 11 percent sales growth.



## 25 years in Spain

500 colleagues, customers, press and influencers were invited to celebrate our 25th anniversary in Spain. The event was hosted at our Malaga office.



## Personalised ecommerce

We are building and expanding unified commerce. Through intelligent product recommendations, online, in-app and instore, we can deliver seamless, personalised shopper experiences across digital and physical channels.



## Breakthrough textile innovation

JACK & JONES released pants made from a blend of organic cotton and SPINNOVA®, an innovative fibre made from wood. SPINNOVA® production uses minimal water and no harmful chemicals.



## Digital showrooms

Rolled out 50 more digital showrooms to achieve close to EUR 100 million (DKK 745 million) in sales globally.



## Supported more than 8,000 organic farmers

We also significantly increased the number of in-conversion farmers supported with more than 4,800 supported, compared to 300 the year before.



## Empowering our people

More than 80 percent of recipients responded to our annual employee survey, which was rolled out to all markets globally.

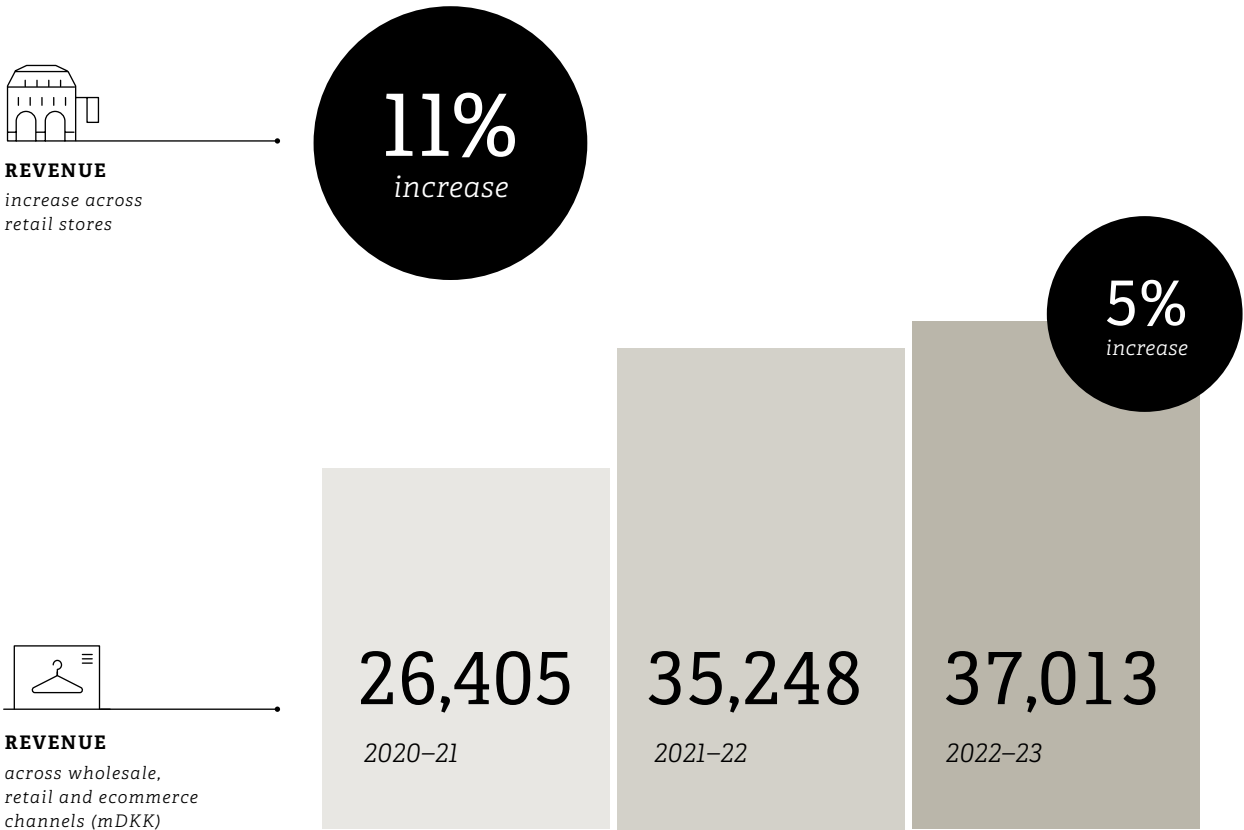


## Investing in people

Continued to invest in our people with new hires across the globe bringing our total number of colleagues to more than 20,000.

# FINANCIAL HIGHLIGHTS

Seen over a five year period, the development of the company may be described by means of the following financial highlights:



(mDKK)	2022/23	2021/22	2020/21	2019/20	2018/19
Profit/loss					
Revenue	37,013	35,248	26,405	24,133	25,817
Gross margin	17,097	17,534	13,019	11,551	12,756
Gross profit	11,363	12,201	9,435	6,326	8,296
Profit before net financials	4,790	6,263	4,458	988	2,731
Net financials	154	-179	146	-212	44
Profit before tax	4,944	6,085	4,604	776	2,775
Profit for the year	3,913	5,143	3,609	415	2,108
Balance sheet					
Balance sheet total	21,132	22,308	18,246	13,830	15,405
Investment in property, plant and equipment	1,779	1,371	379	513	922
Equity	11,848	11,881	8,734	5,245	7,071
Financial ratios					
Gross margin ratio	46.2%	49.7%	49.3%	47.9%	49.4%
Operating margin ratio	12.9%	17.8%	16.9%	4.1%	10.6%
Solvency ratio	56.1%	53.3%	47.9%	38.0%	45.9%

### Definition of financial ratios

<b>Gross margin ratio:</b> Gross margin x 100 Revenue	<b>Operating margin ratio:</b> Profit before net financials x 100 Revenue	<b>Solvency ratio:</b> Equity (at year end) x 100 Total assets
----------------------------------------------------------------	------------------------------------------------------------------------------------	-------------------------------------------------------------------------

Gross margin = Revenue - Cost of sales

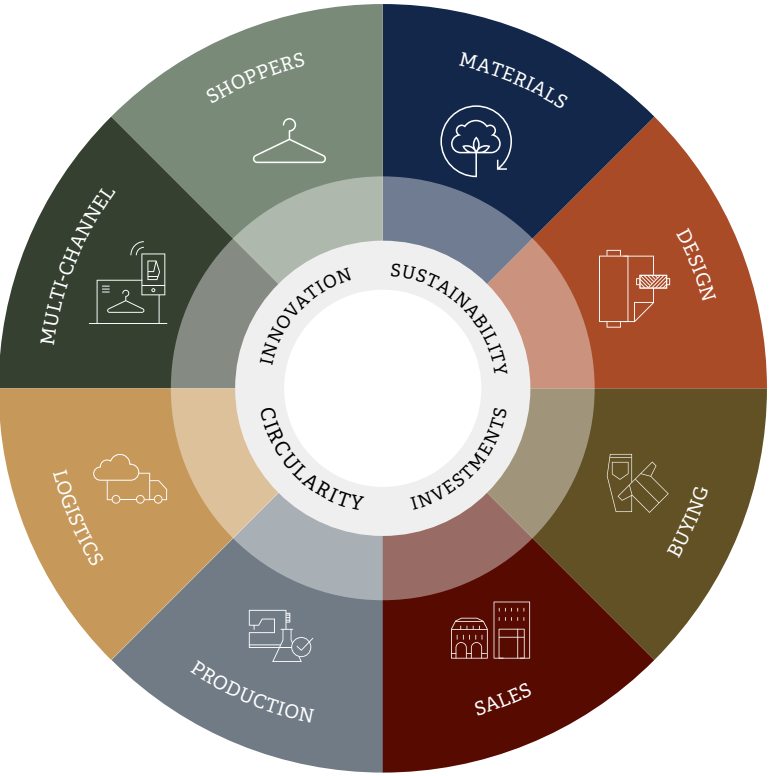
# OUR BUSINESS MODEL

*BESTSELLER is a global fashion company. Our success is dependent on developing and maintaining strong partnerships throughout the value chain. We want to be the best supplier for our customers and the best customer for our suppliers.*

Our business model is based on multi-channel retailing, which sets us apart from other players in the fashion industry. We sell our products at our own retail stores, through partner retail stores and through to multi-brand retailers as well as online on our own branded ecommerce platforms and through multiple online partners.

As a multi-channel retailer, we must deeply understand the businesses of our key retail customers as well as be able to deliver inspiring fashion directly to shoppers in our own stores. Each of our physical and digital channels supports the others, creating synergies and mutual benefits.

Our goal is to infuse sustainability into every aspect of our value chain, and we plan to increase our investment to ensure we achieve this objective moving forward.



- — **MATERIALS**  
We are working with suppliers to ensure future products are made using certified and branded materials.
- — **DESIGN**  
We work closely with suppliers on trends and provide inspiration for the right styles.
- — **BUYING**  
Buyers interact with design to evaluate trends, input from suppliers and our existing successful styles.
- — **SALES**  
The sales teams are introduced to the collections and are ready to interact with wholesale and retail partners.

- — **PRODUCTION**  
We work closely with our suppliers who manufacture the styles using defined materials.
- — **LOGISTICS**  
We work with logistics partners to transport products from suppliers to our network of owned and third-party operated distribution centres.
- — **MULTI-CHANNEL**  
We sell products across retail, wholesale and ecommerce channels.
- — **SHOPPERS**  
We believe better informed shoppers will make better choices and become active partners in the development of a more sustainable fashion industry.



# A GUIDE TO EXPLORING OUR ANNUAL REPORT

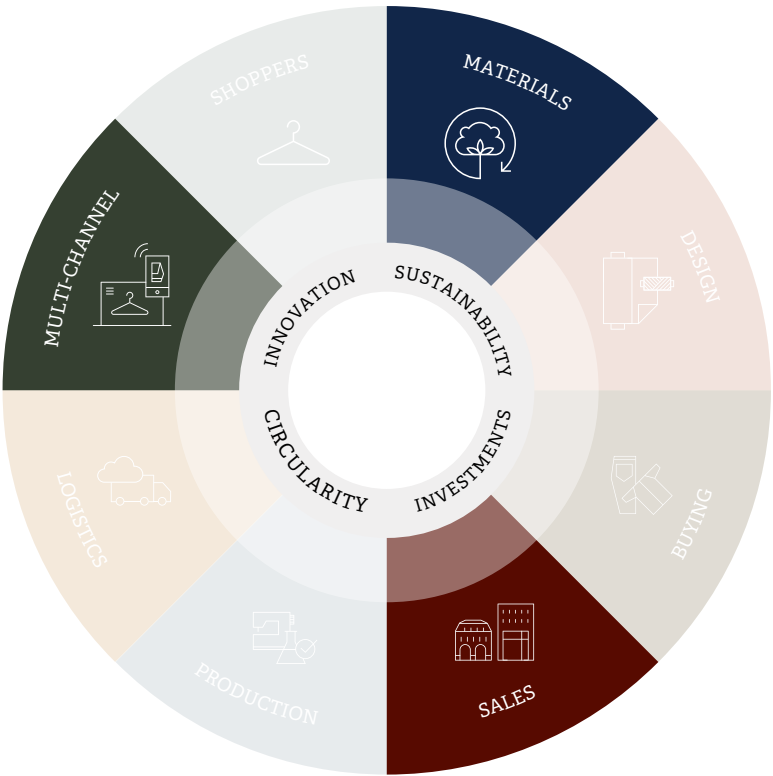
As the global landscape undergoes economic shifts, digital revolutions, and climate imperatives, we recognise the need for continuous adjustment and transformation within our company. This report offers a comprehensive overview of the initiatives we have undertaken over the past year to address these challenges and seize opportunities, both now and going forward.

Our endeavours encompass diverse areas across our value chain. This begins with the implementation of our sustainability strategy, Fashion FWD. Here we are refashioning the way we source materials by for example directly engaging with farmers to source organic cotton. We invest in technology to digitise sales and are expanding our logistics capacity to optimise our value proposition for wholesale customers and retail stores.

During the report, we utilise our business model as a guiding framework to explore and describe selected aspects of our business, our ongoing efforts, and the complexities we encounter now and in the future. While every facet of our business is essential, this section focuses on Materials, Sales, and Multi-channel retailing. Managing a responsible supply chain is unfolded in the sustainability section of the report.

We decided upon these three areas as within the context of preparing for a circular future, adapting to economic fluctuations and embracing digitisation will be key drivers of success.

**OUR BUSINESS MODEL**  
with this year's focus areas



The framework is used to facilitate a thorough and methodical way to explore and understand our results, tasks, ambitions, challenges and – which is an overarching theme in this report – how we are continuously refashioning our business today to prepare for the challenges of tomorrow.

This report details BESTSELLER's financial and sustainability performance for the financial year from 1 August 2022 through to 31 July 2023. Unless stated otherwise, all numbers are from the financial year. In the case of some sustainability data, including the total climate emissions, we still report on the calendar year 2022. Going forward we are striving to fully integrate the reporting of all sustainability data together with the financial data in the same period.

# MATERIALS

— *safeguarding  
our finite  
resources*

INTRODUCTION

*Over the following chapter we take a deep dive into the materials aspect of our value chain.*

We detail the importance of raw materials to our business, our current approach to managing materials and how we are refashioning this approach to prepare for a circular future.

Here we focus especially on cotton, our transition to organic cotton and material innovations.



INTRODUCTION  
continued

We create accessories and products made from a range of natural and man-made material that can be cut and sewn into clothing. Cotton, viscose and polyester are some of the many raw materials resources we work with across our material portfolio.

We must help to safeguard the world’s finite resources and eliminate waste. This will require us to replace the traditional linear model of the fashion industry of take-make-waste with circular solutions. Increasing scarcity of resources due to climate change and other planetary boundaries can lead to a risk of unstable supply and availability.

BESTSELLER is committed to sourcing and using materials that have less environmental impact than existing conventional materials. This considers the water, energy and chemical footprint of materials, as well as the social aspect of protecting the people involved and the reuse and recyclability of materials.



REFASHIONING  
MATERIALS

*Our strategy is focused both on currently known materials, as well as working with innovation partners to develop new materials.*

In terms of known materials, we are investing further into materials with a proven lower environmental footprint, such as organic and recycled materials, and providing our customers and shoppers with a larger portfolio of products made with these materials.

For many years we engaged primarily with the suppliers who produce our final styles. But to reach our sustainability ambitions we must transform the way we work throughout our supply chain. This begins with the farmers who grow the raw materials used in products through to the spinners and weavers and finally the key supplier partners who produce our many styles.

Collaborating with major sustainable textile initiatives, such as Fashion for Good, Sustainable Apparel Coalition, Textile Exchange, Better Cotton and Organic Cotton Accelerator, we are continuously conducting research on market trends, innovative processes, technologies and fibres that enable the transitioning of the fashion industry.

Our future business model will be based on principles that prioritise efficiency and the reuse of resources at every level, from fibres to water and chemicals to post-consumer, to minimise water and keep resources in use.



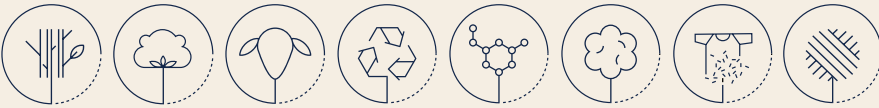
A cotton market in Gujarat, India.



We will continue to search for, investigate, collaborate with and invest in more cutting-edge solutions such as innovative low impact fibres and circular business models. We will continue our focus on waste and transforming it into future resources. Read more on page 125.

CERTIFIED  
AND BRANDED  
MATERIALS

*These are materials which have been proven to have less environmental impact on the climate, when compared to conventional materials of the same category.*



# DIRECT-TO-FARM

*Cotton accounts for more than 40 percent of all the fibre used by BESTSELLER. As conventional cotton farming can have a significant environmental impact, we are committed to using cotton which is sourced responsibly.*

Organic cotton is one of BESTSELLER's preferred alternatives to conventional cotton, although it's a very premium fibre, only representing one percent of the global supply.

*By 2022, we will source 100 percent of our cotton from preferred sources. By 2025, within our cotton supply, we will source 30 percent from organic or in-conversion cotton.*

We are committed to playing a role in raising the amount of organic cotton available to the industry. The biggest impact we have made is adding in-conversion cotton to our portfolio. In-conversion cotton is grown by farmers who are making the switch to organic farming methods, which can take up to three years.

Direct-to-farm is one of the sourcing methods we use to create a secure market for organic and in-conversion cotton. When sourcing and working directly with the farmers through direct-to-farm, we know where our raw materials come from and the communities that grow it. It also creates transparency around the impact of our investment.



Danique Lodewijks (centre) visits a cotton house in Gujarat, India.

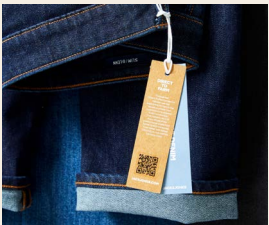


To support the cotton farmers moving from conventional to organic farming, we pay the same premium price for organic cotton when they begin this transition. This way these farmers are well compensated, receiving the same price as we already pay to existing organic cotton producers, fuelling future supply of organic cotton.

**DANIQUE LODEWIJKS**  
Senior Project Specialist  
BESTSELLER

*“Direct-to-farm secures an uptake of cotton lint before harvest season and can help us to ensure the future supply of genuine organic cotton. Creating an ongoing business case for farmers with long-term planning and multi-year agreements.”*

# CONTINUOUS COMMITMENT IS KEY



**ALLAN JUNG THORBØLL**  
International  
Buying Manager  
JACK & JONES

As part of the direct-to-farm programme, BESTSELLER commits to facilitating the off-take of a certain amount of organic cotton from a farmer's seasonal harvest and the flow of the raw material through the value chain to be used to make next year's products.

In 2023, BESTSELLER's biggest menswear brand, JACK & JONES, significantly increased its pre-season commitment to sourcing cotton via the direct-to-farm model. The brand expects to secure a more than 300 percent increase in the amount of traceable organic cotton sourced. Most of the organic cotton will be used for JACK & JONES' high volume styles.

*"Increasing our commitment to sourcing organic cotton is an important step towards our 2025 goal. Our ambition is that through direct-to-farm, we play a role in raising the total amount of organic cotton for the industry. At the same time we want to ensure farmers are paid a fair price for producing organic cotton and that the premium is not being lost throughout the supply chain."*



This year, ONLY significantly increased its commitment to sourcing organic cotton via the direct-to-farm approach. ONLY's commitment will cover five million T-shirts and five million jeans – the two biggest categories when we talk about cotton use.

Both JACK & JONES and ONLY have made long-term commitments to direct-to-farm sourcing. This offers farmers a more stable and secure business to make the necessary investment in producing organic cotton and increasing the total volume available going forward.

During 2022-23, BESTSELLER supported more than 8,000 organic farmers. We also significantly increased the number of in-conversion farmers supported. With more than 4,800 supported compared to 300 the year before.



While the commitments made by JACK & JONES and ONLY to sourcing organic cotton via direct-to-farm will first be realised in our reporting in the coming years, our previous commitments are already beginning to show positive results.

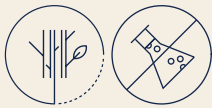
This year, we estimate the commitments made to off-take organic cotton via direct-to-farm will total more than 9,000 metric tonnes of fibre.

Read more about our work with organic cotton, including our performance for 2022-23 on page 129.



# 2022-23 MATERIAL INNOVATION BREAKTHROUGHS

JACK & JONES released pants made from a blend of organic cotton and SPINNOVA®, a pristine fibre made from wood with a touch and feel of traditional materials. The production of SPINNOVA® does not use harmful chemicals and consumes minimum water compared to conventional fibres.



**LOUISE LUND**  
Sustainability Manager  
SELECTED

This year, SELECTED created a limited edition cycora® dress. Cycora® regenerated polyester is a breakthrough product from material innovator Ambercycle. Specialised in recycling polyester – with virgin polyester usually dependent on petroleum-based resources – Ambercycle’s material cycora® is nothing less than a regenerated alternative to conventional polyester. This means that Ambercycle converts end-of-life textiles and industrial waste into a new innovative material.

*“Cycora® is a truly remarkable innovation. It contributes to solving a worldwide waste issue by preventing used clothes from ending in landfills and bringing them into a circular system. This will be key in the future of fashion, and we are proud to be among the first to making it available to shoppers in the European market.”*



# DESIGN

## — *insights*

*Digitising product development to prepare for a circular future*



# RELAUNCH OF OUR CIRCULAR DESIGN GUIDE

*Our Circular Design Guide enables designers to create styles with lower environmental impact than traditional materials and with the intended use phase in mind.*

This year, we launched an updated version of the guide, setting ambitious standards for how BESTSELLER will work with – and design – collections prepared for circularity, focusing on product use and purpose in the design process.

SELECTED FEMME/HOMME's capsule collection was crowned the winner of our Circular Design Challenge. The brand's versatile, gender-neutral trench coat was a highlight from the capsule and was launched for sale to shoppers in 2023.

Read more about how we design products to fit into future circular systems on page 141.



# A GAMECHANGER FOR 3D FASHION DESIGN

*As the fashion industry continues to evolve digitally, retailers are seeking new and inspiring ways to showcase their collections. VILA recently achieved success by selling its first styles designed using 3D visual effects (VFX) to leading European fashion retailers.*

*This real-life model was photographed wearing only underwear and her image was digitally altered to add layers of 3D garment renderings.*

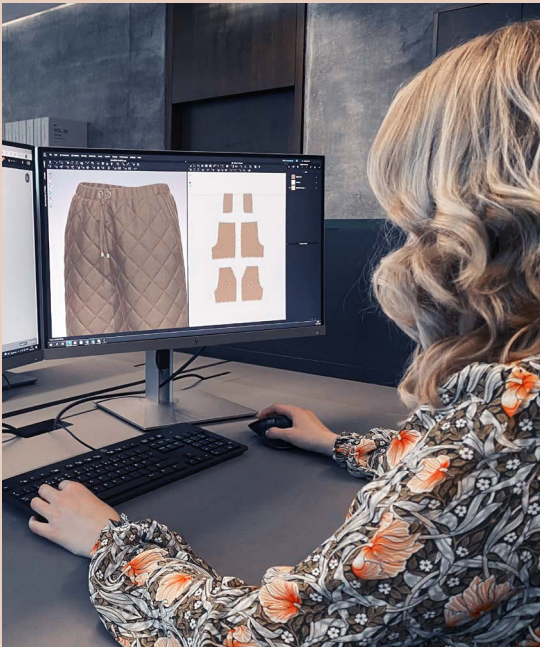


Originally associated with the entertainment industry, VFX (Visual Effects) is a cutting-edge technology that allows the brand to combine 3D content with real-life footage. Traditionally, 3D styles were presented to fashion retailers as pack pictures.

However, VILA has found an innovative way to bring its 3D styles to life without producing physical samples. By layering 3D renderings of garments onto images of real-life models, the brand can achieve an almost seamless blend of real-life and digital content.

**CHARLOTTE F. STOBRAWÉ**  
*Head of 3D  
VILA*

*“Adapting VFX techniques for the fashion industry enables us to present 3D garments on real models. By showcasing our 3D garments as whole looks, we aim to inspire our B2B retail customers and help them visualise how the styles can appear on their own channels.”*



# BUYING

## — *insights*

Together,  
we co-create  
fashion

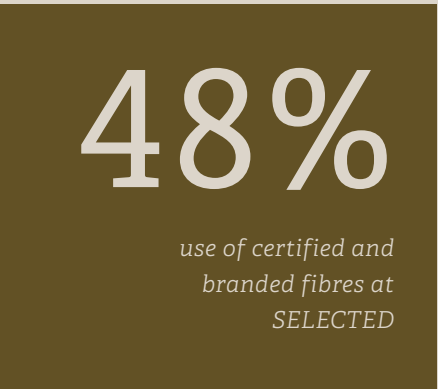


# INNOVATING WITH SUPPLIERS

Our buyers, together with our designers, play a key role in product development and the way we are preparing for a circular future. Delivering quality products at affordable prices means working, across the whole supply chain. We continuously innovate with manufacturers, spinners, weavers and raw material producers to find new materials with a lower environmental impact while never compromising on quality.



**POUL BENDIXEN**  
Design & Buying Director  
SELECTED  
FEMME/HOMME



“We strive to improve our products by developing and testing new techniques, fabrics and prints without adding extra costs or complexity. Our partnership with suppliers is critical in this creative process. This year, SELECTED used 48 percent certified and branded fibres and our current direction has convinced us to push this even further. This will not be doable without close collaboration with our entire supply chain.”



# SALES

— *creating value for partners*



INTRODUCTION

*During this chapter we will detail how we are refashioning our sales business to meet the challenges of tomorrow.*

We describe the importance of our wholesale business and our progress during the 2022-23 financial year.

Here we focus on how we, through investments in technology, are digitising the sales process and leveraging data to ensure our best performing styles are always available on our customers' shelves and websites.

**INTRODUCTION**  
*Continued*

Our wholesale activities remain a solid foundation for BESTSELLER and constitute more than half of our business. Shoppers can buy our products at more than 16,000 multi-brand, department stores and online retailers worldwide.

We are proud of our cooperation with all our wholesale partners whichever the size of their business, from world-leading department stores with many branches to wholesale partners with one or two small fashion stores. They all help ensure that our products reach shoppers everywhere, also in markets where we don't have our own retail stores. All our retail and wholesale partners have a large stake in developing our business, expanding into new markets and increasing brand-awareness.

We take a customer-centric approach to designing our collections. We need to understand which styles work well for each customer and use insights and experience to offer high quality products at competitive prices which will generate value for customers.

Our biggest collections are typically released twice a year for Spring-Summer and Autumn-Winter and reflect the latest trends in fashion.

We love inviting our customers to visit our main showrooms to view and shop collections. Our showrooms represent the pinnacle of the aesthetic style of each brand and provide customers the best physical way to experience our products.

*Copenhagen Fashion Week — SS24: Vineet Gautam, Country Manager, India (left) and Daniel Mayer, Brand Director, SELECTED (right).*



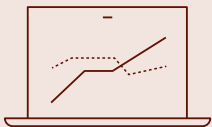
# REFASHIONING SALES

*Going forward, our approach to sales will be data-driven, combining customer insights such as the best performing styles from previous collections and which styles and price points we can focus on to generate even more value for our key wholesale customers.*

Through digitalisation of our showrooms, we improve the sales experience for customers. By expanding our global footprint of sales offices, we are getting closer to more customers in growth markets. Through investing in logistics and connecting customer sales data we can ensure our best performing styles are always on their shelves, creating powerful win-win partnerships.

*500 colleagues, customers, press and influencers celebrating our 25 years of history in Spain at our Malaga office.*





# SOLID PERFORMANCE IN A CHALLENGING MARKET

*This year, we continued to generate value to our customers' businesses. Sales performance during the year was very positive, with solid growth recorded across most markets.*

Certain customer segments in some of our largest markets were cautious during the last quarter of 2021-22 and this continued to impact sales during the first half of this year.

Earnings from wholesale were affected by increased material costs from suppliers, which we did not pass on in full to our customers. As a result, during 2022-23 we continued to generate a healthy profit from our wholesale business, although earnings as a percentage of revenue fell compared to the record performance during 2021-22.

**LARS PEDERSEN**  
Regional Director  
Germany and the Nordics  
BESTSELLER



*“We invested in digital showrooms to optimise our business and provide customers a better buying experience. In Germany – BESTSELLER’s biggest market – customers have responded positively, and although sales from digital showrooms is a relatively small aspect of our wholesale business, sales more than doubled in 2022-23. So, we will continue to invest in digitising our sales business and we fully expect this positive trend to continue going forward.”*





# DIGITISING SALES

*Digitisation is essential for BESTSELLER to continue to grow and build a robust and financially sustainable business going forward. From 2020, we have rapidly increased our transition from physical to digital sales. Since then, many brands have accelerated this journey.*

We have two key channels for digitising the dialogues with our customers, DIRECT and Digital Showrooms (DSR). DIRECT is an interactive digital sales platform. It allows wholesale customers to facilitate their own ordering process. They have access to a personalised platform which we tailor to meet their business needs. We highlight the availability and expected delivery times for available and upcoming products. So, customers can easily create an overview of when they can receive and sell their styles.

As many of our most important customers still expect to buy only from their experience of touching and feeling products, our business is limited to the number of physical styles we can present to customers in our showrooms.

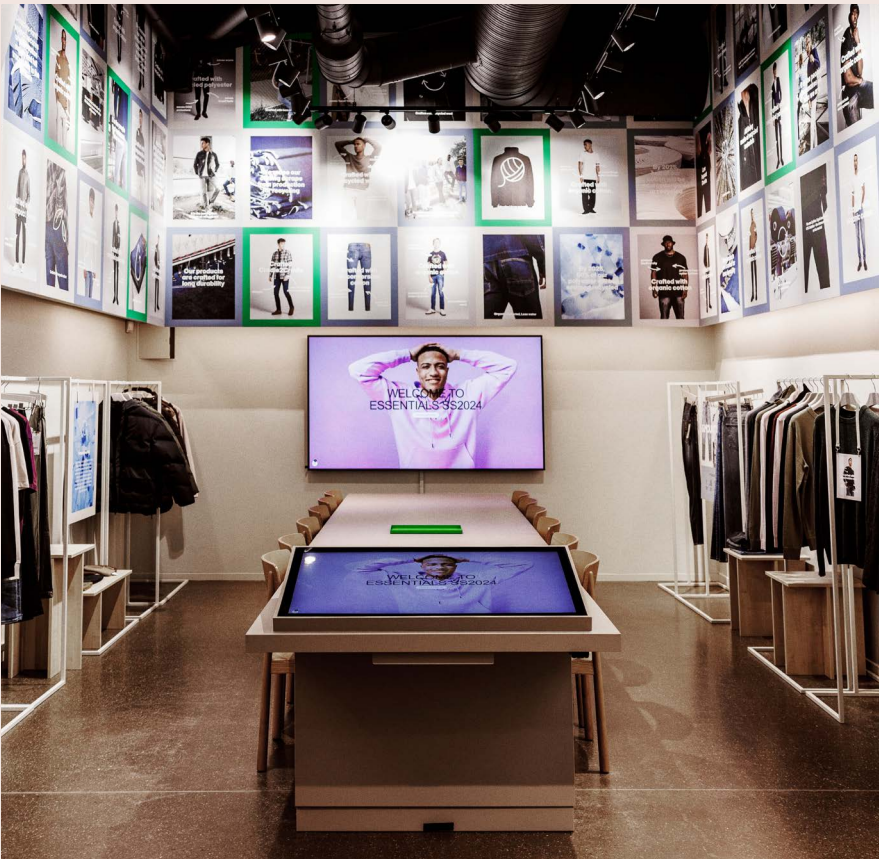
Digital showrooms reimagine wholesale customer interactions. With the addition of touchscreen technology, the showrooms are transformed for the digital age, making it intuitive and simple for customers to match trends, styles and colours based on digital collections and Artificial Intelligence (AI).

**SØREN RIISBERG**  
Division Sales Manager  
SELECTED





A JACK & JONES digital showroom in Brande, Denmark.



Digital sales continued to grow, and now account for more than 40 percent of our total wholesale business. Customers continued to place trust in the self-service functionality on the DIRECT platform.

In 2022-23, we installed more than 50 new digital showrooms globally, bringing the total to more than 160 in 20 countries. Sales in digital showrooms increased by more than 200 percent close to EUR 100 million (DKK 745 million). As of today, SELECTED, VILA, ONLY, NAME IT, VERO MODA and JACK & JONES are the brands using digital showrooms.

Germany was once again the market with the highest total digital sales. The country also has more than 38 digital showrooms and almost 25 percent of digital sales made in Germany last year were in digital showrooms. More than all other markets combined.

DIGITAL SHOWROOM  
ROLL-OUT STATUS

50+	New digital showrooms installed
160+	Digital showrooms in total (across all brands)
20	Countries represented with digital showrooms

In 2022-23, we continued to roll out digital showrooms globally and made close to EUR 100 million (DKK 745 million) in sales globally using digital showrooms.

# LEADING DIGITAL SALES

By 2026, NAME IT has the ambition to sell collections without physical samples. With more than 60 digital showrooms installed, the brand is well on the way to achieve their goal. Of the brand's main Spring-Summer 2024 collection, more than 30 percent of the styles were created digitally. Meaning customers purchase the product without having seen the physical sample.

This year, NAME IT launched a new upcoming sales tool, the virtual try-out with a second touchscreen installed in the digital showroom allowing customers to mix and match styles on digital avatars. The technology uses artificial intelligence (AI) to support customers in choosing the styles which best complement their business.

NAME IT	NAME IT
60+	30%
number of digital showrooms	of Spring-Summer 2024 collection was digitally created



**KATHLEEN HOUBEN**  
Sales Director  
NAME IT

*“Using digital salestools we can match trends, styles and colours based on digital collections and support from analytics and AI. We can provide customers an even better buying experience and help them select styles which provide the most value to their business. Being free of physical samples by 2026 is an ambitious strategy. We know. We are making good progress and by using 3D design and other new technology we can continue to digitise the sales process, creating more value for customers and making our business more efficient while reducing waste.”*

# WIN-WIN PARTNERSHIPS

JACK & JONES, our menswear brand with the largest wholesale business in BESTSELLER, has yet again managed to make a record-breaking result this year.

Brand Director of JACK & JONES, Anders Gam, has no doubt that every single JACK & JONES colleague has played an important part in the success.

*“It makes me very proud that our team has managed to make another record result in an extremely challenged market. In my mind, the key to our results is the dedicated teamwork of all our skilled colleagues. Everyone has a clear focus on simple solutions and are working closely together towards our targets.”*

Another reason behind the success of JACK & JONES is its automatic replenishment programme which keeps styles on stock for customers. This has made a significant contribution to the record-breaking year for the brand.

The replenishment process for managing a big part of our brands' Never Out Of Stock (NOOS) collections illustrates the way we provide a stable revenue stream for our customers, even during challenging market conditions. NOOS collections are timeless products which are always in demand from shoppers. By adding wholesale customers to our NOOS replenishment programme, we connect their sales data with our logistics system to automatically replenish NOOS products in the next customer shipment.



**ANDERS GAM**

Brand Director  
JACK & JONES

*“We believe that another big part of our success is that we always highly value win-win relationships with our wholesale partners. By understanding our partners' businesses and our market we can deliver value for our customers over the long-term. Our wholesale customers find it attractive to do business with JACK & JONES because we consistently generate value for their businesses. Over the last two years, we have more than doubled our replenishment programme. This means more value for customers and healthy business for us. We expect the continued success of the NOOS programme in the future.”*



# NEW MARKET GROWTH

*In 2022-23, we saw higher top and bottom-line performance across new markets, compared to the markets where we are well-established. Since the founding of our company, our biggest wholesale markets have been in Central and Northern Europe. These include Germany, France, Sweden, Belgium and Denmark, consistently representing a majority of our sales. They still are.*



**BEST PERFORMING: TÜRKIYE**

*Türkiye delivered the highest sales growth with more than 40 percent top-line growth across retail and wholesale.*

While sales across our traditional markets in 2022-23 were steady, markets across Southern and Eastern Europe grew by double digits. We also made significant progress in the Middle East, especially in Türkiye, which was the market with the biggest increase in growth.

Next year, BESTSELLER will continue to expand our regional presence across Southern Europe and the Middle East, supporting our growth plans in those newer markets.

In September 2023, we will open a new sales office in Greece and transform our Dubai showroom into a regional sales office to continue our expansion in the Middle East.

**ALEXANDER KOROSEC**  
Regional Director  
BESTSELLER Region East

*“This year, Türkiye was the fastest growing market with strong sales performance and a promising order book for next year. Region East represents more than 25 diverse countries, so localisation and freedom for our teams to act as agile entrepreneurs is the key to success.”*



This trend of new market expansion is not new. Last year, Canada was our biggest growing market, with Greece following closely behind. With BESTSELLER products sold across more than 75 markets and with local sales colleagues in countries as diverse as Uruguay, Australia and the United Arab Emirates, there are ample opportunities to continue to grow beyond our traditional markets going forward.



# PRODUCTION

## — *insights*

Partnerships are key to making the biggest impact



## STRATEGIC PARTNERSHIPS

One of our biggest suppliers is GMS Composite, a textile manufacturer from Bangladesh. GMS has worked with BESTSELLER for more than 15 years and has a long track record of high quality, investing in making their production more sustainable, and supporting the wellbeing of workers.

M Golam Mustafa, Executive Director, GMS, describes their partnership with BESTSELLER, and the importance of traceability, quality and sustainability.



15+  
years of working  
closely together towards  
common goals

**M GOLAM MUSTAFA**  
Executive Director  
GMS

“We don’t think of ourselves as a supplier, we are a strategic partner with BESTSELLER. Sustainability is a core value for our business, and we are proud to report that we have installed 4.5 megawatts capacity of solar power. We also prioritise the use of fibres such as organic cotton sourced from BESTSELLER’s direct-to-farm model. This ensures traceability and transparency throughout our supply chain.”

# A RESPONSIBLE SUPPLY CHAIN

*Our supply chain is where we have the biggest environmental impact and largest human rights risks. But this is also where there are the most opportunities to make a positive impact on our planet and society.*

We are committed to working with the most responsible and dedicated supply chain partners to support them reduce their environmental impact and respect and promote human rights.

We have an ambitious goal of sourcing 75 percent of our products from suppliers that are highly rated on our Supplier Sustainability Evaluation by 2025. Read more on page 90.

GOAL

75%

of orders placed with highly rated suppliers by 2025



**DEWAN NURUL ISLAM**  
*Chemical and Environment Manager, Global Supply Chain, BESTSELLER Coordinator of SolShare projects*



# SOLAR POWERING SUPPLIERS

*This year, our parent company, HEARTLAND, partnered with SOLshare, a cleantech company contributing renewable power to Bangladesh's energy grid.*

SOLshare has begun to install solar power on factory roofs on partnering suppliers in the country. Through this initiative we will indirectly contribute to reducing greenhouse gas emissions in textile factories producing clothes and shoes for the fashion industry. Read more on page 106.

# LOGISTICS

## — *insights*

Getting products  
to customers at the  
right time



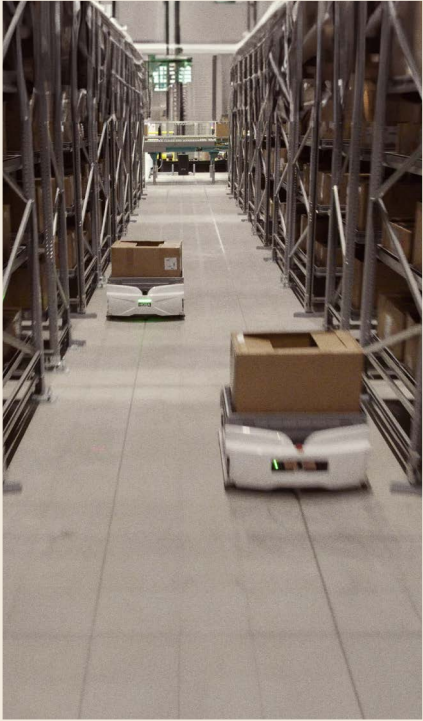
# AUTOMATION DOUBLES PRODUCTIVITY

Investing in automation technology at one of our Danish distribution centres ensures we are optimising our warehouse capacity in a critical time for BESTSELLER.

79 new robots are transforming the way we pack products at our distribution centre in Taulov, Denmark. The robots are part of a Skypod system, automating the collection of picking products from shelves to be packed into boxes ready for shipment to customers around Europe. Ultimately, a more productive and flexible supply chain is critical to getting our products to customers on time. Investing in digital and automation technology ensures we will continue to optimise our distribution footprint and ultimately meet customer demand.

79

*new Skypod robots have transformed the packaging procedure at our distribution centres*



# MULTI-CHANNEL

— *meeting shoppers where they are*

INTRODUCTION

*In this chapter we describe how we are refashioning multi-channel retailing to build a robust business capable of meeting the challenges of a constantly changing fashion landscape.*

Here we focus on the record performance of our 2,100 owned and operated retail stores during 2022-23. As well as how we create value for our 600 partner operated stores.

We describe our approach to our global ecommerce platforms, partner ecommerce and focus on creating omnichannel shopper experiences.





INTRODUCTION  
*Continued*

Our approach to the fashion industry is rooted in multi-channel retailing. This entails selling our products through various channels, such as our own retail stores, partner-owned retail stores, and our own brands' ecommerce platforms.

Our objective is and has always been to deliver commercial fashion, giving trend conscious shoppers value for money with great customer service.

Multi-channel retailing means meeting shoppers where they are, which provides a broader range of opportunities for purchasing BESTSELLER products. This approach adds value for shoppers by offering greater choice, flexibility, and convenience. Our physical and digital channels complement each other, generating synergies and mutual benefits.

*Instore ordering screens are a key feature of our approach to omnichannel retail.*



# RETAIL

*As the public face of many BESTSELLER brands, our retail stores are maybe our most important and valuable marketing asset.*

Each store primarily sells their own branded products and are where our products are put to the test to see if we have struck the right balance between season, fashion trends, price and timing.

We strive to find the optimal locations for our stores. Balancing foot traffic with rental prices and seeking out dynamic shopping areas to ensure we attract the best shoppers for our brands.

Our skilled retail colleagues play a critical role in offering the best product knowledge and customer experience for shoppers in our stores.

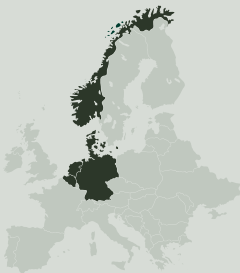
In BESTSELLER, being a diverse family of brands means we sometimes take different approaches to retail from market to market and brand to brand.

Many brand retail stores are owned and operated by our partners. Working with partners is often the way we enter new retail markets. Partners bring insights into local fashion trends and business culture, while we create value for our partners by delivering quality fashion at affordable prices, as well as a strong partner focused business model.

Here we are dedicated to ensuring they receive the best products at the right time. This helps them smoothly operate their business with minimum risk. Today we have more than 180 retail partners globally who operate more than 600 retail stores worldwide.

# REFASHIONING RETAIL

This year, retail was the most successful part of our total business. Revenue across our more than 2,100 owned retail stores increased by more than 11 percent. Our largest retail markets for 2022-23 were Germany, the Netherlands, Denmark, Belgium and Norway.

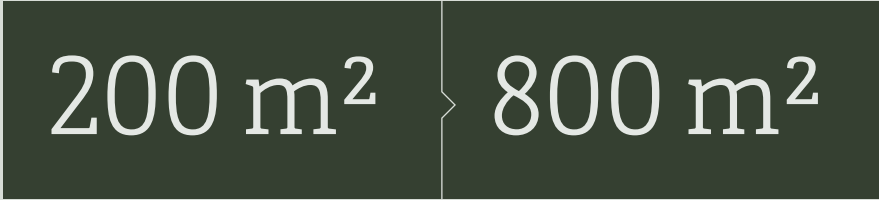


<div>250+</div> <div><i>new BESTSELLER-owned store openings in 2022-23</i></div>	<div>40+</div> <div><i>new partner-owned store openings in 2022-23</i></div>
----------------------------------------------------------------------------------	------------------------------------------------------------------------------

To compete in a tough market, we need to increase our retail presence in the best shopping areas in our biggest markets.

One of our biggest retail brands is ONLY. In 2022-23, ONLY Brand House opened more than 100 retail stores across Europe, as well as moving more than 50 stores to new and larger locations. Going forward, the brand's approach will be towards fewer, larger retail stores. The average store will increase from 200 m<sup>2</sup> to more than 800 m<sup>2</sup>. This means the brand can present shoppers a greater assortment of products, and increase the chance of having the right styles in the right size instore.

**ONLY STORE SIZE**  
*In average*



**FINN POULSEN**  
*Brand Director*  
ONLY



*“Bigger stores mean more choice for shoppers. After the COVID-19 pandemic we saw shoppers expected retail stores to have the same amount and variety of products they can find online. We have experienced a strong year in retail, and we expect this trend will continue. Going forward, we expect to open 180 new stores per year, which includes moving existing stores to bigger and better locations.”*



# ECOMMERCE

*Since 2006, our online business has provided inspiration, fashion trends and the latest styles for shoppers across all BESTSELLER brands.*

We aim to be the best destination for brand-focused shoppers and to create inspiring and seamless customer experiences.

Our brands and styles are sold online through our own platforms and across more than 250 online partners including leading international retailers and partners.

*Through our digital business and commerce platforms, we provide our brands and partners with flexible solutions to suit their needs while securing high performance across channels and markets creating the right brand experience and connection with consumers.*

Today, more than 40 percent of BESTSELLER's total sales are online. This is across both our own and partner-operated ecommerce channels, as well as the ecommerce integration directly with our online partners and retailers.



# DEVELOPMENT OF OWN CHANNELS

*After years of very strong growth during the COVID-19 pandemic, the global online fashion market has been negatively impacted by inflation, leading to increased distribution and handling costs.*

Furthermore, the trend of shoppers returning to retail stores meant that overall BESTSELLER's online sales – and those of our partners subsequently – decreased during 2022-23.

We also saw flat topline development in our own online channels and partner ecommerce programme. This was in line with the overall market trend for online retailers.

We are continuing to expand our shopper base on a brand level and are increasing the online repurchase rate.

## CLAUS NIELSEN

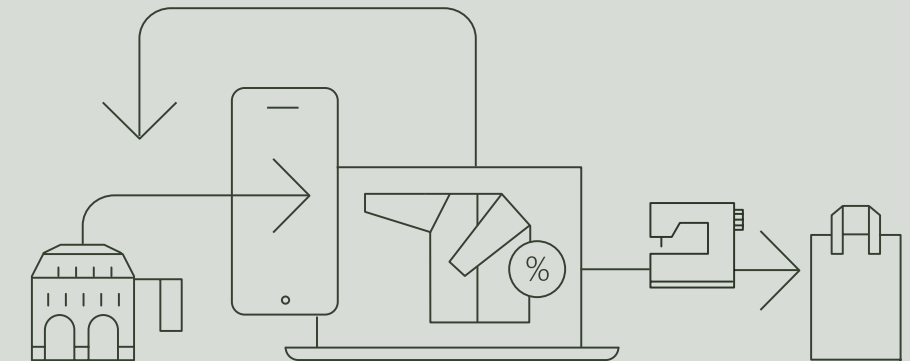
Business Director  
BESTSELLER Ecommerce  
& Digital

We are building and expanding unified commerce, as enabler for BESTSELLER's brands to deliver seamless customer and brand experiences across channels and shopper touchpoints, both digital and physical.

Over the past year, we improved the end-to-end shopper experience and process by lifting our online feedback and satisfaction across brands significantly. To strengthen our position, we implemented new modern commerce platforms, flexible backend across all our brands and rolled-out improved connected instore experiences.

Additionally, we established a new shopper data platform and improved shopper triggers. This has empowered our brands to deliver more personalised customer experiences, through intelligent product recommendations on onsite, in app and instore. Furthermore, we have improved shopper insights across channels.

*“With unified commerce, the ambition is that our brands can deliver improved customer and brand experiences, take data-driven decisions across the value chain and adapt to new technology faster, in order to deliver better services and build future growth.”*





# SHOPPERS

## — insights

Increasing  
transparency and  
providing clear  
choices



## WEAR AND CARE

*Our goal is to design products that can be integrated into circular systems, thereby extending their life cycle and promoting their continued use.*

Great garments deserve to be worn many times and to be valued for many years. To assist shoppers in maintaining their garments we have initiated several programmes.

Our Wear & Care Guide offers guidance on how to make garments last longer and on reuse and recycling value.

SELECTED provides a Garment Care Guide both online and in-store. Additionally, the brand offers a repair service at all its stores to mend any damaged clothing.

BESTSELLER ecommerce has a repair station at our Return Centre to keep unused returned items in circulation.

Read more on page 141.





## TRACING FROM A TAG

*To increase transparency, we strive to provide information about the environmental impacts of products. We have a responsibility to communicate reliable data in a transparent way with understandable information.*

Collaboration with peers, legislators, and other stakeholders is the best way to develop a credible methodology for assessing the environmental impact of products. Right now, the industry is missing industry-wide legislation which is necessary to achieve lasting impact.

This year, JACK & JONES launched fully traceable jeans from cotton field to final garment – sourced through a direct-to-farm approach. Through a QR code on the hangtag, shoppers can follow every step of the product's journey: e.g., where the cotton was grown, where the yarn was spun, where the fabric was woven, and where the jeans got stitched together. Every single step of the production.



# SUSTAINABILITY



*At BESTSELLER, we want to accelerate fashion’s journey towards a future based on circular business models, reduced environmental impact and wellbeing of everyone involved.*

Our industry has a significant environmental impact. By investing in renewable energy, using resources efficiently, keeping resources in circulation and promoting human rights, our business can be a force for change. Our sustainability strategy is called Fashion FWD, and it keeps us accountable and sets the direction for the future of our company.



# SUSTAINA- BILITY

— *guide to  
exploring our  
sustainability  
reporting*

§99A

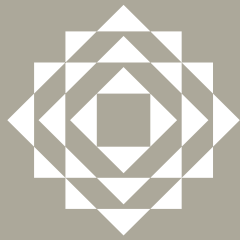
FASHION  
FWD

The following statement constitutes BESTSELLER's statutory reporting on corporate responsibility in accordance with the Danish Financial Statement Act §99a.

*Over the next section of this report, we detail our sustainability performance from 2022-23. Here we begin by introducing Fashion FWD, and describe how we are integrating sustainability throughout our business.*

We introduce our approach to responsible supply chain management which encompasses the environmental and social impact of our supply chain.

We then dive into our three main sustainability pillars of Fashion FWD, Addressing our Climate Impact, Preparing for a Circular Future and Supporting the People Throughout our Value Chain.



# FASHION FWD

*Our Fashion FWD Strategy defines the ambitions of our sustainability journey. It sets our near-term direction and keeps us accountable with goals to achieve by 2025. We consider sustainability from both environmental and social perspectives and engage with stakeholders to understand the risks and material issues our industry is facing.*

At BESTSELLER we are committed to operating our business responsibly. We believe that a successful and resilient business is one where people and planetary boundaries are respected, and business can be a positive force for change.

## SUSTAINABILITY GOVERNANCE

*Fashion FWD is owned by our Executive Board who are overall responsible for our strategy, goals and policies, risk management and reporting.*



Integrating sustainability and future preparedness into our business is done via FAST – Focused, Action-oriented Sustainability Taskforce.

FAST is chaired by the CEO, and facilitated by the Head of Sustainability. Leaders from central functions, markets and brands are all represented in the group and the overall purpose is to build a sense of ownership and empower leaders to embed sustainability into the way we work as an organisation and achieving alignment around a clear strategy and direction.

To engage and inspire action across key functions and BESTSELLER's business units, we have established several cross-brand and cross-function groups. These bring colleagues together to explore solutions and share best practice, and leverage the best specialists across the organisation.

Invest FWD is our platform for investing to scale up innovative solutions to the sustainability challenges and accelerate action towards the future that we want for the whole fashion industry.





MEASURING  
PERFORMANCE

*We work with the Sustainable Apparel Coalition (SAC) to develop and use their Higg Tools – a suite of tools for the standardised measurement of value chain and product sustainability – to measure, benchmark and report on our performance.*

We focus our efforts on Higg Facility Environmental Module (Higg FEM), Higg Social & Labour Module (Higg FLSM), Higg Product Module (Higg PM) and Higg Brand & Retail Module (Higg BRM), to use the most standardised and widely used sustainability performance tools in our industry for benchmarking and reporting.

In 2022, the SAC initiated a major update of the BRM to better meet the needs of members, the industry, and stakeholders. BESTSELLER has actively engaged in supporting SAC in making this major update. We have been a member of their BRM core membership engagement team where we have engaged in developing the new BRM taxonomy, the questions, and the scoring methodology. 2023 is a transition year for the BRM. To further support this transition, we have conducted the self-assessment and volunteered to SAC's verification pilot to independently verify our self-assessment. Based on next year's improved BRM, we will also report our BRM score.

We engage in developing the new BRM to better understand how we can improve our performance and our data on key environmental, social, and governance issues. This will support us achieving our Fashion FWD strategy and prepare us to meet our stakeholders' expectations.

COMMUNICATING  
SUSTAINABILITY

Since launching our Fashion FWD Strategy there have been considerable changes in the way we and the fashion companies and other industries communicate about sustainability. We strive to address the many challenges facing our industry and how we are refashioning our business to reduce our negative impact and create positive change. Here we aim to live up to external best practice and ensure our communication is transparent and not misleading, but also clear and understandable for all our stakeholders. As it is critical that we bring everyone along on the journey to bring fashion forward for all.



# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

INTRODUCTION

*At BESTSELLER, we recognise the significant role that businesses play in contributing to economic, environmental, and social progress. As part of our Fashion FWD strategy, we prioritise minimising the adverse impacts of our operations, value chain and relationships with stakeholders.*

APPROACH

BESTSELLER commits to respecting all human rights as defined in the International Bill of Human Rights and ILO’s core conventions. We commit to the United Nation’s Guiding Principles on Business and Human Rights, the OECD Guideline for Multinational Enterprises and Due Diligence Guidance for Responsible Business Conduct as the authoritative frameworks for our efforts to respect and promote human rights.





In practical terms, our pledge to respect and promote human rights covers all dealings by our more than 20,000 people working for BESTSELLER as well as the more than 700,000 people working in our global supply chain. Where our influence on business partners and other stakeholders are limited, we seek to increase our leverage by engaging in initiatives that aim to develop and implement joint sustainable solutions.

Our supply chain is divided into multiple tiers

The OECD guidelines cover both environmental and social responsibility and support us to follow international best practice to identify, prevent, mitigate, and account for actual and potential adverse impacts across our value chain. The guidance also contributes to our approach to communication and providing remediation when appropriate.

We have a consistent and holistic approach to responsible supply chain management that recognises that reducing the industry’s environmental impact and addressing human rights concerns is an integrated and interrelated process. Our approach addresses supply chain-related risks across four different levels: workers, factory management, industry and our own business practices

Read more about our work in the supply chain on page 108 and 150.

	<b>TIER 0 — SUPPLIERS</b>	<i>The businesses we place orders with. In this report, we refer to them as “suppliers”.</i>
	<b>TIER 1 — FINISHED GOODS ASSEMBLERS</b>	<i>Refers to production units involved in the making and finishing of garments and products, including cut-pack, embroidery, washing, dyeing, printing and finishing of garments or finished products. We refer to them as “factories”.</i>
	<b>TIER 2 — MATERIALS MANUFACTURERS</b>	<i>Refers to materials manufactures, including fabric and trim manufacturing as well as tanneries.</i>
	<b>TIER 4—5 RAW MATERIALS SUPPLIERS &amp; FIBRE PROCESSORS</b>	<i>Fibre processors and raw materials suppliers. The further away a business is from the initial supplier our brands place orders with, the less leverage and influence we have.</i>

FACTORY STANDARDS PROGRAMME

The Factory Standards Programme is our primary tool for holding suppliers accountable to our social and labour, environmental and chemical requirements. All approved production units (Tier 1 factories) are subject to the programme, which means they are subject to assessments by our in-country teams or 3rd party auditors. These regular assessments are conducted to check that these factories are complying with our Code of Conduct and social & labour and environmental & chemical requirements.

Our Factory Standards Programme is aligned with the Organisation for Economic Co-operation and Development’s (OECD) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, as well as guidance from International Labour Organization (ILO) and United Nations Guiding Principles for Business and Human Rights (UNGPs).

The Factory Standards Programme is a continuous quality assurance process that involves documentation collection, worker interviews, and on-site visits. Data from the programme is the foundation of our Supplier Sustainability Evaluation. Read more on our website:

FACTORY STANDARDS PROGRAMME

Verifying fabric quality at a supplier factory, Delhi, India.



BESTSELLER'S DUE DILIGENCE APPROACH



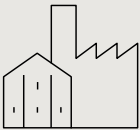
1. POLICIES

We have clear policies that articulate our expectations on how supply chain partners should treat their workers and the environment.



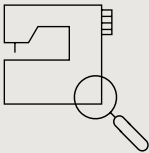
2. PERFORMANCE MONITORING

Through our Factory Standards Programme, we assess whether supply chain partners are meeting expectations. We provide each factory with a rating and local teams provide each business with clear feedback for improvement.



3. DRIVE IMPACT AT FACTORY

We have a range of social and environmental impact initiatives that are specifically designed to mitigate specific supply chain risks. These focus on both training workers and factory management – both are key stakeholders in driving and maintaining change within the supply chain.



4. DRIVE IMPACT AT INDUSTRY LEVEL

We collaborate with and push for collective industry action to raise the standards and expectations



5. REVIEW AND IMPROVE

Based on learnings from steps 2, 3, and 4 and supply chain risk assessment processes, we update our business practices. For example, we can update requirements for suppliers, adopt a new risk-specific policy, or provide new avenues for support to mitigate a new risk.



GOAL

*By 2025, 75 percent of all product orders will be placed with suppliers that are highly rated in our sustainability evaluation.*

PROGRESS

In 2022, as part of our due diligence programme, we completed implementation of our Supplier Sustainability Evaluation system globally. The sustainability evaluation integrates factory-level data on social and labour and environmental performance with supplier-level data on responsible supply chain management, commitment, ethics and transparency.

To be highly rated, suppliers need to meet industry best practices in relation to human rights and environmental management. Also, they must be proactive in efforts to reduce their own impacts and engage in efforts to reduce the impact of the industry in their country.

By the end of FY 2022-23, 48 percent of product orders were placed with suppliers that are highly rated in our Supplier Sustainability Evaluation.

48%

*of product orders were placed with suppliers that are highly rated in our Supplier Sustainability Evaluation*

GOING FORWARD

As the EU's upcoming CSRD requirements are also in line with the OECD guidance, we are preparing our business to report even more thoroughly on our approach to due diligence in the coming years.

To further incentivise supply chain partners to improve their rating from 2023-24, suppliers that are highly rated in our general Supplier Evaluation, (which includes product delivery and quality evaluations as well as Supplier Sustainability Evaluation), will receive more favourable payment terms.

MICHAEL W. SCHULTZE

Director  
Global Supply Chain  
BESTSELLER



*"The 75 percent target reflects our commitment to do business with supply chain partners that take sustainability seriously. The Supplier Sustainability Evaluation is a powerful tool that enables us to incentivise our suppliers to promote human rights and environmental stewardship in their businesses, encouraging investments to secure the long-term viability of our industry."*



# ADDRESSING OUR CLIMATE IMPACT

*Climate change, biodiversity loss, deforestation and other challenges have the potential to negatively impact our environment and all societies around the world.*

As a responsible company we have an obligation to reduce the impact our business has on the environment. As the fashion industry is heavily reliant upon our planet's natural resources, such as cotton and clean water, there is a clear risk to our business.

*New styles from the  
SELECTED x CYCLO®  
collection.*

Our work in this area is set out in our Fashion FWD strategy. This considers improvements in all phases of our product life cycles, including the design, production, transportation and product use phase, as well as engaging shoppers to help extend product life, which is critical to reduce our overall environmental impact.

We must also work with partners across the industry to reconsider how our operations consume energy, water, chemicals and raw materials, as well as how to make waste into a resource.



# CLIMATE IMPACT

INTRODUCTION

*We have a responsibility to play our part in limiting the impacts our business has on the environment. Here we will strive to reduce our direct and indirect climate footprint.*

APPROACH

Our approach is to track and reduce GHG emissions and progress towards our goals that have been approved by the Science Based Targets (SBT) initiative, the leading corporate collaboration organisation for climate change action. Our SBTs are absolute targets and measured against a baseline year of 2018.

We prioritise efforts within scope 3, which is responsible for 99 percent of our GHG emissions. Our scope 3 target focuses exclusively on purchased goods and services, and upstream and downstream transportation. Other categories such as business travel and the commuting of our colleagues have been excluded in accordance with current SBTi guidance.

This means BESTSELLER's 2018 baseline for scope 1, 2 and 3, which will define our progress, is 1.5 million tonnes CO<sub>2</sub>e.

These categories are all calculated annually, and the goal is always to improve data quality to include as much primary data as possible. Primary data is always reviewed and quality checked. Activity data is prioritised over financial data wherever possible. Where it is not possible to receive primary data, secondary data and literature sources are used in alignment with industry best practice. There is always more effort involved with collecting primary data, so efforts are prioritised to scopes and categories with large impacts and affect on our targets.

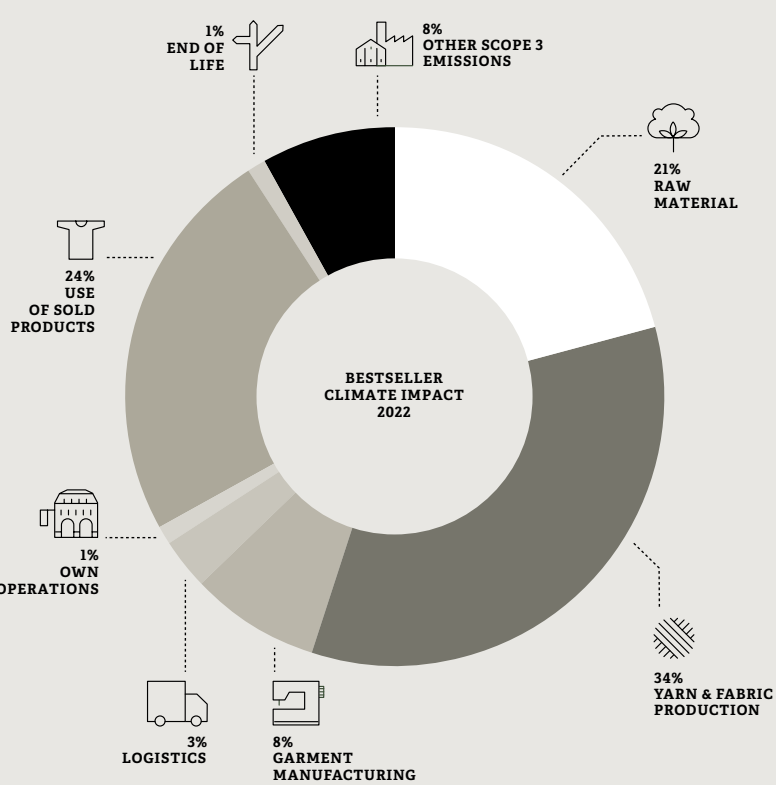
GOAL

*By 2030, BESTSELLER commits to reducing absolute scope 1 and 2 GHG emissions by 50 percent from a 2018 base year.*

*By 2030, BESTSELLER commits to reducing absolute scope 3 GHG emissions from purchased goods and services, and upstream and downstream transportation by 30 percent from a 2018 base year.*

OUR CLIMATE IMPACT 2022

- Tier 4 – Raw material
- Tier 2 & 3 – Production
- Tier 1 – Manufacturing





Increasing the use of recycled materials will be key to reducing our climate impact.



**ABOUT  
THE SBT SCOPES**

According to the Greenhouse Gas Protocol – the most widely used international accounting tool – greenhouse gas emissions are categorised into three groups or Scopes. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company’s value chain.

**PROGRESS**

In 2022, total GHG emissions increased by 24 percent compared to our baseline. Scope 1 and 2 emissions were stable, at 82 percent below baseline, while scope 3 emissions increased by 30 percent. Also, this year, our GHG emission calculations have been verified by an external verification body.

Read more about the approach and progress over the following two chapters.



# REDUCING SCOPE 1 AND 2 EMISSIONS

## INTRODUCTION

*We strive to reduce the climate impact of our own operations. Since launching our Fashion FWD strategy we have made significant inroads in terms of reducing direct GHG emissions in scope 1 and 2.*

While our direct carbon footprint only represents around five percent of BESTSELLER's total 2018 baseline GHG emissions, our owned and operated buildings are symbolically significant due to their visibility.

## APPROACH

We are committed to using 100 percent renewable electricity, as well as reducing overall energy consumption across all our owned and operated buildings. Our parent company, HEARTLAND, operates a 207-megawatt (MW) solar power plant in Denmark and, through a power purchase agreement (PPA), we are sourcing renewable electricity to cover our use in the European Union and European Economic Area in line with the RE100 market boundary criteria.

Our policies Stores FWD, Office FWD and Logistic Location FWD are the main drivers to reach our 2025 goal of reducing electricity consumption at owned and operated buildings by 30 percent.



## GOAL

- By 2030, BESTSELLER commits to reducing absolute scope 1 and 2 GHG emissions by 50 percent from a 2018 base year.
- By 2025, our electricity consumption in our owned and operated buildings globally will be reduced by 30 percent.

## PROGRESS

- In 2022, total scope 1 and 2 emissions were stable compared to 2021, at 82 percent below the 2018 baseline.
- In 2022-23, energy generated by the solar power plant owned by HEARTLAND once again ensured we could cover the operations of our owned and operated buildings in Europe with 100 percent renewable electricity. Renewable energy remains the primary driver for reaching an 82 percent GHG drop in scope 1 and 2 emissions.
- From 2020 to 2021, we saw a positive first drop in the electricity consumption at our own stores, and from 2021 to 2022, this trend again continued.
- Across all own stores, the electricity consumption per square meter was reduced by almost 18 percent by the end of the calendar year 2022.
- The reduction was due to collective efforts to install low watt LED and other electricity-efficient actions, and puts us well on track to reach the 2025 goal.





*The 207 megawatt solar power plant owned by our parent company, HEARTLAND.*

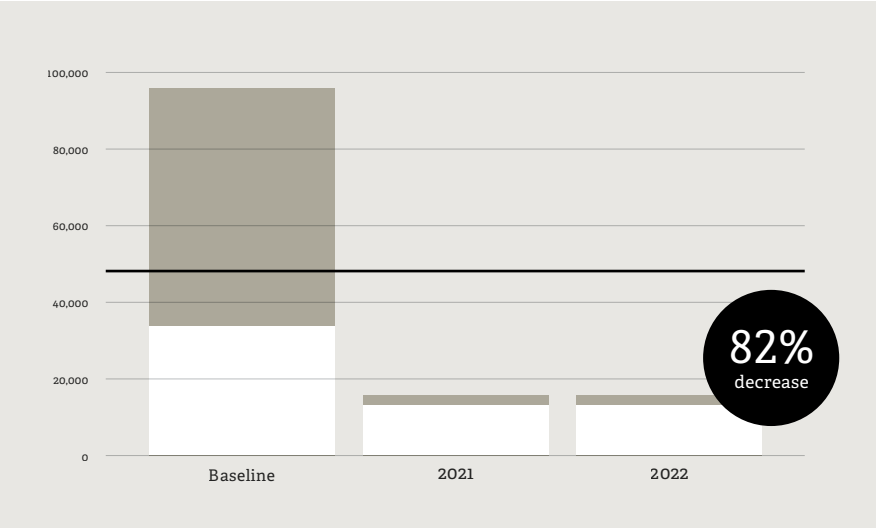
**LOCATION:**  
*Holstebro, Denmark.*



SCIENCE-BASED TARGET  
SCOPE 1 & 2

(tCO<sub>2</sub>e)

● Scope 1  
● Scope 2  
— 50 percent reduction target

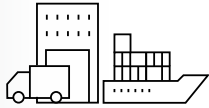


A new policy was developed to ensure our buildings meet high sustainability standards. Named Building FWD, the policy establishes sustainability as a fundamental aspect of the design, materials used in the construction and the operation of our offices and warehouses:

- Uses globally recognised certification tools (such as DGNB) to ensure the building is compliant with and achieve the highest possible level of certification.
- Develop a climate and biodiversity risk assessment.
- Conduct a life cycle analysis and action plan to reduce the carbon footprint as much as possible.

GOING FORWARD

We will continue to invest in improving the energy efficiency of our own operations. This includes the new logistics facility in the Netherlands, which we anticipate will meet the highest environmental standards once in use by 2026/27.



REDUCING  
SCOPE 3  
EMISSIONS

INTRODUCTION

*The vast majority of our climate emissions are from our supply chain. We prioritise our emissions reduction efforts here as this is where we can make the biggest impact.*

In 2022, the production of raw materials accounted for more than 20 percent of total emissions, the production of yarn and fabric more than 30 percent, and garment manufacturing almost 10 percent. Importantly, the use phase of our products by consumers represents more than 20 percent.

GOAL

*By 2030, BESTSELLER commits to reducing absolute scope 3 GHG emissions from purchased goods and services, and upstream and downstream transportation by 30 percent from a 2018 base year.*

APPROACH

We have a responsibility towards reducing the total climate impact of our supply chain. To do this, we must work across the value chain with all stakeholders. We must therefore work directly at both ends of the supply chain to ensure the final products are manufactured with raw materials, fibres and fabrics that have a lower climate impact in terms of emissions.

APPROACH  
continued

The fashion industry faces a significant challenge in documenting the total climate impact of materials and supply chain operations, and improving the data quality is a continuous journey.

Increasing the use of certified and branded materials in our products and working directly with farmers to support the transition from conventional to organic cotton are two examples of how to create transparency in the supply chain and more accurately measure the climate impact of our products. Read more on page 125 and 129.

We have increased our focus on improving data quality within scope 3 as well as our use of primary data. However, for our supply chain, the factory level data and the actions we have taken, e.g. FWD>ENV programme, are not yet reflected in our reporting. Read more on page 112.

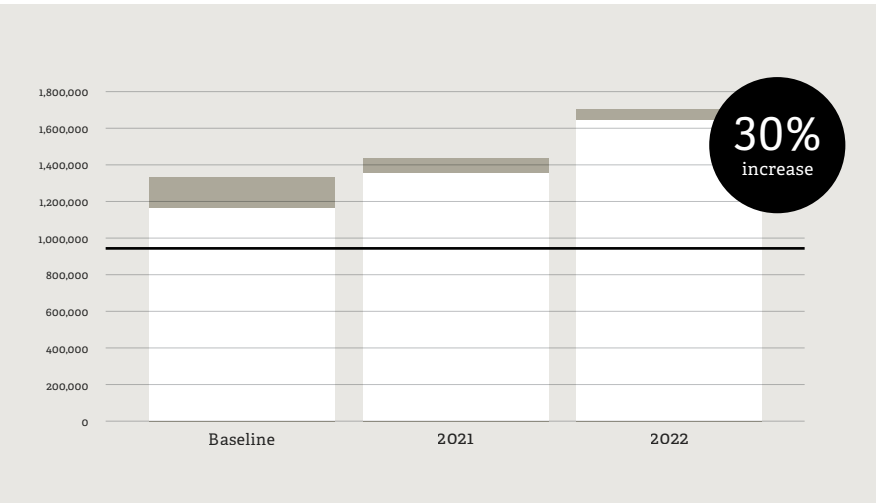
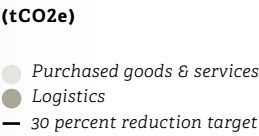
We require factories to identify and track all sources of energy used on site and set a normalised baseline for energy use. They are expected to set targets to reduce the amount of energy used at their facilities and/or switch to cleaner fuel sources. This way, together, we can create a verifiable record of a supplier's energy use and develop action plans to instigate meaningful change. Progress on the baseline is a key criterion in our Supplier Sustainability Evaluation.

Finally, shopper awareness and use behaviour are crucial to reducing the impact of our products. We are committed to engaging shoppers, including communicating product impact through our Fashion FWD Strategy. We hope to guide purchasing and behaviour decisions by informing shoppers about the impact of their purchases and how to care for the products during use phase. Read more on page 146.

PROGRESS

In spite of our efforts, in 2022 we did not see a decoupling of our growth from emissions. During the year, SBT scope 3 emissions increased by 19 percent from 2021. This meant that total accumulated SBT scope 3 emissions have increased 30 percent from our 2018 baseline.

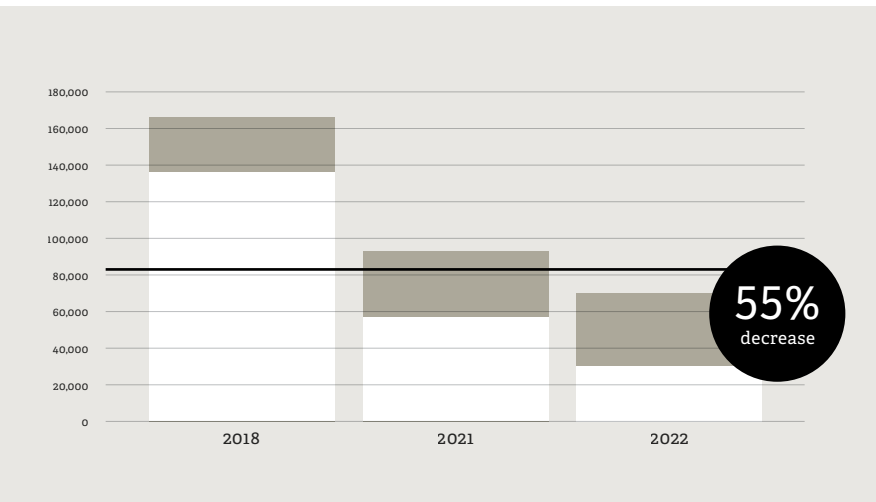
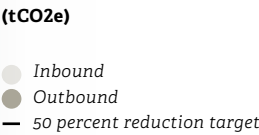
SCIENCE-BASED TARGET  
SCOPE 3

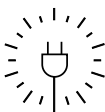


This means that material uptake has increased, and a higher number of materials have been processed, produced into garments and transported to the warehouses. An increase in sold garments also results in a higher impact in the use phase and end-of-use impacts.

Emissions from logistics decreased by 55 percent since 2018. This is driven by investing in using low-emission biofuel for ocean and road transport, as well as significantly reducing the amount of air transport.

EMISSIONS FROM  
LOGISTICS





**SOLSHARE PARTNERSHIP**

This year, our parent company, HEARTLAND, partnered with SOLshare, a cleantech company contributing renewable power to Bangladesh's energy grid. SOLshare has begun to install solar power on factory roofs of partnering suppliers in the country. Through this initiative, we will indirectly contribute to reducing greenhouse gas emissions in textile factories producing clothes and shoes for the fashion industry. So far, four suppliers have agreed to installing solar plants at seven factories – representing 2.2MWp of renewable power and a projected 38,000 tonnes saving in GHG emissions for those suppliers over the next thirty years.

**PHASING OUT COAL-POWERED BOILERS**

Coal-powered boilers are a significant contributor to the industry's greenhouse gas emissions and air pollution. As part of our efforts to reduce indirect emissions, BESTSELLER will ban factories that use coal boilers from joining our supply chain and support existing suppliers' transition from coal to cleaner alternatives.

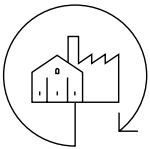
**GOING FORWARD**

To decouple growth from increasing scope 3 emissions, we need to increase our efforts across our whole value chain and engage with stakeholders across our industry on systemic solutions.

Our approach will be focused on three main areas of our business where we can make the biggest impact.

<b>1. DESIGN PRODUCTS MADE FROM MATERIALS WITH LOWER CLIMATE IMPACT</b>	<i>Continue to invest in material innovators and increase our use of certified and branded materials. The progress we have already made since 2018 means we are committed to meet our 2025 materials targets. Read more on page 125.</i>
<b>2. WORK HOLISTICALLY WITH OUR DIRECT SUPPLIERS AND ACROSS OUR SUPPLY CHAIN</b>	<i>Increase transparency of supply chain emissions by scaling up the collection of primary data. Work directly with tier 1 suppliers and tier 2 factories to help them reduce their climate impact. This includes building on the results of our FWD&gt;ENV programme which will be vital to meet our goal of sourcing 75 percent of products from highly rated suppliers by 2025. Read more on page 112.</i>
<b>3. ADDRESSING THE USE PHASE OF OUR PRODUCTS TO EXTEND LIFE CYCLE</b>	<i>Increase focus on the use phase of products by engaging with shoppers to raise awareness about how their own actions can make an impact. Increase our use of recycled materials and increase durability to extend product life cycle. Read more on page 134 and 141.</i>





# THE ENVIRONMENTAL IMPACT OF OUR FACTORIES

## INTRODUCTION

*The environmental impact of our factories and their suppliers is significant. Strong cooperation with suppliers and training and incentivising them to reduce the consumption of water, chemicals, energy and the production of waste is a key step to securing the future of our industry.*

## APPROACH

As a baseline, each factory must meet our Environmental Management Requirements, which are publicly available online. Each factory's performance is regularly assessed through the Factory Standards Programme, and is based on clear KPIs and development of targets to improve their environmental performance across these impacts. Supplier performance against these targets is incorporated into the Supplier Sustainability Evaluation.

To support our supply chain partners in improving their performance, we host supplier and factory seminars to share learnings and best practices regarding responsible environmental management. The topics of training

seminars are determined by the local Environmental and Chemical manager according to the largest areas of risk and potential scope for improvement.

In addition to our own monitoring process, we also ask suppliers to submit data to the Higg Facility Environmental Module (Higg FEM) Index, which is a tool designed for the apparel and footwear industry to measure performance across seven impact areas, environmental management systems, water use, wastewater, chemical use, waste management, energy use and greenhouse gas emissions.

## PROGRESS



### HIGG FEM PERFORMANCE SCORE

*Suppliers' average verified Higg FEM score, based on a possibility of 100 points.*

*higg fem coverage of supply chain by percentage of product value.*

2022	2021	2020
66	50	51
96%	87%	86%

PROGRESS continued

In 2022, BESTSELLER commissioned an environmental risk assessment for our supply chain. Knowing where our biggest risks are is the first step in developing plans to anticipate, prevent and ultimately mitigate those risks – protecting the business and its stakeholders from potential harm. The assessment was conducted by an independent third party, BluWin, and investigated the potential adverse impact of BESTSELLER’s production operations on the environment.

The assessment showed our biggest risks are around water, chemicals and wastewater. Read more on page 119.

OVERVIEW OF ASSESSMENT FINDINGS

COUNTRY	OVERALL RISK	MAJOR CONCERNS
PAKISTAN	High to extreme high	Water Chemical Wastewater
BANGLADESH	High to extreme high	Water Chemical Wastewater
MYANMAR	High to extreme high	Energy Chemical Wastewater
CAMBODIA	Medium	Chemical Wastewater Air emission
INDIA	Medium	Air GHG/energy
VIETNAM	Medium	Chemical Wastewater
TÜRKIYE	Medium	Water Chemical Wastewater
CHINA	Low	Water GHG/energy

We cooperate with Quizrr – a global digital training solutions provider – to help workers in our supply chain understand their basic rights.



All suppliers with factories in China must provide environmental performance data to the Institute of Public Affairs (IPE). The IPE is a non-profit environmental research organisation that monitors supply chain management and records suppliers’ performance on a public database.

The IPE assessment is a tool for benchmarking our supply chain environmental management processes against other companies operating in China. In 2022, BESTSELLER ranked as number 20 out of more than 600 companies.

IPE IN CHINA

BESTSELLER’s rank in IPE’s CITI (Corporate Information Transparency Index) Evaluation.



GOING FORWARD

Based on the environmental risk assessment of our supply chain, we intend to develop a risk-informed strategy to address the findings and mitigate these risks through additional policies or environmental impact programmes.

FWD>ENV PROGRAMME

From 2021-23 we used the FWD>ENV programme to improve factory environmental performance in Bangladesh. The programme focused on upskilling factory management on environmental best practices. The programme included a comprehensive training regimen for 120 employees.

These quarterly seminars covered a range of topics, including energy-efficient technologies, chemical management systems and communication skills. This training equips them not only to communicate the value of sustainable opportunities to higher management but also to train the upcoming generation of environmental specialists.

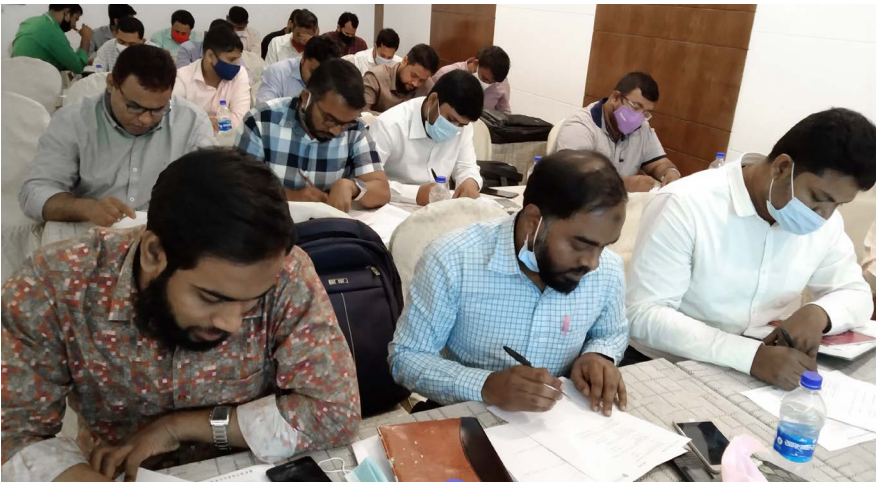
Over the past two years, the 30 participating factories achieved large savings on their environmental impacts.

8%	reduction in energy use (equivalent to 303 million MJ/year)
12%	decrease in water consumption (equivalent to 1.7 million m3/year)
11%	drop in CO2 emissions (equivalent to 32,500 tonnes/year).

While we work very closely with the participating suppliers, not all their production volume is allocated to BESTSELLER, so the savings are not directly reflected in BESTSELLER's total performance.

As of June 2022, suppliers had invested \$3 million, and saved \$6.2 million in resource-related costs per year, a significant return on investment and reduction in factory overheads.

Workers at Bangladeshi supplier participating in the FWD>ENV programme.

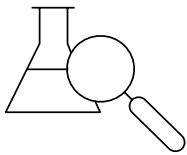


PIMKIE/ABA GROUP  
Bangladeshi supplier with six factories enrolled in the FWD>ENV programme.

We are thrilled to see the significant improvement we made through completing the FWD>ENV programme. The education and training our team received was invaluable. We are now equipped with the knowledge and tools to continue making sustainable decisions and to build a culture of environmental responsibility within our organisation.

We are currently negotiating an extension of the FWD>ENV programme for another two years and including more suppliers. We are also considering the viability of bringing the programme to Pakistan.





# CHEMICAL TRANSPARENCY

## INTRODUCTION

*We are committed to removing harmful chemicals from the manufacturing process of our products and the wider fashion industry.*

Over the years, a significant amount of effort has gone into phasing out harmful chemistry, and there are consistent efforts to develop non-hazardous chemistry.

## APPROACH

Through our Factory Standards Programme, all factories with wet-processing facilities, including tanneries, are assessed on whether they have protocols in place for the safe handling of chemicals. Factories are required to track all hazardous and non-hazardous waste streams, record and report the volume generated and disposal method for all hazardous and non-hazardous waste streams. All waste must also be properly segregated and stored.

During factory assessments, our assessors check whether the appropriate precautions regarding the use, storage and handling of chemicals are being respected, and that employees are provided with appropriate protective equipment and have been sufficiently trained in handling of all hazardous and non-hazardous waste streams.

We require all factories with wet-processing facilities to maintain and provide us with a chemical inventory list (CIL) of the chemicals kept on site. Each CIL is required to comply with our Restricted Substances List (RSL), which is aligned with the ZDHC Group (Zero Discharge of Hazardous Chemicals) standards. Our RSL is updated annually based on legislative changes and industry best practice. BESTSELLER is an active member of the AFIRM group, and we align on the organisation's restricted substances list, test methods, and responses to legislative updates.

## GOAL

*By 2025, all our core products will have been produced using approved and traceable chemistry.*

## PROGRESS

Progress towards our 2025 target is being made through the gradual phasing out of CIL-non compliant chemicals across all wet-processing facilities. At the same time, we are also expanding our list of preferred material suppliers being required to share their CIL with BESTSELLER.

We also encourage factories to use the BHive app, a digital chemical inventory tool, to share their CIL with BESTSELLER. The app automatically cross-checks the CIL with BESTSELLER's MRSL and provides both the factory and BESTSELLER with detailed information about the CIL compliance level at that production site in real-time.

## BHIVE PERFORMANCE DATA

No. of factories

% of chemicals  
scanned that meet  
ZDHC standards

2022	2021	2020
174	87	25
85%	78%	74%

## GOING FORWARD

We will continue to work with suppliers to improve the transparency of the chemicals used in our supply chain and together make progress towards our 2025 target.

# CHEMICAL TESTING

APPROACH

Through our Chemical Testing Programme, we systematically test our products and materials at accredited global independent laboratories to ensure that all products made for us comply with our requirements, and rework those that do not meet these requirements.

Products are tested against our Restricted Substances List (RSL) and Packaging Restricted Substances List (PRSL), which detail all chemicals that are banned or restricted in our products and are publicly available.

PROGRESS

In 2022-23, through our Chemical Testing Programme, we tested 11,645 different styles. 3.8% failed to meet our standards, down from 5.2% last year. The largest failure groups were belts and footwear.

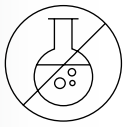
CHEMICAL TESTING PROGRAMME

2022-23	2021-22
11,645	10,765
Styles tested	Styles tested
3.8%	5.2%
Styles failed	Styles failed

BESTSELLER had no product recalls in the reporting period. We are confident our chemical testing programme safeguards product safety.

GOING FORWARD

We will continue to work with suppliers to help them understand our chemical testing requirements, ensuring our products are safe for both customers and the people working in our supply chain.



## FROM 'FOREVER' CHEMICALS TO 'NEVER' CHEMICALS

Our childrenswear brand NAME IT banned all use of PFAS over a decade ago, and in 2020, we banned the group of chemicals across the rest of BESTSELLER.

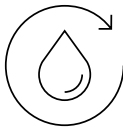
PFAS, known as 'forever chemicals', is the collective name for a group of chemicals used to manufacture waterproof products. However, the chemical compound can adversely impact consumers and our environment – and is therefore not approved in BESTSELLER. Being a member of the 'No to PFAS' advocacy group initiated by environmental NGO ChemSec, we support the ambition to phase out the chemicals and call for comprehensive regulation of PFAS in the EU.

*"We have strict requirements and a thorough chemicals testing programme to ensure that all our products are safe for customers and people working in our supply chain."*

Instead of using chemicals that contain PFAS, we work with suppliers to use Bionic Eco – a water repellent finishing that is a safer and fluorocarbon-free alternative.

JANE PORS  
Senior Chemical Specialist  
Global Supply Chain  
BESTSELLER





# WATER

INTRODUCTION

*Water, climate and biodiversity are intrinsically linked, as ecosystems secure the availability and quality of water. Our fresh water ecosystems are among the most degraded and threatened ecosystems in the world.*



Water availability is crucial for our business and vital for the fashion industry's supply chain. This is particularly significant for cotton, one of our most sourced raw materials, that often grows in areas already experiencing water stress. As a company we are responsible for using and treating water respectfully.

APPROACH

At the material level, we will increase our use of materials with verified water reductions, such as Better Cotton, and collaborate with suppliers.

We collect data about our suppliers' water usage as part of our Factory Standards Programme, and suppliers' performance data is incorporated into the Supplier Sustainability Evaluation. Read more on page 88.

Factories with wet process facilities are required to identify and track the quantity of water the facility withdraws from all sources and set normalised baseline for water use and identify which factors (processes, machines or operations) contribute most to water use on site.

Beyond compliance with local laws and ZDHC Wastewater Guidelines, we require all wastewater from both industrial processes and domestic processes be treated onsite before being pumped out of the facility – or it must be sent to an approved and licensed treatment centre. Uncontrolled discharge of untreated wastewater is a zero-tolerance issue for BESTSELLER and will result in a halt on orders.

This year, we conducted two different materiality assesments in collaboration with third parties. The Biodiversity Consultancy conducted a materiality assessment to specifically identify our material impacts and dependencies on nature in raw material production and processing. Water availability and quality was part of this assessment and it highlighted especially cotton's dependencies and risk of impact on water availability and pollution potential. Read more on page 123.

In regard to the risk in the production of our garments, BluWin conducted an environmental risk assessment in our biggest sourcing markets: Bangladesh, Cambodia, China, India, Myanmar, Pakistan, Türkiye and Vietnam. The assessment showed the most significant environmental risks occur in Bangladesh, Myanmar and Pakistan, and relate to water and chemical usage, and wastewater management. Read more on page 110.

Based on these outcomes we took a deep dive to understand our blue water consumption throughout the value chain<sup>1</sup>.

This water consumption screening helps identify hotspots and outlines actions we can take towards structured water stewardship practices. As expected, our cotton sourcing is responsible for over 60 percent of our total water footprint.

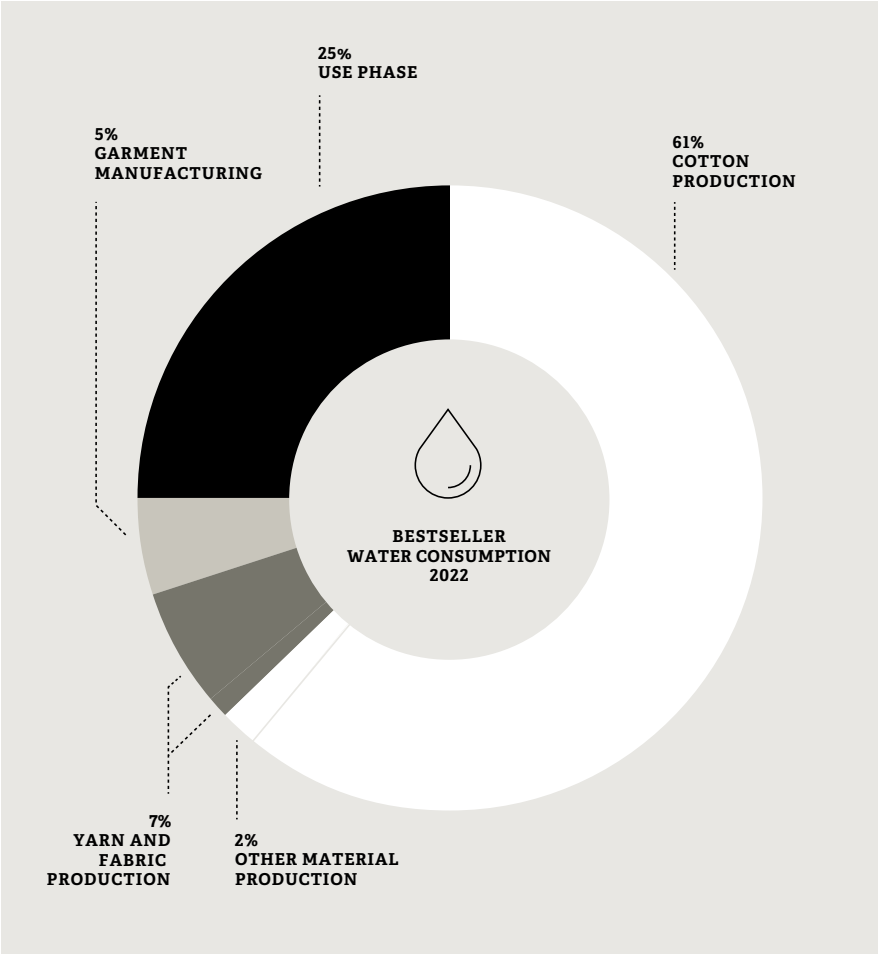
PROGRESS

1: Blue water consumption is calculated with data from the MSI for tier 2-4. Tier 4 cotton water consumption uses country level water consumption data from ICAC Cotton Data Book. Tier 1 data is estimated based on Quantis "Measuring Fashion" report. Owned and operated data uses collected primary data. Use phase is estimated using Higg Product module methodology together with PEFCR for Apparel.



OUR WATER CONSUMPTION 2022

- Tier 4 – Raw materials (cotton)
- Tier 4 – Raw materials (other)
- Tier 2 & 3 – Yarn & Fabric
- Tier 1 – Manufacturing
- Use phase



GOING FORWARD

For the raw material production, we will continue to uptake materials with verified water reductions, like Better Cotton.

We will continue to work with our garment suppliers on reducing their water use and water impact. Based on the environmental risk assessment of the production of our garments, which showed clear risks to our business around water consumption in our supply chain we intend to develop a risk-informed strategy to mitigate these risks.

At the same time, we will explore ways on how to engage with shoppers to inform them on the water consumption in the product use phase.



INTRODUCTION

BIODIVERSITY

*Biodiversity is the diverse range of living organisms present in a particular region. We recognise the interconnectedness of biodiversity and climate, and understand that addressing one crisis requires addressing the other.*

Protecting and restoring biodiversity is essential to achieving all of our goals, both directly and indirectly. However, unlike climate, there is no single metric that can capture the complexity and breadth of biodiversity.

To address this, we are supporting the Science Based Target Network's Corporate Engagement Programme, which promotes collaborative sectoral alignment and offers guidance on how to assess, track, and monitor impacts, pressures, and risks.



APPROACH

Our approach to promoting biodiversity starts at the material level. Here we focus on ensuring the materials we source do not contribute to the main drivers of biodiversity loss, including land use change, pollution and over-exploitation.

We are committed to sourcing increased volumes of certified and branded materials, like sourcing all MMC from low-risk pulp suppliers and certified sources. At the same time, we work to increase the transparency in the MMCF supply chain to trace the wood pulp used to make viscose to sources which don't contribute to deforestation Read more on page 133.

With our commitment to using cotton from our direct-to-farm programme, we gain insights over the impact of cotton growing and implement measures to reduce our impact. By increasing the use of organic cotton and hereby reducing the amount of pesticides used, we reduce the pressure on biodiversity. By sourcing from recycled sources, we reduce the pressure on land use as we limit the uptake of raw materials.

The landscape surrounding VILA's new office will be preserved, and through planting additional flora, we will contribute to the local biodiversity.



PROGRESS

As inaugural signatory to the Fashion Pact and Corporate Engagement Partners of SBTN, we have committed to implementing a nature strategy aligned with the relevant SBTN's realms of freshwater, land and biodiversity and set targets to secure the protection and restoration of ecosystems and key species.

Following the SBTN guidance, we recently collaborated with The Biodiversity Consultancy (TBC) on a comprehensive materiality assessment to identify our material impacts and dependencies on nature associated with our materials. Unsurprisingly, our greatest biodiversity risks are within our supply chain, and most significant at the raw material production.

We found that animal products (wool and leather) accounted for less than one percent of our total material portfolio, but contribute largely to our land footprint and deforestation risks. Water and biodiversity are intrinsically linked, as ecosystems (and thus biodiversity) secure the availability and quality of water. Opposite are freshwater ecosystems among the most degraded and threatened ecosystems in the world. Read more on page 118.

The materiality assessment helps us to prioritise and forms the basis of our actions and future biodiversity strategy.

GOING FORWARD

We continue working on reducing risks highlighted in the materiality assessment, including deforestation, water availability and pollution, while also having focus on local biodiversity and ecosystems by our own facilities. And at the same time, we continue the development of a biodiversity strategy.

The risk of deforestation was raised with multiple of our materials in the materiality assessment. We are therefore in the process of revising and updating our Forest Protection Policy as deforestation and land-use change are some of the biggest causes of biodiversity loss.

Finally, we will continue to support and search for ways to prevent loss or degradation of ecosystems and support nature restoration.

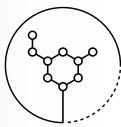


# PREPARING FOR A CIRCULAR FUTURE

The fashion industry has a significant impact on the world's natural resources. The traditional linear model of the fashion industry, take-make-waste, is based on a growing consumption of raw materials and disposal of products to incineration or landfill. This presents a risk to our environment and consequently our business.

At BESTSELLER we are preparing for a circular future. We will do this by decoupling our consumption, as much as possible, from virgin materials, and working across the industry to find innovative solutions to extend product life cycles so that products do not end up in landfill but can be reused as resources.

Going forwards, 3D and other digital technology will make our design process more efficient, while our Circular Design Guide inspires designers to create styles with lower environmental impact than traditional materials.



## INTRODUCTION

# MATERIAL INNOVATION

*It's essential to work together with industry partners across the entire value chain to solve the material challenges facing the fashion industry. Through collaboration we can identify and accelerate the development of innovative technology solutions that will help us reduce our climate impact.*

Our future business model will be based on principles that prioritise efficiency and the reuse of resources at every level, from fibres to water and chemicals to post-consumer, to minimise water and keep resources in use. We work with material innovators and suppliers to increase the volume of products made using materials with a lower climate impact.

## CERTIFIED AND BRANDED MATERIALS

*Certified and branded materials are proven to have less environmental impact on the climate, when compared to conventional materials of the same category. Examples of this could be the preservation of water resources, using renewable energy and safer chemicals during production.*



APPROACH

Collaborating with major sustainable textile initiatives, such as Fashion for Good, Sustainable Apparel Coalition, Textile Exchange, Global Fashion Agenda, Better Cotton and Organic Cotton Accelerator, we are continuously conducting research on market trends, innovative processes, technologies and fibres that enable the transitioning of the fashion industry.

Our long-term innovation strategy focuses on scaling investments from pilots to production. To achieve this, we have two main innovation platforms, BESTSELLER Innovation Lab and Invest FWD. BESTSELLER Innovation Lab focuses on pilot collaborations with cutting-edge innovators and entrepreneurs. Invest FWD seeks to scale such ideas through capital investment for the benefit of BESTSELLER and the global fashion industry. Since 2021, Invest FWD has invested more than DKK 140 million across seven different sustainability innovators.

INVEST FWD  
SINCE 2018



Since releasing our Fashion FWD strategy, we have released multiple new designs made of materials developed by our innovation partners. These include both recycled materials as well as materials made from new sources with lower environmental footprints compared to traditional sources. Read more on our website:

INNOVATION & INVESTMENTS

GOAL

By 2025, we will facilitate the development of certified and branded fibres and materials at market scale through innovation and industry collaborations.

BESTSELLER Innovation and JACK & JONES joined the opening of Woodspin's first factory producing SPINNOVA® fibre.



ALLAN JUNG THORBØLL  
International Buying Manager  
JACK & JONES

“At JACK & JONES we push ourselves to explore innovative materials with a lower environmental impact. Spinnova has proven to be a strong partner for us, and we are excited to explore how we can increase the use of SPINNOVA® fibre in our garments.”

CAMILLA SKJØNNING  
JØRGENSEN  
Innovation Manager  
BESTSELLER

“Seeing an innovation reach a commercial level is simply amazing each and every time. That’s exactly what we strive for and are working hard to achieve.”

PROGRESS

We made progress on several material innovations during 2022-23. Three highlighted examples include:

JACK & JONES introduce their first pants made with SPINNOVA® material. A pair of pants made with a blend of organic cotton, cotton and wood-based SPINNOVA® fibre. Read more on page 32.

Invest FWD joined a funding round to invest in Kintra Fibers, a materials science company developing bio-based and biodegradable polyester.

We introduced the Dyestuff Library: a digital tool enabling partners to choose dyestuff based on competitive performance as well as environmental metrics for commercial use. The Dyestuff Library, launched by Fashion for Good, will accelerate the shift from harmful chemistry to alternative options by enabling visibility and access to dyeing innovation that focuses on less wasteful practices, reduces water usage and is less energy consuming.

GOING FORWARD

In 2023-24, we will continue to invest further in developing the Fashion FWD materials of the future. We aim to release even more products made from renewable or recycled sources. We will continue our focus on waste and transforming it into future resources. This will provide our customers and shoppers with a larger collection of products with reduced environmental impact. Read more on our website:

LATEST INNOVATION PROJECTS

INVESTING  
IN CIRCULARITY

To prepare for a circular future, we must first choose and invest in the right materials. Cotton, viscose and polyester are some of the many raw materials resources we work with across our material portfolio. Over the next section, we will describe how we are working on sourcing certified and branded materials with a lower footprint.



INTRODUCTION

COTTON

*For BESTSELLER, the types of cotton we aim to source from are: Organic cotton, recycled cotton, in-conversion cotton, CmiA (Cotton made in Africa) and Better Cotton. Our approach focuses on actively supporting more sustainable cotton farming practices through investments and our sourcing policies.*

We are partner of the Organic Cotton Accelerator (OCA) – the only multi-stakeholder organisation fully dedicated to organic cotton. We are also a member of Better Cotton, the largest cotton sustainability programme in the world and support the work of CmiA.

APPROACH

Our approach is to work both from the bottom and top of the supply chain to secure an increased volume of preferred cotton is available for our own products and the wider fashion industry.

At the start of the supply chain, we have initiated a direct-to-farm sourcing model to create a secure market and a premium payment for organic cotton farmers. Read more on page 27.

We work closely with the full supply chain to increase the volume of preferred cotton in our products. At the top of the supply chain, we work directly with our tier 0 and tier 1 manufacturers, as well as with tier 3 fabric mills and tier 4 fibre producers to plan minimum volumes.

Due to the product development cycle and organic cotton farming cycle in the fashion industry, the efforts to address our organic cotton challenges take approximately 14-18 months to be reflected in our reporting.

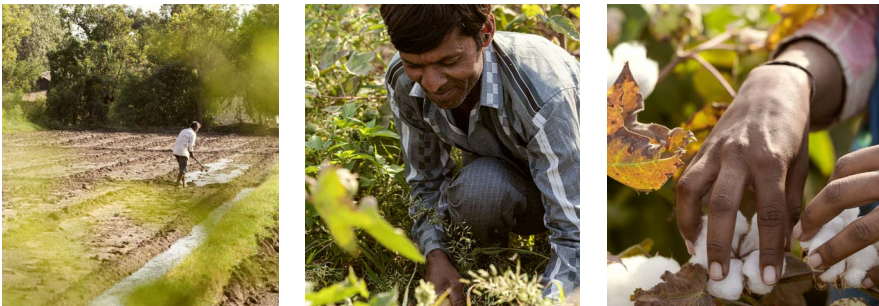




*A buyer at an auction house relaxing in his newly bought cotton, before it is transported to a local ginner.*

**LOCATION:**  
Gujarat, India.





GOAL

By 2022, we will source 100 percent of our cotton from preferred sources. By 2025, within our cotton supply, we will source 30 percent from organic or in-conversion cotton.

PROGRESS

This year, we estimate the commitment made to off-take organic cotton via direct-to-farm will total more than 9,000 metric tonnes of fibre. We supported more than 12,000 farmers, and Better Cotton was set as a minimum onboarding requirement for all new suppliers.

Organic cotton +  
in-conversion cotton  
in total

2022-23	2021-22	2020-21
11%	13%	23%

We decided to include in-conversion cotton as part of organic cotton reporting methodology. As described on page 29, we secure farmers a premium for in-conversion cotton, and while product sourced from in-conversion cotton are not labelled as organic, the process of producing the material is identical.

We reached 100 percent cotton from preferred sources, with organic cotton accounting for 10 percent and in-conversion cotton 1 percent. Our overall share of organic cotton fell from 13 percent last year. This was due to the limited amount of organic cotton available due to industry-wide integrity issues and traceability of organic cotton. As well as inflationary pressures on the global supply chain which impacted demand for the premium-priced product.

Top three brands  
sourcing the most  
organic cotton in  
percentage of total  
BESTSELLER organic  
cotton consumption.

JACK & JONES	50%
NAME IT	20%
SELECTED	18%

Top three brands  
sourcing organic cotton  
in percentage of own  
brand total cotton  
consumption.

Y.A.S	70%
SELECTED	49%
NAME IT	28%

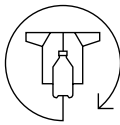
As the first among BESTSELLER Group's brand portfolio, menswear brand JACK & JONES has just launched a pair of jeans made from the innovative Infinna™ fibre from Infinited Fiber Company.

Infinited Fiber Company's technology can turn cotton-rich textile waste into Infinna™ – a premium-quality regenerated textile fibre. It is soft, versatile, and looks and feels just like cotton. Garments made with Infinna™ can – once worn out – again be recycled in the same process together with other textile waste.

ONLY committed to sourcing organic Cotton Made in Africa (CMiA). The cotton will be farmed in Tanzania and Benin. This commitment more than doubles the previous amount of cotton sourced from African farmers.

GOING FORWARD

We expect that because of the intense work done this year, working both directly with organic cotton farmers, spinners, weavers, and garment manufacturers, we will see a significant increase in organic cotton share in 2023-24.



# RECYCLED POLYESTER

INTRODUCTION

*Using recycled materials is another important step to decouple growth from increasing our use of virgin resources and GHG emissions.*

The largest volume of recycled materials in BESTSELLER is recycled polyester. This is primarily recycling of PET plastic bottles, the plastic most commonly used in single use drink bottles.

APPROACH

While we strive to take responsibility for the waste generated from our own business, we are also tracking innovation focused on textile-to-textile recycling of post-consumer polyester garments, as this could be a breakthrough for the fashion industry.

GOAL

*By 2025, we will source 50 percent of our polyester from recycled polyester or other alternatives.*

PROGRESS

In 2022-23, use of recycled polyester grew from 13 percent to 14 percent.

SELECTED FEMME/HOMME launched a printed dress made with 50 percent Cycora® mixed with 50 percent recycled polyester. Cycora® is regenerated polyester from Ambercycle, an innovator in our Invest FWD portfolio. Using this material helps to tackle a worldwide waste issue by preventing used clothes from ending in landfills and bringing them into a circular system.



Use of recycled polyester in total

2022-23	2021-22
14%	13%

Top two brands sourcing the most recycled polyester in percentage of total BESTSELLER consumption

VERO MODA	22%
JACK & JONES	15%

Top three brands sourcing recycled polyester in percentage of own brand total polyester consumption

SELECTED	62%
OBJECT	54%
MAMALICIOUS	49%

Our partnership with Fashion for Good will facilitate prototyping Kintra Fibres' bio-based and biodegradable polyester. This will support the expansion of resin and yarn production of the fibres which are expected to significantly reduce the environmental impact of the polyester. If successful, we anticipate sourcing the material from Kintra in our products in the future.

GOING FORWARD

We will continue to invest in and increase sourcing of recycled fibres across the company and develop a holistic plan where all brands are committed to ensuring we can reach our ambitious target.



# MAN-MADE CELLULOSIC FIBRES

## INTRODUCTION

*Man-made cellulosics (MMC), such as Viscose, Lyocell and Modal, are made of dissolved wood pulp. The pulp is processed to create soft and lightweight fibres that can be woven into fabric.*

Making products from MMC means we risk sourcing materials from forests that are not sustainably managed, and even from endangered forests. Furthermore, traditional methods for processing MMC fibres are water, energy and chemical intensive.

## APPROACH

We partner with the environmental organisation Canopy who helps the industry to establish a framework for the production and wood-sourcing criteria. Our Forest Protection Policy helps tracing the wood pulp sources in our supply chain. As a CanopyStyle partner, we are committed to sourcing all MMC from low-risk pulp suppliers (also known as 'Green Shirt Fibre Producers').

Due to challenges with transparency/traceability in the supply chain, only the MMC sourced from officially certified and branded MMC suppliers can be verified as coming from Green Shirt Fibre Producers. Other MMC fibres could be sourced from these approved suppliers, but due to the lack of transparency we do not yet have visibility to all MMC orders. Therefore, if we cannot trace the material to the source, we cannot claim the material meets our ambitions. Read more on our website:

FOREST PROTECTION POLICY

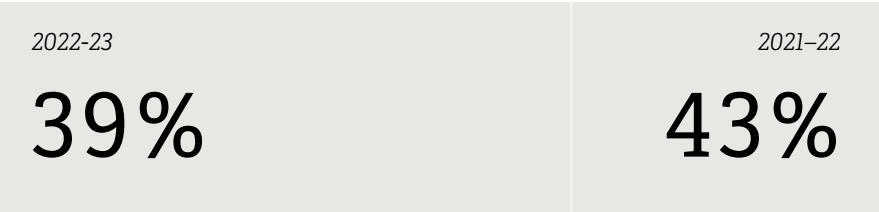
## GOAL

*By 2022, 100 percent of our man-made cellulosic fibres will be sourced responsibly from Green Shirt Fibre Producers.*

## PROGRESS

Certified and branded MMC Fibres from Green Shirt Producers

At the end of the 2022-23 financial year, we sourced 39 percent certified and branded MMC fibres from Green Shirt Fibre Producers. A decrease from 43 percent the previous year.





Top two brands contributing the most to sourcing certified and branded MMC Fibres from Green Shirt Producers (percentage of total BESTSELLER consumption).

VERO MODA	36%
ONLY	33%

Top two brands sourcing certified and branded MMC Fibres from Green Shirt Producers in percentage of own brand total MMC consumption.

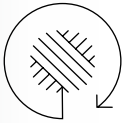
Y.A.S	76%
MAMALICIOUS	72%

This was below our target, as limited transparency in the supply chain meant we could not trace all the MMC we used back to wood pulp sources. This means that we were not able to verify whether over half of MMC fibres in our supply chain were sourced responsibly.

Through our partnership with Textile Genesis, we aimed to test the viability of onboarding all supply chain partners on one traceability platform. We worked with 15 key manufacturers across four regions with millions of products traced back to more than 170 different tier partners, underlining the complexity of our supply chain. The partnership significantly created increased visibility of our supply chain and provided valuable learnings for ongoing traceability work ambitions.

GOING FORWARD

Making our supply chain more transparent remains a key priority to enable us to reach the ambitions of our Fashion FWD strategy. We will continue to partner with Textile Genesis to address the challenges and trace even more garments next year. Read more on page 82.



INTRODUCTION



APPROACH

GOAL

OTHER MATERIALS

While cotton, MMC and polyester comprise the majority of materials used in our styles, there are several other materials that constitute a very small percentage of our overall use.

These include animal-based fibres, such as wool, cashmere, alpaca, mohair and silk, other natural fibres, such as linen and hemp, and non-textile materials, such as leather and down.

Many of these materials are sourced from animals. Livestock is responsible for substantial GHG emissions and soil degradation and can lead to forest and biodiversity loss. Although less than one percent of our total material consumption comes from animals, we developed an Animal Welfare Policy to outline our commitment to ethical treatment of animals.

ANIMAL WELFARE POLICY

Through our membership of Textile Exchange, we are engaging in animal welfare and land management discussions. As members, we have committed to the Responsible Wool and Down Standards. Additionally, we have adopted The Good Cashmere Standard® by the Aid by Trade Foundation (AbTF).

By 2025, all our wool will be organic, recycled or sourced according to the Responsible Wool Standard (RWS).

PROGRESS

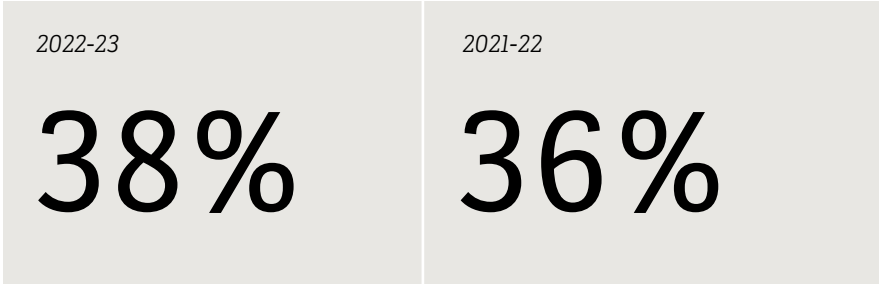
In 2022, we sourced 1.6 tonnes of cashmere certified by The Good Cashmere Standard®. While this was a small amount of our raw material use, it still required the cashmere from more than 4000 goats, underlining the importance of ensuring high welfare standards for the thousands of animals used to provide the materials we make products from.

The percentage of more responsible wool sourced increased from 36 percent in 2021-22 to 38 percent in 2022-23.



IN TOTAL

Use of more responsible wool (including recycled and RWS)



GOING FORWARD

We will continue to focus on high responsible animal welfare standards and using recycled wool where possible. In the future, we are exploring new innovations with partners such as that with Biophilica. Here we will test their leather alternative, Treekind. The material is formulated with lignocellulose from leaves and a natural binder, which is designed to break down in soil or water. The ambition is to create a recyclable material that is also suitable for composting when the product reaches its end-of-life. The aim is to create sneakers of the future, which might be plant-based, recyclable and suitable for composting.

EXTENDING  
PRODUCT LIFE  
CYCLE

INTRODUCTION

*We aspire to design products to fit into circular systems, thereby extending their life cycle.*

Our Circular Design Guide provides designers advice creating fashion with circularity in mind, and our Wear & Care Guide supports shoppers with pointers to extend the life of our products.

APPROACH

SELECTED provides shoppers the opportunity to have their clothes repaired at all the brand's retail stores. Shoppers can also visit multiple JACK & JONES retail stores and get their jeans repaired for free and also order repair kits to fix their own jeans.



GOAL

*By 2025, we will have tested and implemented circular business models in selected key markets with relevant partners.*

*By 2025, we will drive forward post-consumer waste and circular infrastructure solutions, engaging in collaborative initiatives to turn waste into valuable resources.*

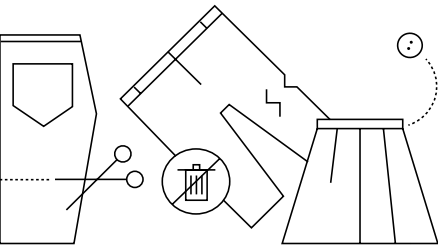
PROGRESS

We launched an updated version of our Circular Design Guide. The new version sets ambitious standards for how BESTSELLER will work with, and design, collections prepared for circularity and focuses on product user and product purpose in the design process.

This year, SELECTED FEMME/HOMME released a versatile, gender-neutral trench coat and other styles in a capsule collection that met the requirements of the Circular Design Guide. The collection was deemed the winner of the 2022 BESTSELLER Circular Design Challenge.

CIRCULAR DESIGN GUIDE

We worked with ReSuit to conduct research on consumer shopping and use phase behaviour. ReSuit (Recycling Technologies and Sustainable Textile Product Design) is led by the Danish Technological Institute and supported by the Danish Innovation Fund. It has brought together a number of key players to push the boundaries of fashion design, recycling technologies and consumer behaviour. The research was conducted by JACK & JONES and SELECTED, and showed consumers do not find rental to be an attractive option, while they showed preference for being able to return styles after use and buying second-hand.



GOING FORWARD

We are continuing to engage stakeholders in our biggest markets across the European Union. Here we are anticipating and advocating for more standardised legislation to ensure that product life cycles are extended. As a part of our Policy Hub initiatives, we are already preparing for the necessary changes that will be required to operate our business and help us prepare for a circular future.

We are testing several new projects to establish new business models for take-back and online resales, and plan on rolling these out next year.



## LEGISLATION FOR CIRCULARITY

*As the fashion industry has a significant environmental impact, it's critical we contribute to national, regional and global dialogue about collectively addressing challenges such as textile waste, human rights and chemical safety.*

In Europe where the majority of our sales occur, textile waste is an important topic for legislators. France was the first country to put an EPR (Extended Producer Responsibility) scheme in place.

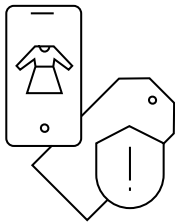
The EPR scheme makes producers such as BESTSELLER responsible for the full life cycle of textile products and support the sustainable management of textile waste. For every style we sell in France, we pay a fee to a PRO (Producer Responsibility Organisation) who administers the collection, sorting and recycling of textiles.

In 2024, an EPR scheme will be established in the Netherlands, while similar schemes will also be rolled out in Spain and Sweden in the coming years. The European Commission has also proposed mandatory and harmonised EPR schemes for all member states.

**THIBAUT DEMANGE**  
Country Manager  
BESTSELLER France

*“Through collective responsibility, the EPR scheme in France has contributed positively managing the collection, sorting and recycling of textile waste. BESTSELLER supports the proposal to implement harmonised EPR schemes across the EU. This will significantly increase the efficiency and effectiveness of the EPR schemes, as well as the volume and quality of recycled textiles. The EU is well-positioned to drive positive change towards a more circular fashion industry in Europe.”*





# PRODUCT IMPACT COMMUNICATION

INTRODUCTION

*At BESTSELLER, we believe that the people who buy our products play an integral role in our transition to a sustainable reality. Through consumer engagement, we not only increase transparency, but we also enable shoppers to buy products that have a proven impact reduction.*

APPROACH

To communicate the complexities of a product’s impact, and for consumers to make the right choices, we have a responsibility to communicate reliable data in a transparent way with understandable information. But also to have conversations within the industry to push the agenda forward.

We work to align our product transparency work with the SAC and utilise their Higg Tools to ensure we meet industry best practice for standardised measurement of value chain and product impacts.

GOAL

*By 2023, we will provide our customers and consumers with information on the environmental impacts of our core products, and we will show year-on-year improvements.*

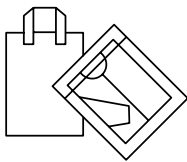
PROGRESS

The field of consumer communication has been evolving continuously in the past years. Legal and regulatory requirements are developing as well. This does not stop us from exploring the best options for consumer engagement but does require us to step back and assess the current requirements in relation to the goal we set in 2018.

GOING FORWARD

We will continue to be part of the dialogue on product communication within the industry, engage with external stakeholders and advocate for the development of industry-wide guidance and methodology on product foot printing.





INTRODUCTION

*We have moved away from how we have been using plastic and paper-based packaging – towards recycled alternatives to support high quality recycling.*

We use plastic packaging for our polybags, for wrapping, for how we present our fashion products to our customers. Our biggest consumption of plastics is for polybags. Annually, it is estimated that we use more than 250 million polybags to protect the clothes we sell, plus more than four million shipping bags and approximately 60 tons of transparent shrink wrap film for wrapping pallets.

Our switch to recycled polybags saves an estimated 1,750 metric tonnes of virgin plastic per year. Our polybags are made from certified recycled polyethylene (PE).

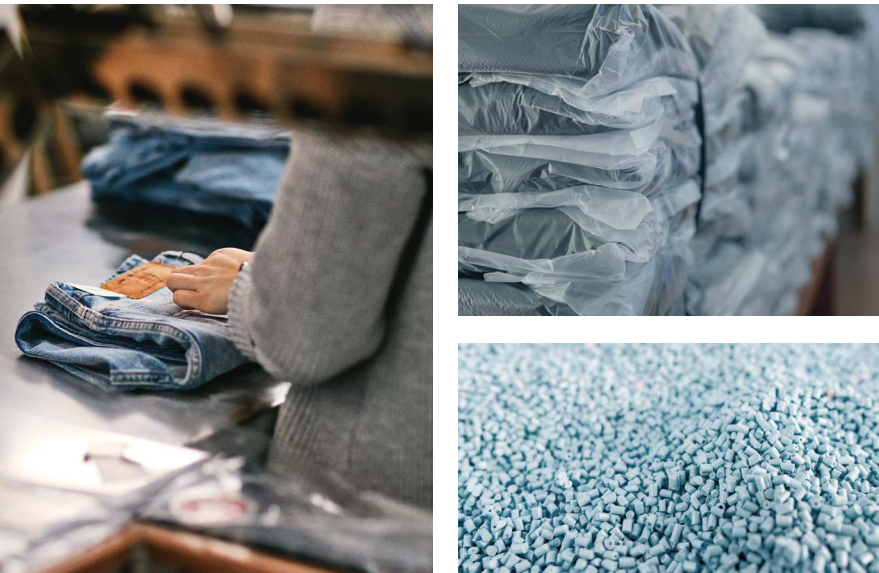
Every year, we use a significant amount of paper-based packaging. Our biggest consumption is for shipping boxes of our fashion products. Annually, it is estimated that we use almost 16 million shipping boxes– equalling more than 7.000 tons of paper-based packaging material.

APPROACH

Our policies for Paper-Based Packaging and Plastic Packaging defines our approach to reaching our goals. The policies cover all packaging, including trim and marketing, and are intended to reduce our consumption, give priority to recycled mono-materials and to support high-quality recycling.

During 2021-22 packaging material for shoes and accessories (including underwear and socks) as well as bags, tags and care labels were covered by our packaging policies. This brought our approach in line with the Europe Union's most recent packaging legislation.

PACKAGING



GOAL

*By 2025, all consumer-facing packaging will be 100 percent reusable, recyclable or compostable. By 2025, we will have phased out single use virgin plastic wherever possible.*

PROGRESS

Our packaging policy has already set a high standard on ensuring an increase in the volume and quality of recycled packaging.

This year, we worked with suppliers of shoes and accessories to make sure they comply with our policies. This included ensuring they bought approved packaging materials from preferred suppliers. As an example, we estimate over 95 percent of polybags, by far our largest packaging stream by volume, are already made with certified recycled materials.

Currently, we are conducting a gap analysis regarding our policy and upcoming EU legislation.

GOING FORWARD

We are awaiting to see how any potential European Union legislation on packaging will be scoped, and will hereafter plan accordingly.





# SUPPORTING THE PEOPLE THROUGHOUT OUR VALUE CHAIN

We have a responsibility to make a positive impact on the lives of our colleagues and the people working in our supply chain, as well as to the extended communities where we do business.

We are committed to promoting dignity, equality and safe working conditions for all people across our value chain.



# PROMOTING HUMAN RIGHTS IN OUR SUPPLY CHAIN

## INTRODUCTION

*Our supply chain is where our business faces the largest human rights risks, but also where we have the most opportunities to improve the wellbeing of the people who make our products.*

## APPROACH

We take a consistent and holistic approach to responsible supply chain management.

BESTSELLER's Human Rights Policy and our Code of Conduct and related Responsible Sourcing policies define our commitment to human rights in our value chain with a special focus on own operations and our supply chain.

Our Code of Conduct outlines the ethics and behaviour we expect from the suppliers and subcontractors that manufacture products for BESTSELLER.

POLICIES & COMMITMENTS

**APPROACH**  
Continued

We regularly review our human rights risks, our accompanying policies, assessment methodology used by the Factory Standards Programme as well as the impact of our mitigation efforts.

Some of the salient human rights risks we have identified in our supply chain are forced labour, occupational health and safety, gender-based violence and discrimination. We publish an annual statement on Modern Slavery on our website:

MODERN SLAVERY STATEMENT

We incentivise suppliers to promote human rights through our Supplier Sustainability Evaluation, which incorporates factory-level data from social & labour and environmental performance with supplier-level data on responsible supply chain management, commitment, and ethics & transparency. Each supplier has a designated BESTSELLER colleague with whom they can engage and work on improving their performance.

We also work with numerous social impact initiatives that address supply chain-related risks and improvement opportunities across four different levels: workers, factory management, industry and our own business practices.

Colleagues from our Global Supply Chain team.



**PROGRESS**



During the 2022-23 financial year, we identified and solved hundreds of minor non-compliances at factory level and conducted 88 in-depth investigations into allegations of critical non-compliance with our supply chain requirements. These cases refer to allegations of critical Code of Conduct non-compliance, as well as escalation procedures for factories that did not meet Corrective Action Plans timelines for less critical Code of Conduct violations.

This financial year, the largest critical case categories which occurred were: unauthorised subcontracting (25 percent), wages and benefits (12 percent), and occupational health and safety (11 percent).

The cases were raised via the following channels: 32 percent from BESTSELLER's Factory Standards Programme, 20 percent from media, 17 percent from Accord/RSC, 5 percent from 3rd party audit companies, 5 percent from international NGOs, 3 percent from local NGOs, 5 percent from local unions, 3 percent from international unions and 10 percent from alternative channels.

**PROGRESS**  
*Continued*

The case resolution data is as follows: 6,8 percent critical cases were dismissed after investigation found no evidence of violation. 66 percent were closed – meaning required action has been taken and remediation is either completed or on track for completion within stakeholder agreed timelines. In one case, the unsatisfactory resolution process led us to re-evaluate our relationship with the supplier, and we decided to offboard them from our supply chain.

Coordinating with the relevant stakeholders and rightsholders is an essential part of effective due diligence. We coordinate employer associations, labour rights organisations, factory level unions, federation level unions and global unions, ethical trade and human rights consultancy organisations in resolution of these cases.

As part of our more recent salient human rights risk assessment, one of the identified risks showed that migrant workers face heightened risk of discrimination in the global apparel supply chain. This discrimination can take many forms, such as pay discrimination and deductions, poor working conditions, and forced labour.

In 2023, BESTSELLER, in consultation with the UN's International Organization for Migration (IOM), developed a Migrant Worker Policy which specifies that migrant workers should be subject to all applicable human and labour rights on equal terms as non-migrants.

MIGRANT WORKER POLICY

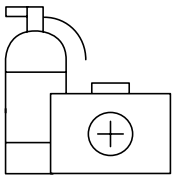
**GOING FORWARD**

We are developing migrant labour risk focused impact initiatives to mitigate the risks faced by migrant workers in high-risk countries. Currently, we are also exploring partners for similar initiatives in India.

*Colleagues from  
our Global Supply  
Chain team.*







# OPERATIONAL HEALTH & SAFETY

INTRODUCTION

*Our vision is to have a supply chain that safeguards the welfare of those working in the factories.*

APPROACH

On top of assessing whether suppliers' factories have adequate workplace health and safety precautions via the Factory Standards Programme, we advocate for stronger industry mechanisms for supporting safe workplaces in the garment industry.

BESTSELLER is a signatory to the International Accord for Health and Safety in the Textile and Garment Industry. It is a legally binding agreement between global brands and retailers and unions and promotes workplace safety through independent safety inspections, training programmes, and a complaints mechanism for workers.

Under the Accord's commitments, we work with the Bangladesh RMG Sustainability Council (RSC), to monitor, mitigate and remediate OHS risks at our suppliers' factories. As per the agreement, 100 percent of our presence in Bangladesh is covered by the Accord programme. This means all factories are subject to regular inspections from engineers, receive OHS risk training, and have access to an independent complaint mechanism.

PROGRESS

This year, as a member of the Steering Committee of the International Accord, we joined leading fashion brands in affirming our commitment to the International Accord for Health and Safety in the Textile and Garment Industry in Pakistan. The new Accord Agreement is a legally binding commitment to support the development of a workplace safety programme for Pakistan's garment industry.



**FELICITY TAPSELL**  
*Head of Responsible  
Sourcing*  
BESTSELLER

*“We are proud to announce the inception of the Pakistan Accord and our brands’ commitment to this new safety programme. We believe multistakeholder collaboration – based on the specific context of individual sourcing countries – is the best approach to secure occupational health and safety for all textile workers.”*

Verifying denim quality at a supplier factory, Delhi, India.



FACTORIES IN BANGLADESH

92%

average RSC-verified remediation rate

83%

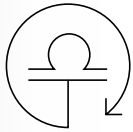
of factories completed safety training

In 2023, we have an average RSC-verified remediation rate of 92 percent, and 83 percent of factories in Bangladesh have completed safety training.

In 2023, after consultation with our supply chain partners, BESTSELLER began phasing out from the LABS (Life and Building Safety) programme in India. The cost models of the programme were no longer appropriate for the majority of our supply chain partners in the country. We are therefore exploring alternative third parties that can offer occupational health and safety assessments and training that better fit supply chain partners’ needs.

GOING FORWARD

Together with all Accord brand signatories, we are committed to ensuring continuous and sustained progress on factory safety. We also continue to encourage brands around the world to sign the International Accord and contribute to our common goal of delivering healthy and safe workplaces to workers in the garments and textile industry.



GENDER INEQUITY

INTRODUCTION

We recognise that our sourcing countries have different expectations of gender, reflective of local cultural and legal contexts. Nonetheless, we are committed to achieving equal opportunities and responsibilities for women at our suppliers, regardless of where they are in the world.

APPROACH

We enrol suppliers and their factories in workplace programmes to address gender inequity in our supply chain.

GOAL

By 2025, all women employed with our strategic suppliers are provided with and have access to the resources to make their own informed decisions about health and professional development.

PROGRESS

In March 2023, the world’s four largest women empowerment programmes in the fashion industry joined together to launch RISE, an initiative working to make it easier and more efficient for our industry to drive lasting impact on gender equality in our supply chain. BESTSELLER has partnered with BSR, one of RISE’s founding partners, since 2012.

As of 1 August 2023, 38 percent of strategic suppliers have been reached by BESTSELLER’s women empowerment initiatives.



EMPOWERING WOMEN

In reflection of our view that one size does not fit all, we work with the following partners to deliver tailored women empowerment programmes at our suppliers' factories:

<div>RISE</div> <div>Bangladesh Cambodia China India Pakistan</div>	<div>RISE includes numerous country and language-tailored programmes on a variety of topics, including health, digital tools, financial planning, respect in the workplace, and advancement and leadership.</div>
<div>ACEV</div> <div>Türkiye</div>	<div>ACEV's Power Programme provides trainings on topics linked to personal development and women's rights, critical thinking and effective communication.</div>
<div>PHULKI</div> <div>Bangladesh</div>	<div>Phulki specialises in providing needs-based childcare facilities at workplaces and provides related caretaker training.</div>
<div>150,000+</div>	<div>Since we began women empowerment initiatives in 2012, we have reached more than 150,000 women in our supply chain.</div>

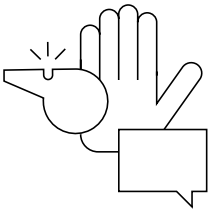
GOING FORWARD

BESTSELLER will continue to enrol strategic suppliers in women empowerment initiatives and work with our supply chain partners to address human rights risks in our supply chain.

More than 150,000 women have participated in BESTSELLER's women empowerment initiatives.







# SOCIAL DIALOGUE & FREEDOM OF ASSOCIATION

## INTRODUCTION

*Strong social dialogue is key to ensuring the opinions of factory workers and factory management come together in factory decision-making processes.*

It is a key mechanism for empowering workers to address a wider range of human and labour rights risk including but not limited to discrimination, occupational health and safety, sexual harassment and gender-based violence, as well as wages and working time.

## APPROACH

We are a member of Action Collaboration Transformation (ACT) – an agreement between 19 major global brands and IndustriALL Global Union to support the development of an industry that prioritises decent work, based on freedom of association, collective bargaining and living wages.

Our social impact work is focused on raising awareness of and promoting Freedom of Association. We work to create greater awareness among workers, supplier management, and brands on the value that social dialogue tools, such as collective bargaining agreements and dispute resolution mechanisms, bring to the industry.

At the factory level, we support and encourage the use of dispute resolution mechanisms (DRMs), whereby grievances are aired and remediated in a recognised and respected forum, such as the Accord/RSC.

We also work with QuizRR – a global organisation that provides digital training solutions specifically for educating workers and mid-level managers using real-life situation videos and questionnaires.

QuizRR highlight



## PROGRESS

We agreed to an Annex to the ACT MoU (memorandum of understanding) on respect and exercise of Freedom of Association in Türkiye, which came into effect as of 15 August 2022. The annex supports social dialogue processes and provides guidance on the implementation of the MoU, which articulates clear expectations regarding respect for workers' rights among ACT members' suppliers in Türkiye.

In 2023, our suppliers and buyers completed ACT's bi-annual Purchasing Practice Assessment and Self-Assessment survey.

## GOING FORWARD

We will continue to monitor factory capacity to pay workers as per contractual expectations, and we will continue to invest in training both workers and factory management in methods for effective social dialogue and understanding of wage legislation, so both sides have strong understandings and fair expectations.

Within that scope, we will continue to advocate for and support the development of strong factory-level dispute resolution and effective complaints mechanisms in our sourcing countries. We will work closer with national stakeholders and unions to support the development of platforms where worker representatives can engage in effective social dialogue with suppliers to resolve concerns.

# OUR PEOPLE

INTRODUCTION

*We have grown from a company with one retail store to now more than 20,000 colleagues, but it remains all-important to ensure we retain our culture of family-ownership, trust and respect.*

Fairness, opportunities and a sense of responsibility is part of our vision in BESTSELLER. We treat each other as family, which means that we take each other's differences into account, while creating an empowering environment where people can thrive and develop. We always put our family first and this is what unites us and makes us stronger together.

We strive to be a company who recognises the value of personal development and human relations without compromising on being business-minded and creating results.

We welcome dedicated and engaged people with a positive attitude and the right mindset rather than a specific degree. BESTSELLER is a place for talented colleagues who take ownership and thrive and develop on the confidence shown in them. Being business-minded is deeply embedded in the way we think and act.

APPROACH

All colleagues have a right to feel safe and secure at work. Harassment is one of the risks related to employee conditions in our workplace. We therefore take a zero tolerance approach to harassment. Our Stand Together Against Harassment policy guides our approach:

ANTI-HARASSMENT POLICY

*We have a shared responsibility to shape the best possible workplace. Colleagues make their voices heard by joining our global employee engagement survey, Our People's Voice (OPV). Through the OPV, we ask colleagues about their role, leadership, their team and BESTSELLER in general.*

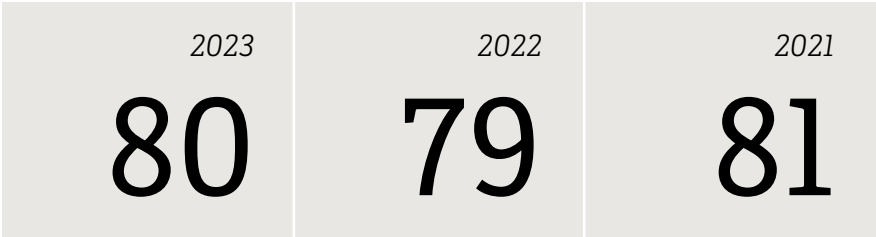
We prioritise the development of talented colleagues as a key investment in our company's future. At our own internal BESTSELLER Academy, we provide colleagues with the space to learn and grow. Our training programmes encompass everything from entry-level programmes such as the Apprentice and Business Trainee Programmes, to specialist and leadership programmes. Our training is based on the principle of enabling colleagues with the best possibilities to succeed in their job.

PROGRESS

We also support local talent programmes and educational institutions to secure our talent pipeline. In addition, we recognise the importance of continuous development for our leaders and have developed training modules to support their transition into leadership positions.

This year, more than 80 percent of recipients responded to our annual employee survey, Our People's Voice, which was rolled out to all markets globally. The engagement score for the survey increased by one point to 80, and with responses from 11,000 colleagues and 21,000 comments received, colleagues made their voices heard more clearly than ever before.

Engagement score  
(1 – 100)





BESTSELLER  
colleagues at  
Copenhagen Fashion  
Week SS24



500 colleagues, customers,  
press and influencers  
celebrating our 25 years of  
history in Spain at our  
Malaga office.



Colleagues at the  
new BESTSELLER  
showrooms in  
London, UK.



The digital learning platform FUSE was rolled out to all colleagues. We created more than 200 videos using AI technology, such as Chat GPT, to communicate to colleagues in six languages providing up to date training across the company.

During 2022-23, more than 2,400 colleagues participated in various training disciplines. The trainings offered are a hybrid of online and offline modules at BESTSELLER Academy.

We refocused our people development programmes to enable even more colleagues globally to participate in training. This year, more than half of all colleagues participating in the training come from countries outside of Denmark.

We launched a global FUSE Community for all colleagues responsible of handling cases of inappropriate behaviour, and offered two refresher training sessions where we reviewed the central pillars of our policy. We discussed anonymised real-life cases and talked about how we could move from handling cases of inappropriate behaviour to preventing them.



GOING FORWARD

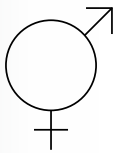
We invested in new software to increase efficiency for measuring and benchmarking critical human resources data. The tool is an add-on to our existing human resources software and enables leaders to gain greater insight into data which shows how colleague demographics are changing over time. Read more about how we ethically manage data on page 172.

Our long-term ambition is to introduce further surveys to learn more about the employee experience. We will therefore also implement an onboarding and global exit survey when the programme is rolled out to all colleagues.

We want to move from reacting to cases of inappropriate behaviour to actually preventing them. And we want to implement tools for our teams that can spark more awareness and discussions on how to create and maintain a harassment-free working environment.

The updated internal training programmes will be launched globally, raising more awareness about the programme and aiming to attract even more participants in the coming years.

BESTSELLER colleagues and customers at Copenhagen Fashion Week SS24



# DIVERSITY AND INCLUSION

INTRODUCTION

A diverse workforce is an important factor in competing globally and bringing fashion forward. Not adequately addressing diversity is also a risk related to employee conditions. We therefore strive to continue to build a workforce that is truly representative of society.

As a company operating in more than 32 countries, our colleagues have different backgrounds. We believe that this promotes diversity, strong values and good results.

At BESTSELLER, we strive to provide equal opportunities for everyone, irrespective of gender, age, ethnicity, national origin, sexual orientation, disability or religious background. We hire our employees based on their personality, skills and experience.

APPROACH

Our approach is defined and guided by our Diversity and Inclusion Policy (D&I), and our Code of Ethics. We are working on a relaunch of our global D&I policy which includes the development of a globally aligned Diversity, Equity & Inclusion (DE&I) Action Plan. This will give us a direction (including a set of KPIs) for our work through 2026:

DIVERSITY & INCLUSION POLICY

PROGRESS

We conducted focus interviews with 40 colleagues across functions to understand how DE&I is perceived across the company. Together with a third-party agency specialising in DE&I we drafted an action plan for DE&I. We implemented anti-harassment training for all colleagues who handle harassment cases.

GOING FORWARD

We will continue to develop and build on the anti-harassment training. This will be rolled out to all people leaders globally across all markets.

GENDER  
COMPOSITION  
OF MANAGEMEMT

**Statutory statement regarding target figures for the underrepresented gender in the Board of Directors, cf. section 99b of the Danish Financial Statements Act.**

BESTSELLER A/S is subject to the rules on target figures and policies for the gender composition of management.

The present Board of Directors of BESTSELLER A/S consists of five members – three men and two women, one of whom is chair of the board. Therefore, there is an equal gender composition on the Board of Directors of BESTSELLER A/S.

In respect of the other management levels, BESTSELLER A/S has previously made the gender analysis based on the three management levels below the Board of Directors:

Level 1: Executive Board, Anders Holch Povlsen, CEO and Thomas Børglum Jensen, CFO.

Level 2: Managers directly reporting to the Executive Board.

Level 3: Managers directly reporting to Level 2.

On this basis, there has been an equal gender composition at the other management levels. However, with the new definition of “other management levels” in section 139c (4), of the Danish Companies Act, the scope of the analysis is reduced to the two management levels below the Board of Directors.

As Level 1 and 2 consist of five women and 20 men, this means 20 percent are women, and therefore there is not an equal gender composition at the other management levels in BESTSELLER A/S.

We are focused on addressing this and are currently working on policies and other initiatives to increase the number of women in the other management levels.

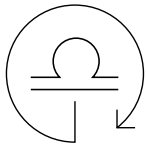
*Read more about our general work on Diversity & Inclusion on page 169.*

**LOUISE SYLVEST**  
Chief People Officer  
BESTSELLER

Had we included Level 3, the managers reporting directly to Level 2, in the analysis, there would have been an equal gender representation at the other management levels in BESTSELLER A/S as the overall number would have been 71 women and 67 men, this means 51 percent women and 49 percent men.



*“BESTSELLER welcomes any new requirements that promote gender equity at top tables of businesses. Our Board of Directors has been gender-balanced for many years, and in the coming year we will develop and define our approach for reaching gender balance at other management levels. Furthermore, we are also seeking to promote positive leadership stories for gender equity to generate greater awareness and interest in this area.”*



# ETHICAL BUSINESS PRACTICE

INTRODUCTION

The fashion industry has a globalised and increasingly complex supply chain. Due to varying levels of transparency in many of the countries where we operate, we face risks involving unethical behaviour. These risks are more likely in regions with weak political and social institutions, which reduces transparency.

To ensure we conduct business with ethics and integrity, and to protect our company from unethical practices that we may meet, BESTSELLER has a Code of Ethics, which is updated and rolled out biannually. The Code of Ethics exemplifies and supports the principles and requirements set out in our Anti-Corruption and Anti-Fraud Policies.

APPROACH

Our Code of Ethics is a wide-ranging policy, which sets out the proper way to do business in BESTSELLER, including in regards to anti-bribery and corruption. Colleagues receive online training which provides guidance on how to act when confronted with difficult ethical situations, such as bribery, conflict of interest and harassment.

Through our parent company, HEARTLAND, we have a whistle-blower system, which is available to all colleagues and cooperation partners.

GOAL

*To uphold BESTSELLER's Founding Principles and maintain ethical business practices, all colleagues must complete Code of Ethics training every two years.*

PROGRESS

In 2022-23, we continued to roll out Code of Ethics training to new colleagues. Following a risk assessment on how we handle anti-corruption, we developed specialised training for all colleagues with exposure to suppliers. The training can help colleagues proactively avoid ending up in unwanted situations and difficult ethical dilemmas.

We are implementing a new Sanctions Screening Tool to support colleagues from Responsible Sourcing who evaluate our suppliers. The guidance makes it simpler to screen suppliers for risks associated with sanctions.

GOING FORWARD

We will continue to roll out the Code of Ethics training to all colleagues and are planning a new roll-out in 2024.

DATA ETHICS

**Statutory statement regarding data ethics, cf. section 99d of the Danish Financial Statements Act.**

We respect and protect the personal rights of our customers, colleagues and business partners.

Our Data Ethics Policy sets out BESTSELLER's data ethics principles, which must be adhered to by all colleagues within our organisation. The data ethics principles have a broad scope and concern various aspects of our business, including data protection, digitalisation, transparency, confidentiality, discrimination, diversity, awareness, etc.

When assessing new business ideas, the protection of personal data has highest priority. We safeguard the personal data that we process and have implemented data protection and IT security policies and guidelines.

The main areas in which BESTSELLER processes data are HR and recruitment, customer-related activities (both B2C and B2B), business development and finance activities. Each of these areas as well as their sub-areas are covered by separate guidelines, process descriptions and privacy policies.

We have relevant, practical and up-to-date awareness campaigns and training programmes. These include GDPR awareness and training of new hires as a part of our onboarding process and Code of Ethics training, as well as ongoing training and awareness towards all colleagues.



# BESTSELLER FOUNDATION

— *working  
towards a  
resilient and  
inclusive,  
circular future.*

INTRODUCTION

*BESTSELLER Foundation is a private philanthropic organisation, funded by BESTSELLER. The Foundation supports, co-creates, and funds solutions for an inclusive, circular future.*

Through donations and impact investments, BESTSELLER Foundation invests in entrepreneurs and changemakers that build climate-friendly solutions and create jobs and opportunities.

The Foundation’s core priority is to drive positive social and environmental impact in Sub-Saharan Africa and areas related to BESTSELLER’s value chain.

At the beginning of 2023, Tine Fisker Henriksen was appointed Managing Director of BESTSELLER Foundation. Simultaneously, the Foundation relocated from Copenhagen to Aarhus, Denmark, to deepen collaboration with BESTSELLER.

Going forward, the Foundation will continue to strengthen its investments in climate-resilient solutions as well as work with BESTSELLER colleagues to increase circularity in textiles and fashion in Sub-Saharan Africa.

VISIT WEBSITE

2022-23 KEY HIGHLIGHTS

6,600+

total jobs across the portfolio (Q2 2023)

25+

active investments in the portfolio

50%

female founders



2022-23 NOTABLE INVESTMENTS

**MR. GREEN AFRICA**  
BESTSELLER Foundation has committed to a follow-on investment to expand the Mr. Green Africa flagship plastic waste recycling factory. The company has integrated +4.000 waste pickers in their fair value chain.



**REGEN ORGANICS**  
A company building a climate-smart agriculture sector using circular economy in Kenya.



**KUBIK**  
An innovative start-up that transforms hard-to-recycle plastic waste into affordable building materials in East Africa. In April 2023, Kubik won Start-Up of the Year at the Global Start Up Awards in Copenhagen, Denmark.



# CONSOLI- DATED FINANCIAL STATEMENT — *group*



# INCOME STATEMENT

1 August - 31 July

(mDKK)	Note	2022/23	2021/22
Revenue	1	37,013	35,248
Other operating income		126	310
Cost of sales		-19,916	-17,714
Other external costs		-5,860	-5,643
Gross profit		11,363	12,201
Staff costs	2	-5,763	-5,293
Depreciation, amortisation and impairment losses	7-8	-810	-645
Profit before net financials		4,790	6,263
Income from investments in associates		6	4
Financial income	3	444	328
Financial costs	4	-296	-510
Profit before tax		4,944	6,085
Tax on profit for the year	5	-1,031	-942
Profit for the year		3,913	5,143
DISTRIBUTION OF PROFIT	6		
Proposed dividend for the year		3,100	3,000
Minority interests' share of net profit of subsidiaries		168	145
Retained earnings		645	1,998
Profit for the year		3,913	5,143

A container of products being unloaded at our main logistics centre in Haderslev, Denmark



# BALANCE SHEET

## 31 July

Assets (mDKK)	Note	2023	2022
Software		8	9
Goodwill		122	138
Key money/leasehold rights/trademark rights		30	35
<b>Intangible assets</b>	<b>7</b>	<b>160</b>	<b>182</b>
Land and buildings		2,872	2,756
Other fixtures and fittings, tools and equipment		489	394
Leasehold improvements		819	564
Property, plant and equipment in progress		1,067	508
<b>Property, plant and equipment</b>	<b>8</b>	<b>5,247</b>	<b>4,222</b>
Investments in associates	9	16	13
Other non-current investments		0	47
Deposits		198	170
<b>Fixed asset investments</b>		<b>214</b>	<b>230</b>
<b>Total non-current assets</b>		<b>5,621</b>	<b>4,634</b>

Assets (mDKK)	Note	2023	2022
<b>Inventories</b>		<b>5,557</b>	<b>8,055</b>
Trade receivables		3,088	3,178
Receivables from group enterprises		3,043	2,627
Other receivables		574	1,010
Deferred tax asset	11	234	181
Corporation tax		207	135
Prepayments	10	377	303
<b>Receivables</b>		<b>7,523</b>	<b>7,434</b>
<b>Cash and cash equivalents</b>		<b>2,431</b>	<b>2,185</b>
<b>Total current assets</b>		<b>15,511</b>	<b>17,674</b>
<b>Total assets</b>		<b>21,132</b>	<b>22,308</b>

# BALANCE SHEET

## 31 July

Equity and liabilities (mDKK)	Note	2023	2022
Share capital		110	110
Reserve for exchange rate adjustments		-220	195
Reserve for hedging adjustments		-16	366
Retained earnings		8,449	7,809
Proposed dividend for the year		3,100	3,000
<b>Equity before non-controlling interests</b>		<b>11,423</b>	<b>11,480</b>
Non-controlling interests		425	401
<b>Equity</b>		<b>11,848</b>	<b>11,881</b>
Deferred tax	11	46	86
Other provisions	12	1,182	1,445
<b>Total provisions</b>		<b>1,228</b>	<b>1,531</b>
Mortgage loans		70	71
<b>Total non-current liabilities</b>	<b>13</b>	<b>70</b>	<b>71</b>

Equity and liabilities (mDKK)	Note	2023	2022
Credit institutions		2,129	354
Mortgage loans	13	2	4
Trade payables		2,669	4,597
Payables to group enterprises		83	46
Corporation tax		994	1,203
Other payables		2,038	2,568
Deferred income	14	71	53
<b>Total current liabilities</b>		<b>7,986</b>	<b>8,825</b>
<b>Total liabilities</b>		<b>8,056</b>	<b>8,896</b>
<b>Total equity and liabilities</b>		<b>21,132</b>	<b>22,308</b>



# STATEMENT OF CHANGES IN EQUITY

(mDKK)	Share capital	Reserve for exchange rate adjustments	Reserve for hedging adjustments	Retained earnings	Proposed dividend for the year	Equity before non-controlling interests	Non controlling interests	Total
Equity at 1 August 2022	110	195	366	7,809	3,000	11,480	401	11,881
Exchange adjustments	0	-415	0	0	0	-415	-16	-431
Ordinary dividend paid	0	0	0	0	-3,000	-3,000	-125	-3,125
Purchase of non-controlling shares	0	0	0	3	0	3	-3	0
Fair value adjustment of hedging instruments	0	0	-491	0	0	-491	0	-491
Tax on transactions on equity	0	0	109	0	0	109	0	109
Other equity movements	0	0	0	-8	0	-8	0	-8
Net profit/loss for the year	0	0	0	645	3,100	3,745	168	3,913
Equity at 31 July 2023	110	-220	-16	8,449	3,100	11,423	425	11,848

The share capital consists of:	Nominal Value (mDKK)
220,000 shares of DKK 500	110

ACCOUNTING POLICY

**Reserve for exchange rate adjustments** — The reserve for exchange rate adjustment comprises the share of foreign exchange rate differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange rate adjustments of assets and liabilities considered part of the Parent's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange rate adjustments will be included in this equity reserve instead.

**Dividends** — Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

**Reserve for hedging transactions** — The reserve for hedging transactions includes the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging is no longer effective. The reserve does not represent a company law binding and may therefore be negative.

# CASH FLOW STATEMENT

(mDKK)	Note	2022/23	2021/22
Net profit for the year		3,913	5,143
Adjustments	21	1,513	1,684
Change in working capital	22	52	-3,319
Corporation tax paid		-1,534	-958
Cash flows from operating activities		3,944	2,550
Purchase of intangible assets		-136	-11
Purchase of property, plant and equipment		-1,779	-1,371
Purchase of non-current investments		-14	-3
Sale of property, plant and equipment		64	81
Sale of intangible assets		0	5
Sale of non-current investments		47	0
Dividends received from associates		2	2
Deposits		-28	-43
Purchase of minority shares		-3	0
Cash flows from investing activities		-1,847	-1,340
Repayment/raising of loans from credit institutions		1,772	350
Changes in receivables/payables to group enterprises		-410	-162
Dividend paid		-3,125	-2,540
Cash flows from financing activities		-1,763	-2,352
Change in cash and cash equivalents		334	-1,142
Cash and cash equivalents at 1 August 2022		2,185	3,345
Exchange rate adjustment		-88	-18
Cash and cash equivalents at 31 July 2023		2,431	2,185



## ACCOUNTING POLICY

### The cash flow statement

The cash flow statement shows the cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities comprise cash flows presented according to the indirect method and are calculated as the share of the profit for the year adjusted for changes in the working capital, paid corporate taxes and non-cash income statement items such as depreciation, amortisation and impairment losses and provisions made. The working capital comprises current assets less current liabilities – exclusive of the financial statement items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from payments associated with the purchase of sale of companies, activities and financial non-current assets as well as purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

### Cash and cash equivalents

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

# TABLE OF *group* NOTES

*General  
accounting  
policies*

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# ACCOUNTING POLICIES

*This section introduces BESTSELLER’s accounting policies. A detailed description of accounting policies is disclosed in the respective notes.*

The annual report 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 2022/23 is presented in mDKK.

**BASIS OF  
RECOGNITION AND  
MEASUREMENT**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the parent 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 group’s and the parent company’s 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.

**RECOGNITION  
AND MEASUREMENT  
OF BUSINESS  
COMBINATIONS**

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 installments 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.

Newly acquired or newly established subsidiaries are recognised in the consolidated financial statement from the date of acquisition or the date of establishment respectively. When subsidiaries are sold or liquidated, they cease to be recognised in the consolidated financial statement at the time of transfer or time of liquidation and earnings or losses at the time of sale or liquidation are recognised in the profit and loss account. The comparative figures are not adjusted for acquisitions or disposals.

Gains and losses on the disposal of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal including any non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair value at the date of acquisition. Costs for restructuring recognised in the acquired entity before the date of acquisition and not an agreed part of the acquisition is part of the acquisition balance sheet and hence the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is considered.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (badwill), representing an anticipated adverse development in

RECOGNITION AND MEASUREMENT OF INTRAGROUP BUSINESS COMBINATIONS

the acquired enterprises is recognised in the income statement at the date of acquisition when the general revenue recognition criteria are met.

If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminary calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognised through the income statement.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed, and equity instruments issued.

Costs incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

The uniting of interests method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided the combination is considered final at the time of acquisition with restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in the equity.

Expenses defrayed in connection with acquisitions are recognised in the income statement in the year in which they are defrayed. If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminarily calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect,

CONSOLIDATED FINANCIAL STATEMENTS

including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognised through the income statement.

The consolidated financial statements comprise the Parent company BESTSELLER A/S and subsidiaries in which the Parent company, directly or indirectly, holds more than 50 percent of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20 percent and 50 percent of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the Group chart.

The consolidated annual accounts are prepared as a consolidation of the accounts of the Parent company and the individual subsidiaries. Adjustments are made for intercompany turnover and expenditure, shareholdings, intra-group balances and dividends, as well as unrealised internal income and loss. The accounts used for the consolidation are prepared in accordance with the Group's accounting policies.

Investments in subsidiaries are set off against net assets and liabilities at the balance sheet.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

NON-CONTROLLING INTERESTS

The annual accounts of the Group's subsidiaries are included 100 % in the consolidated figures. The non-controlling interests proportionate share of the profit and loss as well as the equity in subsidiaries not 100% owned by the Group are included as a part of the Group's profit and loss but are disclosed separately.

On initial recognition, non-controlling interest are measured at the fair value of the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent

FOREIGN  
CURRENCY  
TRANSLATION

liabilities. Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

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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 costs. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to 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 costs. Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Foreign subsidiaries, associates and participating interests are considered separate entities.

The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to the reserve under 'Equity' in the consolidated financial statements.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to equity. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

DERIVATIVE  
FINANCIAL  
INSTRUMENTS

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively. Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

OTHER OPERATING  
INCOME

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

OTHER EXTERNAL  
COSTS

Other external costs comprise costs for distribution, marketing and administration, including office costs, etc.

AMORTISATION,  
DEPRECIATION  
AND IMPAIRMENT  
LOSSES

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.



LIABILITIES  
OTHER THAN  
PROVISIONS

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

IMPAIRMENT  
OF NON-CURRENT  
ASSETS

The carrying amount of intangible assets and property, plant and equipment is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation. The impairment test is performed for each individual asset or group of assets. The recoverable amount of the asset is calculated as the value in use or the fair value less disposal costs, whichever is higher.

Where there is indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. If it is not possible to determine the recoverable amount for individual assets, the assets are reviewed jointly in the smallest identifiable group of assets to determine a reliable recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use. 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 life.

Domicile properties and other assets, for which it is not possible to calculate an individual capital value as the asset, in itself, does not generate future cash flows, are subject to a test for indication of impairment together with the group of assets, to which they may be attributed.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

INVENTORIES

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value. The cost of inventories comprises the purchase price plus delivery costs. The net realisable value of inventories is calculated as the selling price less costs incurred to effect the sale.

The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

COST OF SALES

Cost of sales comprises costs incurred in generating the revenue for the year. Cost of sales includes provisions for loss on returned goods.

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.

OTHER  
NON-CURRENT  
ASSETS

Other non-current assets consists of deposits in leaseholds, measured at cost and securities, which consists of listed shares and bonds, that is measured at fair value at the balance sheet date.

DEFERRED  
INCOME

Deferred income consists of payments received in respect of income in subsequent financial years. Etc. rent income, tenant allowance and other deferred income.

PREPAYMENTS

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.



NOTE 1

REVENUE

(mDKK)	2022/23	2021/22
Revenue	37,013	35,248
<b>Total Revenue</b>	<b>37,013</b>	<b>35,248</b>
Denmark	1,919	1,918
Rest of Europe	31,735	30,297
Rest of the world	3,359	3,033
<b>Total revenue</b>	<b>37,013</b>	<b>35,248</b>

The Group's revenue is disclosed by geographical markets. The Group's activities consists of one business segment why the revenue is only disclosed by geographical markets. The segment information is consistent with the Group's applied accounting policies, risks and internal controlling.



ACCOUNTING  
POLICY

Revenue from the sale of goods is recognised in the income statement when delivery is made, and risk has passed to the buyer and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted and estimated returns.

NOTE 2

STAFF COSTS

(mDKK)	2022/23	2021/22
Wages and salaries	4,725	4,400
Pensions	246	208
Other social security costs	569	475
Other staff costs	223	210
	<b>5,763</b>	<b>5,293</b>
Average number of employees	20,276	17,847

Executive Board received remuneration of mDKK 30 (2021/22: mDKK 38). The remuneration is dependent on the Group's profit. The Board of Directors received no remuneration.



ACCOUNTING  
POLICY

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

NOTE 3

FINANCIAL INCOME

(mDKK)	2022/23	2021/22
Financial income, group enterprises	0	3
Other financial income	444	325
	444	328

NOTE 4

FINANCIAL COSTS

(mDKK)	2022/23	2021/22
Financial costs, group enterprises	0	0
Other financial costs	296	510
	296	510



ACCOUNTING  
POLICY

Financial income and costs comprise interest income and costs, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, dividends received on other investments, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

NOTE 5

TAX ON PROFIT FOR THE YEAR

(mDKK)	2022/23	2021/22
Current tax for the year	1,058	996
Change in deferred tax for the year	-11	-3
Adjustment of tax concerning previous years	-24	-40
Adjustment of deferred tax concerning previous years	8	-11
	1,031	942



ACCOUNTING  
POLICY

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

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

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.



NOTE 6

DISTRIBUTION OF PROFIT

(mDKK)	2022/23	2021/22
Proposed dividend for the year	3,100	3,000
Non-controlling interests	168	145
Retained earnings	645	1,998
	3,913	5,143

The new SELECTED FEMME / HOMME flagship store, Aarhus, Denmark.



The new SELECTED FEMME / HOMME flagship store, Aarhus, Denmark during the launch of the brand's Modern Traveller concept.



NOTE 7

INTANGIBLE ASSETS

(mDKK)	Software	Goodwill	Key money Leasehold rights
Cost at 1 August 2022	90	593	247
Exchange adjustment	-3	-5	-7
Additions for the year	4	129	3
Disposals for the year	0	-4	-1
Cost at 31 July 2023	91	713	242
Impairment losses and amortisation 1 August 2022	81	455	212
Exchange adjustment	-3	-3	-5
Impairment losses for the year	0	116	-4
Amortisation for the year	5	27	10
Reversal of amortisation of sold assets	0	-4	-1
Impairment losses and amortisation at 31 July 2023	83	591	212
Carrying amount at 31 July 2023	8	122	30



ACCOUNTING  
POLICY

Intangible assets 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 when the asset is available for use. Interests are not included in the cost. Where individual components of an item of intangible assets have different useful lives, they are accounted for as separate items, which are depreciated separately. Non-current assets are depreciated on a straight-line basis, based on cost and on the following continually estimated useful lives:

Software is amortised according to the straight-line method over the expected useful life of 3-5 years.

Leasehold rights/key money/trademark rights is amortised according to the straight-line method of the non-terminable leaseterm. In case such term does not exist, the leasehold right/key money/trademark rights is amortised over 5 to 7 years.

Goodwill is amortised over the estimated useful life between 5-20 years. The estimated useful life is determined by management based on their experience within each area of business. The amortisation period is determined based on to what extent the purchase concerns a strategically acquired company with a strong market position and a long-term profitability and to what extent the goodwill includes temporary intangible resources which has not been able to spin off and recognise as individual assets.

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 or losses are recognised in the income statement as other operating income or other operating costs.



A BESTSELLER  
colleague working at the  
Logistics Centre North,  
Haderslev, Denmark.

NOTE 8

PROPERTY, PLANT AND EQUIPMENT

(mDKK)	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 August 2022	3,841	2,576	3,101	508
Exchange adjustment	-6	-76	-44	-2
Additions for the year	232	345	606	596
Disposals for the year	-77	-205	-235	-7
Transfers for the year	-11	50	-11	-28
Cost at 31 July 2023	3,979	2,690	3,417	1,067
Impairment losses and depreciation at 1 August 2022	1,085	2,182	2,537	0
Exchange adjustment	-1	-55	-28	0
Impairment losses and reversals for the year	0	28	90	0
Depreciation for the year	102	199	237	0
Reversal of depreciation of sold assets	-75	-168	-227	0
Transfers for the year	-4	15	-11	0
Impairment losses and depreciation at 31 July 2023	1,107	2,201	2,598	0
Carrying amount at 31 July 2023	2,872	489	819	1,067



ACCOUNTING POLICY

Property, plant and equipment 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 when the asset is available for use. Interests are not included in the cost.

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Non-current assets are depreciated on a straight-line basis, based on cost and on the following continually estimated useful lives:

- Buildings: 10-50 years
- Other fixtures and fittings, tools and equipment: 3-5 years
- Leasehold improvements: 5-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life. The depreciation periode and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Property, plant and equipment are written down to its recoverable amount if this is lower than the carrying amount.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.



NOTE 9

INVESTMENTS IN ASSOCIATES

(mDKK)	2023	2022
Cost at 1 August 2022	27	27
Cost at 31 July 2023	27	27
Revaluations at 1 August 2022	-14	-16
Exchange adjustment	-1	0
Net profit/loss for the year	6	4
Received dividend	-2	-2
Revaluations at 31 July 2023	-11	-14
Carrying amount at 31 July 2023	16	13

For ownership in associates, see group chart on page 259



ACCOUNTING POLICY

Investments in associates

Investments in associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the Group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Income from investmens in associates

The proportionate share of the profit/loss for the year of associates is recognised in both the consolidated and the Parent company's income statement after elimination of the proportionate share of intra-group profits/gains and amortisation of goodwill. In situations of sales of associates gains/losses are recognised in the income statement.

NOTE 10

PREPAYMENTS

Prepayments comprise prepaid costs regarding rent, insurance premiums, subscriptions and interest.



EVOKED VILA is a new sub-brand for curvier women in size range 44-56.

NOTE 11

DEFERRED TAX

(mDKK)	2023	2022
Deferred tax at 1 August 2022	95	212
Exchange adjustment	-4	-1
Adjustment of deferred tax for the year	11	3
Deferred tax recognised on equity	109	-104
Other movements on deferred tax	-15	-26
Deferred tax concerning previous years	-8	11
Deferred tax at 31 July 2023	188	95
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	234	181
Deferred tax liabilities	-46	-86
	188	95

We have unrecognised deferred tax assets of 330-380 mDKK, mainly concerning tax losses carried forward.

§  
ACCOUNTING  
POLICY

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity. Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Colleagues from  
PIECES retail.



NOTE 12

OTHER PROVISIONS

(mDKK)	2023	2022
Balance at beginning of year	1,445	1,729
Exchange adjustment	-8	1
Provision in year	273	360
Applied in the year	-528	-645
	1,182	1,445
The expected due dates of other provisions are:		
Within one year	388	647
Between 1 and 5 years	700	679
Over 5 years	94	119
	1,182	1,445



ACCOUNTING  
POLICY

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. Provisions comprise anticipated costs for losses on returned goods, obligations concerning leases and other contractual liabilities. Provisions are recognised when the Group has a legal or constructive obligation at the balance sheet date and there is a probability of an outflow of resources required to settle the obligation.

NOTE 13

MORTGAGE LOANS

(mDKK)	2023	2022
After 5 years	60	57
Between 1 and 5 years	10	14
Non-current portion	70	71
Within 1 year	2	4
Current portion	2	4
Mortgage loans at 31 July 2023	72	75



ACCOUNTING  
POLICY

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.



NOTE 14

DEFERRED INCOME

Deferred income consists of payments received in respect of income in subsequent financial years.

NOTE 15

EVENTS AFTER THE  
BALANCE SHEET DATE

No events materially affecting the financial position have occurred after the balance sheet date.

NOTE 16

RENT & LEASE LIABILITIES

(mDKK)	2023	2022
Within 1 year	1,809	1,651
Between 1 and 5 years	3,837	3,189
After 5 years	613	719
	6,259	5,559

NOTE 17

CONTINGENT LIABILITIES

GUARANTEE COMMITMENTS

The Group has issued guarantee commitments for mDKK 440.

OTHER CONTINGENT LIABILITIES

The Group has other obligations amounting to a total of mDKK 59.

The Group is party to a number of pending disputes that are not deemed to have any material effect on coming financial years.

The Group has provided collateral for mortgage debt and bank debt totalling mDKK 72 (2021/22: mDKK 75) which is secured by land and buildings, with a carrying amount of mDKK 130 (2021/22: mDKK 130)

CONTINGENT LIABILITIES

The Danish group participates in a joint Danish taxation arrangement with HEARTLAND A/S serving as the administrationcompany. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore secondarily liable for income taxes etc for the jointly taxed entities as well as to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

NOTE 18

FINANCIAL INSTRUMENTS

Group BESTSELLER seeks to reduce foreign currency risks by hedging currency exposure on purchase of goods. At 31 July 2023, Group BESTSELLER has entered into foreign exchange forward contracts relating to future transactions in foreign currency of mUSD 96 with a value of mDKK -15 before tax. Furthermore we have also entered into foreign exchange forward contracts relating to future transactions in foreign currency of contracts of mCNY 175 with a value of mDKK -5 before tax. Both are recognised on other liabilities and equity.

All transactions is to be realised within the next financial year 2023/24.

Group BESTSELLER has also entered into foreign currency options. The market value amounts to mDKK 1 at 31 July 2023.

As the agreements is made with the company's core banking partners, as the counterparties, it is our assement that there is no payment risk associated with these counterparties.

(mDKK)	Derivate financial instruments
Fair value, at 31 july 2023	-19
Value adjustments in the income statement	-4
Changes recognised in the reserve for hedging transactions	-491

NOTE 19

RELATED PARTIES AND OWNERSHIP STRUCTURE

**Controlling interest:**  
BESTSELLER United A/S, Fredskovvej 5,  
7330 Brande (Majority owner)

Transactions (mDKK)	
Sale of goods to related parties	149
Sale of services to related parties	3
Purchase of goods from related parties	9
Purchase of services from related parties	529
Interest income from related parties	0
Interest costs to related parties	0
Paid dividend	3,125
Receivables from related parties	3,042
Payables to related parties	-83

No other transactions were carried through with shareholders in the year. Remuneration/fees to members of the Executive Board are reflected in note 2.

NOTE 20

FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

(mDKK) PricewaterhouseCoopers	2022/23	2021/22
Fees regarding statutory audit	10	0
Assurance engagement	1	0
Tax assistance	0	0
Other assistance	0	0
	11	0

(mDKK) Other auditors	2022/23	2021/22
Fees regarding statutory audit	1	8
Assurance engagement	0	1
Tax assistance	0	2
Other assistance	0	2
	1	13

NOTE 21

CASH FLOW STATEMENT: ADJUSTMENTS

(mDKK)	2022/23	2021/22
Gain from sale of assets	-10	-18
Unrealised exchange rate adjustment	-286	201
Depreciation, amortisation and impairment losses	810	645
Income from investments in associates	-6	-4
Tax on profit for the year	1,031	942
Change in other provisions	-26	-82
	1,513	1,684

NOTE 22

CASH FLOW STATEMENT: CHANGE IN WORKING CAPITAL

(mDKK)	2022/23	2021/22
Change in inventories	2,498	-3,422
Change in receivables	-23	-446
Change in trade payables, etc.	-2,423	549
	52	-3,319



# FINANCIAL STATEMENT — *parent*

# INCOME STATEMENT

1 August - 31 July

(mDKK)	Note	2022/23	2021/22
Revenue	1	21,148	20,878
Other operating income		147	221
Cost of sales		-15,061	-14,416
Other external costs		-1,796	-1,770
Gross profit		4,438	4,913
Staff costs	2	-1,567	-1,595
Depreciation, amortisation and impairment losses	7	-155	-132
Profit before net financials		2,716	3,186
Income from investments in subsidiaries		1,575	2,464
Financial income	3	365	171
Financial costs	4	-347	-391
Profit before tax		4,309	5,430
Tax on profit for the year	5	-565	-432
Profit for the year		3,744	4,998
DISTRIBUTION OF PROFIT	6		
Proposed dividend for the year		3,100	3,000
Reserve for net revaluation under the equity method		1,575	2,464
Retained earnings		-931	-466
Profit for the year		3,744	4,998



Many partners visit our events at the Copenhagen Fashion Week.

# BALANCE SHEET

## 31 July

Assets (mDKK)	Note	2023	2022
Land and buildings		2,055	2,131
Other fixtures and fittings, tools and equipment		147	140
Leasehold improvements		15	27
Property, plant and equipment in progress		173	58
Property, plant and equipment	7	2,390	2,356
Investments in subsidiaries	8	9,035	8,212
Deposits		2	1
Fixed asset investments		9,037	8,213
Total non-current assets		11,427	10,569
Inventories		3,737	5,666
Trade receivables		41	38
Receivables from group enterprises		6,684	5,182
Other receivables		1	478
Prepayments	9	165	85
Receivables		6,891	5,783
Cash at hand and in bank		485	280
Total current assets		11,113	11,729
Total assets		22,540	22,298

Equity and liabilities (mDKK)	Note	2023	2022
Share capital		110	110
Reserve for hedging adjustments		-16	366
Retained earnings		8,229	8,004
Proposed dividend for the year		3,100	3,000
Equity		11,423	11,480
Deferred tax	10	2	40
Provisions relating to investments in group entities		8	375
Other provisions	11	132	526
Total provisions		142	941
Credit institutions		2,128	350
Trade payables		549	1,037
Payables to group enterprises		7,222	7,147
Corporation tax		463	623
Other payables		613	720
Total current liabilities		10,975	9,877
Total liabilities		10,975	9,877
Total equity and liabilities		22,540	22,298



# STATEMENT OF CHANGES IN EQUITY

Equity (mDKK)	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging adjustments	Retained earnings	Proposed dividend for the year	Total
Equity at 1 August 2022	110	0	366	8,004	3,000	11,480
Ordinary dividend paid	0	0	0	0	-3,000	-3,000
Exchange adjustments	0	-415	0	0	0	-415
Fair value adjustment of hedging instruments	0	0	-491	0	0	-491
Tax on transactions on equity	0	0	109	0	0	109
Other equity movements	0	-3	0	0	0	-3
Net profit/loss for the year	0	1,575	0	-931	3,100	3,744
Distributed dividends from investments in subsidiaries	0	-500	0	500	0	0
Transfers	0	-657	0	657	0	0
Equity at 31 July 2023	110	0	-16	8,229	3,100	11,423

The share capital consists of:	Nominal Value (mDKK)
220,000 shares of DKK 500	110

## ACCOUNTING POLICY

**Reserve for net revaluation according to the equity method** — The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries and associates relative to the cost

**Dividends** — Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

**Reserve for hedging transactions** — The reserve for hedging transactions includes the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future payment flows and the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer xpected to be realised or if the hedging is no longer effective. The reserve does not represent a company law binding and may therefore be negative.

# TABLE OF *parent* NOTES

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## NOTES TO BALANCE SHEET

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## OTHER NOTES

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NOTE 16	Related parties and ownership structure



ACCOUNTING  
POLICY

For a summary of the general accounting policies please refer to page 192 in the notes to the consolidated financial statements.

NOTE 1

REVENUE

(mDKK)	2022/23	2021/22
Revenue	21,148	20,878
<b>Total Revenue</b>	<b>21,148</b>	<b>20,878</b>
Denmark	1,321	1,333
Rest of Europe	19,624	19,272
Rest of the World	203	273
<b>Total revenue</b>	<b>21,148</b>	<b>20,878</b>

The Company's revenue is disclosed by geographical markets. The Company's activities consists of one business segment why the revenue is only disclosed by geographical markets. The segment information is consistent with the Company's applied accounting policies, risks and internal controlling.



ACCOUNTING  
POLICY

Revenue from the sale of goods is recognised in the income statement when delivery is made, and risk has passed to the buyer and that the income can be reliably measured and is expected to be received. Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

NOTE 2

STAFF COSTS

(mDKK)	2022/23	2021/22
Wages and salaries	1,375	1,438
Pensions	110	85
Other social security costs	20	16
Other staff costs	62	56
	<b>1,567</b>	<b>1,595</b>
Average number of employees	2,408	2,146

Executive Board received remuneration of mDKK 30 (2021/22: mDKK 38). The remuneration is dependent on the Group's profit. The Board of Directors received no remuneration.



ACCOUNTING  
POLICY

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



NOTE 3

FINANCIAL INCOME

(mDKK)	2022/23	2021/22
Financial income, group	101	49
Other financial income	264	122
	365	171

NOTE 4

FINANCIAL COSTS

(mDKK)	2022/23	2021/22
Financial costs, group	194	13
Other financial costs	153	378
	347	391



ACCOUNTING  
POLICY

Financial income and costs comprise interest income and costs, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, dividends received on other investments, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

NOTE 5

TAX ON PROFIT FOR THE YEAR

(mDKK)	2022/23	2021/22
Current tax for the year	529	479
Adjustment of tax concerning previous years	-35	-3
Adjustment of deferred tax concerning previous years	-1	-14
Change in deferred tax for the year	72	-30
	565	432



ACCOUNTING  
POLICY

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

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

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.

NOTE 6

DISTRIBUTION OF PROFIT

(mDKK)	2022/23	2021/22
Proposed dividend for the year	3,100	3,000
Reserve for net revaluation under the equity method	1,575	2,464
Retained earnings	-931	-466
	3,744	4,998

*'The Rocket', one of our iconic office buildings at our headquarters in Brande, Denmark.*



NOTE 7

PROPERTY, PLANT AND EQUIPMENT

(mDKK)	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 August 2022	3,062	576	57	58
Additions for the year	24	45	2	143
Disposals for the year	-2	-44	-4	0
Transfers for the year	-10	39	-1	-28
Cost at 31 July 2023	3,074	616	54	173
Impairment losses and depreciation at 1 August 2022	931	436	30	0
Depreciation for the year	89	55	11	0
Reversal of impairment and depreciation of sold assets	0	-23	-2	0
Transfer for the year	-1	1	0	0
Impairment losses and Depreciation at 31 July 2023	1,019	469	39	0
Carrying amount at 31 July 2023	2,055	147	15	173



ACCOUNTING POLICY

Property, plant and equipment 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 when the asset is available for use. Interests are not included in the cost.

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Non-current assets are depreciated on a straight-line basis, based on cost and on the following continually estimated useful lives:

- Buildings:** 10-50 years
- Other fixtures and fittings, tools and equipment:** 3-5 years
- Leasehold improvements:** 5-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life. The depreciation periode and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Property, plant and equipment are written down to its recoverable amount if this is lower than the carrying amount.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.



NOTE 8

INVESTMENTS IN SUBSIDIARIES

(mDKK)	2023	2022
<b>Cost at 1 August 2022</b>	<b>8,665</b>	<b>8,451</b>
Additions for the year	179	265
Disposals for the year	-5	-51
<b>Cost at 31 July 2023</b>	<b>8,839</b>	<b>8,665</b>
<b>Revaluations at 1 August 2022</b>	<b>-1,048</b>	<b>-3,578</b>
Disposals for the year	-4	23
Exchange adjustment	-415	216
Net profit for the year	1,691	2,464
Received dividend	-500	-156
Other equity movements, net	-3	-17
Extraordinary amortization of goodwill	-116	0
<b>Revaluations at 31 July 2023</b>	<b>-395</b>	<b>-1,048</b>
<b>Net value at 31 July 2023</b>	<b>8,444</b>	<b>7,617</b>
Reconciliation to the book value		
<b>Booked value of investment in subsidiaries at 31 July 2023</b>	<b>9,035</b>	<b>8,212</b>
Provisions relating to investments in group entities	-8	-375
Netting of intercompany balances from enterprises with negative equity	-583	-220
<b>Net value at 31 July 2023</b>	<b>8,444</b>	<b>7,617</b>
Remaining positive difference included in the above carrying amount at 31 July 2023	<b>64</b>	<b>79</b>



ACCOUNTING POLICY

During Copenhagen Fashion Week, LIL' ATELIER invited influencers to get a closer look at the Spring Collection of 2023.

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the Group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in subsidiaries, with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost.

**Income from investmens in subsidiaries**

The proportionate share of the profit/loss for the year after tax of subsidiaries is recognised in the Parent company's income statement after full elimination of intra-group profits/losses and amortisation of goodwill. In situations of sales of subsidiaries gains/losses are recognised in the income statement.



NOTE 9

PREPAYMENTS

Prepayments comprise prepaid expenses regarding rent, insurance premiums subscriptions and interest.

NOTE 10

DEFERRED TAX

(mDKK)	2023	2022
Deferred tax at 1 August 2022	-40	31
Adjustment of deferred tax for the year	-72	30
Deferred tax recognised on equity	109	-104
Deferred tax concerning previous years	1	3
Deferred tax at 31 July 2023	-2	-40



ACCOUNTING  
POLICY

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 in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value. Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity. Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

NOTE 11

OTHER PROVISIONS

(mDKK)	2023	2022
Balance at beginning of year	526	498
Provision for the year	0	237
Applied for the year	-394	-209
	132	526
The expected due dates of other provisions are:		
Within one year	62	419
Between 1 and 5 years	70	107
Over 5 years	0	0
	132	526

Other provisions primarily compromise pending disputes, donations and other liabilities, etc.



ACCOUNTING  
POLICY

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. Provisions comprise anticipated costs for losses on returned goods, obligations concerning leases and other contractual liabilities. Provisions are recognised when the Group has a legal or constructive obligation at the balance sheet date and there is a probability of an outflow of resources required to settle the obligation.

NOTE 12

RENT AND LEASE LIABILITIES

(mDKK)	2023	2022
Within 1 year	93	75
Between 1 and 5 years	160	240
After 5 years	0	87
	253	402



NAME IT is BESTSELLER's biggest kids brand.

NOTE 13

CONTINGENT LIABILITIES

GUARANTEE COMMITMENTS

The Parent has issued guarantee commitments for DKK 100 millions.

OTHER CONTINGENT LIABILITIES

The Group is party to a number of pending disputes that are not deemed to have any material effect on coming financial years.

The Parent company has issued letters of support for subsidiaries. Furthermore the Parent company has issued a guarantee of payment for the liabilities of a number of subsidiaries totalling mDKK 899 pr. 31 July 2023.

CONTINGENT LIABILITIES

The Company participates in a joint Danish taxation arrangement with HEART-LAND A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore secondarily liable for income taxes etc for the jointly taxed entities as well as to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

NOTE 14

EVENTS AFTER THE BALANCE SHEET DATE

No events materially affecting the financial position have occurred after the balance sheet date.



NOTE 15

FINANCIAL INSTRUMENTS

BESTSELLER A/S seeks to reduce foreign currency risks by hedging currency exposure on purchase of goods. At 31 July 2023, BESTSELLER A/S has entered into foreign exchange forward contracts relating to future transactions in foreign currency of mUSD 96 with a value of mDKK -15 before tax. Furthermore we have also entered into foreign exchange forward contracts relating to future transactions in foreign currency of contracts of mCNY 175 with a value of mDKK -5 before tax. Both are recognised on other liabilities and equity.

All transactions is to be realised within the next financial year 2023/24.

BESTSELLER A/S has also entered into foreign currency options. The market value amounts to mDKK 1 at 31 July 2023.

As the agreements is made with the company's core banking partners, as the counterparties, it is our assement that there is no payment risk associated with these counterparties.

(mDKK)	Derivate financial instruments
Fair value, at 31 july 2023	-19
Value adjustments in the income statement	-4
Changes recognised in the reserve for hedging transactions	-491

NOTE 16

RELATED PARTIES AND OWNERSHIP STRUCTURE

CONTROLLING INTEREST:

BESTSELLER United A/S  
Store Torv 1, 3.  
8000 Aarhus C  
(Majority owner).

The financial statement for BESTSELLER A/S is included in the consolidated financial statement for HEARTLAND A/S Store Torv 1, 3. 8000 Aarhus C being the largest group.

Transactions (mDKK)

Sale of goods to subsidiaries	20,971
Sale of services to subsidiaries	255
Sale of goods to other related parties	0
Sale of services to other related parties	9
Purchase of services from subsidiaries	459
Purchase of goods from other related parties	151
Interest income from subsidiaries	101
Interest income from other related parties	0
Interest cost to subsidiaries	195
Capital contribution	147
Dividend received	500
Dividend paid	3,000
Receivables from group companies	3,652
Payables to group enterprises	7,188
Receivables from other related parties	3,032
Payables to other related parties	34

No other transactions were carried through with shareholders in the year. Remuneration/ fees to members of the Executive Board are reflected in note 2.

# MANAGEMENT'S STATEMENT

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*Auditor's report*  
*Company details*  
*Group chart*

# STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

*The Board of Directors and Executive Board have today discussed and approved the annual report of BESTSELLER A/S for the financial year 1 August 2022 – 31 July 2023.*

**AARHUS,**  
5 October 2023

The annual report is prepared in accordance with the Danish Financial Statements Act. In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 July 2023, and of the results of the group and the company operations and consolidated cash flows for the financial year 1 August 2022 – 31 July 2023.

In our opinion, the management's review of the annual report includes a fair view of the developments of BESTSELLER's financial and sustainability results for the year, as well as a description of the most significant risks and uncertainties that may affect the group and the parent company.

BESTSELLER's  
office in Aarhus,  
Denmark.





# INDEPENDENT AUDITOR’S REPORT

*To the shareholder of BESTSELLER A/S*

**OPINION**

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 July 2023, and of the results of the Group’s and the Parent Company’s operations as well as the consolidated cash flows for the financial year 1 August 2022 - 31 July 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BESTSELLER A/S for the financial year 1 August 2022 - 31 July 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (“financial statements”).

**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 Group 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.

**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.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management’s Review.

**MANAGEMENT’S  
RESPONSIBILITIES  
FOR THE FINANCIAL  
STATEMENTS**

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Group’s and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

**AUDITOR’S  
RESPONSIBILITIES  
FOR THE AUDIT OF  
THE FINANCIAL  
STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

**AUDITOR’S  
RESPONSIBILITIES  
FOR THE AUDIT OF  
THE FINANCIAL  
STATEMENTS**  
*continued*

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 Group’s and the Parent 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 Group’s and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

**AARHUS,**  
*5 October 2023*

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

**Mads Melgaard**  
State Authorised Public Accountant  
mne34354

**Claus Lyngsø Sørensen**  
State Authorised Public Accountant  
mne34539

EXECUTIVE BOARD



CHIEF EXECUTIVE OFFICER  
Anders Holch Povlsen

A stylized, handwritten signature of Anders Holch Povlsen in black ink.



CHIEF FINANCIAL OFFICER  
Thomas Børglum Jensen

A stylized, handwritten signature of Thomas Børglum Jensen in black ink.

BOARD OF DIRECTORS



CHAIR OF THE BOARD  
Merete Bech Povlsen

A stylized, handwritten signature of Merete Bech Povlsen in black ink.



MEMBER OF THE BOARD  
Anders Holch Povlsen

A stylized, handwritten signature of Anders Holch Povlsen in black ink.



MEMBER OF THE BOARD  
Troels Holch Povlsen

A stylized, handwritten signature of Troels Holch Povlsen in black ink.



MEMBER OF THE BOARD  
Finn Poulsen

A stylized, handwritten signature of Finn Poulsen in black ink.



MEMBER OF THE BOARD  
Lise Kaag

A stylized, handwritten signature of Lise Kaag in black ink.



## COMPANY DETAILS

**BESTSELLER A/S**

Fredskovvej 5  
7330 Brande

CVR no.: 88 21 65 12  
Reporting period: 1 August 2022 - 31 July 2023  
Domicile: Ikast-Brande

**BOARD OF DIRECTORS**

Merete Bech Povlsen, Chair  
Anders Holch Povlsen  
Finn Poulsen  
Lise Kaae  
Troels Holch Povlsen

**EXECUTIVE BOARD**

Anders Holch Povlsen  
Thomas Børglum Jensen

**AUDITORS**

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
Jens Chr. Skous Vej 1  
8000 Aarhus C

**GROUP CHART  
SYMBOL OVERVIEW**

- Subsidiary
- Subsidiary of subsidiary
- Subsidiary of subsidiary of subsidiary
- \* Associated company
- <sup>1</sup> Use of the exemption from Article 264 Para. 3 HGB  
[Handelsgesetzbuch: German Commercial Code]  
(no preparation of a management report)

## GROUP CHART

COMPANY	LOCATION	OWNERSHIP
<b>BESTSELLER A/S</b>	<b>Brande, Denmark</b>	
AHPK GmbH	Hamburg, Germany	75%
24.5.2011 US Corporation	Wilmington, Delaware, USA	100%
• BESTSELLER Wholesale US LLC	Wilmington, Delaware, USA	100%
BESTSELLER AS	Olso, Norway	100%
BESTSELLER Logistics A/S	Brande, Denmark	100%
BESTSELLER Australia PTY Ltd.	Mosman, Australia	100%
BESTSELLER Birlesik Tekstil Ltd.	Istanbul, Türkiye	90%
BESTSELLER Commerce B.V.	Amsterdam, Netherlands	100%
• BESTSELLER Handels B.V.	Amsterdam, Netherlands	100%
• BESTSELLER Service B.V.	Amsterdam, Netherlands	100%
• BESTSELLER Commerce Poland Sp. z O.O.	Lozienica, Poland	100%
BESTSELLER Handels Portugal, Unispessoal LDA	Lisbon, Portugal	100%
BESTSELLER Italy SpA	Castel San Pietro Terme, Italy	100%
• BESTSELLER Stores Italy SpA	Castel San Pietro Terme, Italy	100%
BESTSELLER Stores Austria GmbH	Vienna, Austria	100%
• BESTSELLER Handels GmbH	Vienna, Austria	100%
• BESTSELLER MENA GmbH	Vienna, Austria	100%
BESTSELLER Retail Europe A/S	Brande, Denmark	75%
• BESTSELLER Retail Benelux B.V.	Leusden, Netherlands	100%
• BESTSELLER Retail Sp. z O.O.	Warsaw, Poland	100%
• ONLY Stores Austria GmbH	Vienna, Austria	100%
• Grønhaug Retail AS*	Bergen, Norway	50%

• ONLY Stores A/S	Brande, Denmark	100%
• • ONLY Stores Belgium BVBA	Antwerp, Belgium	100%
• • ONLY Stores Czech s.r.o.	Prague, Czech Republic	100%
• • ONLY Stores Denmark A/S	Brande, Denmark	100%
• • ONLY Stores Finland OY	Espoo, Finland	100%
• • ONLY Stores France SaS	Paris, France	100%
• • ONLY Stores Germany GmbH <sup>1</sup>	Viersen, Germany	100%
• • ONLY Stores Ireland Ltd.	Dublin, Ireland	100%
• • ONLY Stores Holland B.V.	Leusden, Netherlands	100%
• • ONLY Stores Luxembourg S.a.r.l.	Luxembourg, Luxembourg	100%
• • ONLY Stores Norway AS	Bergen, Norway	100%
• • ONLY Stores Sweden AB	Solna, Sweden	100%
• • ONLY Stores Switzerland AG	St. Gallen, Switzerland	100%
• • Retail-Fabrikken A/S *	Haderslev, Denmark	50%
BESTSELLER Retail Ireland Limited	Dublin, Ireland	100%
BESTSELLER Retail UK Ltd.	Birmingham, England	100%
BESTSELLER (Schweiz) AG	Glattbrugg, Switzerland	100%
BESTSELLER Stores Belgium BVBA	Antwerp, Belgium	100%
• Belalan Meir Leasehold SRL	Antwerp, Belgium	100%
BESTSELLER Stores Denmark A/S	Brande, Denmark	100%
BESTSELLER Stores Finland OY	Helsinki, Finland	100%
BESTSELLER Stores Germany GmbH <sup>1</sup>	Hamburg, Germany	64%
BESTSELLER Stores Netherlands B.V.	Amstelveen, Netherlands	100%
• BESTSELLER Wholesale Benelux B.V.	Amstelveen, Netherlands	100%
• BESTSELLER United NL B.V.	Amstelveen, Netherlands	100%
• • Indifusion Apparels India Pvt. Ltd.	New Delhi, India	100%
• • BESTSELLER Fashion India Pvt. Ltd.	Mumbai, India	100%
• • • BESTSELLER Wholesale India Pvt. Ltd.	Mumbai, India	100%

BESTSELLER Stores Luxembourg Sarl	Luxembourg, Luxembourg	100%
BESTSELLER Stores Norway AS	Bergen, Norway	100%
BESTSELLER Stores Sverige AB	Solna, Sweden	100%
BESTSELLER Stores Switzerland AG	Glattbrugg, Switzerland	100%
BESTSELLER Sverige AB	Solna, Sweden	100%
• Hagamagasinet AB	Solna, Sweden	100%
BESTSELLER Textilhandels GmbH <sup>1</sup>	Hamburg, Germany	100%
BESTSELLER United China Ltd.	Kowloon, Hong Kong	100%
BESTSELLER United Singapore Pte. Ltd.	Singapore, Singapore	100%
• BEST United India Comforts Pvt. Ltd.	Mumbai, India	100%
• ONLY Retail Pvt. Ltd.	Mumbai, India	100%
• SELECTED Retail Private Limited	Mumbai, India	100%
• VERO MODA Retail Pvt. Ltd.	Mumbai, India	100%
BESTSELLER Wholesale A/S	Brande, Denmark	100%
BESTSELLER Wholesale Belgium BVBA	Antwerp, Belgium	100%
BESTSELLER Wholesale Canada Inc.	Montréal, Canada	100%
• BESTSELLER Retail Canada Inc.	Montréal, Canada	100%
BESTSELLER Wholesale Finland OY	Helsinki, Finland	100%
BESTSELLER Wholesale France SaS	Paris, France	100%
• BESTSELLER Stores France SaS	Paris, France	100%
• 9/9 - 49 France Sarl	Paris, France	100%
• Paris Property SASU	Paris, France	100%
BESTSELLER Wholesale (Ireland) Ltd.	Dublin, Ireland	100%
BESTSELLER Wholesale Spain S.L.U.	Churriana, Spain	100%
• BESTSELLER Tekstil Ltd.	Istanbul, Türkiye	90%
• BESTSELLER Stores Spain S.L.U.	Churriana, Spain	100%
• BS Company of 14.12.2014 Sociedad Limitada	Churriana, Spain	100%
• • BESTSELLER Latam ZF S.A.	Montevideo Uruguay	100%

• • BESTSELLER Textil Mexico S.A. de C.V.	Ciudad de México, Mexico	100%
• • BESTSELLER Textil Whs Uruguay S.A.	Montevideo Uruguay	100%
• • BESTSELLER Wholesale Chile SpA	Santiago Chile	100%
• • BESTSELLER Wholesale Mexico S.A. C.V.	Ciudad de México, Mexico	100%
BESTSELLER Wholesale UK Ltd.	London, England	100%
Best Whs Clothing Greece LLC	Athens, Greece	100%
Bluetide Ltd.	Dubai, United Arab Emirates	100%
Braveheart International Limited.	London, England	100%
BRN Best Retail Norge AS	Namsos, Norway	51%
Toast (Mail Order) Limited	London, United Kingdom	100%
VILA A/S	Skanderborg, Denmark	100%
• VILA Belgium BVBA	Antwerp, Belgium	100%
• VILA Benelux B.V.	Amstelveen, Netherlands	100%
• • VILA Stores B.V.	Amstelveen, Netherlands	100%
• VILA Clothes AG	Glattbrugg, Switzerland	100%
• VILA Clothes Handels GmbH	Vienna, Austria	100%
• VILA Clothes Ltd.	Dublin, Ireland	100%
• VILA Clothes Ltd.	London, United Kingdom	100%
• VILA Finland Oy	Espoo, Finland	100%
• VILA France SaS	Paris, France	100%
• VILA Italy S.R.L.	Caste San Pietro Terme, Italy	100%
• VILA Norge AS	Oslo, Norway	100%
• VILA Spain S.L.U.	Torremolinos, Spain	100%
• VILA Stores A/S	Skanderborg, Denmark	100%
• BESTSELLER Stores Germany GmbH	Hamburg, Germany	36%
• • VILA GmbH <sup>1</sup>	Hamburg, Germany	100%
• VILA Sweden AB	Solna, Sweden	100%
• VILA Wholesale A/S	Skanderborg, Denmark	100%



