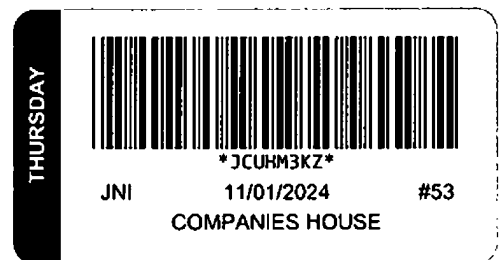


Registered Number: 07937543

Mast Industries UK Limited

Report and Financial Statements

For the 52 Weeks Ended 28 January 2023



Mast Industries UK Limited

Corporate Information

Directors

Todd Gregory Helvie

Scott Miller

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

BT2 7DT

Registered Office

280 Bishopsgate

London

England

EC2M 4RB

Mast Industries UK Limited

Strategic Report

The directors present their Strategic Report and audited financial statements of Mast Industries UK Limited ("the Company") for the 52 weeks ended 28 January 2023. These financial statements have been prepared under UK adopted international accounting standards.

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to 31 January. As used herein, "2022" refers to the 52 weeks ended 28 January 2023 and "2021" refers to the 52 weeks ended 29 January 2022.

Principal Activities and Review of Business

The Company's financial results are primarily related to sourcing shopfit fixtures and installation services from vendors in Europe for sale to L Brands, Inc.'s franchise partners in Europe. Beginning in November 2020, the Company began providing brand management services to Victoria's Secret and Victoria's Secret PINK retail brands in Europe. Also in November 2020, the Company established a new branch office in Dubai, United Arab Emirates with the purpose to provide strategy and marketing advice for international franchise stores selling apparel and beauty.

On 2 August 2021, L Brands, Inc. (the ultimate parent company at that time) completed the separation of its Victoria's Secret business into an independent, publicly traded company (the "Separation"). Following the Separation, the Company's ultimate parent is Victoria's Secret & Co.

Key Performance Indicators

The Company's key performance indicator during the period is operating income of \$116,277 (2021 - operating income of \$640,931). The Company's operating income is primarily attributable to brand management services provided. The Company has total net assets of \$4,676,838 at 28 January 2023 (29 January 2022 - \$4,475,679).

Principal Risks and Uncertainties

The Company's business is sensitive to a number of factors that influence the levels of consumer spending, including political and economic conditions such as recessionary environments, the levels of disposable consumer income, consumer debt, interest rates and consumer confidence. Declines in consumer spending could have a material adverse effect on the Company's operating results. Going forward, the principal risk that the Company faces is its ability to provide brand management services in accordance with the instructions of the owners of the Victoria's Secret and Victoria's Secret PINK retail brands in Europe.

The Company monitors cash flow as part of the day to day controls. Exposure to exchange rate risk is limited to a small number of overseas suppliers, which the Company does not hedge against.

Our operations and financial performance have been adversely impacted by deterioration in economic conditions in the United States and globally, which were caused in part by the coronavirus pandemic ("COVID-19"). The current macroeconomic environment is characterised by record-high inflation, supply chain challenges, labor shortages, high interest rates, volatility in global capital markets and growing recession risk. Such macroeconomic conditions have and could continue to adversely affect our business, for example, by reducing consumer demand for our products and leading to decreased sales.

The Company's business has not been impacted by the current cost of living crisis.

Mast Industries UK Limited

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

These risks are principally managed by the parent companies of Mast Industries UK Limited by maintaining liquidity and managing cash generation by its operations.

This report was approved by the board and signed on its behalf:

DocuSigned by:



Todd Gregory Helvie

Director

Date: 8 January 2024

Mast Industries UK Limited

Directors' Report

Registered Number: 07937543

The directors present their report and audited financial statements of Mast Industries UK Limited ("the Company") for the 52 weeks ended 28 January 2023. These financial statements have been prepared under UK adopted international accounting standards.

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to 31 January. As used herein, "2022" refers to the 52 weeks ended 28 January 2023 and "2021" refers to the 52 weeks ended 29 January 2022.

Results and Dividends

The Company's income for the year, after taxation, amounted to \$201,159 (2021 - \$508,282). No dividend was declared or paid in the period (2021 - nil).

Future Developments

The Company sources shopfit fixtures and installation services from vendors in Europe for sale to Victoria's Secret franchise partners in Europe and provides brand management services to Victoria's Secret and Victoria's Secret PINK retail brands in Europe. The Company plans to continue these sourcing services for franchise partners and providing brand management services in Europe on a go-forward basis. The Company also plans to continue providing sales and marketing services and trading in beauty products, accessories and garments to the Dubai, United Arab Emirates.

Events Since the Balance Sheet Date

On 19 April 2023, the Company filed a solvency statement and a special resolution, such that the share capital be reduced by \$3,799,998 by cancelling the share premium of the Company. Further, as a result of this share premium cancellation, \$2,000,000 was distributed to the Company's immediate parent, ASLA US Holdings, LLC.

Directors

The directors who have served during the period and/or up to the date of approval of the financial statements are as follows:

Todd Gregory Helvie

Scott Miller

Matters included in the Strategic Report

In accordance with section 414C(11) of the Companies Act 2006, the information relating to the financial risk management is included in the Strategic Report, and form part of this report by cross-reference.

Mast Industries UK Limited

Directors' Report (continued)

Going Concern

The directors have received confirmation from the Company's ultimate parent company, Victoria's Secret & Co., that if the Company does not have sufficient funds to settle any liabilities as and when they fall due, then monies will be made available for a period until 1 February 2025. The directors have assessed the ability of Victoria's Secret & Co. to continue its financial support to the Company. Victoria's Secret & Co. is expected to continue to be profitable and has a strong cash position for the foreseeable future and the directors are satisfied that Victoria's Secret & Co. is in a position to provide this support if required. After making enquiries to the group management, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 1 February 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of Information to Auditors

Each of the Company's directors at the date of the approval of this report confirms:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that ought to have been taken as directors in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

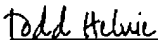
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

A resolution to reappoint Ernst & Young LLP as the auditors will be put to the members at the annual general meeting.

This report was approved by the board and signed on its behalf:

DocuSigned by:



~~FOR Gregory Helvie~~

Director

Date: 8 January 2024

Mast Industries UK Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the Company's financial statements in accordance with United Kingdom applicable law and regulations.

Company law requires the directors to prepare Company financial statements in accordance with UK adopted international accounting standards. Under that law, the directors have elected to prepare the Company financial statements under UK adopted international accounting standards.

Company law states the directors must not approve the Company's financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Company financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state whether the Company financial statements have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company's financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAST INDUSTRIES UK LIMITED

Opinion

We have audited the financial statements of Mast Industries UK Limited for the period ended 28 January 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 January 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 1 February 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAST INDUSTRIES UK LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAST INDUSTRIES UK LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Companies Act 2006, UK adopted international accounting standards, Bribery Act 2010, Money Laundering regulations, those laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the company operates, including the United Kingdom and Dubai, United Arab Emirates).
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation:
 - all minutes of board meetings held during the year;
 - the company's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations; and
 - any relevant correspondence with local tax authorities.
- We assessed that revenue was a judgmental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and tested in particular the existence of the revenue recorded in the financial statements and any manual adjustments to the revenue.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company established to address risks identified by the company or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the company applies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations identified above. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management, and review of legal correspondence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
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Neil Warnock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 11 January 2024

Mast Industries UK Limited

Registered Number: 07937543

STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 28 January 2023

	Note	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
		(\$)	(\$)
Revenue		4,500,169	7,595,274
Operating Expense		(4,383,892)	(6,954,343)
Operating Income	3	<u>116,277</u>	<u>640,931</u>
Finance Income	4	117,945	—
Finance Costs	4	—	(13,082)
Income Before Tax		<u>234,222</u>	<u>627,849</u>
Income Tax Expense	6	(33,063)	(119,567)
Income After Tax		<u>201,159</u>	<u>508,282</u>
Total Comprehensive Income		<u>201,159</u>	<u>508,282</u>

All transactions are derived entirely from continuing operations.

The Notes on pages 15 to 23 form part of these financial statements.

Mast Industries UK Limited

Registered Number: 07937543

STATEMENT OF FINANCIAL POSITION


As at 28 January 2023

	Note	28 January 2023 (\$)	29 January 2022 (\$)
Assets			
Current Assets:			
Receivables and Other Current Assets	7	1,263,370	1,847,474
Income Tax Receivable		12,943	—
Cash and Cash Equivalents		4,138,265	4,445,332
		<u>5,414,578</u>	<u>6,292,806</u>
Total Assets		<u>5,414,578</u>	<u>6,292,806</u>
Liabilities			
Current Liabilities			
Accounts Payable and Other Current Liabilities	8	737,740	1,661,914
Income Tax Payable		—	155,213
		<u>737,740</u>	<u>1,817,127</u>
Total Net Current Assets		4,676,838	4,475,679
Total Liabilities		<u>737,740</u>	<u>1,817,127</u>
Total Net Assets		<u>4,676,838</u>	<u>4,475,679</u>
Equity			
Issued Capital	9	3	3
Share Premium	9	3,799,998	3,799,998
Retained Earnings		876,837	675,678
Total Equity		<u>4,676,838</u>	<u>4,475,679</u>
Total Equity and Liabilities		<u>5,414,578</u>	<u>6,292,806</u>

The Notes on pages 15 to 23 form part of these financial statements.

On behalf of the Board:

DocuSigned by:



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Todd Gregory Helvie

Director

Date: 8 January 2024

Mast Industries UK Limited

Registered Number: 07937543

STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 28 January 2023

	Issued Capital	Share Premium	Retained Earnings	Total Equity
	(\$)	(\$)	(\$)	(\$)
As of 30 January 2021	2	1,999,999	167,396	2,167,397
Share Issuance	1	1,799,999	—	1,800,000
Income for the Period	—	—	508,282	508,282
As of 29 January 2022	<u>3</u>	<u>3,799,998</u>	<u>675,678</u>	<u>4,475,679</u>
As of 29 January 2022	3	3,799,998	675,678	4,475,679
Income for the Period	—	—	201,159	201,159
As of 28 January 2023	<u>3</u>	<u>3,799,998</u>	<u>876,837</u>	<u>4,676,838</u>

The Notes on pages 15 to 23 form part of these financial statements.

Mast Industries UK Limited

Registered Number: 07937543

STATEMENT OF CASH FLOWS
For the 52 weeks ended 28 January 2023

	Note	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
		(\$)	(\$)
Operating Activities			
Income before tax		234,222	627,849
Adjustment for interest (income)/ expense	4	(117,945)	13,082
Operating income before working capital adjustments:		116,277	640,931
Changes in assets and liabilities			
Receivables and other current assets	7	584,104	1,157,610
Accounts payable and other current liabilities	8	(924,174)	(131,042)
Net cash (used in)/provided by operations		(223,793)	1,667,499
Interest paid		—	(14,985)
Interest received	10	117,945	—
Income taxes paid		(201,219)	—
Net Cash flows (used in)/provided by Operating Activities		(307,067)	1,652,514
Investing Activities			
Issuance of Revolving Loan to Related Party	10	(2,500,000)	—
Repayment of Revolving Loan from Related Party	10	2,500,000	—
Net Cash flows from Investing Activities		—	—
Financing Activities			
Payments of Long-term Loan		—	(649,491)
Proceeds from Issue of Share Capital	9	—	1,800,000
Net Cash flows from Financing Activities		—	1,150,509
Net (decrease)/ increase in Cash and Cash Equivalents		(307,067)	2,803,023
Cash and Cash Equivalents at Beginning of Period		4,445,332	1,642,309
Cash and Cash Equivalents at End of Period		4,138,265	4,445,332

The Notes on pages 15 to 23 form part of these financial statements.

Mast Industries UK Limited

Registered Number: 07937543

NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

1. Corporate Information

The financial statements of Mast Industries UK Limited ("the Company") for the 52 weeks ended 28 January 2023 were authorised for issue in accordance with the resolution of the directors. The Company is a private limited company incorporated and domiciled in the United Kingdom ("UK"). The Company's registered address is 280 Bishopsgate, London, England, EC2M 4RB.

The Company was incorporated on 8 July 2011. The Company's financial results for the 52 weeks ended 28 January 2023 are primarily related to sourcing shopfit fixtures and installation services from vendors in Europe for sale to L Brands, Inc.'s franchise partners in Europe. In November 2020, the Company began providing brand management services to Victoria's Secret and Victoria's Secret PINK retail brands in Europe and established a new branch office in Dubai, United Arab Emirates with the purpose to provide strategy and marketing advice for international franchise stores selling apparel and beauty.

On 2 August 2021, L Brands, Inc. (the ultimate parent company at that time) completed the separation of its Victoria's Secret business into an independent, publicly traded company (the "Separation"). Following the Separation, the Company's ultimate parent is Victoria's Secret & Co.

2. Accounting Policies

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to 31 January. As used herein, "2022" refers to the 52 weeks ended 28 January 2023 and "2021" refers to the 52 weeks ended 29 January 2022.

Basis of Preparation

The Company's financial statements have been prepared on a historical cost basis and in accordance with UK adopted international accounting standards as they apply to the financial statements of the Company for the 52 weeks ended 28 January 2023.

The Company's financial statements are presented in U.S. dollars and rounded to the nearest U.S. dollar. The U.S. dollar is regarded as the Company's functional currency.

Going Concern

The directors have received confirmation from the Company's ultimate parent company, Victoria's Secret & Co., that if the Company does not have sufficient funds to settle any liabilities as and when they fall due, then monies will be made available for a period until 1 February 2025. The directors have assessed the ability of Victoria's Secret & Co. to continue its financial support to the Company. Victoria's Secret & Co. is expected to continue to be profitable and has a strong cash position for the foreseeable future and the directors are satisfied that Victoria's Secret & Co. is in a position to provide this support if required. After making enquiries to the group management, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 1 February 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Mast Industries UK Limited

Registered Number: 07937543

NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

2. Accounting Policies (continued)

Significant Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have the most significant effect on the amounts recognised in the financial statements.

Deferred Tax Assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Significant Accounting Policies

Financial Instruments

Financial Assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets. All of the Company's financial assets are held at their amortised cost. There are no financial assets measured at fair value through profit or loss or fair value through other comprehensive income.

Amounts owed by group undertakings and other trade receivables are initially recognised at fair value and subsequently carried at amortised cost, reduced by any appropriate allowances for irrecoverable amounts. The Company has applied the expected losses model as defined under International Financial Reporting Standards (IFRS) 9, Financial Instruments which focuses on the risk that financial assets will default rather than whether a loss has been incurred. Expected credit losses are the difference between the present value of all contractual cash flows and the present value of expected future cash flows.

Financial assets are derecognised only when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Cash and Cash Equivalent

Cash and short-term deposits comprise cash held by the Company and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Financial Liabilities

The Company recognises financial debt when the Company become a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'. The Company's financial liabilities consist of amounts owed to group undertakings, accruals and trade and other payables. All of which are classified as 'other financial liabilities' and are initially recognised at fair value net of transaction costs directly attributable to the issuance of the financial liability, and subsequently carried at amortised cost using the effective interest method.

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Mast Industries UK Limited

Registered Number: 07937543

NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

2. Accounting Policies (continued)

Revenue Recognition

The Company recognises revenue for services at the time the services are provided to the customer. The Company creates and executes marketing strategies for international franchise stores and provides management support to these stores. Revenue excludes value added tax collected from customers. As the Company is primarily responsible for performing these services and has discretion in establishing the price of the services, the Company recognises revenue in the gross amount.

Finance Income

Finance income comprises of interest due on a revolving loan between the Company and a related party.

Finance Costs

Finance costs comprise of interest due on a revolving loan between the Company and a related party.

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities.

Deferred income tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax.

Deferred income tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the Statement of Comprehensive Income.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of future tax planning strategies.

Foreign Currencies

The Company's functional currency and presentation currency is the U.S. dollar.

Transactions in foreign currencies are translated into U.S. dollars at the rate ruling on the date of the transaction. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

Other Standards

The new amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS1: Classification of Liabilities as Current or Non-Current
- Definition of Account Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

Mast Industries UK Limited

Registered Number: 07937543

NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

3. Operating Income

This is stated after charging / (crediting):

	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
	(\$)	(\$)
Administrative expenses	720,676	409,205
Foreign currency loss/ (gain)	98,115	54,604
Auditor's remuneration - audit of the financial statements	55,000	53,749
Occupancy expenses	26,845	37,715
Auditor's remuneration - tax	324	318

4. Finance Income/ (Costs)

	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
	(\$)	(\$)
Interest income on revolving loan	117,945	—
Interest expense on revolving loan	—	(13,082)
	<u>117,945</u>	<u>(13,082)</u>

5. Employees

	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
	(\$)	(\$)
Staff costs during the year, excluding directors		
Wages and salaries	2,813,527	5,180,549
Social security costs/ other	592,644	1,198,383
	<u>3,406,171</u>	<u>6,378,932</u>

The average number of employees (excluding directors) in the year was:

	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
	(No.)	(No.)
Administration	9	8
	<u>9</u>	<u>8</u>

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NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

5. Employees (continued)

Key management personnel of the Company are the Directors as they are the persons that have direct or indirect authority and responsibility for planning, directing and controlling the activities of the Company. Directors' remuneration is paid by the ultimate parent company, and is nil (2021 - nil).

6. Income Tax Expense

	52 weeks ended 28 January 2023	52 weeks ended 29 January 2023
	(\$)	(\$)
Current Tax Expense		
Current tax on income for the year	33,063	119,567
Total Current Tax Expense	33,063	119,567
Deferred Tax Expense		
Total Deferred Tax Expense	—	—
Total Tax Expense	33,063	119,567

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	52 weeks ended 28 January 2023	52 weeks ended 29 January 2022
	(\$)	(\$)
Profit before income taxes	234,223	627,849
Expected tax charge based on the standard rate of UK corporation tax at the domestic rate of 19%	44,502	119,291
Expenses not deductible	816	276
Prior year trading loss utilisation	(12,255)	—
	33,063	119,567

The corporation tax rate in the UK is currently 19% (2021: 19%). During 2021 the UK Government announced that the UK corporation tax rate will increase to 25% for companies with profits over £250,000 from 1 April 2023. This was legally enacted on 24 May 2021, and this is the rate at which unrecognised deferred tax assets has been calculated.

Deferred Income Taxes

In 2021, the Company had not recognised a deferred tax asset relating to \$64,498 of non-trading losses due to the uncertainty as to their future recoverability. These losses were fully utilised in 2022 therefore the Company has no remaining losses that can be carried forward.

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NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

7. Receivables and Other Current Assets

	<u>28 January 2023</u>	<u>29 January 2022</u>
	(\$)	(\$)
Amounts owed by group undertakings	1,150,634	1,648,160
Prepaid bonus/license fee	69,109	62,908
VAT receivables	35,284	132,282
Prepaid store fixtures	5,705	4,124
Other assets	2,638	—
	<u>1,263,370</u>	<u>1,847,474</u>

The Company does not have any past due trade receivables. See Note 10 for additional information on amounts owed by group undertakings, including repayment terms and interest, if applicable.

8. Accounts Payable and Other Current Liabilities

	<u>28 January 2023</u>	<u>29 January 2022</u>
	(\$)	(\$)
Wages and taxes	674,546	1,230,034
Amounts owed to group undertakings	57,925	431,601
Trade payables	5,269	279
	<u>737,740</u>	<u>1,661,914</u>

See Note 10 for additional information on amounts owed to group undertakings, including repayment terms and interest, if applicable.

9. Issued Capital

	<u>28 January 2023</u>	<u>29 January 2022</u>
	(\$)	(\$)
Authorised:		
2022 – 3 (2021 – 3) ordinary shares of par value \$1 each	3	3
Issued and fully paid:	<u>3,800,001</u>	<u>3,800,001</u>

Issued capital represents the nominal value of shares issued.

Share premium represents the amount above the nominal value received for shares sold, less transaction costs.

Retained earnings (deficit) represents all current and prior year losses.

On 3 March 2021, the Company authorised and issued an additional 1 ordinary share of \$1 par value to ASLA US Holdings, LLC for a premium of \$1,799,999.

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NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

10. Related Party Transactions

During the period, the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 28 January 2023 with other related parties, are as follows:

	28 January 2023	29 January 2022
	(\$)	(\$)
Fellow group subsidiaries		
<i>Amount/volume of transactions</i>		
Amounts earned from related party	4,500,169	7,595,274
Revolving loan to related party	2,500,000	—
Interest earned on revolving loan to related party	117,945	—
<i>Outstanding balance</i>		
Amounts owed by related party	1,150,634	1,648,160
Amounts owed to related party	57,925	431,601

Terms and conditions of transactions with related parties

Outstanding balances with related parties other than the revolving loan receivable to VS Service Company, LLC, as described below are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables or payables.

Revolving loan to related parties

On 24 May 2022, the Company entered into an unsecured revolving loan with VS Service Company, LLC, a wholly-owned subsidiary of Victoria's Secret & Co., whereby the subsidiary of the ultimate parent company can borrow up to \$2,500,000 from the Company at any given time. This loan was due on 25 January 2023 and bore interest on borrowings at a rate of 7.00%. On 25 January 2023, the outstanding balance of \$2,500,000 was repaid. As at 28 January 2023, there were no outstanding borrowings on this revolving loan. Cash received for interest in 2022 was \$117,945.

Amounts owed by related parties

In 2022, this balance primarily represents amounts owed by Victoria's Secret Stores Brand Management, LLC, and Intimate Apparel Brand Management, LLC, both wholly owned subsidiaries of Victoria's Secret & Co for payments made to employees of Victoria's Secret Store Brand Management, LLC as well as travel, payroll and other expenses due from the Company's parent company or its associates.

In 2021, this balance represents amounts owed by Victoria's Secret Stores Brand Management, LLC, and Intimate Apparel Brand Management, LLC, both wholly owned subsidiaries of Victoria's Secret & Co for payments made to employees of Victoria's Secret Store Brand Management, LLC as well as travel, payroll and other expenses due from the Company's parent company or its associates.

Amounts owed to related parties

In 2022, this balance represents amounts owed to VS Service Company, LLC, a wholly owned subsidiary of Victoria's Secret & Co., for payroll and other expenses due to the Company's parent company or its associates.

In 2021, this balance represents amounts owed to Bond Street VS Limited, a wholly owned subsidiary of Victoria's Secret & Co., for cash held by the Company to pay expenses of Bond Street VS Limited as well as VS Service Company, LLC, a wholly owned subsidiary of Victoria's Secret & Co., for payroll and other expenses due to the Company's parent company or its associates.

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NOTES TO THE FINANCIAL STATEMENTS

As of 28 January 2023

11. Financial Instruments and Financial Risks

The Company is exposed to certain risks arising from its use of financial instruments. The Company's financial assets and liabilities are shown in the table below:

	28 January 2023	29 January 2022
	(\$)	(\$)
Financial Assets		
Cash and cash equivalents	4,138,265	4,445,332
Amounts owed by group undertakings	1,150,634	1,648,160
Other assets	2,638	—
Financial Liabilities		
Wages payable	674,546	1,230,034
Amounts owed to group undertakings	57,925	431,601
Trade payables	5,269	279

The Company's cash and cash equivalents, amounts owed by/to group undertakings and wages and trade payables approximate fair value because of their short maturity.

Financial Risk

The Company's business is sensitive to a number of factors that influence the levels of consumer spending, including political and economic conditions such as recessionary environments, the levels of disposable consumer income, consumer debt, interest rates and consumer confidence. Declines in consumer spending could have a material adverse effect on the Company's operating results. Going forward, the principal risk that the Company faces is its ability to provide brand management services in accordance with the instructions of the owners of the Victoria's Secret and Victoria's Secret PINK retail brands in Europe. These risks are principally managed by the parent companies of Mast Industries UK Limited by maintaining liquidity and managing cash generation by its operations.

Liquidity Risk

Liquidity risk arises from the Company's management of working capital, including cash and cash equivalents. The Company monitors cash flow as part of the day to day controls. The Company's policy is to manage its working capital flows such that it will always have sufficient cash to allow it to meet its liabilities as and when they become due.

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As of 28 January 2023

11. Financial Instruments and Financial Risks (continued)

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets held at the balance sheet date. The Company's maximum exposure to credit risk by type of financial asset equals the carrying value of financial assets shown in 2022 and 2021.

All receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. As such, the Company has limited exposure to credit risk as the receivables on the balance sheet are from related parties and are current. These relationships are monitored closely and given the ongoing nature of trading with such counterparties, the risk of default is considered to be low. As a result, there are no material debts which are past due, and no provision for doubtful debts has been made in the financial statements. Management has not performed a detailed sensitivity analysis given these factors.

Foreign Exchange Risk

Exposure to exchange rate risk is limited to a small number of overseas suppliers, which the Company does not hedge against.

12. Immediate and Ultimate Parent Company

As of 30 January 2021, the Company's immediate parent company was ASLA US Holdings, LLC, a wholly owned subsidiary of L Brands, Inc., the ultimate parent company, which was the controlling entity of the group and the only company to prepare consolidated financial statements. L Brands, Inc., was incorporated and registered in the United States of America. On 2 August 2021, L Brands, Inc. completed the separation of its Victoria's Secret business into an independent, publicly traded company. The new company, named Victoria's Secret & Co., includes the Victoria's Secret business in Europe. As such, as of the date of separation, the Company's ultimate parent company became Victoria's Secret & Co. and its immediate parent company did not change.

As of 28 January 2023, the Company's immediate parent company was ASLA US Holdings, LLC, a wholly owned subsidiary of Victoria's Secret & Co., the ultimate parent company, which was the controlling entity of the group and the only company to prepare consolidated financial statements. Victoria's Secret & Co. is incorporated and registered in the United States of America.

The financial statements of Victoria's Secret & Co. may be obtained by writing to Victoria's Secret & Co., Investor Relations, Four Limited Parkway East, Reynoldsburg, OH 43068 USA.

13. Subsequent Events

On 19 April 2023, the Company filed a solvency statement and a special resolution, such that the share capital be reduced by \$3,799,998 by cancelling the share premium of the Company. Further, as a result of this share premium cancellation, \$2,000,000 was distributed to the Company's immediate parent, ASLA US Holdings, LLC.