

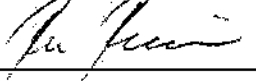
**KRM (Danmark) A/S  
Østergade 55  
1100 Copenhagen**

Annual report 2016

CVR no. 25 44 18 77

Annual Report has been presented and  
approved at the Company's general meeting  
on 30 May 2017

Chairman



---

<b><u>Table of Content</u></b>	<b><u>Page</u></b>
Statement by Management on the annual report	2
Independent auditor's report	3
Company Information	5
<b>Management's review</b>	
Financial highlights	6
Management commentary	7
<b>Financial statements 1 January - 31 December 2016</b>	
Accounting Policies	8
Income Statement	10
Balance sheet	11
Statements of changes in equity	13
Notes	14

## **Statement by Management on the annual report**

Today, the Supervisory Board and the Managing Board have discussed and approved the annual report of KRM (Danmark) A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

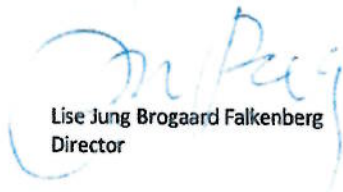
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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

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

Copenhagen, 30 May 2017

### **Managing Board:**



Lise Jung Brogaard Falkenberg  
Director

### **Supervisory Board:**



Gerd Rahbek-Clemmensen



Per Rommelhof Reimer



Lise Jung Brogaard Falkenberg

# **Independent auditor's report**

**To the shareholders of KRM (Danmark) A/S**

## **Opinion**

We have audited the financial statements of KRM (Danmark) A/S for the financial year 1 January – 31 December 2016, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## **Independent auditor's report**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 30 May 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jens Weiersøe Jakobsen

State Authorised

Public Accountant

## **Company Information**

KRM (Danmark) A/S  
Østergade 55  
1100 Copenhagen

CVR-no.:	25 44 18 77
Established:	20 May 2000
Headquarter:	Copenhagen
Accounting Period:	1 January – 31 December 2016

### **Supervisory Board:**

Gerd Rahbek-Clemmensen  
Per Rommelhof Reimer  
Lise Jung Brogaard Falkenberg

### **Management Board:**

Lise Jung Brogaard Falkenberg

### **Auditor:**

Ernst & Young, Godkendt Revisionspartnerselskab  
Værkmestergade 25, 8000 Aarhus C

## Management's review

### Financial highlights

tDKK	2016	2015	2014	2013	2012
<b>Key figures</b>					
Gross profit	47,335	46,591	37,903	30,851	28,326
Profit/loss before tax	1,791	2,706	2,814	1,396	1,617
Profit/loss for the year	1,347	1,887	2,325	302	1,191
<b>Financial ratios</b>					
Total assets	36,178	39,140	30,527	27,640	29,462
Investment in property, plant and equipment	334	1,898	4,944	2,566	1,689
Equity	12,706	11,359	9,466	7,156	6,854
Equity ratio	35.1	29.0	31.0	25.9	23.3
Return on equity	11.2	18.1	28.0	4.3	19.0
Average number of full-time employees	72	65	44	35	34

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

## **Management's review**

### **Management commentary**

#### **Main Activity**

The company's main business is retail of shoes and accessories.

#### **Financial review**

The company's income statement for the year ended 31 December 2016 shows a profit for the year of tDKK 1,347 (2015: tDKK 1,887), and the balance sheet at 31 December 2016 shows equity of tDKK 12,706 (2015: tDKK 11,359).

The profit for the year is in accordance with expectations.

#### **Impact on the external environment**

The company is working on reduction of the environment influences from the company's operation

#### **Events after the balance sheet date**

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

Lise Jung Brogaard Falkenberg has been appointed as the director for KRM DK replacing Michael Dahl Christensen.

#### **Outlook**

The company expect activities and earnings for 2017 to be at the same level as 2016.



## **Financial statements 1 January – 31 December 2016**

### **Accounting policies**

The financial statements for 2016 have been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Cash flow statements have not been prepared as the same are not required as per section 86 (4) of the Danish Financial Statements Act. The cash flow for KRM (Danmark) A/S is part of the consolidated cash flow statements for ECCO Holding A/S.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This has no impact in the financial statements.

The accounting policies are unchanged compared to last year.

### **Income Statement**

#### **Revenue**

Income from the sale of goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### **Gross profit**

Income from the sale of goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

#### **Cost of sales**

Cost of sales includes the cost of goods used in generating the year's income.

#### **Sales and distribution costs**

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

#### **Administrative costs**

Administrative costs comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

#### **Financial income and expenses**

Financial income and expenses comprise interest income and expense, capital gains and capital loss on payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

#### **Tax for the year**

Estimated tax on the profit for the year is recognised in the income statement along with the year's change in deferred tax. KRM (Danmark) A/S is part of the Danish mandatory joint taxation with group companies.

### **Balance Sheet**

#### **Intangible assets**

Keymoney are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at five years.

Gains or losses in connection with the disposal of software are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income



## **Financial statements 1 January - 31 December 2016**

### **Income Statement**

	<u>2016</u>	<u>2015</u>
Note	<u>tDKK</u>	<u>tDKK</u>
<b><u>Gross Profit</u></b>	<b>47,335</b>	<b>46,591</b>
Sales and Distribution costs	(38,482)	(36,674)
Administration costs	<u>(6,140)</u>	<u>(6,424)</u>
<b>Profit before interest and taxes</b>	<b>2,713</b>	<b>3,494</b>
Financial income	173	195
2 Financial expenses	<u>(1,095)</u>	<u>(983)</u>
<b><u>Profit before tax</u></b>	<b>1,791</b>	<b>2,706</b>
3 Tax for the year	(444)	(818)
<b><u>Profit for the year</u></b>	<b><u>1,347</u></b>	<b><u>1,887</u></b>

## Financial statements 1 January - 31 December 2016

### Balance Sheet

	<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Note		<u>tDKK</u>	<u>tDKK</u>
	<b>Non-current assets</b>		
4	<b>Intangible assets</b>		
	Key Money	1,555	2,025
4	<b>Property, plant and equipment</b>		
	Fixtures and fittings, plant and equipment	<u>4,140</u>	<u>5,003</u>
	<b>Fixed assets total</b>	<u>5,695</u>	<u>7,028</u>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	<u>16,872</u>	<u>15,337</u>
		<b>16,872</b>	<b>15,337</b>
	<b>Receivables</b>		
	Receivables Group	4,859	5,842
	Other receivables	4,926	4,287
	Prepayments	<u>2,374</u>	<u>2,800</u>
		<b>12,159</b>	<b>12,929</b>
	Cash / Liquid funds	1,451	3,845
	<b>Current assets total</b>	<u>30,482</u>	<u>32,111</u>
	<b>Assets total</b>	<u>36,177</u>	<u>39,139</u>

## Financial statements 1 January - 31 December 2016

### Balance Sheet

	<u>EQUITY AND LIABILITIES</u>	<u>2016</u>	<u>2015</u>
Note		<u>€DKK</u>	<u>€DKK</u>
	<b>Equity</b>		
	Share capital	1,000	1,000
	Retained earnings	<u>11,706</u>	<u>10,359</u>
	<b>Equity total</b>	<u><b>12,706</b></u>	<u><b>11,359</b></u>
	 <b>Current liabilities</b>		
	Accounts payables third party	910	2,205
	Accounts payables Group	16,469	18,344
	Other debt	<u>6,093</u>	<u>7,232</u>
	<b>Current liabilities total</b>	<u><b>23,471</b></u>	<u><b>27,780</b></u>
	<b>Equity and liabilities total</b>	<u><b>36,177</b></u>	<u><b>39,139</b></u>
1	<b>Staff costs</b>		
5	<b>Contractual obligations and contingencies</b>		
6	<b>Related parties</b>		

## **Financial statements 1 January - 31 December 2016**

### **Statement of changes in equity**

Note	tDKK	Share capital	Retained earnings	Total
		1,000	10,359	11,359
1		<u>0</u>	<u>1,347</u>	<u>1,347</u>
		<u>1,000</u>	<u>11,706</u>	<u>12,706</u>

## **Financial statements 1 January - 31 December 2016**

### **Notes**

	<u>tDKK</u>	<u>tDKK</u>
<b><u>1 Staff costs</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Salary/Wages	22,676	22,150
Pensions	1,790	1,531
Other social expenses	<u>859</u>	<u>833</u>
	<u><u>25,325</u></u>	<u><u>24,514</u></u>
Average number of full time employees	<u><u>72</u></u>	<u><u>65</u></u>

According to section 98 (3) in the Danish Financial Statements Act remuneration to Management has not been disclosed as only one member of Management receives remuneration.

### **2 Financial expenses**

Financial expenses, group entities	(34)	(17)
Financial expenses, external	<u>(1,061)</u>	<u>(966)</u>
Financial expenses, total	<u><u>(1,095)</u></u>	<u><u>(983)</u></u>

### **3 Tax for the year**

Current tax for the year	(444)	(818)
	<u><u>(444)</u></u>	<u><u>(818)</u></u>

## **Financial statements 1 January - 31 December 2016**

### **Notes**

<b><u>4 Non-current assets</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Intangible assets</b>		
Cost at 1 January 2016	2,350	19,060
Additions	-	2,250
Disposals	-	(18,960)
	<hr/>	<hr/>
Cost at 31 December 2016	2,350	2,350
Depreciation at 1 January 2016	(325)	(18,965)
Depreciations for the year	(470)	(320)
Depreciation on disposals	-	18,960
	<hr/>	<hr/>
Depreciation at 31 December 2016	(795)	(325)
Carrying amount at 31 December 2016	1,555	2,025
<b>Property, plant and equipment</b>		
Cost at 1 January 2016	9,820	9,066
Exchange Rate Adjustment	(6)	14
Additions	334	1,898
Disposals	(12)	(1,158)
	<hr/>	<hr/>
Cost at 31 December 2016	10,136	9,820
Depreciation at 1 January 2016	(4,817)	(3,562)
Depreciations for the year	(1,885)	(1,958)
Depreciation on disposals	706	703
	<hr/>	<hr/>
Depreciation at 31 December 2016	(5,996)	(4,817)
Carrying amount at 31 December 2016	4,140	5,003



## **Financial statements 1 January - 31 December 2016**

### **Notes**

#### **5 Contractual obligations and contingencies**

Contingent liabilities (rent) 22,812

The Company is taxed jointly with other Danish group companies. As a wholly owned group company, the Company is jointly and unlimited liable together with the other Danish group companies as regard joint taxation at source of dividends, interests and royalties within the joint taxation group.

#### **6 Related parties**

The company's list pursuant to Section 55 of the Danish Companies Act of shareholders with more than 5% of the votes or more than 5% of the nominal value of the share capital includes: KRM AG , 6301,Zug Schweiz.

KRM (Danmark) A/S is included in the consolidated financial statement of ECCO Holding A/S and Anpartsselskabet af 1. oktober 2011, Denmark

All transactions with related parties has been carried out at arm's length.

#### **7 Proposed profit appropriation**

	<b><u>2016</u></b>	<b><u>2015</u></b>
Retained earnings	1,347	1,887
	<u>1,347</u>	<u>1,887</u>