

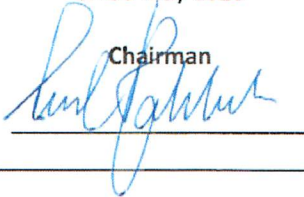
KRM (Danmark) A/S
Østergade 55
1100 Copenhagen

Annual report 2017

CVR no. 25 44 18 77

Annual Report has been presented and
approved at the Company's general meeting
on 30 May 2018

Chairman



A handwritten signature in blue ink, appearing to be 'Lars Jørgensen', is written over a horizontal line. The signature is contained within a rectangular box.

<u>Table of Content</u>	<u>Page</u>
Statement by Management on the annual report	2
Independent auditor's report	3
Company Information	5
Management's review	
Financial highlights	6
Management commentary	7
Financial statements 1 January - 31 December 2017	
Accounting Policies	8
Income Statement	11
Balance sheet	12
Statements of changes in equity	14
Notes	15

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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January –31 December 2017.

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 2018

Managing Board:


Lise Jung Brøgaard Falkenberg
Director

Supervisory Board:


Gerd Rahbek-Clemmensen


Hans Hornemann


Lise Jung Brøgaard Falkenberg

Independent auditor's report

To the shareholders of KRM (Danmark) A/S

We have audited the financial statements of KRM (Danmarks) A/S for the financial year 1 January – 31 December 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 scepticism 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 30 May 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jens Weiersøe Jakobsen

State Authorised

Public Accountant

MNE no.: mne30152

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 2017

Supervisory Board:

Gerd Rahbek-Clemmensen
Hans Hörnemann
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	2017	2016	2015	2014	2013
Key figures					
Gross profit	50,648	47,335	46,591	37,903	30,851
Profit/loss before tax	2,225	1,791	2,706	2,814	1,396
Profit/loss for the year	1,673	1,347	1,887	2,325	302
Financial ratios					
Total assets	33,639	36,178	39,140	30,527	27,640
Investment in property, plant and equipment	977	334	1,898	4,944	2,566
Equity	14,379	12,706	11,359	9,466	7,156
Equity ratio	42.7	35.1	29.0	31.0	25.9
Return on equity	12.4	11.2	18.1	28.0	4.3
Average number of full-time employees					
	71	72	65	44	35

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

Management's review

Management commentary

Main Activity

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

Financial review

The company's income statement for the year ended 31 December 2017 shows a profit for the year of tDKK 1,673 (2016: tDKK 1,347), and the balance sheet at 31 December 2017 shows equity of tDKK 14,379 (2016: tDKK 12,706).

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.

Outlook

The company expect activities and earnings for 2018 to be at the same level as 2017.

Financial statements 1 January – 31 December 2017

Accounting policies

The financial statements for 2017 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 112 (1) of the Danish Financial Statements Act. The cash flow for KRM (Denmark) A/S is part of the consolidated cash flow statements for ECCO Holding A/S.

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 (Denmark) A/S is part of the Danish mandatory joint taxation with group companies.

Balance Sheet

Intangible assets

Key money 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 statement under other operating income or other operating expenses, respectively. Intangible assets are recognised at cost less accumulated amortisation.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools 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 ready for use.

Depreciation is provided on a straight-line basis over the expected useful lives and estimated residual values of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

Gains and losses on the disposal of property, plant and equipment 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 expenses, respectively.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Inventory

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

Receivables

Receivables are measured at amortised cost less provisions for anticipated losses determined based on an individual evaluation.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Current and deferred tax

Current tax is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Liabilities

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Equity ratio
$$\frac{\text{Equity, year-end} \times 100}{\text{Total Equity and liabilities, year end}}$$

Return on equity
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average Equity}}$$

Financial statements 1 January - 31 December 2017

Income Statement

Note	<u>2017</u>	<u>2016</u>
	<u>DKK</u>	<u>DKK</u>
<u>Gross Profit</u>	50,648	47,335
Sales and Distribution	(40,833)	(38,482)
Administration	<u>(6,485)</u>	<u>(6,140)</u>
Profit before interest and taxes	3,330	2,713
2 Financial income	132	173
2 Financial expenses	<u>(1,237)</u>	<u>(1,095)</u>
<u>Profit before tax</u>	2,225	1,791
3 Tax	(552)	(444)
<u>Profit for the year</u>	<u>1,673</u>	<u>1,347</u>

Financial statements 1 January - 31 December 2017

Balance Sheet

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Note		<u>DKK</u>	<u>DKK</u>
	Non- Current Assets		
4	Intangible fixed assets		
	Key Money	1,085	1,555
4	Tangible fixed assets		
	Property, plant and equipment	<u>3,069</u>	<u>4,140</u>
	Fixed assets total	<u>4,154</u>	<u>5,695</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	17,458	16,872
	Receivables		
	Receivables Group	389	4,859
	Other receivables	5,501	4,926
	Prepayments	2,112	2,374
	Cash / Liquid funds	4,024	1,451
	Current assets total	<u>29,485</u>	<u>30,482</u>
	Assets total	<u>33,639</u>	<u>36,177</u>

Financial statements 1 January - 31 December 2017

Balance Sheet

	<u>EQUITY AND LIABILITIES</u>	<u>2017</u>	<u>2016</u>
Note			
	Equity		
	Share capital	1.000	1.000
7	Retained earnings	<u>13.379</u>	<u>11.706</u>
	Equity total	<u>14.379</u>	<u>12.706</u>
	 Current Liabilities		
	Accounts payables third party	1.608	910
	Accounts payables Group	9.779	16.469
	Other debt	7.873	6.093
	Current Liabilities Total	<u>19.260</u>	<u>23.471</u>
	Equity and Liabilities total	<u>33.639</u>	<u>36.177</u>
1	Staff costs		
5	Contractual obligations and contingencies		
6	Related parties		

Financial statements 1 January - 31 December 2017

Statement of changes in equity

Note	tDKK	Share capital	Retained earnings	Total
	Equity at 1 January 2017	1,000	11,706	12,706
7	Transfer, see "Appropriation of profit/loss"	<u>0</u>	<u>1,673</u>	<u>1,673</u>
	Equity at 31 December 2017	<u>1,000</u>	<u>13,379</u>	<u>14,379</u>

Financial statements 1 January - 31 December 2017

Notes

	<u>DKK</u>	<u>DKK</u>
<u>1 Staff Costs</u>	<u>2017</u>	<u>2016</u>
Salary/Wages	24,624	22,676
Pensions	2,057	1,790
Other social expenses	<u>700</u>	<u>859</u>
	<u>27,381</u>	<u>25,325</u>
Average number of full time employees	<u>71</u>	<u>72</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 Items

Financial income, external	<u>132</u>	<u>173</u>
Financial expenses, external	(1,237)	(1,095)
Financial expenses, total	<u>(1,237)</u>	<u>(1,095)</u>

3 Tax for the year

Current tax for the year	<u>(552)</u>	<u>(444)</u>
	<u>(552)</u>	<u>(444)</u>

Financial statements 1 January - 31 December 2017

Notes

<u>4 Non-current assets</u>	<u>2017</u>	<u>2016</u>
Intangible fixed assets		
Gross booked value beginning of the year	2.350	2.350
Purchase in the year	0	0
Sold assets to gross booked value during the year	<u>0</u>	<u>0</u>
Gross booked value end of the year	<u>2.350</u>	<u>2.350</u>
Depreciations beginning of the year	(795)	(325)
Depreciations for the year	(470)	(470)
Depreciation on disposals	<u>0</u>	<u>0</u>
Gross depreciations	<u>(1.265)</u>	<u>(795)</u>
Booked value end of the year	1.085	1.555
Tangible fixed assets		
Gross booked value beginning of the year	10.136	9.820
Exchange Rate Adjustment	(2)	(6)
Purchase in the year	977	334
Sold assets to gross booked value during the year	<u>0</u>	<u>(12)</u>
Gross booked value end of the year	<u>11.111</u>	<u>10.136</u>
Depreciations beginning of the year	(5.996)	(4.817)
Depreciations for the year	(2.046)	(1.885)
Depreciation on disposals	<u>0</u>	<u>706</u>
Gross depreciations	<u>(8.042)</u>	<u>(5.996)</u>
Booked value end of the year	3.069	4.140

Financial statements 1 January - 31 December 2017

Notes

5. Contractual obligations and Contingencies

Contingent liabilities (rent) 10.869

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 arms's length.

7. Proposed Profit Appropriation

	<u>2017</u>	<u>2016</u>
Retained Earnings	<u>1.673</u>	<u>1.347</u>
	<u>1.673</u>	<u>1.347</u>