

ECCO (Danmark) A/S
Østergade 55
1100 Copenhagen

Annual report 2022

CVR no. 25 44 18 77

Annual Report has been presented and
approved at the Company's general meeting
on 31 May 2023

Chairman

Anne Mølgaard Jensen

Table of Content

Page

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 2022	
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 ECCO (Danmark) A/S for the financial year 1 January – 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 31 May 2023

Managing Board:

Patrick Sønderskov Iversen
Director

Supervisory Board:

Søren Stier

Anne Mølgaard Jensen

Simon Lajlev Larsen

Independent auditor's report

To the shareholders of ECCO (Danmark) A/S

We have audited the financial statements of ECCO (Danmark) A/S for the financial year 1 January – 31 December 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 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' 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.

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.

Esbjerg, 31 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
mne35420

Company Information

ECCO (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 2022

Supervisory Board:
Søren Stier
Anne Mølgaard Jensen
Simon Lajlev Larsen

Management Board:
Patrick Sønderkov Iversen

Auditor:
EY Godkendt Revisionspartnerselskab
Bavnehøjvej 5, 6700 Esbjerg

Management's review

Financial highlights

tDKK	2022	2021	2020	2019	2018
Key figures					
Gross profit	82,453	61,291	57,860	50,452	49,751
Profit/loss before tax	5,997	1,636	(5,154)	1,905	2,404
Profit/loss for the year	4,641	1,188	(4,063)	1,515	1,851
Total assets	182,231	45,866	51,950	33,242	41,793
Investment in property, plant and equipment	1,069	409	6,192	9,089	1,169
Equity	19,521	14,870	13,682	17,745	16,229
Financial ratios					
Equity ratio	10.7	32.4	26.3	53.4	38.8
Return on equity	2.7	8.3	(25.9)	8.9	12.1
Average number of full-time employees	104	94	103	74	73

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 2022 shows a profit for the year of tDKK 4,641 (2021: tDKK 1,188), and the balance sheet at 31 December 2022 shows equity of tDKK 19,521 (2021: tDKK 14,870).

The profit for the year is in accordance with expectations.

On 1 January 2022 the company acquired the ECCO wholesale activity in Denmark.

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 2023 to be at the same level as 2022.

Financial statements 1 January – 31 December 2022

Accounting policies

The financial statements for 2022 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 ECCO (Denmark) A/S is part of the consolidated cash flow statements for ECCO Sko A/S.

The accounting policies are unchanged compared to last year.

Income Statement

Revenue

The company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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. ECCO (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.

The company has chosen IAS 39 as interpretation for impairment of financial receivables.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Cash and cash equivalents

Cash comprises cash and short-term securities that are readily convertible into cash and subject only to minor risks of changes in value.

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

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 2022

Income Statement

Note		<u>2022</u>	<u>2021</u>
		tDKK	tDKK
	<u>Gross Profit</u>	82,453	61,290
	Sales and Distribution	(68,120)	(52,514)
	Administration	<u>(8,510)</u>	<u>(6,164)</u>
	Profit before interest and taxes	5,823	2,612
2	Financial income	438	13
2	Financial expenses	<u>(264)</u>	<u>(990)</u>
	<u>Profit before tax</u>	5,997	1,635
3	Tax	(1,356)	(447)
	<u>Profit for the year</u>	<u>4,641</u>	<u>1,188</u>

Financial statements 1 January - 31 December 2022

Balance Sheet

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Note		<u>tDKK</u>	<u>tDKK</u>
	Fixed Assets		
4	Intangible fixed assets		
	Key Money	443	648
4	Tangible fixed assets		
	Property, plant and equipment	<u>2,087</u>	<u>2,347</u>
	Fixed assets total	<u>2,531</u>	<u>2,995</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	20,262	25,412
	Receivables		
	Trade receivables	16,719	0
	Receivables Group	126,292	8,936
	Other receivables	7,693	5,706
	Prepayments	2,983	1,215
	Cash	<u>5,751</u>	<u>1,601</u>
	Current assets total	<u>179,700</u>	<u>42,871</u>
	Assets total	<u>182,231</u>	<u>45,866</u>

Financial statements 1 January - 31 December 2022

Balance Sheet

	<u>EQUITY AND LIABILITIES</u>	<u>2022</u>	<u>2021</u>
Note			
	Equity		
	Share capital	1,000	1,000
7	Retained earnings	<u>18,511</u>	<u>13,870</u>
	Equity total	<u>19,511</u>	<u>14,870</u>
	Current Liabilities		
	Accounts payables third party	3,267	567
	Accounts payables Group	155,325	24,239
	Joint taxation contribution payable	1,250	0
	Other debt	2,878	6,190
	Current Liabilities Total	<u>162,720</u>	<u>30,996</u>
	Equity and Liabilities total	<u>182,231</u>	<u>45,866</u>
1	Staff costs		
5	Contractual obligations and contingencies		
6	Related parties		

Financial statements 1 January - 31 December 2022

Statement of changes in equity

Note	tDKK	Share capital	Retained earnings	Total
	Equity at 1 January 2022	1,000	13,870	14,870
7	Transfer, see "Appropriation of profit/loss"	<u>0</u>	<u>4,641</u>	<u>4,641</u>
	Equity at 31 December 2022	<u>1,000</u>	<u>18,511</u>	<u>19,511</u>

The Company's share capital has remained tDKK 1,000 over the past 5 years.

Financial statements 1 January - 31 December 2022

Notes

	<u>tDKK</u>	<u>tDKK</u>
<u>1 Staff Costs</u>	<u>2022</u>	<u>2021</u>
Salary/Wages	40,155	31,757
Pensions	2,970	2,373
Other social expenses	<u>660</u>	<u>20</u>
	<u>43,786</u>	<u>34,150</u>
Average number of full time employees	<u>104</u>	<u>94</u>
Remuneration to the company's management amounts to tDKK 0.		
<u>2 Financial Items</u>		
Financial income, external	350	13
Financial income, internal	<u>88</u>	<u>0</u>
Financial income, total	<u>438</u>	<u>13</u>
Financial expenses,external	(264)	(876)
Financial expenses, internal	0	(114)
Financial expenses,total	<u>(264)</u>	<u>(876)</u>
<u>3 Tax for the year</u>		
Current tax for the year	(1,250)	(361)
Prior year adjustment	<u>(106)</u>	<u>(86)</u>
	<u>(1,356)</u>	<u>(447)</u>

Financial statements 1 January - 31 December 2022

Notes

<u>4 Fixed assets</u>	<u>2022</u>	<u>2021</u>
Intangible fixed assets		
Gross booked value beginning of the year	<u>3,400</u>	<u>3,400</u>
Gross booked value end of the year	<u>3,400</u>	<u>3,400</u>
Depreciations beginning of the year	(2,752)	(2,542)
Depreciations for the year	<u>(205)</u>	<u>(210)</u>
Gross depreciations	<u>(2,957)</u>	<u>(2,752)</u>
Booked value end of the year	443	648
Tangible fixed assets		
Gross booked value beginning of the year	15,733	15,692
Exchange Rate Adjustment	0	(9)
Purchase in the year	1,069	409
Sold assets to gross booked value during the year	<u>0</u>	<u>(359)</u>
Gross booked value end of the year	<u>16,802</u>	<u>15,733</u>
Depreciations beginning of the year	(13,386)	(11,878)
Depreciations for the year	(1,329)	(1,536)
Depreciation on disposals	<u>0</u>	<u>28</u>
Gross depreciations	<u>(14,715)</u>	<u>(13,386)</u>
Booked value end of the year	2,087	2,347

Financial statements 1 January - 31 December 2022

Notes

5. Contractual obligations and Contingencies

Contingent liabilities (rent) 16,390

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.

<u>6. Related Parties</u>	<u>2022</u>	<u>2021</u>
Sale of goods to Related parties	30	664
Sales of services to Related parties	1,085	7,906
Sales of services to Parent company	11,657	902
Purchase of goods from Parent Company	(219,859)	(50,459)
Purchase of services from Parent Company	(573)	(859)
Interest expense from parent company	88	114
True up expense to Parent company	0	626
True up income from Parent company	(11,521)	0
Receivables from Related parties	94,173	4,305
Receivables from Parent company	28,572	4,631
Payables to Related parties	(244)	(6)
Payables to Parent company	(155,081)	(24,233)

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's financial statements
ECCO Sko A/S	Denmark	www.cvr.dk
Anpartsselskabet af 1. oktober 2011	Denmark	www.cvr.dk

7. Proposed Profit Appropriation

Retained Earnings	4,641	1,188
	<u>4,641</u>	<u>1,188</u>