

Deichmann-Sko ApS

Vesterbrogade 6D, 1.
1620 Copenhagen

CVR No. 27278388

Annual report 2022

1 January 2022 - 31 December 2022

Adopted at the Annual General Meeting on 15
February 2023



Mikkel Schiøler Vinum Linck
Chairman

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Company details

Company details

Company

Deichmann-Sko ApS
Vesterbrogade 6D, 1.
1620 Copenhagen

CVR No.: 27278388

Executive board

Martin Fischer
Mikkel Schiøler Vinum Linck
Thomas Christensen

Auditors

inforevision
statsautoriseret revisionsaktieselskab
Buddingevej 312
2860 Søborg
CVR No. 19263096

Sten Pedersen, state-authorized public accountant
Michael Dam-Johansen, state-authorized public accountant

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
<i>Income statement</i>					
Gross profit/loss	60,050	70,230	46,279	58,636	73,353
EBIT	-2,531	12,149	-9,273	4,220	18,909
Net financials	-79	-104	-143	-62	-84
Profit/loss for the year	-1,932	9,395	-7,345	3,240	14,679
 <i>Balance sheet</i>					
Total assets	98,158	112,583	105,398	105,703	100,438
Invested capital	40,617	16,869	23,256	22,158	23,521
Equity	71,728	88,660	79,264	86,609	83,369
Average number of full-time employee	144	144	144	144	146
 Ratios					
Return on invested capital (%)	-8,8%	60,6%	-41,0%	18,0%	108,0%
Solvency ratio (%)	73,1%	78,8%	75,0%	82,0%	83,0%
Return on equity (%)	-2,4%	11,2%	-9,0%	4,0%	19,0%
NIBD/EBITDA	-5.9	-3.2	0.0	0.0	0.0

Management's Review

Primary activities

The company's primary activities were sale of shoes, shoe articles, textiles and related activities.

Development in activities and finances

After several periods in 2020 and 2021 of COVID19 challenges and lockdown of physical stores, the company was impacted in 2022, like most other retail chains, by the war in Ukraine, rising inflation and price developments on several external costs including energy, purchase prices of shoes etc. In the beginning of 2022, Deichmann was also affected by fewer shoe deliveries due to bottleneck issues with suppliers in the world market, which together meant that the company did not get the expected start of the year in terms of sales. In the shopping centers, the customer traffic did not completely recover to 2019 levels, so the company built up a larger stock than usual at the end of the year, due to a lack of sales in the stores. In 2022, the Company continued to invest in renovating and relocating existing stores to better locations to secure its market position in the future. Overall, this means that the company ends with a loss of 1,9 M DKK, which the management considers satisfactory, given the many external factors and the new investments.

Outlook

Deichmann continues its 21st year in the Danish shoe market with an updated product range and the roll-out of the group's vision "The company must serve the people" and a brand new 3.0 store concept with the renovation of existing and opening of new stores for the benefit of customers, employees and partners. With a continued ambition to be the customers' first choice, when buying quality shoes for the whole family and with further investments in digital initiatives and omni-channel activities focusing on more synergy between the physical stores and the online store, the company expects a positive result in 2023 at the level of 2019 result.

Environmental affairs

The company continues to actively work on various environmental measures to reduce CO2 emissions in stores and headquarters. In autumn 2020, the first "Walk with me" reusable shopping bags were introduced, and in 2022 the sales of these reached ~90% of total bag sales, with the goal of reaching 100% during 2023.

Statement by Management

Statement by Management

The Executive Board have today considered and adopted the annual report for 1 January 2022 - 31 December 2022 for Deichmann-Sko ApS.

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

In our opinion, the financial statements give a true and fair view of the the company's financial position at 31 December 2022 and of the results of its operations and cash flows for the financial year 1 January 2022 - 31 December 2022.

We believe that the Management's review contains a fair review of the affairs and conditions referred to therein.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 10 February 2023

Executive board



Martin Fischer
Executive director



Mikkel Schiøler Vinum Linck
Executive director



Thomas Christensen
Executive director

Auditor's report

Independent auditor's report

To the shareholder in Deichmann-Sko ApS

Opinion

We have audited the financial statements of Deichmann-Sko ApS for the financial year 1 January 2022 - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January 2022 - 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 this auditor's report. We are independent of the company in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. 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, for disclosing, as applicable, matters related to going concern, and for 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 the 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 these financial statements. As part of an audit conducted in accordance with ISAs and the 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.

Auditor's report, continued

- 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 content of the financial statements, including the disclosures in the notes, 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 Management's Review

Management is responsible for Management's Review.

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

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

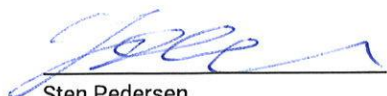
Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act.

We did not identify any material misstatement in Management's Review.

Søborg, 10 February 2023

inforevision
Statsautoriseret revisionsaktieselskab
CVR No. 19263096



Sten Pedersen
State-authorized public accountant
mne23408



Michael Dam-Johansen
State-authorized public accountant
mne36161

Accounting policies

Information on reporting class

The annual report has been prepared in accordance with Danish financial statement legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing Reporting class C, (medium-sized enterprises).

The accounting policies have not been changed from last year.

Adjustment of previous years errors and changes in comparative figures

The company has corrected the classification of salary reimbursements, which last year was presented under the item "Staff Costs", where the presentation has been changed and presented under the item "Other operating income". Comparative figures have been restated accordingly. The change has no impact on the profit/loss, balance or equity. As a result of the correction, gross profit has increased by DKK 2,438 thousand, while staff costs have increased by DKK 2,438 thousand.

The company has corrected the classification of construction grants, which last year was presented under the item "Fixtures, fittings, tools and equipment", where the presentation has been changed and presented under the item "Other payables". Depreciation has been presented last year under the heading "Depreciation", where the presentation has been changed to "Other operating income". Comparative figures have been restated accordingly. The change had no impact on the result or on equity. As a result of the correction, gross profit has increased by DKK 308 thousand, while depreciation has increased by DKK 308 thousand. In addition, the presentation of building subsidies has been changed, resulting in an increase of fixed assets by thousand DKK 1,341, while other liabilities have increased by thousand DKK 1,341.

Generally regarding recognition and measurement

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The functional currency is Danish Kroner. All other currencies are considered foreign currencies.

Accounting policies, continued

Foreign currency translation

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Accounting policies, continued

Income statement

The income statement has been classified by nature.

Gross profit

Gross profit/loss includes "Revenue", "Cost of sales", "Other operating income" and "External expenses".

Revenue

As income recognition criterion, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer before the end of the financial year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the company's primary activities. Other operating income relates to profit of fixed assets and payments received from public authorities. Payments received from public authorities consist of salary reimbursements, which are corrected in comparative figures - Therefore a difference arises between other operating income and personnel expenses compared to previous years.

During the year we have reclassified construction grants from fixed assets and presented them as other payables. The year's derecognition relating to construction grants is presented as other operating income. Comparative figures have also been restated accordingly.

External expenses

External expenses comprises cost of consumables/goods for resale, sale facility cost and administrative expenses.

Staff costs

Staff costs include wages and salaries including holiday pay and pensions and other social security costs etc. to the company's employees. Staff costs exclude reimbursements received from public authorities. This has been corrected in the comparative figures.

Other operating expenses

Other operating expenses comprises expenses of a secondary nature as viewed in relation to the company's primary activities, including losses on sale of fixed assets.

Accounting policies, continued

Financial income

Financial income is recognised with amounts concerning the the financial year. Financial income comprise interest, realised and unrealised exchange gains as well as interest reimbursements under the Danish Tax Prepayment Scheme.

Financial expenses

Financial expenses is recognised with amounts concerning the the financial year. Financial expenses comprise interest, realised and unrealised exchange losses as well as interest surcharge under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

Tax on profit or loss for the year is recognised in the income statement by the portion attributable to the profit or loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

Accounting policies, continued

Balance sheet

The balance sheet has been presented in account form.

Assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate depreciation. The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

The costprice for an asset is divided into separate components, that are depreciated separately, if the useful life of the individual components is significantly different.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values:

Category	Period	Residual value
Fixtures, fittings, tools and equipment	5 years	0%

Minor purchases with useful lives below one year have been recognised as an expense in the income statement in external expenses.

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

The carrying amounts of property, plant and equipment are reviewed annually for indication of impairment for losses, apart from what is expressed by usual depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount. As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the expected cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

During the year we have reclassified construction grants from fixed assets and presented them as other payables. Comparative figures have also been restated accordingly.

Other receivables classified as fixed assets

Deposits recognised as fixed assets are measured at amortised cost, which usually corresponds to nominal amount.

Accounting policies, continued

Inventories

Inventories are measured at cost according to the FIFO method. In the event of cost exceeding net realisable value, writedown is made to this lower value.

Cost of goods for resale as well as raw materials and consumables comprises purchase price plus landing costs.

The net realisable value of inventories is calculated as selling price less completion costs and costs incurred to execute sale. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales price.

Received prepayments from customers regarding non delivered goods are recognised as liabilities.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Accounting policies, continued

Equity and liabilities

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax and corporation tax

Deferred tax is measured using the balance sheet liability method. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities. Deferred tax is also measured with respect of the planned use of the asset and the settlement of the liability.

The tax value of the tax losses to be carried forward are included in the calculation of deferred taxes if it is probable that the losses can be used. Deferred tax assets are measured at net realisable value.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Corporation tax relating to the the financial year which has not been settled at the balance sheet date is classified as corporation tax in receivables or liabilities other than provisions.

Financial debts

Short-term debts are measured at amortised cost, substantially corresponding to nominal value.

Cash flow statement

The cash flow statement shows the years cash flows broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as wells as cash and cash equivalents at the beginning and end of the year.

Cash flows from acquisitions and divestments are shown separately under cash flows from investing activities. In the cash flow statement, cash flows regarding acquired companies are recognised from the date of acquisition and cash flows from divested companies are recognised until the transfer date.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, financial income and expenses paid, corporation taxes as well as increase and decrease in inventories, trade receivables, trade payables and other changes in assets and liabilities other than provisions deriving from operations.

Cash flows from investing activities comprise payments in the year in connection with acquisition and sale of fixed assets as well as payments in connection with acquisition and divestment of companies.

Cash flows from financing activities comprise payments in the year from inception and repayment of long-term liabilities other than provisions as well as payments made to and received from the shareholder's.

Cash and cash equivalents comprise cash funds.

Accounting policies, continued

Financial highlights

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark. Financial highlights are calculated on basis of the financial statements, and no adjustments nor normalisations for analysis purposes have been unless expressed in the section of the financial highlights.

The financial highlights are calculated as follows:

Financial highlights		Explanation
Gross margin	=	Gross profit/loss * 100/Revenue
EBIT margin	=	EBIT * 100/Revenue
Return on invested capital	=	EBIT * 100/Average invested capital*
Solvency ratio	=	Equity * 100/Total assets
Return on equity	=	Profit/loss for the year * 100/Average equity

*Invested capital are defined as net working capital with addition of operating intangible assets and Property, plant and equipment and deducted by other provisions.

Income statement

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Gross profit		60,050,091	70,229,802
Staff costs	2	-54,005,981	-50,959,821
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		6,044,110	19,269,981
Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets	3	-6,435,620	-7,063,124
Other operating expenses		-2,139,424	-57,614
Earnings before interest and taxes (EBIT)		-2,530,934	12,149,243
Finance income	4	285,889	201,430
Finance expenses	5	-364,608	-305,264
Profit/loss before tax		-2,609,653	12,045,409
Tax on profit/loss for the year	6	677,478	-2,649,991
Profit/loss for the year		-1,932,175	9,395,418
Special items	1		
Proposed distribution of profit and loss	7		

Assets

	<u>Note</u>	<u>31/12-2022</u>	<u>31/12-2021</u>
		DKK	DKK
Fixtures, fittings, tools and equipment		16,524,678	14,222,152
Property, plant and equipment	8, 12	<u>16,524,678</u>	<u>14,222,152</u>
Deposits		8,434,759	8,413,182
Investments	9	<u>8,434,759</u>	<u>8,413,182</u>
Fixed assets		<u>24,959,437</u>	<u>22,635,334</u>
Inventories		31,078,921	15,967,084
Inventories	12	<u>31,078,921</u>	<u>15,967,084</u>
Trade receivables		2,252,180	1,389,704
Receivables from group enterprises		9,004,317	2,557,866
Other receivables		589,459	1,849,029
Corporation tax receivables	6	1,160,000	3,423,182
Deferred tax assets	6	2,910,916	2,219,510
Prepayments	10	3,344,727	1,936,638
Receivables		<u>19,261,599</u>	<u>13,375,929</u>
Cash at bank and in hand		<u>22,857,557</u>	<u>60,604,745</u>
Current assets		<u>73,198,077</u>	<u>89,947,758</u>
Total assets		<u>98,157,514</u>	<u>112,583,092</u>

Equity and liabilities

	Note	31/12-2022 DKK	31/12-2021 DKK
Contributed capital	11	3,449,000	3,449,000
Retained earnings		68,278,579	70,210,754
Proposed dividend recognised in equity		0	15,000,000
Equity		<u>71,727,579</u>	<u>88,659,754</u>
Other payables		1,341,667	650,000
Long-term liabilities other than provisions		<u>1,341,667</u>	<u>650,000</u>
Trade payables		7,412,410	3,314,462
Payables to group enterprises		487,819	1,021,174
Other payables		17,188,039	18,937,702
Short-term liabilities other than provisions		<u>25,088,268</u>	<u>23,273,338</u>
Liabilities other than provisions		<u>26,429,935</u>	<u>23,923,338</u>
Total equity and liabilities		<u>98,157,514</u>	<u>112,583,092</u>
Assets charged and collateral	12		
Unrecognised contractual commitments	13		
Related parties	14		
Group relations	15		

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2021	3,449,000	75,815,336	0	79,264,336
Distributed profit/loss for the year		-5,604,582	15,000,000	9,395,418
Equity at 1 January 2022	3,449,000	70,210,754	15,000,000	88,659,754
Dividends paid		0	-15,000,000	-15,000,000
Distributed profit/loss for the year		-1,932,175	0	-1,932,175
Equity at 31 December 2022	3,449,000	68,278,579	0	71,727,579

Cash flow statement

	Note	2022	2021
Profit/loss for the year		-1,932,175	9,395,418
Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets		6,435,620	6,863,124
Adjustments	16	-583,331	2,811,440
Change in inventories		-15,111,837	3,916,481
Change in trade receivables		-862,476	-1,268,805
Change in trade payables		4,097,948	-617,504
Change in other working capital		-1,206,515	1,206,606
Cash flows from operating activities before financial income and expenses		-9,162,766	22,306,760
Financial income		285,889	201,430
Financial expenses		-364,608	-305,264
Corporation tax paid		2,263,182	-3,500,000
Cash flows from operating activities		-6,978,303	18,702,926
Purchase of property, plant and equipment		-8,968,867	-1,978,360
Sale of property, plant and equipment		201,365	0
Purchase of financial assets		-1,024,139	16,063
Sale of financial assets		1,002,562	0
Cash flows from investing activities		-8,789,079	-1,962,297
Changes in intercompany balances with group enterprises, net reduction		-6,979,806	0
Dividends payout		-15,000,000	0
Cash flows from financing activities		-21,979,806	0
Changes in cash and cash equivalents in the year		-37,747,188	16,740,629
Cash and cash equivalents at 1 January 2022		60,604,745	43,864,116
Cash and cash equivalents at 31 December 2022		22,857,557	60,604,745
<i>Cash and cash equivalents at 31 December 2022 can be specified as follows:</i>			
Cash at bank and in hand		22,857,557	60,604,745
Cash and cash equivalents at 31 December 2022		22,857,557	60,604,745

Notes

1. Special items

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Compensations, national subsidy scheme COVID-19	1,165,924	17,999,388
Salary reimbursements	2,438,659	2,238,540
Grants for fixed assets	165,000	0
Depreciation, building subsidies	308,333	200,000
Total	<u>4,077,916</u>	<u>20,437,928</u>

Special items is included in the income statement in the items "Other operating income".

2. Staff costs

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Wages and salaries	47,643,903	44,979,560
Pensions	3,872,411	3,848,243
Other social security costs	1,124,722	1,072,791
Other staff cost	1,364,945	1,059,227
I alt	<u>54,005,981</u>	<u>50,959,821</u>
Average number of full-time employees	<u>144</u>	<u>144</u>
Remuneration for management categories:		
Executive Board	3,130,000	2,824,000

3. Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Depreciation of property, plant and equipment	<u>6,435,620</u>	<u>7,063,124</u>
I alt	<u>6,435,620</u>	<u>7,063,124</u>

Notes, continued

4. Finance income

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Financial income from group enterprises	127,817	102,805
Other financial income	158,072	98,625
I alt	<u>285,889</u>	<u>201,430</u>

5. Finance expenses

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Financial expenses to group enterprises	0	4,446
Other financial expenses	364,608	300,818
I alt	<u>364,608</u>	<u>305,264</u>

Notes, continued

6. Tax expense

	Corpora- tion tax	Deferred tax	Tax on profit/loss for the year	2021
	DKK	DKK	DKK	DKK
Payables at 1 January 2022	-3,423,182	-2,233,438		
Paid in respect of previous years	3,423,182			
Tax on profit/loss for the year	0	-677,478	-677,478	2,649,991
Prepaid tax	-1,160,000			
Payables at 31 December 2022	-1,160,000	-2,910,916		
Tax on profit/loss for the year recognised in the income statement			-677,478	2,649,991
<i>Recognition in balance sheet:</i>				
Short-term receivables (current asset)	-1,160,000	-2,910,916		
Total	-1,160,000	-2,910,916		

Deferred tax is incumbent upon the following assets and liabilities:

	31/12-2022	31/12-2021
Property, plant and equipment	-1,509,731	-1,754,524
Fixed financial assets and current assets	-704,108	-290,001
Tax losses carried forward	-700,559	-174,985
Deferred tax liability (+)/Deferred tax asset (-)	-2,914,398	-2,219,510

Deferred tax assets are measured at net realisable value and is based on management's best accounting estimate of the use within a period of 3-5 years. In preparing the accounting estimate, management has taken particular account of the cost reductions implemented in the stores, which will have a positive impact on the stores' results and overall earnings. Based on the budgets for the coming years, management considers the use of deferred tax assets to be realistic.

7. Proposed distribution of profit and loss

	2022	2021
	DKK	DKK
Proposed distribution of profit and loss for the year :		
Proposed dividends for the financial year	0	15,000,000
Transferred to retained earnings	-1,932,175	-5,604,582
Profit/loss for the year	-1,932,175	9,395,418

Notes, continued

8. Property, plant and equipment

	Fixtures, fit- tings, tools and equipment	Total	2021
	DKK	DKK	DKK
Cost at 1 January 2022	87,830,363	87,830,363	85,917,961
Additions for the year	8,968,867	8,968,867	1,978,360
Disposals for the year	621,225	621,225	-65,958
Cost at 31 December 2022	97,420,455	97,420,455	87,830,363
Depreciation and impairment losses at 1 January 2022	-73,608,211	-73,608,211	-66,553,430
Depreciation for the year	-6,435,620	-6,435,620	-7,063,124
Reversal regarding disposals for the year	-851,946	-851,946	8,343
Depreciation and impairment losses at 31 December 2022	-80,895,777	-80,895,777	-73,608,211
Carrying amount at 31 December 2022	16,524,678	16,524,678	14,222,152
Selling price, disposals	201,365	201,365	0
Carrying amount, disposals	-230,721	-230,721	-57,615
Profit/loss on sale	-29,356	-29,356	-57,615

9. Investments

	Deposits	Total	2021
	DKK	DKK	DKK
Cost at 1 January 2022	8,413,182	8,413,182	8,429,244
Additions for the year	1,024,139	1,024,139	28,699
Disposals for the year	-1,002,562	-1,002,562	-44,761
Cost at 31 December 2022	8,434,759	8,434,759	8,413,182
Carrying amount at 31 December 2022	8,434,759	8,434,759	8,413,182

10. Prepayments

	2022	2021
	DKK	DKK
Rent etc.	3,344,727	1,936,638
I alt	3,344,727	1,936,638

Notes, continued

11. Contributed capital

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Contributed capital beginning of the year	3,449,000	3,449,000
I alt	<u>3,449,000</u>	<u>3,449,000</u>

12. Assets charged and collateral

	<u>2022</u>
	<u>Nominal value of the col- lateral/debt</u>
	DKK
The Company has provided a third party guarantee	3,612,425

13. Unrecognised contractual commitments

	<u>2022</u>
	DKK
The company has made a rent agreement for shop facilities pending the year 2027 and is equally divided during the period. The overall residual rent agreement aggregate approx.	56,956,000
The company has entered into operating lease for lease of copying machine. The lease is interminable until 2024. The total lease commitment represents approx.	75,000
Total rental and lease obligations	<u>57,031,000</u>

Notes, continued

14. Related parties

Related parties with controlling interest comprise the following:

Controlling interest:	Basis of controlling interest:
Deichmann Schuhe Service GmbH, Deichmannweg 9, Essen, Nordrhein-Westfalen, 45359, Germany	Main shareholder
Deichmann SE, Deichmannweg 9, Essen, Nordrhein-Westfalen, 45359, Germany	Owner of Deichmann Schuhe Service GmbH with 100%
Heinrich Otto Deichmann	Owner of Deichmann SE with 69%

in accordance with section 98(c)(7) of the Danish Financial Statements Act no related party transactions have been disclosed as management assess all transactions have been carried out on an arm's length basis.

15. Group relations

The company is included in the consolidated report for the parent companies:

The largest group: Deichmann SE, Essen

The consolidated report ofr the foreign parent company may be obtained at the parent company webiste www.bundesanzeiger.dk.

16. Adjustments

	2022	2021
	DKK	DKK
Gains and losses sale of fixed assets	29,356	57,615
Finance income	-285,889	-201,430
Finance expenses	364,608	305,264
Tax on profit/loss for the year	-677,478	2,649,991
Total	-569,403	2,811,440