



scandinavian sneakers

WODEN A/S
BALTICAGADE 12 A, 8000 AARHUS C
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 9 March 2020**

Carl Erik Skovgaard

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Statement by Board of Directors and Board of Executives.....	4
Independent Auditor's Report.....	5-6
Management's Review	
Management's Review.....	7-8
Financial Statements 1 January - 31 December	
Income Statement.....	9
Balance Sheet.....	10
Notes.....	11-12
Accounting Policies.....	13-15

COMPANY DETAILS

Company	Woden A/S Balticagade 12 A 8000 Aarhus C CVR No.: 35 24 03 49 Established: 1 May 2013 Registered Office: Aarhus C Financial Year: 1 January - 31 December
Board of Directors	Carl Erik Skovgaard, chairman Kathrine Merete Vester Holm Carsten Vester Holm Thomas Tygesen Peter Tygesen
Board of Executives	Carsten Vester Holm
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
Bank	Sydbank Peberlyk 4 6200 Aabenraa
Law Firm	DLA Piper Denmark Advokatpartnerselskab Hack Kampmanns Plads 2 8000 Aarhus C

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Woden A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aarhus C, 27 February 2020

Board of Executives

Carsten Vester Holm

Board of Directors

Carl Erik Skovgaard
Chairman

Kathrine Merete Vester Holm

Carsten Vester Holm

Thomas Tygesen

Peter Tygesen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Woden A/S

Opinion

We have audited the Financial Statements of Woden A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. 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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 judgment 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- 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 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 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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of Management's Review.

Aarhus, 27 February 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Morten Trap Olesen
State Authorised Public Accountant
MNE no. mne35625

MANAGEMENT'S REVIEW

Principal activities

WODEN A/S is a Danish brand that makes sustainable fashion sneakers for confident women.

The company was established in 2013 and has since the beginning experienced continuous revenue growth, which has resulted in two Børsen gazelle awards until now. WODEN is an internationally oriented company where export to more than 25 countries counts for more than 75% of sales, and today WODEN sneakers are sold in more than 1,000 stores worldwide.

WODEN A/S is headquartered in Aarhus, from where 20 employees handle sales, logistics, customer service, design, marketing, finance and digital sales. WODEN also has an office in Asia with three employees, from where sourcing, production flows and quality control is handled.

In 2019, WODEN A/S succeeded in turning a 2-year deficit into a substantial surplus, while at the same time building an organizational foundation to meet the expected growth. The result in 2019 was mainly driven by an increased revenue of more than 40%, while at the same time ensuring that expenses were kept at a controlled level.

Development in activities and financial position

Significant growth in replenishment orders for the spring and a +50% growth in pre-sale for the previous two seasonal collections has been a very positive development and has emphasized, that an increased focus on targeting our products and our market approach has proved to be the right strategy. Our focus at WODEN A/S is to make fashion sneakers with a green footprint for the target group of women in the age of 25 - 35 years.

Early 2019, we changed the ownership structure of WODEN A/S to adapt the framework and requirements needed to maintain the growth rates required in a medium-sized company.

The ownership structure of WODEN A/S still consists of founder Carsten Holm. With the new investors, TT Invest, consisting of Claus, Thomas and Peter Tygesen, WODEN A/S has gained a broader knowledgeable sales foundation to develop a more prominent market position in Scandinavia and the DACH region. The new ownership structure has also contributed to a stronger financial foundation to support future growth plans.

As a part of managing the growth process with a strategically and financially controlled focus, we have made our CFO / COO Heine Sørensen a Partner of WODEN A/S.

In 2019, we had a strategic focus on solid cost management, while at the same time developing a strong organizational foundation to deal with unpredicted challenges. We have succeeded in controlling our costs levels, the "Back Office" function, and throughout the year followed the plan we made at the beginning of the year. In 2019, we succeeded in creating a strong organizational bond where continuity and development of competencies have enabled our employees to grow with the company.

In 2019 we succeeded in creating a substantial digital presence by the launch of our digital B2C platform as well as a presence on major international online marketplaces. The digital presence has increased our brand awareness and positively affected the total sales both in retail and online.

WODEN has always been focused on making fashion sneakers for ladies that leave a greener "footprint". In 2019 we saw that the market for fashion sneakers grew and that consumers and retail customers are increasing their focus on this category. In 2019, we were able to put a greater organizational focus on product development and thereby the opportunity to add more focus to design and strengthen our market position. At the same time, we have expanded our focus on sustainable sneakers to a greater extent for future collections.

2019 has not been without challenges, but issues have been resolved without having any greater impact on the result for the financial year.

MANAGEMENT'S REVIEW

Development in activities and financial position (continued)

Three main challenges we have seen during the year:

Production and capacity challenges

Due to the trade conflict between China and USA, there has been an enormous pressure on the production capacity of the countries near to China, and a huge competition has arisen to gain access to production capacity at the factories.

As our production volume has substantially increased, it has required a lot more attention in 2019 than expected.

Theft / stolen container

In mid-2019 we, unfortunately, had a container with our shoes was stolen during transportation, equal to a retail value of 5-6 mill. DKK. These shoes were already pre-sold with a fixed delivery, which significantly challenged our delivery performance. The challenge became a larger issue as our customers had an extremely high demand for that specific shipment.

Marketplace integrations.

With a strong focus on online channels, we succeeded in integrating major "online marketplaces" during 2019. However, the integrations turned out more complicated and costly than expected, which made it hard to reach expected financial goals.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Future expectations

We enter 2020 with positive expectations, mainly due to our continued growth in pre-orders for the spring and the fact that we start the year with a historically healthy inventory level. We also do not expect an increase in our fixed costs in the coming year.

Our increased focus on the Scandinavian & DACH markets in 2020 is not expected to generate a return in 2020 and must be considered as an investment in continues growth for 2021. Our brand has become internationally recognized, and there are a lot of international opportunities that will be pursued in 2020.

In 2020 we still need to pay serious attention to our sourcing setup as our need for production capacity is still increasing, and in particular because of the challenges that the COVID-19 virus brings along.

2019 has been a good year for WODEN and we are looking into 2020 with positive expectations, knowing that we will be facing issues that we must address to achieve our goals. We have a clear plan and expect to reach our goals in 2020, just as we did in 2019

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
GROSS PROFIT		12.942.080	8.027.753
Staff costs.....	1	-9.564.233	-9.247.937
Depreciation, amortisation and impairment losses.....		-378.789	-533.919
OPERATING PROFIT		2.999.058	-1.754.103
Other financial income.....		99.464	198.102
Other financial expenses.....		-505.325	-418.155
PROFIT BEFORE TAX		2.593.197	-1.974.156
Tax on profit/loss for the year.....	2	-572.327	430.993
PROFIT FOR THE YEAR		2.020.870	-1.543.163
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		2.020.870	-1.543.163
TOTAL		2.020.870	-1.543.163

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Intangible fixed assets acquired.....		192.950	260.366
Intangible fixed assets.....	3	192.950	260.366
Other plant, fixtures and equipment.....		380.618	401.859
Leasehold improvements.....		1.779.922	1.890.256
Tangible fixed assets.....	4	2.160.540	2.292.115
Rent deposit and other receivables.....		220.799	12.799
Fixed asset investments.....	5	220.799	12.799
FIXED ASSETS.....		2.574.289	2.565.280
Finished goods and goods for resale.....		6.462.090	7.534.533
Prepayments.....		4.314.486	1.735.494
Inventories.....		10.776.576	9.270.027
Trade receivables.....		10.593.755	4.660.867
Receivables from group enterprises.....		0	323.083
Deferred tax assets.....		50.347	479.290
Other receivables.....		434.977	184.413
Prepayments and accrued income.....		513.183	434.621
Receivables.....		11.592.262	6.082.274
Cash and cash equivalents.....		2.609.248	792.215
CURRENT ASSETS.....		24.978.086	16.144.516
ASSETS.....		27.552.375	18.709.796
EQUITY AND LIABILITIES			
Share capital.....		501.000	501.000
Retained earnings.....		3.233.283	1.251.844
EQUITY.....	6	3.734.283	1.752.844
Subordinate loan capital.....		6.000.000	0
Long-term liabilities.....	7	6.000.000	0
Bank debt.....		5.036.683	11.655.676
Prepayments received from customers.....		469.350	78.054
Trade payables.....		9.251.539	3.710.256
Corporation tax.....		444.158	0
Other liabilities.....		2.616.362	1.512.966
Current liabilities.....		17.818.092	16.956.952
LIABILITIES.....		23.818.092	16.956.952
EQUITY AND LIABILITIES.....		27.552.375	18.709.796
Contingencies etc.	8		
Charges and securities	9		

NOTES

	2019 DKK	2018 DKK	Note
Staff costs			1
Average number of employees 17 (2018: 15)			
Wages and salaries.....	8.344.071	8.115.481	
Pensions.....	1.006.269	902.253	
Social security costs.....	141.880	109.471	
Other staff costs.....	72.013	120.732	
	9.564.233	9.247.937	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	444.158	0	
Adjustment of deferred tax.....	128.169	-430.993	
	572.327	-430.993	
Intangible fixed assets			3
		Intangible fixed assets acquired	
Cost at 1 January 2019.....		274.068	
Cost at 31 December 2019.....		274.068	
Amortisation at 1 January 2019.....		13.705	
Amortisation for the year.....		67.413	
Amortisation at 31 December 2019.....		81.118	
Carrying amount at 31 December 2019.....		192.950	
Tangible fixed assets			4
	Other plant, fixtures and equipment	Leasehold improvements	
Cost at 1 January 2019.....	531.843	2.219.998	
Additions.....	98.392	81.407	
Cost at 31 December 2019.....	630.235	2.301.405	
Depreciation and impairment losses at 1 January 2019.....	129.984	329.744	
Depreciation for the year.....	119.633	191.739	
Depreciation and impairment losses at 31 December 2019...	249.617	521.483	
Carrying amount at 31 December 2019.....	380.618	1.779.922	

ACCOUNTING POLICIES

The Annual Report of Woden A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 7 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

ACCOUNTING POLICIES

Tangible fixed assets

Machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	5-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Cash and cash equivalents

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.