

# ECCO Shops Vestdanmark A/S

Industrivej 5, 6261 Bredebro

CVR no. 36 56 28 46



## Annual report 2015

(from the establishment of the Company 27 February - 31 December 2015)

Approved at the annual general meeting of shareholders on 27 May 2016

Chairman:



.....  
Anne Mølgaard Jensen



## Contents

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>3</b>
<b>Management's review</b>	<b>4</b>
Company details	4
Operating review	5
<b>Financial statements for the period 27 February - 31 December</b>	<b>6</b>
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes to the financial statements	10



### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of ECCO Shops Vestdanmark A/S for the financial year from the establishment of the Company 27 February - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year from the establishment of the Company 27 February - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Bredbro, 27 May 2016

Executive Board:

Claus Frisenberg Pedersen

Board of Directors:

Peter Schøtt Knudsen  
Chairman

Claus Frisenberg Pedersen

Henrik Frisenberg



## Independent auditors' report

To the shareholders of ECCO Shops Vestdanmark A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of ECCO Shops Vestdanmark A/S for the financial year from the establishment of the Company 27 February - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year from the establishment of the Company 27 February - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 27 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

  
Jens Weiersee Jakobsen  
state authorised public accountant



## Management's review

### Company details

Name	ECCO Shops Vestdanmark A/S
Address, Postal code, City	Industrivej 5, 6261 Bredebro
CVR No.	36 56 28 46
Registered office	Tønder
Financial year	27 February - 31 December 2015
Telephone	+45 74 91 16 25
Board of Directors	Peter Schøtt Knudsen, Chairman Claus Frisenberg Pedersen Henrik Frisenberg
Executive Board	Claus Frisenberg Pedersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P O Box 330, 8100 Aarhus C, Denmark





## **Management's review**

### **Operating review**

#### **The Company's business review**

The purpose of the Company is to own and operate ECCO Shops west of Storebælt, and other activities related thereto.

#### **Financial review**

The income statement for 2015 shows a loss of DKK 544,001 and the balance sheet at 31 December 2015 shows a negative equity of DKK 44,001. Management considers the Company's financial performance in the year satisfactory considering it is the first financial year with start-up activities and investments.

Management expect that a capital increase will be made during the first half of 2016. This capital increase will ensure that the Company's capital resources are sound and will support the Company's long-term activities.

#### **Post balance sheet events**

No significant events have occurred subsequent to the financial year.

#### **Outlook**

The Company expects an improved result for 2016.



## Financial statements for the period 27 February - 31 December

### Income statement

Note	DKK	2015 10 months
	Gross profit	1.308,418
2	Staff costs	-1.819,073
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-151,875
	Operating profit/loss	-662,530
	Financial income	8,716
	Financial expenses	-43,587
	Profit/loss before tax	-697,401
	Tax for the year	153,400
	Profit/loss for the year	-544,001
	Proposed profit appropriation/distribution of loss	-544,001
	Retained earnings/accumulated loss	-544,001



## Financial statements for the period 27 February - 31 December

### Balance sheet

Note	DKK	2015	Opening balance at 27 February 2015
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
3	<b>Intangible assets</b>		
	Software	140,844	0
	Goodwill	261,198	0
		<u>402,042</u>	<u>0</u>
4	<b>Property, plant and equipment</b>		
	Leasehold improvements	1,672,075	0
		<u>1,672,075</u>	<u>0</u>
	<b>Investments</b>		
	Deposits	749,635	0
		<u>749,635</u>	<u>0</u>
	<b>Total non-current assets</b>	<u>2,823,752</u>	<u>0</u>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	4,001,747	0
		<u>4,001,747</u>	<u>0</u>
	<b>Receivables</b>		
	Trade receivables	72,588	0
	Deferred tax assets	153,400	0
	Other receivables	1,110,825	0
		<u>1,336,813</u>	<u>0</u>
	<b>Cash</b>	<u>1,161,865</u>	<u>500,000</u>
	<b>Total current assets</b>	<u>6,500,425</u>	<u>500,000</u>
	<b>TOTAL ASSETS</b>	<u>9,324,177</u>	<u>500,000</u>





## Financial statements for the period 27 February - 31 December

### Balance sheet

Note	DKK	2015	Opening balance at 27 February 2015
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
5	Share capital	500,000	500,000
	Retained earnings	-544,001	0
	<b>Total equity</b>	<b>-44,001</b>	<b>500,000</b>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	73,799	0
	Payables to group entities	8,802,743	0
	Other payables	491,636	0
		<b>9,368,178</b>	<b>0</b>
	<b>Total liabilities other than provisions</b>	<b>9,368,178</b>	<b>0</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,324,177</b>	<b>500,000</b>

- 1 Accounting policies
- 6 Collateral
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties



**Financial statements for the period 27 February - 31 December**

**Statement of changes in equity**

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 27 February 2015	500,000	0	500,000
Profit/loss for the year	0	-544,001	-544,001
Equity at 31 December 2015	<u>500,000</u>	<u>-544,001</u>	<u>-44,001</u>



## Financial statements for the period 27 February - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of ECCO Shops Vestdanmark A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured 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

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

##### Cost of sales

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

##### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

##### Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Goodwill	5 years
Software	4 years

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	5 years
------------------------	---------



## Financial statements for the period 27 February - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

##### Receivables

Receivables are measured at amortised cost.





## Financial statements for the period 27 February - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows.

#### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

#### Liabilities

Other liabilities are measured at net realisable value.

A handwritten signature in blue ink, appearing to be 'JH', is located in the bottom right corner of the page.



Financial statements for the period 27 February - 31 December

Notes to the financial statements

DKK	2015 10 months		
<b>2 Staff costs</b>			
Wages/salaries		1,695,322	
Pensions		114,875	
Other social security costs		8,876	
		1,819,073	
<b>3 Intangible assets</b>			
DKK	Software	Goodwill	Total
Cost at 27 February 2015	0	0	0
Additions in the year	153,648	290,220	443,868
Cost at 31 December 2015	153,648	290,220	443,868
Impairment losses and amortisation at 27 February 2015	0	0	0
Amortisation/depreciation in the year	12,804	29,022	41,826
Impairment losses and amortisation at	12,804	29,022	41,826
Carrying amount at 31 December 2015	140,844	261,198	402,042
<b>4 Property, plant and equipment</b>			
DKK			Leasehold improvements
Additions in the year			1,782,124
Cost at 31 December 2015			1,782,124
Amortisation/depreciation in the year			110,049
Impairment losses and depreciation at 31 December 2015			110,049
Carrying amount at 31 December 2015			1,672,075
DKK	2015	Abningsbalance pr. 27. februar 2015	
<b>5 Share capital</b>			
The share capital consists of the following:			
500 500 shares of DKK 1.000.00 each	500,000	500,000	500,000
	500,000	500,000	500,000





## Financial statements for the period 27 February - 31 December

### Notes to the financial statements

#### 6 Collateral

The Company has not placed any assets or other as security for loans at 31/12 2015.

#### 7 Contractual obligations and contingencies, etc.

##### Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 3,582 thousand in interminable rent agreements with remaining contract terms of 0-5 years.

#### 8 Related parties

ECCO Shops Vestdanmark A/S' related parties comprise the following:

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Anpartsselskabet af 1. oktober 2011	Bredebro	www.cvr.dk
ECCO Sko A/S	Bredebro	www.cvr.dk

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Ecco EMEA B.V.	Hoogoorddreef 15, 6-e verdiep, 1101 BA Amsterdam Zuidoost, 1100AL Amsterdam