
Birkenstock Nordic ApS

Pilestræde 52, 3., DK-1112 København K

Annual Report for 1 October 2021 - 30 September 2022

CVR No 38 40 28 03

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/03 2023

Mark Clarkson
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 October - 30 September	7
Balance Sheet 30 September	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Birkenstock Nordic ApS for the financial year 1 October 2021 - 30 September 2022.

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 financial position at 30 September 2022 of the Company and of the results of the Company operations for 2021/22.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 30 March 2023

Executive Board

Mark Clarkson
CEO

Mehdi Nico Bouyakhf
Executive Officer

Independent Auditor's Report

To the Shareholder of Birkenstock Nordic ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Birkenstock Nordic ApS for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

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.

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.

Independent Auditor's Report

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 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.
- 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 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

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

København V, 30 March 2023

BDO

Statsautoriseret Revisionsaktieselskab

CVR No 20 22 26 70

Iben Larsen

statsautoriseret revisor

mne34474

Company Information

The Company

Birkenstock Nordic ApS
Pilestræde 52, 3.
DK-1112 København K

CVR No: 38 40 28 03
Financial period: 1 October - 30 September
Municipality of reg. office: København

Executive Board

Mark Clarkson
Mehdi Nico Bouyakhf

Auditors

BDO
Statsautoriseret Revisionsaktieselskab
Havneholmen 29
DK-1561 København V

Management's Review

Key activities

The principal activities comprise direct and indirect wholesale and retail trade and distribution of textiles, clothing and footwear as well as relevant accessories.

Development in the year

The income statement of the Company for 2021/22 shows a profit of DKK 243,305, and at 30 September 2022 the balance sheet of the Company shows equity of DKK 5,562,544.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	2021/22 DKK	2020/21 DKK
Gross profit/loss		8.087.544	6.401.986
Staff expenses	1	-6.573.326	-3.992.784
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-667.762	-671.527
Profit/loss before financial income and expenses		846.456	1.737.675
Financial income		14.001	-11.896
Financial expenses	2	-559.424	-66.167
Profit/loss before tax		301.033	1.659.612
Tax on profit/loss for the year	3	-57.728	-365.359
Net profit/loss for the year		243.305	1.294.253

Distribution of profit

Proposed distribution of profit

Retained earnings	243.305	1.294.253
	243.305	1.294.253

Balance Sheet 30 September

Assets

	Note	2021/22 DKK	2020/21 DKK
Goodwill		638.690	902.975
Intangible assets	4	638.690	902.975
Other fixtures and fittings, tools and equipment		81.843	3.307
Leasehold improvements		1.557.738	1.914.334
Property, plant and equipment in progress		0	39.081
Property, plant and equipment	5	1.639.581	1.956.722
Deposits		130.557	130.557
Fixed asset investments		130.557	130.557
Fixed assets		2.408.828	2.990.254
Inventories		1.740.975	1.713.889
Trade receivables		3.771.756	3.023.729
Receivables from group enterprises		0	979
Receivables from associates		2.976.665	0
Other receivables		136.492	190.940
Prepayments		89.193	88.899
Receivables		6.974.106	3.304.547
Cash at bank and in hand		9.804.628	8.435.377
Currents assets		18.519.709	13.453.813
Assets		20.928.537	16.444.067

Balance Sheet 30 September

Liabilities and equity

	<u>Note</u>	<u>2021/22</u> DKK	<u>2020/21</u> DKK
Share capital		50.000	50.000
Retained earnings		5.512.544	5.269.242
Equity		<u>5.562.544</u>	<u>5.319.242</u>
Provision for deferred tax		272.010	304.173
Provisions		<u>272.010</u>	<u>304.173</u>
Trade payables		551.332	389.631
Payables to group enterprises		9.935.151	8.035.086
Corporation tax		320.983	425.570
Other payables		4.159.939	1.923.365
Deferred income		126.578	47.000
Short-term debt		<u>15.093.983</u>	<u>10.820.652</u>
Debt		<u>15.093.983</u>	<u>10.820.652</u>
Liabilities and equity		<u>20.928.537</u>	<u>16.444.067</u>
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital DKK	Retained earnings DKK	Total DKK
2021/22			
Equity at 1 October	50.000	5.269.239	5.319.239
Net profit/loss for the year	0	243.305	243.305
Equity at 30 September	50.000	5.512.544	5.562.544
2020/21			
Equity 1. oktober	50.000	3.974.989	4.024.989
Net profit/loss for the year	0	1.294.253	1.294.253
Equity at 30 September	50.000	5.269.242	5.319.242

Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	6.683.011	3.696.296
Other social security expenses	-109.685	296.488
	<u>6.573.326</u>	<u>3.992.784</u>
Average number of employees	<u>11</u>	<u>11</u>
2 Financial expenses		
Interest paid to associates	119.091	0
Other financial expenses	250.656	66.167
Exchange adjustments, expenses	189.677	0
	<u>559.424</u>	<u>66.167</u>
3 Tax on profit/loss for the year		
Current tax for the year	89.892	305.118
Deferred tax for the year	-23.566	60.241
Adjustment of tax concerning previous years	-8.598	0
	<u>57.728</u>	<u>365.359</u>
4 Intangible assets		<u>Goodwill</u>
		DKK
Cost at 1 October		<u>1.850.000</u>
Cost at 30 September		<u>1.850.000</u>
Impairment losses and amortisation at 1 October		947.025
Amortisation for the year		<u>264.285</u>
Impairment losses and amortisation at 30 September		<u>1.211.310</u>
Carrying amount at 30 September		<u>638.690</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 October	111.461	3.141.964
Additions for the year	86.340	0
Cost at 30 September	<u>197.801</u>	<u>3.141.964</u>
Impairment losses and depreciation at 1 October	101.216	1.356.503
Depreciation for the year	14.742	227.723
Impairment losses and depreciation at 30 September	<u>115.958</u>	<u>1.584.226</u>
Carrying amount at 30 September	<u>81.843</u>	<u>1.557.738</u>

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has on the date of the fiscal year end entered into a rental agreement for the shop. The agreement can be terminated with 6 months' notice. The commitment amounts to DKK ('000) X.

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Birkenstock Nordic ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in DKK.

Recognition and measurement

Revenues are 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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

7 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment

Notes to the Financial Statements

7 Accounting Policies (continued)

are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of rent deposit and other receivables.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.