

ECCO MIDDLE EAST A/S
(CVR No. 30 71 33 54)

Industrivej 5, 6261 Bredebro

Annual Report 2024
(17 Financial year)

Approved at the annual general meeting of shareholders on 26 June 2025
Chairman

Peter Schøtt Knudsen

CONTENTS:

Statement by the management3
Independent auditor’s report4

Management’s review
Company information.....6
Five year summary.....7
Management’s review8

Financial statements 1 January – 31 December 2024
Accounting policies.....9
Income statement..... 12
Balance sheet..... 13
Statement of changes in equity..... 15
Notes 16

Statement by the Management

Today, the Supervisory Board and the Managing Board have discussed and approved the annual report of ECCO Middle East A/S for the financial year 1 January – 31 December 2024.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Bredebros, 26 June 2025

Managing Board:

Reshma Shetty

Supervisory Board:

Casper Gram Hvejsel

Peter Schøtt Knudsen

Marco Bossen

Independent auditor's report

To the shareholder of ECCO Middle East A/S

Opinion

We have audited the financial statements of ECCO Middle East A/S for the financial year 1 January – 31 December 2024, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements

applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. ☐

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 26 June 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
mne35420

Management's review

Company information

Adress: Industrivej 5, 6261 Bredebro

Telephone: 74 91 16 25

CVR-no.:30 71 33 54

Founded: 2 July 2007

Municipality of domicile: Tønder

Financial year: 17.

Supervisory Board: Casper Gram Hvejsel, Peter Schøtt Knudsen, Marco Bossen

Managing board: Reshma Shetty

Audit:

EY Godkendt Revisionspartnerselskab

Bavnehøjvej 5

6700 Esbjerg

Management's review

Five Year Summary

DKK '000	2024	2023	2022	2021	2020
Financial highlights					
Gross profit	51,418	42,853	31,219	-5,585	13,269
Operating profit	41,238	31,910	18,478	-19,325	7,319
Financial items	1,758	-126	-1,285	-388	359
Profit before tax	42,996	31,784	18,478	-19,713	7,679
Profit for the year	39,234	31,804	18,478	-19,704	7,679
Balance sheet					
Balance total	187,534	136,190	126,166	137,148	100,793
Investment in property, plant and equipment	411	0	5,997	7,892	1,520
Equity	118,464	70,481	43,445	20,825	34,821
Key ratios					
Solvency ratio	63,2%	51,8%	34,4%	15,2%	34,5%
Return on equity	41,5%	55,8%	57,5%	-70,8%	18,9%
Number of employees					
	16	14	14	14	7

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio (%) = equity * 100 / assets

Return on equity (%) = profit for the year * 100 / average equity

Management's review

Principal activities

The company's activities consist of purchase, sale, distribution and marketing of shoes and accessories through its branch in the Middle East.

The trend in activities and finances

2024 was a strong year with solid performance despite a decline in retail store traffic against 2023. A continuous focus on optimizing and improving operational efficiency as well as a tight control of costs offset the decline in revenue.

Expectations for the future

The company expects activities and earnings for 2025 to be at the same level as for 2024 with possibility of Organic Growth.

Incidents after closing the Annual Report

There have been no incidents after closing the Annual Report.

Specials risks

Currency risk

Due to the branch activities abroad, the company's profit and equity are exposed to the currency USD. The currency risks related to these activities have not been hedged as the company is convinced that an ongoing hedging of such long-term investments would not be optimal from an overall risk and cost perspective.

Knowledge resources and environment

Please refer to the consolidated financial statements in the Annual Report 2024 for ECCO Sko A/S, Bredebro.

Branches abroad:

The company has a branch with permanent establishment in Dubai Free Zone, whose activities consist of purchase, sale, distribution, and marketing of shoes and accessories.

Accounting policies

Basis of preparation

The financial statements of ECCO Middle East A/S for 2024 are presented in accordance with the provisions of the Danish Financial Statements Act applicable to class C medium sized companies.

The financial statements have been prepared based on the same accounting policies as last year.

According to the Danish Financial Statements Act § 86 paragraph. 4, the cash flow statement for the company is not prepared. Instead we refer to the consolidated financial statements of ECCO Sko A/S.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivable and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the latest financial statement is recognised in the income statement as financial income or financial expenses.

Foreign branches are considered separate entries. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign branches at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Gross profit: Gross profit includes sales revenues, cost of goods sold and Other external costs.

Revenue: Revenues are recognized, when the risk has been passed to the customer. Revenue consists of amounts invoiced excluding VAT and less returned products, discounts and rebates. The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition

Other income:

Other operating income include accounting items of a secondary nature in relation to the company's main activity.

Cost of sales: Cost of goods sold includes consumption of commercial products.

Other external costs: Other external costs comprise costs relating to maintenance, premises, office expenses, sales promotion expenses, fees, etc.

Staff costs: Staff costs comprise remuneration to employees, including pension and social security costs.

Financial income and expenses: Financial income and expenses comprise interest income and expense, capital gains and capital loss on payables and transactions denominated in foreign currencies.

Income taxes: Estimated tax on the profit for the year is recognized in the income statement along with the year's change in deferred tax.

As a subsidiary member of the ECCO Sko A/S Group, ECCO Middle East A/S is part of the Danish regulations regarding mandatory joint taxation. Subsidiaries are part of the joint taxation from the moment where they are a part of the consolidation in the annual accounts to the moment where they are omitted from the consolidation.

The current Danish corporate tax is allocated by paying a joint taxation contribution between the companies in the joint taxation. The contribution is allocated according to the taxable income in the companies. Companies in the joint taxation with a taxable deficit receive a joint taxation contribution from companies which have been able to use this deficit to reduce their taxable income.

The tax of this year is part of the income statement with the share which can be allocated to profit of the year, and is part of the equity with the share which can be allocated to entries in equity.

According to the Danish regulations regarding mandatory joint taxation, the debt of ECCO Middle East A/S towards the tax authorities is settled when the company has paid the joint taxation contribution to the administrative company.

Deferred tax is calculated as the difference between the carrying amounts and tax values of current assets and fixed assets. Furthermore, the tax value of tax losses carried forward is recognized in the amount at which they are expected to be used.

If, on a net basis, there is a tax asset, the amount of future tax savings is recognized, provided that it is deemed more likely than not that the deduction can be offset against future taxable profits.

Balance sheet

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation.

Goodwill is amortised on a straight-line basis over its estimated useful life, which is assessed to be 10 years.

Property, plant, and equipment: Property, plant and equipment are recognized at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets.

The expected useful lives are as follows:

- Plant and machinery, vehicles, fixtures and fittings 5 years

Inventories: Commercial products are valued at acquisition price. Products with a net realizable value lower than the cost or acquisition price are written down to the lower value.

Receivables: Receivables are measured at amortized cost less provisions for anticipated losses determined based on an individual evaluation.

Cash: Cash comprise cash.

Equity: Dividends to be paid by the Company are recognized as a liability in the financial statements at the time of adoption by the shareholders at the Annual General Meeting. Dividend proposed in respect of the financial year is stated as a separate line item in the equity note.

Liabilities: Liabilities are measured at net realizable value. The Company has chosen IAS 39 as interpretation for liabilities

INCOME STATEMENT 1 JANUARY 2024 – 31 DECEMBER 2024

		31.12.24 <u>(DKK)</u>	31.12.23 <u>(DKK)</u>
Note			
	Gross profit	51,417,861	42,690,031
	Other income	195,000	163,100
1	Staff costs	-9,715,824	-9,960,720
	Amortisation and depreciation	-659,199	-982,544
	Operating profit	41,237,838	31,909,867
2	Financial income	1,758,379	200,913
2	Financial expenses	0	-326,781
	Profit before tax	42,996,217	31,782,999
3	Tax on profit for the year	-3,762,303	20,449
	Profit for the year	39,233,914	31,804,448

BALANCE SHEET AS OF 31 DECEMBER 2024

<u>Note</u>	31.12.24 <u>(DKK)</u>	31.12.23 <u>(DKK)</u>	
<u>ASSETS</u>			
FIXED ASSETS:			
4	Intangible fixed assets:		
	Goodwill	0	427,252
		-----	-----
		0	427,252
		-----	-----
5	Tangible fixed assets:		
	Fixtures and fittings, tools and equipment	1,309,443	1,485,085
		-----	-----
		1,309,443	1,485,085
		-----	-----
	Total fixed assets	1,309,443	1,912,337
		-----	-----
CURRENT ASSETS:			
	Inventory	18,882,557	12,976,840
	Trade receivables	19,803,093	30,703,311
	Receivables from group entities	141,548,867	79,852,968
	Other receivables	0	0
	Cash	5,989,760	10,745,028
		-----	-----
	Total current assets	186,224,277	134,277,877
		-----	-----
	TOTAL ASSETS	187,533,720	136,190,214
		=====	=====

BALANCE SHEET AS OF 31 DECEMBER 2024

<u>Note</u>	31.12.24 <u>(DKK)</u>	31.12.23 <u>(DKK)</u>	
<u>EQUITY AND LIABILITIES:</u>			
8	EQUITY:		
	Share capital	2,250,000	2,250,000
	Retained earnings	116,214,343	68,230,919
	Proposed dividend	0	0
	Total equity	118,464,344	70,480,919
	Short-term debt:		
	Trade payables	0	0
	Payables to group entities	59,256,244	61,036,133
	Other debt	5,986,682	4,673,182
	Corporate tax payable	3,826,450	0
	Total short-term debt	69,069,376	65,709,295
	TOTAL EQUITY AND LIABILITIES	187,533,720	136,190,214
6	Contingent liabilities and collateral security		
7	Information about shareholder conditions.		

STATEMENT OF CHANGES IN EQUITY

<u>Note</u>	(DKK)	Share capital	Retained earnings	Total
	Equity at 1 January 2024	2,250,000	68,230,919	70,480,919
	Currency translation of branch	0	8,749,511	8,749,511
8	Retained from profit for the year	0	39,233,914	39,233,914
	<u>Equity 31 December 2024</u>	<u>2,250,000</u>	<u>116,214,344</u>	<u>118,464,344</u>

NOTES

Note 4: Intangible fixed assets

	31.12.24 (DKK) Goodwill
Cost at 1 January	610,364
Currency translation	39,636
Disposal	-650,000

Cost at 31 December	0

Accumulated depreciation at 1 January	-183,112
Currency translation	-11,888
Disposal	195,000
Depreciation	0

Accumulated depreciation at 31 December	0

Carrying amount at 31 December	0
	=====

Note 5: Property, plant and equipment

	31.12.24 (DKK)
	Fixtures and fittings, tools and equipment
Cost at 1 January	9,042,965
Currency translation	587,221
Additions	411,179
Disposals	- 4,153,129

Cost at 31 December	5,888,235

Accumulated depreciation at 1 January	-7,557,880
Currency translation	-490,784
Disposal	4,129,070
Depreciation	-659,199

Accumulated depreciation at 31 December	-4,578,792

Carrying amount at 31 December	1,309,443
	=====

Note 6: Contingent liabilities and collateral security

The company is taxed jointly with other Danish companies in the ECCO Group. As a wholly owned subsidiary, the company is jointly and unlimited liable together with the other companies as regards joint taxation of Danish taxation at source on dividends, interests, and royalties within the joint taxation group.

At 31 December 2024 the company had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise amounting to DKK 0 (2023: DKK 731,043).

Note 7: Information about shareholder conditions

The company's list pursuant to Section 55 of the Danish Companies Act of shareholders with more than 5% of the votes or more than 5% of the nominal value of the share capital includes:

- ECCO Sko A/S

ECCO Middle East A/S is included in the consolidated financial statement of ECCO Sko A/S and Anpartsselskabet af 1. Oktober 2011, Bredebro, Denmark.

Related party transactions

	31.12.24	31.12.23
	<u>(DKK)</u>	<u>(DKK)</u>
Purchase of goods	62,747,350	79,431,875
Interest income from related parties	1,694,504	140,385
Interest expense to related parties	0	0
Receivables from related parties	141,548,867	79,852,698
Payables to related parties	59,256,244	61,036,113

Note 8: Proposed profit appropriation

	31.12.24	31.12.23
	<u>(DKK)</u>	<u>(DKK)</u>
Retained earnings	39,233,914	31,804,448
	-----	-----
	39,233,914	31,804,448
	-----	-----