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ANNUAL REPORT 2023

ÅRSRAPPORT TIL
ERHVERVSSTYRELSEN
Nærværende årsrapport er fremlagt og
godkendt på selskabets ordinære
generalforsamling

den

4/6-24



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Statement by the Management

Today, the Managing Board and the Supervisory Board have discussed and approved the annual report of ECCO Sko A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and the Parent Company's operations and the consolidated cashflows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair view of the developments in the Group's and the Parent Company's operations and financial state, and the results of the Group's and the Parent Company's operations and financial position.

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

Bredebro, 12 March 2024

MANAGING BOARD


Panos Mytaros
Chief Executive Officer


Thomas Øegsjø
Chief Operations & Data Officer


Michel Krol
Chief Consumer Officer


Mads Fink Eriksen
Chief Financial Officer

SUPERVISORY BOARD


Hanne Tooseby Kasprzak
Chairman


Henrik Ottosen
Vice Chairman


André Kasprzak
Member, Supervisory Board


Anna Kasprzak
Member, Supervisory Board


Tom Behrens-Sørensen
Member, Supervisory Board


Lars Hemming
Member, Supervisory Board


VMI Okholm
Employee Representative


Ib Overgaard
Employee Representative


Hanne Zimmermann
Employee Representative

Independent Auditor's Report

TO THE SHAREHOLDERS OF ECCO SKO A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of ECCO Sko A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cashflow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations as well as the consolidated cashflows for the financial year 1 January – 31 December 2023 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

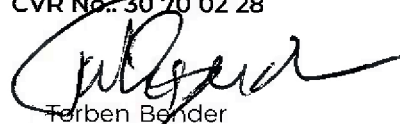
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially 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 Statements Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 12 March 2024

EY Godkendt
Revisionspartnerselskab
CVR No.: 30 70 02 28



Torben Bender
 State Authorised
 Public Accountant
 MNE no. mne21332



Morten Østergaard Koch
 State Authorised
 Public Accountant
 MNE no. mne35420

Company Details

Name	ECCO Sko A/S
Address, postal code, city	Industrivej 5, DK-6261 Bredebro, Denmark
CVR no.	4534 9918
Established	1963
Financial year	1 January – 31 December
Website	www.ecco.com
E-mail	contact@ecco.com
Telephone	+45 74 91 16 25

MANAGING BOARD

Panos Mytaros, *Chief Executive Officer*
Michel Krol, *Chief Consumer Officer*
Thomas Gøgsig, *Chief Operations & Data Officer*
Mads Fink Eriksen, *Chief Financial Officer*

SUPERVISORY BOARD

Hanni Toosbuy Kasprzak, *Chairman*
Henrik Ottosen, *Vice Chairman*
André Kasprzak
Anna Kasprzak
Tom Behrens-Sørensen
Lars Hemming
Vivi Okholm, *Employee Representative*
Ib Overgaard, *Employee Representative*
Hanne Zimmermann, *Employee Representative*

AUDITORS

EY Godkendt Revisionspartnerselskab
Bavnehøjvej 5, 6700 Esbjerg, Danmark, CVR-nr. 30 70 02 28

Five-Year Summary

FINANCIAL HIGHLIGHTS

EUR '000

	2023	2022	2021	2020	2019
Net revenue	1,570,524	1,585,780	1,218,078	1,092,470	1,359,722
Profit before amortisation and depreciation	191,520	173,185	155,156	119,192	258,240
Amortisation and depreciation	(77,336)	(80,665)	(71,030)	(68,950)	(57,172)
Profit before financials	114,184	92,520	84,126	50,242	201,068
Financial income and expenses	(24,155)	(4,331)	(8,326)	(5,506)	(5,233)
Profit before tax	90,029	88,189	42,832	44,735	195,834
Income tax	(42,994)	(39,492)	(29,356)	(21,588)	(48,260)
Profit for the year	47,035	48,697	13,476	23,147	147,574
Non-current assets	463,693	497,606	542,841	463,798	371,529
Current assets	1,016,283	1,077,193	876,243	856,958	781,268
Total assets	1,479,976	1,574,799	1,419,084	1,320,756	1,152,797
ECCO Sko A/S shareholders' share of equity	451,442	491,118	498,436	539,877	648,754
Non-controlling interests	195,946	194,154	179,734	146,910	144,781
Non-current liabilities	489,713	463,892	226,105	249,495	108,045
Current liabilities	342,875	425,635	514,809	384,474	251,217
Equity and liabilities	1,479,976	1,574,799	1,419,084	1,320,756	1,152,797
Cashflow from operating activities	127,541	(43,096)	184,839	31,510	248,256
Cashflow from net investing activities	(43,278)	(75,715)	(89,835)	(195,229)	(79,056)
Investments in property, plant, and equipment	(29,863)	(57,435)	(44,328)	(55,156)	(67,618)
Cashflow from financing activities	(85,740)	103,320	(36,363)	150,819	(105,154)
Number of employees (as of 31 December)	22,601	23,753	21,712	21,434	21,364

KEY RATIOS

Operating margin	7.3%	5.8%	6.9%	4.6%	14.8%
Profit ratio	5.7%	5.6%	3.5%	4.1%	14.4%
Return on assets	5.9%	5.9%	3.1%	3.6%	17.8%
Investment ratio	0.6	0.9	1.3	2.8	1.4
Return on equity	5.5%	8.0%	(4.6%)	(1.1%)	17.7%
Solvency ratio	30.5%	31.2%	35.1%	40.9%	56.3%
Liquidity ratio	3.0	2.5	1.7	2.2	3.1

DEFINITIONS OF KEY RATIOS

Operating margin: $\frac{\text{Profit before financials} \times 100}{\text{Net revenue}}$

Profit ratio: $\frac{\text{Profit before tax} \times 100}{\text{Net revenue}}$

Return on assets: $\frac{\text{Profit before tax} \times 100}{\text{Average assets}}$

Investment ratio: $\frac{\text{Investments for the year}}{\text{Amortisation and depreciation}}$

Return on equity: $\frac{\text{Profit for the year excl. non-controlling interests} \times 100}{\text{ECCO Sko A/S shareholders' share of average equity}}$

Solvency ratio: $\frac{\text{ECCO Sko A/S shareholders' share of equity} \times 100}{\text{Total assets}}$

Liquidity ratio: $\frac{\text{Current assets}}{\text{Current liabilities}}$

Operating Review

PRINCIPAL ACTIVITIES

The purpose of the company is manufacturing footwear and accessories for sale in the wholesale and retail business, other production and trade activities as decided by the Board of Directors, and having ownership of subsidiaries within production and sales.

DEVELOPMENT IN ACTIVITIES AND FINANCIAL MATTERS

In 2023, ECCO continued the transformation that was commenced in 2022, centering around strengthening the brand, improving our operations, and building a stronger financial platform. These changes resulted in higher costs for marketing as well as one-off restructuring activities.

Despite this, the profit before tax increased by 2% to EUR 90.0m, and cashflow from operating activities increased to EUR 127.5m from EUR 43.1m prior year. This is in line with the reported outlook for 2023 of moderate profitability increase and significant cash-flow improvements.

PROFIT AND LOSS

Inflation and higher interest rates, geopolitical tension, currency headwind, and softening demands in the second half of 2023 created a challenging environment. At constant currency rates, sales grew by 6.5% in line with the outlook provided for moderate sales increase. However, at reported currency rates, sales were at EUR 1,570.5m, down by 1% compared to 2022 figures.

Solid growth both in sales and profitability was achieved with the exception of leather sales which declined compared to the previous year. The leather business in particular was affected by an extraordinary decrease in demand in 2023.

Most of the increase in the fixed costs was caused by activity-driven costs in the direct-to-consumer channels, wage inflation, as well as higher marketing spending in relation to global brand building activities.

Profit before amortisation and depreciation increased 11% to EUR 191.5m (compared to EUR 173.2m in 2022). Measured at fixed currency rates, the increase in profit before amortisation and depreciation was 26%.

Depreciations and amortisation decreased to EUR 77.3m (compared to EUR 80.7m in 2022).

Financial expenses increased to EUR 24.2m (compared to EUR 4.3m in 2022) due to higher interest rate levels.

The strong performance in our direct-to-consumer channels and in particular in our retail channel showing a double-digit comparable sales growth combined with very strong contribution margins was partially offset by currency headwind and higher interest rates.

ECCO realised a pretax profit of EUR 90.0m, and the profit margin increased to 5.7% from 5.6% in 2022.

BALANCE SHEET AND CASHFLOW

Net investments for the year 2023 were at EUR 43.2m, a 33% reduction versus prior year, in part from less capital allocation towards new store openings and a continued focus on allocating capital to strategic important and higher return areas.

Major investments were related to the continued digital transformation of the ECCO Group as well as selected retail expansion in high-growth regions.

While store openings in Americas and Europe were very limited in 2023, funds were allocated towards brand building activities in these regions, including opening of new brand building stores and refitting of key locations. Furthermore, ECCO continued to invest in solar panels on and around its factories.

The Group realised lower levels of working capital from reduced inventory and receivables. Inventory was lowered significantly with a reduction in footwear of 13%, in part from improved sell-through performance, and in part from activities to reduce levels of aged products.

ECCO ended its financial year with a continued strong financial position. Interest-bearing debt was reduced vs. prior year. The year-end cash position was at EUR 299m (in line with the EUR 300m in 2022), and the solvency ratio ended at 30.5% vs. 31.2% last year.

OUTLOOK

There are no events after the balance sheet date that materially affect the financial statements for 2023.

The volatility and uncertainty in the world remain high and as a result, the visibility into the future is unclear. Geopolitical developments could bring renewed challenges in 2024. Overall, ECCO is prepared for supply chain disruptions, however, anticipating relatively stable supply chains and freight rates.

Working capital is expected to improve further with a continued focus on increasing stock turn. As a result, ECCO's net sales are expected to increase to EUR 1.65-1.75bn, with profit before

amortisation and depreciation in the range EUR 210-230m, and a significant increase in operating cashflow.

RISK MANAGEMENT

ECCO is exposed to a number of business risks that may adversely impact our ability to reach our financial and strategic objectives. In pursuing business opportunities, ECCO consciously takes on certain risks, but effective risk management enables the ECCO Group to continuously monitor these and implement appropriate countermeasures.

The Supervisory Board is ultimately accountable for ECCO's risk management. Key risks are examined by the Managing Board and the Risk Committee on a quarterly basis and, if necessary, the Managing Board and the Risk Committee delegate mitigation responsibility.

Significant risks include geopolitical risks, cyber security, tax risks, internal supply chain disruption, illegal use of ECCO's IPR, and financial risks.

CYBER RISKS

The potential outcomes of cyber attacks carry significant implications, encompassing data breaches, direct financial setbacks, business disruptions, and harm to ECCO's brand image.

To address these risks, ECCO maintained our commitment in 2023 to enhance the internal cyber security structure, fortify defensive measures, and proactively address potential cyber threats through prevention, detection, and response measures.

Our ongoing Cyber Security Improvement programme, initiated in 2022, remains a focal point for bolstering our resilience against cyber criminal activities and reinforcing internal capacities.

Throughout 2023, the programme achieved notable milestones by expanding the internal organisation, introducing new capabilities, and implementing advanced tools, comprehensively covering the spectrum of cyber security measures.

TAX RISKS

The global tax policy landscape continues to change and move towards a more public tax policy domain. This is driven by public demands and supported by both voluntary sustainability standards and mandatory directives. ECCO's Tax Committee follows these developments closely, ensuring that ECCO continues to adhere to new legislation as it is enacted.

ECCO's global presence, and a significant number of inter-company transactions, increase the exposure to challenging tax evolutions and in this increasingly uncertain environment, double taxation continues to be a tangible challenge to mitigate.

ECCO's Tax Committee manages global tax governance and mitigates tax risks in the best possible way, by following the OECD transfer pricing guidelines among other things. ECCO is renewing existing bilateral advance pricing agreements between Denmark and Indonesia, and between Denmark and the United States.

INTERNAL SUPPLY CHAIN

ECCO's tanneries, factories, and shops are co-dependent, and a disruption in one area may adversely affect the entire value chain and, most notably, sales to consumers. For example, a factory fire or natural catastrophe could significantly affect the Group's operations. ECCO's prepared mitigations include measures to prevent fires, various contingency plans, and suitable insurance cover.

During 2023, ECCO's internal supply chain has regained its reliability. Post-Covid effects have all been mitigated, and ECCO is in a better situation in a supply chain context. Several alternative transportation routes and transportation modes and forwarding partnerships were developed. This to mitigate the risk of lack of transport equipment and port congestion, which was a challenge during and post-Covid.

To improve service levels and resilience in our market in the US, a new and modern distribution centre has been installed in Indianapolis. This will further strengthen the global distribution network.

ILLEGAL USE OF ECCO IPR

ECCO's Intellectual Property Rights (IPR) are core assets due to their essential and considerable value. ECCO's IPR strategy ensures that we are able to carry out our business activities unhindered, achieve competitive advantages, and maintain and further develop our position in global markets. ECCO is constantly alert to the ongoing threat of individuals or companies that may try to penetrate, or copy, ECCO's IPR and brand. This could potentially lead to a loss of competitive advantage, or damage the perception of the ECCO brand.

In ECCO, we therefore protect our brand, designs, and new technical developments as rigorously as possible via IPR such as patents, trademarks, copyrights, design rights, and trade secrets. In addition, ECCO constantly monitors our products, both online and offline. When required, we rigorously defend our IPR against

copycats and other infringements through administrative and legal actions. In 2023, ECCO successfully enforced our IPR in many jurisdictions, leading to cancellation of third-party registrations, compensation, prevention of sales, and acknowledgement of ECCO's rights.

In 2023, ECCO invested significantly in innovations, and these are, to a large extent, protected as IPR or trade secrets.

IMPACT FROM FINANCIAL MARKETS

The macroeconomic risk picture continues to be characterised by some uncertainty. ECCO has most notably been impacted by increasing interest rates. The higher cost to service debt had a material impact on the financial results in 2023.

As a global consumer goods company operating in 90 markets, we are also exposed to the changes in foreign currency exchange rates.

Inflation in prices of goods and services continues to affect primarily product costs; however, to a lesser extent than in the prior years immediately following the Covid-19 pandemic.

We continue to take steps to address risks from financial markets and macroeconomic developments by reviewing our risk mitigation instruments and tactics.

ECCO's Corporate Treasury has the overall responsibility for financial risk management, arranging currency hedging and ensuring adequate credit facilities. The total of credit facilities must be able to mitigate fluctuations in Net Working Capital caused by sales seasonality, while at the same time maintaining a proper financial headroom.

The Corporate Treasury also functions as ECCO's internal bank, providing loans and deposits within the Group. ECCO is globally exposed to fluctuations in currency rates, and the Corporate Treasury maximises natural hedging whenever possible, respecting regulations and practicalities. Our Currency Policy ensures that the material part of transactional exposures from sales and sourcing is hedged. ECCO's hedge horizon has a range of 12 to 27 months, depending on the nature of the underlying exposure. To reduce the risk of increased financing costs, ECCO manages the interest rate risk by taking up fixed-rate loans or by entering into interest rate swaps.

DATA ETHICS

In ECCO, we care about creating and maintaining strong, positive relationships with our colleagues, our partners, and our consumers, and we therefore always strive to process data in an ethical manner and with respect for the individual. ECCO is collecting and

processing data about our employees, consumers, customers, and other partners and since ECCO is continuously using new technologies to improve its value chain and the consumer and customer experiences, ECCO makes a clear commitment to always collect and process data in accordance with high ethical standards.

In 2023, ECCO's Data Ethics Policy has been updated and guidelines have been adopted to ensure that namely consumer and employee data is collected and processed in accordance with ECCO's data ethical standards. Data ethics considerations are embedded in the assessment of all new projects, especially when it concerns the utilisation of new technologies or new innovative ways of processing data.

KNOWLEDGE RESOURCES

ECCO holds significant knowledge resources that are essential to the continued success of our company.

We are dedicated to building a diverse workforce, and we make it a priority to provide lifelong training and offer attractive career possibilities to our employees. The following sections detail the importance and influence of knowledge resources in the ECCO Group's performance and development.

RESEARCH AND INNOVATION ACTIVITIES

The success of ECCO's products across the globe can be attributed to a combination of innovation, advanced technology, and unmatched craftsmanship. We believe in the power of a workplace that stimulates a desire to continuously become better and go new ways to create the best shoes and accessories for our consumers. Since the foundation of ECCO in 1963, innovative thinking has been a key driver in transforming a Danish shoe production into a global brand; and in 2023, our transformation agenda was consolidated and gained speed. Across ECCO's organisation, we are combining our knowledge resources with research and innovation efforts to drive end-to-end innovation in technology, processes, and sustainability.



Corporate Governance

1. Designing and making products of the highest quality, always seeking to understand what our consumers want and meeting their expectations.
2. Creating good jobs for ECCO's employees, who are the core of our business, always offering lifelong training and education and new challenges to increase their job satisfaction.
3. Caring for the environment. Whilst acknowledging there will be polluting activities, ECCO is committed to minimising these and to always meeting or exceeding the highest environmental standards wherever we are active.
4. To be able to fulfil these ambitions, operating a healthy and efficient business with sufficient profitability to fund ECCO's ambitions and also safeguarding the future of the company and its employees.
5. Benefitting shareholders and employees as well as suppliers and customers and understanding and supporting the local communities where ECCO is active.
6. Maintaining a widely experienced Supervisory Board, closely involved in the company's strategy, activities, and risk management.
7. Being an innovative company, which is always evolving and discovering new and better ways of doing things.
8. Behaving correctly and decently in all of ECCO's activities and complying with ECCO's Code of Conduct at all times.
9. Expecting management and employees to be vigilant if they observe any breaches of ECCO's Code of Conduct. Any breach should be reported to ECCO's Corporate Governance Audit team.
10. ECCO's Whistleblower system is available for all of ECCO's employees to report any serious offences.



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CODE OF CONDUCT

THE 10 COMMITMENTS

- 1, ECCO is a guest in each of the countries in which it operates and respects the local culture.
- 2, ECCO supports, respects, and takes a proactive approach to protecting internationally defined human rights.
- 3, ECCO respects equal opportunities and fights discrimination in the workplace.
- 4, ECCO respects the individual's right to religious freedom.
- 5, ECCO respects the right to freedom of association.
- 6, ECCO wishes to provide employees with a workplace free of harassment or abuse and condemns any form of enforced labour.
- 7, ECCO supports the UN Convention on the Rights of the Child.
- 8, ECCO provides training, education, and further development of human resources at all levels.
- 9, ECCO aims to be a leader within the environment, health, and safety and supports sustainable development.
- 10, ECCO wishes to ensure that it complies with all relevant laws and regulations.




Panos Myltaros
Chief Executive Officer


Michel Krol
Chief Consumer Officer


Mads Fink Eriksen
Chief Financial Officer


Thomas Gøgsig
Chief Operations and Data Officer



Corporate Social Responsibility

ECCO builds our business on a foundation of respect for our people, the environment, and society as described in our Code of Conduct.

HUMAN RIGHTS

In ECCO's Code of Conduct, seven out of ten commitments directly relate to internationally defined human rights. Augmenting these commitments, ECCO's Human Rights Policy demonstrates our determination to take a proactive approach to protecting internationally recognised human rights.

ECCO's Group Corporate Responsibility department oversees the implementation of human rights related policies and activities. By tracking relevant standards, best practices, and legal requirements, the department ensures that we continually improve our human rights due diligence system and mitigate potential negative impacts and risks.

Employees at management level and internal experts regularly come together at the Group Corporate Responsibility Steering Committee to discuss ECCO's performance, related projects, and monitor and address risks. ECCO's key human rights related risks remain in areas where we have less control over the supply chain such as violations of our Code of Conduct at suppliers.

ECCO further has a whistleblower system, which enables employees to raise concerns related to human rights and other ethical matters.

SOCIAL AND EMPLOYEE CONDITIONS

It is ECCO's policy to ensure our employees have attractive jobs and continue to offer them lifelong learning, education, and new challenges at both local and global levels.

DEVELOPING OUR PEOPLE

Over time, we have developed and refined several training programmes for our employees with the aim of taking our overall skill set to a higher level and in 2023, we continued building upon this development. Several employees completed their EMBA education and were accredited with the degree in July 2023.

18 ECCO NextGen trainees graduated in August, ready to take on permanent positions in the ECCO business. In September 2023, seven new ECCO NextGens, representing seven nationalities, joined the programme.

We strive to ensure that ECCO remains a motivating workplace, and we survey the satisfaction of our employees annually. In 2023, the ECCO Engagement Driver survey covered feedback from 3,675 employees, which equals a response rate of 93%. For the first time, a portion of retail workers were also included, resulting in an additional 555 responses.

GENDER DISTRIBUTION

67% of ECCO's employees are women, and 32% are men (1% is undisclosed), excluding our European retail staff.

ECCO's long-term aim is a minimum 35%/65% gender balance at senior leadership level. At the end of 2023, out of ECCO's employees in senior leadership positions at ECCO Sko A/S, 22% were women and 78% men. This constitutes the Managing Board and the subsequent level of leaders below. The target has not yet been met despite several changes made during 2023.

In Q4 2023, the VP Merchandising was promoted to Chief Product Officer, and we recruited a VP Corporate Responsibility and Sustainability, both contributing towards an increase in female representation at senior leadership level.

The Supervisory Board regularly reviews the policy relating to gender distribution in ECCO's leadership throughout the Group. Furthermore, ECCO continues to focus on increasing the number of female senior leaders during all recruitment processes.

Number of Supervisory Board members	6
Female share of the Supervisory Board	33%
Target for female share of the Supervisory Board	33%
Number of people in senior leadership positions	40
Female share of senior leadership positions	22%
Target for female share of senior leadership positions	35%
Year for achieving target gender distribution	2027



In 2024, ECCO strives to achieve 30% female representation in the senior leadership positions, and 35% in 2027.

WOMEN'S PARTICIPATION IN ECCO'S MANAGEMENT

ECCO disagrees, fundamentally, with the prescriptive approach in the law passed by the Danish Parliament in 2012, obliging large Danish companies to set targets for improved representation of women in management.

ECCO disagrees for two reasons:

Firstly, it should be the skill and experience of a person, rather than their gender, that determines if she or he is suitable for a management position.

Secondly, it is demotivating for talented women if legislation demands companies to fix a predetermined quota of female managers.

ECCO respects the law, but continues the development of its own programme to ensure that suitably talented women will continue to gain positions in the company's management.

ECCO Sko A/S also has a target of a minimum of 33% female representation of the Supervisory Board. The Supervisory Board is elected by the Annual General Assembly and comprises 6 members and a further 3 employee elected representatives. At the end of 2023, ECCO had 33% female representation excluding our employee elected representatives. The female representation increases to 44% when including the employee elected representatives. Thus, we have achieved the targeted gender distribution in the Supervisory Board.

A HEALTHY AND SAFE WORKPLACE

In 2023, ECCO continued to develop and implement an effective, tailored, and practical health and safety management system. As part of this, new policies and procedures were released and existing ones updated to improve ECCO's performance in the area of health and safety. Special attention was paid to training EHS personnel to increase competency levels and familiarisation with ILO and EU standards in the area of health and safety, and an international workshop on EHS was held in 2023.

Intensified use of ECCO's internal chemical management system has streamlined the assessment and approval process of new chemicals. As a benefit, new chemicals' compliance with ECCO

and EU standards can be assessed well in advance, which helps eliminating non-compliant chemicals/substances at an early stage or while still in the consideration phase.

Comprehensive investigation of work-related accidents and incidents has enabled us to identify and understand hidden risks. Steady reporting and information sharing across the organisation have helped preventing the occurrence of similar incidents/accidents in other ECCO units.

ENVIRONMENT, INCLUDING CLIMATE IMPACT

ECCO is committed to taking a leading role in environmental stewardship, exemplified by the establishment of a set of ambitious Environmental Targets in 2020.

2024: ECCO HEADQUARTERS IN DENMARK

Building on the progress made last year, ECCO continues our efforts to achieve our Danish headquarters running on 100% renewable energy by further reducing fossil-based energy consumption and increasing the utilisation of renewable energy sources.

These past years, heat pumps were installed in several buildings, resulting in a significant 96.1% reduction in natural gas consumption compared to the previous year. In addition to this, ECCO has ensured sourcing of renewable solar and wind electricity.

Furthermore, ECCO has begun the process of establishing a solar park on the outskirts of Bredebro.

2026: WASTE

As ECCO transitions towards waste reduction and embraces more circular practices, our goal is to recover 90% of manufacturing waste. Currently, the cumulative amount of waste recovered, reused, and recycled from our shoe factories and tanneries, has reached 73.4%, a 5.5% improvement from the year before. One significant contribution was finding an energy recovery route for part of the waste water sludge from our tanneries.

2028: ENERGY

ECCO aims to achieve energy neutrality across our entire business, encompassing all owned and operated facilities such as our manufacturing units, offices, shops, warehouses, and administration buildings by 2028.



In instances where further reduction in consumption is not feasible, ECCO has successfully covered 31% of our energy from renewable sources with 27.2% from on-site renewable energy sources such as roof-top photovoltaic installations and biogas from waste production. The remaining 72.8% is sourced externally, accompanied by renewable energy certificates (RECs).

ECCO's commitment to achieve energy neutrality is reinforced by additional actions, including ISO 50001 Energy Management System audits, energy screenings, and ECO2L audits in various manufacturing units. These assessments scrutinise our energy consumption, identify areas for improvement, and stimulate discussions on innovation.

Such audits and collaborative efforts are instrumental in sparking discussions to implement innovative ideas to help us meet our energy-neutral targets.

CARBON ACCOUNTING

In 2023, ECCO calculated our first corporate carbon footprint for base year 2021, resulting in 627.964 t CO₂e. This footprint encompasses scope 1, 2, and 3 emissions, representing ECCO's entire value chain. Scope 1 and 2 emissions (66.582 t CO₂e) are the emissions from ECCO's own operations. ECCO already took measures towards decarbonisation in terms of efficiency, electrification, and transformation to renewable energy in our factories. This will bring down scope 1 and 2 emissions. Scope 3 emissions (561.382 t CO₂e) are indirect emissions from our value chain, mainly stemming from purchased goods and services (59%), followed by upstream and downstream transportation (16%). Going forward, annual carbon accounting will be conducted, and the 2022 carbon accounting is expected to be concluded by Q1 2024.

2030: WATER, WASTE WATER, AND CHEMICALS

ECCO remains committed to advancing sustainability practices with an ongoing focus on minimising freshwater usage and enhancing waste water facilities to establish closed-loop water systems.

To underline the benefits of our DriTan™ technology, a life-cycle-assessment (LCA) was performed to measure the environmental impact of our current DriTan™ process and confirmed 34% lower CO₂e emission compared to the normal chrome-tanning process.

Additionally, process optimisation projects to recycle waste water in-house at our tanneries in Indonesia and the Netherlands have been undertaken this year. These initiatives target a 30-40% reduction in overall

freshwater demand in the two tanneries. Searching for more sustainable technologies, ECCO has recently invested in a pioneering pilot study of supercritical carbon dioxide (scCO₂) dyeing technology, originally developed in the textile industry, for its application in dyeing and post-tanning procedures for leather. The lab-scale machine was set up in Dongen, the Netherlands, this year.

SUSTAINABLE CHEMISTRY ACTIONS

During the shoe design phase, we have had particular focus on promoting the principles of the circular economy, emphasising the conscientious use of resources and waste reduction. For instance, instead of introducing new materials, we are exploring options to print or emboss on existing materials within our inventory. Furthermore, the design team has been revisiting historical ECCO shoe designs, noting their uncomplicated structures composed of fewer components and resulting in less waste.

This underscores the significance of reverting to fundamental principles. While drawing inspiration from historical shoe designs, we are also embracing a more futuristic and technologically advanced approach. To achieve this, we are digitalising the development process in two ways; we have been exploring using virtual reality headsets into the design process in the last couple of years and we now also have our 3D team, where shoes come to life in vivid realism, showcasing a diverse array of colours and materials. Both of these activities reduce waste generated during the development phase.

ECCO is also in the process of developing a core material portfolio. As of this year, our material sourcing team has already adopted a new approach for meticulously assessing and approving incoming materials that strictly adhere to our sustainability profile requirements.

ANTI-CORRUPTION AND ANTI-BRIBERY PROGRAMME

In addition to selling products globally, ECCO also sources globally and as such, operates in markets where the risk of corruption and bribery is present. The ECCO Code of Conduct as well as relevant internal policies and procedures are key in preventing both corruption and bribery and, if necessary, detecting such in order for ECCO to take action.

In 2023, ECCO reviewed our Corruption and Bribery Policy and conducted various interactive and in-depth training sessions globally. These training sessions allowed for greater awareness and



consciousness on the topic of corruption and bribery and the position taken by ECCO on this, as well as on available tools for employees. In connection to this, the ECCO Group Whistleblower Policy continues to provide a safe channel for employees to express concern and send through anonymous information, allowing for potential detection of further issues.

In 2024, ECCO plans to continue the roll-out and localisation of the ECCO Group Whistleblower Policy and enforce relevant policies, supported by training of employees globally.

RISKS

ECCO's business model, which allows us direct control of the majority of our value chain, proves an advantage in the protection of human rights and in limiting social and environmental risks.

Corporate responsibility risks and mitigations plans are reported several times every year and presented to the Group Corporate Responsibility Steering Committee, and risks are subsequently shared with the ECCO Risk Committee.

The most significant risk of human rights violations occurs where ECCO has limited control. This is one of the main reasons behind ECCO's robust and comprehensive Code of Conduct Audit System, which covers ECCO tanneries, ECCO shoe factories, and suppliers. In 2023, four on-site audits were carried out at our tanneries and shoe factories and 188 supplier on-site audits were completed. Critical breaches of our Code of Conduct caused ECCO to terminate cooperation with eight suppliers.

A main component of ECCO's due diligence system is educating our employees in ECCO's Code of Conduct.

Our Group Corporate Responsibility department facilitates several presentations every year to larger employee groups. Further, in 2023, additional internal colleagues were trained in conducting ECCO Code of Conduct audits at suppliers, while colleagues from our partner Bureau Veritas were trained in conducting Code of Conduct deep dive audits at ECCO's own production units.

To minimise risks related to our employees, we have implemented minimum standards across the Group. This includes the same health and safety standards for all production workers.

ECCO recognises that the primary environmental risks arising from our operations remain energy consumption, water management, material/chemical usage, and air emissions. To effectively mitigate these risks and ensure control and compliance, we have implemented a comprehensive and effective Group environmental management system.

As part of our unwavering dedication to environmental responsibility and compliance, ECCO conducts rigorous internal and external audits, encompassing ISO 14001 Environmental Management System Audits, housekeeping audits, and various energy-related audits. This proactive approach extends to industry-specific evaluations, such as the Leather Working Group (LWG), demonstrating our dedication to sustainability and environmental stewardship. ECCO takes pride in maintaining three gold and one silver LWG medal-rated tanneries, and we are mindful of the upcoming round of audits scheduled for 2024.

In a dynamic and unpredictable new world, ECCO faces a heightened need to predict and assess various risks. Within the environmental domain, these risks can be categorised as either physical or transitional.

Physical risks are influenced by climate change and may encompass events like the flooding incident experienced at our Thailand shoe factory and tannery in 2011. Additionally, there are transitional risks, which encompass changes in technology, behaviour, and policies.



Environmental Targets

2024

ECCO'S HEADQUARTERS IN DENMARK

The HQ in Denmark has been chosen as the environmental model for ECCO's many global offices.

The target is to have an energy-neutral HQ by 2024.

2026

WASTE

Waste overall to be further reduced, especially waste to landfill and wherever possible, waste to be recycled.

The target is that 90% of all waste is recovered by 2026.

2028

ENERGY

To reduce dependence on energy generated from fossil fuel sources and replace it with renewable energy.

The target is to be energy-neutral by 2028.

2030

WATER/WASTE WATER

To continue the reduction in water usage and improve waste water facilities to create closed-loop water systems.

Subject to relevant technologies to be developed, the target is to reach net zero water discharge by 2030.

CHEMICALS

To reduce the consumption of chemicals and gradually replace them with bio-based substances, and to work on recycling chemicals where not easily replaceable.

Subject to relevant technologies to be developed, the target is to only use bio-based, recycled, or recyclable chemicals and substances by 2030.

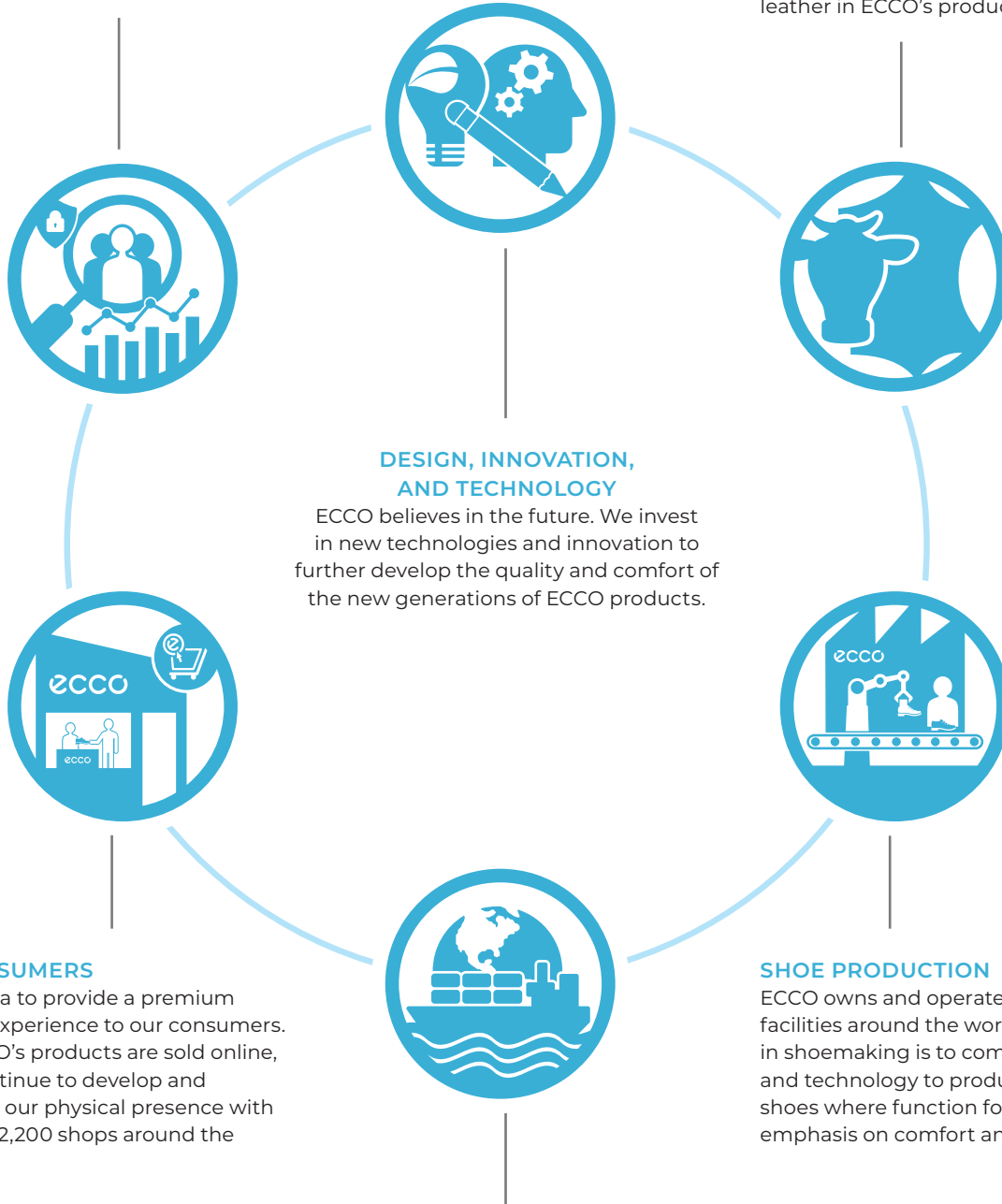
ECCO'S Business Model

DATA COLLECTION

ECCO collects data to get a better understanding of how we can add value to our consumers and identify ways in which we can improve the overall customer experience.

FROM HIDES TO LEATHER

ECCO has four tanneries in Europe and Asia, where we turn hides from the meat and dairy industry into premium-quality leathers. We primarily source hides from Europe and the US, and the most commonly used leather in ECCO's products is bovine.



DESIGN, INNOVATION, AND TECHNOLOGY

ECCO believes in the future. We invest in new technologies and innovation to further develop the quality and comfort of the new generations of ECCO products.

OUR CONSUMERS

We use data to provide a premium shopping experience to our consumers. 19% of ECCO's products are sold online, but we continue to develop and strengthen our physical presence with more than 2,200 shops around the world.

SHOE PRODUCTION

ECCO owns and operates six production facilities around the world. Our philosophy in shoemaking is to combine craftsmanship and technology to produce high-quality shoes where function follows the foot with emphasis on comfort and quality.

WAREHOUSES AND DISTRIBUTION

ECCO's distribution network is a vital element in ensuring timely delivery of our products to the consumers. Our main focus is to maintain a safe working environment while at the same time meeting our consumers' needs.

Income Statement

2023

Note	EUR '000	GROUP		PARENT COMPANY	
		2023	2022	2023	2022
2	Net revenue	1,570,524	1,585,780	731,731	729,167
	Change in inventories of finished products	(6,004)	62,382	(14,216)	21,938
	Cost of raw materials and consumables	(450,088)	(581,231)	(605,260)	(636,836)
3	Other operating income	6,203	3,362	-	-
	Other external costs	(436,578)	(408,049)	(77,523)	(46,258)
4	Staff costs	(492,537)	(489,059)	(57,347)	(67,663)
7,8	Amortisation and depreciation	(77,336)	(80,665)	(17,851)	(15,965)
	Profit before financials	114,184	92,520	(40,466)	(15,617)
5	Financial income	17,622	12,587	31,491	10,366
5	Financial expenses	(41,777)	(16,918)	(44,072)	(14,496)
9	Profit from subsidiaries	-	-	66,779	55,597
	Profit before tax	90,029	88,189	13,732	35,850
6	Income tax	(42,994)	(39,492)	12,105	3,802
	Profit for the year	47,035	48,697	25,837	39,652
	The profit for the year for the Group is specified as follows:				
	Shareholders of ECCO Sko A/S	25,837	39,652		
	Non-controlling interests	21,198	9,045		
	Profit for the year	47,035	48,697		

Balance Sheet

as of 31 December 2023

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
ASSETS				
Note EUR '000				
NON-CURRENT ASSETS				
Development projects completed	-	-	-	-
Patents, trademarks, licences	2,170	2,210	2,168	2,207
Software	18,255	15,000	15,823	11,817
Goodwill	66,467	78,428	8	62
Leasehold rights	1,811	2,381	-	-
Intangible assets in progress	15,570	18,431	15,383	18,220
7 Total intangible assets	104,273	116,450	33,382	32,306
Land and buildings	172,671	177,836	23,563	24,578
Plant and machinery	35,368	40,238	5,053	5,097
Fixtures and fittings, tools, and equipment	37,928	42,110	5,785	6,894
Property, plant, and equipment under construction	19,340	32,646	1,912	3,118
8 Total property, plant, and equipment	265,307	292,830	36,313	39,687
9/10 Investments in subsidiaries	-	-	749,199	718,481
9 Receivables from subsidiaries	-	-	265,586	190,220
Other receivables	11,808	13,283	-	-
11 Deferred tax	82,305	75,043	14,277	20,325
Total other non-current assets	94,113	88,326	1,029,062	929,026
TOTAL NON-CURRENT ASSETS	463,693	497,606	1,098,757	1,001,019
CURRENT ASSETS				
Raw materials and consumables	75,374	94,688	89	-
Work in progress	5,686	7,519	-	-
Finished products and commercial products	445,084	451,088	67,282	81,498
Total inventories	526,144	553,295	67,371	81,498
Trade receivables	101,704	130,513	4,748	4,892
Receivables from subsidiaries	-	-	114,408	344,430
19 Receivables from affiliated companies	633	50	615	1
Other receivables	53,202	45,799	17,403	13,173
Income tax	6,396	21,000	1,101	8,715
12 Prepayments	29,398	26,253	10,501	7,902
Total receivables	191,333	223,615	148,776	379,113
Securities	28	30	-	-
Cash	298,778	300,253	533	409
TOTAL CURRENT ASSETS	1,016,283	1,077,193	216,680	461,020
TOTAL ASSETS	1,479,976	1,574,799	1,315,437	1,462,039

Balance Sheet

as of 31 December 2023

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
EQUITY AND LIABILITIES				
Note EUR '000				
Share capital	666	666	666	666
Net revaluation reserve according to the equity method	-	-	308,337	321,318
Hedge reserve	4,863	(2,836)	6,910	(298)
Translation reserve	(55,710)	(7,458)	-	-
Retained earnings	476,623	475,746	110,529	144,432
Dividend proposed for the year	25,000	25,000	25,000	25,000
ECCO Sko A/S shareholders' share of equity	451,442	491,118	451,442	491,118
Non-controlling interests	195,946	194,154		
Total equity	647,388	685,272	451,442	491,118
13 Provision for pensions	23,368	21,922	-	-
11 Deferred tax	5,461	9,865	-	-
Other provisions	7,981	6,555	-	-
Credit institutions	402,903	375,550	387,096	360,212
Debt to related parties	50,000	50,000	50,000	50,000
14 Total non-current liabilities	489,713	463,892	437,096	410,212
Short-term part of non-current liabilities	41,841	84,112	41,841	84,112
Credit institutions	35,547	37,809	-	91
Trade payables	48,747	60,037	14,249	21,096
Payables to subsidiaries	-	-	330,740	385,573
19 Payables to affiliated companies	16,887	31,679	16,861	31,518
Income tax	11,805	10,628	-	-
Other payables to subsidiaries	-	-	4,957	-
15 Other payables	188,048	201,370	18,251	38,319
Total current liabilities	342,875	425,635	426,899	560,709
Total liabilities	832,588	889,527	863,995	970,921
TOTAL EQUITY AND LIABILITIES	1,479,976	1,574,799	1,315,437	1,462,039

- 1 Accounting policies
- 16 Financial instruments
- 17 Contingent liabilities and guarantees etc,
- 18 Fees to auditors appointed at the Annual General Meeting
- 19 Related parties
- 20 Profit allocation
- 21 Significant events after the end of the financial year

Statement of Changes in Equity 2023 - Group

GROUP	Share capital	Hedge reserve	Translation reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total Equity
EUR '000								
Equity at 1 January 2022	666	(11,314)	(4,086)	488,170	25,000	498,436	179,734	678,170
Additions	-	-	-	-	-	-	35,469	35,469
Dividend paid	-	-	-	-	(25,000)	(25,000)	(27,293)	(52,293)
Profit allocation	-	-	-	14,652	25,000	39,652	9,045	48,697
Exchange rate adjustments	-	-	(3,372)	-	-	(3,372)	(2,801)	(6,173)
Other Adjustment	-	-	-	(27,713)	-	(27,713)	-	(27,713)
Adjustment of currency hedges of future sales and financial swaps	-	9,362	-	-	-	9,362	-	9,362
Actuarial gains/(losses)	-	-	-	637	-	637	-	637
Tax on equity transactions	-	(884)	-	-	-	(884)	-	(884)
Equity at 1 January 2023	666	(2,836)	(7,458)	475,746	25,000	491,118	194,154	685,272
Additions	-	-	-	-	-	-	25,000	25,000
Dividend paid	-	-	-	-	(25,000)	(25,000)	(26,473)	(51,473)
Profit allocation	-	-	-	837	25,000	25,837	21,198	47,035
Exchange rate adjustments	-	-	(48,252)	-	-	(48,252)	(17,934)	(66,186)
Adjustment of currency hedges of future sales and financial swaps	-	10,294	-	-	-	10,294	-	10,294
Actuarial gains/(losses)	-	-	-	(489)	-	(489)	-	(489)
Tax on equity transactions	-	(2,595)	-	529	-	(2,066)	-	(2,066)
Equity at 31 December 2023	666	4,863	(55,710)	476,623	25,000	451,442	195,945	647,387

Proposed dividend EUR 25m moved between retained earnings and proposed dividend.

Statement of Changes in Equity 2023 - Parent Company

PARENT COMPANY

	Share capital	Net revaluation according to the equity method	Hedge reserve	Retained earnings	Proposed dividend	Total Equity
EUR '000						
Equity at 1 January 2022	666	316,776	(15,850)	171,844	25,000	498,436
Dividend paid	-	(42,565)	-	42,565	(25,000)	(25,000)
Profit allocation	-	55,597	-	(40,945)	25,000	39,652
Exchange rate adjustments	-	(2,053)	-	(1,319)	-	(3,372)
Other adjustment	-	-	-	(27,713)	-	(27,713)
Adjustment of currency hedges of future sales and financial swaps	-	(9,130)	18,492	-	-	9,362
Actuarial gains/(losses)	-	637	-	-	-	637
Tax on equity transactions	-	2,056	(2,940)	-	-	(884)
Equity at 1 January 2023	666	321,318	(298)	144,432	25,000	491,118
Dividend paid	-	(54,992)	-	54,992	(25,000)	(25,000)
Profit allocation	-	66,779	-	(65,942)	25,000	25,837
Exchange rate adjustments	-	(42,327)	-	(5,925)	-	(48,252)
Other adjustment	-	17,408	-	(17,408)	-	-
Adjustment of currency hedges of future sales and financial swaps	-	1,050	9,244	-	-	10,294
Actuarial gains/(losses)	-	(489)	-	-	-	(489)
Tax on equity transactions	-	(410)	(2,036)	380	-	(2,066)
Equity at 31 December 2023	666	308,337	6,910	110,529	25,000	451,442

Proposed dividend EUR 25m moved between retained earnings and proposed dividend.

The share capital consists of 4,950,000 shares of DKK 1 per share.

Consolidated Cashflow Statement

2023

EUR '000	GROUP	
	2023	2022
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	90,029	88,190
Adjustment for non-cash operating items:		
Amortisation and depreciation	77,336	80,665
Exchange rate adjustments	(34,872)	8,281
Financial income/expenses net	24,155	4,331
Working capital adjustments:		
(Increase)/decrease in inventories	27,151	(94,604)
(Increase)/decrease in receivables	40,147	(29,256)
Increase/(decrease) in trade payables	(26,082)	(58,478)
Increase/(decrease) in other payables	(13,322)	12,984
Increase/(decrease) in provisions	2,872	(8,580)
Income taxes paid	(59,873)	(46,629)
Total cashflow from operating activities	127,541	(43,096)
CASHFLOW FROM INVESTING ACTIVITIES		
Net payments to invest in non-current assets:		
Net investment in Intangible assets	(13,415)	(18,280)
Net investment in Property, plant, and equipment	(29,863)	(57,435)
Total cashflow from investing activities	(43,278)	(75,715)
CASHFLOW FROM FINANCING ACTIVITIES		
Financial income/expenses net	(24,155)	(4,331)
Non-controlling interests	(19,406)	(5,095)
(Repayment of)/proceeds from debt to credit institutions	(17,179)	137,746
Dividend paid	(25,000)	(25,000)
Total cashflow from financing activities	(85,740)	103,320
Cashflow from operating, investing, and financing activities	(1,477)	(15,491)
Cash and cash equivalents at beginning of year	300,283	315,774
Cash and cash equivalents at year-end	298,806	300,283
BREAKDOWN OF CASH AND CASH EQUIVALENTS		
Securities	28	30
Cash	298,778	300,253
Cash and cash equivalents at year-end	298,806	300,283

Notes 1 - Accounting Policies

The annual report of ECCO Sko A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C companies.

The financial statements have been presented using the same accounting principles as last year.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise ECCO Sko A/S and subsidiaries in which ECCO Sko A/S has a controlling influence on those companies' operations.

The consolidated financial statements are prepared on the basis of the audited financial statements of ECCO Sko A/S and its subsidiaries, by adding items of a similar nature. The financial statements used for consolidation are adapted to the accounting policies of the Group.

On consolidation, inter-company income and expenses, inter-company accounts and profits on inter-company sales, and purchases between the consolidated companies are eliminated. The income statements of foreign subsidiaries are translated at average exchange rates and the balance sheet is translated at the exchange rates applicable on the balance sheet date. Exchange differences arising from the translation of the opening equity of foreign subsidiaries at the exchange rates applicable on 31 December, the differences between the net profit of subsidiaries at average exchange rates, and the exchange rates applicable at 31 December are recognised in equity. Currency translation of receivables from foreign subsidiaries, where the receivables are part of the total investment in the subsidiary, is recognised directly in equity.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

BUSINESS COMBINATIONS

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity are recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition.

INTRA-GROUP BUSINESS COMBINATIONS

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets, and share conversions etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures.

NON-CONTROLLING INTERESTS

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities, and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' ownership share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' ownership share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis.

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 rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

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

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively.

If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Fair value adjustments of derivative financial instruments held to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

INCOME STATEMENT

Net revenue: Sales are recognised when the risk has been passed to the customer. Net revenue consists of amounts invoiced, excluding VAT, and after deduction of returned products, discounts, and rebates. The company has chosen IAS11/IAS18 as interpretation for revenue recognition.

Raw materials and consumables: These include raw materials and consumables used for in-house production. The costs shown include consumption of commercial products.

Other operating income: Other operating income includes income from all other operating activities which

are not related to the principal activities of the company, such as gains/losses from disposals, subsidies, etc.

Other external costs: These costs cover equipment and expenses relating to the company's primary ordinary activities, including lasts, cutting dies, maintenance, rent of plant, premises, office and sales promotion expenses, and fees.

Staff costs: These costs comprise remuneration to employees, including pension and social security payments. *Profit from subsidiaries:* This comprises the proportionate share of profit after tax, excluding unrealised inter-company profits.

Profit from subsidiaries: This comprises the proportionate share of profit after tax, excluding unrealised inter-company profits.

Financial income and expenses: These include interest income and expenses, realised and unrealised exchange rate gains and losses on deposits/loans, and other bank charges.

Income tax: Estimated tax on the profit for the year is recognised in the income statement, together with the year's adjustment in deferred tax.

ECCO Sko A/S and its Danish subsidiaries are governed by the Danish regulations regarding mandatory joint taxation. Subsidiaries are part of joint taxation arrangements from the moment they become part of the consolidation in the Annual Accounts, to the moment they are omitted from the consolidation.

Danish corporate tax, at the current rate, is allocated by paying a joint taxation contribution from the companies in the joint taxation arrangement. The contribution is allocated according to their taxable income. Companies in the joint taxation arrangement which have a taxable deficit receive joint taxation contributions from companies which have been able to use this deficit to reduce their taxable income. The income tax for this year is part of the income statement with the share which can be assigned to profit of the year and is part of the equity with the share which can be allocated to entries in equity.

According to Danish regulations regarding mandatory joint taxation, the liabilities of ECCO Sko A/S and its Danish subsidiaries to the tax authorities are settled when the companies have paid the joint taxation contribution to the administrative company.

Deferred tax is measured on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on other items where

temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses. Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

BALANCE SHEET

Intangible assets: These are recognised at cost, excluding interest, less accumulated amortisation and write-downs to a lower recoverable amount. Amortisation is charged on a straight-line basis over the useful life of the assets.

Development projects: Projects that are clearly defined and identifiable, where the technical feasibility, adequate resources, and potential market or development potential can be demonstrated, and where the intention is to produce, market, or use the project, are recognised as intangible assets, if the cost can be measured reliably and there is sufficient assurance that future earnings can cover the costs.

Development projects that are recognised at cost under intangible assets are amortised over the expected useful life of the project, which is equal to the normal planning period (typically up to 5 years).

The development costs that do not meet the criteria for recognition in the balance sheet are recognised as costs in the income statement.

Patents and trademarks: The costs of registering new patents and trademarks are recognised and amortised over the term of the patent/trademark or its economic life (typically up to 5 years). The costs of maintaining existing patents/ trademarks are recognised in the income statement.

Software: The costs of software are amortised over the expected lifetime of typically 3-5 years.

Goodwill on consolidation: This is determined at the date of acquisition as the difference between the cost

and fair value of net assets. Goodwill is capitalised and amortised on a straight-line basis over the expected useful economic life of the assets, determined on the basis of earnings projections for the individual business areas (typically 5-10 years).

If the transaction relates to non-controlling interests in a company where the ECCO Group has control, any difference between the cost and fair value of net assets is adjusted directly in equity. If the cost is lower than the fair value of net assets, impairment is considered, before the amount is adjusted in equity.

Leasehold rights: Payments to take over leases ("key money") are classified as leasehold rights. The costs of leasehold rights are recognised and amortised over the term of the lease or its economic life (typically up to 10 years).

Property, plant, and equipment: This is recognised at cost, excluding interest, less accumulated depreciation and write-downs to a lower recoverable amount. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is charged on a straight-line basis over the expected useful lives of the assets.

The expected useful lives of fixed assets are as follows:

- Buildings: 20-30 years
- Plant and machinery, vehicles, fixtures and fittings: 3-10 years
- Land is not depreciated

The depreciation periods and residual values are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Leases of assets where the ECCO Group has substantially all risks and rewards of ownership are capitalised as finance leases under property, plant, and equipment and depreciated over the estimated useful lives of the assets, according to the periods listed under the section property, plant, and equipment. The corresponding finance lease liabilities are recognised in liabilities.

Operating lease expenses are recognised in the income statement on a straight-line basis over the period of the lease.

The recoverable amount is defined as the highest value of the net sales value, and the value in use. The value in use is determined as the present value of expected

cashflows from the use of the assets, or the asset group, and expected cashflows from disposal of the assets, or the asset group after useful life.

Investment grants are offset against the assets that form the basis for the grants.

Investments: Investments in subsidiaries and participating interests are recognised by applying the equity method at the proportionate share of the equity of the companies. The Parent company has chosen to consider the equity method as measurement method.

This determination is based on the Group's accounting policies, less unrealised intercompany profits.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of ECCO Sko A/S is adopted are not taken to the net revaluation reserve.

Write-downs: The carrying amount of intangible assets, property, plant, and equipment, and investments in subsidiaries is reviewed at the balance sheet date to determine if there are indications of decreases in value. If this is the case, the recoverable amount of the asset is determined to assess the need for recognition of any write-downs.

Inventories: Raw materials are measured at cost and are determined on the basis of the most recent purchases. Work in progress and finished products are measured at cost, consisting of the cost of raw materials and consumables and manufacturing costs, plus a share of production overheads. Commercial products are valued at their acquisition price. Products with a net realisable value lower than the cost or acquisition price are written down to the lower value.

Receivables: These are measured at amortised cost, less provisions for anticipated losses, which are determined based on an individual evaluation. The company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Prepayments: These are costs incurred relating to the following accounting year.

Securities: Securities include shares that can be converted into cash with no restrictions. These are measured at the most recently quoted market price.

Cash: Cash includes cash on hand and bank deposits that can be converted into cash on a short-term basis.

EQUITY

Reserve for net revaluation according to the equity method: Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method. The reserve can be eliminated in case of losses, realisation of investments, or a change in accounting estimates. The reserve cannot be recognised as a negative amount. Hedge reserve: Hedge reserve comprises fair value of derivative financial instruments qualifying as hedge of future assets or liabilities.

Translation reserve: The reserve comprises foreign exchange differences from translating foreign entities and long-term loans to foreign entities.

Reserve for development costs: The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividend: Dividend proposed for the year is recognised as a liability in the financial statements at the time of adoption by the shareholders at the Annual General Meeting. The dividend proposed in respect of the financial year is stated as a separate item under equity.

LIABILITIES

The company has chosen IAS39 as interpretation for recognition and measurement of liabilities.

Provision for pensions: There are two types of pension plans: defined contribution plans and defined benefit plans.

Under defined contribution plans, the Group recognises the pension contributions, which can either be a fixed amount or a fixed percentage of the monthly salary, in the income statement as they are paid to independent pension insurance companies. Any unpaid contributions are recognised in the balance sheet as a liability.

Under defined benefit plans, the Group has an obligation to pay a fixed amount or a fixed percentage of the salary at retirement. This means that the Group carries the risk of any changes in the actuarially calculated capital value of the pension plans. Annual actuarial calculations are made of the present value of the future benefits to which the employees are entitled. The present value is calculated based on a number of assumptions relating to the future development in salary levels and interest, inflation, and mortality rates. The present value of the defined benefit obligation is recognised in the balance

sheet as a liability. Actuarial gains or losses are recognised directly in equity.

Other provisions: These comprise the anticipated costs of warranty obligations, restoration, and restructuring. Provisions are recognised when, as a consequence of a past event, the company has a legal or constructive obligation and it is likely that the obligation will materialise.

Non-current debt to credit institutions: This comprises committed loans and credit facilities with a maturity beyond 1 year. All non-current debt is measured at amortised cost.

Current liabilities: This comprises all uncommitted loans, and committed loans and credit facilities, with maturity less than 1 year. Furthermore, suppliers, affiliates, and other payables are included. All short-term debt is measured at amortised cost, which generally corresponds to the nominal value.

CASHFLOW STATEMENT

The presentation of the cashflow statement follows the indirect method, based on earnings for the year.

The cashflow statements show the cashflows for the year, the year's change in cash and cash equivalents, as well as cash and cash equivalents at the beginning and end of the year.

Cashflow from operating activities: Cashflow from operating activities is stated as earnings for the year, adjusted for non-cash income statement items and changes to working capital. The working capital is made up of current assets less current liabilities, excluding items which are recognised as cash or cash equivalents.

Cashflow from investing activities: Cashflow from investing activities comprises the acquisition and disposal of intangible and tangible assets.

Cashflow from financing activities: Cashflow from financing activities comprises borrowings and instalments on non-current liabilities, dividends paid, and the cashflow effect from minority interests.

SEGMENT INFORMATION

Information is disclosed by activity and geographical market. Segment information follows the Group's accounting policies, risks, and internal financial management.

Notes 2 - Segment Information

EUR '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
SEGMENT INFORMATION				
Shoes	1,409,226	1,419,236	713,735	717,154
Accessories	56,929	57,474	15,790	11,172
Leather	70,924	103,842	-	-
Others	33,445	5,228	2,206	841
Total net revenue	1,570,524	1,585,780	731,731	729,167
NET REVENUE SHOES & ACCESSORIES				
ECCO Europe, Middle East & Africa	654,661	694,382	379,407	347,088
ECCO North Americas	250,984	248,636	118,630	155,215
ECCO Greater China	414,523	392,720	162,427	159,483
ECCO Asia Pacific	145,987	140,972	69,061	66,540
Total Shoes & Accessories	1,466,155	1,476,710	729,525	728,326
SALES CHANNELS				
Wholesale	615,303	601,528	731,731	729,167
Retail, E-commerce	884,297	880,410	-	-
Leather	70,924	103,842	-	-
Total net revenue	1,570,524	1,585,780	731,731	729,167

Reference is made to the ECCO Group structure on pages 43 and 44 regarding the definition of the geographic regions.

Notes 3 - Other Operating Income

Other operating income includes gain on sales of fixed assets and wages subsidy, rent subsidy, and other support in connection with Covid-19.

Notes 4 - Staff Costs and Management and Staff Information

EUR '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Salaries	428,398	431,376	53,653	64,427
Pensions and defined benefit plans	15,570	14,213	3,694	3,218
Other social security costs	48,569	43,470	-	18
Staff costs	492,537	489,059	57,347	67,663
Average number of employees	23,188	23,918	557	500
Number of employees at year-end	22,601	23,753	563	520
Fees to Managing Board and Supervisory Board:				
Managing Board	5,262	8,679	5,262	8,679
Supervisory Board	476	472	476	472

Staff costs classified as other comprehensive income are not included.

Notes 5 - Financial Income and Financial Expenses

EUR '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest income from subsidiaries	-	-	18,075	6,241
Interest income from affiliates	-	13	-	13
Other financial income	17,622	12,574	13,416	4,112
Total financial income	17,622	12,587	31,491	10,366
Interest expenses to subsidiaries	-	-	(8,526)	-
Interest expenses to related parties	(3,160)	(529)	(3,160)	(529)
Other financial expenses	(38,617)	(16,389)	(32,386)	(13,967)
Total financial expenses	(41,777)	(16,918)	(44,072)	(14,496)
Total net financial income and expenses	(24,155)	(4,331)	(12,581)	(4,130)

Notes 6 - Income Taxes

EUR '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Income tax for the year	75,361	50,112	-	-
Prior-year adjustment	1,893	1,028	(1,057)	530
Adjustment of deferred tax	(34,260)	(11,648)	(11,048)	(4,332)
Total income tax	42,994	39,492	(12,105)	(3,802)

Notes 9 - Other Non-Current Assets, Subsidiaries

	INVESTMENTS IN SUBSIDIARIES		RECEIVABLES FROM SUBSIDIARIES	
	2023	2022	2023	2022
EUR '000				
Cost at 1 January	397,163	364,100	190,220	83,679
Additions	43,699	33,063	130,381	118,539
Disposals	-	-	(55,015)	(11,998)
Cost at 31 December	440,862	397,163	265,586	190,220
Accumulated revaluation at 1 January	321,318	316,776		
Profit after tax of subsidiaries	76,963	65,785		
Currency adjustment of foreign subsidiaries	(42,327)	(1,991)		
Adjustment of currency hedging of future sales in subsidiaries	640	(7,136)		
Capital adjustment of shares	17,408	-		
Actuarial gains/(losses)	(489)	637		
Amortisation and depreciation on goodwill	(10,184)	(10,188)		
Dividend	(54,992)	(42,565)		
Net revaluation	(12,981)	4,542		
Accumulated revaluation at 31 December	308,337	321,318		
Carrying amount at 31 December	749,199	718,481	265,586	190,220

Notes 10 - Investments in Subsidiaries

	Country	Ownership interest	Share capital	
SHOE PRODUCTION				
Ecco'let (Portugal) - Fábrica de Sapatos, Lda.	Portugal	100%	8,270	t.EUR
ECCO Shoe Production Pte. Ltd.	Singapore	100%	16,000	t.USD
ECCO Slovakia, a.s.	Slovakia	100%	7,634	t.EUR
ECCO (Thailand) Co., Ltd.	Thailand	100%	1,100,000	t.THB
ECCO (Vietnam) Co. Ltd.	Vietnam	100%	226,095,000	t.VND
ECCO (Xiamen) Co. Ltd.	China	100%	15,600	t.USD
P.T. ECCO Indonesia	Indonesia	100%	23,000	t.USD
Xiamen ECCO Logistics Co. Ltd.	China	100%	150	t.CNY
TOOLING FACTORIES				
E-MOULD&LASTS TOOLING SOLUTIONS, S.A.	Portugal	100%	200	t.EUR
EPIKO FOOTWEAR SOLUTIONS (THAILAND) COMPANY LIMITED	Thailand	100%	8,500	t.THB
LEATHER				
Danna Leather (Xiamen) Co. Ltd.	China	100%	3,175	t.USD
ECCO Leather B.V.	The Netherlands	100%	13,400	t.EUR
ECCO Tannery (Holland) B.V.	The Netherlands	100%	5,000	t.EUR
ECCO Tannery Holding (Singapore) Pte. Ltd.	Singapore	100%	16,965	t.EUR
ECCO Tannery (Thailand) Co., Ltd.	Thailand	100%	385,645	t.THB
ECCO Tannery (Xiamen) Co. Ltd.	China	100%	21,000	t.USD
PT. ECCO Tannery Indonesia	Indonesia	100%	37,403,550	t.IDR
Water Treatment Dongen B.V.	The Netherlands	100%	18	t.EUR
SALES				
ECCO Adriatic d.o.o. (Croatia)	Croatia	50%	20	t.HRK
ECCO Asia Pacific (Singapore) Pte. Ltd.	Singapore	100%	2,510	t.SGD
ECCO (Austria) GmbH	Austria	50%	35	t.EUR
ECCO Baltic SIA (Latvia)	Latvia	50%	3	t.EUR
ECCO (Belgium) BV	Belgium	50%	19	t.EUR
ECCO-BELROS LLC	Belarus	100%	20	t.USD
ECCO Business Management (Shanghai) Co. Ltd.	China	55%	2,000	t.USD
ECCO CACC Inc.	Panama	100%		
ECCO CACC Trading Inc.	Panama	100%	400	t.USD
ECCO China Wholesale Holding (Singapore) Pte. Ltd.	Singapore	55%	1,000	t.SGD
ECCO (Cyprus) Limited	Cyprus	50%	1	t.EUR
ECCO (Czech Republic) s.r.o.	Czech Republic	50%	200	t.CZK
ECCO (Danmark) A/S	Denmark	50%	1,000	t.DKK
ECCO (Deutschland) GmbH	Germany	50%	250	t.EUR
ECCO Distributors DAC	Ireland	25%	1	t.EUR
ECCO EMEA B.V.	The Netherlands	100%	23	t.EUR
ECCO EMEA Sales SE	The Netherlands	50%	121	t.EUR
ECCO Europe AG	Switzerland	50%	51,500	t.CHF
ECCO Service Center (Poland) sp. z.o.o.	Poland	50%	5	t.PLN
ECCO Footwear d.o.o. Beograd (Serbia)	Serbia	50%	1	t.RSD
ECCO Footwear Romania s.r.l.	Romania	50%	0,25	t.RON
ECCO Footwear, S.L.	Spain	50%	3	t.EUR
ECCO France S.A.S.	France	80%	1,250	t.EUR
ECCO Global Business Development B.V.	The Netherlands	100%	10	t.EUR
ECCO Greece S.A.	Greece	100%	425	t.EUR
ECCO (Hungary) kft.	Hungary	50%	11,000	t.HUF
ECCO India Trading Private Limited	India	100%	66,830	t.INR
ECCO (ITALY) S.R.L.	Italy	50%	10	t.EUR
ECCO Japan Co. Ltd.	Japan	100%	100,000	t.JPY
ECCO Kenkä Oy (Finland)	Finland	50%	4,2	t.EUR

SALES

	Country	Ownership interest	Share capital	
ECCO Korea Limited	Korea	100%	1,058,500	t.KRW
ECCO Kuwait Company for the sale of clothing, shoes and leather goods in retail WLL	Kuwait	100%	10	t.KWD
ECCO Latin America Holding Ltd. Inc.	Panama	100%	250	t.USD
ECCO Macao Limited	Macao	100%	25	t.MOP
ECCO Malaysia Sdn. Bhd.	Malaysia	100%	23,500	t.MYR
ECCO Middle East A/S	Denmark	100%	2,250	t.DKK
ECCO (Netherlands) B.V.	The Netherlands	50%	50	t.EUR
ECCO (Norway) AS	Norway	50%	30	t.NOK
ECCO Obutev SL d.o.o. (Slovenia)	Slovenia	50%	7,5	t.EUR
ECCO Philippines, Inc.	Philippines	50%	75,000	t.PHP
ECCO (Poland) sp. z.o.o.	Poland	50%	5,050	t.PLN
ECCO Real Estate LLC (dormant)	USA	100%	-	t.USD
ECCO Retail (Shanghai) Co. Ltd.	China	55%	3,000	t.USD
ECCO Retail (Slovakia) s.r.o.	Slovakia	50%	30	t.EUR
ECCO Retail, LLC	USA	100%	2,300	t.USD
ECCO-ROS Kazhakhstan LLP	Kazhakhstan	100%	160	t.KZT
ECCO-ROS LLC	Russia	100%	3,000	t.RUB
ECCO SALES Limited	UK	50%	10	t.GBP
ECCO Schuhe GmbH	Germany	100%	1,790	t.EUR
ECCO (Shanghai) Co. Ltd.	China	55%	2,100	t.USD
ECCO Shoes (NZ) Limited	New Zealand	100%	100	t.NZD
ECCO Shoes Canada, Inc.	Canada	100%	31,102	t.CAD
ECCO Shoes Hellas S.A. (dormant)	Greece	51%	60	t.EUR
ECCO Shoes Hong Kong Limited	Hong Kong	100%	3,000	t.HKD
ECCO Shoes India Private Limited	India	100%	400,000	t.INR
ECCO Shoes L.L.C	United Arab Emirates	100%	18,500	t.AED
ECCO Shoes Pacific Pty. Limited	Australia	100%	3,250	t.AUD
ECCO Shoes Trade Ltd.	Turkey	100%	30,466	t.TRY
ECCO (Sweden) AB	Sweden	50%	50	t.SEK
ECCO Switzerland AG	Switzerland	50%	100	t.CHF
ECCO Trading Co. Ltd.	Saudi Arabia	100%	30,000	t.SAR
ECCO USA, Inc.	USA	100%	7,500	t.USD
ECCO 1 Let Sales (Portugal) LDA	Portugal	50%	5	t.EUR
Xi'an ECCO Limited	China	44%	20,000	t.CNY

ACCESSORIES

ECCO Accessories Ltd.	Switzerland	100%	2,250	t.CHF
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OTHER

ECCO Design Studio (Shanghai) Co. Ltd.	China	100%	2,000	t.USD
Eccolet Portugal ApS	Denmark	100%	200	t.DKK
High Street Properties Investment Ltd.	UK	55%	32,100	t.GBP

Companies with 50% ownership interest have been consolidated as ECCO has controlling influence according to shareholders' agreements.

Notes 11 - Deferred Tax 2023

	Property, plant, and equipment	Inventories	Provisions	Other liabilities	Tax losses	Other	Total
EUR '000							
GROUP							
Recognised at 1 January	14,133	30,908	1,713	5,087	8,304	5,033	65,178
Recognised Income statement	(1,921)	(3,225)	7,655	9,350	4,462	531	16,852
Recognised directly to equity	-	(1,848)	-	(3,676)	338	-	(5,186)
Total adjustment for the year	(1,921)	(5,073)	7,655	5,674	4,800	531	11,666
Recognised at 31 December	12,212	25,835	9,368	10,761	13,104	5,564	76,844
Deferred tax asset							82,305
Deferred tax liability							(5,461)
Recognised at 31 December							76,844
PARENT COMPANY							
Recognised at 1 January	2,070	(148)	36	1,530	1,513	15,324	20,325
Recognised Income statement	5,490	148	101	243	5,479	(15,443)	(3,982)
Recognised directly to equity	-	-	-	(2,728)	662	-	(2,066)
Total adjustment for the year	5,490	148	101	(2,485)	6,141	(15,443)	(6,048)
Recognised at 31 December	7,560	-	137	(955)	7,654	(119)	14,277
Deferred tax asset							14,277
Deferred tax liability							-
Recognised at 31 December							14,277

At the reporting date, the Group has not recognised tax assets regarding total tax losses of EUR 379.4m available for offset against future profits.

Notes 12 - Prepayments

These relate to indirect taxes, rent, insurance, IT fees etc.

Notes 13 - Provision for Pensions

GROUP

EUR '000	2023	2022
The provision for pensions is due as follows:		
< 1 year	290	1,093
1-5 years	4,750	4,605
> 5 years	18,328	16,224
Total	23,368	21,922

The provision relates to future payments to employees under defined benefit plans.

Notes 14 - Non-Current Liabilities

GROUP

PARENT COMPANY

EUR '000	2023	2022	2023	2022
Non-current liabilities due more than five years after the end of the financial year	5,175	18,423	2,078	3,916

Notes 15 - Other Payables

These include liabilities related to indirect taxes, personnel, financial instruments, marketing, insurance, bonuses etc.

Notes 16 - Financial Instruments

EUR '000

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments as part of an overall risk management strategy.

CURRENCY FORWARD CONTRACTS

Fair value hedges:

The Group has covered part of the currency risk on existing receivables, payables, bank deposits, and loans.

At year end, the Group had entered into the following contracts (net sale of currency):

	Principal value of unrealised forward contracts end 2023 in EUR '000	Principal value of unrealised forward contracts end 2022 in EUR '000
Currency		
EUR	(1,964)	108,017
CNY	(18,427)	(9,912)
CAD	(16,520)	(15,784)
USD	(76,933)	(107,310)
AUD	(1,481)	(3,022)
KRW	(1,698)	(3,622)
NOK	12,431	21,327
HKD	(47)	(1,999)
IDR	6,624	1,991
SGD	22,536	25,766
THB	3,554	4,235
SEK	18,572	12,547
Others	15,065	6,240
Total	(38,288)	38,474

CASHFLOW HEDGES & INTEREST RATE SWAPS:

The Group has covered part of the currency risk on future sales and purchases.

The Group has entered into interest rate swaps to cover part of the risk of interest fluctuations.

At year end, the Group had entered into the following contracts (net sale of currency):

	Principal value of unrealised forward contracts & Interest rate swaps		Fair value adjustment on Equity begin/end of	
	2023 in EUR '000	2022 in EUR '000	2023 in EUR '000	2022 in EUR '000
Cashflow hedges	(343,482)	390,088	13,312	4,233
Interest rate swaps fixing the interest rate	2,112	5,130	(3,018)	5,130

In 2023, the following fair value adjustments of financial instruments were made:

	Fair value of financial instruments		Fair value adjustments through the equity		Fair value adjustments through the Income statement	
	Group in EUR '000	Parent Company in EUR '000	Group in EUR '000	Parent Company in EUR '000	Group in EUR '000	Parent Company in EUR '000
Financial instruments	8,162	10,496	10,294	9,244	10,963	11,260

Notes 17 - Contingent Liabilities and Guarantees, etc.

EUR '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
CONTINGENT LIABILITIES				
Rent and lease liabilities	252,205	216,501	1,609	1,734
Guarantees and letters to suppliers	6,847	4,598	718	3,345
COLLATERAL SECURITY				
The following assets have been pledged in security of the Group's loans from credit institutions and other non-current liabilities:				
Bearer mortgages on property, plant, and equipment	21,370	21,381	21,370	21,381
Guarantee for import duty	7,971	4,054	2,760	-
Personnel obligations	65	39	-	-
PLEDGED ASSETS				
Book value of assets pledged in security of the Group's loans from credit institutions and other non-current liabilities	22,622	24,213	21,191	22,510

The Parent Company is part of a Danish joint tax Group, with Anpartsselskabet af 1. Oktober 2011 as administration company. The administration company and subsidiaries in the Danish joint tax group are jointly liable for withholding taxes, corporate income taxes, tax instalments, surcharges, and interests, related to the taxable income allocated to the company. Any subsequent corrections of joint taxation income and withholding taxes etc. may result in a change of the company's liability.

Group and Parent Company are involved in various disputes, which are not expected to have any material impact on the income statement in future years.

Notes 18 - Fees to Auditors appointed at the Annual General Meeting

EUR '000	GROUP	
	2023	2022
Auditor's fee	1,778	1,698
Other assurance services and statements	56	84
Tax advisory services	232	141
Other assistance	42	75
Total	2,108	1,998

Notes 19 - Related Parties

ECCO Sko A/S is included in the consolidated financial statements of ECCO Holding A/S and Anpartsselskabet af 1. oktober 2011, Bredebro, Denmark.

The parent company of the ECCO Group with controlling influence is ECCO Holding A/S.

ECCO Sko A/S' related parties with controlling influence comprise the company's shareholders, the Supervisory Board, the Managing Board, as well as relatives of these persons. Related parties also comprise companies in which the individuals have significant influence.

TRANSACTIONS WITH RELATED PARTIES

EUR '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Sale of goods to subsidiaries	-	-	380,950	419,936
Sale of goods to related parties	87	-	87	(1)
Purchase of goods from subsidiaries	-	-	(14,095)	(7,997)
Purchase of legal assistance etc. from parent company	(1,972)	(1,776)	(1,972)	(1,776)
Interest income from subsidiaries	-	-	5,398	228
Interest expense to subsidiaries	-	-	(6,350)	(526)
Interest income from related parties	-	13	-	13
Interest expenses to related parties	(3,160)	(529)	(3,160)	(529)
Receivables from subsidiaries	-	-	172,740	257,329
Receivables from affiliated companies	633	50	615	1
Payables to subsidiaries	-	-	190,943	289,796
Payables to affiliated companies	16,887	31,679	16,861	31,518
Debt to related parties	50,000	50,000	50,000	50,000

Besides distribution of dividend and legal assistance, no other transactions were carried out with shareholders in the year. Remuneration/fees to members of the Managing Board and Supervisory Board of the Parent Company are reflected in note 4.

Notes 20 - Proposed Profit Allocation

EUR '000	PARENT COMPANY	
	2023	2022
Revaluation reserve for undistributed profit in subsidiaries	66,779	55,597
Retained earnings	(65,942)	(40,945)
Proposed dividend	25,000	25,000
Profit for the year	25,837	39,652

Notes 21 - Significant Events after the end of the Financial Year

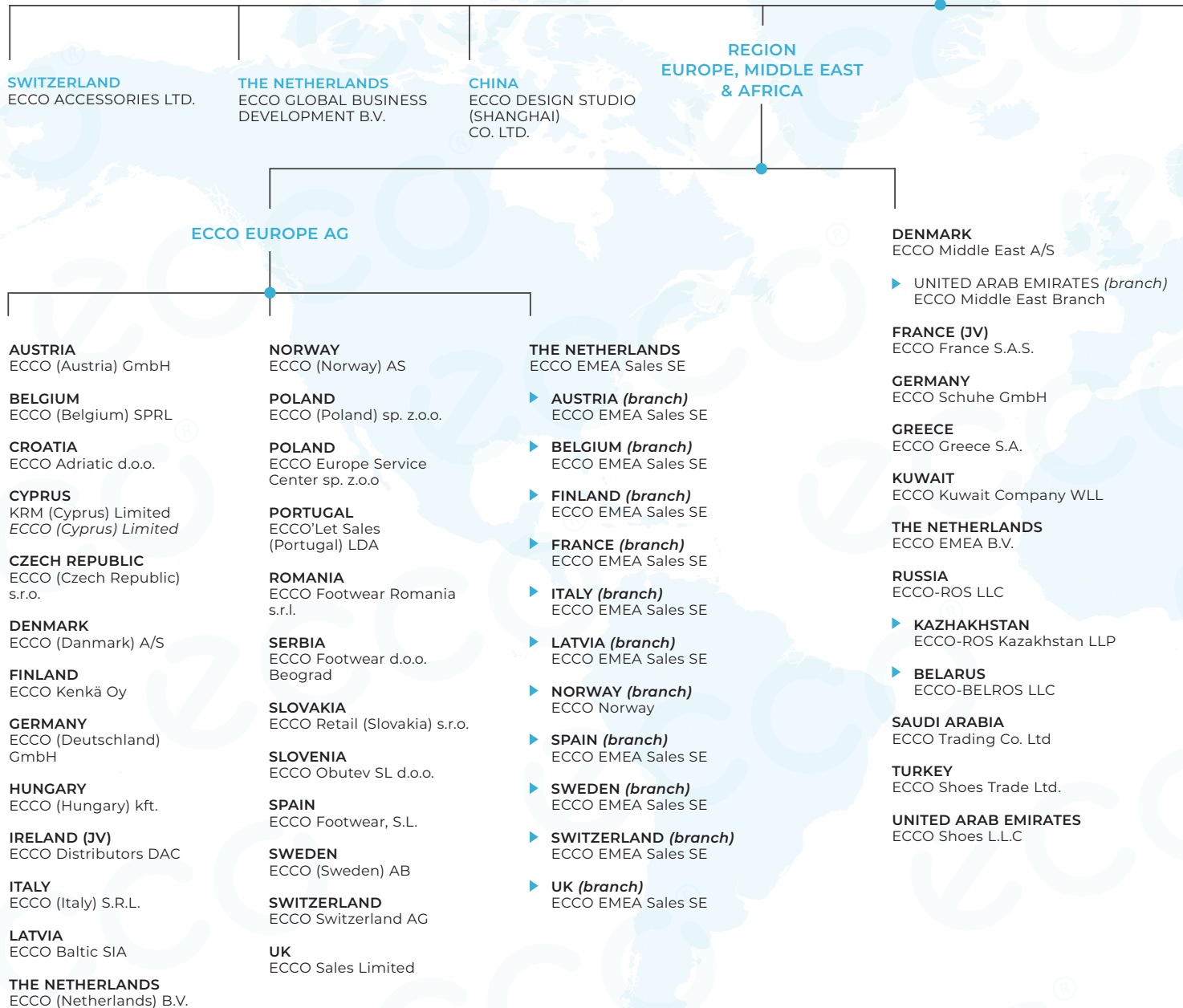
There have been no significant events since the end of the financial year that will materially change the Group's financial status.

Group Structure

as of 31 December 2023

ECCO SKO A/S

SUBSIDIARIES, SALES



Dormant companies/branches and investment companies have been left out.

SUBSIDIARIES, PRODUCTION

REGION ECCO AMERICAS

USA
ECCO USA, Inc.

- ▶ **USA**
ECCO Retail LLC

CANADA
ECCO Shoes Canada, Inc.

PANAMA
ECCO Latin America Holding Ltd.
Inc.

- ▶ **PANAMA**
ECCO CACC Trading Inc.

- ▶ **PANAMA**
ECCO CACC Inc.

REGION GREATER CHINA

SINGAPORE
ECCO Asia Pacific (Singapore) Pte. Ltd.

- ▶ **SINGAPORE (JV)**
ECCO China Wholesale Holding
(Singapore) Pte. Ltd.

- ▶ **CHINA**
ECCO Business Management
(Shanghai) Co. Ltd.

- ▶ **CHINA**
ECCO (Shanghai) Co. Ltd.

- ▶ **CHINA (JV)**
Xi'an ECCO Limited

- ▶ **CHINA**
ECCO Retail (Shanghai) Co. Ltd.

- ▶ **HONG KONG**
ECCO Shoes Hong Kong Limited

- ▶ **MACAO**
ECCO Macao Limited

- ▶ **TAIWAN (branch)**
ESHK Ltd, Taiwan Branch

REGION ECCO ASIA/PACIFIC

- ▶ **AUSTRALIA**
ECCO Shoes Pacific Pty. Limited

- ▶ **NEW ZEALAND**
ECCO Shoes (NZ) Limited

- ▶ **INDIA**
ECCO Shoes India Private Limited

- ▶ **INDIA**
ECCO India Trading Private Limited

- ▶ **JAPAN**
ECCO Japan Co. Ltd.

- ▶ **KOREA**
ECCO Korea Limited

- ▶ **MALAYSIA**
ECCO Malaysia Sdn. Bhd.

- ▶ **PHILIPPINES (JV)**
ECCO Philippines, Inc.

ECCO SHOE FACTORIES

INDONESIA
PT. ECCO Indonesia

PORTUGAL
Ecco'let (Portugal)
– Fábrica de Sapatos, Lda.

SINGAPORE
ECCO Shoe Production Pte. Ltd.

- ▶ **CHINA**
ECCO (Xiamen) Co. Ltd.

- ▶ **CHINA**
Xiamen ECCO Logistics Co. Ltd.

SLOVAKIA
ECCO Slovakia, a.s.

THAILAND
ECCO (Thailand) Co., Ltd.

VIETNAM
ECCO (Vietnam) Co. Ltd.

TOOLING FACTORIES

PORTUGAL (JV)
E-MOULDS&LASTS TOOLING SOLUTIONS, S.A.

- ▶ **THAILAND**
EPIKO FOOTWEAR SOLUTIONS (THAILAND)
COMPANY LIMITED

ECCO LEATHER

THE NETHERLANDS
ECCO Leather B.V.

- ▶ **THE NETHERLANDS**
ECCO Tannery (Holland) B.V.

- ▶ **THE NETHERLANDS**
Water Treatment Dongen B.V.

- ▶ **INDONESIA**
PT. ECCO Tannery Indonesia

- ▶ **SINGAPORE**
ECCO Tannery Holding (Singapore)
Pte. Ltd.

- ▶ **CHINA**
ECCO Tannery
(Xiamen) Co. Ltd.

- ▶ **CHINA**
Danna Leather
(Xiamen) Co. Ltd.

- ▶ **THAILAND**
ECCO Tannery (Thailand) Co., Ltd.

The ECCO logo is displayed in white against a light blue background. It consists of the letters 'ECCO' in a bold, sans-serif font, with a registered trademark symbol (®) to the upper right of the 'O'. The background of the entire page is a light blue color with a repeating pattern of the ECCO logo in a lighter shade. In the bottom right corner, there is a small, faint version of the ECCO logo.

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A/S Reg. No. 43.088
CVR No. 45 34 99 18