ecco ANNUAL REPORT 2018

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

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dirigent

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MANAGEMENT REVIEW

ECCO ANNUAL ACCOUNTS 2018

ECCO IN 2018 AT A GLANCE

€ 1,309m

Revenue

2017 - € 1,276m

€ 201m

Profit before tax

2017 - € 184m

15.3%

Profit ratio

2017 - 14.4%

€ 617m

Equity

2017 - € 592m

21,300

Number of employees

2017 - 21,500

CEO'S REPORT

The global political conjunctures in 2018 were not favourable to highly globalised companies like ECCO, but despite this fact ECCO managed to deliver its best annual result to date.

Global trade and business have become more unpredictable, and it seems that these trends are likely to continue for a while. The overall positive macroeconomic development is expected to slow down during 2019, and it is evident that the recovery experienced since the financial crisis, a decade ago, is gradually deteriorating.

The global retail industry is preoccupied with redefining brand and go-to-market strategies in order to stay relevant and to fight the current highly promotional retail environment. Consolidation in the industry continues as digital channels go on to take market share.

Through uncompromising efforts in 2018 by our organisation, we succeeded in growing both sales and profits to a new record high in ECCO's 55-year-old history. Innovations in new styles such as EXOSTRIKE™ and ECCO BIOM Hybrid 3 resonated well with our customers.

Entrepreneurship is deeply rooted in the ECCO culture, however, with 21,300 employees, 2,250 ECCO shops and sales in 99 countries, we no longer have the agility of a start-up. But this does not mean stagnation; in 2018, we invested in becoming more digitally driven, both when it comes to design, product management, and consumer sales. The success of new mobile first platforms for e-commerce and omni-channel options for consumers confirmed that this is how consumers want to shop.

Looking at 2018, we saw positive developments in the execution of our strategic and operational agenda through: successful product launches, an efficient and reliable supply chain, and a strong momentum in both Asia and the US. Furthermore, the launch of a revolutionary way of tanning leather, DriTan™, saving millions of litres of water, shows ECCO's commitment to innovation and environment.

I want to thank all of my colleagues for making ECCO the success it is. It is not just about what we make, it is how we make it that creates the engagement and motivation to drive the brand forward.

Entering 2019, the ECCO strategy remains valid. A stronger and more consistent global brand with a strong Direct-to-Consumer business and consumer focus is as relevant as ever. Today, more than 50% of all ECCO shoes are sold in a concept store online or offline, connecting us with millions of consumers every year. As one of the world's leading shoe manufacturers, ECCO has the potential to take further advantage of this in our marketing, sales, and operating model. It provides us with many unexplored opportunities to remain successful and generate sustainable and healthy growth also in the years to come.

Steen Borgholm
Chief Executive Officer

2018 HIGHLIGHTS

JANUARY

ECCO OUTDOOR WINS FOUR PRESTIGIOUS AWARDS

ECCO's EXOSTRIKE™ shoe with Dyneema® bonded leather was awarded with the 2018 ISPO prize in the outdoor category for hiking and trekking footwear, and it also won the footwear category at the Scandinavian Outdoor Award. The RedDot and Friedrichshaven Fair awards were two further. The weight, thickness, and extreme strength of the innovative DYNEEMA® BONDED LEATHER by ECCO have set the standard for a shoe that meets the needs of a new outdoor generation.

FEBRUARY

ECCO KIDS CELEBRATES 40 YEAR ANNIVERSARY

40 years ago, ECCO JOKE, the company's first children's shoe, was introduced. ECCO KIDS has a specialised and dedicated team which constantly develops and improves this increasingly successful shoe range.

MARCH

ECCO STAFF TRAINED IN CODE OF CONDUCT AUDITING

To ensure that ECCO's Code of Conduct is enacted throughout ECCO's value chain, five intense days of supplier audit training took place in ECCO Thailand for colleagues to become Code of Conduct supplier auditors. Checking emergency exits, chemical storage, employees' working conditions, and ensuring that anti-slavery legislation is adhered to are just some of the elements of the training.

APRIL

RENEWABLE ENERGY FOR APPLE PRODUCTS

ECCO Leather has committed to using 100% renewable energy for its Apple production. The leather used for Apple products is of European origin, and tanning and cutting is carried out at ECCO's own tanneries in the Netherlands and China.

MAY

ECCO SLOVAKIA CELEBRATES 20 YEARS

ECCO Slovakia was established in 1998 in Martin, in the northern part of Slovakia, and now has more than 900 employees. The main production is men's and women's casual shoes.

JUNE

NEW CONCEPT STORE OPENS AT PRIME LONDON LOCATION

The opening of a new ECCO Prime Concept store on King's Road, London, attracted notable guests and media coverage. The store is in one of the city's most affluent areas, and in a location where tourists flock.

JULY

ECCO WALKATHON SPONSORS CAMP FOR CHILDREN WITH HEART DISEASES
Part of the proceeds from the 2017 ECCO Walkathon went to a Summer Camp for children with heart diseases held at ECCO headquarters in Tønder. The camp gave the children an opportunity to spend a few action-packed days together, leaving the children energised.

AUGUST

ECCO INTRODUCES NEW HIGH-PERFORMING SOLE MATERIAL
With Phorene™, ECCO has taken the next steps in improving the quality and comfort of ECCO shoes. Phorene™ based soling systems offer the end consumer a lightweight combination of high-energy return as well as high-level cushioning. Unlike traditional soling materials, these features are insensitive to cold temperatures, ensuring strong performance in a broad range of weather conditions.

SEPTEMBER

ECCO LEATHER WATER-SAVING TECHNOLOGY
The leather tanning process was always thought to be impossible without the use of large amounts of water. But ECCO Leather's new DriTan™ system is a revolutionary advance that has the potential to reduce water use across the world's tanning industries. The crucial difference in the DriTan™ process is that it uses moisture already present in the hides.

OCTOBER

ECCO THAILAND CELEBRATES 25 YEAR ANNIVERSARY
ECCO Group owners and senior management participated in ECCO Thailand's 25 year anniversary, which was attended by more than 2,800 employees.

NOVEMBER

NEW AGREEMENT WITH GOLF LEGEND
ECCO renews its long-standing relationship with golf legend and World Golf Hall-of-Famer Fred Couples. The King of Cool, as he is known, is an ECCO Golf Ambassador, who has worn shoes from ECCO's Golf range for many years. Couples has won 15 PGA Tour titles, including the 1992 Masters.

DECEMBER

ECCO PILOTS OMNI-CHANNEL APPROACH IN POLAND
ECCO introduces a so-called omni-channel approach in Poland, initially with 14 test stores, offering ECCO customers a seamless shopping experience, including click and collect, order in store, or options to return a purchase anywhere.

FIVE YEAR SUMMARY

FINANCIAL HIGHLIGHTS EUR '000	2014	2015	2016	2017	2018
Net revenue	**1,169,157**	**1,255,886**	**1,250,919**	**1,275,960**	**1,309,386**
Profit before amortisation and depreciation	221,023	234,421	221,453	241,265	259,012
Amortisation and depreciation	(39,006)	(46,179)	(49,417)	(50,694)	(52,428)
Profit before financials	182,017	188,242	172,036	190,571	206,585
Financial income and expenses	(5,622)	(4,778)	(1,874)	(6,735)	(5,918)
Profit before tax	**176,395**	**183,464**	**170,162**	**183,836**	**200,667**
Income tax	(40,515)	(42,235)	(37,261)	(45,555)	(51,815)
Profit for the year	**135,880**	**141,229**	**132,901**	**138,281**	**148,852**
Non-current assets	266,016	338,416	330,299	310,624	352,108
Current assets	658,669	609,959	692,593	684,971	700,355
Total assets	924,685	948,375	1,022,892	995,595	1,052,463
ECCO Sko A/S shareholders' share of equity	532,229	579,376	595,551	592,123	617,366
Non-controlling interests	45,450	63,460	86,652	98,881	116,809
Non-current liabilities	136,158	93,533	124,942	81,709	97,834
Current liabilities	210,848	212,006	215,747	222,882	220,454
Equity and liabilities	924,685	948,375	1,022,892	995,595	1,052,463
Cashflow from operating activities	145,863	188,540	196,804	188,691	206,864
Cashflow from net investing activities	(43,738)	(51,516)	(50,571)	(48,842)	(96,773)
Investments in property, plant, and equipment	(43,695)	(47,568)	(45,069)	(35,894)	(85,821)
Cashflow from financing activities	(61,421)	(126,447)	(92,713)	(121,530)	(100,325)
Number of employees (as of 31 December)	19,851	19,109	20,635	21,526	21,271

KEY RATIOS					
Operating margin	15.6%	15.0%	13.8%	14.9%	15.8%
Profit ratio	15.1%	14.6%	13.6%	14.4%	15.3%
Return on assets	20.8%	19.6%	17.3%	18.2%	19.6%
Investment ratio	1.1	1.1	1.0	1.0	1.8
Return on equity	23.0%	20.6%	17.7%	18.4%	20.3%
Solvency ratio	57.6%	61.1%	58.2%	59.5%	58.7%
Liquidity ratio	3.1	2.9	3.2	3.1	3.2

DEFINITIONS OF KEY RATIOS

Operating margin: $\dfrac{\text{Profit before financials x 100}}{\text{Net revenue}}$

Profit ratio: $\dfrac{\text{Profit before tax x 100}}{\text{Net revenue}}$

Return on assets: $\dfrac{\text{Profit before tax x 100}}{\text{Average assets}}$

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

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

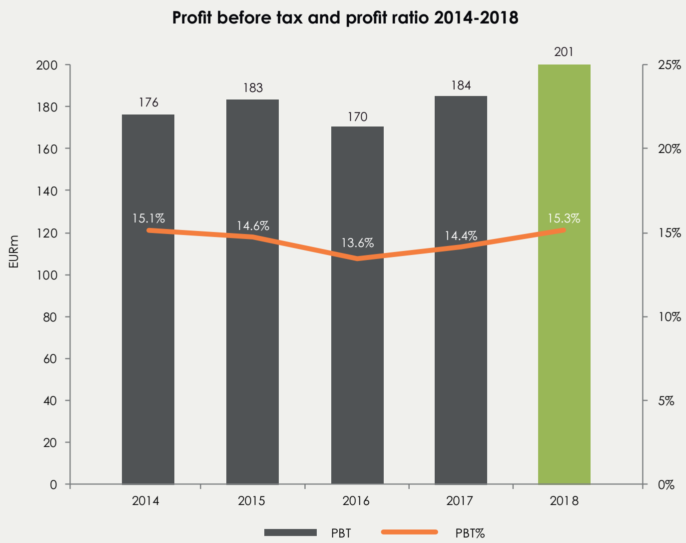
Solvency ratio: $\dfrac{\text{ECCO Sko A/S shareholders' share of equity x 100}}{\text{Total assets}}$

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

Financial ratios are in all essentials calculated in accordance with the Danish Society of Financial Analysts´ guidelines on the calculation of financial ratios, "Recommendations and Financial ratios 2015".

FINANCIAL REVIEW

ECCO achieved its best financial result ever in spite of a challenging retail environment and currency headwind. The result is higher than foreseen in the 2018 outlook in last year's Annual Report.



Group profit before tax increased to EUR 200.7m, an increase of 9.2% compared to 2017. At comparable foreign exchange rates, the increase equalled 11.7%.

Group profit before financials amounted to EUR 206.6m against EUR 190.6m in 2017, an increase of 8.4%. At comparable exchange rates, the increase was 11%.

Net sales were EUR 1,309m against EUR 1,276m in 2017.

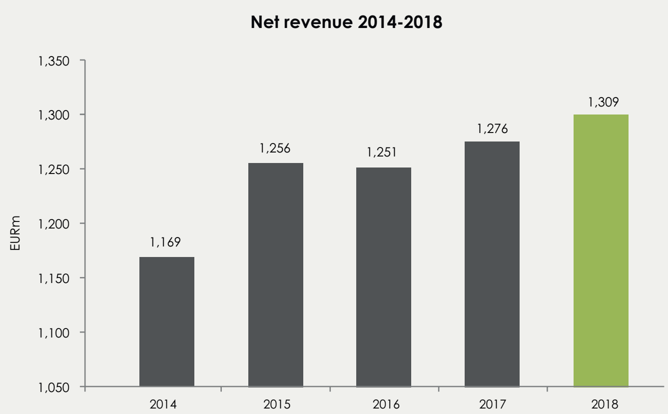
Shoes net sales increased by 5%, Accessories increased by 5.8%, and leather sales grew by 6.5% at comparable exchange rates.

The continued investments in Direct-to-Consumer (DtC) sales channels resulted in retail and e-commerce sales growing by 14%, with the e-commerce channel growing by a remarkable 36% at comparable exchange rates.

The North American markets grew sales by 12.6% at comparable exchange rates. All channels contributed to this increase.

The Asia Pacific region continued the (DtC) expansion strategy and realised a 9.7% growth in sales at comparable exchange rates. China e-com realised a remarkable 44% sales growth.

European sales were down 3.1% at comparable exchange rates driven by a decline in wholesale sales to Russia, the Scandinavian markets, and the Middle East.



The global retail environment continued to be challenged by heavy promotional activity across key markets and the continued growth of online sales. However, improvements in collection management, manufacturing efficiency, and supply chain cost reductions ensured that margin deterioration on shoes was mitigated.

Foreign currency developments had an overall negative impact in 2018. The volatility in exchange rates during 2018, compared to 2017, had a EUR 4.6m negative impact on profit before tax. This was caused by the translation of non-euro profits into EUR.

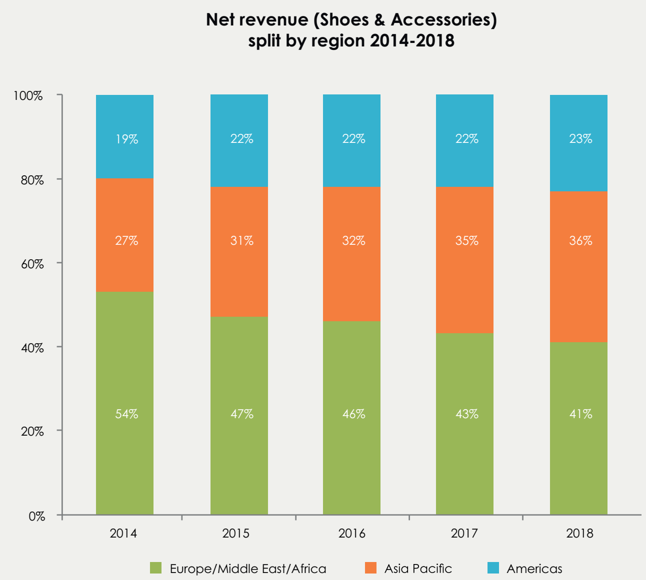
The Group ended the year in a strong financial position, with cash at EUR 187.8m and solvency at 58.7%.

PROFIT & LOSS

Solid growth in North America and the Asia Pacific region combined with declining sales in Europe continued the trend of Asia making up an increasing share of ECCO's total net sales.

By the end of 2018, Europe had generated 41% of the sales, Asia made up 36%, and North America 23%. This was a 1% increase towards Asia since 2017.

A more strategic go-to-market model combined with the tough market conditions resulted in reduced wholesale sales in Europe.



The wholesale business grew sales by a modest 1.7% against 2017 at comparable exchange rates. Business was strong in Asia and Americas, where good partnerships and a strong collection performance increased sales. The retail market in core Europe continues to be under pressure, resulting in ECCO partners closing some stores.

Online sales showed high double-digit growth of 36% at comparable exchange rates. ECCO expanded online platforms to more markets.

Retail sales increased 9.6% against 2017 at comparable exchange rates, driven by organic growth in most markets as well as a continued expansion of owned and operated retail stores.

Retail in China was challenged in 2018, where especially department stores were impacted by lower foot traffic. The Greater China region (China, Hong Kong, Macao, and Taiwan), however, continued expanding the retail footprint by new store openings and taking over more of the retail network. Net sales grew 11% at comparable exchange rates.

Asian markets outside Greater China increased sales by 6.1% at comparable exchange rates, driven by new store openings and same-store growth in key markets like South Korea, Japan, and Singapore. Accessories sales grew by a remarkable 30%.

The European region experienced a decline in sales of 3.1% at comparable exchange rates. The region remained challenged in traditional core wholesale markets, where sales declined despite increased sales to some retail partners. Sales to Russia and Middle East partners also dropped compared to 2017.

The American markets achieved a strong sales growth of 12.6% at comparable exchange rates. All sales channels realised increased sales; however, e-commerce stands out with a 25% growth rate against 2017.

ECCO's staff cost increased modestly by 0.6%. Other external costs increased by 4.9%, which include higher costs for brick-and-mortar store rents.

Depreciation and amortisation were up by 3.4% in 2018 driven by a higher investment level.

Financial items decreased 7% due to lower interest and reduced exchange rate impact.

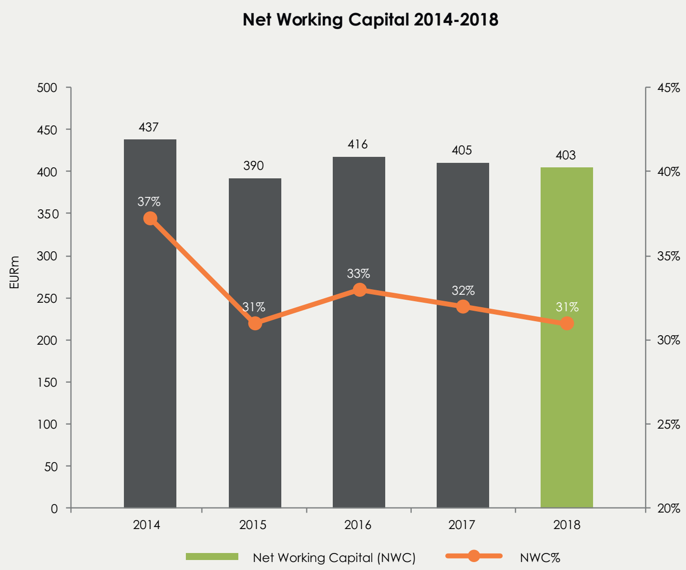
ECCO's profit before tax was EUR 200.7m, an increase of 9.2% or 11.7% at comparable exchange rates. The profit ratio was 15.3%.

The income tax for the year was EUR 51.8m, equivalent to a 25.8% tax rate, an increase from 24.8% in 2017.

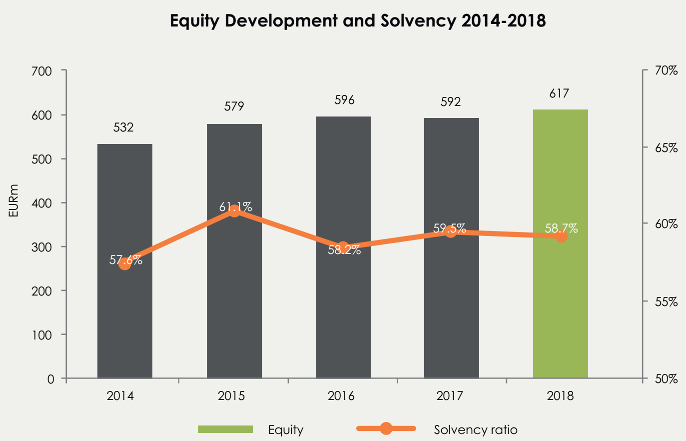
Profit after tax amounted to EUR 148.9m for 2018 versus 138.3m in 2017.

CASH FLOW
ECCO generated a strong operating cash flow of EUR 207m, an increase of 9.6% against 2017. Investments ended almost twice as high compared to 2017, hence reducing the free cash flow to EUR 110m.

BALANCE SHEET
Trade receivables and inventories, less accounts payable (net working capital), decreased by a total of EUR 2m; and, as a share of net sales, decreased from 31.7% to 30.8%.



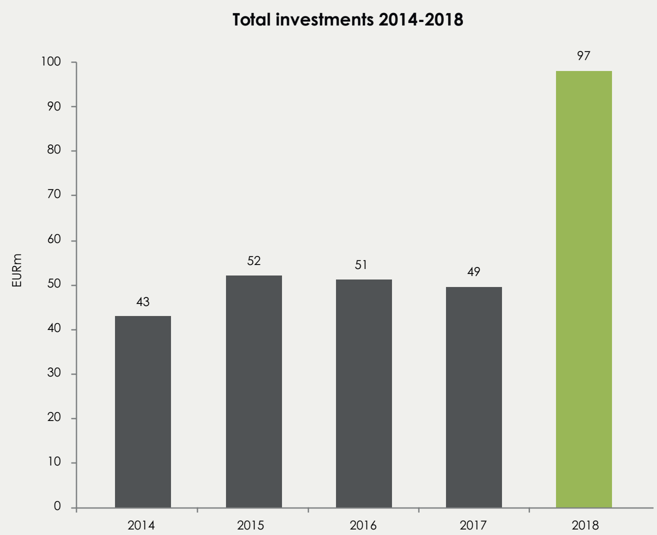
Net working capital was affected by foreign currency because the higher level of inventory was offset by exchange rate effects.



Investments in 2018 amounted to EUR 96.8m, which was almost twice the amount of 2017. The level of ordinary investments for new store openings, refits, machinery, IT platforms etc. was kept at 2017 level; however, a few strategic investments in new offices and take-over of a waste water treatment plant in Dongen, the Netherlands made up for the increase.

ECCO ended 2018 in a very strong financial position. The equity was EUR 617.4m, and the solvency ratio was 58.7%.

By year-end 2018, ECCO was holding more cash than long- and short-term debt.



OUTLOOK

In 2019, ECCO expects to continue executing on the long-term strategy while still improving short-term financial performance. A key ambition for 2019 is to strengthen ECCO's DtC presence across channels and platforms. Continued investments in DtC including omni-channel capabilities and systems will support same-store operational improvements and expand the digital business further. ECCO will continue building strong partnerships with retail partners to further strengthen its brand position in key markets.

The outlook for the 2019 financial result shows a modest increase compared to 2018. This is assuming a stable macroeconomic and political environment and is subject to risks from e.g. exchange rate development, potential trade conflicts, and changes in consumer sentiment.

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 offer 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 fulfill these ambitions, operating a healthy and efficient business with sufficient profitability to fund ECCO's ambitions and also safeguarding the future of the company.

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 comply 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.

   ECCO has set up a system, where any breaches can be reported anonymously to: codeofconduct@ecco.com.

CORPORATE RESPONSIBILITY

As a family-owned company since its foundation in 1963, ECCO is a company with strong values.

ECCO has always lived by these values, but in 1999, ECCO's founder Karl Toosbuy formalised them in a Code of Conduct, which management and employees consider ECCO's Constitution.

Over the years, many policies have been developed with their base in the Code of Conduct.

In 2018, ECCO updated these policies to reflect the ever changing world, but the Code of Conduct remains the same (see opposite page).

Reference is made to ECCO's website for these policies: group.ecco.com/responsibility.

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.

Steen Borgholm
Chief Executive Officer

Panos Mytaros
Executive Vice President, Global Shoe Production

Michel Krol
Executive Vice President, Global Sales

The standards for ECCO's corporate sustainability ambitions were set out by our founder K. Toosbuy in the Code of Conduct in 1999 and revised in 2006 and 2010.

ENVIRONMENT

Being aware of its responsibility towards the environment, ECCO continuously searches for ways to minimise its impact on the globe.

ECCO has a unique opportunity to plan for this because ECCO owns and operates its supply chain from factories to shops.

It is therefore possible to implement environmental improvements such as major water-saving programmes, reduction of chemical use and introduction of renewable energy-saving projects, as well as the simple but important task of reducing all forms of waste.

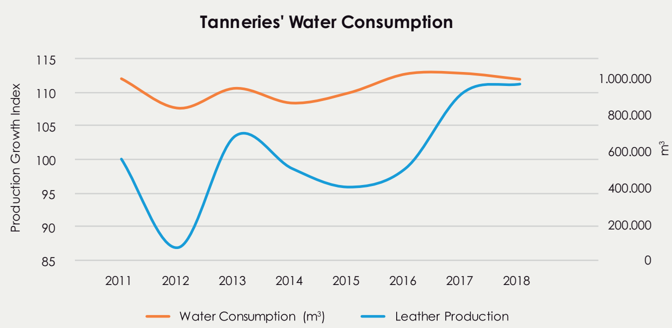
WATER

ECCO considers water a valuable natural resource, which has to be used sparingly, leaving a minimum of waste water behind.

In 2018, several water-saving initiatives took place, resulting in a significant decrease in the overall water consumption.

TANNERIES

As can be seen from the graph, ECCO Leather Group's water usage slightly declined in 2018 although the total conversion of rawhides into finished leathers increased underlining the last years' trend of an increasingly efficient production.



In accordance with the ECCO Code of Conduct and as a result of ECCO's wish to maintain control of its value chain, the tannery in Dongen took over operation of its waste water treatment plant during 2018.

This will allow ECCO to optimise the waste water treatment process and production of biogas. With this new set-up, ECCO has an unprecedented opportunity to ensure a more sustainable production and increase the percentage of renewable energy.

In 2018, ECCO's constant drive to refine processes and technologies led to a remarkable improvement of the traditional tanning methods commonly used by the leather industry. A new innovation – DriTan™ by ECCO Leather – allows tanneries to make leather with a significantly reduced environmental impact.

The technology was acknowledged by the Scandinavian Outdoor Award in Technology early 2019.

The leathers produced with the new method are indistinguishable from conventionally tanned leather in terms of quality, characteristics, stability, and lead-time.

The innovative tanning method originates from an inherent wish to improve performance and to save water – a scarce resource. Following five years of intense research by ECCO's Applied Research team, a way was found to use the moisture already present in the pretreated skins, saving the normal addition of water in the main tanning process. A simple – yet revolutionary process.

As the waste water is essentially eliminated from part of the tanning process, so is the emission of waste water containing chrome into the effluents.

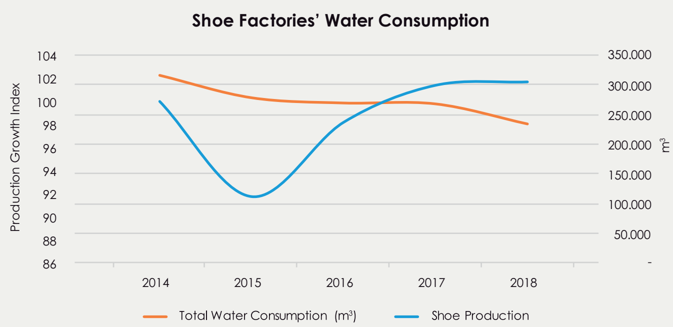
With DriTan™, ECCO's tannery in Dongen saves around 20 million litres of fresh waster annually and reduces the amount of sludge produced by 600 metric tonnes.

DriTan™ is currently being implemented in the tannery in Dongen and will gradually be introduced to ECCO's other tanneries.

SHOE FACTORIES

Water-saving initiatives were also carried out in ECCO's shoe factories. The graph below shows the total amount of water used in ECCO's shoe factories compared with the total shoe production in the period from 2014 to 2018.

The programme for water savings included drinking water, water used for cooking and cleaning, toilet and shower use, and gardening. A satisfactory decrease of 13% was achieved in 2018, whilst production was at a constant level.



In ECCO Thailand, a water-recycling system was installed utilising condensed water from the air conditioning to flush toilets. With other initiatives, ECCO Thailand in 2018 reduced its water consumption by 4%.

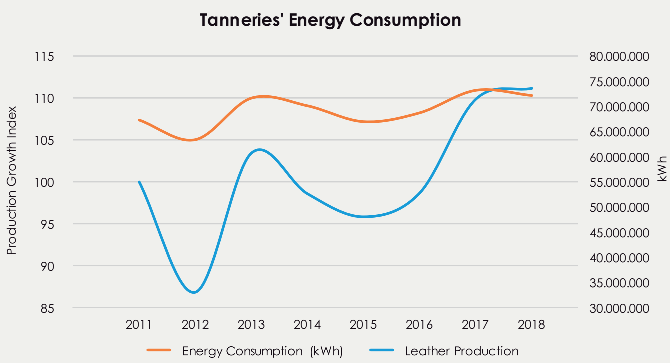
ENERGY

ECCO has managed over the years to keep its energy consumption relatively stable in spite of ever increasing production volumes in ECCO's tanneries and shoe factories.

This means that the energy consumption per unit produced is reduced.

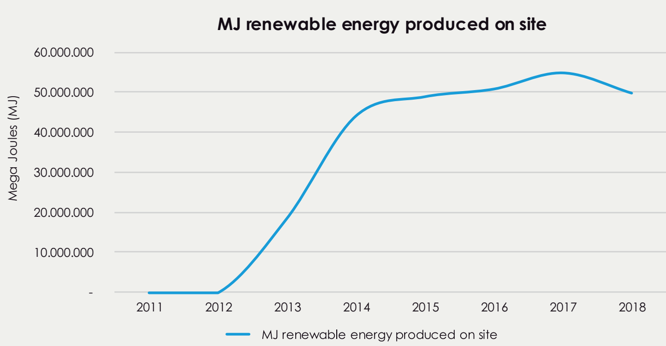
TANNERIES

The production output in ECCO's tanneries has risen dramatically the last two years. In spite of the major increase in production volume the energy consumption in the tanneries declined thanks to new and more efficient production technologies and sharing of best practices, leading to clear efficiency gains.



At the same time, the on-site production of renewable energy has shot up from 2012 to 2018 from less than 1 million mega joules to around 50 million in 2018. This underlines the high potential of renewable and readily available energy produced on site.

The slight decline in renewable energy produced in 2018 originates from a different mix of the tanneries' production composition.



The waste water treatment plant in Dongen, the Netherlands.

ECCO's tanneries are all independently reviewed by the Leather Working Group, which carries out reviews based on an internationally recognised protocol, focusing on environmental compliance, saving of natural resources and good business practices. In 2017, ECCO's four tanneries achieved the Leather Working Group's highest certification level GOLD – and in 2018, all tanneries again qualified for GOLD.

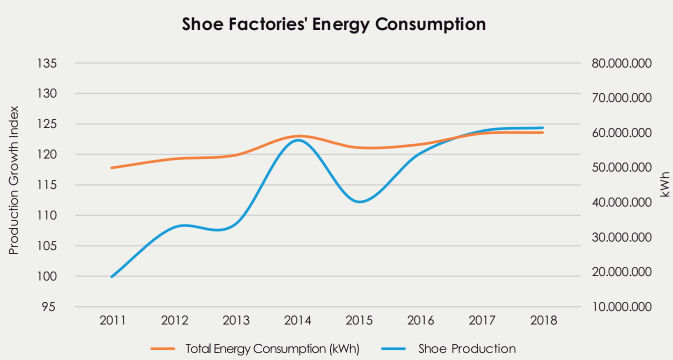
For 2019, ECCO has started two major projects in its tannery division.

In Dongen in the Netherlands, the plan is to make the facility energy-neutral. This primarily through a fine-tuning of the waste water treatment plant – and an increase in the biogas production together with a more efficient exploitation of the energy produced.

Simultaneously, ECCO has accepted the challenge from a large customer to convert its Chinese facility into using 100% renewable energy. Here, the main contribution will come from the installation of solar panels on all ECCO Tannery Xiamen's buildings.

SHOE FACTORIES

The shoe factories' energy consumption has been relatively stable over the previous years, in spite of shoe production increasing significantly.



Manufacturing of shoe related components has been increasingly insourced in accordance with ECCO's wish to control the value chain and ensure the right quality of its end-products.

Furthermore, the new shoe factory in Vietnam has continued to ramp up its production leading to higher output. Three new stitching lines were implemented in 2018, and two more are planned during 2019.

In 2018, energy screenings were concluded at all ECCO's shoe factories. The aim was to find new ways of improving energy efficiency. The initiatives defined include the conversion of conventional lighting to LED lighting, installation of solar-powered outside lights, installation of timers on air conditioners, the use of automatic stop systems on machinery, and the optimisation of air compressor systems.

Continued focus and efforts to reduce the overall energy consumption will continue in 2019.

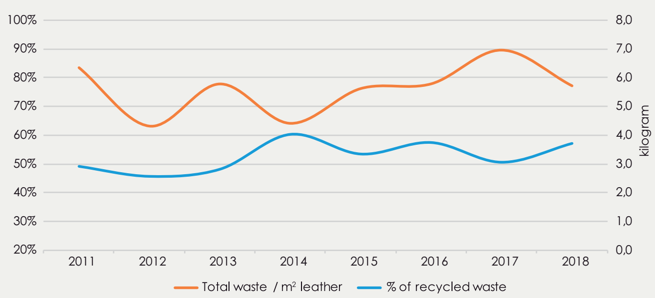
WASTE

In 2017, ECCO began to monitor and report on the reduction of its waste streams to landfills and simultaneously increase efforts to recycle waste in new ways.

TANNERIES

The amount of waste sent to landfills decreased during 2018 as can be seen from the graph below, and the recycling percentage increased.

Tanneries' Waste:
kg / m² of leather produced

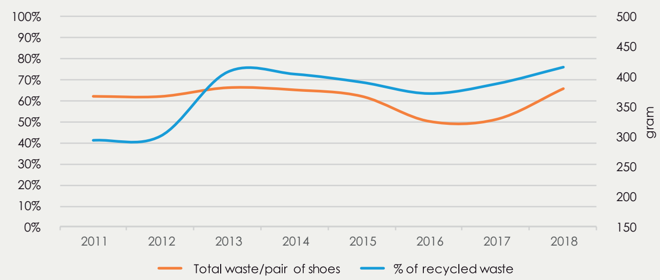


One reason is an effort in ECCO Thailand, where the sludge from the waste water treatment plant now is being used to substitute other materials in cement kilns, which also use leftover trimmings to incineration to generate heat for its processes.

SHOE FACTORIES

The shoe factories also created innovative solutions. The overall amount of waste per pair produced has been kept at a close to constant level since 2011. On the other hand, the recycling of waste has increased substantially. Today more than 75% of the total waste is recycled.

Shoe factories' Waste:
gram / produced pair of shoes



One of the main drivers behind the high waste recycling ratio was ECCO Portugal's successful efforts to recycle all polyurethane waste from the soling processes through a collaboration with the cork industry.

Also, ECCO Slovakia identified several new streams of recycling through a comprehensive waste analysis taking the entire lifecycle of different materials into consideration.

Attention has in general been focused throughout the ECCO Group to reduce waste in all operations. In addition, several initiatives to upcycle the many different types of waste throughout the value chain are currently ongoing.

ECCO'S PEOPLE

ECCO's employees and management are the core of ECCO.

It is ECCO's wish to employ people around the globe, give them attractive working conditions, fair wages, and especially, where possible, lifelong employment with constant training and education and new challenges to make the work life rewarding.

ECCO believes in respect for different cultures and religions, a workplace free of discrimination with the right to rest and leisure.

We strive to provide good working environments and safe working conditions.

HEALTH AND SAFETY IS A KEY PRIORITY

ECCO's Health and Safety management system was further improved in 2018.

During the second half of 2018, ECCO implemented new Key Performance Indicators (KPIs) based on historical data, incident facts and specifications. ECCO has set the target to be well below the accident ratio for all of ECCO's units measured against the official EU average rate.

ECCO supports the EU – OSHA (Occupational Safty and Health Administration) campaign of 2018-2019 addressing the health and safety risks posed by dangerous substances. ECCO has therefore introduced even more stringent rules for the approval of new chemicals and introduced the Zero Discharge of Hazardous Chemicals (ZDHC) programme.

TRAINING IN ENVIRONMENT, HEALTH AND SAFETY

To ensure the highest level of good manufacturing procedures, each year ECCO gathers specialists from all production units to share best practices in Environment, Health and Safety. Often external specialists are brought in on topics such as for instance fire protection or machine safety.

Within the fire safety area, ECCO continues the implementation of NFPA (National Fire Protection Association) standards.

TRAINING IN LABOUR PRACTICES

ECCO also ensures its employees are trained to understand and follow new legislation. In 2018, ECCO Vietnam participated in a workshop on Modern Slavery to ensure that ECCO observes the rights of vulnerable groups and always is ready to take steps to stop any abuse of this law.

ANTI-CORRUPTION AND ANTI-BRIBERY PROGRAMME

ECCO continues its rigorous policy to avoid corruption and bribery. As a global company, ECCO is exposed to various risk levels. Hence, training sessions are continuously carried out throughout the company explaining the

ECCO policy to the staff. In addition, a company-wide e-learning programme was set up to further underline the importance of this policy in ECCO's business operations.

UNFOLDING ECCO EMPLOYEES' POTENTIAL

For anyone joining a new company, the start is decisive. To welcome new employees to ECCO's world, the company has developed an ONBOARDING UNIVERSE.

The idea is that people who consider joining ECCO should be able, before deciding on an ECCO employment, to be fully informed about the company, its values, the job openings, and what will be expected of them if they join.

Once a person has signed on to join ECCO, they are given access to a closed information site, which holds a lot more detailed information.

And when a new employee starts, they are welcomed by ECCO's top management, given back-up during the first months of employment and access to all relevant ECCO sites.

ECCO believes in lifelong education. It takes place in all facilities because ECCO wants its employees where possible to be multi-skilled, and encouragement is given to take on larger job responsibilities.

For more formal managerial education, ECCO has entered into a cooperation with Nottingham Business School in England.

The education is a combination of distance learning and on campus training. The so-called ECCO Global Business programme includes: Financial Understanding, ECCO Value Chain, Leadership, and Managing Change and Innovation. At September 2018, 146 employees were studying.

ECCO PROMOTES HEALTHY WORK-LIFE BALANCE

Ensuring proper treatment and personal development for employees lies at the core of ECCO's operations. One way this can be seen is in the fact that many employees around the world celebrate 10th, 20th and even up to 40th anniversaries with the company.

As an example, ECCO Indonesia in 2018 presented an outstanding low employee turnover of 2.4% with third generation employees enrolling, which further illustrates ECCO's strong relationship with its employees and the local communities.

ECCO strongly supports a healthy work and private life balance. For example, social events at factory units are organised in order to promote social welfare among employees.

In 2018, various social events took place all around the world such as a beach day in Vietnam for all employees and their families, and a cultural and talent festival in Indonesia.

A healthy work-life balance is especially important to pregnant women and mothers of young children. In Thailand, ECCO provides 'Quality Mom Training' to all pregnant employees, which is greatly appreciated by first-time mothers in particular.

In recognition of such initiatives, ECCO Thailand received in 2018 the Outstanding Establishment in Labour Relation and Welfare Award due to the unit's focus on employee welfare. In China, ECCO once again received an award for providing job opportunities for physically disabled people.

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 determine 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 has a target of at least 25% female representation on the Supervisory Board, elected by the Annual General Assembly. End to 2018, ECCO has 20% female representation. The Board regularly reviews the policy relating to women in management.

ECCO's 2020 strategy defined the long-term aim for a 35% women / 65% men balance at management level, with a minimum of one third of senior management positions to be held by women by 2020. When measuring the management globally at the end of 2018, 246 were men and 150 women (37.9%).

Official opening of the Candi Fire Station in Surabaya, Indonesia.

COMMUNITY ENGAGEMENT

ECCO wishes to be a good citizen in the countries it is active in – with an emphasis on building strong relationships to the local communities.

ECCO wants to make a positive contribution to these communities and over the years, ECCO has worked with the them on initiatives in education, health, welfare services, infrastructure, and disaster relief.

It is always the individual ECCO units that develop initiatives together with local stakeholders.

In 2018, a considerable number of initiatives cemented the strong local relationships between ECCO and the communities.

One example is the new Candi Fire Station in Surabaya, Indonesia, which ECCO has established in close cooperation with local authorities.

The fire station is based at ECCO's factory and machinery is maintained by ECCO. The fire engines will shorten response time to any incidents locally – as well as covering the factory.

In several countries, ECCO continued or expanded its programmes to support young people from deprived background, or with disabilities. ECCO supported medical assistance to local communities, renovated schools and improved libraries, and gave scholarships to young people. Collections were made for victims of natural disasters and blood donations organised.

ECCO WALKATHON

In 2018, ECCO also enjoyed arranging its recurring Walkathon days, where thousands of people gather for a united walk to raise awareness of the ones in need.

In 2018, the ECCO Walkathon returned to Poland after a five-year break. The event was a success, attracting about 10,000 participants. Funds generated were donated to home rehabilitation for children from the TVN Foundation – under the motto: "You are not alone". The organisation also helps seriously ill children, as well as supporting particularly gifted children who cannot develop their talents due to lack of money.

In Denmark, the annual Walkathon took place for the 19th time in the cities of Copenhagen, Odense, Aarhus, and Kolding. Once again, the events went well, with a total of 17,796 participants. The funds raised went to the Danish Heart Association's research programme and Children's Summer Camp, and the SOS Children Villages' work with children from the slums of Nairobi, Kenya.

Participants in the
ECCO Walkathon Warsaw, Poland.

ECCO AUDITS

It is very important to ECCO that the principles stated in ECCO's Code of Conduct are strictly adhered to.

ECCO carries out frequent audits at ECCO's tanneries and shoe factories and also at suppliers to ECCO.

ECCO competes on the superior quality of its shoes, rather than on the price of the product. To ensure the quality, high standards are set in ECCO's own facilities, but also demanded of ECCO's suppliers.

Whilst ECCO owns and controls most of its supply chain, ECCO also buys shoes from select suppliers as well as laces, inlay soles, chemicals, and other consumables.

ECCO audits its own facilities every year. ECCO has trained a number of its employees to carry out the ongoing audits, following strict rules, but also invites external auditors to check on the performance of these audits and their validity.

ECCO has stepped up its external audits at suppliers, including the suppliers to our suppliers. ECCO is aware that when it comes to human rights and modern slavery, the risks exist globally and as a global company, all partners to ECCO must meet ECCO approved standards.

All audits are reviewed by ECCO's Managing Board, and if there are critical findings, immediate action is taken, if necessary, terminating the cooperation with the supplier.

Since 2006, the number of supplier audits has risen from 12 in 2006 to 124 in 2018. The target for 2019 is 215 audits.

In 2018, ECCO terminated the cooperation with six suppliers. In one instance, workers were found not to have employment contracts; in another, ECCO's auditors were refused entry to a chemical warehouse.

ECCO builds long-term relationships with its suppliers, most of whom have developed high labour standards and deliver high-quality products.

In 2018, ECCO entered into a collaboration with an external audit company, Bureau Veritas, which shadowed several audits conducted by ECCO's internal auditors.

In a recent evaluation, ECCO's model of owning and operating most of its value chain was judged to be of unusual strength in the shoe production industry.

The aim was to have an assessment of the ECCO Code of Conduct audit system, which includes policy, procedures, and training programmes.

An example of one of the observation documents is shown on the next page.

This document is to confirm that Bureau Veritas ('BV') has assessed whether ECCO lives up to its own criteria when it comes to internal audits on its own factories and in accordance with the ECCO Code of Conduct.

BV has been directed by ECCO to make an assessment of the audit conducted, by ECCO auditors, at Sanliuyidu (Fujian) Shoes and Plastics Technology Co., Ltd on November 20 & 21, 2018. BV confirms that the audit has been carried out in compliance with the following ECCO policies, procedures and associated documents set in ECCO's audit program with focus on a supplier audit:

- Audit Policy, the ECCO Code of Conduct
- Audit procedure of supplier to ECCO, the ECCO Code of Conduct
- Audit training material, the ECCO Code of Conduct

In order to conduct this assessment, BV has followed the audit and compared with the above documents. This assessment has been completed and provided to ECCO solely.

In relation to this specific audit, BV has the following observations:

1. The observed ECCO Supplier Code of Conduct (CoC) audit has contained the following standard audit processes: Audit Preparation, Opening Meeting, Factory Tour, Document Review, Employee and Management Interview, Pre-Conclusion Meeting, and Conclusion Meeting.

2. The observed audit was well planned with regard to audit actives and time arrangement. Such audit plan was effectively communicated with the audit participants from relevant department of the factory.

3. The observed audit was conducted in an objective and independent way by the ECCO internal auditors. The auditors demonstrated high level of ethics, proficiency in the ECCO CoC audit program and respect to the audited supplier.

4. The Conclusion Meeting was arranged in an open and communicative manner. All findings from the observed audit were discussed between auditors and the auditee in the conclusion meeting. The application of Power Point slides showing factory's best practices and areas for improvement with pictures has made the conclusion meeting more effective.

Signed for and on behalf of
Bureau Veritas Shenzhen Co., Ltd.

Name: Connie Chen

Title: Sr. Manager

Date: Dec 3. 2018

VERITAS SHENZHEN CO. LTD BUREAU
深圳必维华法
商品检定有限公司

It is specifically acknowledged and agreed that (a) this observation does not resemble any standard normally used by BV; (b) BV does not make any representation or warranty in relation to the information set in ECCO's audit program.
It is specifically acknowledged and agreed that our audit observation service is not a certification service. In other words, the result of this observation does not certify, confirm, or imply: (a) compliance or noncompliance with any government, industry, or association regulations or standards; (b) the quality of any specific products manufactured by the factory/sellers/suppliers; or, (c) the shipment or non-shipment of any specific products. This document does not discharge or release the factory/sellers/suppliers from their commercial, legal or contractual obligations with buyers in respect of products manufactured by the factory/sellers/suppliers. BV's services, and all documents issued in relation to the services, are subject to Bureau Veritas' General Conditions of Service, which have been agreed with ECCO. This document cannot be partially copied.
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for ECCO and tested
on all ECCO leather
types and finished shoes
ecco
ecco

MARKET DEVELOPMENT

Despite only moderate growth in the global footwear industry as a whole, ECCO has for several years maintained its strong position in Europe, while continuing to increase sales in North America and Asia. This has been achieved by further penetrations into existing markets and expansion into new markets. ECCO products are now sold in 99 countries globally.

The presence of a large number of players makes the global footwear market increasingly competitive.

To ensure a long-term sustainable and competitive position, ECCO has continued to invest in accelerated Direct-to-Consumer sales and in the conceptual footprint across all regions. The growing global demand for more comfortable and trendy athleisure footwear also stimulated higher demand for ECCO's athleisure products across all markets.

The number of ECCO stores grew by 14 to a total of 2,246 stores by end 2018. The footprint of owned and operated stores increased across most markets.

As more and more consumers shift toward online purchase, ECCO continues to roll-out its e-commerce platform to relevant markets as well as investing in the infrastructure to provide a seamless user- and shopping-experience. During 2018, the platform was upgraded with a mobile first approach, which enhances the user-experience on mobile devices as well as bringing an updated look and feel that illuminates the ECCO brand DNA.

ECCO EMEA (EUROPE, MIDDLE EAST & AFRICA)

The Euro area showed only modest economic growth in 2018. ECCO still has a strong position across core European markets, and work with its wholesale partners to further strengthen and elevate the ECCO brand position by improving the premium brand presentation in conceptual selling space.

The ECCO Sko A/S sister company, KRM, operates a large share of the company's European retail operations with 294 physical stores in 20 markets and e-commerce in 19 markets across Europe. During 2018, KRM went live with its omni-channel application online, with a number of new consumer-facing features, incl. a click and collect service and the option to return anywhere. This omni-channel approach marks the first important step in ensuring that ECCO customers can shop anytime, anywhere for any products in the ECCO collection, hereby providing customers with a seamless shopping experience across online and offline channels.

Like other European markets, Russia experienced extremely cold weather at the beginning of spring and warm weather beginning of autumn impacting sell-out in both seasons. Despite this, ECCO's distribution partner in Russia managed to increase sales by 7% due to stronger realised retail prices. In Ukraine, ECCO's distribution partner outperformed expectations by growing double-digit versus last year driven by improved store performance, investment in visual merchandising as well as strong product performance.

Geopolitical uncertainties and currency fluctuations continued to affect ECCO activities in the Middle-East. The introduction of an import ban on shoes in Iran forced the ECCO franchise partner to close all stores in the market. In Turkey, a strong devaluation of the local currency has led to several price adjustments. However by carefully monitoring these movements and adjusting to market circumstances, ECCO managed to maintain margins and improve profit versus last year. During 2019, ECCO plans to expand with a store in the new Istanbul Airport, which is set to be one of the largest airports in the world.

ECCO ASIA PACIFIC (EAP)

There continues to be increasingly fierce competition among brands within the footwear and apparel industry driving promotional and discount activities, which leads to changes in consumer behaviour. Furthermore, the region is prone to external factors such as in Japan, where a significant number of natural disasters impacted the retail sector during 2018.

Despite these challenges, the region (excluding the Greater China region: China, Hong Kong, Macao, and Taiwan) continues its growth path and increased net sales by 9% in 2018. This was driven both by organic growth in existing stores, where department store sales increased by 4.8% like-for-like, as well as store expansion in several markets resulting in a total of 128 stores across the region. ECCO's owned and operated e-commerce sites continue to show strong performance achieving a year-on-year increase in net sales of 33%.

In Vietnam, ECCO's brown shoe distribution partner also had a successful 2018 expanding the store portfolio in the market, including both a concept store and a shop-in-shop in the tourist city of Nha Trang.

In Nepal, ECCO's partner opened the first mono-branded ECCO store in December 2018.

ECCO GREATER CHINA (EGC)

The Chinese economy slowed down in 2018, and consumer focus continues to shift towards online channels and shopping malls. At the same time, more and more local and international shoe brands are entering the market, and the competitive landscape is changing.

To maintain and further strengthen the brand's market-leading position, ECCO continues to invest in expanding and optimising its conceptual style in China – both within owned and operated stores and within the distributor network. As part of this, several new shop concepts and visual merchandising standards are being tested in the market. These include ECCO's new premium shopping format (PRIME) and an experimental format installed at the ECCO Studio store located on the major shopping street Huaihai Road in Shanghai.

In 2018, the Greater China region increased its store portfolio by 44 stores.

Again in 2018, ECCO's online sales in China proved to be a key growth driver with an impressive 44% growth in net sales. During Double-11 (Singles Day) – a key online shopping event in China – ECCO was among the top 10 selling footwear brands on the online retail platform Tmall and number one on JD.

ECCO AMERICAS (EAM)

Also in the US, the economic expansion continued in 2018. The dominant headline was domestic consumption and strong consumer spending. The overall US fashion footwear also continues to grow modestly with Sport Leisure being the dominant category driver.

With the recent year's challenging retail environment and consumers' migration towards online channels, ECCO slowed down it's US store expansion. Increased focus was put on optimising the existing store portfolio as well as investing in activities that will support the Direct-to-Consumer strategy. In 2018, the existing store portfolio grew net sales by 9% on a like-for-like basis. At the same time, ECCO's own and operated e-commerce platform continued its strong momentum growing sales by 26%.

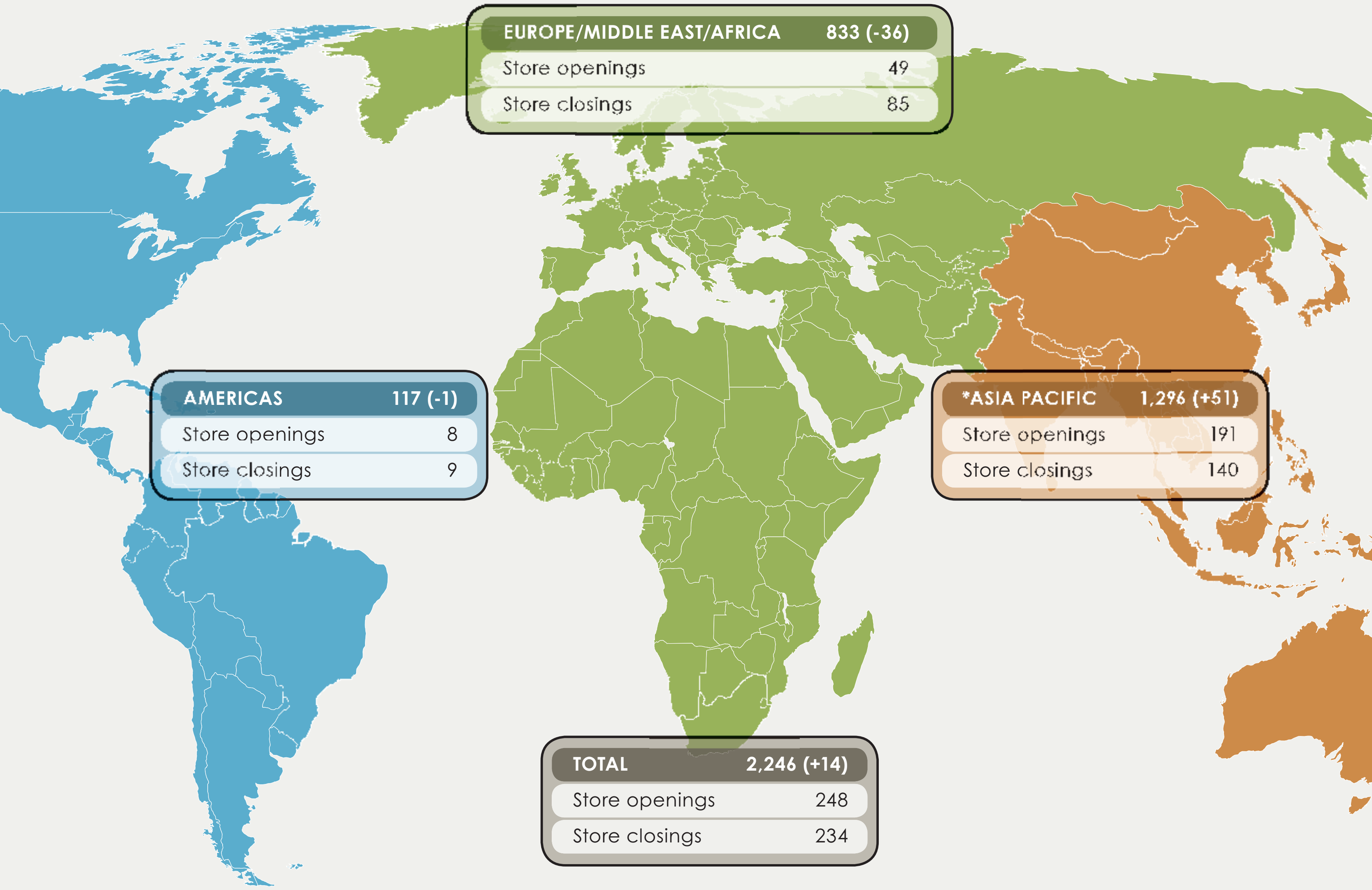
ECCO continues to have a strong position within the USA market for golf footwear. Sale of ECCO Golf products grew by 33% in 2018, owing largely to the launch of new innovations of the successful ECCO BIOM Hybrid platform.

In Canada, the overall retail environment continued to be challenged although the overall economy grew modestly. Nevertheless, ECCO added another 6 stores to its portfolio and now operates a total of 38 stores in the Canadian market.

After opening the first owned and operated store in Panama in 2017, ECCO continued in 2018 to invest in building strategic presence in Latin America by growing conceptual sales and business with distribution partners in selected markets.

ECCO store Parc Central
in Guangzhou, China.

WORLDWIDE STATUS ON STORE OPENINGS AND STORE CLOSINGS:



** The figures consist of ECCO stores including Chinese concept shop-in-shops.*

New Prime Concept store on King's Road, London.

RETAIL CONCEPTS

The Prime Concept was launched in 2016 with a store in the Neuer Wall, Hamburg. In 2018, a second Prime Concept store – with improved visual merchandising – was opened on the highly fashionable King's Road, London, to strengthen ECCO's high-end retail presence. The special features of this store type include versatile shop window formats, shoe hangers, and stylish shelf lighting.

In 2018, ECCO's Global Marketing unit also created and delivered Prime Outlet, a new upmarket store type.

The Prime Outlet concept was largely developed in-house, using mood boards, sketches of potential fixtures, customer movement plans, and store layouts.

There were two Prime Outlet openings – one in the FoxTown retail complex near Lugano, Switzerland, the other in the Zsar Outlet Village, Finland, near the Russian border.

The material pallet and design of fixtures in these Prime Outlets give ECCO a stronger presence in the Premium Outlet Sector. This, combined with newly developed visual merchandising, secures a dynamic lift to the presentation of ECCO's premium products, and creates a solid basis for increased sales.

ECCO store in Genting Highlands, Malaysia.

FOCUS ON MALAYSIA

ECCO's South East Asian region contains a number of economically strong countries delivering good growth rates, and ECCO continues to expand its owned and operated network in these markets.

ECCO Malaysia is the latest addition to the string of owned and operated markets, ECCO having taken over the distributorship in January 2017. With a population of 32 million, Malaysia is not among the largest markets in terms of population, but ranks among the highest income countries in the region. The country also has a well-developed and competitive retail market, especially in its capital, Kuala Lumpur.

ECCO has long been acknowledged as a premium brand among golfers in the country, but until recently few Malaysians associated ECCO with casual or formal footwear collections. The focus in the past year was therefore on building sales in the most prominent malls and department stores in the capital, and in the main tourist centres. The scene is now set for further expansion, both in brick-and-mortar shops and in e-commerce.

Staff from the ECCO store in Genting Highlands, Malaysia.

ECCO store in Dublin, Ireland.

FOCUS ON IRELAND

In 1978, James Lyons placed his first order of 500 pairs of ECCO Joke for his family business. As the sales of ECCO shoes developed, James began to make regular visits to Denmark and since then, the ECCO Ireland business has grown steadily over four decades in tandem with ECCO globally. In May 2011, the ECCO Ireland joint venture was established with James's son Paul as Managing Director, continuing the family tradition and ethos.

In the autumn of 2018, ECCO Ireland highlighted their 40 year anniversary with ECCO, which was celebrated with a bespoke window campaign in stores. The occasion was also marked by the Toosbuy Kasprzak family hosting a dinner for James and Paul Lyons honouring the long-term collaboration between the two families.

ECCO Ireland has 16 ECCO branded stores across five principal cities and five shop-in-shop spaces. The retail division employs 160 people and contributes 71% of turnover. ECCO Ireland also supplies 240 multi-branded business partners through the wholesale division and has a support office and distribution center in Cork, which services the entire market.

ECCO IRELAND 40 YEARS ANNIVERSARY
ecco®
IN IRELAND SINCE
1978

BRAND AND PRODUCTS

FLUIDFORM™

The 2018 brand campaign established its underlying message, 'We Are Not Typical Shoemakers', which strongly emphasised two ECCO owned elements of the value chain – specialised construction technology and premium leather production.

ECCO has been refining direct-injection production techniques since pioneering the technology in the 1980s. While ECCO is not the only brand making shoes using this method, the company's commitment to evolving its potential has been a defining feature of ECCO collections for decades. Our designers, engineers, and production teams have progressively pushed the boundaries of the process to deliver ever greater levels of comfort in ECCO's footwear.

In 2018, this legacy in comfort innovation was moved to centre stage under the brand name: FLUIDFORM™ Direct Comfort Technology. The development produces a remarkable change, in which lightweight liquid polymers transform into solid sole components, which have unique shock absorption, and cushioning.

FORM FOLLOWS FOOT

From the international team in our design Studio in Denmark, to the engineers in our R&D units throughout the world, to the futurists in our Innovation Lab and Applied Research group, the shared focus is on human anatomy, and the foot in particular.

COMFORT AT LAST

The "last" is a shoemaker's best friend – a 3D form that accurately mimics the shape of the human foot and dictates how the final product will look, fit, and feel. ECCO makes its own lasts, designing and engineering them to deliver high levels of comfort, as well as modern, versatile footwear styles.

Because of our FLUIDFORM™ technology, there is no need to use hard, flat sole parts that are standard in conventional shoemaking techniques. ECCO's 3D lasts follow the natural contours of the foot, mapping it from all sides, including the sole.

FLUIDFORM™ liquid polymers follow the overall shape accurately before solidifying into a soft and flexible replica of the original last. The resulting footwear's comfort comes from following the anatomy of the foot perfectly.

This means that FLUIDFORM™ liberates our product developers from the design and comfort compromises that come with standard high-pressure gluing and stitching assemblies used in conventional shoe and sneaker production.

REAL SHOEMAKING MEANS PREMIUM LEATHER

The FLUIDFORM™ process generates a durable, supple, and integral bond between the sole and the shoe's leather upper. Wrapped around the 3D anatomical last, the leather must be soft, supple, and natural to maximise the comfort of the fit and feel of the footwear.

This capability has inspired ECCO tanneries to develop groundbreaking leather concepts. From heritage finishes, to futuristic fashion applications, premium leathers are developed to optimise the benefits of FLUIDFORM™ across all of ECCO's seasonal collections.

ECCO FLOWT Women's sandal.

ECCO WOMEN'S

The women's category is being revitalised. This allows for a stronger focus on key styles and even higher quality through the design and research and development process. The new collections for 2019 have been well received by the markets, and the re-launch of the ECCO Shape concept will strengthen the expected growth of the Formal range. The overall brand focus of improving femininity and drawing closer to a modern female consumer is also expected to generate a better understanding of ECCO in the marketplace.

The ECCO ANINE model, launched in 2018, is a classic ballet flat featuring FLUIDFORM™ technology, complementing the WOMEN's collection and supporting the growth of this business sector.

The ANINE is a very commercial product that ECCO believes will have a long life among its wearers. The marketing of the shoe will emphasise its unique selling points – the ECCO FLUIDFORM™ technology and the variety of uppers. The projected outcome is that the ANINE becomes the first choice for ballerinas because of its unique comfort, colour options, and stylings for the uppers. In addition, the ANINE supports a dress up/dress down approach, and demonstrates ECCO's ability to introduce innovations in any type of footwear.

For those consumers who prefer a more casual shoe, the strategic intent is to launch the new FLOWT Platform with premium leather uppers, which addresses consumer demand for stylish, yet practical summer sandals.

As this is a highly commercial product in a "buy now, wear now" consumer context, the path to purchase is often short and spontaneous – as in "I need a stylish practical, comfort sandal now".

The commercial intent is to increase the sandal offering across all of ECCO WOMEN'S product ranges. In the WOMEN's category, designs will become more sophisticated, featuring a sunken footbed, suspended in FLUIDFORM™ technology.

***ECCO ANINE** Women's ballerina.*

ECCO ST.1.

ECCO ST.1 Hybrid.

ECCO MEN'S

The range of price levels for casual shoes in the MEN's collection during 2018 was a key factor in improving sales.

The outlook for 2019 is very promising, and one of ECCO's focal points will be to expand the Scandinavian market.

There is a continued global trend for the 'casualisation' of footwear, and ECCO's ranges are well-positioned to benefit.

The MEN's formal shoe range performed well, especially in Asia, where consumers demand premium products, and the ECCO Vitrus, launched in spring 2018, is an ideal product for these markets.

ECCO launched the ECCO ST.1 technology in 2018, which is an evolution of its SHOCK THRU technology, and produces greater heel comfort in motion. This highly effective innovation has delivered a significant improvement in shock absorption. Initially launched in an ECCO athleisure sneaker, it has already proved successful among consumers.

The green-coloured tech-point is not only visible within the sole unit, but also highlighted on the inside of the shoe when the inlay sole is removed.

ECCO will expand the ECCO ST.1 offer with an ECCO ST.1 Hybrid to be launched in Spring 2019. This is a new interpretation of formal footwear in which versatility and a stylish look are combined very effectively.

Looking ahead, the aim of ECCO MEN's is to produce Comfort footwear that clearly demonstrates innovation and contemporary design.

ECCO EXOSTRIKE™ Women's.

ECCO OUTDOOR

2018 was a good year for ECCO Outdoor with its products attracting considerable attention within the athletic outdoor footwear sector. The product portfolio has received praise from both the outdoor footwear industry and the global sneaker scene. These responses are the result of ECCO's innovative marketing and designs. Across the globe, ECCO's outdoor products have taken centre stage and the spotlight is now being broadened to take in a wider distribution network.

In 2019, ECCO Outdoor will have a holistic, brand-strengthening focus on design, product management, marketing, and sales.

Product innovations will continue at the same high momentum as in 2018. One outstanding example is Phorene™, a new sole material that already has a strong and growing fan base, and is capturing market share in the specialty distribution sector. These advances are key to our premium external sales strategy and are strengthening the brand statement - Made for the Elements.

The main stories for 2019 will be the ECCO Omni-Vent product line, featuring GORE-TEX Surround, which allows consumers to hit any kind of trail in all conditions, while staying dry and comfortable. ECCO BIOM footwear will be given a more athletic appearance and performance to tap into new international consumer trends.

ECCO EXOSTRIKE™ will again be in focus in 2019, based on the overwhelming response in the market during 2018. Following the original ECCO EXOSTRIKE™, ECCO has created a special version with a Michelin rubber outsole, which also exploits the Dyneema® story. We expect the new ECCO EXOSTRIKE™ to rank alongside ECCO's established OUTDOOR footwear greats, such as the ECCO Offroad Yucatán and the ECCO BIOM series.

ECCO BIOM VENTURE TR.

ECCO KIDS S7.

ECCO KIDS EXOSTRIKE™.

ECCO KIDS

In 2018, sales of ECCO Kids footwear continued to grow.

In the ECCO EMEA region, the most notable increase was in German-speaking markets. In ECCO's Greater China market, the Kids business expanded into several new locations with high consumer concentrations.

Product development in 2018 focused on expanding the Kids collection. Girl-specific product groups entered the collection with the introductions of the ECCO Flora sandal range in the Spring/Summer and the ECCO Janni winter boot range in the Autumn/Winter collections.

The casual segment of the collection has seen new 'boys and girls' products developed, and this is key to regaining market share in the mature markets in Europe, as well as expanding into new markets in the Asia Pacific region.

Furthermore, the selection of ECCO Kids shoes was improved with the addition of a sports lifestyle group, called ECCO Intervene, which bridges the gap between ECCO's established casual sneakers and traditional outdoor sport footwear. Specific styles for kids in the 8-12 age were introduced to offer a differentiated collection between the wider age ranges, and this increases options for consumers.

ECCO's back-to-school footwear programme expanded as part of a re-entry into the Australian market, as well as new market approaches in Japan and Korea. This is the first step in expanding the Kids business in the Asia Pacific region.

ECCO Compacts are new products inspired by the advanced design of footwear in the adult range, and this synergy will be at the centre of future product development in the Kids business. It will also strengthen ECCO's family brand image, and its marketing story across all consumer touchpoints. Thus, in 2019, the ECCO EXOSTRIKE™ Kids range will enter the markets alongside the highly successful adult collection.

ECCO BIOM G3.

ECCO GOLF

To maximise the impact of the captaincy of the Ryder Cup team by Thomas Bjørn, ECCO's long-standing golf footwear Ambassador, our Golf team created a stimulating and successful campaign called The Captain's Pick in 2018. This depicted Bjørn picking out his perfect pair of ECCO BIOM Hybrid 3 shoes. The advertising and editorial activation ran across print, digital, and social media, and a photo shoot was arranged for leading European golf media outlets.

Continuing the momentum generated from Bjørn's Ryder Cup triumph and the success of ECCO BIOM Hybrid 3 through the year, the Golf Lab team revealed its latest innovation to the world in October. 19 of Europe's leading golf journalists and influencers were hosted at the company's headquarters to launch the ECCO BIOM G3. The feedback was exceptional, and the digital and social media coverage reached more than 2.5m golfers across Europe in a matter of weeks.

The immediate success of ECCO BIOM G3 arrives directly off the back of a phenomenal year for ECCO BIOM Hybrid 3, which has been ECCO Golf's most successful shoe since its launch in January 2018. The model has broken sales records globally and is widely regarded as having set a new standard for premium performance golf shoes. The design, which incorporates a new TRI-FI-GRIP outsole, has been praised by media and pros.

Thomas Bjørn is wearing ECCO BIOM HYBRID 3.

ECCO SP3 BACKPACK.

ECCO ACCESSORIES

ECCO ACCESSORIES experienced a continued growth in 2018, driven by strong sales performances in Japan, Thailand, Singapore, Russia, and the USA. Especially Japan presented a remarkable performance with a net sales growth of index 142 versus 2017 at comparable exchange rates mainly because of sales success with the seasonal bag collections

Across the European markets, fierce competition from wholesale and online resulted in a flat development compared to the previous year, whereas the retail channel experienced an improved 'like-for-like' growth just as new store openings supported the positive sales trend.

In terms of product categories, Shoe Related Accessories experienced a significant increase in sales coming from several markets. Intensified training and the introduction of new products catalysed a net sales growth of index 115 versus 2017.

With the ambition of improving the average contribution margin, ECCO ACCESSORIES in the early part of 2018 implemented a new sourcing and production strategy, which towards the late part of the year started to show results across the leather goods categories.

Despite the fierce competition in several markets, the sales outlook for 2019 remains positive – thus both the SS19 and AW19 collections have been well received by the markets where product groups such as Sculptured and Signature are foreseen to deliver strong sell-through results.

ECCO JILIN BUCKET BAG.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GLOBAL SHOE PRODUCTION

2018 was another positive year for ECCO's shoe production. Faced with continued inflationary cost pressures from factors such as regulatory wage increases and rising material prices, ECCO continued to develop cost-saving initiatives, and invested in new technology to increase production efficiency and reduce waste to maintain a competitive cost structure.

To mitigate rising costs and to gear up ECCO for future growth, ECCO installed three new stitching lines at its production plant in Vietnam, with further plans to ramp up in 2019 with the construction of a new facility.

As part of the initiative to lower material costs over the longer term, ECCO is pursuing the in-house production of sourced components using or modifying existing machinery. This will reduce exposure to external supply chain risks and reliance on external parties for some key components in shoe production. It will also help to ensure consistently high quality production.

ECCO LEATHER

Established in 1994, ECCO Leather as part of the ECCO Group has been continuously growing. Today, ECCO Leather is one of the most innovative tannery groups in the world, supplying top quality leather for shoes and bags, as well as accessories for the electronics industry. Headquartered in the Netherlands, ECCO Leather runs well invested state of the art tanneries in the Netherlands, Thailand, China, and Indonesia. A priority is to meet the highest environmental standards and provide innovative products to fulfil customer requirements.

ECCO Leather has made and continues to make great efforts towards sustainability in a broader sense in order to minimise the environmental impact and improve the CO^2 footprint.

Like in previous years, ECCO Leather focuses on activities to reduce the usage of resources, to minimise and recycle waste, and to generate and use renewable energy.

ECCO Leather is a member of the 'Leather Working Group'. All ECCO tanneries are Gold rated.

In 2018, ECCO Leather launched and rolled out a breakthrough innovation in the tanning process, called DriTan™. This technology enables ECCO Leather to save a substantial amount of water, but it also leads to a reduction in chemicals, energy, and waste.

Further environmentally friendly production methods throughout the entire leather making process have been developed. Projects of chemical and waste stream reductions were also launched and implemented during 2018.

Innovation is key to success for ECCO Leather. Continuous efforts are made to create new material concepts, combining traditional craftsmanship with the latest technologies.

ECCO Leather collaborates with highly innovative external brands in order to continuously develop new types of leathers such as Apparition, Dyneema® Bonded leather, Kromatofor, etc. This way, ECCO Leather became part of fashion collections and shows.

The ongoing product and environmental innovations led to a positive recognition by international fashion media. 2018 also saw the start of the second decade of the annual ECCO Leather HOT-SHOP events, and the 11th edition was the biggest with more than 180 guests from 42 countries. The four-day event gave design teams from prestigious brands, and fashion designers, the chance to learn more about leather and leather-making processes.



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NEXTGEN

PREMIUM RAW MATERIALS
×
DYNAMIC COMFORT
=
PERPETUAL NATURAL


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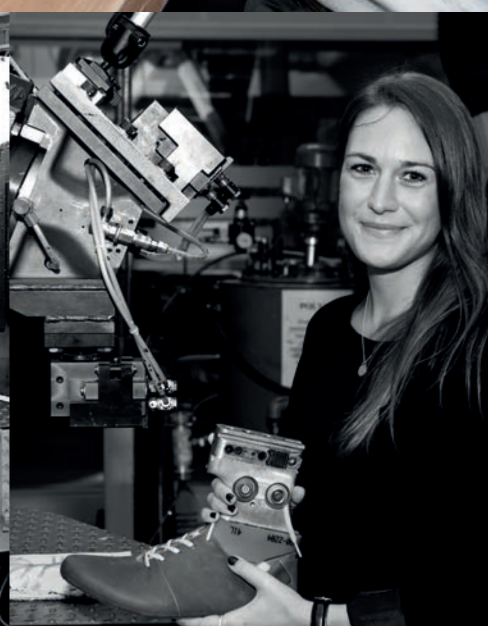
DESMA


ECCO NEXTGEN

ECCO's NextGen programme supports the development of ECCO's future management and key specialists. It does so by taking young talents on the first steps of their careers, overseeing their personal development, giving them fulfilling roles in functional areas, and if necessary, improving any gaps in personal skills or performance.

In 2018, 13 people between the ages of 22 and 28 entered the NextGen programme – nine women and four men, including four Danes, two Brits, and persons from China, Indonesia, Thailand, Russia, Estonia, Brazil, and Poland.

ECCO NextGen 2018.

The recruitment requirements for ECCO NextGen's annual intake are based on critical feedback and input from all areas of ECCO's business to ensure that the NextGen programme continues to add value and support to the company's strategic needs in leadership and business skills.

ECCO NextGen gives young people from different cultures, ethnical, and educational backgrounds an opportunity to develop through a blend of on-the-job learning, structured learning, and informal mentoring. This ensures that persons who have been through the NextGen programme are thoroughly prepared to take on a permanent position within ECCO's global organisation.

ECCO's NextGen programme is open to students with educational qualifications ranging from high school diplomas to Masters degrees. They are given a detailed introduction to the international scope of the company and gain practical knowledge of shoe and leather production during periods spent at ECCO production units. They also experience our retail organisation by working in consumer-facing sales.

After this phase, ECCO NextGens take part in international job rotations to gain practical, real-world insights into ECCO's global organisation, as well as building important networks of colleagues around the world. The job rotations are tailored to support individuals' likely career paths within ECCO.

The programme gives the NextGens a detailed understanding of the entire ECCO value chain, from Rawhide to Retail, gained through hands-on experience. They receive a salary during their time on the programme, as they perform genuine operational roles within the organisation.

The key challenge to the success of the ECCO NextGen programme is to continue to attract and select bright and mobile young people who are ambitious, hardworking, and internationally-minded. When selecting candidates, ECCO assesses their ability to navigate through the complexities of a global business, work across different cultures, and longer term, judging their potential to add value to the business worldwide.

In 2018, ECCO introduced a structured recruitment assessment centre to ensure that the selection process is as objective as possible. The assessment includes setting work-related assignments and group exercises, and ensuring that key departmental stakeholders across ECCO are involved in the final decisions for ECCO NextGen recruitment.

The ECCO NextGen programme offers two- and three-year options, based on the educational background of candidates: the two-year scheme is for those with Master degrees, and the three-year is for candidates with High School to Bachelor-level degrees. You can read more about the ECCO NextGen programme here:
http://enter.ecco.com/en/teams/be-our-nextgen.

RISK FACTORS AND RISK MANAGEMENT

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

The Supervisory Board is ultimately accountable for ECCO's risk management, and key risks are reviewed by the Managing Board on a quarterly basis. If necessary, the Managing Board gets involved and delegates mitigation responsibility. The Audit Committee and Supervisory Board are briefed on any key developments.

Examples of significant risks include cyber security, tax risks, internal supply chain disruption, illegal use of ECCO IPR, and financial risks.

CYBER RISKS

Cyber risks continue to be a focus area for ECCO. The potential consequences of cyber attacks can be massive, ranging from data breaches to direct financial losses, business interruption, and damage to brand reputation. To mitigate the risk of cyber attacks, ECCO takes the necessary steps to prevent, detect, and respond to potential threats.

As has been the case for many other companies, ECCO in 2018 implemented the EU's new General Data Protection Regulation. In addition, we strengthened the risk shields, both on the technical side and in terms of the human factor. The latter has been addressed via a number of risk awareness initiatives.

TAX RISKS

The global tax landscape faced many changes in 2018, driven by technology, geopolitical and macroeconomic factors, and increasing calls for business transparency. The implementation of the OECD's BEPS (Base Erosion and Profit Shifting) Action Plan, US tax cuts, various countries' adoptions of new laws, and changing interpretations of existing laws and bilateral tax treaties are some examples of this evolving environment.

ECCO's global presence, and a significant number of inter-company transactions, increase the exposure to this challenging tax landscape. In this environment of rising uncertainty, double taxation has become a tangible threat. When cross-border tax disputes arise, the countries involved may all command a larger tax payment. To mitigate such risk in the best possible way ECCO continues to follow the OECD guidelines in its price setting of all transactions, supported by secure and timely transfer pricing documentation. ECCO has further applied for two bilateral advance pricing agreements, covering a significant amount of inter-company transactions.

INTERNAL SUPPLY CHAIN DISRUPTION

ECCO owns and controls its entire shoemaking and marketing process, from the tanning of hides, to shoe production, and sales of products to consumers. This means that ECCO's tanneries, factories, and stores 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, contingency plans, and suitable insurance cover.

ILLEGAL USE OF ECCO IPR

ECCO's Intellectual Property Rights (IPR) is a uniquely valuable core asset, and the company is very alert to the constant threat of individuals or companies who 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. To mitigate this, ECCO protects its established designs and other new developments as rigorously as possible through patents, trademarks, and design rights. ECCO also constantly monitors its new products, both online and offline. When required, the company rigorously defends its IPR and brand positions against copycats and other infringements through legal action.

IMPACT FROM FINANCIAL MARKETS

ECCO's Corporate Treasury is overall responsible for cost management, arranging currency hedging, and ensuring adequate funding.

ECCO's financial condition is fundamentally sufficient to cater for fluctuations in Net Working Capital, and takes into account the fact that sales patterns traditionally have two annual peaks. ECCO maintains an appropriate degree of financial headroom, which would act as a buffer in the event of conditions that could affect income and net working capital.

The Corporate Treasury functions as ECCO's internal bank, providing loans and deposits within the Group.

ECCO is globally exposed to fluctuations in currency rates. The Corporate Treasury maximises natural hedging whenever possible, in relation to regulations and practicalities.

The Currency Policy ensures that the material part of remaining transactional exposures is hedged.

ECCO's hedge horizon has a range of 12 to 27 months, depending on the nature of the underlying exposure.

To reduce potentially heavy financing costs, ECCO manages its interest rate risk by taking up fixed-rate loans, or by entering into interest rate swaps.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ANNUAL ACCOUNTS 2018

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 2018.

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 2018, 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 2018.

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, 19th March 2019

SUPERVISORY BOARD

Hanni Toosbuy Kasprzak
Chairman

Karsten Borch
Vice Chairman

André Kasprzak
Member, Supervisory Board

Tom Behrens-Sørensen
Member, Supervisory Board

Erik G. Hansen
Member, Supervisory Board

Kjeld Mortensen
Employee Representative

Majbritt Aarup Lausen
Employee Representative

Bernd Scheelke
Employee Representative

MANAGING BOARD

Steen Borgholm
Chief Executive Officer

Michel Krol
Executive Vice President, Global Sales

Panos Mytaros
Executive Vice President, Global Shoe Production

ECCO's Managing Board.
From left, Michel Krol, Steen Borgholm, and Panos Mytaros.

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 2018, 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 cash flow 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 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 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 requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Bredebro, 19th March 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No.: 30 70 02 28

Torben Bender	Jens Weiersøe Jakobsen
State Authorised Public Accountant	*State Authorised Public Accountant*
MNE no. mne21332	*MNE no. mne35152*

INCOME STATEMENT 2018

Note	EUR '000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
2	**Net revenue**	**1,309,386**	**1,275,960**	**743,534**	**726,104**
	Change in inventories of finished products and work in progress	11,390	674	4,385	(4,569)
	Cost of raw materials and consumables	(472,311)	(459,767)	(587,634)	(597,875)
	Other external costs	(251,344)	(239,557)	(51,027)	(41,335)
3	Staff costs	(338,108)	(336,045)	(48,875)	(51,436)
6,7	Amortisation and depreciation	(52,428)	(50,694)	(9,110)	(8,331)
	Profit before financials	**206,585**	**190,571**	**51,273**	**22,558**
4	Financial income	4,183	4,004	5,022	5,372
4	Financial expenses	(10,101)	(10,739)	(4,763)	(4,814)
8	Profit from subsidiaries	-	-	79,634	91,096
	Profit before tax	**200,667**	**183,836**	**131,166**	**114,212**
5	Income tax	(51,815)	(45,555)	(8,513)	(4,953)
	Profit for the year	**148,852**	**138,281**	**122,653**	**109,259**

The profit for the year for the Group is specified as follows:

	2018	2017
Shareholders of ECCO Sko A/S	122,653	109,259
Non-controlling interests	26,199	29,022
	148,852	138,281

BALANCE SHEET AS OF 31 DECEMBER 2018

		Group		Parent Company	
	Assets	2018	2017	2018	2017
Note	EUR '000				
	NON-CURRENT ASSETS				
	Patents, trademarks, licences	1,168	1,084	1,165	1,082
	Software	10,494	11,383	9,755	10,535
	Goodwill	5,967	4,079	423	633
	Leasehold rights	2,446	2,697	-	-
	Intangible assets in progress	3,800	-	3,800	-
6	**Total intangible assets**	**23,875**	**19,243**	**15,143**	**12,250**
	Land and buildings	131,270	107,086	17,847	19,398
	Plant and machinery	52,939	46,485	3,005	779
	Fixtures and fittings, tools and equipment	34,924	36,523	6,438	6,916
	Property, plant and equipment under construction	31,479	20,842	2,063	3,770
7	**Total property, plant and equipment**	**250,612**	**210,936**	**29,353**	**30,863**
8.9	Investments in subsidiaries	-	-	491,568	423,011
8	Receivables from subsidiaries	-	-	54,185	74,036
	Other receivables	30,835	41,668	20,376	32,569
10	Deferred tax	46,786	38,777	16,782	8,588
	Total other non-current assets	**77,621**	**80,445**	**582,911**	**538,204**
	TOTAL NON-CURRENT ASSETS	**352,108**	**310,624**	**627,407**	**581,317**
	CURRENT ASSETS				
	Raw materials and consumables	70,388	70,576	716	875
	Work in progress	5,410	5,243	-	-
	Finished products and commercial products	255,798	244,575	70,818	66,433
	Total inventories	**331,596**	**320,394**	**71,534**	**67,308**
	Trade receivables	110,519	123,285	9,797	12,060
	Receivables from subsidiaries	-	-	114,403	112,761
	Receivables from affiliated companies	25,973	20,302	326	36
	Other receivables	23,103	27,936	5,195	11,387
	Income tax	8,163	4,670	3,155	214
11	Prepayments	13,219	10,368	3,120	2,622
	Total receivables	**180,977**	**186,561**	**135,996**	**139,080**
	Securities	**23**	**22**	**-**	**-**
	Cash	**187,759**	**177,994**	**25,070**	**5,964**
	TOTAL CURRENT ASSETS	**700,355**	**684,971**	**232,600**	**212,352**
	TOTAL ASSETS	**1,052,463**	**995,595**	**860,007**	**793,669**

BALANCE SHEET AS OF 31 DECEMBER 2018

		Group		Parent Company	
	Equity and liabilities	2018	2017	2018	2017
Note	EUR '000				
	Share capital	666	666	666	666
	Reserve for net revaluation according to the equity method	-	-	296,740	255,814
	Retained earnings	525,700	497,457	228,960	241,643
	Dividend proposed for the year	91,000	94,000	91,000	94,000
	ECCO Sko A/S shareholders' share of equity	**617,366**	**592,123**	**617,366**	**592,123**
	Non-controlling interests	**116,809**	**98,881**	**-**	**-**
	Total equity	**734,175**	**691,004**	**617,366**	**592,123**
12	Provision for pensions	23,148	20,334	-	-
10	Deferred tax	7,885	5,451	-	-
	Other provisions	3,509	2,881	-	-
	Credit institutions	63,292	53,043	57,615	46,714
13	**Total non-current liabilities**	**97,834**	**81,709**	**57,615**	**46,714**
	Short-term part of non-current liabilities	20,551	20,628	20,551	568
	Credit institutions	614	8,403	7	8,147
	Trade payables	65,142	59,297	13,997	11,694
	Payables to subsidiaries	-	-	121,509	112,563
	Payables to affiliated companies	26,170	25,686	-	-
	Income tax	6,634	16,768	-	-
14	Other payables	101,343	92,100	28,962	21,860
	Total current liabilities	**220,454**	**222,882**	**185,026**	**154,832**
	Total liabilities	**318,288**	**304,591**	**242,641**	**201,546**
	TOTAL EQUITY AND LIABILITIES	**1,052,463**	**995,595**	**860,007**	**793,669**

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

CHANGES IN EQUITY STATEMENT 2018

GROUP EUR '000	Share capital	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total Equity
Equity at 1 January 2017	**666**	**510,885**	**84,000**	**595,551**	**86,652**	**682,203**
Additions	-	-	-	-	740	740
Disposals	-	-	-	-	(21)	(21)
Dividend paid	-	-	(84,000)	(84,000)	(8,379)	(92,379)
Profit allocation	-	15,259	94,000	109,259	29,022	138,281
Exchange rate adjustments	-	(34,952)	-	(34,952)	(9,133)	(44,085
Adjustment of currency hedges of future sales and financial swaps	-	11,958	-	11,958	-	11,958
Actuarial gains / (losses)	-	(2,958)	-	(2,958)	-	(2,958)
Tax on equity transactions	-	(2,735)	-	(2,735)	-	(2,735)
Equity at 1 January 2018	**666**	**497,457**	**94,000**	**592,123**	**98,881**	**691,004**
Additions	-	-	-	-	405	405
Dividend paid	-	-	(94,000)	(94,000)	(8,731)	(102,731)
Profit allocation	-	31,653	91,000	122,653	26,199	148,852)
Exchange rate adjustments	-	3,215	-	3,215	55	3,270
Adjustment of currency hedges of future sales and financial swaps	-	(8,860)	-	(8,860)	-	(8,860)
Actuarial gains / (losses)	-	854	-	854	-	854
Tax on equity transactions	-	1,381	-	1,381	-	1,381
Equity at 31 December 2018	**666**	**525,700**	**91,000**	**617,366**	**116,809**	**734,175**

PARENT COMPANY EUR '000	Share capital	Net revaluation according to the equity method	Retained earnings	Proposed dividend	Total Equity
Equity at 1 January 2017	**666**	**266,060**	**244,825**	**84,000**	**595,551**
Dividend paid	-	-	-	(84,000)	(84,000)
Profit allocation	-	35,871	(20,612)	94,000	109,259
Exchange rate adjustments	-	(34,058)	(894)	-	(34,952)
Adjustment of currency hedges of future sales and financial swaps	-	(11,353)	23,311	-	11,958
Actuarial gains / (losses)	-	(2,958)	-	-	(2,958)
Tax on equity transactions	-	2,252	(4,987)	-	(2,735)
Equity at 1 January 2018	**666**	**255,814**	**241,643**	**94,000**	**592,123**
Dividend paid	-	-	-	(94,000)	(94,000)
Profit allocation	-	28,162	3,491	91,000	122,653
Exchange rate adjustments	-	3,645	(430)	-	3,215
Adjustment of currency hedges of future sales and financial swaps	-	11,355	(20,215)	-	(8,860)
Actuarial gains / (losses)	-	854	-	-	854
Tax on equity transactions	-	(3,090)	4,471	-	1,381
Equity at 31 December 2018	**666**	**296,740**	**228,960**	**91,000**	**617,366**

CONSOLIDATED CASHFLOW STATEMENT 2018

EUR '000	2018	2017
Cashflow from operating activities		
Profit before tax	200,667	183,836
Adjustment for non-cash operating items:		
Amortisation and depreciation	52,428	50,694
Exchange rate adjustments	(3,962)	(24,191)
Financial income/expenses net	5,918	6,735
Working capital adjustments:		
(Increase)/decrease in inventories	(11,202)	(764)
(Increase)/decrease in receivables	19,910	31,604
Increase/(decrease) in trade payables	794	(5,042)
Increase/(decrease) in other payables	9,243	(14,117)
Increase/(decrease) in provisions	4,086	2,181
Income taxes paid	(71,018)	(42,245)
Total cashflow from operating activities	**206,864**	**188,691**
Cashflow from investing activities		
Net payments to invest in non-current assets:		
Intangible assets	(10,952)	(12,948)
Property, plant and equipment	(85,821)	(35,894)
Total cashflow from investing activities	**(96,773)**	**(48,842)**
Cashflow from financing activities		
Financial income/expenses net	(5,918)	(6,735)
Non-controlling interests	(8,325)	(7,661)
(Repayment of)/proceeds from debt to credit institutions	7,918	(23,134)
Dividend paid	(94,000)	(84,000)
Total cashflow from financing activities	**(100,325)**	**(121,530)**
Cashflow from operating, investing and financing activities	**9,766**	**18,319**
Cash and cash equivalents at beginning of year	178,016	159,697
Cash and cash equivalents at year-end	**187,782**	**178,016**
Breakdown of cash and cash equivalents		
Securities	23	22
Cash	187,759	177,994
Cash and cash equivalents at year-end	**187,782**	**178,016**

NOTES

1. Accounting policies

The annual report of ECCO Sko A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C companies. The annual report is presented in Euros at a EUR/DKK rate of 7.45.

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 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.

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

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.

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

NOTES

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 carry-forwards, 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 ASSETS
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.

NOTES

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 are recognised by applying the equity method at the proportionate share of the equity of the companies. This determination is based on the Group's accounting policies, less unrealised inter-company 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.

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.

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
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 contribu-tions 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.

NOTES

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 2018	Group 2017	Parent Company 2018	Parent Company 2017
Segment information				
Shoes	1,135,847	1,109,654	739,949	721,876
Accessories	45,511	44,054	-	-
Leather	119,244	114,077	-	-
Others	8,784	8,175	3,585	4,228
Total net revenue	**1,309,386**	**1,275,960**	**743,534**	**726,104**
Net revenue Shoes & Accessories				
ECCO Europe, Middle East & Africa	484,060	500,363	405,198	421,176
ECCO North Americas	266,899	248,091	145,274	146,547
ECCO Asia / Pacific	430,399	405,254	189,477	154,153
Total Shoes & Accessories	**1,181,358**	**1,153,708**	**739,949**	**721,876**
Sales channels				
Wholesale	839,024	841,696	743,534	726,104
Retail, e-commerce	351,118	320,187	-	-
Leather	119,244	114,077	-	-
Total net revenue	**1,309,386**	**1,275,960**	**743,534**	**726,104**

Reference is made to the ECCO Group structure on pages 80 and 81 regarding the definition of the geographic regions.

3. Staff costs and management and staff information

EUR '000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Salaries	295,858	296,322	46,351	48,744
Pensions and defined benefit plans	14,662	12,542	2,512	2,671
Other social security costs	27,588	27,181	12	21
Staff costs	**338,108**	**336,045**	**48,875**	**51,436**
Average number of employees	21,361	21,112	488	521
Number of employees at year-end	21,271	21,526	487	509
Fees to Managing Board and Supervisory Board:				
Managing Board	5,503	7,842	5,503	7,842
Supervisory Board	235	235	235	235

Staff costs classified as other comprehensive income are not included.

NOTES

4. Financial income and financial expenses

EUR '000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Interest income external	4,183	4,004	1,947	2,168
Interest income from subsidiaries	-	-	3,038	3,204
Net exchange rate gains	-	-	37	-
Total financial income	**4,183**	**4,004**	**5,022**	**5,372**
Interest expenses external	(3,436)	(3,377)	(3,175)	(3,057)
Interest expenses to subsidiaries	-	-	(1,346)	(937)
Net exchange rate losses	(346)	(900)	-	(667)
Other financial expenses	(6,319)	(6,462)	(242)	(153)
Total financial expenses	**(10,101)**	**(10,739)**	**(4,763)**	**(4,814)**
Total net financial income and expenses	**(5,918)**	**(6,735)**	**259**	**558**

5. Income taxes

EUR '000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Income tax for the year	55,250	49,783	13,615	13,838
Prior-year adjustment	239	(483)	431	52
Adjustment of deferred tax	(3,674)	(3,745)	(5,533)	(8,937)
Total income tax	**51,815**	**45,555**	**8,513**	**4,953**

6. Intangible assets 2018

EUR '000	Development projects completed	Patents, trademarks, licences	Software	Goodwill	Leasehold rights	Intangible assets in progress	Total
GROUP							
Cost at 1 January	15	4,386	63,633	16,152	2,795	-	86,981
Currency translation	-	(15)	(94)	61	2	-	(46)
Additions	-	470	2,121	2,869	35	3,800	9,295
Transferred	-	-	1,278	332	-	-	1,610
Disposals	(15)	(57)	(6,692)	-	-	-	(6,764)
Cost at 31 December	**-**	**4,784**	**60,246**	**19,414**	**2,832**	**3,800**	**91,076**
Accumulated amortisation at 1 January	15	3,302	52,250	12,073	98	-	67,738
Currency translation	-	(13)	(73)	85	1	-	-
Amortisation	-	382	4,320	1,289	283	-	6,274
Amortisation on disposals	(15)	(55)	(6,745)	-	4	-	(6,811)
Accumulated amortisation at 31 December	**-**	**3,616**	**49,752**	**13,447**	**386**	**-**	**67,201**
Carrying amount at 31 December	**-**	**1,168**	**10,494**	**5,967**	**2,446**	**3,800**	**23,875**
PARENT COMPANY							
Cost at 1 January	-	4,293	49,438	7,419	-	-	61,150
Currency translation	-	(13)	(144)	(22)	-	-	(179)
Additions	-	470	1,755	(78)	-	3,800	5,947
Transferred	-	-	1,278	332	-	-	1,610
Disposals	-	(57)	(6,332)	-	-	-	(6,389)
Cost at 31 December	**-**	**4,693**	**45,995**	**7,651**	**-**	**3,800**	**62,139**
Accumulated amortisation at 1 January	-	3,211	38,903	6,786	-	-	48,900
Currency translation	-	(10)	(121)	(21)	-	-	(152)
Amortisation	-	382	3,789	463	-	-	4,634
Amortisation on disposals	-	(55)	(6,331)	-	-	-	(6,386)
Accumulated amortisation at 31 December	**-**	**3,528**	**36,240**	**7,228**	**-**	**-**	**46,996**
Carrying amount at 31 December	**-**	**1,165**	**9,755**	**423**	**-**	**3,800**	**15,143**
Amortisation period	5 years	5 years	3-5 years	5-10 years	5-10 years		

Capitalised goodwill mainly relates to expansion of the retail business and production portfolio in accordance with the Group strategy.

The useful lifetime for goodwill has been determined to be 5-10 years considering the market environment, the technological development and the expected economic benefits.

NOTES

7. Property, plant, and equipment 2018

EUR '000	Land and buildings	Plant and machinery	Fixtures and fittings, tools, and equipment	Property, plant, and equipment under construction	Total
GROUP					
Cost at 1 January	243,021	184,232	136,320	20,842	584,415
Currency translation	300	476	198	28	1,002
Additions	39,172	17,707	12,598	20,224	89,701
Transferred	1,450	4,449	2,106	(9,615)	(1,610)
Disposals	(5,498)	(8,987)	(5,602)	-	(20,087)
Cost at 31 December	**278,445**	**197,877**	**145,620**	**31,479**	**653,421**
Accumulated depreciation at 1 January	135,935	137,747	99,797	-	373,479
Currency translation	329	452	212	-	993
Depreciation	15,355	14,527	16,272	-	46,154
Transferred	613	290	(903)	-	-
Depreciation on disposals	(5,057)	(8,078)	(4,682)	-	(17,817)
Accumulated depreciation at 31 December	**147,175**	**144,938**	**110,696**	**-**	**402,809**
Carrying amount at 31 December	**131,270**	**52,939**	**34,924**	**31,479**	**250,612**
PARENT COMPANY					
Cost at 1 January	53,759	9,820	28,477	3,770	95,826
Currency translation	(157)	(29)	(83)	(11)	(280)
Additions	325	1,690	1,061	1,655	4,731
Transferred	199	923	619	(3,351)	(1,610)
Disposals	(12)	(5,287)	(1,112)	-	(6,411)
Cost at 31 December	**54,114**	**7,117**	**28,962**	**2,063**	**92,256**
Accumulated depreciation at 1 January	34,361	9,041	21,561	-	64,963
Currency translation	(104)	(27)	(67)	-	(198)
Depreciation	2,022	380	2,074	-	4,476
Depreciation on disposals	(12)	(5,282)	(1,044)	-	(6,338)
Accumulated depreciation at 31 December	**36,267**	**4,112**	**22,524**	**-**	**62,903**
Carrying amount at 31 December	**17,847**	**3,005**	**6,438**	**2,063**	**29,353**
Depreciation period	20-30 years	5-10 years	3-5 years		

NOTES

8. Other non-current assets, subsidiaries

EUR '000	Investments in subsidiaries 2018	Investments in subsidiaries 2017	Receivables from subsidiaries 2018	Receivables from subsidiaries 2017
Cost at 1 January	167,197	168,135	74,036	112,483
Additions	27,631	3,142	29,750	33,276
Disposals	-	(4,080)	(49,601)	(71,723)
Cost at 31 December	**194,828**	**167,197**	**54,185**	**74,036**
Accumulated revaluation at 1 January	255,814	266,060	-	-
Profit after tax of subsidiaries	79,634	91,096	-	-
Currency adjustment of foreign subsidiaries	3,645	(34,058)	-	-
Adjustment of currency hedging of future sales in subsidiaries	8,432	(9,781)		
Actuarial gains/(losses)	687	(2,278)		
Dividend	(51,472)	(55,225)	-	-
Net revaluation	40,926	(10,246)	-	-
Accumulated revaluation at 31 December	**296,740**	**255,814**	**-**	**-**
Carrying amount at 31 December	**491,568**	**423,011**	**54,185**	**74,036**

The carrying amount of investments in subsidiaries at 31 December 2018 includes Group goodwill of t. EUR 673

NOTES

9. 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%	135,295,000	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
LAST PRODUCTION				
FAGUS Portugal, S.A.	Portugal	50%	200	t.EUR
FAGUS (Thailand) Co., Ltd.	Thailand	50%	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 Asia Pacific Limited (dormant)	Hong Kong	100%	21,500	t.HKD
ECCO Asia Pacific (Singapore) Pte. Ltd.	Singapore	100%	2,510	t.SGD
ECCO Business Management (Shanghai) Co. Ltd.	China	50%	2,000	t.USD
ECCO CACC Inc.	Panama	50%	-	
ECCO CACC Trading Inc.	Panama	50%	400	t.USD
ECCO China Wholesale Holding (Singapore) Pte. Ltd.	Singapore	50%	200	t.USD
ECCO Distributors DAC	Ireland	50%	1	t.EUR
ECCO EMEA B.V.	The Netherlands	100%	23	t.EUR
ECCO EMEA Sales SE	The Netherlands	100%	121	t.EUR
ECCO France S.A.S.	France	50%	500	t.EUR
ECCO Global Business Development B.V.	The Netherlands	100%	10	t.EUR
ECCO Holst A/S	Denmark	50%	500	t.DKK
ECCO India Trading Private Limited	India	100%	66,830	t.INR
ECCO Japan Co. Ltd.	Japan	98%	100,000	t.JPY
ECCO Korea Limited	Korea	100%	1,058,500	t.KRW
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%	1,000	t.MYR
ECCO Middle East A/S	Denmark	100%	2,250	t.DKK
ECCO Philippines, Inc.	Philippines	50%	12,000	t.PHP
ECCO Retail LLC	USA	100%	2,300	t.USD
ECCO Schuhe GmbH	Germany	100%	1,790	t.EUR
ECCO (Shanghai) Co. Ltd.	China	50%	2,100	t.USD
ECCO Shoes (NZ) Limited	New Zealand	100%	100	t.NZD
ECCO Shoes Canada, Inc.	Canada	100%	13,602	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	51%	1,000	t.USD
ECCO Shoes Pacific Pty. Limited	Australia	100%	3,250	t.AUD
ECCO Shoes Singapore Pte. Ltd.	Singapore	100%	10,300	t.SGD
ECCO Shoes Trade Ltd.	Turkey	100%	15,466	t.TRY
ECCO Shops Vestdanmark A/S	Denmark	100%	500	t.DKK
ECCO USA, Inc.	USA	100%	7,500	t.USD
Xi'an ECCO Limited	China	40%	20,000	t.CNY
ACCESSORIES				
ECCO Accessories Ltd.	Switzerland	100%	2.250	t.CHF
OTHER				
Eccolet Portugal ApS	Denmark	100%	200	t.DKK
High Street Properties Investment Ltd.	UK	50%	22.000	t.GBP

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

10. Deferred tax

EUR '000	Property, plant, and equipment	Inventories	Provisions	Other liabilities	Tax losses	Other	Total
GROUP							
Recognised at 1 January	(10,840)	21,656	5,031	6,144	11,934	(599)	33,326
Recognised Income statement	(771)	6,302	661	4,066	(2,313)	(4,271)	3,674
Recognised directly to equity	-	-	-	-	-	1,902	1,902
Total adjustment for the year	(771)	6,302	661	4,066	(2,313)	(2,369)	5,576
Recognised at 31 December	**(11,611)**	**27,958**	**5,692**	**10,210**	**9,621**	**(2,968)**	**38,902**
Deferred tax asset							46,786
Deferred tax liability							(7,885)
Recognised at 31 December							**38,902**
PARENT COMPANY							
Recognised at 1 January	(262)	4,143	35	(2,255)	-	6,927	8,588
Recognised Income statement	(72)	177	-	4,521	-	907	5,533
Recognised directly to equity	-	-	-	-	-	2,661	2,661
Total adjustment for the year	(72)	177	-	4,521	-	3,568	8,194
Recognised at 31 December	**(334)**	**4,320**	**35**	**2,266**	**-**	**10,495**	**16,782**
Deferred tax asset							16,782
Deferred tax liability							-
Recognised at 31 December							**16,782**

NOTES

11. Prepayments

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

12. Provision for pensions

EUR '000	Group 2018	Group 2017
The provision for pensions is due as follows:		
< 1 year	528	192
1-5 years	3,176	1,646
> 5 years	19,444	18,496
Total	**23,148**	**20,334**

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

13. Non-current liabilities

	Group		Parent Company	
EUR '000	2018	2017	2018	2017
Non-current liabilities due more than five years after the end of the financial year	14,455	19,059	10,660	12,395

14. Other payables

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

NOTES

15. Financial instruments

Group

2018

Derivative financial instruments
The ECCO 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):

Currency	Principal value of unrealised forward contracts end 2018 in EUR '000
EUR	35,535
CNY	31,185
CAD	16,575
USD	12,864
AUD	2,392
CHF	1,708
KRW	1,634
NOK	(1,639)
HKD	(2,878)
IDR	(2,961)
SGD	(3,188)
THB	(3,320)
SEK	(3,490)
Others	1,414
Total	**85,831**

Cashflow hedges:
The Group has covered part of the currency risk on future sales and purchases.
At year end, the Group had entered into the following contracts (net sale of currency):

	Principal value of unrealised forward contracts end 2018 in EUR '000	Value adjustment on equity begin/end in EUR '000
Cashflow hedges	477,417	(9,162)

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

	Principal value of unrealised interest swaps end 2018 in EUR '000	Value adjustment on equity begin/end in EUR '000
Interest swaps fixing the interest rate	140,113	302

NOTES

16. Contingent liabilities and guarantees, etc.

EUR '000	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
CONTINGENT LIABILITIES				
Rent and lease liabilities	131,130	131,192	1,056	1,026
Guarantees and letters to suppliers	4,315	4,353	738	778
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	21,363	21,376	21,363	21,376
Guarantee for import duty	7,341	7,312	2,002	2,002
Personnel obligations	78	142	-	-
PLEDGED ASSETS				
Book value of assets pledged in security of the Group's loans from credit institutions and other non-current liabilities	17,314	19,403	16,170	18,280

The company is taxed jointly with other Danish companies in the ECCO Group. As a wholly owned subsidiary the company is jointly and wholly liable together with the other companies as regards joint taxation of Danish taxation at source on dividends, interests and royalties within the joint taxation group. Taxes paid in the joint taxation for 2018 exceed the total provisions regarding company taxes and withholding taxes on dividend, interest and royalties by EUR 4m as per 31 December 2018. 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.

17. Fees to auditors appointed at the Annual General Meeting

EUR '000	Group 2018	Group 2017
Auditor's fee	1,256	1,160
Other assurance services and statements	83	93
Tax advisory services	386	260
Other assistance	105	285
Total	**1,830**	**1,798**

NOTES

18. 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

	Group		Parent Company	
	2018	2017	2018	2017
EUR '000				
Sale of goods to subsidiaries	-	-	150,636	129,047
Sale of goods to related parties	95,120	78,675	1,313	1,483
Purchase of goods from subsidiaries	-	-	(458)	(1,069)
Purchase of legal assistance etc, from parent company	(1,396)	(1,341)	(1,396)	(1,341)
Interest income from subsidiaries	-	-	42	76
Interest expense to subsidiaries	-	-	(9)	(5)
Interest income from related parties	14	38	11	30
Interest expenses to related parties	(117)	(54)	(114)	(57)
Receivables from subsidiares	-	-	43,921	28,730
Receivables from related parties	25,973	20,302	326	36
Payables to subsidiares	-	-	(471)	(343)
Payables to related parties	(26,170)	(25,686)	(26,170)	(25,686)

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 3.

19. Proposed profit allocation

	Parent Company	
	2018	2017
EUR '000		
Revaluation reserve for undistributed profit in subsidiaries	28,162	35,871
Retained earnings	3,491	(20,612)
Proposed dividend	91,000	94,000
Profit for the year	**122,653**	**109,259**

20. 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 2018

ECCO SKO A/S

SUBSIDIARIES, SALES

THE NETHERLANDS
ECCO Global Business Development B.V.

REGION
EUROPE, MIDDLE EAST & AFRICA

THE NETHERLANDS
ECCO EMEA B.V.

- **THE NETHERLANDS**
  ECCO EMEA Sales SE
  - **AUSTRIA** *(branch)*
    ECCO Austria, Zweigniederlassung ECCO EMEA Sales SE
  - **BELGIUM** *(branch)*
    ECCO Belgium, branch van ECCO EMEA Sales SE
  - **CYPRUS** *(branch)*
    ECCO Cyprus, ECCO EMEA Sales SE
  - **DENMARK** *(branch)*
    ECCO EMEA Sales Danmark, filial af ECCO EMEA Sales SE, Holland
  - **FINLAND** *(branch)*
    ECCO Finland, filial till ECCO EMEA Sales SE
  - **FRANCE** *(branch)*
    ECCO EMEA Sales SE
  - **ITALY** *(branch)*
    ECCO EMEA Sales SE - Italian branch
  - **LATVIA** *(branch)*
    ECCO EMEA Sales SE - Baltic Branch
  - **LATVIA** *(branch)*
    ECCO EMEA Sales SE - Baltic Branch
  - **NORWAY** *(branch)*
    ECCO Norway
  - **POLAND** *(branch)*
    ECCO EMEA Sales SE Spółka Europejska oddział w Polsce
  - **SPAIN** *(branch)*
    ECCO EMEA Sales SE, Sucursal en España
  - **SWEDEN** *(branch)*
    ECCO Sweden, filial till ECCO EMEA Sales SE (Nederländerna)
  - **SWITZERLAND** *(branch)*
    ECCO EMEA Sales SE, Amsterdam, Zweigniederlassung Schweiz, Hünenberg
  - **UK** *(branch)*
    ECCO EMEA Sales SE

- **DENMARK** (JV)
  ECCO Holst A/S
- **DENMARK**
  ECCO Shops Vestdanmark A/S
- **DENMARK**
  ECCO Middle East A/S
  - **UNITED ARAB EMIRATES** *(branch)*
    ECCO Middle East A/S Branch
- **IRELAND** (JV)
  ECCO Distributors DAC
- **FRANCE** (JV)
  ECCO France S.A.S.
- **TURKEY**
  ECCO Shoes Trade Ltd.

ACCESSORIES:

SWITZERLAND
ECCO Accessories Ltd.

GERMANY
ECCO Schuhe GmbH

REGION
ECCO AMERICAS

USA
ECCO USA, Inc.

- **USA**
  ECCO Retail LLC

CANADA
ECCO Shoes Canada, Inc.

PANAMA
ECCO Latin America Holding Ltd. Inc.

- **PANAMA (JV)**
  ECCO CACC Trading Inc.
  - **PANAMA**
    ECCO CACC Inc.

SUBSIDIARIES, PRODUCTION

REGION
ECCO ASIA/PACIFIC

SINGAPORE
ECCO Asia Pacific (Singapore) Pte. Ltd.

- **SINGAPORE**
  ECCO Shoes 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
  - **INDIA**
    ECCO Shoes India Private Limited
  - **MALAYSIA**
    ECCO Malaysia Sd. Bhd.
- **PHILIPPINES (JV)**
  ECCO Philippines, Inc.
- **HONG KONG**
  ECCO Shoes Hong Kong Limited
  - **MACAO**
    ECCO Macao Limited
  - **TAIWAN** *(branch)*
    ESHK Ltd. Taiwan Branch
- **AUSTRALIA**
  ECCO Shoes Pacific Pty. Limited
- **NEW ZEALAND**
  ECCO Shoes (NZ) Limited
- **INDIA**
  ECCO India Trading Private Limited
- **KOREA**
  ECCO Korea Limited
- **JAPAN**
  ECCO Japan Co. Ltd.

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.

LAST FACTORIES

PORTUGAL (JV)
FAGUS Portugal, S.A.

- **THAILAND**
  FAGUS (Thailand) Co., Ltd.

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.

DORMANT COMPANIES/BRANCHES HAVE BEEN OMITTED.

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