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den 25.5.2016

ANNUAL REPORT 2015

ECCO SHAPE
The ECCO SHAPE is a revolutionary advance in the design of high-heeled shoes. It was developed during 2015, and will be launched worldwide in mid-2016.

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FIVE YEAR SUMMARY

FINANCIAL HIGHLIGHTS EUR '000	2011	2012	2013	2014	2015
Net revenue	**951,431**	**1,082,949**	**1,130,844**	**1,169,157**	**1,255,886**
Profit before amortisation and depreciation	171,341	203,173	213,943	221,023	234.421
Amortisation and depreciation	(44,274)	(41,166)	(37,150)	(39,006)	(46,179)
Profit before financials	127,067	162,007	176,793	182,017	188,242
Financial income and expenses	(5,764)	(8,878)	(11,352)	(5,622)	(4,778)
Profit before tax	**121,303**	**153,129**	**165,441**	**176,395**	**183,464**
Income taxes	(33,635)	(43,102)	(40,256)	(40,515)	(42,235)
Group profit	87,668	110,027	125,185	135,880	141,229
Minority interests	(13,228)	(18,183)	(18,797)	(21,520)	(26,737)
Profit for the year	**74,440**	**91,844**	**106,388**	**114,360**	**114,492**
Fixed assets	178,955	216,482	217,665	235,542	308,066
Current assets	511,833	543,701	554,830	689,143	640,309
Assets	690,788	760,183	772,495	924,685	948.375
Equity	393,424	418,427	461,611	532,229	579,376
Other liabilities	34,139	34,886	37,032	62,402	75,640
Debt	263,225	306,870	273,852	330,054	293,359
Equity and liabilities	690,788	760,183	772,495	924,685	948,375
Cashflow from operating activities	89,882	106,623	117,377	145,863	188,545
Cashflow from net investing activities	(45,445)	(79,566)	(45,678)	(43,738)	(51,516)
hereof cashflow from net investments in tangible assets	(42,415)	(77,460)	(43,598)	(43,695)	(47,568)
Cashflow from financing activities	(49,788)	(43,360)	(86,988)	(61,421)	(126,452)
Number of employees (as of 31 December)	19,759	19,426	18,500	19,851	19,109

KEY RATIOS					
Operating margin	13.4%	15.0%	15.6%	15.6%	15.0%
Profit ratio	12.7%	14.1%	14.6%	15.1%	14.6%
Return on assets	18.5%	21.1%	21.6%	20.8%	19.6%
Investment ratio	1.0	1.9	1.2	1.1	1.1
Return on equity	20.1%	22.6%	24.2%	23.0%	20.6%
Solvency ratio	57.0%	55.0%	59.8%	57.6%	61.1%
Liquidity ratio	2.6	2.5	3.0	3.3	3.0

DEFINITIONS OF KEY RATIOS

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

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

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

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

Return on equity: $\frac{\text{Profit for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity x 100}}{\text{Assets}}$

Liquidity ratio: $\frac{\text{Current assets}}{\text{Short-term debt}}$

HIGHLIGHTS FROM 2015

Business performance

During 2015, ECCO grew sales and profits above 2014 levels.

The increase in turnover was secured through higher investments in shop openings and other sales channels, and by launching new and innovative collections.

The growth in profit, albeit somewhat depressed by the continuing problems in the Russian market, was improved by increasing efficiency in the production and supply chain, and through a stringent focus on operational costs.

ECCO also decided to make a significant investment in growth.

Net revenue was EUR 1,256m, an increase equivalent to 7.4%, compared to 3.4% in 2014.

Profit before tax was EUR 183.5m, an increase equivalent to 4.0% against 6.6% in 2014.

This produced a profit ratio of 14.6%.

Total assets increased from EUR 924.7m to EUR 948.4m.

Equity increased from EUR 532.2m to EUR 579.4m.

ECCO's solvency ratio was 61.1% against 57.6% in 2014.

The return on equity was 20.6%.

ECCO's decision in 2014 to pursue a more expansive strategy was realised in 2015.

ECCO invested in retail, e-commerce, and technology platforms facing customers and consumers. This led to solid growth in all areas of activity – wholesale, retail, and e-commerce – and across all ECCO's regions.

Investments grew from EUR 43.7m to EUR 51.5m.

ECCO and its partners opened 174 shops during 2015 and closed 91, bringing the global total to 1,309 shops. Furthermore, a net of 172 shop-in-shops were opened, increasing the total to 2,018 by year-end.

ECCO's new Branding organisation delivered several new and successful products in 2015. This was mostly achieved using ECCO's DRIVE programmes, which feature shorter launch times and tightly focused marketing spending.

These DRIVE programme launches were used for products including ECCO COOL, SOFT 7, and INTRINSIC, which all attracted both existing and new customers.

ECCO's leather goods and accessories business grew significantly in global retail terms.

Russia

Over the past two years, ECCO's business with Russia experienced a drop of 50% in the volume sold.

However, ECCO's strong brand position in Russia ensured that we continued to outperform our competition.

Outlook

The global economy continues to be volatile, and the market environment in which ECCO operates is undergoing significant change, not least because of the growing e-commerce industry. ECCO is addressing this with a clear strategy towards 2020.

The Central European retail markets will continue to undergo changes in their distribution structures, which will, to some degree, have an adverse effect on ECCO.

There is still considerable uncertainty in the Russian market, and it is too early to judge if retail sales are stabilising, or will continue to deteriorate. However, we are convinced ECCO will continue to outperform the market because of our strong brand position.

The increased investments in owned retail, and the support of our business partners, are expected to generate continued sales growth in 2016.

Investing in the future to continuously improve ECCO's distribution, brand presentation, and organisation will cause short-term pressure on increasing profits.

Nevertheless, the results for 2016 are expected to be on par with 2015, unless the recent market uncertainty adversely affects consumer spending.

DIETER KASPRZAK
German (65)
Based in Tønder, Denmark

President and CEO

CEO's REPORT

ECCO has achieved another year of increased sales and profits despite the general worldwide slow-down in consumer spending in 2015, most notably in Russia.

Our ability to overcome these economically choppy waters is founded, as it has been for decades, on our ability to constantly improve innovative design, production, shoe quality, and marketing.

Every member of ECCO's management and 19,000 staff were part of this improvement and the continuation of our growth in 2015.

Innovation is key. Product launches in 2015 have had great responses, attracting both existing and new customers.

We are about to launch a revolutionary new shoe concept developed during 2015 – the ECCO SHAPE, which we believe will be the most comfortable, yet highly stylish, women's high-heeled pump in the world.

On the marketing front, we increased our investment in distribution, including e-commerce, to gain market share. We also opened a significant number of new premium ECCO retail stores.

The establishment of an Innovation Lab in Amsterdam has ensured that ECCO will remain at the cutting-edge of shoe design and production long term.

I believe ECCO's strong performance in 2015 has put us in a good position to control the effects of the fall

in European and Russian consumer spending, and the resulting disruptions in distribution channels. These market situations are likely to continue through 2016 – and longer in the case of Russia.

But our commitment to creating great new shoes and leather products for our customers, and retailers, will remain absolutely solid.

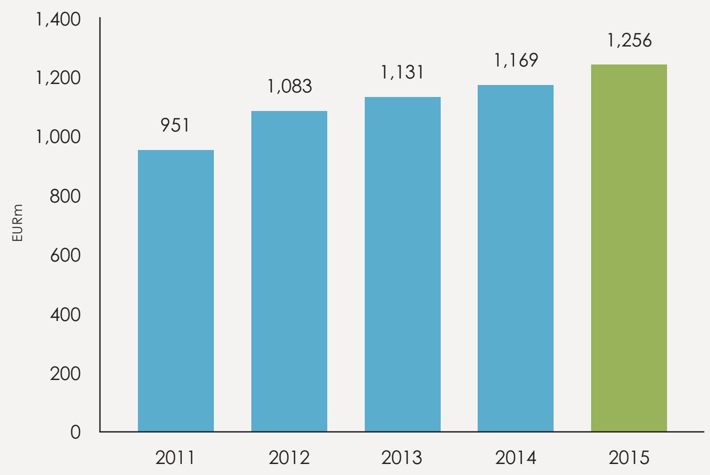
Dieter Kasprzak
President & Chief Executive Officer

STEEN BORGHOLM
Danish (41)
Based in Bredebro, Denmark

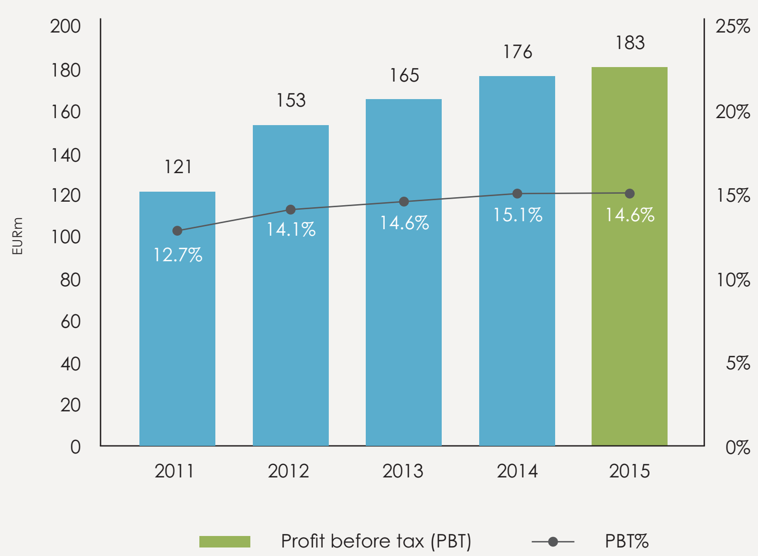
Executive Vice President
& Group CFO

FINANCIAL REVIEW

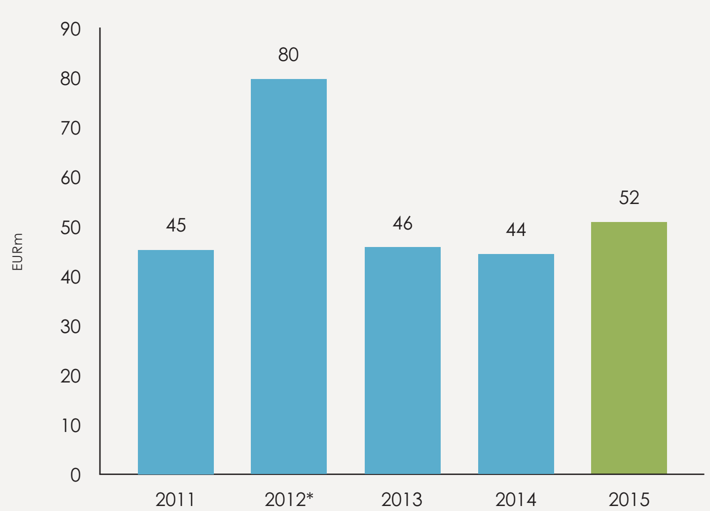
Net revenue 2011-2015



Profit ratio and profit margin 2011-2015



Total investments 2011-2015



* 2012 investments were extraordinarily high, partly due to flooding in Thailand and purchase of real estate for ECCO's regional head office in China

2015 was another year of growth for the ECCO Group, the sixth straight year of increased organic sales and profit growth. This shows the Group's ability to navigate through some challenging market conditions.

Group profit before tax increased to EUR 183.5m on net sales of EUR 1,256m – a notable achievement which overcame the gap in ECCO's sales caused by a significant fall in all consumer spending, particularly in Russia.

Sales grew in wholesale, retail, and e-commerce channels in all three of ECCO's international regions. This was a significant achievement in a year when the macroeconomic environment posed challenges that were different in each region: sluggish consumer spending in Europe, the US in slow recovery, Russia in significant recession, and China suffering a rapid fall in spending on premium and luxury products.

ECCO's strategic response, beginning in mid-2014 and continuing into 2015, was to invest heavily in new retail shops, and new e-commerce markets. The first collection concepts launched using a new and more agile product development system generated strong consumer response and increased sales.

A continued focus on cost reduction, and operational efficiency in production and the supply chain, helped to offset rising leather and manufacturing costs.

Group net revenue increased by 7.4%.

Profit before tax and minority shareholders increased to EUR 183.5m, an increase of 4.0%.

Profit after tax and minority shareholders increased marginally to EUR 114.5m.

The shift in exchange rates during 2015 affected the Group's balance sheet, as the majority of the assets of the Group are denominated in currencies other than EUR. This caused the reported balance sheet values to increase. The balance sheet sum was EUR 948.4m, compared with EUR 924.7m at the end of 2014.

The Group ended 2015 in a strong financial position. The cash position at the end of 2015 was EUR 106.2m. The equity amounted to EUR 579.4m, and the solvency ratio was 61.1%.

Profit and loss

Total net sales increased by EUR 86.7m. Net sales of leather increased by EUR 9.6m.

The share of the Group net sales of shoes and accessories continued the planned shift away from too high a dependency on Europe, to the Asia Pacific and North America. By the end of 2015, Europe had generated less than half of Group net sales, coming in at 47%; Asia Pacific made up 31%, and North America 22%.

ECCO's sales channels across the three regions showed the same pattern experienced by the footwear industry as a whole. The strongest growth was achieved in the e-commerce channel, followed by branded retail and wholesale. The growth of the e-commerce channel is tapering off in the US, but remains high in Europe, and remarkably high in Asia. Owned retail operations displayed low single-digit organic growth. The wholesale channel shows a fragmented picture, matching the regional situations for the industry as a whole.

The sales development in Asia Pacific was strong, with several markets contributing. China was the biggest, and Japan, Korea, and Australia also showed solid growth. During 2015, there was a significant drop in tourist footfall and spending in Hong Kong and Macao, and in most US tourist shopping destinations. On the other hand, key Japanese, Korean, and European cities experienced increased tourist spending.

In North America, the US market developed positively, with double-digit growth in the women's category. The Canadian market also showed growth and recovered from its setback in 2014.

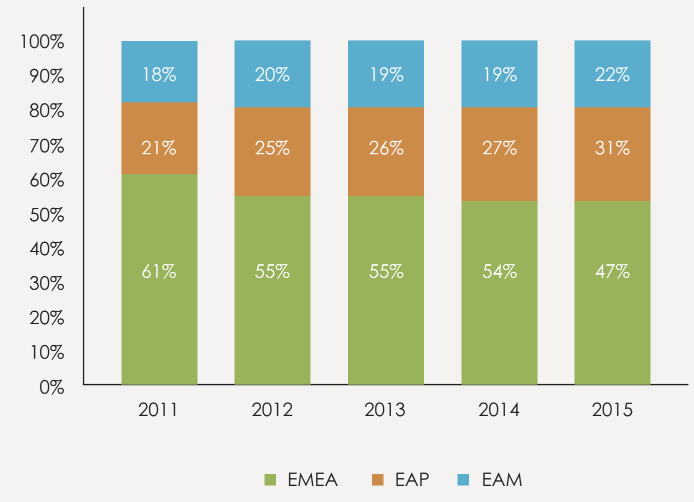
The European region, excluding Russia and Ukraine, continued to expand, and ECCO upgraded distribution with our partners and posted 3% growth, despite the fact that the autumn and winter seasons were affected by a general overstocking situation in this market.

Both the important US market, and our Central and Northern European markets, lost impetus in the challenging fourth quarter of 2015, which was hit by slow sales of seasonal winter products, and reduced footfall in stores. Despite this, the replenishment business, which captures in-season consumer demand created via our wholesale partners, was up in the US and Europe over the full year.

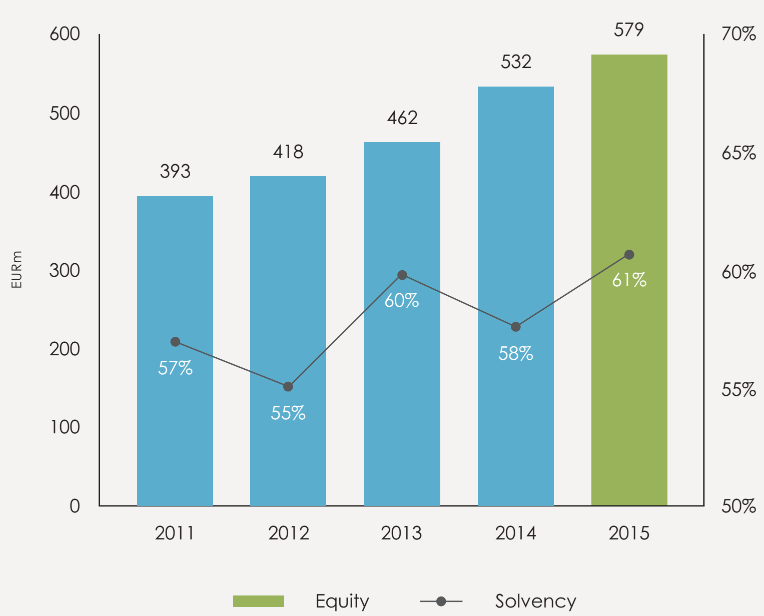
In 2015, the product launch focus was on growing the women's business and capturing a larger share of the sports lifestyle market. The women's business shows the biggest opportunity for growth across ECCO's markets. The sports lifestyle category, across all three regions, is fuelled by consumer demand for "casualisation" and an "athleisure" look and feel; and this sports lifestyle market was targeted with the successful launch of the ECCO INTRINSIC.

A strong focus on supply chain optimisation, reduced freight and duty costs, as well as smarter product engineering minimised the effect of continuously increasing manufacturing costs. There were energy reviews at all production sites, and investments were made to lower costs and energy consumption.

Net revenue (shoes & accessories) split by region 2011-2015



Equity development and solvency 2011-2015



Other external and staff costs increased by 7.3%. These increases are predominantly the result of expansion into the more cost-heavy distribution structures of retail and e-commerce, compared with wholesale.

Financial expenses were significantly lower than in 2014, and this reflected generally lower interest rates and higher interest income.

The profit before tax was EUR 183.5m, with a profit ratio of 14.6% - slightly better than the 176m EUR predicted in the 2014 Annual Accounts. The significant weakening of the EUR against most currencies during 2015 had a positive effect on the reported profits of the Group. The Group uses FX hedging to reduce short-term impacts on transactions in foreign currency and, on average, the Group is hedged 18 months in advance. The translation of accounts in foreign currency into EUR is not hedged, and this translation has had a significant positive impact on the Group in 2015.

Balance Sheet

In 2015, free cashflow amounted to EUR 137m, compared to EUR 102.1m in 2014.

This positive development in free cashflow is a result of the lower position of accounts receivable, especially relating to reduction in the business, and the outstanding trade receivables with our Russian partner.

Trade receivables and inventories, less accounts payable (Net Working Capital), decreased by a total of EUR 47m; and as a share of net sales, declined from 37% to 31%.

The primary driver of the lower net working capital was trade receivables, which were reduced by EUR 59.2m at the end of 2015. The finished goods inventory decreased by EUR 2.9m. Unsold inventory from previous collections was at a slightly higher, but still very healthy level.

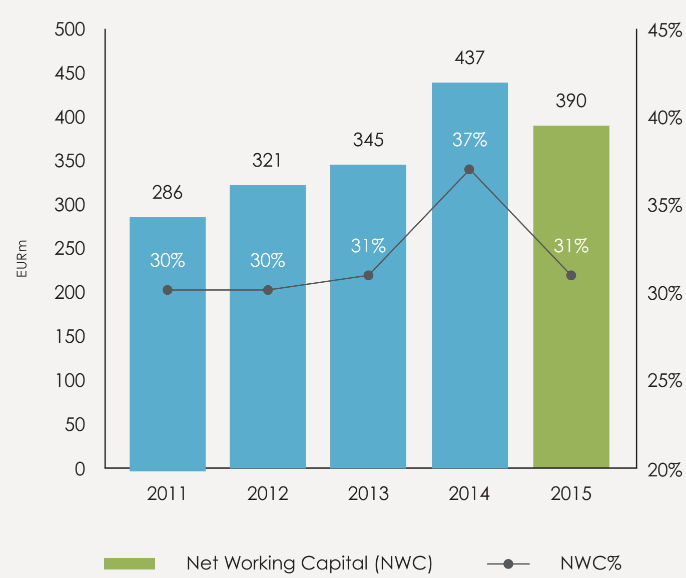
Investments in 2015 amounted to EUR 51.5m, an increase of EUR 7.8m, compared to 2014. Investments were targeted on shop openings, refits, and the continuous improvement of production quality and efficiency.

Gross debt decreased by EUR 39m and the cash position improved in 2015.

The company's strong cash position, combined with the financing facilities available to the Group, are deemed adequate and sufficient. The seasonal nature of the footwear business causes significant fluctuations in financing requirements during a financial year, and the Group remains well equipped to minimise the effects of these fluctuations.

The equity amounted to EUR 579.4m by the end of 2015, equivalent to a solvency ratio of 61.1%.

Net Working Capital 2011-2015



ANDREAS WORTMANN
German (50)
Based in Tønder, Denmark

Executive Vice President,
Brand and Products

BRAND AND PRODUCTS

ECCO is a premium global brand for shoes and leather goods, and the further strengthening of the brand's position is one of the key aims of ECCO´s 2020 strategy.

The main thrust in 2015 was on developing striking and impactful product concepts, and creating more innovative product launches.

By bundling major marketing investments into better coordinated global product launches, ECCO continued to attract existing and new consumers to purchase established and newer product lines - often via new distribution channels.

ECCO became more sensitive to consumer needs, having searched for deeper insights into buying preferences and patterns, as well as preferred media choices.

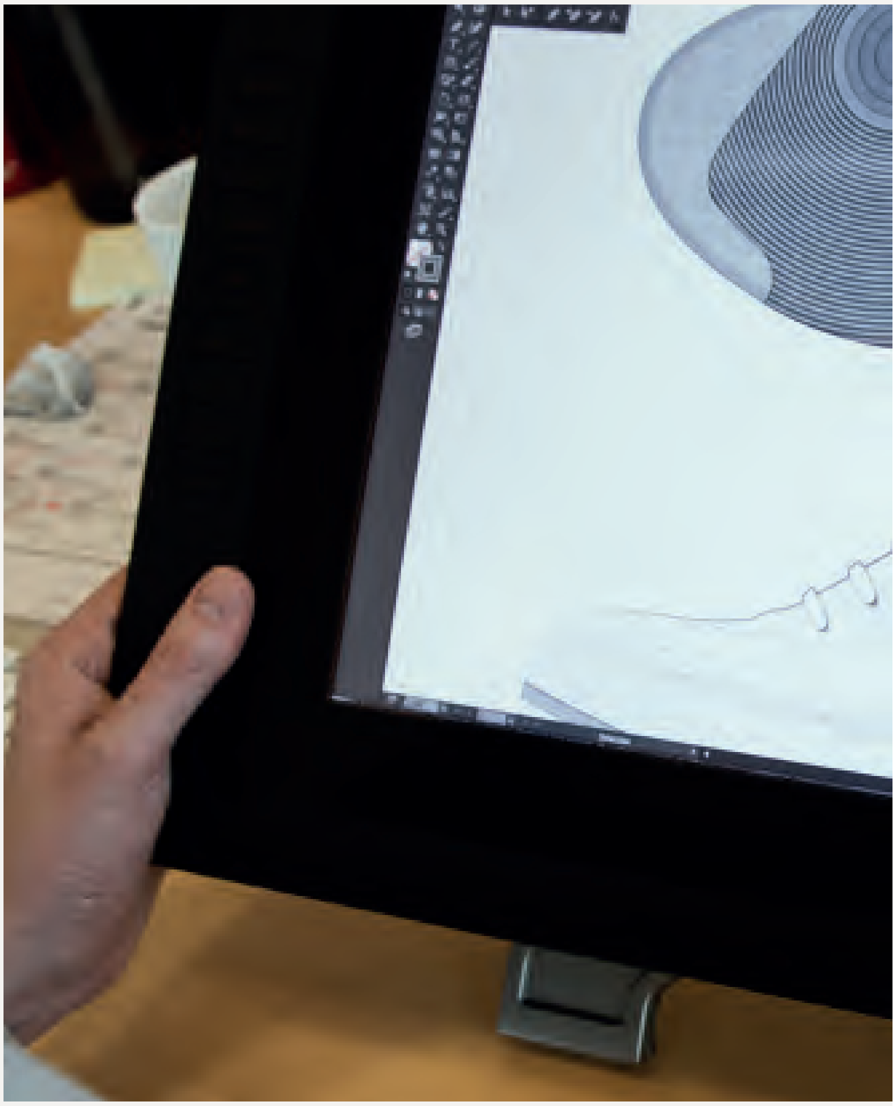
This resulted in a substantially stronger international positioning of the ECCO brand towards target audiences. There was also more impact in terms of short-term sales stimulation.

Looking ahead, ECCO believes the women's market will remain a major growth driver.

In 2015, the main focus in capturing a greater share of this market was in the casual and sports lifestyle segments; in 2016, the main focus will switch to the formal and wear-to-work category.

In line with ECCO's 2020 strategy, it was decided, in August 2015, to establish a separate Business Unit for Kids. This will revitalise ECCO's position in this market, which we believe has great long term potential.

ECCO's Accessories division was particularly hard-hit by the developments in Russia, its core market. But it launched new drives in China and Europe and managed to compensate for the losses in Russia through exceptionally strong growth in Asia, and in European retail spending.



LEADING-EDGE DESIGN

ECCO's shoe designs have a strong Scandinavian character – simplicity of form, clarity of line, restrained details. And logic: there is always a clear reason why we choose particular shoe materials and components. Every design is centred around one thing: the foot. This is why ECCO shoes have a unique reputation for fit and comfort.

The look and feel of ECCO shoes is always contemporary and inspiring, and the aesthetics of line, texture, colour, and detail are very important. So is durable functionality.

New shoe designs begin with experimental sketches, which are then clarified, selected, and digitalised in the development process. Our design processes are very much in-house. All shoes are designed in Denmark, with input from the company's R&D facilities in Portugal and Indonesia.

As in the car industry, the first prototype of a shoe is taped up using simple models. Machines and computers are used to support design, but the creative mind remains central to a process which ultimately brings together individual artistic skills and technology.

ECCO's modern production methods and core competencies – such as directly injected soles – encourage ECCO's designers to explore new ideas that push the boundaries of shoe design, producing a steady flow of international best-selling products.

Once a shoe design has been finalised, it is of critical importance to create a perfect last. Even if the finest leathers and the best materials and components are used, it is impossible to make an outstanding shoe unless the last is absolutely right, because the last determines all the important elements of form and key features.

New shoe designs begin with experimental sketches.

ECCO's lasts are true pieces of craftsmanship. Every new last is created initially in one piece, and then moulded by hand, after which the shape and measurements are precisely conformed. Later in the process, high-tech CNC (Computerised Numerically Controlled) routers reproduce the last in greater quantities for ECCO's large-scale production runs.

Over the past 50 years, ECCO has developed a core competence in what makes a perfectly fitting, comfortable shoe – regardless of the wearing purpose and look. In the process, thousands of lasts have been measured, and the data computerised, providing ECCO's designers with an important database that can be referred to when designing a new shoe.

This deep knowledge of shoe forms can be seen in the forthcoming launch of a new shoe designed in 2015, ECCO SHAPE, which will achieve something quite special. ECCO SHAPE will be the first high-heeled shoe made using direct injection technology that can be worn comfortably for long periods.

An important new partnership

For many years, ECCO and the renowned German last-making company, Fagus, have been close business partners.

Fagus and ECCO have now created a joint venture company to strengthen this essential part of shoemaking. The joint venture company is based in Portugal, next to ECCO's shoe factory, ensuring that ECCO and Fagus will be able to maintain last and shoemaking competencies over the long term, as well as maintaining the high quality, speed, and precision in the last-making process.

USING OUTSTANDING MATERIALS

Making the perfect shoe requires not only the perfect last and fine craftsmanship, but also the right choice of leather and other materials.

ECCO produces high quality premium products using materials and components that will perform excellently. ECCO works with a selection of suppliers in different product categories who are able to push the boundaries in developing new and exciting materials.

Each pair of ECCO shoes contains between 40 and 60 components, apart from the many different leathers used in ECCO's shoe ranges. These non-leather components include reinforcements, foams and foot-bed materials, shoe linings, soles, sewing threads, and laces.

Typically, it is the look and feel of the product which creates the consumer's desire to purchase the product in the store, or via the Internet.

ECCO's designers carefully select the shoe components from hundreds of material options, searching for unique combinations of colours and textures that will produce the desired structure and feel of the leather and materials for a genuine premium product. ECCO's expertise in materials has been built up across more than half a century; as has the ability to identify and understand the characteristics of many different types of leather and, through our other suppliers, hundreds of other materials.

And it is not just about aesthetics or attractive shoe styling. It is of critical importance that the selected materials and components will raise the technical performance of any given shoe's particular use. ECCO designs a wide range of products for children, women, and men, for very different wearing purposes. These range from children's winter boots, to elegant women's summer sandals and high-heeled pumps, to casual and business shoes for men, to outdoor running, walking, and trekking products, as well as golf shoes.

Beyond aesthetics and technical performance, material selection must also meet other important needs: the desired comfort-level; the right degree of stability, or movement; the perfect climate for the foot; breathability; softness; durability in rough conditions; the right degree of water resistance. And all this must be achieved without affecting the product's ability to retain its unique form and character.

All materials and components are tested before being used in shoes to ensure that they not only meet all international regulations relating to chemical substances, but also meet the high product finish and performance standards set by ECCO.

There are materials test facilities at ECCO's R&D unit in Denmark, and in all of ECCO's factories. These test laboratories provide continuous assessments of new and established materials used in production. Apart from testing all products for the presence of chemical substances, ECCO's materials, components, and final products are tested in a wide range of ways. Here are some examples of the assessments that take place during all new shoe developments:

The flex test: a machine flexes a shoe hundreds of thousands of times, in a way that mimics taking a step in the shoe. This test ensures that the sole will meet the high comfort and durability standards set by ECCO for the final product.

The slip test: this assesses the shoe sole's degree of grip.

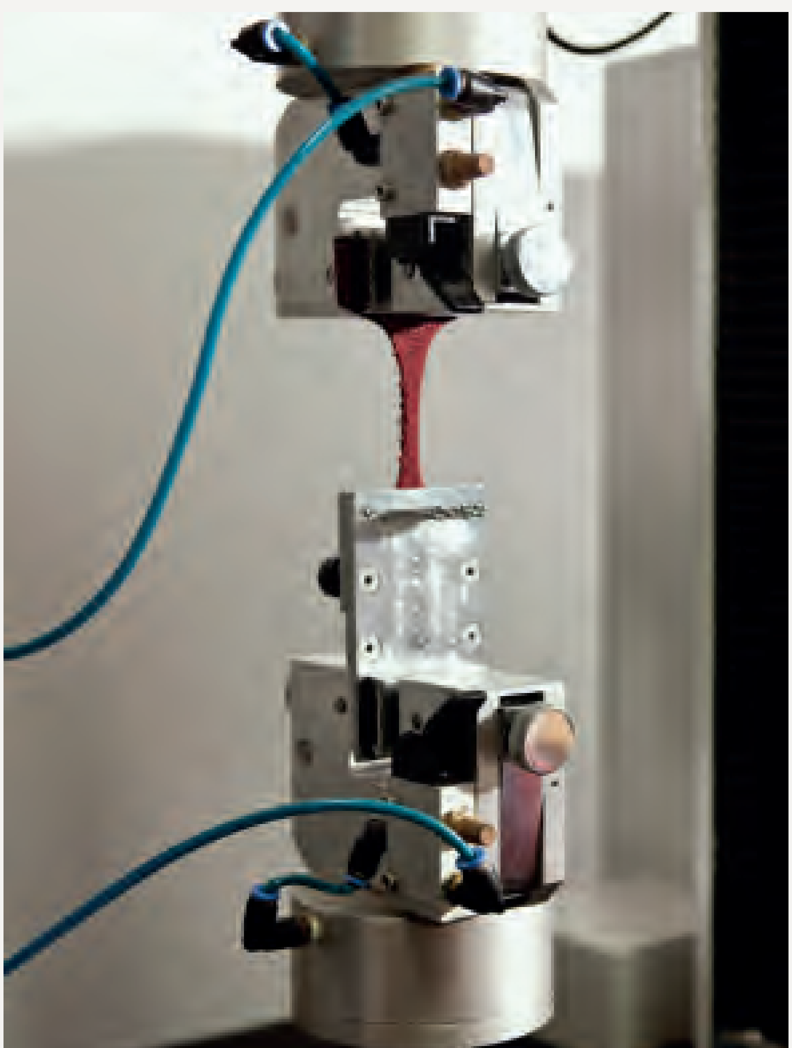
The rip test: this establishes the durability of the upper material when sewn together, ensuring the material will not rip once in use.

Water resistance test: this confirms the water resistance of a given material designed to be used in products such as trekking boots.

Finally, no new shoe model designed by ECCO is ever produced and launched without having undergone a 14-day wear test. This wear test generates valuable real-world feedback from the test persons on comfort and fit and, if any fine-tuning of details is needed, they can be designed into the final production model of the shoe.

A shoe undergoing the flex test.

The slip test.



Material undergoing the rip test.

The water resistance test.

PRODUCT HIGHLIGHTS

ECCO INTRINSIC

The ECCO INTRINSIC range was developed to bridge the gap between the casual and sport categories, in response to the sports and athleisure trends. ECCO is well positioned to deliver products in this category, and the INTRINSIC blends style and comfort effortlessly.

The launch of INTRINSIC positioned the range in a dynamic way, using digital media platforms, which combined global content contributors and social-media influencers.

On the technical side, the INTRINSIC allowed ECCO to launch a newly developed technology for knitted uppers, in combination with our established Direct Injection Production (DIP) technology.

The launch of the INTRINSIC range has stimulated the development of other new products and initiatives.

ECCO SOFT 7

The ECCO SOFT 7 was the best received and most successful international product launch in 2015.

The SOFT 7 embodies ECCO's design heritage and successes in the 1980s and 90s with the original SOFT series.

The SOFT 7 takes the best features of the original product, and combines them with a state-of-the-art outsole. The new shoe is completed with unique ECCO leathers.

The SOFT 7 is produced using the most advanced DIP technology to create outstanding foot comfort. And this, combined with clean-lined Scandinavian design features, and a trendy monochromatic look, was the formula for success.

ECCO Kids has also launched a junior version of the SOFT 7.

Thus, the SOFT 7 has ensured that the legend of the original SOFT lives on, and it will continue to form part of the core ECCO collection.

ECCO SP (SOFT PEBBLE) BACKPACK

To strengthen the alignment between our shoe and leather goods collections, ECCO Accessories launched the ECCO SP Backpack in 2015 as a supporting product to ECCO's SOFT 7 sneakers - and it rapidly became the most sought-after style in a new range of women's everyday handbags.

The Backpack combines ECCO's minimalist Scandinavian design with rich, premium-grade ECCO leather. The Backpack's smooth outline highlights the unique character of the leather, making it casually elegant, spacious, and functional.

The on-trend Backpack proved an instant international success in the premium leather goods market, attracting the attention of bloggers, consumers, and press and media around the world. This key product, whose styling is aimed at fashion-conscious women, will remain in the collection for future seasons, reworked in new colours.

The development and launch of signature products such as the SP Backpack each season continues to strengthen ECCO's position as a leading premium brand.

ECCO COOL

ECCO COOL is the result of years of collaboration and innovative thinking between ECCO and GORE-TEX®.

The combination of GORE-TEX® Surround technology and ECCO's unique skills in innovative shoemaking has delivered an outstanding product that keeps feet cool and dry.

The use of yak leather ensures a soft and supple, yet hard-wearing upper, and it makes the ECCO COOL ideal for people who want to walk out in any kind of weather in shoes that deliver what we believe is the ultimate "climate comfort" solution for footwear.

The ECCO COOL is a great example of a product that has ECCO's DNA embedded in every element of the design, and the shoe's launch was carried out, using proximity marketing and strong in-store exposure.

Both the product and campaign were definitely: "Cool from every angle".

ECCO SHAPE

The ECCO SHAPE is a revolutionary advance in the design of high-heeled shoes. It was developed during 2015, and will be launched worldwide in mid-2016.

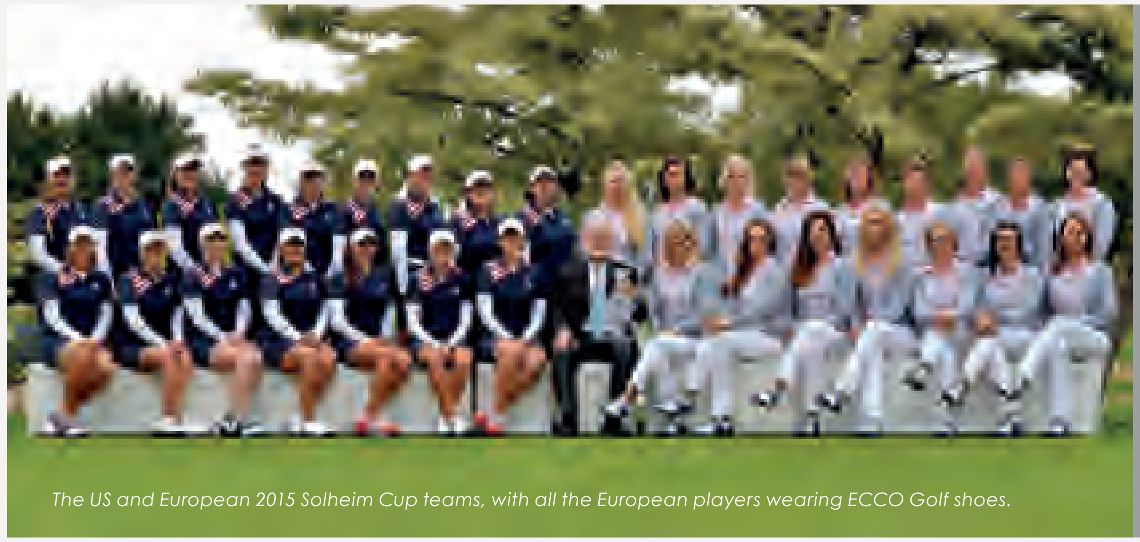
ECCO has been at the forefront of innovation in the use of DIP for many years, and with expertise in leather quality, and a new approach to design, we have produced what we believe is a genuine game-changer in the women's segment - not only for ECCO, but for the shoe industry in general.

The SHAPE shoes combine an elegant silhouette and on-trend design with the revolutionary Flowform technology that allows the footbed of the shoes to be anatomically sophisticated. This allows ECCO to create heels of any height and shape, ranging from a 90mm stiletto, to a 55mm block-heel, or a sleek ballerina.

The SHAPE allows women to wear high-heeled shoes and feel comfortable, whether they are working, shopping, or partying.

The SHAPE range was presented to the trade at the end of 2015, prompting a very encouraging feedback.

ECCO Staff Player Graeme McDowell wins the OHL Classic wearing the ECCO World Class golf shoe.

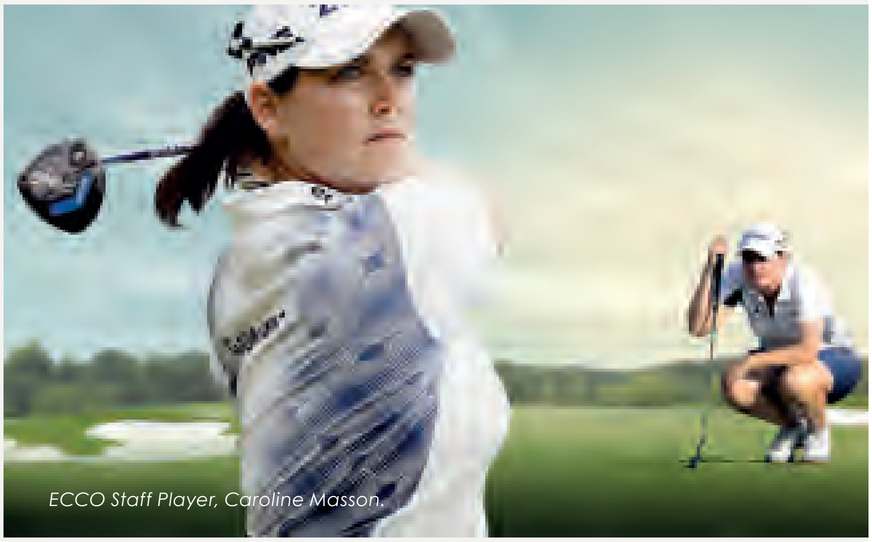


The US and European 2015 Solheim Cup teams, with all the European players wearing ECCO Golf shoes.

ECCO Staff Player Thongchai Jaidee wins the Porsche European Open wearing the ECCO Tour Hybrid.

The ECCO Cage, a new premium cleated golf shoe.

The ECCO G-Mac World Class Special Edition.



ECCO Staff Player, Caroline Masson.

ECCO GOLF

In 2015, ECCO Golf maintained its strong overall position as one of the biggest hitting brands in the world of golf, and improved sales in several markets.

Market development
ECCO's aim is to maintain or increase its current premium market positions in the US, Germany, the UK, Scandinavia, China, and South Korea.

In the US market, ECCO successfully grew the business more than 8% in volume during 2015, and in the premium golf segment has a market share of about 30% in numbers of pairs sold, consolidating ECCO's position at the top end of this golf market.

ECCO maintained the top-three brand position in European markets during 2015. In the German-speaking markets, ECCO was able to continue sales growth during 2015, and hold a market share of more than 25% in the premium golf segment.

Within Scandinavia, ECCO maintained market-leading positions in both Denmark and Sweden, whereas ECCO experienced static sales in the UK market.

The European market which generated the highest growth during 2015, was France, where sales grew 17%, substantially elevating the brand, and making ECCO a major player in that country.

2015 was a challenging year for ECCO Golf in Asia with changing market conditions - notably in China, where a large number of golf courses were closed in 2015. Nevertheless, ECCO remains focused on the Asian markets and will establish a dedicated Golf Unit in the early part of 2016 to ensure continued sales growth in these markets.

Product highlights
The ECCO Cage golf product was successfully launched in November 2015. It is a premium cleated shoe featuring a fully integrated, direct-injected wrap system, which delivers superior walking comfort.

At the Dubai Desert Classic tournament in November 2015, ECCO launched the new, ultra-premium G-Mac World Class Special Edition golf shoes.

ECCO Staff Players & tournaments
ECCO continues to work with some of the most renowned athletes in the world of golf. ECCO sponsored players include Fred Couples, Thongchai Jaidee, Graeme McDowell, Ernie Els, Thomas Bjørn, Will Wilcox, and Caroline Masson.

The ECCO Staff Player and major champion, Graeme McDowell, recorded yet another top10 finish during the Dubai Desert Classic tournament, premiering his signature ECCO Golf shoe, and he also won the OHL Classic.

The Thai legend, Thongchai Jaidee, ended another positive year as an ECCO Staff Player by winning his seventh career European title, the Porsche European Open, while wearing the distinctive ECCO Tour Hybrid model.

The US and European women's golf teams fought out the 2015 Solheim Cup in Germany, with the US team winning a thrilling competition by 14½ points to 13½, the closest score in the history of the Cup. ECCO was the shoe sponsor for the European team.

PANOS MYTAROS
Greek (46)
Based in Dongen, the Netherlands

Executive Vice President,
ECCO Leather & Global Shoe Production

LEATHER AND SHOE PRODUCTION

ECCO's shoe production is managed from a global headquarters in Singapore, and ECCO's global leather activities by the ECCO Leather Group, based in Dongen, the Netherlands. Both business areas saw good progress in 2015.

ECCO SHOE PRODUCTION

ECCO's shoe production recorded another successful year.

As a result of further investment, more than 90% of all shoes are now made using direct-injection technology, a sole-forming method in which ECCO has been a leader for decades.

The year saw the opening of a supply chain management department in Singapore, which oversees the entire order-flow process for all ECCO's shoe factories – from initial customer orders to shoe deliveries into our customer distribution centres around the world.

Significant efficiency gains were achieved in shoe production in 2015, and this had positive effects on quality and delivery performance: ECCO's shoe production facilities achieved a delivery performance of 96% on-time deliveries of orders, with an all-time low in the number of claims regarding shoe quality – which was already very low.

ECCO's largest shoe factory in Indonesia was successfully split into two units, increasing the internal focus and competencies in producing premium women's shoes.

There were significant further investments in machinery standardisation, along with an expansion of production capabilities for high oil content leathers in the Xiamen and Thailand shoe factories.

A new 36-station direct-injection machine was installed in the shoe factory in Indonesia, and ECCO successfully insourced the moulded production of several types of soles and inlay soles.

To strengthen the management of ECCO's externally sourced products, an Indian sourcing office was established in mid-2015.

Keeping up to speed with ECCO's own strategy, in relation to market conditions, has demanded steadily increasing automation in the shoe factories. Investments of more than EUR 18m during 2015 brought rapid and substantial improvements in production. ECCO was an early mover in the use of robot technology, which is today applied in many processes in ECCO's factories around the world. ECCO uses high-tech conveyor belt technology and automated cutting and stitching machines.

But ECCO combines this with highly skilled craftsmen cutting the leather – a difficult discipline as all cowhides are different. It takes months to train a good leather cutter.

For more than a decade, ECCO has moved towards becoming entirely independent in its production tooling. Today, all important tools for manufacturing are made in-house. For example, all moulds for the direct injection machines in ECCO factories around the world are formed with high-tech routers on site. This ensures speed, efficiency, and minimises tool-making costs.

In the R&D and product technical departments, key components – such as the shanks that provide stability in a shoe – are printed with 3D printers, and tested and evaluated before being moulded in bigger quantities and launched into production.

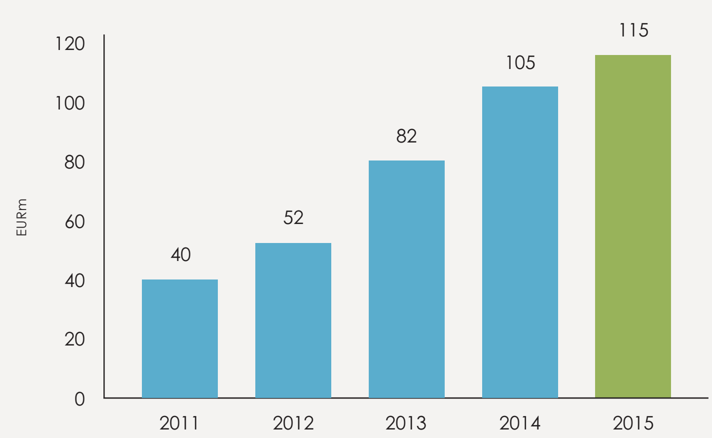
ECCO LEATHER

ECCO's production of leather again recorded an increase in sales to external customers. This is in line with ECCO's strategy.

ECCO's leathers are processed at the company's own tanneries in Europe and Asia.

ECCO is developing systems capable of tracking the origins of its leather to the particular batches of rawhide they came from.

ECCO Leather consolidated turnover



The market situation for leather was volatile at the beginning of 2015, essentially because prices for rawhides were very high. The market stabilised, and in the latter part of 2015 a correction took place. From an all-time

ECCO's largest shoe factory is in Indonesia.

high at the end of 2015, prices fell to a level last seen three years ago.

30 years after ECCO opened its first tannery, in Portugal, ECCO is a major player in the leather industry, with five tanneries in Europe and Asia developing highly innovative leathers for several of the world's most iconic contemporary designers and brands.

ECCO Leather's main customer is ECCO, but the leathers are also used in many of the world's luxury leather brands.

ECCO Leather continues to strengthen its brand, notably through events such as the so-called "hotshops", a collaborative, multi-disciplinary creative workshop uniting designers, buyers, production managers, marketers, and leather technicians from around the world. These workshops give diverse groups of creative people from many different businesses access to the tannery floors, where they work with experienced tanners to push the boundaries of what leather can do.

ECCO Leather's tanneries are all SATRA (Shoe and Allied Trades Research Association) certified.

ECCO operates a tight testing regime in its central laboratory in Holland, where samples of all leathers and shoes are tested. External suppliers must also send samples for test.

ECCO has banned the use of chrome 6 and operates one of the most advanced systems in the industry to ensure the exclusion of this substance.

ECCO participates in the development of new techniques that will make tanning "greener" over time, and looking ahead, we are also exploring the possibility of using water-free tanning.

ECCO leather are used in many of the world's luxury leather brands.

MICHEL KROL
Dutch (53)
Based in Amsterdam,
the Netherlands

Executive Vice President,
Global Sales

MARKET DEVELOPMENT

In general, footwear market conditions throughout 2015 proved to be as challenging as expected. The key economic zones in Europe, North America, and China and its neighbouring countries did not show significant improvement in overall consumer spending. With spending showing either low or zero growth in many markets, the competition intensified, leading to a more promotion-led environment.

Strong growth in global e-commerce channels continues to disrupt existing distribution patterns in many markets, leading to price erosion and putting increasing pressure on many industry players. However, during 2015 ECCO again achieved a net sales growth in all sales channels across all its three international sales regions.

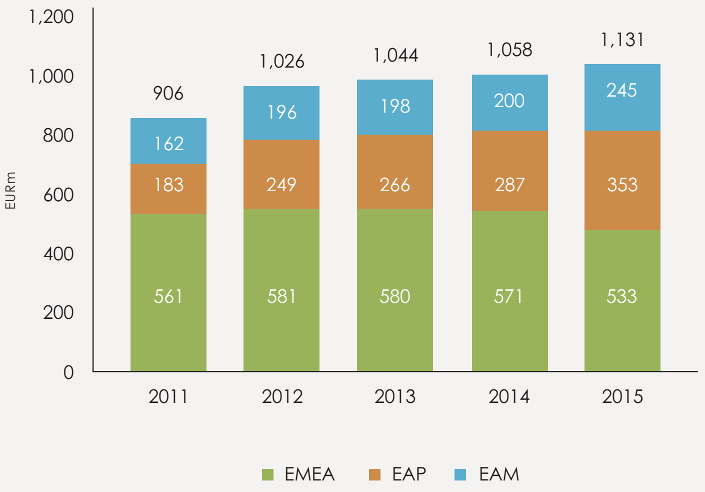
ECCO products are sold in 87 markets globally, ensuring a diversified and geographically balanced market portfolio. ECCO has, for a number of years, sought to maintain its strong, well-established presence in Europe, whilst balancing its business through growth in North America and Asia Pacific.

This strategy has been successful, reducing risk overall and connecting ECCO to many new customers. In 2015 for the first time, sales outside Europe accounted for more than 50% of total sales.

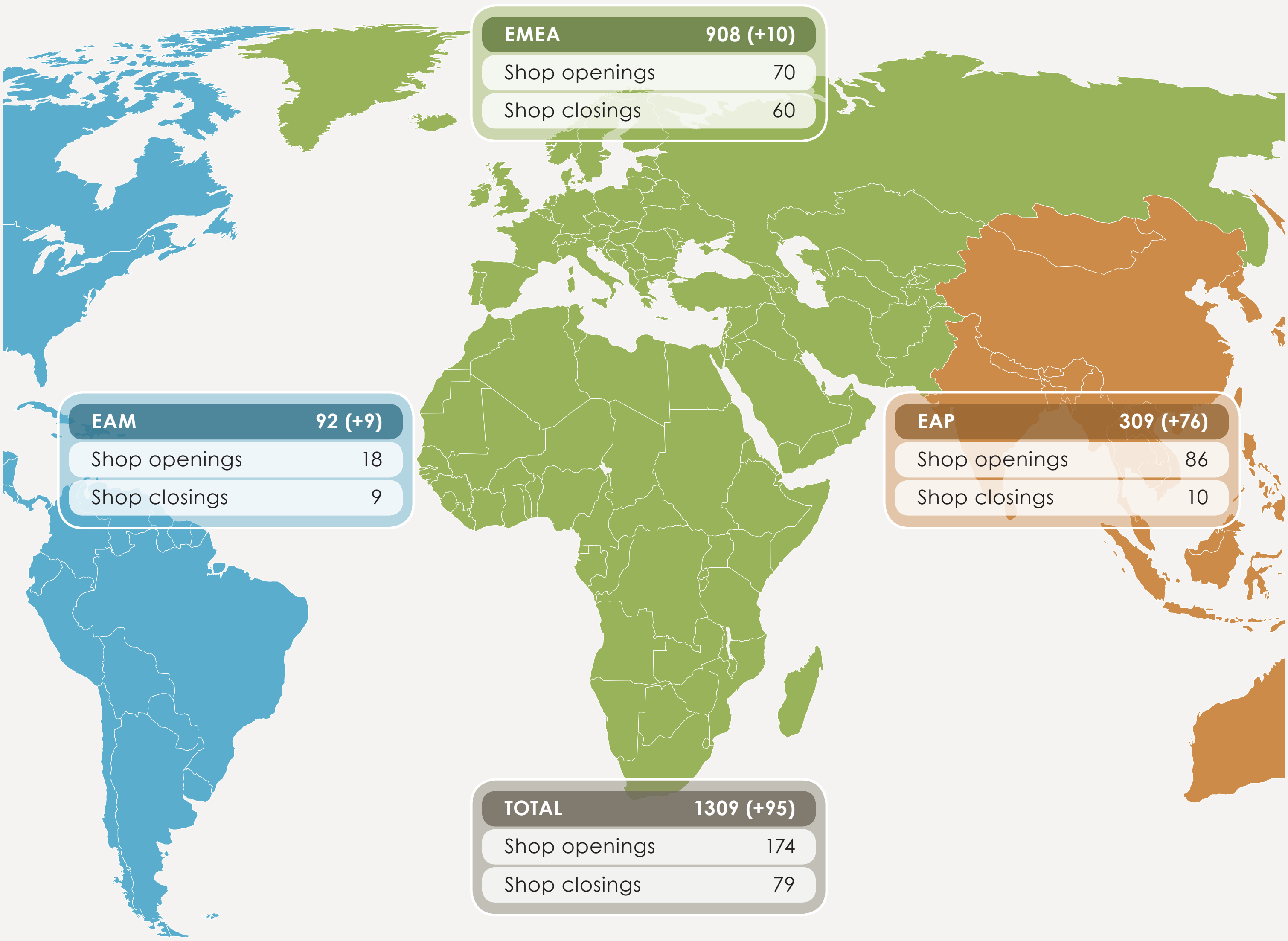
ECCO's business in Russia saw a severe decline in 2015. The fall in the value of the ruble led to price increases on imported goods and, at the same time, consumer demand weakened.

Despite this, ECCO continues to be the leading premium footwear brand in Russia.

Revenue development for shoes and accessories by region



ECCO continues to invest heavily in conceptual sales within retail, e-commerce, and wholesale.



During 2015, ECCO continued to invest heavily in conceptual sales within retail, e-commerce and wholesale. The consolidated net sales of our retail business grew by 18%, e-commerce by 56%, and the wholesale business by 2%. The growth in retail, e-commerce and wholesale was successful in closing the gap created by the drop in sales to Russia. Overall, net sales of shoes and accessories grew 7%.

During 2015, a net of 95 concept shops were opened. Some of the key shop openings were in London's Oxford Street, Vienna's Kärtner Street, two prime retail sites near San Francisco, and in Tokyo's Omotesando.

In addition to the concept shop openings, a net of 172 shop-in-shops were opened during 2015, ending at a total of 2,018.

ECCO's flagship shop on Oxford Street in London

ECCO EMEA

The increasing consumer use of online purchasing is causing pure e-commerce retailers to take market share from more traditional footwear retailers. This polarisation is visible in many European markets, where the value segment and premium segments are growing at the expense of the middle segment. The value segment is occupied by vertical retail brands in both footwear and so-called "fast fashion" apparel. Department stores and specialised footwear retailers have, historically, controlled the middle segment of the market.

ECCO's strategy to upgrade its distribution in Europe, and to offer service to consumers both online and offline, has ensured continued growth in our European business. Indeed, the new product launches, ECCO SOFT 7 and COOL, created more consumer demand than could be met immediately after their launches.

ECCO's total net sales in EMEA declined to EUR 533m. Excluding the effect from distributor markets in Russia and Ukraine, the EMEA markets posted a 3% increase.

ECCO's directly owned and Joint Venture retail business, consisting of smaller retail operations in Ireland, Turkey, and Denmark, grew by 65%. The retail business in the Baltic States was sold to KRM.

Throughout 2015, the EMEA markets have opened 70 shops and closed 60, resulting in a net gain of 10 shops openings. The European partner network, including Russia, has undergone a significant review throughout the year, resulting in a high number of shop closings. The majority of the 70 new openings in EMEA came from the retail sister company, KRM AG in Switzerland, which opened 39 shops. By the end of 2015, KRM operated 286 shops across Europe. In Russia, eight shops were opened and 22 were closed.

In London, ECCO upgraded its Oxford Street flagship shop, creating a premium-level shopping experience, whilst the Munich shop was given a distinctly hip retail format – a pop-up shop layout in the centre of the city.

The investment in more premium shopping experiences continued, with 116 shops and shop-in-shops being upgraded.

ECCO branded e-commerce grew by 31% during 2015 and continues to be the fastest growing sales channel in EMEA.

The wholesale business remained stable throughout 2015, but ECCO was affected by the current industry trend of closing or consolidating retail outlets.

ECCO shop in Shanghai IFC Mall, China

ECCO EAP

The retail environment in the Asia Pacific region showed a mixed picture. The key influencing factor was the general slowing of growth in China, which had ripple effects in its neighbouring countries, and in other emerging Asian markets. In China, spending on premium and luxury goods slowed down. In ECCO's case, there was a significant impact on sales of golf shoes.

However, ECCO has a fundamentally strong business model in Asia, and in China in particular, and is well equipped to adapt to changes in the Chinese market.

A shift of tourism away from Hong Kong and Macao to other tourist destinations was visible in the sales performance in those markets.

However, the continuous expansion and organic growth in our markets in Asia ensured an overall gain in net sales of 23% over 2014 to EUR 353m. Adjusted for currency effects, net sales increased by 7%.

In Japan, sales grew by 39%, with other notable improvements seen in China and Australia. In Tokyo, ECCO opened three new shops and improved its presence in the leading department stores. In China, ECCO opened a net of 39 new shops, and refitted more than 100 shop-in-shops.

In 2015, a total of 163 shops and shop-in-shops were opened across the region. In addition, ECCO e-commerce sites were launched in Australia, Japan, and Singapore. In China, the e-commerce business continued to show strong growth.

ECCO is well positioned in the Asia Pacific region, and because of ECCO's rapid expansion it has been decided to divide the regional management into two sectors: Greater China and Asia/Pacific – to take greater advantage of the potential of this vast region, and ensure that ECCO remains the leading premium footwear brand.

ECCO shop in Hillsdale Shopping Center, San Mateo in California, US

ECCO EAM

The retail environment in North America was healthy, although consumer demand weakened towards the end of 2015. The industry's growth continues to be driven by online retailers and concept outlets. In the shoe industry as a whole, the full-price environment was close to flat.

ECCO's total net sales in North America grew from EUR 200m to 245m, an increase of 22%. Adjusted for currency effects, net sales grew by 4%.

Growth was achieved in retail and e-commerce, and through strong wholesale partnerships. This was coupled with successful product launches – particularly in the women's and sports lifestyle product categories.

During 2015, 22 shops were opened. Retail sales grew by 24%, and the e-commerce channel continues to be the fastest growing at 47%. During 2015, ECCO US spearheaded the introduction of cross-channel service options for our consumers, with positive results.

A significant negative impact was the drop in tourist spending at certain destinations in the US, the main reason being the strong US Dollar.

In the US, ECCO opened a number of concept shops; two of the most impressive were in the San Francisco area, at Broadway Plaza, Walnut Creek, and Hillsdale Shopping Center, San Mateo.

ECCO also expanded its chain of premium outlets with eight new shops during 2015, and refurbished a further five. The new shops included the McArthurGlen Designer Outlet at Vancouver Airport, Canada, and the Sawgrass Mills Mall, near Fort Lauderdale, Florida.

ECCO shop in Chinook, Canada.

FOCUS ON CANADA

Canada is one of the top 10 markets for the ECCO Group, and ECCO Canada delivered a strong and profitable turnaround in 2015 after a few difficult years. ECCO's position in this market remains secure because ECCO is one of Canada's leading premium mono-brand footwear retailers.

The improvements in ECCO's Canadian operations in 2015 are a result of dedicated efforts to rebuild and streamline commercial processes, and support these improvements with significant investment in shops refits and expansions.

By the end of 2015, ECCO operated 26 owned shops in Canada, and they are supported by strong wholesale, sports distribution, and a growing e-commerce business.

ECCO's e-commerce channel grew 36%, the retail channel grew 14%, and the wholesale channel also showed increased sales.

Canada has experienced major changes in its retail landscape. More premium outlet concepts opened in 2015, with new retail centres opening in Vancouver, Montreal, and Toronto. In addition, key US department store chains such as Nordstrom and Saks 5th Avenue have expanded into Canada.

ECCO Canada's 2015 investment and reorganisation programme has left the company well positioned to take advantage of these recent developments.

Westfield Doncaster ECCO shop in Victoria, Australia.

FOCUS ON AUSTRALIA

The Australian retail landscape has, over the last four years, experienced a rapid transition triggered by consumers' increasing demand for a more mono-branded shop experience, rather than traditional multi-branded retail environments.

In addition, e-commerce has extended rapidly in Australia, with double-digit growth for the past four years. That trend is expected to continue and reach a 5.6% share of total retail sales by 2018.

To stay ahead of these developments and make ECCO products more easily available to our consumers at their preferred shopping destinations, ECCO Australia has opened eight new shops since 2012. Three of these opened in 2015, bringing ECCO's Australian shop count to 21, which has helped ECCO to retain its position as the leading premium shoe brand in the Australian market.

The ECCO shop portfolio is centred around New South Wales and Victoria. Going forward, the strategic ambition is to expand into new clusters. It was therefore a major step forward when the first ECCO concept shop opened in Queensland, in the newly renovated Pacific Fair Mall in December 2015.

ECCO's owned and operated e-commerce platform, which was launched mid-2014, exceeded all expectations throughout 2015. The Australian ECCO consumers have quickly caught on to this new, easily accessible distribution channel, which offers a genuine ECCO brand experience.

From 2016 onwards, the strategic ambition is to grow the e-business through search engine optimisation and even higher service standards. Thus, ECCO Australia has built a strong retail and e-commerce position, and expansion will continue through mono-branded retail and e-commerce excellence.

The Cafe Sko (Cafe Shoe) at Toosbuys Torv.

Toosbuys Torv is created by ECCO for the townspeople.

TOOSBUYS TORV

A new public square in Bredebro, Toosbuys Torv, was created by ECCO for the townspeople to mark the 50th anniversary of the company's foundation by Birte and Karl Toosbuy in 1963. Contributing to Bredebro's business and leisure life has always been a priority for ECCO.

It was essential for the project that the architecture of the square, and the buildings in it, reflected ECCO's roots in southwest Jutland. The Danish architectural firm, Over Byen, who are experts in local regeneration, therefore created a design inspired by the regional context and rural building style.

Toosbuys Torv is a modern architectural interpretation of the traditional marshland farms in the area. The essential design idea was to create an urban space that would express the intimacy of the typical farm layout, which provides shelter from the wind passing between the buildings. "The overall interpretation is created by first building a 'varft' (an artificial hill) and then placing the 'farm' on it. The farm is composed of four buildings – three wings and a barn," explains architect Esben Thorlacius from Over Byen.

The use of robust materials and craftsmanship at Toosbuys Torv also reflects the character of marshland farms, he adds.

The many different commercial and community activities in the buildings have maximised the sense of liveliness in Toosbuys Torv, and emphasised the role of the main street as the centre of life in Bredebro.

Toosbuys Torv was officially inaugurated by Hanni Toosbuy Kasprzak and the Mayor of Tønder Commune, Laurids Rudebeck, on June 6th 2015.

"ECCO and Bredebro will always be part and parcel," said Hanni in her opening speech. "We have our roots planted here, in the southwestern corner of Jutland, where both the town and the local society are of great significance to my family, and to ECCO."

At Toosbuys Torv, the world's largest ECCO shop is flanked by a LEGO shop, the Marschall jewellery shop, and the Cafe Sko (Cafe Shoe).

ECCO also created a community room for the town's citizens – the Byens Rum (the town's room), which can host a range of local activities.

The entrance to the UPSTAIRS exhibition.

UPSTAIRS – Æ LAUT

As a follow-up to ECCO's 50th anniversary in 2013, it was decided to create a dedicated space in Bredebro where visitors could learn about ECCO´s history, values, and developments in technology, design, and production across the decades.

The result has been the creation of an ECCO exhibition called UPSTAIRS, based in a building at Toosbuys Torv. Æ LAUT is the Danish name of the exhibition, written in local dialect, and it can be translated as 'upstairs' or 'the loft'.

The exhibition features sophisticated interactive audio and visual elements that directly engage the visitor in a hands-on learning experience about ECCO's leather and shoe production.

Visitors learn about ECCO's past, and its future, by sensing, touching, and operating many of the exhibition's displays.

From the moment visitors enter the exhibition, they are immersed in a world of leather. The walls and part of the ceiling of the exhibition room are covered with 150 full cowhides. The room is divided into seven interaction areas, which teach visitors about everything from leather cutting to finishing. The various layers of information media devices create a rich narrative environment in which all the senses are touched: visitors can literally feel, listen, and interact with ECCO's history and current operation in several ways.

The production process is explained in the centre of the exhibition space. There are seven interactive tables, which show how an ECCO shoe is made, step-by-step, from initial sketches to the final quality check before the shoe is delivered to the shop. The interactions allow visitors to experience for themselves how ECCO operates, and what skills are needed to actually produce a shoe. Visitors can, for instance, sew a shoe together virtually, while simultaneously listening to a soundtrack in which ECCO employees explain how they approach the process.

The leather used to cover surfaces in the exhibition was produced by ECCO Leather and applied by employees. All their techniques and skills are revealed in the ECCO timeline, which highlights their craftsmanship. This, combined with modern media such as film, animations, interactives, and audio players gives visitors an engrossing insight into the ECCO story, its way of working, and its multi-faceted expertise.

The exhibition was designed by the Dutch exhibition architects Kossmann.dejong, who are known for creating exhibitions using original historic objects, scenography, images, film, light, and sound. The designers benefitted from the input of specialised knowledge and the passion for shoemaking, of more than 40 ECCO employees.

The exhibition is an important focal point for every visitor's introduction to ECCO. It helps them to understand not only the challenging combination of craft-skills and high technology in leather-making and shoe production, but also emphasises that ECCO is a family-owned company which has retained its strong roots in southwest Jutland.

The UPSTAIRS – Æ LAUT exhibition is open for new and visiting ECCO employees, suppliers, customers, other commercial visitors, school classes, and local societies.

From the moment visitors enter the exhibition, they are immersed in a world of leather.

The interactions allow visitors to experience how ECCO operates.

Solar panels cover the roof of ECCO's tannery in Thailand.

ENVIRONMENT

ECCO strives to be an industry leader in environmental issues – operating its facilities optimally, investing in new technologies, and participating in research to develop new processes which protect the environment as much as possible.

This means optimising the use of raw materials and energy in its operations, minimising the use of natural resources, reducing waste, and considering waste as a potential resource.

This approach, pursued over the long term, will progressively reduce ECCO's environmental impacts, and its production costs.

Energy savings
In 2014, ECCO began to make energy screenings in the production units to identify potential energy savings.

This work continued in 2015, and now all production units have had energy screenings.

The energy screenings have strengthened the awareness and endeavour in all operations to conserve resources, and substantial new energy-saving projects have been set up throughout all ECCO's factories, delivering significant reductions in the use of electricity and fossil energy.

These efforts will continue into 2016, with completion expected by the end of the year. One of the most effective outcomes will be a project in Indonesia to use excess heat generated in the shoe factory to heat water in the tannery next to it.

Energy screenings at our plants in Indonesia and Slovakia have led to these new energy-saving measures:

LED lighting has been installed in several of ECCO's factories.

Indonesia
In autumn 2015, a heat recovery system was installed on the air compressors in ECCO's tannery in Indonesia.

The heat given off by the compressors is captured and used to heat water used in production, and this reduces the amount of gas required to heat the water.

Slovakia
At the beginning of 2015, a monitoring system was installed at ECCO's shoe factory in Slovakia, allowing managers to keep a constant and precise track of electricity consumption in 21 places in the factory, notably in equipment identified as major electricity consumers. The monitoring system keeps track of daily electricity consumption patterns, so any unusual increases in use can be identified rapidly and acted upon.

A detailed monitoring system for water consumption has also been installed, measuring weekly water use, and it rapidly proved its value. After the system detected an unusual increase in water consumption, ECCO Slovakia identified a leak, and its exact position, in an underground pipe.

Biogas
The wastewater treatment plant at ECCO's tannery in the Netherlands produces biogas extracted from lime flesh (a by-product of tanning process) and from the organic wastewater streams. In 2014, ECCO installed a hot water buffer system, which optimises the use of energy from biogas. In 2014, all energy for the warm water, and steam for the tannery, were already produced by biogas. In 2015, the quality and quantity of the biogas were improved, making it possible to link more energy users to biogas and


ECCO is committed to minimising the use of chemical substances and, wherever possible, uses a suitable substitute.

the hot water buffer. This will save approximately 9,000 GJ of fossil energy each year.

The environmental performance of ECCO's tannery in the Netherlands was improved when six new drums were installed at the beginning of 2015. These more efficient drums have state-of-the-art technology which reduces process times and the use of water and chemicals. The drums are different sizes, which means that smaller batches can be processed more efficiently, minimising energy, water, and chemical consumption.

Chemical Substances

ECCO is committed to minimising the use of chemical substances and, wherever possible, uses a suitable substitute. ECCO applies a uniform standard, the ECCO Restricted Chemical Substances List, which meets all consumer and environmental regulations in the markets where ECCO products are sold. The ECCO list also meets established industry codes and practices. It restricts the type of chemical substances that may be contained in our products, and sets limits for substances that can be used. The requirements define threshold values for chemical substances in leather products, and in textiles, plastic, and synthetic leather products used for the production of shoes, bags, and other ECCO accessories.

All ECCO suppliers are required to comply with this list as a condition of their contracts with us.

In 2015, external audits from the Leather Working Group (LWG) were carried out. LWG is an industry expert group which has developed an environmental stewardship protocol for the leather manufacturing industry. All ECCO tanneries are either silver or gold rated.

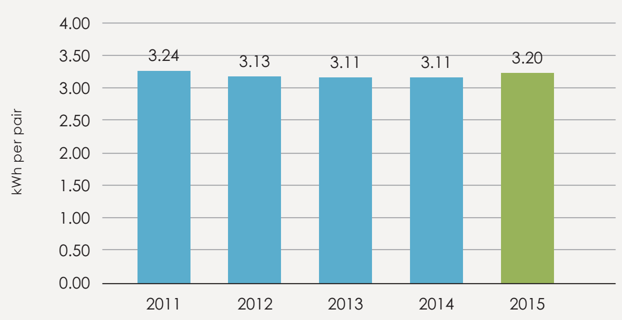
Environmental performance

ECCO reports on the environmental performance in areas with the greatest influence on the environment. For energy consumption, all energy sources are taken into account.

To enable a year-by-year comparison, the reporting is shown on a per pair of shoes basis for the shoe factories and per square foot of leather produced for the tanneries.

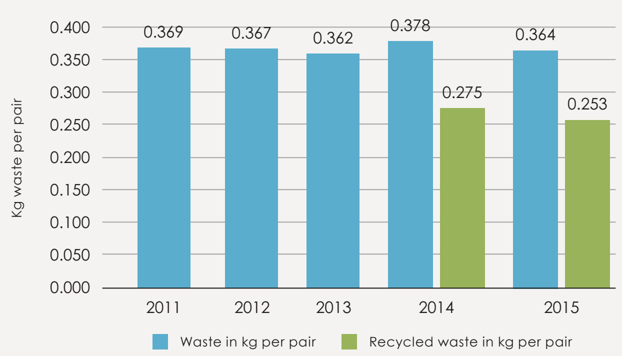
SHOE PRODUCTION

Shoe production: energy consumption in kWh per pair



The energy consumption per pair of shoes has increased in 2015 because ECCO has taken processes in-house that were previously done by sub-contracters.

Shoe production: waste in kg per pair

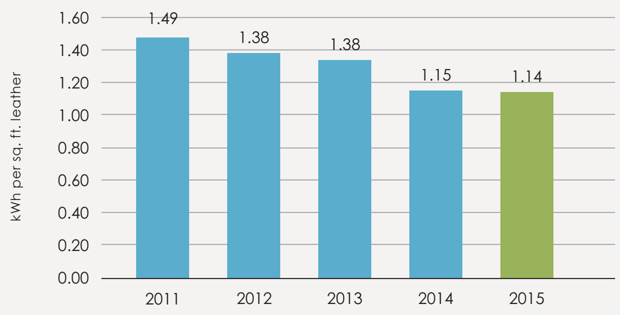


In 2015, there was a small decrease in the amount of waste per pair of shoes and it is now back on the same level as 2013. Out of 0.364 kg waste generated per pair of shoes, 0.253 kg is recycled.

TANNERIES

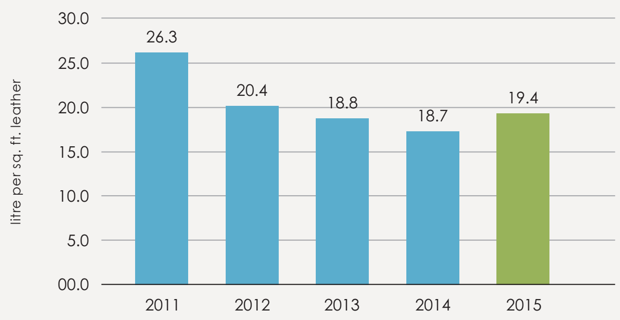
The consumption of energy and water in the tanneries is highly dependent upon the mix of production type and volume. To be able to compare year by year, the output is converted into an average per square foot according to the Leather Working Group rules.

Tanneries: energy consumption in kWh per sq. ft. of leather produced



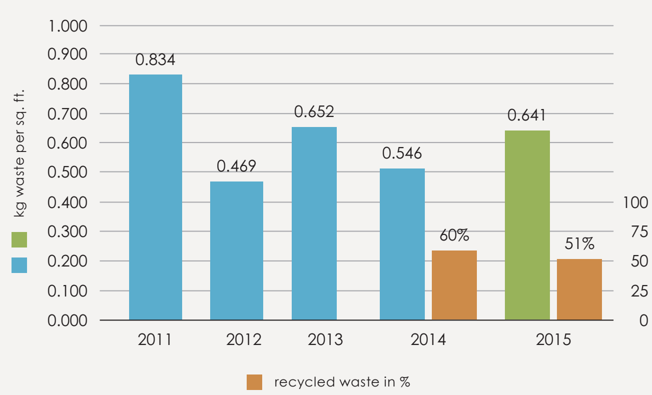
The energy consumption per square foot of leather produced has decreased for the last six years. Comparing with 2010, where the energy consumption was 1.68 kWh per square foot of leather produced, the energy consumption has decreased by 32%.

Tanneries: water consumption per sq. ft. of leather produced



The minor increase in water consumption derives from the production mix. Compared with 2010, when the energy consumption was 27.8 litres per square foot of leather produced, the energy consumption has decreased by 30%.

Tanneries: waste in kg per sq. ft. of leather produced



The waste has increased to 641g per square foot of leather produced. This is a result of more lime-fleshing in Holland. In 2015, 51% of the waste from the tanneries was recycled.

RISK FACTORS AND RISK MANAGEMENT

ECCO is exposed to a number of risks due to the Group's international presence and business activities.

Effective management of risk is essential for ECCO's operations, strategy, and efficiency. The Supervisory Board is ultimately accountable for risk management.

ECCO's Corporate Risk Department identifies, evaluates, and reports on risks across the business on a quarterly basis. ECCO´s Managing Board reviews the quarterly risk updates, including relevant operational, strategic, and emerging risks. If necessary, it prioritises risks, delegates mitigation responsibility, and initiates mitigating actions. The Audit Committee and the Supervisory Board are briefed on key developments. Examples of significant risks include those related to internal supply chain disruption, copying ECCO IPR, geopolitical, and cyber security risks.

Internal supply chain disruption

ECCO owns and controls the entire shoemaking process, from tanning of hides to sales of products to consumers. Consequently, ECCO's factories and tanneries are co-dependent producers, and a disruption in one area may influence the entire value chain, including sales to consumers. For example, a factory fire or natural catastrophe could significantly affect the Group's operations. To mitigate these risks, contingency action-plans are regularly updated and suitable insurance cover is always in place.

Illegal use of ECCO IPR

ECCO's Intellectual Property Rights (IPR) is a uniquely valuable core asset, and ECCO 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 designs and new developments as rigorously as possible through patents, trademarks, and design rights. ECCO also constantly monitors new products, both online and offline, and, when required, the company defends IPR and brand positions through legal action.

Geopolitical risks

ECCO's global production footprint and sales activities, across 87 markets worldwide, expose the Group to geopolitical risks. New trade restrictions, duties, and other issues can potentially affect production or reduce sales. Geopolitical factors may also slow down market development by reducing sales to consumers, which happened in 2014 and 2015 in Russia and Ukraine.

Cyber security risks

Like other companies, ECCO is exposed to rising threats from cyber attacks in the form of industrial espionage, cyber crime, or hacking. The potential consequences range from loss of Intellectual Property and business

One of the production halls in ECCO's factory in Surabaya, Indonesia.

data, to financial losses and brand reputation impact. ECCO has, in 2015, improved the governance structure for information and cyber security and has initiated a two-year roadmap to further enhance our ability to prevent, detect, and respond to these threats by addressing human factors, processes, and technology.

FINANCIAL RISKS

Liquidity risk

ECCO's Group Treasury ensures that the Group has access to adequate funding at all times. The Group's financial facilities are robust enough to deal with fluctuations in net working capital caused by ECCO's seasonal market patterns within sales, which traditionally have two annual peaks. The Group Treasury functions as ECCO's internal bank, providing loans and deposits, as well as currency hedging within the Group.

Foreign exchange risks

ECCO is exposed to currency fluctuations, internationally. ECCO's foreign exchange policy ensures that all significant currency exposures are hedged. The policy's hedging horizon has a range of 12 to 27 months, depending on the perceived underlying exposure.

Interest rate risks

The Group's interest rate risks are reduced by taking up fixed-interest loans, or by entering into interest rate swaps. At year-end 2014, the Group had EUR 73m of fixed-rate debt. This represents 90% of the Group's committed long-term debt drawn at year-end, and 70% of the Group's total interest-bearing debt at year-end.

Credit risks

The Group has no material credit risks, other than those which have been identified in this Annual Report's financial statements.

Tax risk

ECCO follows OECD principles in setting "arm's length" transfer prices for all transactions, and has developed a transfer pricing policy supported by appropriate documentation.

In 2015, ECCO lost a Danish transfer pricing case regarding the financial year 2005 in the Danish National Tax Tribunal by two votes against one. ECCO has appealed against the verdict. ECCO's 2005 taxable income may, as a consequence, be increased and ECCO may have to pay approximately EUR 3.5m in extra tax for 2005.

Transfer pricing has become a highly disputed area as tax authorities in two countries each seek to maximise taxation in their respective country.

CORPORATE RESPONSIBILITY

Corporate responsibility covers a wide range of attitudes and activities. At ECCO, we consider it a primary responsibility to care for our employees, ensure they have good jobs, ongoing education, career opportunities, and are fairly paid.

We also wish to be active, positive citizens in the local societies where we have factories, shops, or offices.

But, first and foremost, we want to be seen, wherever we are, as adhering to ECCO's Code of Conduct, which originated as a series of promises made by ECCO's founder, Karl Toosbuy, many years ago. These remain clearly expressed in the 10 commitments of the ECCO Code of Conduct:

1. ECCO is a guest in each of the countries in which it operates and respects the local culture.
2. ECCO supports, respects, and has a proactive approach to the protection of internationally defined human rights.
3. ECCO respects equal opportunities and fights discrimination in the workplace.
4. ECCO respects a person'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 forms 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.

The ECCO Code of Conduct applies to all ECCO employees, business units, external suppliers, and other business partners. The ECCO Code of Conduct, together with examples of how we live up to the Code, can be reviewed online at: responsibility.ecco.com.

Here is a brief overview relating to ECCO's main corporate responsibility priorities, and examples of how they have influenced regional activities during 2015.

PEOPLE

ECCO regards human and cultural diversity as an important quality, because it is harder for people who are alike to complement each other in creative ways. Respect towards individuals, and an appreciation of their differences, is found among ECCO's management and employees all around the world.

ECCO awarded for diversity

ECCO was chosen, from more than 300 Danish companies, as the winner of the ISS CSR Diversity Award 2015 – a recognition from Danish industry. The prize aims to encourage and reward a company which has managed to create good business results by proactively embracing human and cultural diversity. It was a great honour for ECCO to accept the prize, which is, of course, an award to all of ECCO's employees, who represent 58 nationalities.

Thailand

ECCO Tannery Thailand has been accredited with the Thai Labour Standard 8001-2010 Certificate by the Thai Ministry of Labour's Department of Labour Protection and Welfare.

These certifications are designed to promote best practices in labour management systems, compliance with international labour standards, and sustainable growth.

ECCO is proud to receive this acknowledgment, which highlights the importance of focusing on continuous improvements in working conditions. This has, and always will be, a priority for ECCO.

Slovakia

An example confirming the focus on education, training and development of employees is found in ECCO's shoe factory in Slovakia. Over a period of nine months in 2015, the educational programme, 'ECCO Man', strengthened employees' sense of commitment to the company, with a focus on their responsibility for other people. Other training programmes included English courses, and 70 employees have participated in these.

The 2015 ECCO Walkathon took place in beautiful surroundings.

COMMUNITY ENGAGEMENT

ECCO wishes to be an active and supportive member of local communities and has, for many years, worked with the communities of which we are a part – supporting initiatives in education, health, welfare services, and disaster relief. ECCO units engage with local communities by encouraging communication between employees and local stakeholders, and this ensures relevant and constructive outcomes.

China

ECCO's shoe factory in Xiamen was, for the third year running, given an award by the local government for providing job opportunities for physically challenged people. The legal requirement to hire physically challenged people has always been welcomed by ECCO Xiamen, which employs more physically challenged people than is legally required. The award came with a cheque, which ECCO Xiamen donated to the local Physical Challenged Federation.

Another example of community engagement in 2015 involved ECCO Xiamen's six free medical service events, which were supported through a cooperation with the Tong'an One Heart Charity organisation, whose doctors volunteer their time and expertise. This free medical service has reached more than a thousand people in approximately 30 local villages since 2010.

ECCO Xiamen has also sponsored 'The Student Aid Project' annually since 2010. So far, a total of 57 students from local financially disadvantaged families have been supported. In 2015, 11 students were offered support. This project was launched in association with the local Tong'an One Heart Charity.

ECCO Walkathon

The 2015 ECCO Walkathon took place in beautiful autumn settings in four Danish cities, and the 17,500 Danes who participated helped to raise more than EUR 188,000. The money will support heart disease research and help to create brighter futures for children in Indonesia and Cambodia.

ECCO decided to increase its own contribution to the donation in response to the ongoing refugee situation in Europe. Thus, part of the Walkathon's donation in 2015 went to the Red Cross to support their work in neighbouring regions.

AUDITS

In 2015, external audits by the Leather Working Group – industry experts who have developed an environmental stewardship protocol for the leather manufacturing industry – resulted in the presentation of the highest award, Gold, to ECCO's beamhouse in the Netherlands, and to ECCO's tannery in Thailand.

ECCO regularly carries out Code of Conduct audits at key suppliers, promoting long-term collaborations which create an environment of mutual respect and openness. This increases the suppliers' willingness to share and accept best practices, and to invest in improvements. ECCO's Managing Board reviews the audit results and, in the event of any critical findings, immediate action is taken.

The second ECCO Code of Conduct Supplier Summit was held in 2015. The summit reinforced ECCO's collaboration with our suppliers. Best practices were shared, and awards were given to suppliers who had produced outstanding performances, based on ECCO Code of Conduct audits.

CORRUPTION & BRIBERY

ECCO has a clear policy to avoid corruption and bribery, and arranges regular training sessions to explain the policy. In 2015, seminars were held at ECCO's regional sales centres, and at other sales units. New staff at ECCO's tanneries, shoe factories, and sourcing offices also received training.

ECCO places great emphasis on complying with the laws and regulations of the countries in which we operate. This includes any applicable anti-corruption laws. We do not tolerate participation in corruption. ECCO expects our business partners to follow the same principles.

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:

- It should be the skills and experience of a person, rather

ECCO's Senior management in Xiamen, China

than their gender, that determine if he or she is suitable for a management position.

- It is demotivating for talented women that legislation demands companies to fix a predetermined quota of female managers.

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

One example of this commitment is ECCO's trainee programme, which recruits young staff with management potential, with the specific aim of fostering future leaders in the Company. In the 2015 intake, 59% of these trainees were women.

ECCO's Supervisory Board, elected by the Annual General Assembly, has 40% female representation.

ECCO's 2020 strategy maintains 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.

In 2013, 30% of ECCO's senior management team were women. That percentage was unchanged at the beginning of 2016.

The Board regularly reviews the policy relating to women in management.

ECCO SOFT 7
The SOFT 7 embodies ECCO's design heritage and successes in the 1980s and 90s with the original SOFT series.

STATEMENT BY THE MANAGEMENT

The Supervisory Board and Managing Board of ECCO Sko A/S have today considered and adopted the Annual Report for 2015.

The Annual Report is presented in accordance with the Danish Financial Statements Act. We consider the accounting policies to be appropriate to the effect that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, and financial position, as of 31 December 2015, and of the results of the Group's and the Parent Company's operations, and the consolidated cashflows for the financial year ended 31 December 2015.

Furthermore, in our opinion, the Management review gives a true and fair review of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cashflows and financial position.

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

Bredebro, 10th March 2016

SUPERVISORY BOARD

Hanni Toosbuy Kasprzak
Chairman

Karsten Borch
Vice Chairman

Dieter Kasprzak
Member, Supervisory Board

Gerd Rahbek-Clemmensen
Member, Supervisory Board

Erik G. Hansen
Member, Supervisory Board

Grimur Fjeldsted
Employee Representative

Kjeld Mortensen
Employee Representative

Bernd Scheelke
Employee Representative

MANAGING BOARD

Dieter Kasprzak
President & Chief Executive Officer

Steen Borgholm
Executive Vice President & Group CFO

Andreas Wortmann
Executive Vice President, Brand and Products

Michel Krol
Executive Vice President, Global Sales

Panos Mytaros
Executive Vice President,
ECCO Leather & Global Shoe Production

ECCO INTRINSIC
The ECCO INTRINSIC range was developed to bridge the gap between the casual and sport categories.


ecco®
ANNUAL ACCOUNTS 2015

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ECCO SKO A/S

Independent auditors' report on the consolidated financial statements and the Parent Company financial statements

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 2015, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Group as well as for the Parent Company and consolidated cashflow statement. The consolidated financial statements and the Parent Company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent Company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the Parent Company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2015, and of the results of the Group's and the Parent Company's operations and consolidated cashflows for the financial year 1 January – 31 December 2015, in accordance with the Danish Financial Statements Act.

Statement on the Management's review

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

Bredebro, 10th March 2016

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

Jesper Ridder Olsen
State Authorised
Public Accountant

Jens Weiersøe Jakobsen
State Authorised
Public Accountant

ACCOUNTING POLICIES

Basis of preparation
The financial statements of the Parent Company and the Group for 2015 are presented in accordance with the provisions of the Danish Financial Statements Act applicable to class C companies (large enterprises). In accordance with section 86 paragraph 4, the cashflow statement is prepared for the Group only. The financial statements are presented in Euro at a EUR/DKK rate of 7.46.

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 the company's 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.

Minority interests
Minority interests' share of profits and equity of subsidiary undertakings is stated separately.

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

Income taxes: 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 of 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 debt of ECCO Sko A/S and its Danish subsidiaries to the tax authorities is settled when the companies have paid the joint taxation contribution to the administrative company.

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

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

Balance sheet

Intangible assets: These are recognised at cost excluding interest, less accumulated amortisation. Amortisation is charged on a straight-line basis over maximum 5 years.

Development projects: Those projects which are clearly defined and identifiable, and which are deemed to be marketable in the form of new products in a future potential market, are recognised as intangible assets.

Development costs are recognised at cost under intangible assets, and are amortised over the expected useful life of the project (maximum 5 years), when the criteria for such treatment are met.

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

Recognised development costs are measured at the lowest cost, less accumulated amortisation, write-downs, and the recoverable amount.

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 (maximum 5 years).

The costs of maintaining existing patents/trademarks are recognised in the income statement.

Goodwill on consolidation: This is determined at the date of acquisition as the difference between the cost and fair value of net assets. Consolidated goodwill is capitalised and amortised on a straight-line basis over the expected useful economic life of the assets. This is determined on the basis of earnings projections for the individual business areas (maximum 5 years). When shares are acquired at a price higher than the value determined (applying the equity method), the excess value is recognised as an intangible asset and amortised over the same period as goodwill on consolidation. If the transaction relates to minority interests in a company where the ECCO Group has common control, any difference between the cost and fair value of net assets, based on the book value method, is adjusted directly on the equity. If the costs are lower than the fair value of net assets, impairment is considered, before the amount is adjusted on the equity.

Computer software: The costs for computer software are amortised over 3 years.

Property, plant, and equipment: This is recognised at cost excluding interest, less accumulated depreciation. 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 carrying amount of intangible assets and property, plant and equipment 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 impairment loss.

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 cash flows from the use of the assets, or the asset group, and expected cash flows 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.

Dividends receivable by subsidiaries are recognised in the balance sheet, when adopted by the shareholders at the Annual General Meeting.

Dividends to be paid by the Parent Company are 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 line item in the equity note.

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, and this determination is based on individual evaluations.

Securities: These are measured at the most recently quoted market price.

Financial instruments: Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently re-measured at their fair value. Derivative financial instruments are included in other receivables and other debt. Changes in the fair value of derivative financial instruments that meet the criteria to be designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement, together with any changes in the fair value of the hedged asset or hedged liability. Changes in the fair value of derivative financial instruments that meet the conditions for hedging future assets or liabilities are recognised in equity under retained earnings. Income and expenses relating to these hedge transactions are transferred from equity on realisation of the hedged item.

Currency translation: Receivables and payables denominated in foreign currencies are shown at the exchange rate applicable at year-end.

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

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

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

Other provisions: These comprise the anticipated costs of warranty obligations 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.

Cashflow statement

The presentation of the cash flow 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 and 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 cash flow effect from minority interests.

INCOME STATEMENT 2015

Note	EUR '000	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
1	**Net revenue**	**1,255,886**	**1,169,157**	**674,029**	**696,781**
	Change in inventories of finished products and work in progress	(2,983)	32,272	(7,458)	1,096
	Cost of raw materials and consumables	(515,233)	(511,248)	(535,925)	(554,786)
	Other external costs	(205,755)	(205,013)	(27,347)	(37,127)
2	Staff costs	(297,494)	(264,145)	(50,335)	(49,991)
5.6	Amortisation and depreciation	(46,179)	(39,006)	(9,140)	(8,521)
	Profit before financials	**188,242**	**182,017**	**43,824**	**47,452**
3	Financial income and expenses	(4,778)	(5,622)	1,469	2,490
	Profit from subsidiaries	-	-	80,449	74,963
	Profit before tax	**183,464**	**176,395**	**125,742**	**124,905**
4	Income taxes	(42,235)	(40,515)	(11,250)	(10,545)
	Group profit	**141,229**	**135,880**	**114,492**	**114,360**
12	Minority interests	(26,737)	(21,520)		-
	Profit for the year	**114,492**	**114,360**	**114,492**	**114,360**

		2015	2014
	Proposed allocation:		
	Revaluation reserve for undistributed profit in subsidiaries	21,378	41,147
	Retained earnings	(11,886)	3,213
	Proposed dividend	105,000	70,000
		114,492	**114,360**

BALANCE SHEET AS OF 31 DECEMBER 2015

		Group		Parent Company	
Assets		2015	2014	2015	2014
Note	EUR '000				
	FIXED ASSETS				
	Intangible assets	11,315	3,240	8,589	2,579
5	**Total intangible assets**	**11,315**	**3,240**	**8,589**	**2,579**
	Land and buildings	126,897	124,777	23,418	25,558
	Plant and machinery	53,226	55,066	1,383	984
	Other fixtures and fittings, tools, and equipment	31,969	37,570	7,428	11,495
	Property, plant, and equipment in progress	16,499	8,258	4,599	4,103
6	**Total property, plant, and equipment**	**228,591**	**225,671**	**36,828**	**42,140**
7.8	Investments in subsidiaries	-	-	383,595	360,460
8	Receivables from subsidiaries	-	-	128,616	118,157
	Receivables from affiliated companies	-	1,107	-	80
	Other receivables	68,160	5,524	61,325	-
	Total long-term financial assets	**68,160**	**6,631**	**573,536**	**478,697**
	TOTAL FIXED ASSETS	**308,066**	**235,542**	**618,953**	**523,416**
	CURRENT ASSETS				
	Raw materials and consumables	65,260	56,899	960	7
	Work in progress	3,939	4,055	-	-
	Finished products and commercial products	222,345	225,212	75,928	83,386
	Total inventories	**291,544**	**286,166**	**76,888**	**83,393**
9	Trade receivables	133,692	181,569	10,327	68,736
	Receivables from subsidiaries	-	-	87,312	93,664
	Receivables from affiliated companies	22,924	34,275	147	345
	Other receivables	29,618	30,110	6,577	7,250
	Income taxes	16,314	18,562	4,807	10,370
10	Deferred tax	30,350	30,474	5,619	7,365
14	Accrued income and deferred expenses	9,690	12,387	3,220	6,899
	Total receivables	**242,588**	**307,377**	**118,009**	**194,629**
	Securities	**18**	**19**	**-**	**-**
	Cash	**106,159**	**95,581**	**7,394**	**482**
	TOTAL CURRENT ASSETS	**640,309**	**689,143**	**202,291**	**278,504**
	TOTAL ASSETS	**948,375**	**924,685**	**821,244**	**801,920**

BALANCE SHEET AS OF 31 DECEMBER 2015

		Group		Parent Company	
	Equity and liabilities	2015	2014	2015	2014
Note	EUR '000				
	Share capital	663	665	663	665
	Revaluation reserve	-	-	217,542	242,385
	Retained earnings	578,713	531,564	361,171	289,179
11	**Total equity**	**579,376**	**532,229**	**579,376**	**532,229**
12	**Minority interests**	**63,460**	**45,450**	**-**	**-**
15	Provision for pensions	9,960	8,595	-	-
10	Deferred tax	1,167	4,610	-	-
	Other provisions	1,053	3,747	-	-
	Total provisions	**12,180**	**16,952**	**-**	**-**
	Credit institutions	81,353	119,206	77,603	115,035
	Debt to subsidiaries	-	-	-	9,952
13	**Total long-term debt**	**81,353**	**119,206**	**77,603**	**124,987**
	Short-term part of long-term debt	8,527	8,650	558	534
	Credit institutions	14,758	15,829	14,548	15,624
	Trade payables	58,057	64,255	15,303	20,783
	Payables to subsidiaries	-	-	89,865	62,469
	Payables to affiliated companies	6,362	5,582	56	-
	Income taxes	14,211	18,049	-	-
14	Other payables	54,764	26,696	30,268	10,567
14	Accrued expenses and deferred income	55,327	71,787	13,667	34,727
	Total short-term debt	**212,006**	**210,848**	**164,265**	**144,704**
	Total debt	**293,359**	**330,054**	**241,868**	**269,691**
	TOTAL EQUITY AND LIABILITIES	**948,375**	**924,685**	**821,244**	**801,920**

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CONSOLIDATED CASHFLOW STATEMENT 2015

EUR '000	2015	2014
Cashflow from operating activities		
Profit before tax	183,464	176,395
Adjustment for non-cash operating items:		
Amortisation and depreciation	46,179	39,006
Exchange rate adjustments	897	29,233
Goodwill	-	(3,015)
Financial income/expenses net	4,778	5,622
Tax adjustments	(2,039)	(13,667)
Working capital adjustments:		
(Increase)/decrease in inventories	(5,378)	(41,512)
(Increase)/decrease in receivables	888	(41,461)
Increase/(decrease) in trade payables	(5,418)	(1,732)
Increase/(decrease) in other payables	11,608	30,223
Increase/(decrease) in provisions	(1,329)	6,808
Income taxes paid	(45,105)	(40,037)
Total cashflow from operating activities	**188,545**	**145,863**
Cashflow from investing activities		
Net payments to invest in fixed assets:		
Intangible assets	(3,948)	(43)
Tangible assets	(47,568)	(43,695)
Total cashflow from investing activities	**(51,516)**	**(43,738)**
Cashflow from financing activities		
Financial income/expenses net	(4,778)	(5,622)
Minority interests	(12,622)	(13,265)
(Repayment of)/proceeds from new long-term debt	(37,853)	32,813
Increase/(decrease) in short-term debt	(1,194)	(151)
Dividend paid	(70,005)	(75,196)
Total cashflow from financing activities	**(126,452)**	**(61,421)**
Cashflow from operating, investing, and financing activities	**10,577**	**40,704**
Cash and cash equivalents at beginning of year	95,600	54,896
Cash and cash equivalents at year-end	**106,177**	**95,600**
Breakdown of cash and cash equivalents		
Securities	18	19
Cash	106,159	95,581
Cash and cash equivalents at year-end	**106,177**	**95,600**

NOTES

1. Segment information

	Group		Parent Company	
	2015	2014	2015	2014
EUR '000				
Segment information				
Shoes	1,088,143	1,015,585	671,913	694,803
Accessories	42,507	41,872	-	-
Leather	114,864	105,303	-	-
Others	10,372	6,397	2,116	1,978
Total net revenue	**1,255,886**	**1,169,157**	**674,029**	**696,781**
Net revenue Shoes & Accessories				
ECCO Europe, Middle East & Africa	532,795	570,701	380,494	454,096
ECCO North Americas	244,728	200,050	146,089	125,475
ECCO Asia/Pacific	353,127	286,706	145,330	115,232
Total Shoes & Accessories	**1,130,650**	**1,057,457**	**671,913**	**694,803**

Reference is made to the ECCO Group structure on pages 72 and 73 regarding the definition of the geographic regions.

2. Staff costs and management and staff information

	Group		Parent Company	
	2015	2014	2015	2014
EUR '000				
Salaries	261,770	231,735	47,679	47,408
Pensions	10,815	10,483	2,647	2,566
Other social security costs	24,909	21,927	9	17
Staff costs	**297,494**	**264,145**	**50,335**	**49,991**
Average number of employees	19,323	19,437	532	534
Number of employees at year-end	19,109	19,851	534	540
Fees to Managing Board and Supervisory Board:				
Managing Board	-	-	6,967	6,413
Supervisory Board	-	-	195	195

NOTES

3. Financial income and financial expenses

EUR '000	Group 2015	Group 2014
Interest income	3,135	2,355
Exchange rate profits	41,310	15,933
Total financial income	**44,445**	**18,288**
Interest expenses	(4,108)	(4,307)
Exchange rate losses	(39,974)	(15,102)
Other financial expenses	(5,141)	(4,501)
Total financial expenses	**(49,223)**	**(23,910)**
Total net financial income and expenses	**(4,778)**	**(5,622)**

The income statement for the Parent Company includes net financial interest income from subsidiaries and affiliated companies of EUR 2.0m in 2015 versus EUR 4.7m in 2014.

4. Income taxes

	Group		Parent Company	
EUR '000	Cost 2015	Cost 2014	Cost 2015	Cost 2014
Prior-year adjustment	2,443	(619)	2,638	86
Estimated tax for 2015	39,874	40,688	8,710	10,203
Year's adjustment of deferred tax	(82)	446	(98)	256
Total income taxes	**42,235**	**40,515**	**11,250**	**10,545**

NOTES

5. Intangible assets

EUR '000	Goodwill	Patents, trademarks, licences	Development projects completed	Development projects in progress	Software	Total
GROUP						
Cost at 1 January	11,041	3,452	488	330	-	15,311
Currency translation	204	(7)	64	10	-	271
Additions	359	374	473	(9)	2,815	4,012
Transferred	-	(2)	25	(106)	51,924	51,841
Disposals	-	-	(38)	(58)	(1,027)	(1,123)
Cost at 31 December	**11,604**	**3,817**	**1,012**	**167**	**53,712**	**70,312**
Accumulated amortisation at 1 January	9,295	2,414	231	131	-	12,071
Currency translation	208	(5)	40	-	(17)	226
Amortisation	563	314	131	-	5,109	6,117
Transferred	-	-	9	-	41,633	41,642
Amortisation on disposals	-	-	(36)	-	(1,023)	(1,059)
Accumulated amortisation at 31 December	**10,066**	**2,723**	**375**	**131**	**45,702**	**58,997**
Carrying amount at 31 December	**1,538**	**1,094**	**637**	**36**	**8,010**	**11,315**
PARENT COMPANY						
Cost at 1 January	7,088	3,360	-	-	-	10,448
Currency translation	(16)	(8)	-	-	-	(24)
Additions	-	374	-	-	2,296	2,670
Transferred	-	-	-	-	38,300	38,300
Disposals	-	-	-	-	(979)	(979)
Cost at 31 December	**7,072**	**3,726**	**-**	**-**	**39,617**	**50,415**
Accumulated amortisation at 1 January	5,546	2,323	-	-	-	7,869
Currency translation	(13)	(5)	-	-	(2)	(20)
Amortisation	411	314	-	-	3,765	4,490
Transferred	-	-	-	-	30,467	30,467
Amortisation on disposals	-	-	-	-	(979)	(979)
Accumulated amortisation at 31 December	**5,944**	**2,632**	**-**	**-**	**33,251**	**41,827**
Carrying amount at 31 December	**1,128**	**1,094**	**-**	**-**	**6,366**	**8,588**
Amortisation period	5 years	5 years	5 years		3 years	

NOTES

6. Tangible fixed assets

EUR '000	Land and buildings	Plant and machinery	Fixtures and fittings, tools, and equipment	Property, plant, and equipment in progress	Total
GROUP					
Cost at 1 January	219,112	163,066	169,468	8,258	559,904
Currency translation	5,065	3,076	2,572	33	10,746
Additions	9,553	9,838	15,357	14,895	49,643
Transferred	5,837	1,561	(52,891)	(6,687)	(52,180)
Disposals	(4,494)	(3,509)	(9,865)	-	(17,868)
Cost at 31 December	**235,073**	**174,032**	**124,641**	**16,499**	**550,245**
Accumulated depreciation at 1 January	94,335	108,000	131,898	-	334,233
Currency translation	1,511	1,947	1,675	-	5,133
Depreciation	13,023	14,054	12,985	-	40,062
Transferred	3,778	(109)	(45,651)	-	(41,982)
Depreciation on disposals	(4,471)	(3,086)	(8,235)	-	(15,792)
Accumulated depreciation at 31 December	**108,176**	**120,806**	**92,672**	**-**	**321,654**
Carrying amount at 31 December	**126,897**	**53,226**	**31,969**	**16,499**	**228,591**
PARENT COMPANY					
Cost at 1 January	53,856	9,563	66,946	4,103	134,468
Currency translation	(124)	(22)	(154)	(9)	(309)
Additions	104	707	2,332	4,165	7,308
Transferred	-	-	(34,600)	-	(34,600)
Disposals	(43)	(115)	(943)	(3,660)	(4,761)
Cost at 31 December	**53,793**	**10,133**	**33,581**	**4,599**	**102,106**
Accumulated depreciation at 1 January	28,298	8,579	55,451	-	92,328
Currency translation	(66)	(20)	(129)	-	(215)
Depreciation	2,184	267	2,199	-	4,650
Transferred	-	-	(30,467)	-	(30,467)
Depreciation on disposals	(41)	(76)	(901	-	(1,018)
Accumulated depreciation at 31 December	**30,375**	**8,750**	**26,153**	**-**	**65,278**
Carrying amount at 31 December	**23,418**	**1,383**	**7,428**	**4,599**	**36,828**
Depreciation period	20-30 years	5-10 years	3-5 years		

NOTES

7. Investments in subsidiaries

	Country	Ownership interest	Share capital	
SHOE PRODUCTION				
ECCO (Thailand) Co., Ltd.	Thailand	100%	1,100,000	t.THB
ECCO Slovakia, a.s.	Slovakia	100%	7,634	t.EUR
Ecco'let (Portugal) - Fábrica de Sapatos, Lda.	Portugal	100%	8,270	t.EUR
P.T. ECCO Indonesia	Indonesia	100%	23,000	t.USD
ECCO Shoe Production Pte. Ltd.	Singapore	100%	16,000	t.USD
ECCO (Xiamen) Co. Ltd.	China	100%	15,600	t.USD
Xiamen ECCO Logistics Co. Ltd.	China	100%	150	t.CNY
ECCO (Dongguan) Business Consultancy Co. Ltd.	China	100%	500	t.USD
ECCO (Vietnam) Co., Ltd (dormant)	Vietnam	100%	55,880,000	t.VND
LAST PRODUCTION				
FAGUS Portugal, S.A.	Portugal	50%	200	t.EUR
LEATHER				
Danna Leather (Xiamen) Co. Ltd.	China	100%	3,175	t.USD
ECCO Tannery Holding (Singapore) Pte. Ltd.	Singapore	100%	16,965	t.EUR
ECCO Tannery (Xiamen) Co. Ltd.	China	100%	21,000	t.USD
ECCO Tannery (Thailand) Co., Ltd.	Thailand	100%	385,645	t.THB
ECCO Tannery (Holland) B.V.	The Netherlands	100%	5,000	t.EUR
ECCO Leather B.V.	The Netherlands	100%	13,400	t.EUR
PT. ECCO Tannery Indonesia	Indonesia	100%	37,403,550	t.IDR
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 China Wholesale Holding (Singapore) Pte. Ltd.	Singapore	50%	200	t.USD
ECCO Distributors Limited	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 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 Global Business Development B.V.	The Netherlands	100%	10	t.EUR
ECCO Korea Limited	Korea	100%	1,058,500	t.KRW
ECCO Macao Limited	Macao	100%	25	t.MOP
ECCO Malaysia Sdn. Bhd. (dormant)	Malaysia	100%	1,000	t.MYR
ECCO Middle East A/S	Denmark	100%	2,250	t.DKK
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%	6,502	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 Pacific Pty. Limited	Australia	100%	3,250	t.AUD
ECCO Shoes Singapore Pte. Ltd.	Singapore	100%	2,500	t.SGD
ECCO Shoes Trade Ltd.	Turkey	100%	10,216	t.TRY
ECCO Shops Vestdanmark A/S	Denmark	100%	500	t.DKK
ECCO USA, Inc.	USA	100%	7,500	t.USD
ACCESSORIES				
ECCO Shoes International AG	Switzerland	100%	2.250	t.CHF
OTHER				
Eccolet Portugal ApS	Denmark	100%	200	t.DKK

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

NOTES

8. Financial fixed assets, subsidiaries

EUR '000	Investments in subsidiaries 2015	Investments in subsidiaries 2014	Receivables from subsidiaries 2015	Receivables from subsidiaries 2014
Cost at 1 January	166,053	142,864	118,157	145,542
Additions	-	24,033	36,596	46,943
Disposals	-	(844)	(26,137)	(74,328)
Cost at 31 December	**166,053**	**166,053**	**128,616**	**118,157**
Accumulated revaluation at 1 January	194,407	115.290	-	-
Currency adjustment of foreign subsidiaries	16,084	22,747	-	-
Adjustment of currency hedging of future sales in subsidiaries	(14,327)	25,799	-	-
Profit after tax of subsidiaries	80,449	73.746	-	-
Dividend	(59,071)	(43,175)	-	-
Net revaluation	23,135	79.117	-	-
Accumulated revaluation at 31 December	**217,542**	**194.407**	**-**	**-**
Carrying amount at 31 December	**383,595**	**360,460**	**128,616**	**118,157**

9. Trade receivables

EUR '000	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Trade receivables	**133,692**	**181,569**	**10,327**	**68,736**

During 2015, current receivables of EUR 50m were transferred from trade receivables to a long-term loan note (Long-term financial assets).

NOTES

10. Deferred tax

EUR '000	Tangible fixed assets	Stock	Provisions	Other liabilities	Tax losses	Others	Total
GROUP							
Recognised at 1 January	2,860	6,456	4,147	6,317	7,322	(1,238)	25,864
Carried to profit & loss	(5,894)	(535	(1,187)	3,802	1,755	5,378	3,319
Total adjustment for the year	**(5,894)**	**(535)**	**(1,187)**	**3,802**	**1,755**	**5,378**	**3,319**
Recognised at 31 December	**(3,034)**	**5,921**	**2,960**	**10,119**	**9,077**	**4,140**	**29,183**
PARENT COMPANY							
Recognised at 1 January	(392)	5,659	35	3,990	-	(1,928)	7,364
Carried to Profit & loss	(229)	(2,299)	-	(528)	-	1,311	(1,745)
Total adjustment for the year	**(229)**	**(2,299)**	**-**	**(528)**	**-**	**1,311**	**(1,745)**
Recognised at 31 December	**(621)**	**3,360**	**35**	**3,462**	**-**	**(617)**	**5,619**

11. Equity

	Group		Parent Company	
EUR '000	2015	2014	2015	2014
The share capital consists of:				
112 shares (in amounts from DKK 500 to DKK 1,658,200)				
Share capital at 1 January	**663**	**665**	**663**	**665**
Reserve for net revaluation according to the equity method:				
Reserve for net revaluation at 1 January	-	-	194,407	115.290
Net revaluation	-	-	23,135	79.117
Reserve for net revaluation at 31 December	**-**	**-**	**217,542**	**194.407**
Brought forward from prior years	531,564	460,948	337,157	356.234
Retained from profit for the year	9,492	44,360	(11,886)	3,213
Proposed dividend in respect of the financial year	105,000	70,000	105,000	70,000
Dividend paid	(70,005)	(75,196)	(70,005)	(75,196)
Exchange rate adjustment to year-end exchange rates	15,670	23,649	(414)	902
Exchange rate adjustment of subordinated loan capital in subsidiaries	289	3,999	289	3,999
Gain/(loss) on financial swaps	466	(599)	466	(599)
Adjustment of currency hedges of future sales	(13,763)	7,418	564	(18,381)
Goodwill	-	(3,015)	-	(3,015)
Total retained earnings	**578,713**	**531,564**	**361,171**	**337.157**
Total equity	**579,376**	**532,229**	**579,376**	**532,229**

The share capital was reduced from t.DKK 5,500 to t,DKK 4,950 in 2011 in connection with cancellation of shares owned by the Parent Company.

NOTES

12. Minority interests

EUR '000	Group 2015	Group 2014
Minority interests at 1 January	45,450	30,959
Additions	192	-
Disposals	(12,813)	(13,265)
Share of profit for the year	26,737	21,520
Exchange rate adjustments	**3,894**	**6,236**
Minority interests at 31 December	**63,460**	**45,450**

13. Long-term debt

EUR '000	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Long-term debt due more than five years after the end of the financial year	17.753	17,638	15.869	17,638

14. Other payables, accruals, and deferred income and expenses

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

15. Provision for pensions

EUR '000	Group 2015	Group 2014
The provision for pensions is due as follows:		
< 1 year	96	13
1-5 years	663	307
> 5 years	9,201	8,275
Total	**9,960**	**8,595**

The provisions relate to future payments to employees.

NOTES

16. Contingent liabilities and collateral security

EUR '000	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
CONTINGENT LIABILITIES				
Rent and lease liabilities	146,467	143,433	781	776
Guarantees and letters to suppliers and subsidiaries	13,638	5,411	2,339	2,526
COLLATERAL SECURITY				
The following assets have been lodged in security of the Group's loans from credit institutions and other long-term debt:				
Bearer mortgages on property, plant, and equipment	22,346	25,032	19,847	22,651
Guarantee for import duty	7,844	6,071	1,996	2,000
Personnel obligations	142	147	-	-
LODGED ASSETS				
Book value of assets lodged in security of the Group's loans from credit institutions and other long-term debt	27,237	27,417	22,327	23,039

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 2015 exceed the total provisions regarding company taxes and withholding taxes on dividend, interest, and royalties by EUR 3.9m as per 31 December 2015. Any subsequent corrections of joint taxation income and withholding taxes etc. may result in a change of the company's liability.

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

NOTES

17. Fees to auditors appointed at the Annual General Meeting

	Group	
	2015	2014
EUR '000		
Auditors' fee	1,171	894
Other assurance services and statements	114	74
Tax advisory services	437	362
Others	198	77
Total	**1,920**	**1,407**

18. Information about shareholder conditions

The company's list, pursuant to Section 55 of the Danish Companies Act of shareholders with more than 5% of the votes or more than 5% of the nominal value of the share capital includes ECCO Holding A/S, Bredebro, Denmark, the Parent Company of ECCO Sko A/S.

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

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.

19. Significant events after the end of the financial year

In January 2016, the warehouse of the tannery in Xiamen (China) had a fire incident.
The financial effect cannot be stated yet, however it is expected to be covered by the insurance company.

Apart from above, 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 2015

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
    - **NORWAY** *(branch)*
      ECCO Norway
    - **POLAND** *(branch)*
      ECCO EMEA Sales SE Spółka Europejska oddział w Polsce
    - **PORTUGAL** *(branch)*
      ECCO EMEA Sales SE Sucursal em Portugal
    - **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**
      ECCO Middle East A/S (branch)
  - **IRELAND** (JV)
    ECCO Distributors Limited
  - **TURKEY**
    ECCO Shoes Trade Ltd.
- **GERMANY**
  ECCO Schuhe GmbH

REGION
ECCO AMERICAS

- **USA**
  ECCO USA, Inc.
  - **USA**
    ECCO Retail LLC
- **CANADA**
  ECCO Shoes Canada, Inc.

ACCESSORIES:

SWITZERLAND
ECCO Shoes International AG

SUBSIDIARIES, PRODUCTION

REGION
ECCO ASIA/PACIFIC

SINGAPORE
ECCO Asia Pacific (Singapore) Pte. Ltd.

- **SINGAPORE**
  ECCO Shoes Singapore Pte. Ltd.
- **HONG KONG**
  ECCO Shoes Hong Kong Limited
  - **MACAO**
    ECCO Macao Limited
  - **TAIWAN**
    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
- **SINGAPORE** (JV)
  ECCO China Wholesale Holding (Singapore) Pte. Ltd.
  - **CHINA**
    ECCO Business Management (Shanghai) Co. Ltd.
  - **CHINA**
    ECCO (Shanghai) Co. Ltd.
- **JAPAN**
  ECCO Japan Co. Ltd.

DORMANT COMPANIES AND BRANCHES HAVE BEEN OMITTED.

ECCO **SHOE FACTORIES**

INDONESIA
PT. ECCO Indonesia

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

SINGAPORE
ECCO Shoe Production Pte. Ltd.

- **CHINA**
  ECCO (Dongguan) Business Consultancy Co. Ltd.
- **CHINA**
  ECCO (Xiamen) Co. Ltd.
  - **CHINA**
    Xiamen ECCO Logistics Co. Ltd.

SLOVAKIA
ECCO Slovakia, a.s.

THAILAND
ECCO (Thailand) Co., Ltd.

LAST FACTORY

PORTUGAL (JV)
FAGUS Portugal, S.A.

ECCO **LEATHER**

THE NETHERLANDS
ECCO Leather B.V.

- **THE NETHERLANDS**
  ECCO Tannery (Holland) 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.

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