Annual Report 2022

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

den 24. maj 2023

dirigent

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Statement by the Management

Today, the Managing Board and the Supervisory Board have discussed and approved the annual report of ECCO Sko A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations and the consolidated cashflows for the financial year 1 January – 31 December 2022.

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

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

Bredebro, 16 March 2023

Managing Board

Panos Mytaros
Chief Executive Officer

Michel Krol
Chief Consumer Officer

Thomas Gøgsig
Chief Operations & Data Officer

Mads Fink Eriksen
Chief Financial Officer

Supervisory Board

Hanni Toosbuy Kasprzak
Chairman

Henrik Ottosen
Vice Chairman

André Kasprzak
Member, Supervisory Board

Anna Kasprzak
Member, Supervisory Board

Tom Behrens-Sørensen
Member, Supervisory Board

Lars Hemming
Member, Supervisory Board

Kjeld Mortensen
Employee Representative

Anja Mie Karschulin
Employee Representative

Bernd Schaelke
Employee Representative

Independent Auditor's Report

TO THE SHAREHOLDERS OF ECCO SKO A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of ECCO Sko A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cashflow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cashflows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

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

INDEPENDENCE

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

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

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

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

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

Bredebro, 16 March 2023

EY Godkendt
Revisionspartnerselskab
CVR No. 30 70 02 28

Torben Bender
State Authorised Public Accountant
MNE no. mne21332

Morten Østergaard Koch
State Authorised Public Accountant
MNE no. mne35420

Company Details

Name	ECCO Sko A/S
Address, postal code, city	Industrivej 5, DK-6261 Bredebro, Denmark
CVR no.	45 34 99 18
Established	1963
Financial year	1 January – 31 December
Website	www.ecco.com
E-mail	contact@ecco.com
Telephone	+45 74 91 16 25

MANAGING BOARD

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

SUPERVISORY BOARD

Hanni Toosbuy Kasprzak, *Chairman*
Henrik Ottosen, *Vice Chairman*
André Kasprzak
Anna Kasprzak
Tom Behrens-Sørensen
Lars Hemming
Kjeld Mortensen, *Employee Representative*
Anja Mie Karschulin, *Employee Representative*
Bernd Scheelke, *Employee Representative*

AUDITORS

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg

Five-Year Summary

FINANCIAL HIGHLIGHTS EUR '000	2022	2021	2020	2019	2018
Net revenue	**1,585,780**	**1,218,078**	**1,092,470**	**1,359,722**	**1,309,386**
Profit before amortisation and depreciation	173,185	155,156	119,192	258,240	259,012
Amortisation and depreciation	(80,665)	(71,030)	(68,950)	(57,172)	(52,428)
Profit before financials	92,520	84,126	50,242	201,068	206,585
Financial income and expenses	(4,331)	(8,326)	(5,506)	(5,233)	(5,918)
Profit before tax	**88,189**	**42,832**	**44,735**	**195,834**	**200,667**
Income tax	(39,492)	(29,356)	(21,588)	(48,260)	(51,815)
Profit for the year	**48,697**	**13,476**	**23,147**	**147,574**	**148,852**
Non-current assets	497,606	542,841	463,798	371,529	352,108
Current assets	1,077,193	876,243	856,958	781,268	700,355
Total assets	1,574,799	1,419,084	1,320,756	1,152,797	1,052,463
ECCO Sko A/S shareholders' share of equity	491,118	498,436	539,877	648,754	617,366
Non-controlling interests	194,154	179,734	146,910	144,781	116,809
Non-current liabilities	463,892	226,105	249,495	108,045	97,834
Current liabilities	425,635	514,809	384,474	251,217	220,454
Equity and liabilities	1,574,799	1,419,084	1,320,756	1,152,797	1,052,463
Cashflow from operating activities	(43,096)	184,839	31,510	248,256	206,864
Cashflow from net investing activities	(75,715)	(89,835)	(195,229)	(79,056)	(96,773)
Investments in property, plant, and equipment	(57,435)	(44,328)	(55,156)	(67,618)	(85,821)
Cashflow from financing activities	103,320	(36,363)	150,819	(105,154)	(100,325)
Number of employees (as of 31 December)	23,753	21,712	21,434	21,364	21,271
KEY RATIOS					
Operating margin	5.8%	6.9%	4.6%	14.8%	15.8%
Profit ratio	5.6%	3.5%	4.1%	14.4%	15.3%
Return on assets	5.9%	3.1%	3.6%	17.8%	19.6%
Investment ratio	0.9	1.3	2.8	1.4	1.8
Return on equity	8.0%	(4.6%)	(1.1%)	17.7%	20.3%
Solvency ratio	31.2%	35.1%	40.9%	56.3%	58.7%
Liquidity ratio	2.5	1.7	2.2	3.1	3.2

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:

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

Solvency ratio:

$$\frac{\text{ECCO Sko A/S shareholders' share of equity x 100}}{\text{Total assets}}$$

Liquidity ratio:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Operating Review

PRINCIPAL ACTIVITIES

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

DEVELOPMENT IN ACTIVITIES AND FINANCIAL MATTERS

Sales and profitability increased in 2022 despite another year of volatility and complexity. Inflation, geopolitical tension, and continued supply chain challenges with high transportation costs created a challenging environment.

In January 2022, the controlling interest in ECCO Europe AG was acquired and consequently, the European sales activities are fully consolidated in the Group financial statements for 2022.

Sales for the year grew by 30% to EUR 1,585.8m with comparable growth including consolidated European sales entities being 18%. Profit before tax increased by 106% to EUR 88.2m, an improvement corresponding to the outlook presented last year.

Shoe sales grew in large part from stronger price realisation. This eased margin pressure from high freight costs and raw material price inflation.

Growth both in sales and profitability was also achieved in the business segments of leather goods as well as shoe-related accessories. Leather sales were flat to prior year, although with slightly higher contribution margins.

Investments for the year 2022 were EUR 75.7m, a 16% reduction versus prior year in part from less capital allocation towards new store openings as part of a review of the retail store portfolio.

The Group ended the year with higher levels of working capital from increased inventory. Long lead times on transportation caused a high level of inventory in transit. Furthermore, inventory was produced earlier to ensure strong delivery performance in 2023.

As a result primarily of the higher inventory levels, cashflow from operating activities decreased to EUR -43m.

ECCO ended the financial year having a continued strong financial position. The year-end cash position was EUR 300m (in line with the EUR 297m in 2021) and the solvency ratio ended at 31.2%.

PROFIT & LOSS

In 2022, ECCO achieved a strong growth across all sales channels. Performance in direct-to-consumer channels was especially encouraging, partly lifted by very few COVID restrictions versus prior year. E-commerce sales grew substantially and retail sales almost doubled growth as sales were improved by stronger price realisation and increasing traffic to stores.

The increase in capacity costs was mostly caused by activity-driven costs like indirect production costs from higher production levels and higher sales in the direct-to-consumer channels. Inflation has affected cost levels adversely, in particular energy costs.

The strong sales growth across all sales channels ultimately resulted in a substantial improvement in profitability realising a profit before tax of EUR 88.2m.

BALANCE SHEET & CASHFLOW

The higher levels of inventory, which were caused primarily by longer transportation lead times, adversely affected net working capital resulting in a negative operating cashflow of EUR -43m.

Cashflow from investing activities was EUR 75.7m. Major investments were related to the continued digital transformation of the ECCO Group as well as selected retail expansion in high-growth regions. Furthermore, solar panel investments have been made across ECCO's production footprint.

Despite the overall higher level of invested capital, the stronger earnings resulted in an increased return on assets of 5.9% from 3.1% in 2021.

OUTLOOK

The volatility and uncertainty in the world have increased substantially in recent years. Geopolitical developments could bring renewed challenges in 2023. Overall, ECCO is, however, anticipating improving supply chain circumstances with declining freight rates and improving transportation schedules. This will also affect working capital levels positively. Investment levels will be lower as the retail store portfolio is expected to decrease slightly in 2023. As a result, ECCO's net sales and profitability are all expected to increase moderately, while free cashflow is expected to increase significantly in 2023.

RISK MANAGEMENT

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

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

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

CYBER RISKS

The potential consequences of cyber attacks can be substantial, ranging from data breaches to direct financial losses, business interruption, and damage to ECCO's brand reputation. To mitigate the risks, ECCO in 2022 continued to invest in strengthening the internal cyber security organisation, hardening countermeasures, and taking the necessary steps to prevent, detect, and respond to potential cyber threats.

A new cyber security programme with focus on increasing our cyber criminality resilience and internal capabilities was launched. The programme successfully included expanding the internal organisation with new capabilities and tooling, covering the entire cyber security range.

TAX RISKS

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

ECCO's global presence, and a significant number of inter-company transactions, increase the exposure to challenging tax evolutions and in this increasingly uncertain environment, double taxation continues to be a tangible challenge to mitigate. The COVID-19 pandemic has caused a major decline in tax revenue in many countries, which increases the risk of more disputes with tax authorities as a consequence of the needs for governments to address spending.

ECCO's Tax Committee manages global tax governance and mitigates tax risks in the best possible way, by following the OECD transfer pricing guidelines. ECCO is renewing an existing bilateral advance pricing agreement between Denmark and Indonesia, and has completed a similar agreement between Denmark and the US.

INTERNAL SUPPLY CHAIN DISRUPTION

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

In 2022, the COVID-19 pandemic continued to cause some disruption to ECCO's internal supply chain. The effects were again mitigated by our ownership or control of the entire shoemaking and sales process, from the tanning of hides, to shoe production, and sales of products to our consumers. Owning our own factories carries financial risk associated with disruptive events such as the COVID-19 pandemic. Our factories in Asia saw periodic closure from COVID-19 related circumstances, whereas we saw European factories less affected in 2022, highlighting simultaneously the risk-mitigating benefits for ECCO of our global production footprint being geographically diverse.

In 2022, several alternative transportation routes and transportation modes were developed to mitigate the risk of lack of transport equipment and port congestions, which were a challenge during 2021.

The increased focus on risk mitigation across the value chain has made ECCO more resilient as such.

ILLEGAL USE OF ECCO IPR

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

In ECCO, we therefore protect our brand, designs, and new technical developments as rigorously as possible through patents, trademarks, copyrights, design rights, and trade secrets. In addition, ECCO constantly monitors our products, both online and offline. When required, we rigorously defend our IPR against copycats and other infringements through administrative and legal actions. In 2022, ECCO successfully enforced our IPR in many jurisdictions, leading to cancellation of third-party registrations, compensation, prevention of sales, and acknowledgement of ECCO's rights.

In 2022, ECCO invested significantly and increasingly in innovations, and these are protected by patent applications.

IMPACT FROM FINANCIAL MARKETS

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

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

DATA ETHICS

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

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

Managing data protection obligations has high priority. To comply with this regulation, ECCO continuously evaluates the maturity level of our data protection and offers our employees appropriate privacy and data protection training.

KNOWLEDGE RESOURCES

ECCO holds significant knowledge resources that are essential to the continued success of our company. We are dedicated to building a diverse workforce, and we make it a priority to provide lifelong training and offer attractive career possibilities to our employees.

The following sections detail the importance and influence of knowledge resources in ECCO Group's performance and development.

RESEARCH AND DEVELOPMENT ACTIVITIES

The success of ECCO's products across the globe can be attributed to a combination of innovation, advanced technology, and unmatchable craftsmanship. We believe in the power of a workplace that stimulates a desire to continuously become better and go new ways to create the best shoes and accessories for our consumers.

Since the foundation of ECCO in 1963, innovative thinking has been a key driver in transforming a Danish shoe production into a global brand; and in 2022, our transformation agenda was consolidated and gained speed. Across ECCO's organisation, we are combining our knowledge resources with Research and Innovation efforts to drive end-to-end innovation in technology, processes, and sustainability.

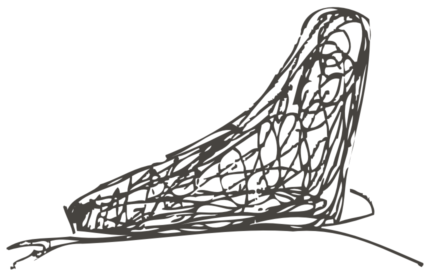
FACTORY 2025

In response to changing demands from consumers, ECCO in 2022 opened a state-of-the-art production line. Located at headquarters in Bredebro, Denmark, the facility spans 1,700 m2 and includes automatic systems and industrial robots across five cutting-edge workshops.

In short, Factory 2025 is a single production line where the vast majority of the processes are handled automatically - from the cutting of leather shapes until the shoe is ready to be worn.

Factory 2025 was put into operation in 2022 and will be further expanded.

It is the combination of high-tech and precise manual work that allows us to conceive remarkable modern products of the highest quality. While Factory 2025 is a necessary supplement to our operations, we remain 100% dependent on our many shoe experts and artisans across the ECCO Group.



CODE OF CONDUCT

THE 10 COMMITMENTS

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

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

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

Corporate Social Responsibility

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

CORPORATE GOVERNANCE

1. Designing and making products of the highest quality, always seeking to understand what our consumers want and meeting their expectations.

2. Creating good jobs for ECCO's employees, who are the core of our business, always offering lifelong training and education and new challenges to increase their job satisfaction.

3. Caring for the environment. Whilst acknowledging there will be polluting activities, ECCO is committed to minimising these and to always meeting or exceeding the highest environmental standards wherever we are active.

4. To be able to fulfil these ambitions, operating a healthy and efficient business with sufficient profitability to fund ECCO's ambitions and also safeguarding the future of the company and its employees.

5. Benefitting shareholders and employees as well as suppliers and customers and understanding and supporting the local communities where ECCO is active.

6. Maintaining a widely experienced Supervisory Board, closely involved in the company's strategy, activities, and risk management.

7. Being an innovative company, which is always evolving and discovering new and better ways of doing things.

8. Behaving correctly and decently in all of ECCO's activities and complying with ECCO's Code of Conduct at all times.

9. Expecting management and employees to be vigilant if they observe any breaches of ECCO's Code of Conduct. Any breach should be reported to ECCO's Corporate Governance Audit team.

10. ECCO's Whistleblower system is available for all of ECCO's employees to use to report serious offences.

HUMAN RIGHTS

ECCO's stance on human rights is rooted in our Code of Conduct, where seven out of ten commitments directly relate to internationally defined human rights. ECCO has further defined a Human Rights Policy, which sets out ECCO's determination to take a proactive approach to protecting internationally recognised human rights.

The responsibility to monitor the implementation of ECCO's human rights policies lies in ECCO's Group Corporate Responsibility department. As part of the ongoing human rights due diligence, the department monitors relevant standards, best practices, and legal requirements to ensure that we continuously improve our human rights due diligence system and mitigate potential negative impacts and risks.

ECCO has a Group Corporate Responsibility Steering Committee, where employees at management level and internal experts discuss ECCO's performance, related projects, and monitor and address risks.

A main component of ECCO's due diligence system is to educate our employees in ECCO's Code of Conduct. Our Group Corporate Responsibility department facilitates several updates every year to larger employee groups. Both activities continued in 2022.

In order to enable employees to raise concerns related to human rights and other ethical matters, ECCO has a whistleblower system.

A core task for 2023 is to keep improving ECCO's human rights due diligence system.

SOCIAL AND EMPLOYEE CONDITIONS

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

DEVELOPING OUR PEOPLE

Over time, we have developed and refined several training programmes for our employees with the aim of taking our overall skill set to a higher level, and in 2022, we continued building upon this development.

We witnessed the first ever ECCO employee to attain an EMBA via a postgraduate programme developed by ECCO in cooperation with Nottingham Business School. Another five employees completed their EMBA education and will be accredited with a degree in 2023.

For our retail leaders, a new leadership training programme was launched, with two pilots taking place online for ECCO Americas and ECCO Europe.

12 ECCO NextGens trainees graduated in August, all of whom started permanent jobs across the business. In September 2022, 11 new ECCO NextGens joined the programme representing nine nationalities.

A strategy for ECCO's work with diversity and inclusion was introduced early Q4 2022. The roll-out of the strategy will begin late Q4 2022/early Q1 2023. Creating awareness through continuous training of our employees, as well as the establishment of a Diversity and Inclusion Council and Employee Resource Groups (ERG) are some of the tools that will drive ECCO's diversity and inclusion agenda.

We strive to ensure that ECCO remains a motivating workplace, and we survey the satisfaction of our employees annually. In 2022, the ECCO Engagement Driver survey covered feedback from 3,556 employees, which equals a response rate of 93.2%. The result was overall satisfactory.

GENDER DISTRIBUTION

67% of ECCO's employees are women, and 33% are men.

ECCO's long-term aim is a minimum 35%/65% gender balance at management level. At the end of 2022, out of ECCO's employees in senior leadership positions, 27% are women and 73% are men. ECCO's senior leadership constitutes the top five management levels.

The calculation of the gender distribution in ECCO's senior leadership reflects a new group title alignment, which was introduced in 2022.

ECCO Sko A/S also has a target of at least 25% female representation of the ECCO Sko A/S Supervisory Board. The Supervisory Board is elected by the Annual General Assembly, which as per end 2022 comprised six members.

At the end of 2022, ECCO had 33% female presentation, excluding our employee representatives. The Board regularly reviews the policy relating to gender distribution in ECCO's management.

A HEALTHY AND SAFE WORKPLACE

In ECCO, we have Group policies and procedures for health and safety and working terms.

In 2022, ECCO continued the development of our internal health and safety management system by introducing new standards and updating the existing. During 2022, special attention was given to ECCO's training and education processes. Regular general and tailored on-the-job trainings, carried out for new and existing employees is one of our key preventive activities leading to improved safety level. The incident and accident trend in 2022 was closely monitored and investigated via internal incident reporting systems and KPIs.

ENVIRONMENT, INCLUDING CLIMATE IMPACT

It is ECCO's policy to be a leader within the environment. Therefore, we have defined a set of ambitious Environmental Targets.

2024: ECCO HEADQUARTERS IN DENMARK

ECCO continues to actively work towards achieving our first Environmental Target to have an energy-neutral HQ by reducing our energy consumption and increasing our portion of renewables. In 2022, we managed to reduce our consumption of gas by 43%. We continue to monitor options to invest in additional renewable energy sources.

2026: WASTE

In ECCO's transition to reducing waste and moving towards more circular practices, we are working towards recovering 90% of our manufacturing waste. The total waste recovered, reused, and recycled across our shoe factories and tanneries reached 76% and 66%, respectively, in 2022.

2028: ENERGY

Building on ECCO's Environmental Target for 2024, the 2028 target covers all facilities that ECCO owns and operates, including manufacturing units, offices, shops, warehouses, and administration buildings. In 2023, ECCO will focus on further reducing our energy consumption and improving efficiencies with various activities.

2030: WATER, WASTE WATER, AND CHEMICALS

ECCO continues our work to reduce water usage and improve waste water facilities to create closed-loop water systems.

Since 2018, ECCO's DriTan™ solution has undergone three main stages of development to optimise water and chemical resource use. Apart from successfully implementing DriTan™ developments across our own tanneries, we continue to share our technology through various collaborations and partnerships.

To ensure environmental due diligence, ECCO monitors our environmental performance and legal compliance through various external audits. All of ECCO's tanneries are audited by the Leather Working Group, a not-for-profit organisation for compliance and environmental certification in the leather and leather goods sector. In 2022, ECCO's tanneries achieved three gold and one silver LWG medal ratings for our tanneries. In addition, three of our tanneries were ECO2L re-audited and certified this year.

The ECO2L label (energy-controlled leather) is an indication of the energy efficiency and CO2 emissions of a tannery.

In general, we aim to raise awareness of key environmental themes by training nearly 70 environmental coordinators across ECCO to enable us to accurately monitor and work towards achieving our Environmental Targets.

ANTI-CORRUPTION AND ANTI-BRIBERY PROGRAMME

In addition to selling products globally, ECCO also sources globally and as such, operates in markets where the risk of corruption and bribery are present, or even prevalent. ECCO has implemented policies and procedures to prevent both corruption and bribery and, if need be, detect such in order for ECCO to take action.

In 2022, ECCO reviewed the anti-corruption and anti-bribery policy and conducted in-depth, on-site interactive training sessions. ECCO has also implemented the ECCO Group Whistleblower solution in order to be able to receive anonymous information to further detect any potential issues. This has resulted in greater awareness globally, and a growing number of potential issues have been reported and solved.

For 2023, the plan is to further roll out and localise the ECCO Group Whistleblower solution and combine this with training of ECCO people, as part of their onboarding process.

RISKS

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

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

The most significant risk of human rights violations occurs where ECCO has limited control. This is one of the main reasons behind ECCO's robust and comprehensive Code of Conduct Audit System, which covers ECCO tanneries, ECCO shoe factories, and suppliers. In 2022, five on-site audits were carried out at our tanneries and shoe factories and 198 supplier on-site audits were completed. Critical breaches of our Code of Conduct caused ECCO to terminate cooperation with nine suppliers.

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

The greatest risks to the environment from ECCO's operations and activities continue to come from energy consumption, water management, material/chemical usage, and air emissions. To mitigate this, we have implemented an environmental management system and a set of Environmental Targets.

Environmental Targets

2024

ECCO'S HEADQUARTERS IN DENMARK

The HQ in Denmark has been chosen as the environmental model for ECCO's many global offices.
The target is to have an energy-neutral HQ by 2024.

2026

WASTE

Waste overall to be further reduced, especially waste to landfill and wherever possible, waste to be recycled.
The target is that 90% of all waste is recovered by 2026.

2028

ENERGY

To reduce dependence on energy generated from fossil fuel sources and replace it with renewable energy.
The target is to be energy-neutral by 2028.

2030

WATER/WASTE WATER

To continue the reduction in water usage and improve waste water facilities to create closed-loop water systems.
Subject to relevant technologies to be developed, the target is to reach net zero water discharge by 2030.

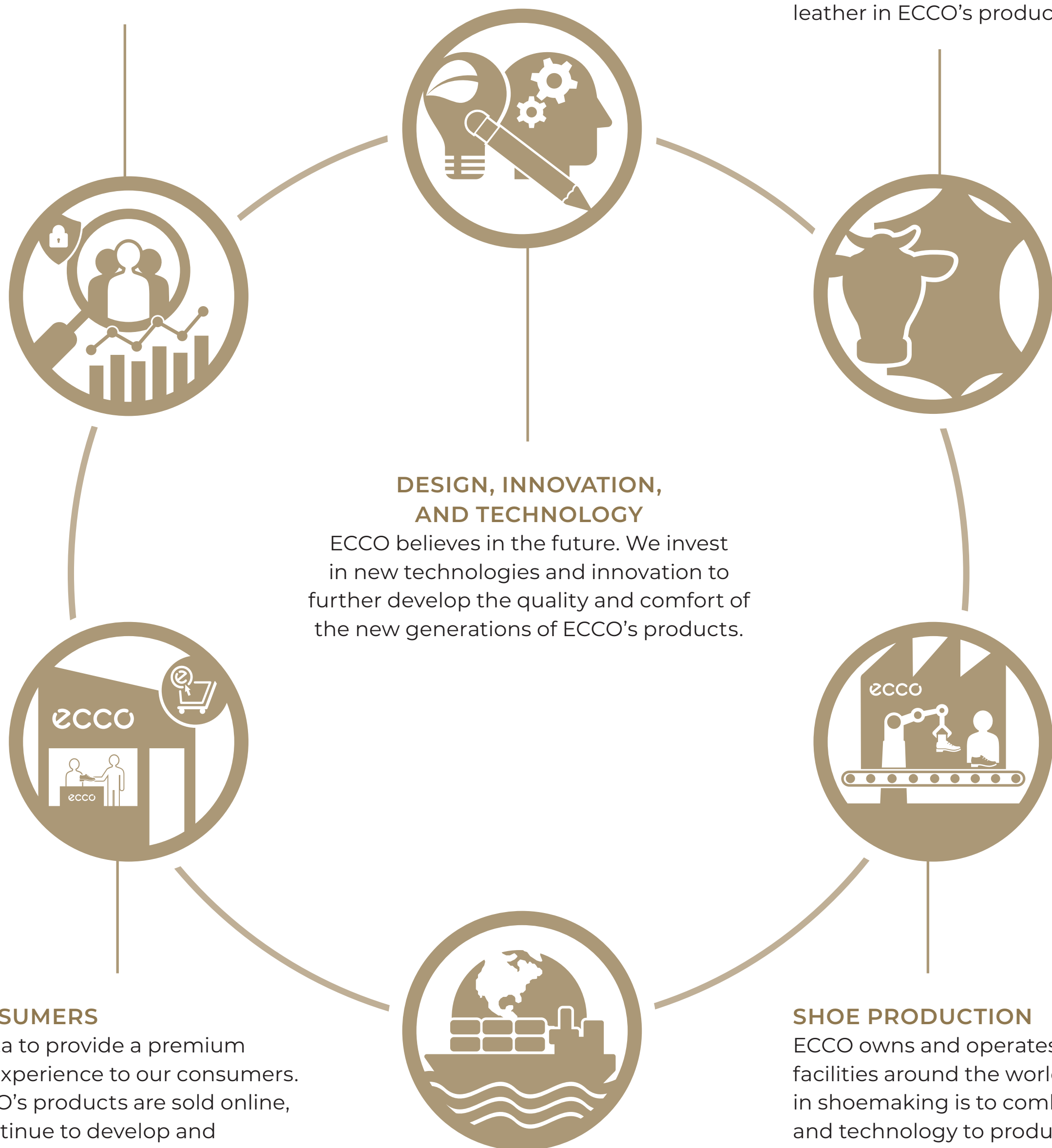
CHEMICALS

To reduce the consumption of chemicals and gradually replace them with bio-based substances, and to work on recycling chemicals where not easily replaceable.
Subject to relevant technologies to be developed, the target is to only use bio-based, recycled, or recyclable chemicals and substances by 2030.

ECCO'S Business Model

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

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



DESIGN, INNOVATION, AND TECHNOLOGY
ECCO believes in the future. We invest in new technologies and innovation to further develop the quality and comfort of the new generations of ECCO's products.

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

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

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

Income Statement
2022

Note	EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
2	**Net revenue**	**1,585,780**	**1,218,078**	**729,167**	**598,743**
	Change in inventories of finished products and work in progress	62,382	18,896	21,938	2,852
	Cost of raw materials and consumables	(581,231)	(440,149)	(636,836)	(540,519)
3	Other operating income	3,362	10,424	-	-
	Other external costs	(408,049)	(286,872)	(46,258)	(38,877)
4	Staff costs	(489,059)	(365,221)	(67,663)	(57,960)
7,8	Amortisation and depreciation	(80,665)	(71,030)	(15,965)	(14,770)
	Profit before financials	**92,520**	**84,126**	**(15,617)**	**(50,531)**
5	Financial income	12,587	6,788	10,366	7,602
5	Financial expenses	(16,918)	(15,114)	(14,496)	(6,655)
9	Profit from subsidiaries	-	-	55,597	45,948
11	Profit from participating interest	-	(32,968)	-	(32,968)
	Profit before tax	**88,189**	**42,832**	**35,850**	**(36,604)**
6	Income tax	(39,492)	(29,356)	3,802	12,650
	Profit for the year	**48,697**	**13,476**	**39,652**	**(23,954)**

	Group 2022	Group 2021
The profit for the year for the Group is specified as follows:		
Shareholders of ECCO Sko A/S	39,652	(23,954)
Non-controlling interests	9,045	37,430
Profit for the year	**48,697**	**13,476**

Balance Sheet
as of 31 December 2022

		Group		Parent Company	
		2022	2021	2022	2021
ASSETS					
Note	EUR '000				
	NON-CURRENT ASSETS				
	Development projects completed	-	2	-	-
	Patents, trademarks, licences	2,210	2,105	2,207	2,102
	Software	15,000	15,560	11,817	13,528
	Goodwill	78,428	87,765	62	173
	Leasehold rights	2,381	2,399	-	-
	Intangible assets in progress	18,431	11,585	18,220	11,384
7	**Total intangible assets**	**116,450**	**119,416**	**32,306**	**27,187**
	Land and buildings	177,836	164,123	24,578	26,776
	Plant and machinery	40,238	43,751	5,097	4,764
	Fixtures and fittings, tools, and equipment	42,110	41,142	6,894	6,511
	Property, plant, and equipment under construction	32,646	32,152	3,118	3,189
8	**Total property, plant, and equipment**	**292,830**	**281,168**	**39,687**	**41,240**
9/10	Investments in subsidiaries	-	-	718,481	680,876
11	Participating interest	-	32,032	-	32,032
9	Receivables from subsidiaries	-	-	190,220	83,679
	Receivables from affiliated companies	-	24,052	-	20,070
	Other receivables	13,283	10,183	-	-
12	Deferred tax	75,043	75,990	20,325	31,978
	Total other non-current assets	**88,326**	**142,257**	**929,026**	**848,635**
	TOTAL NON-CURRENT ASSETS	**497,606**	**542,841**	**1,001,019**	**917,062**
	CURRENT ASSETS				
	Raw materials and consumables	94,688	67,281	-	294
	Work in progress	7,519	5,953	-	-
	Finished products and commercial products	451,088	320,198	81,498	59,212
	Total inventories	**553,295**	**393,432**	**81,498**	**59,506**
	Trade receivables	130,513	85,485	4,892	5,119
	Receivables from subsidiaries	-	-	344,430	103,597
20	Receivables from affiliated companies	50	16,961	1	15,020
	Other receivables	45,799	41,348	13,173	17,331
	Income tax	21,000	15,177	8,715	2,599
13	Prepayments	26,253	26,272	7,902	8,803
	Total receivables	**223,615**	**185,243**	**379,113**	**152,469**
	Securities	**30**	**3**	**-**	**-**
	Cash	**300,253**	**297,565**	**409**	**881**
	TOTAL CURRENT ASSETS	**1,077,193**	**876,243**	**461,020**	**212,856**
	TOTAL ASSETS	**1,574,799**	**1,419,084**	**1,462,039**	**1,129,918**

Balance Sheet
as of 31 December 2022

		Group		Parent Company	
		2022	2021	2022	2021
EQUITY AND LIABILITIES					
Note	EUR ’000				
	Share capital	666	666	666	666
	Net revaluation reserve according to the equity method	-	-	321,318	316,776
	Hedge reserve	(2,836)	(11,314)	(298)	(15,850)
	Translation reserve	(7,458)	(4,086)	-	-
	Retained earnings	475,746	488,170	144,432	171,844
	Dividend proposed for the year	25,000	25,000	25,000	25,000
	ECCO Sko A/S shareholders’ share of equity	**491,118**	**498,436**	**491,118**	**498,436**
	Non-controlling interests	**194,154**	**179,734**	**-**	**-**
	Total equity	**685,272**	**678,170**	**491,118**	**498,436**
14	Provision for pensions	21,922	28,913	-	-
12	Deferred tax	9,865	7,166	-	-
	Other provisions	6,555	7,871	-	-
	Credit institutions	375,550	182,155	360,212	181,184
	Debt to Parent company	50,000	-	50,000	-
	Other long-term liabilities	-	-	-	-
15	**Total non-current liabilities**	**463,892**	**226,105**	**410,212**	**181,184**
	Short-term part of non-current liabilities	84,112	110,843	84,112	110,843
	Credit institutions	37,809	90,278	91	85,668
	Trade payables	60,037	73,616	21,096	20,007
	Payables to subsidiaries	-	-	385,573	107,052
20	Payables to affiliated companies	31,679	76,515	31,518	74,527
	Income tax	10,628	15,883	-	-
16	Other payables	201,370	147,674	38,319	52,201
	Total current liabilities	**425,635**	**514,809**	**560,709**	**450,298**
	Total liabilities	**889,527**	**740,914**	**970,921**	**631,482**
	TOTAL EQUITY AND LIABILITIES	**1,574,799**	**1,419,084**	**1,462,039**	**1,129,918**

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

Statement of Changes in Equity 2022 - Group

GROUP EUR '000	Share capital	Hedge reseve	Translation reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total Equity
Equity at 1 January 2021	**666**	**1,127**	**(37,198)**	**535,282**	**40,000**	**539,877**	**146,910**	**686,787**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(40,000)	(40,000)	(21,341)	(61,341)
Profit allocation	-	-	-	(48,954)	25,000	(23,954)	37,430	13,476
Exchange rate adjustments	-	-	33,112	-	-	33,112	16,735	49,847
Adjustment of currency hedges of future sales and financial swaps	-	-15,908	-	181	-	(15,727)	-	(15,727)
Actuarial gains / (losses)	-	-	-	1,694	-	1,694	-	1,694
Reversal actuarial gains / (losses)	-	-	-	-	-	-	-	-
Tax on equity transactions	-	3,467	-	(33)	-	3,434	-	3,434
Equity at 1 January 2022	**666**	**(11,314)**	**(4,086)**	**488,170**	**25,000**	**498,436**	**179,734**	**678,170**
Additions	-	-	-	-	-	-	35,469	35,469
Disposals	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(25,000)	(25,000)	(27,293)	(52,293)
Profit allocation	-	-		14,652	25,000	39,652	9,045	48,697
Exchange rate adjustments	-	-	(3,372)	-	-	(3,372)	(2,801)	(6,173)
Other Adjustment	-	-	-	(27,713)	-	(27,713)	-	(27,713)
Adjustment of currency hedges of future sales and financial swaps	-	9,362	-	-	-	9,362	-	9,362
Actuarial gains / (losses)	-	-	-	637	-	637	-	637
Tax on equity transactions	-	(884)	-	-	-	(884)	-	(884)
Equity at 31 December 2022	**666**	**(2,836)**	**(7,458)**	**475,746**	**25,000**	**491,118**	**194,154**	**685,272**

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

Statement of Changes in Equity 2022 - Parent Company

PARENT COMPANY EUR '000	Share capital	Net revaluation according to the equity method	Hedge reserve	Retained earnings	Proposed dividend	Total Equity
Equity at 1 January 2021	**666**	**253,277**	**3,330**	**242,604**	**40,000**	**539,877**
Dividend paid	-	(24,300)	-	24,300	(40,000)	(40,000)
Profit allocation	-	45,948	-	(94,902)	25,000	(23,954)
Exchange rate adjustments	-	33,146	-	(8)	-	33,138
Adjustment of currency hedges of future sales and financial swaps	-	9,037	(24,674)	(117)	-	(15,754)
Actuarial gains / (losses)	-	1,694	-	-	-	1,694
Tax on equity transactions	-	(2,026)	5,494	(33)	-	3,435
Equity at 1 January 2022	**666**	**316,776**	**(15,850)**	**171,844**	**25,000**	**498,436**
Dividend paid	-	(42,565)	-	42,565	(25,000)	(25,000)
Profit allocation	-	55,597	-	(40,945)	25,000	39,652
Exchange rate adjustments	-	(2,053)	-	(1,319)	-	(3,372)
Other adjustment	-	-	-	(27,713)	-	(27,713)
Adjustment of currency hedges of future sales and financial swaps	-	(9,130)	18,492	-	-	9,362
Actuarial gains / (losses)	-	637	-	-	-	637
Tax on equity transactions	-	2,056	(2,940)	-	-	(884)
Equity at 31 December 2022	**666**	**273,137**	**(298)**	**192,613**	**25,000**	**491,118**

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

Cashflow Statement
2022

EUR '000	Group 2022	Group 2021
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	88,190	42,832
Adjustment for non-cash operating items:		
Amortisation and depreciation	80,665	71,030
Exchange rate adjustments	8,281	33,274
Financial income/expenses net	4,331	(24,642)
Working capital adjustments:		
(Increase)/decrease in inventories	(94,604)	(18,928)
(Increase)/decrease in receivables	(29,256)	36,253
Increase/(decrease) in trade payables	(58,478)	38,827
Increase/(decrease) in other payables	12,984	45,297
Increase/(decrease) in provisions	(8,580)	424
Income taxes paid	(46,629)	(39,528)
Total cashflow from operating activities	**(43,096)**	**184,839**
CASHFLOW FROM INVESTING ACTIVITIES		
Net payments to invest in non-current assets:		
Net investment in acquisitions	-	(30,586)
Net investment in Intangible assets	(18,280)	(14,921)
Net investment in Property, plant, and equipment	(57,435)	(44,328)
Total cashflow from investing activities	**(75,715)**	**(89,835)**
CASHFLOW FROM FINANCING ACTIVITIES		
Financial income/expenses net	(4,331)	(8,326)
Non-controlling interests	(5,095)	(32,824)
(Repayment of)/proceeds from debt to credit institutions	137,746	44,787
Dividend paid	(25,000)	(40,000)
Total cashflow from financing activities	**103,320**	**(36,363)**
Cashflow from operating, investing, and financing activities	**(15,491)**	**58,641**
Cash and cash equivalents at beginning of year	315,774	238,927
Cash and cash equivalents at year-end	**300,283**	**297,568**
BREAKDOWN OF CASH AND CASH EQUIVALENTS		
Securities	30	3
Cash	300,253	297,565
Cash and cash equivalents at year-end	**300,283**	**297,568**

Notes 1 -
Accounting Policies

The annual report of ECCO Sko A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C companies.

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

BASIS OF CONSOLIDATION

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

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

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

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

BUSINESS COMBINATIONS

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

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

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

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

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

INTRA-GROUP BUSINESS COMBINATIONS

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

NON-CONTROLLING INTERESTS

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

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

FOREIGN CURRENCY TRANSLATION

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

INCOME STATEMENT

Net revenue: Sales are recognised when the risk has been passed to the customer. Net revenue consists of amounts invoiced, excluding VAT, and after deduction of returned products, discounts, and rebates. The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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

Other operating income: Other operating income includes income from all other operating activities which are not related to the principal activities of the company, such as gains/losses from disposals, subsidies, etc.

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

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

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

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

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

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

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

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

Deferred tax is measured on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income.

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

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

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

BALANCE SHEET

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

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

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

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

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

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

Goodwill on consolidation: This is determined at the date of acquisition as the difference between the cost and fair value of net assets. Goodwill is capitalised and amortised on a straight-line basis over the expected useful economic life of the assets, determined on the basis of earnings projections for the individual business areas (typically 5-10 years).

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

If the cost is lower than the fair value of net assets, impairment is considered before the amount is adjusted in equity.

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

Property, plant, and equipment: This is recognised at cost, excluding interest, less accumulated depreciation, and write-downs to a lower recoverable amount. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

The expected useful lives of fixed assets are as follows:

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

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

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

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

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

The value in use is determined as the present value of expected cashflows from the use of the assets, or the asset group, and expected cashflows from disposal of the assets, or the asset group after useful life. Investment grants are offset against the assets that form the basis for the grants.

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

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

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

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

Inventories: Raw materials are measured at cost and are determined on the basis of the most recent purchases. Work in progress and finished products are measured at cost, consisting of the cost of raw materials and consumables and manufacturing costs, plus a share of production overheads. Commercial products are valued at their acquisition price.

Products with a net realisable value lower than the cost or acquisition price are written down to the lower value.

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

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

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

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

EQUITY

Reserve for net revaluation according to the equity method: Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method. The reserve can be eliminated in case of losses, realisation of investments, or a change in accounting estimates. The reserve cannot be recognised as a negative amount.

Hedge reserve: Hedge reserve comprises fair value of derivative financial instruments qualifying as hedge of future assets or liabilities.

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

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

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

LIABILITIES

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

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

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

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

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

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

CASHFLOW STATEMENT

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

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

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

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

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

SEGMENT INFORMATION

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

Notes 2 -
Segment Information

EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
SEGMENT INFORMATION				
Shoes	1,419,236	1,068,995	717,154	597,863
Accessories	57,474	31,912	11,172	-
Leather	103,842	104,512	-	-
Others	5,228	12,659	841	880
Total net revenue	**1,585,780**	**1,218,078**	**729,167**	**598,743**
NET REVENUE SHOES & ACCESSORIES				
ECCO Europe, Middle East & Africa	694,382	422,267	347,088	309,819
ECCO North Americas	248,636	210,641	155,215	101,609
ECCO Greater China	392,720	360,170	159,483	143,564
ECCO Asia Pacific	140,972	107,829	66,540	42,871
Total Shoes & Accessories	**1,476,710**	**1,100,907**	**728,326**	**597,863**
SALES CHANNELS				
Wholesale	601,528	575,179	729,167	598,743
Retail, E-commerce	880,410	538,387	-	-
Leather	103,842	104,512	-	-
Total net revenue	**1,585,780**	**1,218,078**	**729,167**	**598,743**

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

Notes 3 -
Other Operating Income

Other operating income includes wages subsidy, rent subsidy, and other support in connection with COVID-19.

Notes 4 -
Staff Costs and Management and Staff Information

EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Salaries	431,376	326,482	64,427	54,986
Pensions and defined benefit plans	14,213	10,147	3,218	2,936
Other social security costs	43,470	28,592	18	38
Staff costs	**489,059**	**365,221**	**67,663**	**57,960**
Average number of employees	23,918	21,613	500	485
Number of employees at year-end	23,753	21,712	520	479
Fees to Managing Board and Supervisory Board:				
Managing Board	8,679	6,363	8,679	6,363
Supervisory Board	472	466	472	466

Staff costs classified as other comprehensive income are not included.

Notes 5 -
Financial Income and Financial Expenses

EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Interest income from subsidiaries	-	-	6,241	4,999
Interest income from affiliates	13	148	13	148
Other financial income	12,574	6,640	4,112	2,455
Total financial income	**12,587**	**6,788**	**10,366**	**7,602**
Interest expenses from affiliates	(529)	-	(529)	-
Other financial expenses	(16,389)	(15,114)	(13,967)	(6,655)
Total financial expenses	**(16,918)**	**(15,114)**	**(14,496)**	**(6,655)**
Total net financial income and expenses	**(4,331)**	**(8,326)**	**(4,130)**	**947**

Notes 6 -
Income Taxes

EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Income tax for the year	50,112	50,510	-	-
Prior-year adjustment	1,028	(226)	530	(1,896)
Adjustment of deferred tax	(11,648)	(20,928)	(4,332)	(10,754)
Total income tax	**39,492**	**29,356**	**(3,802)**	**(12,650)**

Notes 7 -
Intangible Assets 2022

EUR '000	Development projects completed	Patents, trademarks, licences	Software	Goodwill	Leasehold rights	Intangible assets in progress	Total
GROUP							
Cost at 1 January	1,088	6,831	86,194	122,717	4,243	11,585	232,658
Currency translation	270	-	92	40	25	(201)	226
Additions	-	709	3,276	862	-	13,684	18,531
Transferred	(202)	-	6,839	-	-	(6,637)	-
Disposals	(106)	-	(1,147)	(235)	-	-	(1,488)
Additions related to company investment	-	-	1,014	2,930	1,612	-	5,556
Cost at 31 December	**1,050**	**7,540**	**96,268**	**126,314**	**5,880**	**18,431**	**255,483**
Accumulated amortisation at 1 January	1,086	4,726	70,634	34,952	1,844	-	113,242
Currency translation	70	-	187	(115)	424	-	566
Amortisation	-	604	10,731	11,603	178	-	23,116
Transferred	-	-	-	-	-	-	-
Amortisation on disposals	(106)	-	(1,122)	(9)	-	-	(1,237)
Additions related to company investment	-	-	838	1,455	1,053	-	3,346
Accumulated amortisation at 31 December	**1,050**	**5,330**	**81,268**	**47,886**	**3,499**	**-**	**139,033**
Carrying amount at 31 December	**-**	**2,210**	**15,000**	**78,428**	**2,381**	**18,431**	**116,450**
PARENT COMPANY							
Cost at 1 January	-	12,829	68,694	7,911	-	11,384	100,818
Currency translation	-	-	-	1	-	-	1
Additions	-	709	810	-	-	13,474	14,993
Transferred	-	-	6,727	-	-	(6,638)	89
Disposals	-	-	(701)	-	-	-	(701)
Cost at 31 December	**-**	**13,538**	**75,530**	**7,912**	**-**	**18,220**	**115,200**
Accumulated amortisation at 1 January	-	10,727	55,166	7,738	-	-	73,631
Currency translation	-	-	(1)	1	-	-	-
Amortisation	-	604	9,227	111	-	-	9,942
Amortisation on disposals	-	-	(679)	-	-	-	(679)
Accumulated amortisation at 31 December	**-**	**11,331**	**63,713**	**7,850**	**-**	**-**	**82,894**
Carrying amount at 31 December	**-**	**2,207**	**11,817**	**62**	**-**	**18,220**	**32,306**
Amortisation period	5 years	5 years	3-5 years	5-10 years	5-10 years		

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

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

Notes 8 -
Property, plant, and Equipment 2022

EUR '000	Land and buildings	Plant and machinery	Fixtures and fittings, tools, and equipment	Property, plant, and equipment under construction	Total
GROUP					
Cost at 1 January	337,966	230,675	167,568	32,152	768,361
Currency translation	178	(71)	(527)	(495)	(915)
Additions	17,290	7,154	13,062	20,338	57,844
Transferred	10,099	4,061	5,134	(19,294)	-
Disposals	(3,925)	(2,454)	(7,834)	(55)	(14,268)
Additions related to company investment	35,719	-	18,332	-	54,051
Cost at 31 December	**397,327**	**239,365**	**195,735**	**32,646**	**865,073**
Accumulated depreciation at 1 January	173,843	186,924	126,426	-	487,193
Currency translation	1,022	(314)	(552)	-	156
Depreciation	19,968	15,969	21,612	-	57,549
Transferred	-	-	-	-	-
Depreciation on disposals	(3,051)	(3,452)	(7,356)	-	(13,859)
Additions related to company investment	27,709	-	13,495	-	41,204
Accumulated depreciation at 31 December	**219,491**	**199,127**	**153,625**	**-**	**572,243**
Carrying amount at 31 December	**177,836**	**40,238**	**42,110**	**32,646**	**292,830**
PARENT COMPANY					
Cost at 1 January	68,567	10,224	31,758	3,189	113,738
Currency translation	-	-	-	-	-
Additions	58	641	957	3,052	4,708
Transferred	166	1,196	1,672	(3,123)	(89)
Disposals	(436)	(119)	(1,480)	-	(2,035)
Cost at 31 December	**68,355**	**11,942**	**32,907**	**3,118**	**116,322**
Accumulated depreciation at 1 January	41,791	5,460	25,247	-	72,498
Currency translation	-	-	-	-	-
Depreciation	2,331	1,499	2,193	-	6,023
Depreciation on disposals	(345)	(114)	(1,427)	-	(1,886)
Accumulated depreciation at 31 December	**43,777**	**6,845**	**26,013**	**-**	**76,635**
Carrying amount at 31 December	**24,578**	**5,097**	**6,894**	**3,118**	**39,687**
Depreciation period	20-30 years	5-10 years	3-5 years		

Notes 9 -
Other non-current Assets, Subsidiaries

EUR '000	Investments in subsidiaries 2022	Investments in subsidiaries 2021	Receivables from subsidiaries 2022	Receivables from subsidiaries 2021
PARENT COMPANY				
Cost at 1 January	364,100	351,529	83,679	120,361
Additions	33,063	14,599	118,539	21,370
Disposals	-	(2,028)	(11,998)	(58,052)
Cost at 31 December	**397,163**	**364,100**	**190,220**	**83,679**
Accumulated revaluation at 1 January	316,776	253,277	-	-
Profit after tax of subsidiaries	65,785	56,136	-	-
Currency adjustment of foreign subsidiaries	(1,991)	33,146	-	-
Other adjustment	-	-	-	-
Adjustment of currency hedging of future sales in subsidiaries	(7,136)	7,011	-	-
Actuarial gains/(losses)	637	1,694	-	-
Amortisation and depreciation on goodwill	(10,188)	(10,188)	-	-
Dividend	(42,565)	(24,300)	-	-
Net revaluation	**(43,639)**	**63,499**	**-**	**-**
Accumulated revaluation at 31 December	**321,318**	**316,776**	**-**	**-**
Carrying amount at 31 December	**718,481**	**680,876**	**-**	**-**

Notes 10 -
Investments in Subsidiaries

	Country	Ownership interest	Share capital	
SHOE PRODUCTION				
Ecco'let (Portugal) - Fábrica de Sapatos, Lda.	Portugal	100%	8.270	t.EUR
ECCO Shoe Production Pte. Ltd.	Singapore	100%	16.000	t.USD
ECCO Slovakia, a.s.	Slovakia	100%	7.634	t.EUR
ECCO (Thailand) Co., Ltd.	Thailand	100%	1.100.000	t.THB
ECCO (Vietnam) Co. Ltd.	Vietnam	100%	226.095.000	t.VND
ECCO (Xiamen) Co. Ltd.	China	100%	15.600	t.USD
P.T. ECCO Indonesia	Indonesia	100%	23.000	t.USD
Xiamen ECCO Logistics Co. Ltd.	China	100%	150	t.CNY
TOOLING FACTORIES				
E-MOULDS&LASTS TOOLING SOLUTIONS, S.A.	Portugal	100%	200	t.EUR
EPIKO FOOTWEAR SOLUTIONS (THAILAND) COMPANY LIMITED	Thailand	100%	8.500	t.THB
LEATHER				
Danna Leather (Xiamen) Co. Ltd.	China	100%	3.175	t.USD
ECCO Leather B.V.	The Netherlands	100%	13.400	t.EUR
ECCO Tannery (Holland) B.V.	The Netherlands	100%	5.000	t.EUR
ECCO Tannery Holding (Singapore) Pte. Ltd.	Singapore	100%	16.965	t.EUR
ECCO Tannery (Thailand) Co., Ltd.	Thailand	100%	385.645	t.THB
ECCO Tannery (Xiamen) Co. Ltd.	China	100%	21.000	t.USD
PT. ECCO Tannery Indonesia	Indonesia	100%	37.403.550	t.IDR
Water Treatment Dongen B.V.	The Netherlands	100%	18	t.EUR
SALES				
ECCO Adriatic d.o.o. (Croatia)	Croatia	50%	20	t.HRK
ECCO Asia Pacific (Singapore) Pte. Ltd.	Singapore	100%	2.510	t.SGD
ECCO (Austria) GmbH	Austria	50%	35	t.EUR
ECCO Baltic SIA (Latvia)	Latvia	50%	3	t.EUR
ECCO (Belgium) BV	Belgium	50%	18.55	t.EUR
ECCO-BELROS LLC	Belarus	100%	20	t.USD
ECCO Business Management (Shanghai) Co. Ltd.	China	55%	2.000	t.USD
ECCO CACC Inc.	Panama	100%		
ECCO CACC Trading Inc.	Panama	100%	400	t.USD
ECCO China Wholesale Holding (Singapore) Pte. Ltd.	Singapore	55%	1.000	t.SGD
ECCO (Cyprus) Limited	Cyprus	50%	1	t.EUR
ECCO (Czech Republic) s.r.o.	Czech Republic	50%	200	t.CZK
ECCO (Danmark) A/S	Denmark	50%	1.000	t.DKK
ECCO (Deutschland) GmbH	Germany	50%	250	t.EUR
ECCO Distributors DAC	Ireland	25%	1	t.EUR
ECCO EMEA B.V.	The Netherlands	100%	23	t.EUR
ECCO EMEA Sales SE	The Netherlands	50%	121	t.EUR
ECCO Europe AG	Switzerland	50%	51.500	t.CHF
ECCO Service Center (Poland) sp. z.o.o.	Poland	50%	5	t.PLN
ECCO Footwear d.o.o. Beograd (Serbia)	Serbia	50%	1	t.RSD
ECCO Footwear Romania s.r.l.	Romania	50%	0.25	t.RON
ECCO Footwear, S.L.	Spain	50%	3	t.EUR
ECCO France S.A.S.	France	80%	1.250	t.EUR
ECCO Global Business Development B.V.	The Netherlands	100%	10	t.EUR
ECCO (Hungary) kft.	Hungary	50%	11.000	t.HUF
ECCO India Trading Private Limited	India	100%	66.830	t.INR
ECCO (ITALY) S.R.L.	Italy	50%	10	t.EUR
ECCO Japan Co. Ltd.	Japan	100%	100.000	t.JPY
ECCO Kenkä Oy (Finland)	Finland	50%	4.2	t.EUR
ECCO Korea Limited	Korea	100%	1.058.500	t.KRW

	Country	Ownership interest	Share capital	
SALES				
ECCO Kuwait Company for the sale of clothing, shoes and leather goods in retail WLL	Kuwait	100%	10	t.KRW
ECCO Latin America Holding Ltd. Inc.	Panama	100%	250	t.USD
ECCO Macao Limited	Macao	100%	25	t.MOP
ECCO Malaysia Sdn. Bhd.	Malaysia	100%	23.500	t.MYR
ECCO Middle East A/S	Denmark	100%	2,250	t.DKKE-
ECCO (Netherlands) B.V.	The Netherlands	50%	50	t.EUR
ECCO (Norway) AS	Norway	50%	30	t.NOK
ECCO Obutev SL d.o.o. (Slovenia)	Slovenia	50%	7.5	t.EUR
ECCO Philippines, Inc.	Philippines	50%	75	t.PHP
ECCO (Poland) sp. z.o.o.	Poland	50%	5,050	t.PLN
ECCO Real Estate LLC (dormant)	USA	100%	0	t.USD
ECCO Retail (Shanghai) Co. Ltd.	China	55%	3,000	t.USD
ECCO Retail (Slovakia) s.r.o.	Slovakia	50%	30	t.EUR
ECCO Retail LLC	USA	100%	2,300	t.USD
ECCO-ROS Kazhakhstan LLP	Kazhakhstan	100%	160	t.KZT
ECCO-ROS LTD.	Russia	100%	3,000	t.RUB
ECCO SALES Limited	UK	50%	10	t.GBP
ECCO Schuhe GmbH	Germany	100%	1,790	t.EUR
ECCO (Shanghai) Co. Ltd.	China	55%	2,100	t.USD
ECCO Shoes (NZ) Limited	New Zealand	100%	100	t.NZD
ECCO Shoes Canada, Inc.	Canada	100%	31,102	t.CAD
ECCO Shoes Hellas S.A. (dormant)	Greece	51%	60	t.EUR
ECCO Shoes Hong Kong Limited	Hong Kong	100%	3,000	t.HKD
ECCO Shoes India Private Limited	India	100%	340,000	t.INR
ECCO Shoes L.L.C	United Arab Emirates	100%	18,500	t.AED
ECCO Shoes Pacific Pty. Limited	Australia	100%	3,250	t.AUD
ECCO Shoes Trade Ltd.	Turkey	100%	30,466	t.TRY
ECCO (Sweden) AB	Sweden	50%	50	t.SEK
ECCO Switzerland AG	Switzerland	50%	100	t.CHF
ECCO Trading Co. Ltd.	Saudi Arabia	100%	30,000	t.SAR
ECCO USA, Inc.	USA	100%	7,500	t.USD
ECCO´Let Sales (Portugal) LDA	Portugal	50%	5	t.EUR
Xi'an ECCO Limited	China	44%	20,000	t.CNY
ACCESSORIES				
ECCO Accessories Ltd.	Switzerland	100%	2,250	t.CHF
OTHER				
ECCO Design Studio (Shanghai) Co. Ltd.	China	100%	2,000	t.USD
Eccolet Portugal ApS	Denmark	100%	200	t.DKK
High Street Properties Investment Ltd.	UK	55%	31,800	t.GBP

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

Notes 11 -
Participating Interest

EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Cost at 1 January	65.000	-	65.000	-
Additions	-	65.000	-	65.000
Disposal	(65.000)		(65.000)	
Cost at 31 December	**-**	**65.000**	**-**	**65.000**
Accumulated revaluation at 1 January	(32.968)	-	(32.968)	-
Result after tax of participarting interest	-	(16.887)	-	(16.887)
Internal margin on inventories	-	(12.745)	-	(12.745)
Amortisation and depreciation on goodwill	-	(3.336)	-	(3.336)
Revaluation on disposals	32.968	-	32.968	-
Net revaluation	32.968	(32.968)	32.968	(32.968)
Accumulated revaluation at 31 December	**-**	**(32.968)**	**-**	**(32.968)**
Carrying amount at 31 December	**-**	**32.032**	**-**	**32.032**

Notes 12 -
Deferred Tax 2022

EUR '000	Property, plant, and equipment	Inventories	Provisions	Other liabilities	Tax losses	Other	Total
GROUP							
Recognised at 1 January	(17,774)	30,404	6,394	26,717	24,941	(1,858)	68,824
Addition beginning of year	-	295	-	-	-	-	295
Recognised Income statement	31,907	209	(4,681)	(18,713)	(5,188)	6,914	10,448
Utilisation of tax loss	-	-	-	-	(11,449)	-	(11,449)
Recognised directly to equity	-	-	-	(2,917)	-	(23)	(2,940)
Total adjustment for the year	**31,907**	**504**	**(4,681)**	**(21,630)**	**(16,637)**	**6,891**	**(3,646)**
Recognised at 31 December	**14,133**	**30,908**	**1,713**	**5,087**	**8,304**	**5,033**	**65,178**
Deferred tax asset	-	-	-	-	-	-	75,043
Deferred tax liability	-	-	-	-	-	-	(9,865)
Recognised at 31 December	**-**	**-**	**-**	**-**	**-**	**-**	**65,178**
PARENT COMPANY							
Recognised at 1 January	1,371	4,314	35	5,553	11,400	9,305	31,978
Recognised Income statement	699	(4,462)	1	-	1,562	6,042	3,842
Utlilisation of tax loss	-	-	-	-	(11,449)	-	(11,449)
Recognised directly to equity	-	-	-	(4,023)	-	(23)	(4,046)
Total adjustment for the year	**699**	**(4,462)**	**1**	**(4,023)**	**(9,887)**	**6,019**	**(11,653)**
Recognised at 31 December	**2,070**	**(148)**	**36**	**1,530**	**1,513**	**15,324**	**20,325**
Deferred tax asset	-	-	-	-	-	-	20,325
Deferred tax liability	-	-	-	-	-	-	-
Recognised at 31 December	**-**	**-**	**-**	**-**	**-**	**-**	**20,325**

Notes 13 -
Prepayments

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

Notes 14 -
Provision for Pensions

	Group	
EUR '000	2022	2021
The provision for pensions is due as follows:		
< 1 year	1,093	853
1-5 years	4,605	5,283
> 5 years	16,224	22,777
Total	**21,922**	**28,913**

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

Notes 15 -
Non-current Liabilities

	Group		Parent Company	
EUR '000	2022	2021	2022	2021
Non-current liabilities due more than five years after the end of the financial year	18,423	10,322	3,916	5,469

Notes 16 -
Other Payables

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

Notes 17 -
Financial Instruments

EUR '000

DERIVATIVE FINANCIAL INSTRUMENTS

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

CURRENCY FORWARD CONTRACTS

Fair value hedges:
The Group has covered part of the currency risk on existing receivables, payables, bank deposits and loans.
At year end, the Group had entered into the following contracts (net sale of currency):

Currency	Principal value of unrealised forward contracts end 2022 in EUR '000	Principal value of unrealised forward contracts end 2021 in EUR '000
EUR	108,017	12,846
CNY	(9,912)	(20,619)
CAD	(15,784)	(3,437)
USD	(107,310)	(83,532)
AUD	(3,022)	(2,043)
CHF	-	(146)
KRW	(3,622)	(2,363)
NOK	21,327	6,359
HKD	(1,999)	(509)
IDR	1,991	6,294
SGD	25,766	21,526
THB	4,235	3,331
SEK	12,547	8,754
Others	6,240	902
Total	**38,474**	**(52,637)**

CASHFLOW HEDGES & INTEREST RATE SWAPS:

The Group has covered part of the currency risk on future sales and purchases.
The Group has entered into interest rate swaps to cover part of the risk of interest fluctuations.

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

	Principal value of unrealised forward contracts & Interest rate swaps		Fair value adjustment on Equity begin/end of	
	2022 in EUR '000	2021 in EUR '000	2022 in EUR '000	2021 in EUR '000
Cashflow hedges	390,088	394,695	4,233	(16,476)
Interest rate swaps fixing the interest rate	5,130	-	5,130	568

In 2022, there has been the following fair value adjustments of financial instruments:

	Fair value of financial instruments		Fair value adjustments through the equity		Fair value adjustments through the Income statement	
	Group in EUR '000	Parent Company in EUR '000	Group in EUR '000	Parent Company in EUR '000	Group in EUR '000	Parent Company in EUR '000
Financial instruments	(13,094)	(10,008)	9,362	18,492	(4,011)	(3,369)

Notes 18 -
Contingent Liabilities and Guarantees, etc.

EUR '000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
CONTINGENT LIABILITIES				
Rent and lease liabilities	216,501	141,224	1,734	1,088
Guarantees and letters to suppliers	4,598	2,538	3,345	-
Guarantees and letters to subsidiaries	-	-	-	-
COLLATERAL SECURITY				
The following assets have been pledged in security of the Group's loans from credit institutions and other non-current liabilities:				
Bearer mortgages on property, plant, and equipment	21,381	21,381	21,381	21,381
Guarantee for import duty	4,054	6,835	-	2,002
Personnel obligations	39	39	-	-
PLEDGED ASSETS				
Book value of assets pledged in security of the Group's loans from credit institutions and other non-current liabilities	24,213	26,322	22,510	24,527

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, and royalties within the joint taxation group. Taxes paid in the joint taxation for 2022 do not exceed the total provisions regarding company taxes and withholding taxes on dividend, interest, and royalties by as per 31 December 2022. 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 19 -
Fees to Auditors appointed at the Annual General Meeting

EUR '000	Group 2022	Group 2021
Auditor's fee	1,698	1,161
Other assurance services and statements	84	74
Tax advisory services	141	220
Other assistance	75	12
Total	**1,998**	**1,467**

Notes 20 -
Related Parties

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

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

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

TRANSACTIONS WITH RELATED PARTIES

	Group		Parent Company	
EUR '000	2022	2021	2022	2021
Sale of goods to subsidiaries	-	-	163,822	134,990
Sale of goods to related parties	-	173,226	(1)	136,038
Purchase of goods from subsidiaries	-	-	-	(85,974)
Purchase of legal assistance etc. from parent company	(1,776)	1,522	(1,776)	(1,586)
Interest income from subsidiaries	-	-	62	-
Interest expense to subsidiaries	-	-	(495)	-
Interest income from related parties	13	281	13	346
Interest expenses to related parties	(529)	43	(529)	18
Receivables from subsidiaries	-	-	344,430	103,597
Receivables from affiliated companies	50	16,961	1	15,020
Payables to subsidiaries	-	-	385,573	107,052
Payables to affiliated companies	31,679	76,515	31,518	74,527

Besides distribution of dividend and legal assistance, no other transactions were carried out with shareholders in the year.

Remuneration/fees to members of the Managing Board and Supervisory Board of the Parent Company are reflected in note 4.

Notes 21 -
Proposed Profit Allocation

EUR '000	Parent Company 2022	Parent Company 2021
Revaluation reserve for undistributed profit in subsidiaries	55,597	45,948
Retained earnings	(40,945)	(94,902)
Proposed dividend	25,000	25,000
Profit for the year	**39,652**	**(23,954)**

Notes 22 -
Significant Events after the end of the Financial Year

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

Group Structure
as of 31 December 2022

ECCO SKO A/S

SUBSIDIARIES, SALES

SWITZERLAND
ECCO ACCESSORIES LTD.

THE NETHERLANDS
ECCO GLOBAL BUSINESS DEVELOPMENT B.V.

CHINA
ECCO DESIGN STUDIO (SHANGHAI) CO. LTD.

REGION EUROPE, MIDDLE EAST & AFRICA

ECCO EUROPE AG

AUSTRIA
ECCO (Austria) GmbH

BELGIUM
ECCO (Belgium) SPRL

CROATIA
ECCO Adriatic d.o.o.

CYPRUS
KRM (Cyprus) Limited
ECCO (Cyprus) Limited

CZECH REPUBLIC
ECCO (Czech Republic) s.r.o.

DENMARK
ECCO (Danmark) A/S

FINLAND
ECCO Kenkä Oy

GERMANY
ECCO (Deutschland) GmbH

HUNGARY
ECCO (Hungary) kft.

IRELAND (JV)
ECCO Distributors DAC

ITALY
ECCO (Italy) SRL

LATVIA
ECCO Baltic SIA

THE NETHERLANDS
ECCO (Netherlands) B.V.

NORWAY
ECCO (Norway) AS

POLAND
ECCO (Poland) sp. z.o.o.

POLAND
ECCO Service Center (Poland) sp. z.o.o

PORTUGAL
ECCO'Let Sales (Portugal) LDA

ROMANIA
ECCO Footwear Romania s.r.l.

SERBIA
ECCO Footwear d.o.o. Beograd

SLOVAKIA
ECCO Retail (Slovakia) s.r.o.

SLOVENIA
ECCO Obutev SL d.o.o.

SPAIN
ECCO Footwear, S.L.

SWEDEN
ECCO (Sweden) AB

SWITZERLAND
ECCO Switzerland AG

UK
ECCO Sales Limited

THE NETHERLANDS
ECCO EMEA Sales SE

- **AUSTRIA *(branch)***
  ECCO EMEA Sales SE
- **BELGIUM *(branch)***
  ECCO EMEA Sales SE
- **DENMARK *(branch)***
  ECCO EMEA Sales SE
- **FINLAND *(branch)***
  ECCO EMEA Sales SE
- **FRANCE *(branch)***
  ECCO EMEA Sales SE
- **ITALY *(branch)***
  ECCO EMEA Sales SE
- **LATVIA *(branch)***
  ECCO EMEA Sales SE
- **NORWAY *(branch)***
  ECCO Norway
- **SPAIN *(branch)***
  ECCO EMEA Sales SE
- **SWEDEN *(branch)***
  ECCO EMEA Sales SE
- **SWITZERLAND *(branch)***
  ECCO EMEA Sales SE
- **UK *(branch)***
  ECCO EMEA Sales SE

THE NETHERLANDS
ECCO EMEA B.V.

GERMANY
ECCO Schuhe GmbH

FRANCE (JV)
ECCO France S.A.S.

RUSSIA
ECCO-ROS LTD

- **KAZHAKHSTAN**
  ECCO-ROS Kazakhstan LLP
- **BELARUS**
  ECCO-BELROS LLC

DENMARK
ECCO Middle East A/S

- UNITED ARAB EMIRATES *(branch)*
  ECCO Middle East Branch

SAUDI ARABIA
ECCO Trading Co. Ltd

TURKEY
ECCO Shoes Trade Ltd.

UNITED ARAB EMIRATES
ECCO Shoes L.L.C

KUWAIT
ECCO Kuwait Company WLL

Dormant companies/branches and investment companies have been omitted.

SUBSIDIARIES, PRODUCTION

REGION ECCO AMERICAS

USA
ECCO USA, Inc.

- **USA**
  ECCO Retail LLC

CANADA
ECCO Shoes Canada, Inc.

PANAMA
ECCO Latin America Holding Ltd. Inc.

- **PANAMA**
  ECCO CACC Trading Inc.
  - **PANAMA**
    ECCO CACC Inc.

REGION GREATER CHINA

SINGAPORE
ECCO Asia Pacific (Singapore) Pte. Ltd.

- **SINGAPORE (JV)**
  ECCO China Wholesale Holding (Singapore) Pte. Ltd.
  - **CHINA**
    ECCO Business Management (Shanghai) Co. Ltd.
  - **CHINA**
    ECCO (Shanghai) Co. Ltd.
    - **CHINA (JV)**
      Xi'an ECCO Limited
  - **CHINA**
    ECCO Retail (Shanghai) Co. Ltd.
- **HONG KONG**
  ECCO Shoes Hong Kong Limited
  - **MACAO**
    ECCO Macao Limited
  - **TAIWAN *(branch)***
    ESHK Ltd. Taiwan Branch

REGION ECCO ASIA/PACIFIC

- **AUSTRALIA**
  ECCO Shoes Pacific Pty. Limited
- **NEW ZEALAND**
  ECCO Shoes (NZ) Limited
- **INDIA**
  ECCO Shoes India Private Limited
- **INDIA**
  ECCO India Trading Private Limited
- **JAPAN**
  ECCO Japan Co. Ltd.
- **KOREA**
  ECCO Korea Limited
- **MALAYSIA**
  ECCO Malaysia Sdn. Bhd.
- **PHILIPPINES (JV)**
  ECCO Philippines, Inc.

ECCO SHOE FACTORIES

INDONESIA
PT. ECCO Indonesia

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

SINGAPORE
ECCO Shoe Production Pte. Ltd.

- **CHINA**
  ECCO (Xiamen) Co. Ltd.
  - **CHINA**
    Xiamen ECCO Logistics Co. Ltd.

SLOVAKIA
ECCO Slovakia, a.s.

THAILAND
ECCO (Thailand) Co., Ltd.

VIETNAM
ECCO (Vietnam) Co. Ltd.

TOOLING FACTORIES

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

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

ECCO LEATHER

THE NETHERLANDS
ECCO Leather B.V.

- **THE NETHERLANDS**
  ECCO Tannery (Holland) B.V.
  - **THE NETHERLANDS**
    Water Treatment Dongen B.V.
- **INDONESIA**
  PT. ECCO Tannery Indonesia
- **SINGAPORE**
  ECCO Tannery Holding (Singapore) Pte. Ltd.
  - **CHINA**
    ECCO Tannery (Xiamen) Co. Ltd.
  - **CHINA**
    Danna Leather (Xiamen) Co. Ltd.
- **THAILAND**
  ECCO Tannery (Thailand) Co., Ltd.

ECCO Sko A/S
Industrivej 5
6261 Bredebro
Denmark
ecco.com
A/S Reg. No. 43.088
CVR No. 45 34 99 18