

Sports Connection Holding ApS
Industrivej 68, 6740 Bramming

Annual report

2017

Company reg. no. 37 29 79 09

The annual report have been submitted and approved by the general meeting on the 8 June 2018.



Peter Jørgensen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of Sports Connection Holding ApS for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 December 2017, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2017.

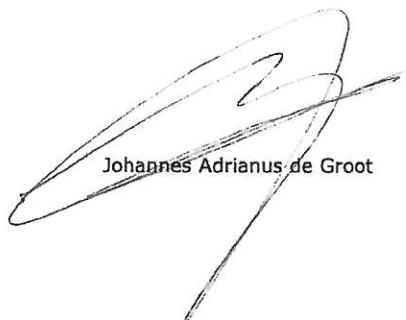
We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Bramming, 6 June 2018

Executive board


Peter Jørgensen


Johannes Adrianus de Groot

Independent auditor's report

To the shareholders of Sports Connection Holding ApS

Opinion

We have audited the consolidated annual accounts and the annual accounts of Sports Connection Holding ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2017 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts and the annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Independent auditor's report

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

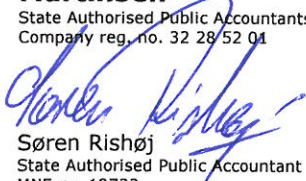
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Esbjerg, 6 June 2018

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01



Søren Rishøj
State Authorised Public Accountant
MNE-nr. 19733

Company data

The company	Sports Connection Holding ApS Industrivej 68 6740 Bramming Company reg. no. 37 29 79 09 Financial year: 1 January - 31 December 2nd financial year
Executive board	Peter Jørgensen Johannes Adrianus de Groot
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Edison Park 4 6715 Esbjerg N
Parent company	Jørgensen Holding ApS
Subsidiaries	Sports Connection ApS, Bramming Skechers Retail Danmark ApS, Bramming Sports Connection Norge AS, Norge Skechers Retail Sverige AB, Sverige Sports Connection Finland OY, Finland Skechers Retail Norge AS, Norge Sports Connection Sverige AB, Sverige

Consolidated financial highlights

DKK in thousands.	<u>2017</u>	<u>2016</u>
Profit and loss account:		
Gross profit	61.320	40.564
Results from operating activities	40.047	24.634
Net financials	-6.726	2.790
Results for the year	25.467	20.419
Balance sheet:		
Balance sheet sum	90.934	66.244
Equity	41.109	42.454
Cash flow:		
Operating activities	21.978	8.105
Investment activities	-9.277	-4.605
Financing activities	-26.700	0
Cash flow in total	-13.999	3.500
Employees:		
Average number of full time employees	42	27

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Management's review

The principal activities of the group

The company's main activity is to own shares in other companies.

The group's main activity is wholesale of shoes in the Nordic countries.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 25.466.608 against DKK 25.684.604 last year. The management consider the results satisfying.

Special risks

Management believes that the company is not affected by particular risks beyond the usual risks in the industry.

Exchange rate risks:

The company is constantly fuse protection of its foreign currency positions on budgeted purchases and sales.

Environmental issues

The Group is environmentally aware and continuously works to reduce the environmental impact from its operations. The company's operations already have a minimal environmental impact

Research and development activities

There are no research and development activities in the company.

The expected development

Management expects continued positive development in the company and in the Group. There budgeted profit for 2018 at the level of the realized profit for 2017.

Events subsequent to the financial year

No events has occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Branches abroad

The company has five branches in the Nordic region. The main activities of the branches are retail of shoes.

Branches abroad are:

Sports Connection Norge AS, Norway

Skechers Retail Norge AS, Norway

Sketchers Retail Sverige AB, Sweden

Sports Connection Sweden AB, Sweden.

Sports Connection Finland OY, Finland.

Accounting policies used

The annual report for Sports Connection Holding ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Accounting policies used

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Sports Connection Holding ApS and those group enterprises of which Sports Connection Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, and external costs.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Accounting policies used

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent company and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Accounting policies used

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leasing contracts

Leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

In connection with the acquisition of new group enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Accounting policies used

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Deposits

Deposits are measured at nominal value.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Sports Connection Holding ApS is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Accounting policies used

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note	Group		Parent company	
	2017	2016	2017	2016
Gross profit	61.320.463	40.563.891	-125.000	-25.000
1 Staff costs	-20.465.416	-15.298.090	0	0
Depreciation and writedown relating to tangible fixed assets	-1.304.425	-631.879	0	0
Other operating income	496.345	0	0	0
Operating profit	40.046.967	24.633.922	-125.000	-25.000
2 Income from equity investments in group enterprises	0	0	25.578.936	25.746.867
Other financial income	265.049	3.438.904	0	0
3 Other financial costs	-6.990.757	-648.868	-18.986	-51.167
Results before tax	33.321.259	27.423.958	25.434.950	25.670.700
4 Tax on ordinary results	-7.854.652	-7.005.370	31.658	13.904
Results for the year	25.466.607	20.418.588	25.466.608	25.684.604
The group's results are as follows:				
Shareholders in Sports Connection Holding ApS	25.466.607	20.418.588		
	25.466.607	20.418.588		

Proposed distribution of the results:

Extraordinary dividend adopted during the financial year	5.700.000	0
Reserves for net revaluation as per the equity method	-1.117.387	20.974.159
Dividend for the financial year	19.000.000	21.000.000
Allocated to results brought forward	1.883.995	0
Allocated from results brought forward	0	-16.289.555
Distribution in total	25.466.608	25.684.604

Balance sheet 31 December

All amounts in DKK.

Note	Group		Parent company		
	2017	2016	2017	2016	
Assets					
Fixed assets					
5	Other plants, operating assets, and fixtures and furniture	4.142.527	2.847.850	0	0
	Tangible fixed assets in total	4.142.527	2.847.850	0	0
6	Equity investments in group enterprises	0	0	44.998.642	39.274.621
	Deposits	450.449	123.781	0	0
	Financial fixed assets in total	450.449	123.781	44.998.642	39.274.621
	Fixed assets in total	4.592.976	2.971.631	44.998.642	39.274.621
Current assets					
7	Manufactured goods and trade goods	52.286.302	34.004.727	0	0
	Inventories in total	52.286.302	34.004.727	0	0
	Trade debtors	18.077.846	15.861.875	0	0
	Amounts owed by group enterprises	832.421	0	186.272	4.128.157
	Deferred tax assets	18.939	216.834	0	0
	Tax receivables from group enterprises	0	0	45.562	13.904
	Other debtors	1.838.390	3.718.137	0	0
	Accrued income and deferred expenses	1.420.563	1.868.939	0	0
	Debtors in total	22.188.159	21.665.785	231.834	4.142.061
	Other securities and equity investments	0	20.987	0	0
	Securities in total	0	20.987	0	0
	Available funds	11.866.546	7.580.415	618.449	18.845
	Current assets in total	86.341.007	63.271.914	850.283	4.160.906
	Assets in total	90.933.983	66.243.545	45.848.925	43.435.527

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note	Group		Parent company	
	2017	2016	2017	2016
Equity				
8	50.000	50.000	50.000	50.000
9	0	0	19.856.772	20.974.159
10	41.059.232	42.403.604	2.202.460	429.445
11	0	0	19.000.000	21.000.000
	<u>41.109.232</u>	<u>42.453.604</u>	<u>41.109.232</u>	<u>42.453.604</u>
Equity before non-controlling interest.				
	<u>41.109.232</u>	<u>42.453.604</u>	<u>41.109.232</u>	<u>42.453.604</u>
Equity in total	<u>41.109.232</u>	<u>42.453.604</u>	<u>41.109.232</u>	<u>42.453.604</u>
Provisions				
Other provisions	0	0	0	927.292
Provisions in total	<u>0</u>	<u>0</u>	<u>0</u>	<u>927.292</u>
Liabilities				
Bank debts	18.439.419	0	0	0
Trade creditors	14.019.064	10.254.012	75.000	12.500
Debt to group enterprises	0	0	4.664.692	0
Corporate tax	426.188	7.055.749	0	0
Tax payables to group enterprises	7.255.006	0	0	0
Other debts	9.201.230	6.299.825	1	42.131
Accrued expenses and deferred income	483.844	180.355	0	0
Short-term liabilities in total	<u>49.824.751</u>	<u>23.789.941</u>	<u>4.739.693</u>	<u>54.631</u>
Liabilities in total	<u>49.824.751</u>	<u>23.789.941</u>	<u>4.739.693</u>	<u>54.631</u>
Equity and liabilities in total	<u>90.933.983</u>	<u>66.243.545</u>	<u>45.848.925</u>	<u>43.435.527</u>

12 Mortgage and securities**13 Contingencies****14 Related parties**

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note	Group	
	2017	2016
Results for the year	25.466.607	20.418.588
15 Adjustments	22.592.011	13.263.182
16 Change in working capital	-12.250.685	-20.756.106
Cash flow from operating activities before net financials	35.807.933	12.925.664
Interest received and similar amounts	310.165	0
Interest paid and similar amounts	-7.035.873	-714.951
Cash flow from ordinary activities	29.082.225	12.210.713
Corporate tax paid	-7.104.041	-4.105.741
Cash flow from operating activities	21.978.184	8.104.972
Purchase of tangible fixed assets	-2.709.893	-2.975.730
Sale of tangible fixed assets	56.000	0
Purchase of financial fixed assets	-6.623.507	-1.629.398
Cash flow from investment activities	-9.277.400	-4.605.128
Dividend paid	-26.700.000	0
Cash flow from financing activities	-26.700.000	0
Changes in available funds	-13.999.216	3.499.844
Available funds 1 January 2017	7.426.343	4.080.571
Available funds 31 December 2017	-6.572.873	7.580.415
Available funds		
Available funds	11.866.546	7.580.415
Bank debt	-18.439.419	0
Available funds 31 December 2017	-6.572.873	7.580.415

Notes

All amounts in DKK.

	Group		Parent company	
	2017	2016	2017	2016
1. Staff costs				
Salaries and wages	17.420.291	13.361.597	0	0
Pension costs	1.393.024	1.024.466	0	0
Other costs for social security	997.566	844.161	0	0
Other staff costs	654.535	67.866	0	0
	20.465.416	15.298.090	0	0
Executive board and board of directors	979.247	974.970	0	0
Average number of employees	42	27	0	0
2. Income from equity investments in group enterprises				
Sports Connection ApS	0	0	25.322.980	37.828.697
Income from Sketchers Retail Danmark ApS	0	0	731.784	-365.348
Income from Sports Connection Norge AS	0	0	1.213.372	848.375
Income from Sketchers Retail Sverige AB	0	0	-203.722	156.691
Income from Sports Connection OY	0	0	-47.207	-556.391
Income from Sketchers Norge AS	0	0	-423.474	-116.323
Income from Sports Connection Sverige AB	0	0	697.203	0
Internal profit	0	0	-1.712.000	0
Amortisation of goodwill for the year	0	0	0	-12.048.834
	0	0	25.578.936	25.746.867
3. Other financial costs				
Financial costs, group enterprises	0	0	0	51.151
Other financial costs	6.990.757	648.868	18.986	16
	6.990.757	648.868	18.986	51.167

Notes

All amounts in DKK.

4. Tax on ordinary results

Tax of the results for the year	7.854.652	7.017.870	-31.658	-13.904
Adjustment for the year of deferred tax	0	-12.500	0	0
	7.854.652	7.005.370	-31.658	-13.904

	Group		Parent company	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
5. Other plants, operating assets, and fixtures and furniture				
Cost 1 January 2017	5.058.543	2.375.504	0	0
Additions during the year	2.709.893	2.975.721	0	0
Disposals during the year	-168.630	0	0	0
Cost 31 December 2017	7.599.806	5.351.225	0	0
Depreciation and writedown 1 January 2017	-2.314.269	-1.871.497	0	0
Depreciation for the year	-1.250.361	-631.878	0	0
Reversal of depreciation, amortisation and writedown, assets disposed of	107.351	0	0	0
Depreciation and writedown 31 December 2017	-3.457.279	-2.503.375	0	0
Book value 31 December 2017	4.142.527	2.847.850	0	0

Notes

All amounts in DKK.

	Group		Parent company	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
6. Equity investments in group enterprises				
Acquisition sum, opening balance 1 January 2017	0	0	18.300.462	16.769.000
Additions during the year	0	0	6.183.357	1.531.462
Cost 31 December 2017	0	0	24.483.819	18.300.462
Revaluations, opening balance 1 January 2017	0	0	32.095.701	0
Results for the year before goodwill amortisation	0	0	27.290.936	37.795.701
Dividend	0	0	-25.000.000	-5.700.000
Currency adjustment, 1. January 2017	0	0	-110.980	0
Internal profit	0	0	-1.712.000	0
Revaluation 31 December 2017	0	0	32.563.657	32.095.701
Amortisation of goodwill, opening balance 1 January 2017	0	0	-12.048.834	0
Amortisation of goodwill for the year	0	0	0	-12.048.834
Depreciation on goodwill 31 December 2017	0	0	-12.048.834	-12.048.834
Transferred to provisions	0	0	0	927.292
Set off against debtors and provisions for liabilities	0	0	0	927.292
Book value 31 December 2017	0	0	44.998.642	39.274.621
Group enterprises:				
			Domicile	Share of ownership
Sports Connection ApS			Bramming	100 %
Skechers Retail Danmark ApS			Bramming	100 %
Sports Connection Norge AS			Norge	100 %
Skechers Retail Sverige AB			Sverige	100 %
Sports Connection Finland OY			Finland	100 %

Notes

All amounts in DKK.

Skechers Retail Norge AS	Norge	100 %
Sports Connection Sverige AB	Sverige	100 %

7. Manufactured goods and trade goods

Manufactured goods, trade goods	52.286.302	34.004.727	0	0
	52.286.302	34.004.727	0	0

	Group		Parent company	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
8. Contributed capital				
Contributed capital 1 January 2017	50.000	50.000	50.000	50.000
	50.000	50.000	50.000	50.000
9. Reserves for net revaluation as per the equity method				
Reserves for net revaluation 1 January 2017	0	0	20.974.159	0
Share of results	0	0	-1.117.387	20.974.159
	0	0	19.856.772	20.974.159

Notes

All amounts in DKK.

10. Results brought forward

Results brought forward 1 January 2017	0	0	429.445	0
Transferred from share premium account	0	0	0	16.719.000
Profit or loss for the year brought forward	41.059.232	42.403.604	1.883.995	-16.289.555
Extraordinary dividend adopted during the financial year	0	0	5.700.000	0
Distributed extraordinary dividend adopted during the financial year.	0	0	-5.700.000	0
Currency adjustment, equity investments 1 January 2017	0	0	-110.980	0
	41.059.232	42.403.604	2.202.460	429.445

Notes

All amounts in DKK.

	Group		Parent company	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
11. Proposed dividend for the financial year				
Dividend 1 January 2017	0	0	21.000.000	0
Distributed dividend	0	0	-21.000.000	0
Dividend for the financial year	0	0	19.000.000	21.000.000
	0	0	19.000.000	21.000.000

12. Mortgage and securities

For bank debts, DKK ('000) 18.153, the company has provided security in company assets representing a nominal value of DKK ('000) 13.000. This security comprises the below assets, stating the book values:

Inventories	DKK 43.430.000
Receivable from sales and services	DKK 14.132.000
Fixtures, operating assets and furniture	DKK 1.007.000

The Company's bank has made total payment guarantee of DKK ('000) 783 for the security of the company's liability to rent contracts.

For the security of the subsidiary's engagement with the bank, a debtor has been provided by the parent company.

13. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered operational leasing contracts with an average annual leasing payment of DKK ('000) 1.738. The leasing contracts have between 0 and 46 months left to run, and the total outstanding leasing payment is DKK ('000) 2.824.

Notes

All amounts in DKK.

Contingencies (continued)

Contingent liabilities (continued)

Other liabilities

The company has entered rental agreements with an annual rent of approx DKK ('000) 4.797.

The total rent obligation amounts to DKK ('000) 7.452.

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Warranty commitments and other contingent liabilities

Total letter of credit guarantees amounts to DKK ('000) 8.290.

Joint taxation

Jørgensen Holding ApS, company reg. no 21250090 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

14. Related parties

Controlling interest

Jørgensen Holding ApS
 Industrivej 68
 6740 Bramming
 Danmark

Majority shareholder

Notes

All amounts in DKK.

	Group	
	2017	2016
15. Adjustments		
Depreciation and amortisation	1.255.643	631.879
Group contribution	5.043.997	0
Other financial income	-310.165	-3.504.988
Other financial costs	7.035.873	714.951
Other adjustments from equity investments	0	8.358.469
Tax on ordinary results	7.854.663	7.005.371
Internal profit	1.712.000	0
Other adjustments	0	57.500
	22.592.011	13.263.182
16. Change in working capital		
Change in inventories	-20.551.472	-14.793.638
Change in debtors	-16.524.845	-14.766.720
Change in trade creditors and other liabilities	24.825.632	8.614.094
Other changes in working capital	0	190.158
	-12.250.685	-20.756.106