


Skechers Retail Danmark ApS
c/o Sports Connection ApS, Industrivej 68, 6740 Bramming

Annual report
1 January - 31 December 2017

Company reg. no. 37 30 66 49

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 users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of Skechers Retail Danmark 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 annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities 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.

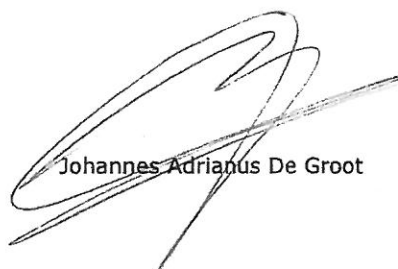
The annual report is recommended for approval by the general meeting.

Bramming, 6 June 2018

Executive board



Peter Jørgensen



Johannes Adrianus De Groot

Independent auditor's report

To the shareholder of Skechers Retail Danmark ApS

Opinion

We have audited the annual accounts of Skechers Retail Danmark ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations 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 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 annual accounts

The management is responsible for the preparation of 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 annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating 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 annual accounts, unless the management either intends to liquidate 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 annual accounts

Our objectives are to obtain reasonable assurance about whether 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 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 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on 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.

Independent auditor's report

In connection with our audit of 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 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 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	Skechers Retail Danmark ApS c/o Sports Connection ApS, Industrivej 68 6740 Bramming Company reg. no. 37 30 66 49 Financial year: 1 January 2017 - 31 December 2017 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

Management's review

The principal activities of the company

The company's activity include retail and others related activities.

Development in activities and financial matters

The results after tax are DKK 731.784 against DKK -365.348 last year. The management consider the results satisfactory.

Events subsequent to the financial year

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

Accounting policies used

The annual report for Skechers Retail Danmark ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

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

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Accounting policies used

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 and premises.

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.

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.

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 company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group 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

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

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Accounting policies used

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>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.

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 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.

Available funds

Available funds comprise cash at bank and in hand.

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, Skechers Retail Danmark 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.

Liabilities

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

Profit and loss account

All amounts in DKK.

<u>Note</u>	1/1 2017 - 31/12 2017	16/12 2015 - 31/12 2016
Gross profit	2.741.303	301.925
1 Staff costs	-1.746.954	-772.807
Depreciation and writedown relating to tangible fixed assets	-53.914	0
Operating profit	940.435	-470.882
Other financial income	1.288	6.635
Other financial costs	-3.187	-1.333
Results before tax	938.536	-465.580
2 Tax on ordinary results	-206.752	100.232
Results for the year	731.784	-365.348
Proposed distribution of the results:		
Allocated to results brought forward	731.784	0
Allocated from results brought forward	0	-365.348
Distribution in total	731.784	-365.348

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2017</u>	<u>2016</u>
Fixed assets		
Other plants, operating assets, and fixtures and furniture	82.838	0
Tangible fixed assets in total	<u>82.838</u>	<u>0</u>
Fixed assets in total	<u>82.838</u>	<u>0</u>
Current assets		
Manufactured goods and trade goods	3.943.930	991.892
Inventories in total	<u>3.943.930</u>	<u>991.892</u>
Amounts owed by group enterprises	100.232	0
Tax receivables from group enterprises	0	100.232
Other debtors	324.813	156.458
Debtors in total	<u>425.045</u>	<u>256.690</u>
Available funds	<u>1.393.875</u>	<u>65.235</u>
Current assets in total	<u>5.762.850</u>	<u>1.313.817</u>
Assets in total	<u>5.845.688</u>	<u>1.313.817</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities		
Equity		
3 Contributed capital	50.000	50.000
4 Results brought forward	1.466.436	-365.348
Equity in total	1.516.436	-315.348
Provisions		
Provisions for deferred tax	4.000	0
Provisions in total	4.000	0
Liabilities		
Trade creditors	155.653	22.575
Debt to group enterprises	3.089.601	1.469.084
Tax payables to group enterprises	202.752	0
Other debts	877.246	137.506
Short-term liabilities in total	4.325.252	1.629.165
Liabilities in total	4.325.252	1.629.165
Equity and liabilities in total	5.845.688	1.313.817
5 Mortgage and securities		
6 Contingencies		

Notes

All amounts in DKK.

	1/1 2017 - 31/12 2017	16/12 2015 - 31/12 2016
1. Staff costs		
Salaries and wages	1.611.315	695.251
Pension costs	70.239	58.604
Other costs for social security	26.033	10.034
Other staff costs	39.367	8.918
	1.746.954	772.807
Average number of employees	8	3
2. Tax on ordinary results		
Tax of the results for the year	202.752	-100.232
Adjustment for the year of deferred tax	4.000	0
	206.752	-100.232
3. Contributed capital		
Contributed capital 1 January 2017	50.000	50.000
	50.000	50.000
4. Results brought forward		
Results brought forward 1 January 2017	-365.348	0
Profit or loss for the year brought forward	731.784	-365.348
Capital injections	1.100.000	0
	1.466.436	-365.348
5. Mortgage and securities		
The Company's bank has made total payment guarantee of DKK 783.000 for the security of the company's liability to leasing contracts.		

Notes

All amounts in DKK.

6. Contingencies

Contingent liabilities

The company has a lease obligation regarding the lease ind Taastrup. The annual rent is regulated by the company's revenue. The lease has a notice period of 6 months.

The company has a lease obligation regarding the lease ind Køge. The annual rent is regulated by the company's revenue. The company is bound to August 1, 2022 after which there is a notice period of 6 months.

The company has a lease obligation regarding the lease ind Ringsted. The annual rent is regulated by the company's revenue. The company is bound to July 1, 2021 after which there is a notice period of 6 months.

Joint taxation

Jørgensens Holding ApS, company reg. no 21 25 00 90 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.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

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