


Skechers Retail Danmark ApS
c/o Sports Connection ApS, Kvaglundvej 89, 6705 Esbjerg Ø

Annual report

2018

Company reg. no. 37 30 66 49

The annual report was submitted and approved by the general meeting on the 7 May 2019.



Peter Jørgensen
Chairman of the meeting

Contents

Page

Reports

- 1 Management's report
- 2 Independent auditor's report

Management's review

- 5 Company data
- 6 Management's review

Annual accounts 1 January - 31 December 2018

- 7 Accounting policies used
- 11 Profit and loss account
- 12 Balance sheet
- 14 Notes

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 Skechers Retail Danmark ApS for the financial year 1 January to 31 December 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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.

Esbjerg Ø, 7 May 2019

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 2018, 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 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing 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.

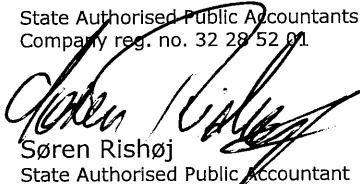
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

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, 7 May 2019

Martinsen

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



Søren Rishøj
State Authorised Public Accountant
mne19733

Company data

The company

Skechers Retail Danmark ApS
c/o Sports Connection ApS, Kvaglundvej 89
6705 Esbjerg Ø

Company reg. no. 37 30 66 49

Financial year: 1 January 2018 - 31 December 2018
3rd 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 -46.372 against DKK 731.784 last year. The management consider the results unsatisfactory.

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. 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).

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.

Accounting policies used

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.

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

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 1-5 years.

Accounting policies used

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.

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>1-5 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.

Accrued income and deferred expenses

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

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

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.

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.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	11.507.342	2.741.303
1 Staff costs	-10.772.588	-1.746.954
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-728.133	-53.914
Operating profit	6.621	940.435
Other financial income	4.613	1.288
Other financial costs	-70.706	-3.187
Results before tax	-59.472	938.536
2 Tax on ordinary results	13.100	-206.752
Results for the year	-46.372	731.784
Proposed distribution of the results:		
Allocated to results brought forward	0	731.784
Allocated from results brought forward	-46.372	0
Distribution in total	-46.372	731.784

Balance sheet 31 December

All amounts in DKK.

Assets	2018	2017
<u>Note</u>	<u>2018</u>	<u>2017</u>
Fixed assets		
Goodwill	253.421	0
Intangible fixed assets in total	<u>253.421</u>	<u>0</u>
Other plants, operating assets, and fixtures and furniture	2.433.502	82.838
Tangible fixed assets in total	<u>2.433.502</u>	<u>82.838</u>
Fixed assets in total	<u>2.686.923</u>	<u>82.838</u>
Current assets		
Manufactured goods and trade goods	13.379.344	3.943.930
Inventories in total	<u>13.379.344</u>	<u>3.943.930</u>
Trade debtors	17.120	0
Amounts owed by group enterprises	100.232	100.232
Deferred tax assets	74.000	0
Other debtors	1.116.539	324.813
Accrued income and deferred expenses	<u>1.619.500</u>	<u>0</u>
Debtors in total	<u>2.927.391</u>	<u>425.045</u>
Available funds	<u>4.845.871</u>	<u>1.393.875</u>
Current assets in total	<u>21.152.606</u>	<u>5.762.850</u>
Assets in total	<u>23.839.529</u>	<u>5.845.688</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities	2018	2017
Note	<u> </u>	<u> </u>
Equity		
3 Contributed capital	50.000	50.000
4 Results brought forward	5.920.064	1.466.436
Equity in total	<u>5.970.064</u>	<u>1.516.436</u>
 Provisions		
Provisions for deferred tax	0	4.000
Provisions in total	<u>0</u>	<u>4.000</u>
 Liabilities		
5 Debt to group enterprises	8.905.063	0
Long-term liabilities in total	<u>8.905.063</u>	<u>0</u>
Trade creditors	2.110.848	155.653
Debt to group enterprises	4.654.931	3.089.601
Tax payables to group enterprises	64.900	202.752
Other debts	2.133.723	877.246
Short-term liabilities in total	<u>8.964.402</u>	<u>4.325.252</u>
Liabilities in total	<u>17.869.465</u>	<u>4.325.252</u>
 Equity and liabilities in total	<u>23.839.529</u>	<u>5.845.688</u>
 6 Mortgage and securities		
7 Contingencies		

Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Salaries and wages	9.743.016	1.611.315
Pension costs	410.951	70.239
Other costs for social security	183.302	26.033
Other staff costs	435.319	39.367
	<u>10.772.588</u>	<u>1.746.954</u>
Average number of employees	<u>51</u>	<u>8</u>
2. Tax on ordinary results		
Tax of the results for the year	64.900	202.752
Adjustment for the year of deferred tax	-78.000	4.000
	<u>-13.100</u>	<u>206.752</u>
	<u>31/12 2018</u>	<u>31/12 2017</u>
3. Contributed capital		
Contributed capital 1 January 2018	<u>50.000</u>	<u>50.000</u>
	<u>50.000</u>	<u>50.000</u>
4. Results brought forward		
Results brought forward 1 January 2018	1.466.436	0
Profit or loss for the year brought forward	-46.372	366.436
Capital injections	4.500.000	1.100.000
	<u>5.920.064</u>	<u>1.466.436</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Debt to group enterprises		
Debt to group enterprises in total	8.905.063	0
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Debt to group enterprises in total	<u>8.905.063</u>	<u>0</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

6. Mortgage and securities

The Company's bank has made total payment guarantee of DKK 2.687.055 for the security of the company's liability to leasing contracts.

7. Contingencies

Contingent liabilities

The company has a lease obligation regarding the lease in Fields. The company is bound to June 1, 2023 after which there is a notice period of 12 months. The total lease obligation constitutes T.DKK. 4.814.

The company has a lease obligation regarding the lease in Taastrup. The company is bound to June 30, 2020 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 633.

The company has a lease obligation regarding the lease in Slagelse. The company is bound to April 1, 2021 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 1.187.

The company has a lease obligation regarding the lease in Amager Centret. The company is bound to October 1, 2021 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 1.659.

The company has a lease obligation regarding the lease in Ringsted. The company is bound to July 15, 2021 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 1.678.

Notes

All amounts in DKK.

7. Contingencies (continued)

Contingent liabilities (continued)

The company has a lease obligation regarding the lease in Køge. The company is bound to October 1, 2022 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 2.505.

The company has a lease obligation regarding the lease in Vanløse. The company is bound to July 15, 2022 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 1.377.

The company has a lease obligation regarding the lease in Strøget. The company is bound to August 1, 2022 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 7.667.

The company has a lease obligation regarding the lease in Sillebroen. The company is bound to March 1, 2023 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 1.883.

The company has a lease obligation regarding the lease in Waves, Greve. The company is bound to January 31, 2024 after which there is a notice period of 6 months. The total lease obligation constitutes T.DKK. 1.810.

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.