



# Skechers Retail Danmark ApS

Kvaglundvej 89, 6705 Esbjerg Ø

CVR no. 37 30 66 49

## Annual report 2021

Approved at the Company's annual general meeting on 6 April 2022

Chair of the meeting:

.....  
Peter Jørgensen

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## Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Skechers Retail Danmark ApS for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 6 April 2022  
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 financial statements of Skechers Retail Danmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the 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 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 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 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 the 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 the 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 Company's internal control.

## Independent auditor's report

- ▶ 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 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 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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 6 April 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Morten Østergaard Koch  
State Authorised Public Accountant  
mne35420

Mads Klausen  
State Authorised Public Accountant  
mne46588

## Management's review

## Company details

Name	Skechers Retail Danmark ApS
Address, Postal code, City	c/o Sports Connection ApS Kvaglundvej 89, 6705 Esbjerg Ø
CVR no.	37 30 66 49
Financial year	1 January - 31 December
Executive Board	Peter Jørgensen Johannes Adrianus de Groot
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark



## Management's review

### Business review

The company's activities include retail and other related activities.

### Financial review

The income statement for 2021 shows a profit of DKK 1,661 thousand against a profit of DKK 1,255 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 9,607 thousand.

The result for 2021 is negatively impacted by the COVID-19 outbreak. The Company has held significant costs during lockdown, which has been partly offset by DKK 4,591 thousand in governmental grants for payroll and fixed costs.

On that basis, Management consider the result satisfactory.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements 1 January - 31 December

## Income statement

Note	DKK'000	2021	2020
	Gross profit	18,401	15,201
3	Staff costs	-14,266	-12,217
	Amortisation and depreciation	-1,721	-1,109
	Profit before net financials	2,414	1,875
	Financial income	1	5
4	Financial expenses	-287	-271
	Profit before tax	2,128	1,609
5	Tax for the year	-467	-354
	Profit for the year	1,661	1,255
	Recommended appropriation of profit		
	Retained earnings	1,661	1,255
		1,661	1,255



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Goodwill	18	67
		18	67
7	Property, plant and equipment		
	Leasehold improvements	2,652	3,817
		2,652	3,817
8	Investments		
	Deposits	1,616	1,591
		1,616	1,591
	Total fixed assets	4,286	5,475
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	20,906	18,271
		20,906	18,271
	Receivables		
	Trade receivables	9	9
	Deferred tax assets	206	212
	Other receivables	424	1,086
	Prepayments	1,121	1,352
		1,760	2,659
	Cash	3,557	3,432
	Total non-fixed assets	26,223	24,362
	TOTAL ASSETS	30,509	29,837

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Retained earnings	9,557	7,896
	Total equity	9,607	7,946
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Payables to group entities	9,395	9,228
		9,395	9,228
	Current liabilities other than provisions		
	Trade payables	1,561	2,011
	Payables to group enterprises	5,602	5,062
	Joint taxation contribution payable	461	270
	Other payables	3,882	5,321
		11,506	12,664
	Total liabilities other than provisions	20,901	21,892
	TOTAL EQUITY AND LIABILITIES	30,508	29,838

- 1 Accounting policies
- 2 Special items
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

## Financial statements 1 January - 31 December

## Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2021	50	7,896	7,946
Transfer through appropriation of profit	0	1,661	1,661
Equity at 31 December 2021	50	9,557	9,607

The Company's share capital has remained DKK 50,000 over the past 5 years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Skechers Retail Danmark ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and 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 the exchange rate at the balance sheet date. 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the sale of goods for resale is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets and governmental grants, etc.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Amortisation/depreciation

The item comprises amortisation of goodwill and depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold improvements	3-5 years
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##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments.

Goodwill is amortised on a straight-line basis over the amortisation period, which is between 1 and 5 years. The amortisation period is based on remaining contract periods of the retail stores.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### 2 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities.

Special items for the year amount to DKK 4,591 thousand (2020: DKK 2,427 thousand) and comprises governmental grants for payroll and fixed costs regarding the COVID-19 outbreak. Special items are recognised under other operating income, which is part of the gross profit.

## Financial statements 1 January - 31 December

## Notes to the financial statements

DKK'000	2021	2020
3 Staff costs		
Wages/salaries	13,276	11,383
Pensions	842	698
Other social security costs	148	136
	<u>14,266</u>	<u>12,217</u>
Average number of full-time employees	<u>43</u>	<u>40</u>
4 Financial expenses		
Interest expenses, group companies	204	180
Other financial expenses	83	91
	<u>287</u>	<u>271</u>
5 Tax for the year		
Estimated tax charge for the year	461	270
Deferred tax adjustments in the year	6	84
	<u>467</u>	<u>354</u>
6 Intangible assets		
DKK'000		Goodwill
Cost at 1 January 2021		<u>400</u>
Cost at 31 December 2021		<u>400</u>
Impairment losses and amortisation at 1 January 2021		333
Amortisation for the year		49
Impairment losses and amortisation at 31 December 2021		<u>382</u>
Carrying amount at 31 December 2021		<u>18</u>
7 Property, plant and equipment		
DKK'000		Leasehold improvements
Cost at 1 January 2021		6,063
Additions		507
Cost at 31 December 2021		<u>6,570</u>
Impairment losses and depreciation at 1 January 2021		2,246
Depreciation		1,672
Impairment losses and depreciation at 31 December 2021		<u>3,918</u>
Carrying amount at 31 December 2021		<u>2,652</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Investments

DKK'000	Deposits
Cost at 1 January 2021	1,591
Additions	25
Cost at 31 December 2021	1,616
Carrying amount at 31 December 2021	1,616

#### 9 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	9,395	0	9,395	0
	9,395	0	9,395	0

#### 10 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its ultimate parent, P&M Jørgensen Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

##### Other financial obligations

The Company has entered rent agreements for 14 retail stores with remaining contract terms of 1-4 years. The total rent obligation amounts to DKK 19,324 thousand at 31 December 2021. In connection with rent agreements, the Company is obliged to re-establish retail stores upon relocation.

The Company has provided bank guarantees of DKK 3,391 thousand as collateral for rent obligations.

#### 11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

#### 12 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sports Connection Holding ApS	Esbjerg	www.cvr.dk
P&M Jørgensen Holding ApS	Bramming	www.cvr.dk