

Sports Connection ApS

Kvaglundvej 89, 6705 Esbjerg Ø

CVR no. 18 13 38 81

Annual report 2024

Approved at the Company's annual general meeting on 20 May 2025

Chair of the meeting:

.....
Peter Jørgensen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sports Connection ApS for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

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, 20 May 2025
Executive Board:

.....
Peter Jørgensen

Board of Directors:

.....
David Weinberg
Chair

.....
John Matthew Vandemore

.....
Peter Jørgensen

Independent auditor's report

To the shareholder of Sports Connection ApS

Opinion

We have audited the financial statements of Sports Connection ApS for the financial year 1 January - 31 December 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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' International 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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, 20 May 2025
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	Sports Connection ApS
Address, Postal code, City	Kvaglundvej 89, 6705 Esbjerg Ø
CVR no.	18 13 38 81
Established	25 October 1994
Registered office	Esbjerg
Financial year	1 January - 31 December
Website	www.sportsconnection.dk
Board of Directors	David Weinberg, Chair John Matthew Vandemore Peter Jørgensen
Executive Board	Peter Jørgensen
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Financial highlights

DKK'000	2024	2023	2022	2021	2020
Key figures					
Revenue	538,492	565,471	530,918	-	-
Gross profit	139,819	186,453	183,197	133,152	83,344
Operating profit/loss	86,820	137,044	138,312	95,707	38,902
Profit before interest and tax (EBIT)	92,461	142,427	143,713	100,677	55,376
Net financials	5,923	-106	-1,620	97	-1,262
Profit for the year	76,739	110,013	110,751	78,589	42,144
Assets					
Fixed assets	19,457	21,409	19,933	4,039	4,291
Non-fixed assets	383,354	298,439	269,154	132,402	99,654
Total assets	402,811	319,848	289,087	136,441	103,945
Investments in property, plant and equipment	2,834	3,053	464	548	611
Equity	332,394	255,186	142,434	105,753	67,088
Financial ratios					
EBITDA-margin	17.9%	25.7%	27.4%	0.0%	0.0%
Current ratio	567.7%	479.2%	187.3%	448.1%	278.8%
Equity ratio	82.5%	79.8%	49.3%	77.5%	64.5%
Return on equity	26.1%	55.3%	89.2%	90.9%	72.6%
Average number of full-time employees					
	72	70	63	55	50

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)}}{\text{Revenue}} \times 100$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Business review

The principal activities are wholesale trading of Skechers shoes and related activities.

Financial review

The income statement for 2024 shows a profit of DKK 76,739 thousand against a profit of DKK 110,013 thousand last year, and the balance sheet at 31 December 2024 shows equity of DKK 332,394 thousand.

In the annual report 2023, Management expected revenue of DKK 525 - 575 million and a result before tax between DKK 135 - 151 million.

Revenue for 2024 is realised at DKK 538.5 million and in line with previous expectations. Earnings before tax in 2024 is realised at DKK 98.3 million and below previous expectations.

Earnings for 2024 is negatively affected by strategic clearance of stock to secondary markets and phase out of distribution center in Denmark.

On that basis, Management considers the Company's financial performance satisfactory.

Statutory CSR report

The Company has not drawn up any CSR report, as the Parent Company has done so for the entire Group. The CSR-report for the Group is available and can be downloaded from the site:

<https://sportsconnection.dk/wp-content/uploads/2025/05/CSR-rapport-2024.pdf>

Data ethics

The Company does not consider it relevant to draw up a policy for data ethics. In this connection, the Company emphasizes that the Company only collects and processes data to a limited extent and does not use new technologies as part of the Company's main activity, and not itself or via external suppliers perform specific data analyzes, evaluations or segmentations.

Events after the balance sheet date

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

Outlook

For the financial year 2025, the Company expects revenues in the range of DKK 230 - 260 million and a result before tax between DKK 40 - 50 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2024	2023
3	Revenue	538,492	565,471
	Cost of sales	-340,733	-327,863
	Other operating income	5,909	5,383
4	Other external expenses	-63,849	-56,538
	Gross profit	139,819	186,453
5	Staff costs	-43,187	-40,990
	Depreciation of property, plant and equipment	-3,904	-3,036
	Other operating expenses	-267	0
	Profit before net financials	92,461	142,427
6	Financial income	5,946	3,743
7	Financial expenses	-23	-3,849
	Profit before tax	98,384	142,321
8	Tax for the year	-21,645	-32,308
	Profit for the year	76,739	110,013

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	ASSETS		
	Fixed assets		
10	Intangible assets		
	Acquired intangible assets	2,759	3,475
		<u>2,759</u>	<u>3,475</u>
11	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	2,761	1,477
	Leasehold improvements	1,344	2,109
		<u>4,105</u>	<u>3,586</u>
12	Investments		
	Receivables from group enterprises	11,553	13,260
	Deposits	1,040	1,088
		<u>12,593</u>	<u>14,348</u>
	Total fixed assets	<u>19,457</u>	<u>21,409</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	8,856	95,065
		<u>8,856</u>	<u>95,065</u>
	Receivables		
	Trade receivables	23,175	17,528
	Receivables from group enterprises	145,025	91,952
	Joint taxation contribution receivable	0	2,925
	Other receivables	935	774
13	Prepayments	1,361	1,680
		<u>170,496</u>	<u>114,859</u>
	Cash	<u>204,002</u>	<u>88,515</u>
	Total non-fixed assets	<u>383,354</u>	<u>298,439</u>
	TOTAL ASSETS	<u><u>402,811</u></u>	<u><u>319,848</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	400	400
	Hedging reserve	0	-375
	Retained earnings	304,994	255,161
	Dividend proposed	27,000	0
	Total equity	332,394	255,186
	Provisions		
14	Deferred tax	889	889
	Other provisions	2,000	1,490
15	Total provisions	2,889	2,379
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	9,554	9,875
	Payables to group enterprises	33,710	47,685
	Joint taxation contribution payable	19,891	0
	Other payables	4,095	4,372
16	Deferred income	278	351
		67,528	62,283
	Total liabilities other than provisions	67,528	62,283
	TOTAL EQUITY AND LIABILITIES	402,811	319,848

- 1 Accounting policies
- 2 Events after the balance sheet date
- 9 Appropriation of profit
- 17 Contractual obligations and contingencies, etc.
- 18 Security and collateral
- 19 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2023	400	-3,114	145,148	0	142,434
9	Transfer, see "Appropriation of profit"	0	0	110,013	0	110,013
	Adjustment of hedging instruments at fair value	0	3,512	0	0	3,512
	Tax on items recognised directly in equity	0	-773	0	0	-773
	Equity at 1 January 2024	400	-375	255,161	0	255,186
9	Transfer, see "Appropriation of profit"	0	0	49,739	27,000	76,739
	Equity transfers to reserves	0	-94	94	0	0
	Adjustment of hedging instruments at fair value	0	601	0	0	601
	Tax on items recognised directly in equity	0	-132	0	0	-132
	Equity at 31 December 2024	400	0	304,994	27,000	332,394

The company's share capital has remained DKK 400,004 for the past 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sports Connection ApS for 2024 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Sports Connection Holding ApS.

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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.

The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.

Financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****Other operating income**

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and 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:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-5 years
Intangible assets (software)	3-5 years

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights, including software licences, etc.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits

Deposits are measured at cost and represents rent deposits.

Impairment of fixed assets

The carrying amount of 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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

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".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 according to the 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 Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are 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 the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for 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.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

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

DKK'000	2024	2023
3 Segment information		
Breakdown of revenue by geographical segment:		
Denmark	195,611	222,895
Sweden	121,456	136,891
Norway	81,047	98,883
Finland	98,772	90,769
Other	41,606	16,033
	538,492	565,471

The Company's activities comprise wholesale trading of Skechers shoes. Hence, the Company has not disclosed a breakdown of revenue by business segments.

4 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Sports Connection Holding ApS.

DKK'000	2024	2023
5 Staff costs		
Wages/salaries	37,460	35,014
Pensions	4,455	4,611
Other social security costs	1,272	1,365
	43,187	40,990
Average number of full-time employees	72	70

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed in 2024.

Remuneration for Executive Board and the Board of Directors totalled DKK 2,321 thousand in 2023.

DKK'000	2024	2023
6 Financial income		
Interest receivable, group entities	3,293	2,610
Other financial income	2,653	1,133
	5,946	3,743
7 Financial expenses		
Interest expenses, group entities	0	551
Other financial expenses	23	3,298
	23	3,849

Financial statements 1 January - 31 December
Notes to the financial statements

DKK'000	2024	2023	
8 Tax for the year			
Estimated tax charge for the year	21,645	32,308	
	<u>21,645</u>	<u>32,308</u>	
9 Appropriation of profit			
Recommended appropriation of profit			
Proposed dividend recognised under equity	27,000	0	
Retained earnings	49,739	110,013	
	<u>76,739</u>	<u>110,013</u>	
10 Intangible assets			
DKK'000		Acquired intangible assets	
Cost at 1 January 2024		5,958	
Additions		1,418	
Disposals		-457	
Cost at 31 December 2024		<u>6,919</u>	
Impairment losses and amortisation at 1 January 2024		2,483	
Amortisation for the year		2,134	
Amortisation and impairment losses of disposals for the year		-457	
Impairment losses and amortisation at 31 December 2024		<u>4,160</u>	
Carrying amount at 31 December 2024		<u>2,759</u>	
11 Property, plant and equipment			
DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2024	5,283	4,837	10,120
Additions	2,564	270	2,834
Disposals	-923	-599	-1,522
Cost at 31 December 2024	<u>6,924</u>	<u>4,508</u>	<u>11,432</u>
Impairment losses and depreciation at 1 January 2024	3,806	2,728	6,534
Depreciation	1,138	632	1,770
Depreciation and impairment of disposals	-781	-196	-977
Impairment losses and depreciation at 31 December 2024	<u>4,163</u>	<u>3,164</u>	<u>7,327</u>
Carrying amount at 31 December 2024	<u>2,761</u>	<u>1,344</u>	<u>4,105</u>

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12 Investments

DKK'000	Receivables from group enterprises	Deposits	Total
Cost at 1 January 2024	13,260	1,088	14,348
Disposals	-1,707	-48	-1,755
Cost at 31 December 2024	11,553	1,040	12,593
Carrying amount at 31 December 2024	11,553	1,040	12,593

13 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and other advances.

DKK'000	2024	2023
14 Deferred tax		
Deferred tax at 1 January	889	889
Deferred tax at 31 December	889	889

Deferred tax mainly comprise deferred tax relating to intangibla assets and property, plant and equipment.

15 Provisions

Other provisions comprise provisions for the committed return policy towards retail stores within the Group, totalling DKK 2,000 thousand.

16 Deferred income

Deferred income, DKK 278 thousand (2023: DKK 351 thousand), consists of payments received from customers that may not be recognised until the subsequent financial year.

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with the parent company, Sports Connection 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 with remaining contract terms up to 1 year. The total rent obligation amounts to DKK 3,425 thousand.

The Company has entered operational leasing contracts related to cars and IT-equipment with remaining contract terms up to 3 years. The total lease liabilities amounts to DKK 2,043 thousand, of which DKK 1,055 thousands fall due within 1 year.

The Company has provided bank guarantees of DKK 260 thousand as collateral for rent obligations and towards suppliers.

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Notes to the financial statements

18 Security and collateral

A company charge with a nominal value of DKK 13,000 thousand secured on trade receivables, inventories and operating equipment with a carrying amount of DKK 32,353 thousand at 31 December 2024.

The Company has provided an unlimited surety for bank debt in Sports Connection Holding ApS. The net bank debts totalled 0 DKK thousand at 31 December 2024.

19 Related parties

Sports Connection ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Sports Connection Holding ApS	Esbjerg, Denmark	Majority Shareholder

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Sports Connection Holding ApS	Esbjerg, Denmark	www.cvr.dk
Skechers U.S.A., Inc.	California, USA	https://investors.skechers.com

Related party transactions

Sports Connection ApS was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2024</u>	<u>2023</u>
Sales of goods	321,740	332,380
Sales of retail equipment and other services (re-invoicing)	4,874	3,330
Purchase of goods	274,973	120,195
Reinvoicing of marketing and other costs (cost-sharing)	6,359	2,199
Management fees (income)	5,909	5,383
Interest income	3,293	2,610
Interest expenses	0	551
Receivables from group enterprises, long-term	11,553	13,260
Receivables from group enterprises	100,025	91,952
Payables to group enterprises	33,710	47,685

Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".