

Sports Connection Holding ApS

Kvaglundvej 89, 6705 Esbjerg Ø

CVR no. 37 29 79 09

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 Holding 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2024 and of the results of the Group's and the Company's operations and of the consolidated cash flows 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
Chairman

.....
John Matthew Vandemore

Independent auditor's report

To the shareholder of Sports Connection Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Sports Connection Holding 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, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "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 Group 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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.

Independent auditor's report

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 Group's and the Parent Company's internal control.
- ▶ 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 Group's and the Parent 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 Group and the Parent 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.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the parent company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in 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.

Independent auditor's report

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 Statements 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 Holding ApS
Address, Postal code, City	Kvaglundvej 89, 6705 Esbjerg Ø
CVR no.	37 29 79 09
Established	4 December 2015
Registered office	Esbjerg
Financial year	1 January - 31 December
Board of Directors	David Weinberg, Chairman John Matthew Vandemore
Executive Board	Peter Jørgensen
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2024	2023	2022	2021	2020
Key figures					
Revenue	849,805	719,459	632,400	456,548	378,027
Gross profit	276,580	278,712	248,606	186,632	129,524
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	147,697	165,098	158,854	115,607	69,025
Net financials	2,327	-3,576	-4,283	-543	-2,593
Profit for the year	107,395	117,354	115,160	84,660	48,470
Fixed assets	43,967	33,092	26,440	16,863	18,699
Non-fixed assets	464,995	329,836	336,896	196,929	152,095
Total assets	508,962	362,928	363,336	213,792	170,794
Investments in property, plant and equipment	19,429	15,411	11,902	3,735	6,738
Equity	374,964	268,792	149,331	125,029	94,799
Cash flows from operating activities	206,027	180,000	25,122	97,573	44,301
Net cash flows from investing activities	-20,400	-16,829	-16,822	-4,915	-8,027
Cash flows from financing activities	0	-100,891	2,728	-82,291	-48,960
Total cash flows	185,627	62,280	11,028	10,367	-12,686
Financial ratios					
EBITDA-margin	17.4%	22.9%	25.1%	25.3%	18.3%
Return on assets	31.0%	42.7%	52.6%	53.2%	34.6%
Current ratio	347.0%	350.4%	157.4%	237.7%	236.6%
Equity ratio	73.7%	74.1%	41.1%	58.5%	55.5%
Average number of full-time employees					
	291	266	234	169	154

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

EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

Management's review

Business review

The Group's principal activities consists of wholesale trading of Skechers shoes and operating of Skechers retail stores in the Nordics.

The Company's principal activity comprise of investments in group enterprises.

Financial review

The income statement for 2024 shows a profit of DKK 107,395 thousand against a profit of DKK 117,354 thousand last year, and the balance sheet at 31 December 2024 shows equity of DKK 374,964 thousand.

In the annual report 2023, Management expected revenue of DKK 810 - 860 million and a result before tax between DKK 130 - 165 million. Revenue and profit before tax for 2024 have been realised in line with previous expectations.

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

Knowledge resources

The Group is continuously working to attract and maintain professionally qualified labour with expert knowledge of the Group's services and products.

Financial risks and use of financial instruments

Exchange rate risks

The Group trades abroad in foreign currency and thus have a risk of exchange rate fluctuations. The risks is handled by using hedging future transactions in foreign currency.

Statutory CSR report

In accordance with the Danish Financial Statements Act § 99a, the statutory CSR report is published on the Group's website:

<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 Group expects growth in activities with revenues of DKK 1.025 - 1.075 million. The Group expects a profit before tax between DKK 80 - 110 million.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2024	2023	2024	2023
3	Revenue	849,805	719,459	0	0
	Cost of sales	-429,243	-317,121	0	0
4	Other external expenses	-143,982	-123,626	-62	-98
	Gross profit	276,580	278,712	-62	-98
5	Staff costs	-128,616	-113,614	0	0
	Amortisation and depreciation	-12,624	-9,935	0	0
	Other operating expenses	-267	0	0	0
	Profit/loss before net financials	135,073	155,163	-62	-98
	Income from investments in group enterprises	0	0	108,442	118,513
6	Financial income	2,979	1,800	58	421
7	Financial expenses	-652	-5,376	-1,338	-1,809
	Profit before tax	137,400	151,587	107,100	117,027
8	Tax for the year	-30,005	-34,233	295	327
	Profit for the year	107,395	117,354	107,395	117,354

Consolidated financial statements and parent company financial statements 1 January - 31 December
Balance sheet

Note	DKK'000	Group		Parent company	
		2024	2023	2024	2023
		ASSETS			
		Fixed assets			
10	Intangible assets				
	Acquired intangible assets	2,759	3,475	0	0
	Goodwill	0	0	0	0
		<u>2,759</u>	<u>3,475</u>	<u>0</u>	<u>0</u>
11	Property, plant and equipment				
	Fixtures and fittings, other plant and equipment	2,761	1,477	0	0
	Leasehold improvements	29,823	24,050	0	0
	Property, plant and equipment under construction	648	0	0	0
		<u>33,232</u>	<u>25,527</u>	<u>0</u>	<u>0</u>
12	Investments				
	Investments in group enterprises	0	0	399,203	291,984
	Other securities	34	36	0	0
	Deposits	7,942	4,054	0	0
		<u>7,976</u>	<u>4,090</u>	<u>399,203</u>	<u>291,984</u>
	Total fixed assets	<u>43,967</u>	<u>33,092</u>	<u>399,203</u>	<u>291,984</u>
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	72,656	148,117	0	0
		<u>72,656</u>	<u>148,117</u>	<u>0</u>	<u>0</u>
	Receivables				
	Trade receivables	46,646	44,452	0	0
	Receivables from group enterprises	2,782	0	0	0
14	Deferred tax assets	4,693	8,215	0	0
	Corporation tax receivable	22,902	2,697	44,012	0
	Joint taxation contribution receivable	0	0	0	351
	Other receivables	2,178	1,383	0	0
13	Prepayments	9,942	7,875	0	0
		<u>89,143</u>	<u>64,622</u>	<u>44,012</u>	<u>351</u>
	Cash	<u>303,196</u>	<u>117,097</u>	<u>2,120</u>	<u>466</u>
	Total non-fixed assets	<u>464,995</u>	<u>329,836</u>	<u>46,132</u>	<u>817</u>
	TOTAL ASSETS	<u>508,962</u>	<u>362,928</u>	<u>445,335</u>	<u>292,801</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December
Balance sheet

Note	DKK'000	Group		Parent company	
		2024	2023	2024	2023
		EQUITY AND LIABILITIES			
		Equity			
		50	50	50	50
		Share capital			
		Net revaluation reserve according to the equity method			
		0	0	352,989	245,770
		Translation reserve			
		-4,715	-3,024	0	0
		Hedging reserve			
		0	-376	0	0
		Retained earnings			
		379,629	272,142	21,925	22,972
		374,964	268,792	374,964	268,792
		Liabilities other than provisions			
		Current liabilities other than provisions			
		22,736	20,411	63	32
		Trade payables			
		81,819	46,149	70,308	23,977
		Payables to group enterprises			
		3,276	2,560	0	0
		Corporation tax payable			
		24,648	24,274	0	0
		Other payables			
15		1,519	742	0	0
		133,998	94,136	70,371	24,009
		Total liabilities other than provisions			
		133,998	94,136	70,371	24,009
		508,962	362,928	445,335	292,801
		TOTAL EQUITY AND LIABILITIES			

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group				Total
		Share capital	Translation reserve	Hedging reserve	Retained earnings	
	Equity at 1 January 2023	50	-2,479	-2,660	154,420	149,331
	Transfer through appropriation of profit	0	0	0	117,354	117,354
	Equity transfers to reserves	0	0	-368	368	0
	Adjustment of investments through foreign exchange adjustments	0	-545	0	0	-545
	Adjustment of hedging instruments at fair value	0	0	3,401	0	3,401
	Tax on items recognised directly in equity	0	0	-749	0	-749
	Equity at 1 January 2024	50	-3,024	-376	272,142	268,792
	Transfer through appropriation of profit	0	0	0	107,395	107,395
	Equity transfers to reserves	0	0	-92	92	0
	Adjustment of investments through foreign exchange adjustments	0	-1,691	0	0	-1,691
	Adjustment of hedging instruments at fair value	0	0	600	0	600
	Tax on items recognised directly in equity	0	0	-132	0	-132
	Equity at 31 December 2024	50	-4,715	0	379,629	374,964

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity (continued)

		Parent company				
		Share capital	Net revaluation reserve according to the equity method	Hedging reserve	Retained earnings	Total
Note	DKK'000					
	Equity at 1 January 2023	50	125,063	455	23,763	149,331
9	Transfer, see "Appropriation of profit"	0	118,513	0	-1,159	117,354
	Equity transfers to reserves	0	0	-368	368	0
	Adjustment of investments through foreign exchange adjustments	0	-545	0	0	-545
	Other value adjustments of equity	0	2,739	0	0	2,739
	Adjustment of hedging instruments at fair value	0	0	-111	0	-111
	Tax on items recognised directly in equity	0	0	24	0	24
	Equity at 1 January 2024	50	245,770	0	22,972	268,792
9	Transfer, see "Appropriation of profit"	0	108,442	0	-1,047	107,395
	Adjustment of investments through foreign exchange adjustments	0	-1,691	0	0	-1,691
	Other value adjustments of equity	0	468	0	0	468
	Equity at 31 December 2024	50	352,989	0	21,925	374,964

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2024	2023
	Profit for the year	107,395	117,354
19	Adjustments	39,060	44,168
	Cash generated from operations (operating activities)	146,455	161,522
20	Changes in working capital	107,368	78,441
	Cash generated from operations (operating activities)	253,823	239,963
	Income taxes paid	-46,105	-59,413
	Non-cash transactions, recognised directly in equity	-1,691	-550
	Cash flows from operating activities	206,027	180,000
	Additions of intangible assets	-1,418	-1,040
	Additions of property, plant and equipment	-19,429	-15,411
	Disposals of property, plant and equipment	4,353	0
	Changes in deposits and other securities	-3,906	-378
	Cash flows to investing activities	-20,400	-16,829
	Repayments, long-term liabilities	0	-5,900
	Changes in debt to credit institutions	0	-94,991
	Cash flows from financing activities	0	-100,891
	Net cash flow	185,627	62,280
	Cash and cash equivalents at 1 January	117,097	54,571
	Foreign exchange adjustments	472	246
21	Cash and cash equivalents at 31 December	303,196	117,097

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sports Connection Holding 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.

Reporting currency

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

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.

Foreign group entities

Foreign group entities and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign group entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****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 Group 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.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including management fees and gain 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.

Consolidated financial statements and parent company financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****Amortisation/depreciation**

The item comprises depreciation of property, plant and equipment.

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

Acquired intangible assets	3-5 years
Goodwill	1-5 years
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.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

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

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****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.

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 Group 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".

Investments

Investments comprises other securities. Other securities are measured at cost.

Deposits

Deposits are measured at cost and represents rent deposits.

Investments in group entities

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries 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

The Group 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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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.

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.

Other payables

Other payables are measured at net realisable value.

Deferred income

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

Consolidated financial statements and parent company financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****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.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

No events materially affecting the Group's nor the Company's financial position have occurred subsequent to the financial year-end.

DKK'000	Group		Parent company	
	2024	2023	2024	2023
3 Segment information				
Breakdown of revenue by business segment:				
Wholesale	408,607	338,693	0	0
Retail	341,695	293,874	0	0
E-commerce	99,503	86,892	0	0
	<u>849,805</u>	<u>719,459</u>	<u>0</u>	<u>0</u>

Breakdown of revenue by geographical segment:

Denmark	250,782	289,089	0	0
Sweden	235,620	186,216	0	0
Norway	134,903	114,579	0	0
Finland	180,329	114,577	0	0
Other	48,171	14,998	0	0
	<u>849,805</u>	<u>719,459</u>	<u>0</u>	<u>0</u>

DKK'000	Group	
	2024	2023
4 Fee to the auditors appointed in general meeting		
Total fees to EY	<u>1,469</u>	<u>932</u>
Statutory audit	638	
Tax assistance	296	
Other assistance	<u>535</u>	
	<u>1,469</u>	

DKK'000	Group		Parent company	
	2024	2023	2024	2023
5 Staff costs				
Wages/salaries	108,722	95,722	0	0
Pensions	10,586	9,304	0	0
Other social security costs	9,308	8,588	0	0
	<u>128,616</u>	<u>113,614</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>291</u>	<u>266</u>	<u>0</u>	<u>0</u>

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

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

Consolidated financial statements and parent company financial statements 1 January - 31 December
Notes to the financial statements

DKK'000	Group		Parent company	
	2024	2023	2024	2023
6 Financial income				
Interest income, group entities	0	0	0	421
Other financial income	2,979	1,800	58	0
	<u>2,979</u>	<u>1,800</u>	<u>58</u>	<u>421</u>
7 Financial expenses				
Interest expenses, group entities	0	775	1,332	1,651
Other financial expenses	652	4,601	6	158
	<u>652</u>	<u>5,376</u>	<u>1,338</u>	<u>1,809</u>
8 Tax for the year				
Estimated tax charge for the year	26,483	36,088	-295	-327
Deferred tax adjustments in the year	3,522	-1,855	0	0
	<u>30,005</u>	<u>34,233</u>	<u>-295</u>	<u>-327</u>

DKK'000	Parent company	
	2024	2023
9 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	108,442	118,513
Retained earnings/accumulated loss	-1,047	-1,159
	<u>107,395</u>	<u>117,354</u>

10 Intangible assets

DKK'000	Group		
	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2024	5,958	400	6,358
Additions	1,418	0	1,418
Disposals	-457	0	-457
Cost at 31 December 2024	<u>6,919</u>	<u>400</u>	<u>7,319</u>
Impairment losses and amortisation at 1 January 2024	2,483	400	2,883
Amortisation for the year	2,134	0	2,134
Reversal of accumulated amortisation and impairment of assets disposed	-457	0	-457
Impairment losses and amortisation at 31 December 2024	<u>4,160</u>	<u>400</u>	<u>4,560</u>
Carrying amount at 31 December 2024	<u>2,759</u>	<u>0</u>	<u>2,759</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Property, plant and equipment

DKK'000	Group			Total
	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	
Cost at 1 January 2024	5,283	50,537	0	55,820
Foreign exchange adjustments	0	-883	0	-883
Additions	2,564	16,217	648	19,429
Disposals	-923	-3,430	0	-4,353
Cost at 31 December 2024	6,924	62,441	648	70,013
Impairment losses and depreciation at 1 January 2024	3,806	26,487	0	30,293
Foreign exchange adjustments	0	-433	0	-433
Depreciation for the year	1,138	9,310	0	10,448
Reversal of accumulated depreciation and impairment of assets disposed	-781	-2,746	0	-3,527
Impairment losses and depreciation at 31 December 2024	4,163	32,618	0	36,781
Carrying amount at 31 December 2024	2,761	29,823	648	33,232

12 Investments

DKK'000	Group		Total
	Other securities	Deposits	
Cost at 1 January 2024	36	4,054	4,090
Foreign exchange adjustments	-2	-19	-21
Additions	0	4,267	4,267
Disposals	0	-360	-360
Cost at 31 December 2024	34	7,942	7,976
Carrying amount at 31 December 2024	34	7,942	7,976

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments (continued)

	<u>Parent company</u> <u>Investments in</u> <u>group</u> <u>enterprises</u>
DKK'000	
Cost at 1 January 2024	46,214
Cost at 31 December 2024	46,214
Value adjustments at 1 January 2024	245,770
Foreign exchange adjustments	-1,691
Profit/loss for the year	108,442
Equity transactions in subsidiaries	468
Value adjustments at 31 December 2024	352,989
Carrying amount at 31 December 2024	399,203

Parent company

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>
Sports Connection ApS	Denmark	100%
Skechers Retail Danmark ApS	Denmark	100%
Sports Connection Norge AS	Norway	100%
Skechers Retail Norge AS	Norway	100%
Sports C Sverige AB	Sweden	100%
SC Retail Sverige AB	Sweden	100%
Sports Connection Finland Oy	Finland	100%
Sports Connection Retail Germany GmbH	Germany	100%

13 Prepayments

Group

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

	<u>Group</u>		<u>Parent company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
DKK'000				
14 Deferred tax				
Deferred tax at 1 January	-8,215	-6,360	0	0
Deferred tax adjustment in the year	3,522	-1,855	0	0
Deferred tax at 31 December	-4,693	-8,215	0	0

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

Deferred tax assets is expected to crystallise within the coming 3-5 years.

15 Deferred income

Deferred income, DKK 1,519 thousand (2023: DKK 742 thousand), consists of payments received from customers that may not be recognised until the subsequent financial year.

Consolidated financial statements and parent company financial statements 1 January - 31 December**Notes to the financial statements****16 Contractual obligations and contingencies, etc.****Other financial obligations****Group**

The Group has entered rent agreements for head office, showrooms and 65 retail stores in the Nordics with remaining contract terms up to 7 years. The total rent obligation amounts to DKK 230,381 thousand, of which DKK 62,737 thousand falls due within one year. In connection with rent agreements, the Group is obliged to re-establish retail stores upon relocation.

The Group 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 2,894 thousand.

The Group has provided bank guarantees of DKK 15,539 thousand as collateral for rent obligations and towards suppliers.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company 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.

17 Security and collateral**Group**

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 152,534 thousand at 31 December 2024 has been put up as security for bank debt, totalling DKK 0 thousand.

Parent company

The Company has provided an unlimited surety for group enterprises's bank debts and bank guarantees. The bank debts totalled DKK 0 thousand and bank guarantees totalled 15,539 thousand at 31 December 2024.

18 Related parties

Sports Connection Holding ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Skechers S.à.r.l.	Cham, Switzerland	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Skechers U.S.A., Inc.	California, USA	https://investors.skechers.com

Consolidated financial statements and parent company financial statements 1 January -
31 December

Notes to the financial statements

18 Related parties (continued)

Related party transactions

DKK'000	2024	2023
Group		
Purchase of goods	355,669	120,195
Staff costs	0	3,222
Interest expenses, group enterprises	0	775
Receivables from group enterprises	2,782	0
Payables to group enterprises	81,819	46,149
Parent Company		
Interest income, group enterprises	0	421
Interest expenses, group enterprises	1,332	1,651
Payables to group enterprises	25,308	23,977

Information on the remuneration to management

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

DKK'000	Group	
	2024	2023
19 Adjustments		
Amortisation/depreciation and impairment losses	9,055	9,935
Tax for the year	30,005	34,233
	<u>39,060</u>	<u>44,168</u>
20 Changes in working capital		
Change in inventories	75,461	59,750
Change in receivables	-7,838	11,787
Change in trade and other payables	39,745	6,904
	<u>107,368</u>	<u>78,441</u>
21 Cash and cash equivalents at year-end		
Cash according to the balance sheet	<u>303,196</u>	<u>117,097</u>
	<u>303,196</u>	<u>117,097</u>