UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-14429

SKECHERS U.S.A., INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-4376145** (I.R.S. Employer Identification No.)
228 Manhattan Beach Blvd. **Manhattan Beach, California** (Address of principal executive office)	**90266** (Zip Code)

(310) 318-3100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.001 per share	SKX	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 23, 2025 130,289,468 shares of the registrant's Class A Common Stock, $0.001 par value per share, were outstanding.

As of April 23, 2025 19,313,651 shares of the registrant's Class B Common Stock, $0.001 par value per share, were outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

SKECHERS U.S.A., INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except par value)	As of March 31, 2025	As of December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 993,091	$ 1,116,516
Short-term investments	107,614	118,470
Trade accounts receivable, less allowances of $60,678 and $66,616	1,259,943	990,558
Other receivables	103,603	98,499
Inventory	1,773,799	1,919,386
Prepaid expenses and other	231,803	205,994
Total current assets ($1,375,615 and $1,413,643 related to VIEs)	4,469,853	4,449,423
Property, plant and equipment, net	1,937,601	1,834,930
Operating lease right-of-use assets	1,447,743	1,363,596
Deferred tax assets	436,702	440,358
Long-term investments	137,446	146,687
Goodwill	96,347	94,494
Other assets, net	127,823	126,270
Total non-current assets ($910,031 and $861,175 related to VIEs)	4,183,662	4,006,335
TOTAL ASSETS	$ 8,653,515	$ 8,455,758
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 977,367	$ 1,241,838
Accrued expenses	314,479	330,251
Operating lease liabilities	309,339	297,926
Current installments of long-term borrowings	333,325	353,131
Short-term borrowings	168,478	33,338
Total current liabilities ($777,147 and $846,986 related to VIEs)	2,102,988	2,256,484
Long-term operating lease liabilities	1,253,313	1,176,290
Long-term borrowings	82,431	68,450
Deferred tax liabilities	10,744	11,148
Other long-term liabilities	124,425	123,122
Total non-current liabilities ($179,242 and $170,341 related to VIEs)	1,470,913	1,379,010
Total liabilities	3,573,901	3,635,494
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest (Note 1)	92,882	90,099
Stockholders’ equity		
Preferred Stock, $0.001 par value; 10,000 shares authorized; none issued and outstanding	—	—
Class A Common Stock, $0.001 par value; 500,000 shares authorized; 130,290 and 129,854 shares issued and outstanding	130	130
Class B Common Stock, $0.001 par value; 75,000 shares authorized; 19,314 and 19,379 shares issued and outstanding	19	19
Additional paid-in capital	19,969	12,170
Accumulated other comprehensive loss	(146,564)	(171,221)
Retained earnings	4,638,637	4,436,201
Skechers U.S.A., Inc. equity	4,512,191	4,277,299
Noncontrolling interests (Note 1)	474,541	452,866
Total stockholders' equity	4,986,732	4,730,165
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY	$ 8,653,515	$ 8,455,758

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
(Unaudited)

(in thousands, except per share data)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Sales	$ 2,411,571	$ 2,251,587
Cost of sales	1,157,197	1,069,953
Gross profit	1,254,374	1,181,634
Operating expenses		
Selling	185,073	156,501
General and administrative	804,176	726,335
Total operating expenses	989,249	882,836
Earnings from operations	265,125	298,798
Other income (expense)	24,530	(2,050)
Earnings before income taxes	289,655	296,748
Income tax expense	64,583	56,370
Net earnings	225,072	240,378
Less: Net earnings attributable to noncontrolling interests and redeemable noncontrolling interest (Note 1)	22,636	33,756
Net earnings attributable to Skechers U.S.A., Inc.	$ 202,436	$ 206,622
Net earnings per share attributable to Skechers U.S.A., Inc.		
Basic	$ 1.35	$ 1.35
Diluted	$ 1.34	$ 1.33
Weighted-average shares used in calculating net earnings per share attributable to Skechers U.S.A., Inc.		
Basic	149,411	152,918
Diluted	151,495	155,119

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in thousands)	Three Months Ended March 31, 2025	2024
Net earnings	$ 225,072	$ 240,378
Other comprehensive income, net of tax		
Net changes related to fair value of derivative contract	(1,367)	(639)
Gain (loss) on foreign currency translation adjustment	27,846	(18,436)
Comprehensive income	251,551	221,303
Less: Comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interest (Note 1)	24,458	27,313
Comprehensive income attributable to Skechers U.S.A., Inc.	$ 227,093	$ 193,990

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity and Redeemable Noncontrolling Interest
(Unaudited)

	Shares		Amount								
(in thousands)	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Additional paid–in capital	Accumulated other comprehensive loss	Retained earnings	Skechers U.S.A., Inc. equity	Noncontrolling interests (Note 1)	Total stockholders' equity (Note 1)	Redeemable noncontrolling interest (Note 1)
Balance at December 31, 2024	129,854	19,379	$ 130	$ 19	$ 12,170	$ (171,221)	$ 4,436,201	$ 4,277,299	$ 452,866	$ 4,730,165	$ 90,099
Net earnings	—	—	—	—	—	—	202,436	202,436	21,218	223,654	1,418
Foreign currency translation adjustment	—	—	—	—	—	24,657	—	24,657	1,824	26,481	1,365
Net changes related to fair value of derivative contract	—	—	—	—	—	—	—	—	(1,367)	(1,367)	—
Stock compensation expense	—	—	—	—	24,458	—	—	24,458	—	24,458	—
Shares issued under the incentive award plan	638	—	1	—	(1)	—	—	—	—	—	—
Shares redeemed for employee tax withholdings	(267)	—	(1)	—	(16,658)	—	—	(16,659)	—	(16,659)	—
Conversion of Class B Common Stock into Class A Common Stock	65	(65)	—	—	—	—	—	—	—	—	—
Balance at March 31, 2025	130,290	19,314	$ 130	$ 19	$ 19,969	$ (146,564)	$ 4,638,637	$ 4,512,191	$ 474,541	$ 4,986,732	$ 92,882
Balance at December 31, 2023	132,837	20,182	$ 133	$ 20	$ 295,847	$ (73,388)	$ 3,796,730	$ 4,019,342	$ 290,868	$ 4,310,210	$ 89,832
Net earnings	—	—	—	—	—	—	206,622	206,622	29,636	236,258	4,120
Foreign currency translation adjustment	—	—	—	—	—	(12,632)	—	(12,632)	(6,610)	(19,242)	806
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(400)	(400)	—
Net changes related to fair value of derivative contract	—	—	—	—	—	—	—	—	(639)	(639)	—
Stock compensation expense	—	—	—	—	20,693	—	—	20,693	—	20,693	—
Shares issued under the incentive award plan	960	—	1	—	(1)	—	—	—	—	—	—
Shares redeemed for employee tax withholdings	(470)	—	(1)	—	(27,926)	—	—	(27,927)	—	(27,927)	—
Repurchases of common stock	(994)	—	(1)	—	(60,019)	—	—	(60,020)	—	(60,020)	—
Balance at March 31, 2024	132,333	20,182	$ 132	$ 20	$ 228,594	$ (86,020)	$ 4,003,352	$ 4,146,078	$ 312,855	$ 4,458,933	$ 94,758

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Three Months Ended March 31, 2025	2024
Cash flows from operating activities		
Net earnings	$ 225,072	$ 240,378
Adjustments to reconcile net earnings to net cash used in operating activities		
Depreciation and amortization	57,062	49,325
Provision for credit losses and returns	2,122	12,749
Stock compensation	24,458	20,693
Deferred income taxes	2,904	3,648
Net foreign currency adjustments	(16,333)	4,929
Changes in operating assets and liabilities		
Receivables	(239,241)	(322,773)
Inventory	157,951	147,535
Other assets	(92,446)	(37,635)
Accounts payable	(273,100)	(162,862)
Other liabilities	45,915	6,407
Net cash used in operating activities	(105,636)	(37,606)
Cash flows from investing activities		
Capital expenditures	(147,101)	(57,087)
Purchases of investments	(41,744)	(65,065)
Proceeds from sales and maturities of investments	61,840	29,589
Net cash used in investing activities	(127,005)	(92,563)
Cash flows from financing activities		
Repayments on long-term borrowings	(75,714)	(904)
Proceeds from long-term borrowings	68,688	57,679
Net proceeds from (repayments on) short-term borrowings	134,856	(11,894)
Payments for employee taxes related to stock compensation	(16,659)	(27,927)
Repurchases of common stock	—	(60,020)
Distributions to noncontrolling interests	—	(400)
Net cash provided by (used in) financing activities	111,171	(43,466)
Effect of exchange rate changes on cash and cash equivalents	(1,955)	4,183
Net change in cash and cash equivalents	(123,425)	(169,452)
Cash and cash equivalents at beginning of the period	1,116,516	1,189,910
Cash and cash equivalents at end of the period	$ 993,091	$ 1,020,458
Supplemental disclosures of cash flow information		
Cash paid during the period for		
Interest	$ 6,478	$ 4,630
Income taxes, net	35,313	28,295
Non-cash transactions		
Right-of-use assets exchanged for lease liabilities	160,765	105,285

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) General

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Skechers U.S.A., Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"), for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all normal recurring adjustments and accruals considered necessary to provide a fair statement of the results for the interim periods presented have been included. The December 31, 2024 balance sheet data was derived from audited financial statements; however, the accompanying notes to the unaudited condensed consolidated financial statements do not include all of the annual disclosures required under GAAP and should be read in conjunction with the Company's 2024 Annual Report on Form 10-K. Certain reclassifications have been made to the unaudited condensed consolidated financial statements in prior years to conform to the current year presentation.

USE OF ESTIMATES

The Company has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with GAAP. Significant areas requiring the use of estimates relate primarily to allowances for credit losses, returns and customer chargebacks, inventory reserves, litigation reserves and valuation of deferred income taxes. Actual results could differ materially from those estimates.

NONCONTROLLING INTERESTS AND REDEEMABLE NONCONTROLLING INTEREST

The Company has equity interests in several joint ventures that were established either to exclusively distribute the Company's products throughout China, Israel, South Korea, Mexico, and Southeast Asia or to construct the Company's domestic distribution facility. These joint ventures are variable interest entities ("VIE") and the Company is considered the primary beneficiary. This determination is based on the relationships between the Company and the VIE, including management agreements, governance documents and other contractual arrangements. Specifically, the Company has both of the following characteristics: (a) the power to direct the activities of the entity that most significantly impact the entity's economic performance; and (b) the obligation to absorb losses of the entity that could potentially be significant to the VIE, or the right to receive benefits from the entity that could potentially be significant to the VIE. The assets and liabilities and results of operations of these entities are included in the Company's unaudited condensed consolidated financial statements, even though the Company may not hold a majority equity interest.

During 2024, the Company created the new joint venture, HF Logistics-SKX T3, LLC ("HF-T3"), to support expansion of its North America distribution center. The Company is obligated to contribute $150.0 million, of which $25.0 million was paid during the three months ended March 31, 2025 and $75.0 million was paid during the year ended December 31, 2024. The joint venture partner contributed land with a value of $150.0 million. HF-T3 is fully consolidated in the Company's financial statements.

The Company continues to reassess these relationships based on events and circumstances. The assets of these joint ventures are restricted, as they are not available for general business use outside the context of such joint ventures. The holders of the liabilities of each joint venture have no recourse to the Company.

A joint venture agreement allows the partner, based on certain triggers, to require the Company to repurchase its noncontrolling interest. As the redemption feature is not solely within the control of the Company, the noncontrolling interest is classified within temporary equity as redeemable noncontrolling interest. As of March 31, 2024, it was not probable that the redeemable noncontrolling interest would become redeemable. Balances as of March 31, 2024 were revised to reflect consistent presentation with the current period by increasing Redeemable Noncontrolling Interest and decreasing each of Noncontrolling Interests and Total Stockholders' Equity by $94.8 million.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value hierarchy as defined by applicable accounting standards prioritizes the use of inputs used in valuation techniques into the following three levels:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Other observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that cannot be corroborated by market data that reflect the reporting entity's own assumptions.

The Company’s Level 1 investments primarily include money market funds, United States (“U.S.”) Treasury securities and actively traded mutual funds; Level 2 investments primarily include corporate notes and bonds, asset-backed securities and U.S. Agency securities; and the Company does not currently have any Level 3 assets or liabilities. The Company had one Level 2 derivative instrument which is an interest rate swap classified as other assets, net, at December 31, 2024. See Note 4 – Financial Commitments for further information.

The carrying amount of receivables, payables and other amounts arising out of the normal course of business approximates fair value because of the relatively short maturity of such instruments. The carrying amount of the Company’s short-term and long-term borrowings, which are considered Level 2 liabilities, approximates fair value based on current rates and terms available to the Company for similar debt.

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The new guidance requires the disclosure of additional information related to certain costs and expenses, including amounts of inventory purchases, employee compensation and selling expenses included in each income statement line item. This update is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, and shall be applied either prospectively or retrospectively at the option of the Company and early adoption is permitted. The Company is currently evaluating the impact of the new disclosure requirements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. ASU 2023-09 requires companies to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires companies to disclose additional information about income taxes paid. ASU 2023-09 will be effective for annual periods beginning January 1, 2025 and will be applied on a prospective basis with the option to apply the standard retrospectively. Once adopted, the Company expects to include additional income tax disclosures as required by the new guidance. The standard will not have an impact on the Company’s consolidated financial position, results of operations and cash flows.

(2) Cash, Cash Equivalents, Short-term and Long-term Investments

The following tables show the Company’s cash, cash equivalents, short-term and long-term investments by significant investment category:

	As of March 31, 2025				
(in thousands)	Adjusted Cost	Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Cash	$ 967,807	$ 967,807	$ 967,807	$ —	$ —
Level 1					
Money market funds	12,797	12,797	12,797	—	—
U.S. Treasury securities	27,028	27,028	6,487	13,580	6,961
Mutual funds	N/A	3,091	—	—	3,091
Total level 1	39,825	42,916	19,284	13,580	10,052
Level 2					
Corporate notes and bonds	122,335	122,335	6,000	82,930	33,405
Asset-backed securities	23,331	23,331	—	1,561	21,770
U.S. Agency securities	10,714	10,714	—	9,543	1,171
Total level 2	156,380	156,380	6,000	94,034	56,346
Total	$ 1,164,012	$ 1,167,103	$ 993,091	$ 107,614	$ 66,398

(in thousands)	As of December 31, 2024 Adjusted Cost	Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Cash	$ 1,094,228	$ 1,094,228	$ 1,094,228	$ —	$ —
Level 1					
Money market funds	15,441	15,441	15,441	—	—
U.S. Treasury securities	26,160	26,160	2,849	14,513	8,798
Mutual funds	N/A	2,984	—	—	2,984
Total level 1	41,601	44,585	18,290	14,513	11,782
Level 2					
Corporate notes and bonds	129,588	129,588	2,998	85,767	40,823
Asset-backed securities	22,073	22,073	—	257	21,816
U.S. Agency securities	20,091	20,091	1,000	17,933	1,158
Total level 2	171,752	171,752	3,998	103,957	63,797
Total	$ 1,307,581	$ 1,310,565	$ 1,116,516	$ 118,470	$ 75,579

The Company's investments consist of U.S. Treasury securities, corporate notes and bonds, asset-backed securities and U.S. agency securities, which the Company has the intent and ability to hold to maturity and therefore are classified as held-to-maturity. The Company holds mutual funds in its deferred compensation plan which are classified as trading securities. The Company may sell certain of its investments prior to their stated maturities for strategic reasons including, but not limited to, anticipation of credit deterioration and duration management. The maturities of the Company's long-term investments are generally less than two years. The Company minimizes the potential risk of principal loss by investing in highly-rated securities and limiting the amount of credit exposure to any one issuer. Fair values were determined for each individual security in the investment portfolio. Included in long-term investments on the Unaudited Condensed Consolidated Balance Sheets are company owned life insurance contracts of $71.0 million and $71.1 million as of March 31, 2025 and December 31, 2024. Consolidated interest income was $5.4 million and $8.5 million for the three months ended March 31, 2025 and 2024.

When evaluating an investment for its current expected credit losses, the Company reviews factors such as historical experience with defaults, losses, credit ratings, term and macroeconomic trends, including current conditions and forecasts to the extent they are reasonable and supportable.

(3) Accrued Expenses

Accrued expenses were as follows:

(in thousands)	As of March 31, 2025	As of December 31, 2024
Accrued payroll, taxes, and other	$ 199,008	$ 166,487
Return reserve liability	75,771	73,088
Accrued inventory purchases	39,700	90,676
Accrued expenses	$ 314,479	$ 330,251

(4) Financial Commitments

The Company had $43.3 million and $36.6 million letters of credit as of March 31, 2025 and December 31, 2024. Interest expense was $6.5 million and $4.7 million for the three months ended March 31, 2025 and 2024. The Company was in compliance with all financial covenants as of March 31, 2025.

SHORT-TERM BORROWINGS

(in thousands)	Expiration Date	As of March 31, 2025	As of December 31, 2024
Revolving credit facility - Corporate	December 2026	$ 130,000	$ —
Revolving credit facilities - India	Various 2025	25,745	21,209
Other - international facilities	Various 2027	12,733	12,129
Short-term borrowings		$ 168,478	$ 33,338

Revolving Credit Facilities

The Company maintains a revolving credit facility with Bank of America, N.A. which allows for an unsecured credit facility of up to $750.0 million, which may be increased by up to $250.0 million under certain conditions and provides for the issuance of letters of credit up to a maximum of $100.0 million and swingline loans up to a maximum of $50.0 million. The unused credit capacity was $615.4 million and $745.4 million at March 31, 2025 and December 31, 2024. The weighted-average annual interest rate on outstanding borrowings was 5.62% during the three months ended March 31, 2025.

The Company is required to maintain a maximum total adjusted net leverage ratio of 3.75:1, except in the event of an acquisition in which case the ratio may be increased at the Company's election to 4.25:1 for the quarter in which such acquisition occurs and for the next three quarters thereafter.

The Company's subsidiary in India had various lines of credit as of March 31, 2025, with unused capacity of $32.0 million and a weighted average interest rate on outstanding borrowings of 7.68%. Borrowings on the line of credit are due in 180 days. Additionally, the Company maintains various credit facilities within its other international markets with an aggregate unused capacity of approximately $28.6 million that is available for working capital needs and issuance of letters of credit.

LONG-TERM BORROWINGS

(in thousands)	Maturity Date	As of March 31, 2025	As of December 31, 2024
HF-T1 Distribution Center Loan	March 2026	$ 129,505	$ 129,505
HF-T2 Distribution Center Construction Loan	April 2025	73,017	73,017
China Distribution Center Expansion Construction Loan	December 2032	82,431	68,450
China Operational Loans	Various 2026	130,780	150,517
Other	Various	23	92
Subtotal		415,756	421,581
Less: Current installments of long-term borrowings		333,325	353,131
Long-term borrowings		$ 82,431	$ 68,450

HF-T1 Distribution Center Loan

To finance construction and improvements to the Company's North American distribution center, the Company's joint venture with HF Logistics I, LLC ("HF"), HF Logistics-SKX, LLC (the "JV"), through a wholly-owned subsidiary of the JV ("HF-T1"), entered into a $129.5 million construction loan agreement with the interest rate based on the Secured Overnight Financing Rate ("SOFR") Daily Floating Rate plus a margin of 1.75% per annum. HF-T1 also entered into an interest rate swap agreement which fixed the effective interest rate on the loan at 2.55% per annum.

In March 2025, upon maturity of the construction loan and interest rate swap agreements, HF-T1 entered into an agreement to extend the loan agreement to March 2026, with an option to further extend the maturity date to August 2026. The interest rate is based on the SOFR Daily Rate plus a margin of 1.85% per annum and principal payments of $0.1 million are required per month. The weighted-average annual interest rate on borrowings was 6.26% during the current quarter. The obligations of the JV under this loan are guaranteed by TGD Holdings I, LLC ("TGD"), which is an affiliate of HF.

HF-T2 Distribution Center Construction Loan

On April 3, 2020, HF Logistics-SKX T2, LLC ("HF-T2"), a joint venture, entered into a construction loan agreement of up to $73.0 million with Bank of America, N.A. to expand the North American distribution center. The interest rate was based on the Bloomberg Short-Term Bank Yield Index ("BSBY") Daily Floating Rate plus a margin of 190 basis points, reducing to 175 basis points upon substantial completion of the construction and certain other conditions being satisfied. In October 2024, the loan was amended to replace the BSBY rate with the SOFR rate. The weighted-average annual interest rate on borrowings was 6.18% during the three months ended March 31, 2025. The obligations of HF-T2 under this loan are guaranteed by TGD.

Subsequent to March 31, 2025, upon maturity of the construction loan agreement, HF-T2 entered into an agreement to extend the loan agreement to April 2026, with an option to further extend the maturity date to August 2026. The interest rate is based on the SOFR Daily Rate plus a margin of 1.85% per annum and principal payments of $0.1 million are required per month. The obligations of HF-T2 under this loan are guaranteed by TGD.

China Distribution Center Expansion Construction Loan

On October 18, 2022, the Company entered into a loan agreement for 1.1 billion yuan with Bank of China Co., Ltd to finance the construction of its distribution center expansion in China. Interest is paid quarterly. The interest rate at March 31, 2025 was 2.70% and may increase or decrease over the life of the loan, and is evaluated every 12 months. Beginning in 2026, the principal of the loan will be repaid in semi-annual installments of variable amounts. The obligations of this loan entered through the Company's Taicang Subsidiary are jointly and severally guaranteed by the Company's China joint venture.

China Operational Loans

The Company has certain secured credit facilities with an aggregate capacity of 1.75 billion yuan to support the operations of its China joint venture. As of March 31, 2025 and December 31, 2024, interest rates on outstanding borrowings ranged from 2.00% to 2.60% per annum.

Other Financial Commitments

As of March 31, 2025, the Company had remaining obligations totaling $50.0 million that will be contributed to HF-T3, a joint venture, in even quarterly amounts over the next two quarters.

(5) Stockholders' Equity and Stock Compensation

SHARE REPURCHASE PROGRAM

The Company's Board of Directors authorized a share repurchase program effective July 25, 2024, pursuant to which the Company may purchase shares of its Class A common stock, for an aggregate repurchase price not to exceed $1.0 billion. This repurchase program expires on July 25, 2027, does not obligate the Company to acquire any particular amount of shares, and replaced the prior share repurchase program. Remaining repurchase authorization under the program authorized in 2022 was terminated upon authorization of the new program. As of March 31, 2025, there was $789.9 million remaining to repurchase shares under the program.

The following table provides a summary of the Company’s stock repurchase activities:

	Three Months Ended March 31,			
	2025		2024	
Shares repurchased		—		994,215
Average cost per share	$	—	$	60.37
Total cost of shares repurchased (in thousands)	$	—	$	60,020

INCENTIVE AWARD PLAN

For the three months ended March 31, 2025, the Company granted restricted stock with time-based vesting, as well as performance-based awards. The performance-based awards include those with a market condition tied to the Company’s total shareholder return ("TSR") in relation to its peer companies as well as those with a financial performance condition tied to annual earnings per share ("EPS") growth. The vesting and ultimate payout of performance awards is determined at the end of the three-year performance period and can vary from zero to 200% based on actual results. As of March 31, 2025, a total of 4,476,438 shares remain available for grant as equity awards under the incentive award plan if target levels are achieved for performance-based awards and 3,825,663 available if maximum levels are achieved.

The Company granted the following stock-based instruments:

	Three Months Ended March 31,					
	2025			2024		
	Granted	Weighted-Average Grant-Date Fair Value		Granted	Weighted-Average Grant-Date Fair Value	
Restricted stock	1,293,403	$	63.34	1,136,710	$	58.56
Performance-based restricted stock [1]	110,663	$	64.10	93,500	$	60.64
Market-based restricted stock [1]	110,662	$	84.39	93,500	$	78.80

[1] Based on the target number of shares that may vest.

The Company determines the fair value of restricted stock awards and any performance-related components based on the closing market price of the Company’s common stock on the date of grant. For share-based awards with a performance-based vesting requirement, the Company evaluates the probability of achieving the performance criteria throughout the performance period and will adjust stock compensation expense up or down based on its estimated probable outcome. Certain performance-based awards contain market condition components which are valued on the date of grant using a Monte Carlo simulation model.

A summary of the status and changes of the Company's unvested shares is presented below:

	Shares		Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2024	3,057,034	$	51.79
Granted	1,514,728		64.93
Vested/Released	(638,095)		49.24
Cancelled	(12,250)		57.54
Performance Adjustments	96,306		52.26
Unvested at March 31, 2025	4,017,723	$	57.14

For the three months ended March 31, 2025, shares were issued based on the achievement of certain EPS and TSR metrics as presented below:

	Target Shares	Payout Factor	Performance Adjustment
February 2022 EPS Grant	116,250	133%	38,750
February 2022 TSR Grant	116,250	150%	57,556
Total Performance Adjustments			96,306

For the three months ended March 31, 2025 and 2024, the Company recognized, as part of general and administrative, compensation expense of $23.5 million and $19.7 million for grants under the incentive award plan. As of March 31, 2025, the unamortized stock compensation of $158.1 million is expected to be recognized over a weighted-average period of 1.96 years.

STOCK PURCHASE PLAN

The 2018 Employee Stock Purchase Plan (the "ESPP") provides a total of 5.0 million shares of Class A Common Stock for sale. The ESPP provides eligible employees of the Company and its subsidiaries the opportunity to purchase shares of the Company's Class A Common Stock at a purchase price equal to 85% of the fair market value on the first trading day or last trading day of each purchase period, whichever is lower. Eligible employees can invest up to 15% of their compensation through payroll deductions during each purchase period. The purchase price discount and the look-back feature cause the ESPP to be compensatory and the Company recognizes compensation expense, which is computed using the Black-Scholes valuation model.

For each of the three months ended March 31, 2025 and 2024, the Company recognized $1.0 million of ESPP stock compensation expense. As of March 31, 2025, there were 3,360,412 shares available for sale under the ESPP.

(6) Earnings Per Share

Basic EPS and diluted EPS are calculated by dividing net earnings by the following: for basic EPS, the weighted-average number of common shares outstanding for the period; and for diluted EPS, the sum of the weighted-average number of both outstanding common shares and potentially dilutive common shares using the treasury stock method.

The calculation of EPS is as follows:

	Three Months Ended March 31,			
(in thousands, except per share data)		2025		2024
Net earnings attributable to Skechers U.S.A., Inc.	$	202,436	$	206,622
Weighted-average common shares outstanding, basic		149,411		152,918
Dilutive effect of nonvested shares		2,084		2,201
Weighted-average common shares outstanding, diluted		151,495		155,119
Anti-dilutive common shares excluded above		17		5
Net earnings per share attributable to Skechers U.S.A., Inc.				
Basic	$	1.35	$	1.35
Diluted	$	1.34	$	1.33

(7) Income Taxes

The tax provisions for the three months ended March 31, 2025 and 2024, were computed using the estimated effective tax rates applicable to each of the domestic and international taxable jurisdictions for the full year. The Company's provision for income tax expense and effective income tax rate are significantly impacted by the mix of the Company's domestic and foreign earnings (loss) before income taxes. In the non-U.S. jurisdictions in which the Company has operations, the applicable statutory rates range from 0%

to 35%, which is on average significantly lower than the U.S. federal and state combined statutory rate of 26%. The Company's effective tax rate was 22.3% and 19.0% for the three months ended March 31, 2025 and 2024. For the current quarter, the increase in the effective tax rate was due to global minimum tax rules that are effective for fiscal year 2025. The increase was partially offset by lower earnings in higher tax jurisdictions.

In the normal course of business, the Company's tax filings are subject to audit by federal, state and foreign tax authorities. As of March 31, 2025, the Company's U.S. federal tax returns were under examination by the Internal Revenue Service for fiscal years ended December 31, 2015 through December 31, 2022. Additionally, the Company is currently under examination in certain foreign jurisdictions. The Company is unable to determine the impact as these examinations have not been completed.

(8) Related Party Transactions

The Skechers Foundation (the “Foundation”) is a 501(c)(3) non-profit entity and not a subsidiary or otherwise affiliated with the Company. The Company does not have a financial interest in the Foundation. However, two officers and directors of the Company, Michael Greenberg, the Company’s President, and David Weinberg, the Company’s Chief Operating Officer, are officers and directors of the Foundation. The Company made cash contributions of $0.5 million to the Foundation during the three months ended March 31, 2025 and no cash contributions were made during the three months ended March 31, 2024.

(9) Segment and Geographic Information

The Company has two reportable segments, Wholesale and Direct-to-Consumer. Wholesale includes Skechers-branded stores operated by third-party franchisees and licensees, family shoe stores, specialty athletic and sporting goods retailers, department stores and big box club stores, and distributors in select international markets. Direct-to-Consumer includes Company-owned Skechers-branded stores, Company-owned e-commerce sites and leading third-party marketplaces and digital platforms. The Company’s Chief Operating Decision Maker ("CODM") is its Chief Operating Officer, who evaluates segment performance based on sales and gross margin. This information is used by the CODM to analyze the growth of each segment and then makes decisions about how to allocate capital and other resources to each segment. Other costs and expenses of the Company are analyzed on an aggregate basis and not allocated to the segments. The following summarizes the Company’s operations by segment and geographic area:

Segment Information

	Three Months Ended March 31,	
(in thousands)	2025	2024
Wholesale sales	$ 1,532,208	$ 1,421,698
Cost of sales	857,038	785,658
Gross profit	675,170	636,040
Gross margin	*44.1%*	*44.7%*
Direct-to-Consumer sales	$ 879,363	$ 829,889
Cost of sales	300,159	284,295
Gross profit	579,204	545,594
Gross margin	*65.9%*	*65.7%*
Total sales	$ 2,411,571	$ 2,251,587
Cost of sales	1,157,197	1,069,953
Gross profit	1,254,374	1,181,634
Gross margin	*52.0%*	*52.5%*

(in thousands)	As of March 31, 2025	As of December 31, 2024
Identifiable assets		
Wholesale	$ 4,107,238	$ 3,915,362
Direct-to-Consumer	4,546,277	4,540,396
Total	$ 8,653,515	$ 8,455,758

	Three Months Ended March 31,	
(in thousands)	2025	2024
Additions to property, plant and equipment		
Wholesale	$ 102,534	$ 32,763
Direct-to-Consumer	44,567	24,324
Total	$ 147,101	$ 57,087

Geographic Information

(in thousands)	Three Months Ended March 31, 2025	2024
Geographic sales		
Domestic Wholesale	$ 496,167	$ 475,950
Domestic Direct-to-Consumer	357,536	322,854
Total domestic sales	853,703	798,804
International Wholesale	1,036,041	945,748
International Direct-to-Consumer	521,827	507,035
Total international sales	1,557,868	1,452,783
Total sales	$ 2,411,571	$ 2,251,587

(in thousands)	Three Months Ended March 31, 2025	2024
Regional Sales		
Americas (AMER)	$ 1,104,370	$ 1,019,467
Europe, Middle East & Africa (EMEA)	718,211	627,652
Asia Pacific (APAC)	588,990	604,468
Total sales	$ 2,411,571	$ 2,251,587
China sales	$ 268,661	$ 319,514

(in thousands)	As of March 31, 2025	As of December 31, 2024
Property, plant and equipment, net		
Domestic	$ 1,309,973	$ 1,236,882
International	627,628	598,048
Total	$ 1,937,601	$ 1,834,930
China property plant and equipment, net	$ 319,163	$ 303,607

CONCENTRATIONS OF RISK

The Company’s sales to its five largest customers accounted for approximately 8.6% and 8.5% of total sales for the three months ended March 31, 2025 and 2024.

Assets located outside the U.S. consist primarily of cash, accounts receivable, inventory, property, plant and equipment, and other assets. Assets held outside the U.S. were $5.7 billion and $5.6 billion as of March 31, 2025 and December 31, 2024.

The Company performs regular evaluations concerning the ability of customers to satisfy their obligations and provides for estimated credit losses. Domestic accounts receivable generally do not require collateral. Foreign accounts receivable are generally collateralized by letters of credit. The Company’s additions to the provision for expected credit losses for the three months ended March 31, 2025 and 2024 were $1.7 million and $1.3 million.

The Company’s accounts receivables, excluding allowances for credit losses and chargebacks, by geography are summarized as follows:

(in thousands)	As of March 31, 2025	As of December 31, 2024
Domestic accounts receivable	$ 420,286	$ 345,488
International accounts receivable	900,335	711,686

The Company's top five manufacturers produced the following:

(percentage of total production)	Three Months Ended March 31, 2025	2024
Manufacturer #1	20.7	20.0
Manufacturer #2	5.9	8.9
Manufacturer #3	5.1	5.4
Manufacturer #4	4.1	5.1
Manufacturer #5	3.8	3.7
Total	39.6	43.1

(10) Commitments and Contingencies

In accordance with GAAP, the Company records a liability in its unaudited condensed consolidated financial statements for loss contingencies when a loss is known or considered probable and the amount can be reasonably estimated. When determining the estimated loss or range of loss, significant judgment is required to estimate the amount and timing of a loss to be recorded. Estimates of probable losses resulting from litigation and governmental proceedings are inherently difficult to predict, particularly when the matters are in the procedural stages or with unspecified or indeterminate claims for damages, potential penalties, or fines. Accordingly, the Company cannot determine the final amount, if any, of its liability beyond the amount accrued in the unaudited condensed consolidated financial statements at March 31, 2025, nor is it possible to estimate what litigation-related costs will be in the future; however, the Company believes that the likelihood that claims related to litigation would result in a material loss to the Company, either individually or in the aggregate, is remote.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto in Item 1 of this report and our Annual Report on Form 10-K for the year ended December 31, 2024.

We intend for this discussion to provide the reader with information that will assist in understanding our unaudited condensed consolidated financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our unaudited condensed consolidated financial statements. The discussion also provides information about the financial results of the various segments of our business to provide a better understanding of how those segments and their results affect the financial condition and results of operations of our company as a whole.

This quarterly report on Form 10-Q contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements with regards to future revenue, projected operating results, earnings, spending, margins, cash flow, orders, expected timing of shipment of products, inventory levels, future growth or success in specific countries, categories or market sectors, continued or expected distribution to specific retailers, liquidity, capital resources and market risk, strategies and objectives. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or simply state future results, performance or achievements, and can be identified by the use of forward-looking language such as "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "will," "could," "may," "might," or any variations of such words with similar meanings. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected in forward-looking statements, and reported results shall not be considered an indication of our future performance. Factors that might cause or contribute to such differences include:

- our ability to maintain our brand image and to anticipate, forecast, identify, and respond to changes in fashion trends, consumer demand for the products and other market factors;
- our ability to sustain, manage and forecast our costs and proper inventory levels;
- our ability to remain competitive among sellers of footwear for consumers, including in the highly competitive performance footwear market;
- global economic, political and market conditions including the effects of inflation, tariffs, the threat of tariffs, changes in trade policies, and foreign currency exchange rate fluctuations around the world, the challenging consumer retail market in the United States ("U.S.") and the impact of war and other conflicts around the world;
- the loss of any significant customers, decreased demand by industry retailers and the cancellation of order commitments;
- our ability to continue to manufacture and ship our products that are sourced in China and Vietnam, which could be adversely affected by various economic, political, health or trade conditions, or a natural disaster in China or Vietnam;
- our ability to manage the impact from delays and disruptions in our supply chain; and
- other factors referenced or incorporated by reference in our annual report on Form 10-K for the year ended December 31, 2024 under the captions "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

The risks included herein are not exhaustive. Other sections of this report include additional factors that could adversely impact our business, financial condition and results of operations. Moreover, we operate in a very competitive and rapidly changing environment, and new risk factors emerge from time to time. We cannot predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Given these inherent and changing risks and uncertainties, investors should not place undue reliance on forward-looking statements, which reflect our opinions only as of the date of this Quarterly Report, as a prediction of actual results. We undertake no obligation to publicly release any revisions to the forward-looking statements after the date of this document, except as otherwise required by reporting requirements of applicable federal and states securities laws.

OVERVIEW

Skechers began 2025 by setting a new sales record driven by demand for our strong portfolio of innovative footwear. Key highlights for the three months ended March 31, 2025 include:

- Record sales of $2.4 billion, an increase of 7.1% compared to the same period of the prior year;
- Gross margin was 52.0%;
- Increased sales in both segments;
- Increased sales in the Americas and Europe, Middle East & Africa regions; and
- Diluted earnings per share of $1.34.

The broad-based growth is the result of our dedication to delivering exceptional product for consumers of all ages and interests. We focus our initiatives with targeted and effective demand creation. In the first quarter of 2025, we aired a new commercial featuring Kansas City Chiefs head coach Andy Reid during Super Bowl game day. Skechers Performance signed additional athletes worldwide, including NBA athlete Norman Powell, Spanish Footballer Isco Alarcon, Danish Footballer Matt O'Riley and Italian Footballer Niccolo Pisilli.

As we continue to drive purchase intent and brand awareness, and increase our offering of Skechers products globally, we remain focused on building efficiencies within our business to scale for profitable growth. Our extensive product offering, best-in-class partnerships with our distribution network and strong global demand provide us confidence as we move toward our goal of $10 billion in annual sales by 2026.

RESULTS OF OPERATIONS – FIRST QUARTER

We have two reportable segments, Wholesale and Direct-to-Consumer. Wholesale includes Skechers-branded stores operated by third-party franchisees and licensees, family shoe stores, specialty athletic and sporting goods retailers, department stores and big box club stores, and distributors in select international markets. Direct-to-Consumer includes Company-owned Skechers-branded stores, Company-owned e-commerce sites and leading third-party marketplaces and digital platforms.

Selected information from our results of operations follows:

	Three Months Ended March 31,		Change	
(in thousands)	2025	2024	$	%
Sales	$ 2,411,571	$ 2,251,587	159,984	7.1
Cost of sales	1,157,197	1,069,953	87,244	8.2
Gross profit	1,254,374	1,181,634	72,740	6.2
Gross margin	*52.0 %*	*52.5 %*		*(50) bps*
Operating expenses				
Selling	185,073	156,501	28,572	18.3
General and administrative	804,176	726,335	77,841	10.7
Total operating expenses	989,249	882,836	106,413	12.1
As a % of sales	*41.0 %*	*39.2 %*		*180 bps*
Earnings from operations	265,125	298,798	(33,673)	(11.3)
Operating margin	*11.0 %*	*13.3 %*		*(230) bps*
Other income (expense)	24,530	(2,050)	26,580	n/m
Earnings before income taxes	289,655	296,748	(7,093)	(2.4)
Income tax expense	64,583	56,370	8,213	14.6
Net earnings	225,072	240,378	(15,306)	(6.4)
Less: Net earnings attributable to noncontrolling interests and redeemable noncontrolling interest	22,636	33,756	(11,120)	(32.9)
Net earnings attributable to Skechers U.S.A., Inc.	$ 202,436	$ 206,622	(4,186)	(2.0)

n/m: not meaningful.

Sales

Sales increased $160.0 million, or 7.1%, to $2.41 billion, compared to $2.25 billion as a result of a 7.2% increase internationally and a 6.9% increase domestically. Wholesale increased 7.8% and Direct-to-Consumer increased 6.0%. Sales increased overall due to higher sales volume, partially offset by lower average selling prices.

Gross margin

Gross margin declined 50 basis points to 52.0% compared to 52.5%, due to lower average selling prices.

Operating expenses

Operating expenses increased $106.4 million, or 12.1%, to $989.2 million, and as a percentage of sales increased 180 basis points to 41.0%. Selling expenses increased $28.6 million, or 18.3%, to $185.1 million, primarily due to higher demand creation expenditures. General and administrative expenses increased $77.8 million, or 10.7%, to $804.2 million. The increased expenses were driven by increases in labor costs of $30.6 million and facility related costs of $25.7 million, including rent and depreciation.

Other income (expense)

Other income was $24.5 million for the three months ended March 31, 2025, as compared to an expense of $2.1 million for the three months ended March 31, 2024. The change of $26.6 million was primarily due to favorable foreign currency exchange rates in Europe, Middle East & Africa.

Income taxes

Income tax expense and the effective tax rate were as follows:

(in thousands)	Three Months Ended March 31, 2025	2024
Income tax expense	$ 64,583	$ 56,370
Effective tax rate	22.3%	19.0%

Our income tax expense and effective income tax rate are significantly impacted by the mix of our domestic and foreign earnings (losses) before income taxes. In the non-U.S. jurisdictions in which we have operations, the applicable statutory rates range from 0% to 35%, which on average are generally significantly lower than the U.S. federal and state combined statutory rate of approximately 26%. For the quarter, the increase in the effective tax rate is due to global minimum tax rules that are effective for fiscal year 2025. The increase was partially offset by lower earnings in higher tax jurisdictions.

The Organization for Economic Cooperation and Development ("OECD") has issued various proposals that would change long-standing global tax principles, namely, its Pillar Two framework, which imposes a global minimum corporate tax rate of 15% for large multinational companies. The adoption and effective dates of these rules may vary by country and could increase tax complexity and uncertainty and may adversely affect our provision for income taxes and cash tax payments in future periods. Certain countries in which we operate have already enacted the Pillar Two minimum tax regime. Certain rules begin to be effective for us in fiscal year 2025 and we expect our tax rate to increase as a result. For fiscal year 2025, we expect our tax rate to be between 22% and 23%. We continue to evaluate the potential impact of enacted and future legislation concerning the Pillar Two framework in the non-U.S. tax jurisdictions we operate in.

Noncontrolling interests and redeemable noncontrolling interest in net earnings of joint ventures

Noncontrolling interests and redeemable noncontrolling interest represents the share of net earnings that is attributable to our joint venture partners. Net earnings attributable to noncontrolling interests and redeemable noncontrolling interest decreased $11.1 million to $22.6 million, compared to $33.8 million in the prior year, due to lower earnings by our joint ventures, predominantly in China.

RESULTS OF SEGMENT OPERATIONS – FIRST QUARTER

Wholesale

(in thousands)	Three Months Ended March 31, 2025	2024	Change $	%
Sales	$ 1,532,208	$ 1,421,698	110,510	7.8
Gross profit	675,170	636,040	39,130	6.2
Gross margin	*44.1%*	*44.7%*		*(70) bps*

Wholesale sales increased $110.5 million, or 7.8%, to $1.5 billion, due to increases in Europe, Middle East & Africa of 13.0% and the Americas of 7.3%, partially offset by decreases in Asia Pacific of 0.6%. Wholesale volume increased 9.1% and average selling price per unit declined 1.3%.

Wholesale gross margin decreased 70 basis points to 44.1% driven by lower average selling prices.

Direct-to-Consumer

(in thousands)	Three Months Ended March 31, 2025	2024	Change $	%
Sales	$ 879,363	$ 829,889	49,474	6.0
Gross profit	579,204	545,594	33,610	6.2
Gross margin	*65.9%*	*65.7%*		*10 bps*

Direct-to-Consumer sales increased $49.5 million, or 6.0%, to $879.4 million, which includes increases in the Americas of 9.8% and Europe, Middle East & Africa of 21.7%, partially offset by a decrease in Asia Pacific of 4.4%. Direct-to-Consumer volume increased 6.3% and average selling price per unit declined 0.3%.

Direct-to-Consumer gross margin increased 10 basis points to 65.9% due to favorable channel mix, partially offset by lower average selling prices.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Outlook

We had cash and cash equivalents of $993.1 million as of March 31, 2025. Amounts held outside the U.S. were $900.5 million, or 90.7% and $331.4 million was available for repatriation to the U.S. as of March 31, 2025, without incurring additional U.S. federal income taxes and applicable non-U.S. income and withholding taxes.

As of March 31, 2025, we had unused credit capacity of $615.4 million on our corporate revolving credit facility, with an additional $250.0 million available through an accordion feature. We believe that anticipated cash flows from operations, existing cash and investment balances, available borrowings under our revolving credit facility, and current financing arrangements will be sufficient to provide us with the liquidity necessary to fund our anticipated working capital and capital requirements for the next twelve months.

Cash Flows

Our working capital as of March 31, 2025 was $2.4 billion, an increase of $173.9 million from working capital of $2.2 billion at December 31, 2024. Our cash and cash equivalents as of March 31, 2025 were $993.1 million, compared to $1,116.5 million as of December 31, 2024. Our primary source of operating cash is collections from customers. Our primary uses of cash are inventory purchases, selling, general and administrative expenses and capital expenditures.

Operating Activities

For the three months ended March 31, 2025, net cash used in operating activities was $105.6 million compared to $37.6 million for the three months ended March 31, 2024. The $68.0 million increase in operating cash flows primarily resulted from changes in working capital.

Investing Activities

Net cash used in investing activities was $127.0 million for the three months ended March 31, 2025, compared to $92.6 million for the three months ended March 31, 2024. The $34.4 million increase was due to increased capital expenditures of $90.0 million, partially offset by net investment activity of $55.6 million.

Our capital investments remain focused on supporting our strategic growth priorities, growing our Direct-to-Consumer business, as well as expanding the presence of our brand internationally. Capital expenditures for the three months ended March 31, 2025 were $147.1 million, which included $68.9 million related to the expansion of our global distribution infrastructure and $44.6 million related to investments in our retail stores and direct-to-consumer technologies. We expect our annual capital expenditures for 2025 to be approximately $600 to $700 million, which is primarily related to new stores, added omnichannel capabilities and incremental distribution capacity in key markets. We expect to fund ongoing capital expenses through a combination of available cash and borrowings.

Financing Activities

Net cash provided by financing activities was $111.2 million during the three months ended March 31, 2025, compared to net cash used of $43.5 million during the three months ended March 31, 2024. The change of $154.6 million is the result of increased borrowings of $82.9 million, partially offset by repurchases of common stock of $60.0 million during the prior period.

Capital Resources and Prospective Capital Requirements

Share Repurchase Program

On July 25, 2024, the Company's Board of Directors announced a share repurchase program, pursuant to which the Company may purchase up to $1.0 billion in shares of its Class A common stock. This repurchase program expires on July 25, 2027, does not obligate the Company to acquire any particular amount of shares and replaced the prior share repurchase program authorization. Remaining repurchase authorization under the repurchase program was terminated upon commencement of the new program. As of March 31, 2025, $789.9 million remains available under the Share Repurchase program.

Financing Arrangements

As of March 31, 2025, outstanding borrowings were $584.2 million, of which $285.0 million related to loans for our domestic and China distribution centers, $130.8 million related to our operations in China, and the remainder related to our international operations. Our short-term and long-term debt obligations contain both financial and non-financial covenants, including cross-default provisions. We were in compliance with all debt covenants related to our short-term and long-term borrowings as of the date of this quarterly report. See Note 4 – Financial Commitments of the Unaudited Condensed Consolidated Financial Statements for additional information.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our Unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies and estimates did not change materially during the quarter ended March 31, 2025.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes from the information previously reported under Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Item 4. Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Quarterly Report on Form 10-Q, we performed an evaluation under the supervision and with the participation of management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the design and effectiveness of our disclosure controls and procedures, which are required in accordance with Rule 13a-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our CEO and CFO concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective in the timely and accurate recording, processing, summarizing and reporting of material financial and non-financial information within the time periods specified within the SEC's rules and forms. Our CEO and CFO also concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Nike, Inc. v. Skechers USA, Inc. – On November 6, 2023, Nike filed an action against our company in the United States District Court for the Central District of California, Case No. 2:23-CV-09346, alleging that certain Skechers shoe designs infringe the claims of six Nike utility patents that purportedly cover Nike's Flyknit technologies. Nike seeks injunctive relief, damages (including treble damages), pre-judgment and post-judgment interest, and costs. On January 12, 2024, we answered Nike's complaint, denying the allegations, and filed counterclaims seeking declarations of invalidity of the asserted patents, and non-infringement. The District Court held a claim construction hearing on September 20, 2024, but has not yet issued its ruling. In early November 2024, we filed petitions with the Patent Trial and Appeals Board ("PTAB") seeking to institute inter partes review of each of the six Nike utility patents being asserted against us, and we are awaiting PTAB's decisions on our petitions. On February 5, 2025, the District Court, upon our motion and over Nike's opposition, stayed the case before it pending PTAB's decision on our petitions. While it is too early to predict the outcome of the PTAB proceedings or the District Court case, or whether an adverse result would have a material adverse impact on our operations or financial position, we believe we have meritorious defenses and intend to defend this matter vigorously.

Other than the matters described above, there have been no material developments with respect to the information previously reported under Part I, Item 3 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Item 1A. Risk Factors

Other than the following risk factor, there have been no material developments with respect to the information previously reported under Part I, Item 3 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Additional tariffs on product imported to the U.S., retaliatory trade actions taken by other countries and resulting trade wars may have a material adverse impact on our business.

The Company's business is subject to risks related to tariffs and other trade policies put in place by the U.S. or other countries. In 2025, the U.S. government announced the intention to impose additional tariffs on certain goods imported from numerous countries, and multiple nations, including China, responded with reciprocal tariffs and other trade actions. The U.S market accounted for 38% of our global sales in fiscal year 2024, with a substantial amount of our products imported to the U.S. primarily sourced from China, Vietnam and other Asian countries.

The recent enactment of tariffs by the U.S. government, along with the unpredictability of the rates, poses a significant risk to our business operations and may materially increase our costs and reduce our margins. The tariffs may also lead to higher pricing for our products, potentially reducing consumer demand and impacting our sales volume. We are actively monitoring the impact of any tariffs that become effective, as well as potential retaliatory tariffs imposed by other countries. We are currently analyzing strategies that can be taken to moderate or minimize the effects of these trade actions, including evaluating the country of origin for sourcing product into the U.S., negotiating with suppliers and adjusting our pricing strategies. However, there can be no assurance that these measures will be successful, or that they will offset the negative impact of the tariffs on our business.

Given the uncertainty regarding scope and duration of the current and potential tariffs, as well as the potential for additional trade actions by the U.S. or other countries, the specific impact to our business, results of operations, cash flows and financial condition is uncertain but could be material.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the share repurchase activity during the quarter ended March 31, 2025.

Month Ended	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased under the Share Repurchase Program	Maximum Dollar Value of Shares that May Yet Be Purchased under the Share Repurchase Program (in thousands)
January 31, 2025	—	$ —	—	$ 789,935
February 28, 2025	—	—	—	789,935
March 31, 2025	—	—	—	789,935
Total	—	$ —	—	

On July 25, 2024, the Company's Board of Directors announced a share repurchase program pursuant to which the Company may purchase shares of its Class A common stock, for an aggregate repurchase price not to exceed $1.0 billion. This repurchase program expires on July 25, 2027 and does not obligate the Company to acquire any particular amount of shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

(a) None.

(b) None.

(c) During the quarter ended March 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each such term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation dated April 29, 1999 (incorporated by reference to Exhibit Number 3.1 of the Registrant's Form 10-Q for the quarter ended September 30, 2015).
3.1(a)	Amendment to Amended and Restated Certificate of Incorporation dated September 24, 2015 (incorporated by reference to Exhibit Number 3.2 of the Registrant's Form 10-Q for the quarter ended September 30, 2015).
3.1(b)	Second Amendment to Amended and Restated Certificate of Incorporation dated June 12, 2023 (incorporated by reference to Exhibit Number 3.1 of the Registrant's Form 10-Q for the quarter ended June 30, 2023).
3.2	Bylaws dated May 28, 1998 (incorporated by reference to Exhibit Number 3.2 of the Registrant's Registration Statement on Form S-1 (File No. 333-60065) filed on July 29, 1998).
3.2(a)	Amendment to Bylaws dated as of April 8, 1999 (incorporated by reference to Exhibit Number 3.2(a) of the Registrant's Form 10-K for the year ended December 31, 2005).
3.2(b)	Second Amendment to Bylaws dated as of December 18, 2007 (incorporated by reference to Exhibit Number 3.1 of the Registrant's Form 8-K filed on December 20, 2007).
3.2(c)	Third Amendment to Bylaws dated as of May 15, 2019 (incorporated by reference to Exhibit Number 3.1 of the Registrant's Form 8-K filed on May 17, 2019).
3.2(d)	Fourth Amendment to Bylaws dated as of March 9, 2023 (incorporated by reference to Exhibit Number 3.1 of the Registrant's Form 8-K filed on March 15, 2023).
3.2(e)	Fifth Amendment to Bylaws dated as of December 18, 2024 (incorporated by reference to Exhibit Number 3.1 of the Registrant's Form 8-K filed on December 23, 2024).
10.1	Loan Modification and Extension Agreement dated as of March 18, 2025, by and among HF Logistics-SKX T1, LLC, which is a wholly-owned subsidiary of a joint venture entered into between HF Logistics I, LLC and Skechers R.B., LLC, a Delaware limited liability company and wholly-owned subsidiary of the Registrant, Bank of America, N.A., as administrative agent and as a lender, and First-Citizens Bank & Trust Company (successor by merger to CIT Bank, N.A.) and Raymond James Bank, N.A., as lenders.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101

* In accordance with Item 601(b)(32)(ii) of Regulation S-K, this Exhibit shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 2, 2025

SKECHERS U.S.A., INC.

By: /s/ John Vandemore
John Vandemore
Chief Financial Officer
(Principal Financial Officer and Duly Authorized Signatory)

LOAN MODIFICATION AND EXTENSION AGREEMENT

THIS LOAN MODIFICATION AND EXTENSION AGREEMENT (this "Agreement") is made effective as of March 18, 2025 (the "Effective Date"), by and among **HF LOGISTICS-SKX T1, LLC**, a Delaware limited liability company (hereinafter called the "Borrower," whether one or more), **TGD HOLDINGS I, LLC**, a Delaware limited liability company (hereinafter called the "Guarantor," whether one or more), and **BANK OF AMERICA, N.A.**, a national banking association, as Administrative Agent for the Lenders (as hereinafter defined) (the "Administrative Agent") and each "Lender" set forth on the signature pages to this Agreement.

RECITALS:

WHEREAS, pursuant to the terms and conditions of that certain Amended and Restated Loan Agreement executed as of August 12, 2015 by and among Borrower, Administrative Agent, each of the lenders from time to time party thereto (each, a "Lender" and collectively, "Lenders"), as modified by (i) a First Amendment to A&R Loan Agreement executed as of March 18, 2020 by and among Borrower, Administrative Agent, and the Lenders, and (ii) a LIBOR Transition Amendment executed as of May 23, 2023 by and among Borrower, Administrative Agent, and the Lenders, and joined into by HF Logistics-SKX T2, LLC, a Delaware limited liability company (the "Former Guarantor") (collectively, the "Loan Agreement), Lenders made a loan (the "Loan") to Borrower in the original maximum principal amount of $129,505,000.00;

WHEREAS, the Loan is evidenced by, among other things, one or more promissory notes executed by Borrower and payable to the order of each Lender in the amount of each Lender's Commitment and collectively in the maximum principal amount of the Loan (such promissory notes, as increased, extended, consolidated, amended, restated, replaced, substituted, supplemented or otherwise modified from time to time, collectively, the "Note");

WHEREAS, pursuant to the terms of the Loan Agreement, the Loan matures on March 18, 2025;

WHEREAS, Borrower's obligations under the Loan Agreement, the Note and the other Loan Documents (as hereinafter defined) are secured by, among other things, a Construction Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of April 30, 2010 executed by Borrower as trustor in favor of PRLAP, Inc. as trustee for the benefit of the Bank of America, N.A., as Administrative Agent, for the benefit of itself as a lender and for the other lenders from time to time a party to the Prior Loan Agreement, and recorded on May 4, 2010 as Document No. 2010-0204347 in the Official Records of Riverside County, California (as amended, supplemented, modified, restated, renewed or extended from time to time, the "Mortgage"), covering certain real property and improvements thereon, more particularly described in the Mortgage (the "Property");

WHEREAS, Borrower's obligations under the Loan Agreement, the Note and the other Loan Documents are guaranteed by Former Guarantor pursuant to a Guaranty Agreement dated August 12, 2015 (whether one or more, and as amended, supplemented, modified, restated or renewed from time to time, the "Guaranty"); and

WHEREAS, Borrower's obligations under the Loan Agreement, the Note and the other Loan Documents are hereinafter collectively called the "Obligations;" the Note, the Mortgage, the Loan Agreement, the Guaranty, and all other documents previously, now or hereafter executed and delivered to evidence, secure, guarantee, or in connection with, the Obligations, as the same may from time to time be renewed, extended, amended, supplemented or restated, are hereinafter collectively called the "Loan Documents;" and all liens, security interests, assignments, superior titles, rights, remedies, powers, equities and priorities securing the Note or providing recourse to Administrative Agent and/or Lenders with respect thereto are hereinafter collectively called the "Liens."

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Administrative Agent and Lenders now agree to extend the maturity date of the Loan, and to make certain other modifications to the Loan Documents, all as more specifically set forth below.

1. Recitals. The parties hereto acknowledge and agree that the recitals set forth above are true and correct and are incorporated herein by this reference; provided, however, that such recitals shall not be deemed to modify the express provisions hereinafter set forth. Capitalized terms used herein but not defined shall have the meanings given to them in the Loan Agreement.

2. SOFR Margin Change. The margin included in the calculation of the "Daily SOFR Rate" in the Loan Agreement is hereby increased from "one hundred seventy-five (175) basis points" to "one hundred eighty-five (185) basis points".

3. Maturity Date. All of the Obligations, including (without limitation) all outstanding principal, accrued and unpaid interest, outstanding late charges, unpaid fees, and all other amounts outstanding under the Note and the other Loan Documents, shall be due and payable in full on March 18, 2026 (the "Maturity Date"). Any reference to "Maturity Date" in the Loan Agreement and other Loan Documents shall be deemed to mean March 18, 2026.

4. Maturity Date Extension Option. A new subpart (b) is hereby added to Section 1.6 of the Loan Agreement as follows:

"(b) Borrower shall have one (1) option to extend the then Maturity Date from March 18, 2026 to August 30, 2026 subject to the following conditions being satisfied by Borrower at its sole expense to the satisfaction of Administrative Agent:

(i) Borrower shall have delivered to Administrative Agent a written notice of Borrower's election to extend the Maturity Date no later than forty-five (45) days, but no earlier than one hundred twenty (120) days, prior to the initial Maturity Date;

(ii) No Default or Potential Default shall have occurred and then be continuing as of (i) the date of Borrower's notice of election to extend the Maturity Date or (ii) the Initial Maturity Date; and

(iii) No default shall then exist under the Skechers Lease (taking into account any applicable notice and cure period set forth in the Skechers Lease);

(iv) Borrower shall have paid to Administrative Agent the Maturity Date Extension Fees as contemplated in the Fee Letter executed as of the Effective Date by Borrower."

5. Periodic Principal Payments. A new subpart (c) is hereby added to Section 1.6 of the Loan Agreement as follows:

"(c) Principal payments on the Loan in the amount of Ninety-Nine Thousand Five Hundred and No/100 Dollars ($99,500.00) shall be due and payable on the fifteenth (15) day of the first calendar month after the Closing Date and on the same day of each succeeding calendar month thereafter until all principal owing on the Loan shall have been fully paid and satisfied."

6. Amendment to Skechers Lease Related Event of Default. Item (o) of Section 7.1 (entitled "Events of Default") of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(o) Skechers or any Tenant Affiliate (as such term is defined in Section 17 of the Skechers Lease as in effect on the date hereof) at any time (i) is not in sole possession of one hundred percent (100%) of the Property pursuant to the Skechers Lease, or (ii) is in default (that continues beyond any applicable notice and/or cure period) under any material covenant set forth in the Skechers Lease, including without limitation, the payment of Base Rent and/or Operating Expenses."

7. <u>Guarantor Change</u>. As of the Effective Date, TGD Holdings I, LLC, a Delaware limited liability company is executing a replacement guaranty agreement and the existing guaranty agreement from HF Logistics—SKX T2, LLC, a Delaware limited liability company is being terminated. Accordingly, from and after the Effective Date, the definition of Guarantor contained in Exhibit B to the Loan Agreement is revised to read as follows:

"<u>Guarantor</u>" means TGD Holdings I, LLC, a Delaware limited liability company.

8. <u>Compliance Certificate</u>. As of the Effective Date, item 1(d) of Section 2 (entitled "Financial Statements") of Exhibit B of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

Concurrently with the delivery of the annual financial statements referred to in <u>clauses (a)</u> and <u>(c)</u> above, a duly completed compliance certificate from each of Borrower and Guarantor in the form attached hereto as <u>Exhibit Q</u>, together with all calculations and documentation required therein.

Exhibit Q (entitled "Compliance Certificates") is hereby amended and restated in its entirety to read as set forth on Exhibit Q attached to this Agreement.

9. <u>Deletion of Swap Contract Requirement</u>. Provision 1 to Exhibit I (entitled "Swap Contracts") of the Loan Agreement is hereby modified to delete the requirement to maintain a Swap Contract from and after the Effective Date, but if Borrower elects to obtain a Swap Contract, it shall thereafter comply with the provisions of Exhibit I.

10. <u>Financial Covenants</u>. Exhibit J (entitled "Financial Covenants") of the Loan Agreement is hereby amended and restated in its entirety to read as set forth on Exhibit J attached to this Agreement.

11. <u>Address Change</u>. The address of Borrower for notice purposes is hereby changed to:

HF Logistics-SKX T1, LLC
c/o Highland Fairview Properties
29000 Eucalyptus Ave
Moreno Valley, CA 92555
Email: <u>ibenzeevi@highlandfairview.com</u>

With a Copy to:

Mark Hirsch, Esq
1088 Park Avenue, Apt. 7B
New York, NY 10128
Email: mhirsch@trumpgroup.com

12. <u>Margin Stock</u>. Borrower and Guarantor shall not, whether directly or indirectly, and whether immediately, incidentally or ultimately, use any proceeds of the Loan to purchase or carry margin stock (within the meaning of Regulation U) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose. It is hereby acknowledged that Administrative Agents and Lenders have no Lien on margin stocks under the Mortgage or otherwise.

13. Online Banking Portal.

(a) Borrower shall, through the Online Banking Portal or in another format approved by Administrative Agent, (i) submit to Administrative Agent any draw requests and/or any borrowing/rollover/conversion notices (if applicable); and (ii) deliver to Administrative Agent any and all financial statements, any compliance certificates, and any other financial information as may be required by the Loan Documents.

(b) Notwithstanding the terms of the Loan Documents to the contrary, effective as of the date hereof, Borrower hereby represents and warrants to Administrative Agent and each Lender that each individual identified as an Authorized Signer in the Borrower's Instruction Certificate has the power and authority to delegate, to one or more Authorized Portal Users, the power and authority to utilize and perform any and all Online Facility Transactions available to Borrower from time to time under any Online Banking Portal based on the terms of the Loan Agreement and the Online Portal Agreements, and to bind Borrower with respect to any and all Online Facility Transactions performed on behalf of Borrower on such Online Banking Portal by such Authorized Portal Users. Such authorization may be changed only upon written notice to Administrative Agent accompanied by evidence, reasonably satisfactory to Administrative Agent, of the authority of the Person giving such notice. Such notice shall be effective not sooner than five (5) Business Days following receipt thereof by Administrative Agent. Administrative Agent may rely, without further investigation, upon the foregoing representation and warranty by Borrower, and Administrative Agent shall not be responsible for any Online Facility Transactions or other actions taken by any Authorized Portal Users in connection with the Online Banking Portal. Additionally, Administrative Agent shall not be responsible to Borrower, any Lender or any other Person for any loss, claim, liability, damage, cost or expense resulting from, related to, arising from or caused by any Online Facility Transactions or other actions by any Authorized Portal Users on the Online Banking Portal. Any Online Portal Agreements delivered to Administrative Agent that are signed by an Authorized Signer shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of Borrower, and each Authorized Portal User shall be conclusively presumed to have acted on behalf of such Borrower. In the event of any conflict between the Online Portal Agreements and the Loan Agreement, the terms of the Loan Agreement shall control.

(c) In addition to other terms defined herein, as used herein the following terms shall have the meanings indicated, unless the context otherwise requires and such terms shall be deemed added or amended and replaced in the Loan Documents as appropriate:

"Authorized Person" means any representative of Borrower duly designated by Borrower in the Borrower's Instruction Certificate, authorized in accordance with the governing documents of Borrower and all Laws applicable to Borrower, to bind Borrower in providing Draw Requests and/or any borrowing/rollover/conversion notices and requesting disbursements of Loan proceeds. An Authorized Person may also have the authority to perform Online Facility Transactions that may be granted to an Authorized Portal User under any Online Banking Portal if designated as such by an Authorized Signer in the Online Portal Agreements. Authorized Person also includes any individual who is an Authorized Person of a controlling entity of Borrower.

"Authorized Portal User" means any and all individuals to whom access to an Online Banking Portal is granted, whether (a) by such individual being designated as an authorized user (or other applicable designation) of such Online Banking Portal as set forth in the Online Portal Agreements, or (b) by such individual utilizing log-in credentials of an authorized user (or other applicable designation) of such Online Banking Portal, or (c) in any other manner pursuant to the terms of the Online Portal Agreements.

"Authorized Signer" means any representative of Borrower duly designated by Borrower as such in the Borrower's Instruction Certificate, authorized in accordance with the governing documents of Borrower and all applicable Laws to: (a) bind Borrower and to act for Borrower for all purposes in connection with the Loan, including but not limited to, requesting disbursements of Loan proceeds, requesting interest rate changes, obtaining information pertaining to the Loan, requesting any action under the Loan Documents, providing any certificates, and appointing and changing any Authorized Persons; and (b) delegate his/her authority to any Authorized Portal User solely to allow such Authorized Portal Users to perform Online Facility Transactions on any Online Banking Portal in accordance with the terms of the Loan Agreement and the Online Portal Agreements. Authorized Signer includes, as to any Borrower, any individual who is an Authorized Signer of a Controlling Entity of such Borrower.

"Online Banking Portal" means any online banking portal and/or electronic transmission system as shall be made available by Administrative Agent for use by Borrower to conduct Online Facility Transactions in connection with the terms of the Loan Agreement and the applicable Online Portal Agreements.

"Online Facility Transactions" means any transactions that Authorized Portal Users may execute on the Online Banking Portal, including but not limited to: (a) electronically view Borrower's Loan information, (b) to upload documentation; and (c) to take any actions allowed under the Online Banking Portal based on the terms of the Online Portal Agreements, which may include, but not be limited to, making payments on the Loan, submitting Draw Requests, submitting rollover notices (if applicable), and any other actions which may be allowed under the Online Banking Portal at any time in the future, all in accordance with the terms of the Loan Agreement and the Online Portal Agreements executed by Borrower.

"Online Portal Agreements" means all applicable treasury services agreements, terms and conditions (including any booklet with respect thereto), acceptance of services, cash management agreements and terms and conditions (including any booklet with respect thereto), supplements, addenda, amendments, setup and authorization forms, and/or any other documentation which Borrower is required to execute or agree to with respect to the use of, and conducting of any Online Facility Transactions on, the Online Banking Portal from time to time (including any of the foregoing agreed to or accepted by an Authorized Portal User in a "clickwrap" or "clickthrough" agreement on any such Online Banking Portal), and any and all amendments, restatements and modifications thereto.

14. Electronic Signatures. Section 9.2.3 of the Loan Agreement is hereby deleted in its entirety and replaced with the following language:

"Section 9.2.3 Electronic Signatures.

This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a "Communication"), including Communications required to be in writing, may, if agreed by Administrative Agent, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this Section may include use or acceptance by Administrative Agent and each of the Lenders of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. Administrative Agent and each of the Lenders may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by Administrative Agent pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent Administrative Agent has agreed to accept such Electronic Signature, Administrative Agent and each of the Lenders shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of Borrower or any Guarantor without further verification and regardless of the appearance or form of such Electronic Signature and (b) upon the request of Administrative Agent or any Lender, any Communication executed using an Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time. Borrower and Guarantor hereby agree that as soon as reasonably possible, Borrower and Guarantor will provide an original of this Agreement or any other Communication to Administrative Agent that will include the wet signatures of Borrower and Guarantor next to any Electronic Signatures."

15. Administrative Agent's Clawback; Recovery of Erroneous Payments.

(a) Section 1.7(b) of the Loan Agreement is hereby amended and restated in its entirety as follows:

"(b) For the avoidance of doubt, Administrative Agent will distribute payments to each Lender, (i) on the date of receipt, if Administrative Agent receives such funds on or before 12:00 p.m. (Administrative Agent's Time), or (ii) on the Business Day following the date of receipt, if Administrative Agent receives such funds after 12:00 p.m. (Administrative Agent's Time). If Administrative Agent fails to timely pay any amount to any Lender in accordance with Section, Administrative Agent shall pay to such Lender interest on such amount at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation, for each day from the day such amount was to be paid until it is paid to such Lender. Unless Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to Administrative Agent for the account of Lenders hereunder that Borrower will not make such payment, Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to Lenders the amount due. With respect to any payment that Administrative Agent makes for the account of Lenders hereunder as to which Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "Rescindable Amount"): (1) Borrower has not in fact made such payment; (2) Administrative Agent has made a payment in excess of the amount so paid by Borrower (whether or not then owed); or (3) Administrative Agent has for any reason otherwise erroneously made such payment; then each of the Lenders severally agrees to repay to Administrative Agent forthwith on demand the Rescindable Amount so distributed to such Lender immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation."

(b) A new Section 8.18 is hereby added to the Loan Agreement as follows:

"8.18 Recovery of Erroneous Payments. Without limitation of any other provision in this Agreement, if at any time Administrative Agent makes a payment hereunder in error to any Lender (the "Credit Party"), whether or not in respect of an Obligation due and owing by Borrower at such time, where such payment is a Rescindable Amount, then in any such event, each Credit Party receiving a Rescindable Amount severally agrees to repay to Administrative Agent forthwith on demand the Rescindable Amount received by such Credit Party in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation. Each Credit Party irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. Administrative Agent shall inform each Credit Party promptly upon determining that any payment made to such Credit Party comprised, in whole or in part, a Rescindable Amount."

16. Conditions Precedent to Closing. The obligation of Administrative Agent and Lenders to enter into this Agreement is subject to the satisfaction of the following conditions precedent:

(a) Administrative Agent's receipt of this Agreement and all other additional documents required by Administrative Agent in connection with the modification of the Loan duly executed by Borrower and Guarantor as applicable;

(b) Borrower shall have provided to Administrative Agent, and Administrative Agent and Lenders shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act;

(c) Any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall deliver, to Administrative Agent and each Lender, a Beneficial Ownership Certification in relation to such Borrower;

(d) If required by Administrative Agent or any Lender, Administrative Agent and/or such Lender shall have received a standard flood hazard determination form for the Property, and if applicable, evidence of flood insurance coverage (including contents coverage, as applicable) satisfactory to Administrative Agent and/or such Lender;

(e) Borrower shall have paid Administrative Agent the fees as contemplated in the Fee Letter executed as of the Effective Date by Borrower; and

(f) Borrower shall have paid Administrative Agent all fees, commissions, costs, charges, taxes and other expenses incurred by Administrative Agent and its counsel in connection with this Agreement, including, but not limited to, reasonable fees and expenses of Lender's counsel and all recording fees, taxes and charges.

17. Balance. As of March 18, 2025, the aggregate outstanding principal balance of the Note is $129,505,000.00.

18. Borrower's Representations and Warranties. Borrower hereby reaffirms all of the representations and warranties set forth in the Loan Documents, and further represents and warrants that as of the Effective Date (a) the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects; (b) Borrower is the sole legal and beneficial owner of the Property; (c) no tenant in the Property is involved in any illegal activities or conducts any illegal business in violation of any Laws including the Controlled Substances Act; (d) the execution and delivery of this Agreement do not contravene, result in a breach of, or constitute a default under, any mortgage, loan agreement, indenture or other contract or agreement to which Borrower is a party or by which Borrower or any of its properties may be bound (nor would such execution and delivery constitute such a default with the passage of time or the giving of notice or both), and do not violate or contravene any law, order, decree, rule, regulation or restriction to which Borrower or the Property is subject; (e) this Agreement constitutes the legal, valid and binding obligations of Borrower enforceable in accordance with its terms; (f) the execution and delivery of, and performance under, this Agreement are within Borrower's power and authority without the joinder or consent of any other party and have been duly authorized by all requisite action, and are not in contravention of any law, or of Borrower's articles of organization or operating agreement or of any indenture, agreement or undertaking to which Borrower is a party or by which it is bound; (g) there exists no default under the Note or any other Loan Document; (h) there are no offsets, claims, counterclaims, cross-claims or defenses with respect to the Obligations; and (i) Borrower is duly organized and legally existing under the laws of the State of Delaware and is duly qualified to do business in the State of California. Borrower further represents and warrants that, except as disclosed in writing to Administrative Agent and Lenders, there is no suit, judicial or administrative action, claim, investigation, inquiry, proceeding or demand pending (or, to Borrower's knowledge, threatened) against (i) Borrower, or against any other person liable directly or indirectly for the Obligations, or (ii) which affects the Property or Borrower's title to the Property, or (iii) which affects the validity, enforceability or priority of any of the Loan Documents. Borrower agrees to indemnify and hold Administrative Agent and Lenders harmless against any loss, claim, damage, liability or expense (including, without limitation, attorneys' fees) incurred as a result of any representation or warranty made by Borrower herein which proves to be untrue or inaccurate in any respect, and any such occurrence shall constitute a default under the Loan Documents.

19. Release. Borrower and Guarantor, for themselves and for each of their respective heirs, personal representatives, successors and assigns, hereby release and waive all claims and/or defenses they now may have against Administrative Agent, Lenders and their respective successors and assigns on account of any occurrence relating to the Loan, the Loan Documents and/or the property encumbered by the Mortgage which accrued prior to the date hereof, including, but not limited to, any claim that Administrative Agent or any Lender (a) breached any obligation to Borrower and/or Guarantor in connection with the Loan, (b) was or is in any way involved with Borrower and/or Guarantor as a partner, joint venturer, or in any other capacity whatsoever other than as a lender, (c) failed to fund any portion of the Loan or any other sums as required under any document or agreement in reference thereto, or (d) failed to timely respond to any offers to cure any defaults under any document or agreement executed by Borrower, Guarantor or any third party or parties in favor of Administrative Agent or any Lender. This release and waiver shall be effective as of the date of this Agreement and shall be binding upon Borrower and Guarantor and each of their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of Administrative Agent, Lenders and their respective successors and assigns. The terms "Administrative Agent" and "Lender" as used herein shall include, but shall not be limited to, each's present and former officers, directors, employees, agents and attorneys.

20. Course of Dealing. Administrative Agent, Lenders and Borrower hereby acknowledge and agree that at no time shall any prior or subsequent course of conduct by Borrower, Administrative Agent or any Lender directly or indirectly limit, impair or otherwise adversely affect any of Administrative Agent's or any Lender's rights, interests or remedies in connection with the Loan and the Loan Documents or obligate Administrative Agent or any Lender to agree to, or to negotiate or consider an agreement to, any waiver of any obligation or default by Borrower under any Loan Document or any amendment to any term or condition of any Loan Document.

21. Renewal; Lien Continuation; No Novation. Borrower hereby renews the Obligations and promises to pay and perform all Obligations as modified by this Agreement. The Liens are hereby ratified and confirmed as valid, subsisting and continuing to secure the Obligations, as modified hereby. Nothing herein shall in any manner diminish, impair, waive or extinguish the Note, the Obligations or the

Liens. The execution and delivery of this Agreement shall not constitute a novation of the debt evidenced and secured by the Loan Documents.

22. Default. A default under this Agreement shall constitute a default under the Note and other Loan Documents.

23. Miscellaneous. To the extent of any conflict between the Loan Documents and this Agreement, this Agreement shall control. Unless specifically modified hereby, all terms of the Loan Documents shall remain in full force and effect. This Agreement (a) shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns; (b) shall be governed by the laws of the State of Florida and United States federal law; and (c) may be executed in several counterparts, and by the parties hereto on separate counterparts, and each counterpart, when executed and delivered, shall constitute an original agreement enforceable against all who signed it without production of or accounting for any other counterpart, and all separate counterparts shall constitute the same agreement.

24. Reaffirmation of Guaranty. Guarantor, by signature below as such, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, hereby consents to and joins in this Agreement and hereby declares to and agrees with Administrative Agent and Lenders that the Guaranty is and shall continue in full force and effect for the benefit of Administrative Agent and Lenders with respect to the Obligations, as amended by this Agreement, that there are no offsets, claims, counterclaims, cross-claims or defenses of Guarantor with respect to the Guaranty nor, to Guarantor's knowledge, with respect to the Obligations, that the Guaranty is not released, diminished or impaired in any way by this Agreement or the transactions contemplated hereby, and that the Guaranty is hereby ratified and confirmed in all respects. Each Guarantor hereby reaffirms all of the representations and warranties set forth in the Guaranty. Each Guarantor acknowledges that without this consent and reaffirmation, Administrative Agent and Lenders would not execute this Agreement or otherwise consent to its terms.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement under seal as of the day and year first hereinabove written.

ADMINISTRATIVE AGENT:

Bank of America, N.A.,
a national banking association,
as Administrative Agent

By: /s/ John Redhead_____________(SEAL)
John Redhead, Senior Vice President

BORROWER:

HF Logistics-SKX T1, LLC,
a Delaware limited liability company

By: HF Logistics-SKX, LLC,
a Delaware limited liability company,
its sole member

By: HF Logistics I, LLC,
a Delaware limited liability company,
its managing member

By: /s/ Iddo Benzeevi____________
Iddo Benzeevi, President and
Chief Executive Officer

GUARANTOR:

TGD Holdings I, LLC,
a Delaware limited liability company

By: /s/ Oren Shmueli_____________
Oren Shmueli, Senior Vice President
and Chief Financial Officer

LENDERS:

Bank of America, N.A.,
a national banking association, as a Lender

By: /s/ John Redhead_____________(SEAL)
John Redhead, Senior Vice President

Raymond James Bank,
as successor in interest to Raymond James Bank, N.A., as a Lender

By: /s/ Kenneth A. Miller III
Name: Kenneth A Miller
Title: Senior Vice President

First-Citizens Bank & Trust Company,
(successor by merger to CIT Bank N.A.),
a North Carolina chartered commercial bank,
as a Lender

By: /s/ Lee Morrison
Name: Lee Morrison
Title: Director

EXHIBIT J

FINANCIAL COVENANTS

(a) Unencumbered Liquid Assets. Guarantor shall maintain Unencumbered Liquid Assets having an aggregate market value of not less than Seven Million Five Hundred Thousand Dollars ($7,500,000.00). This covenant will be calculated annually at the end of each fiscal year, using the results of that reporting period.

"Unencumbered Liquid Assets" means the following assets (excluding assets of any retirement plan) which (i) are not the subject of any lien, pledge, security interest or other arrangement with any creditor to have its claim satisfied out of the asset (or proceeds thereof) prior to the general creditors of the owner of the asset, (ii) are held solely in the name of one or more Guarantors subject to this covenant (with no other Persons having ownership rights therein), (iii) may be converted to cash within five (5) days, (iv) are otherwise acceptable to Lender in its reasonable discretion, and (v) are not being counted or included to satisfy any other liquidity requirement under any other obligation, whether with Lender or any other lender, unless otherwise expressly agreed by Lender in writing:

(a) Cash or cash equivalents held in the United States and denominated in United States dollars;

(b) United States Treasury or governmental agency obligations which constitute full faith and credit of the United States of America;

(c) Commercial paper rated P-1 or A1 by Moody's or S&P, respectively;

(d) Short, medium and long-term securities rated investment grade by one of the rating agencies described in (c) above;

(e) Eligible Stocks;

(f) Eligible ETFs/Mutual Funds; and

(g) Other financial assets specifically designated as Unencumbered Liquid Assets for purposes of this covenant in writing by Lender (with the express understanding that not all assets that Lender or its affiliates may purchase or recommend in managed, advised or other brokerage or securities accounts shall be deemed Unencumbered Liquid Assets for purposes of this covenant).

"Eligible ETFs/Mutual Funds" means:

(i) open-end mutual funds incorporated/organized in the United States under the Investment Company Act of 1940 that invest primarily in assets described (a) through (e) of the definition of Unencumbered Liquid Assets above, as well as bonds and/or equities of non- U.S. issuers that are acceptable to Lender, and

(ii) Exchange Traded Funds ("ETF") or closed-end mutual funds incorporated/organized in the United States under the Investment Company Act of 1940 that (1) trade on a U.S. National Securities Exchange, including NASDAQ, (2) have a minimum average daily trading volume of 25,000 shares/units, and (3) have a per share/unit price of at least Five Million Dollars ($5,000,000.00);

provided that, in the case of (i) or (ii) above, such fund or ETF must employ an investment strategy and degree of leverage acceptable to Lender. For the avoidance of doubt, unacceptable strategies would include commodity-based, leveraged inverse, emerging market and high yield strategies.

"Eligible Stocks" means any common or preferred stock, partnership or other equity unit or American Depository Receipt which (i) is not control or restricted stock under Rule 144 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, or subject to any other regulatory or contractual restrictions on sales, (ii) is traded on a U. S. national stock exchange, including NASDAQ, with a liquidity on such exchange for such security acceptable to Lender and (iii) has, as of the close of trading on the applicable exchange (excluding after hours trading), a per share price of at least Five Million Dollars ($5,000,000.00).

EXHIBIT Q

COMPLIANCE CERTIFICATE

HF Logistics-SKX T1, LLC
c/o Highland Fairview
14225 Corporate Way
Moreno Valley, California 92553

____________, 20___

Bank of America, N.A.,
[Address]

Re: Skechers warehouse building in Moreno Valley, California

Ladies and Gentlemen:

This annual compliance certificate (this “Certificate”) is being delivered pursuant to that certain Amended and Restated Loan Agreement dated as of August 12, 2015 by and among the undersigned (“Borrower”) and Bank of America, N.A. (“Administrative Agent”) (as the same may have been or may hereafter be amended, modified, supplemented, restated and replaced from time to time, the “Loan Agreement”). All capitalized terms used but not defined in this Certificate shall have the meanings given in the Loan Agreement.

This Certificate is being given for the fiscal year ending on _____________________. Borrower hereby certifies to Administrative Agent as follows:

1. No Event of Default, or to Borrower’s knowledge, Default, has occurred and is continuing as of the date of this Certificate, except as set forth below [if blank, there are no exceptions]:

____
____
____

2. All representations and warranties made by Borrower and Guarantor in the Loan Documents (and any certificate, document or financial or any other statement furnished pursuant to or in connection therewith) remain true and correct in all material respects (except on account of changes in relevant facts disclosed to Administrative Agent in writing that do not constitute or arise from an Event of Default) on and as of the date of this Certificate (except for representations and warranties which expressly relate solely to an earlier date or time) with the same force and effect as if made on and as of such date.

3. No material adverse change has occurred since the date of the last compliance certificate delivered to Administrative Agent, and no event or condition that could reasonably be expected to have a material adverse change in the financial condition of Borrower or Guarantor, has occurred, except as set forth below [if blank, there are no exceptions]:

____
____
____

Should you require any further documentation or have any questions, please contact _________________________.

BORROWER:

HF LOGISTICS-SKX T1, LLC,
a Delaware limited liability company

By: HF Logistics-SKX, LLC,
a Delaware limited liability company,
its sole member

By: HF Logistics I, LLC,
a Delaware limited liability company,
its managing member

By:__________________________
Name:
Title:

TGD Holdings I, LLC,
14225 Corporate Way
Moreno Valley, California 92553

____________, 20___

COMPLIANCE CERTIFICATE

Bank of America, N.A.,
[Address]

Re: Skechers warehouse building in Moreno Valley, California

Ladies and Gentlemen:

This annual compliance certificate (this "Certificate") is being delivered pursuant to that Amended and Restated Loan Agreement dated as of August 12, 2015, by and among the HF Logistics-SKX T1, LLC, a Delaware limited liability company, ("Borrower") and Bank of America, N.A. ("Administrative Agent") (as the same may have been or may hereafter be amended, modified, supplemented, restated and replaced from time to time, the "Loan Agreement") and that certain Guaranty Agreement dated as of August 12, 2015, by the undersigned ("Guarantor") in favor of Administrative Agent (as the same may have been or may hereafter be amended, modified, supplemented, restated and replaced from time to time, the "Guaranty Agreement"). All capitalized terms used but not defined in this Certificate shall have the meanings given in the Loan Agreement and Guaranty Agreement, as applicable.

This Certificate is being given for the fiscal year ending on ____________________. Guarantor hereby certifies to Administrative Agent as follows:

1. All representations and warranties made by Guarantor in the Loan Documents (and any certificate, document or financial or any other statement furnished pursuant to or in connection therewith) remain true and correct in all material respects (except on account of changes in relevant facts disclosed to Administrative Agent in writing that do not constitute or arise from an Event of Default) on and as of the date of this Certificate (except for representations and warranties which expressly relate solely to an earlier date or time) with the same force and effect as if made on and as of such date.

2. No material adverse change has occurred since the date of the last compliance certificate delivered to Administrative Agent pursuant to the Loan Agreement and the Guaranty Agreement, and no event or condition that could reasonably be expected to have a material adverse change in the financial condition of Guarantor, has occurred, except as set forth below [if blank, there are no exceptions]:

____
____
____

3. The Unencumbered Liquid Assets of Guarantor was $________ as reflected in the attached bank and/or brokerage statements.

The calculations made and the information contained herein are complete and correct and fairly present the financial position and results of operations of Guarantor in accordance with accounting principles consistently applied, and correctly reflect the books and records of Guarantor.

Should you require any further documentation or have any questions, please contact _________________________.

GUARANTOR:

TGD Holdings I, LLC,
a Delaware limited liability company

By:______________________________
Name:
Title:

Exhibit 31.1

CERTIFICATION

I, Robert Greenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2025 of Skechers U.S.A., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 2, 2025

/s/ Robert Greenberg
Robert Greenberg
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John Vandemore, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2025 of Skechers U.S.A., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2025

/s/ John Vandemore

John Vandemore
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Skechers U.S.A., Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Greenberg

Robert Greenberg
Chief Executive Officer
(Principal Executive Officer)
May 2, 2025

/s/ John Vandemore

John Vandemore
Chief Financial Officer
(Principal Financial and Accounting Officer)
May 2, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.