REFINITIV

DELTA REPORT

10-K

SKX - SKECHERS USA INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3855
CHANGES	244
DELETIONS	1763
ADDITIONS	1848

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2022December 31, 2023

or

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

For the transition period from to

Commission File Number to 001-14429

Commission File Number001-14429

SKECHERS U.S.A., INC.

(Exact name of registrant as specified in its charter)

Delaware	**95-4376145**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

228 Manhattan Beach Blvd.,

Manhattan Beach, California90266

(310) **(310) 318-3100**

(Address, including zip code, and telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐No☒

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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.☒

☒

Ifsecurities areregistered pursuant toSection 12(b)oftheAct,indicate bycheckmarkwhether thefinancial statements oftheregistrant included inthefilingreflectthecorrection ofanerrortopreviously issued financial statements. ☐

Indicate bycheckmarkwhether anyofthoseerrorcorrectionsarerestatementsthatrequired arecoveryanalysis ofincentive-based compensation received byanyoftheregistrant's registrant's executive officers officers during therelevant recovery period pursuant to§240.10D-1(b) §240.10D-1(b). ☐

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 June 30, 2022 June 30, 2023, the aggregate market value of the voting and non-voting Class A and Class B Common Stock held by non-affiliates of the registrant was approximately $4.9 billion $7.3 billion based upon the closing price of $35.58 $52.66 of the Class A Common Stock on the New York Stock Exchange on such date.

The number of shares of Class A Common Stock outstanding as of February 15, 2023 February 21, 2024: 134,473,612.133,094,103.

The number of shares of Class B Common Stock outstanding as of February 15, 2023 February 21, 2024: 20,810,041.20,181,683.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement issued in connection with the 2023 2024 Annual Meeting of the Stockholders of the registrant are incorporated by reference into Part III.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Form 10-K

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PART III

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SpecialSpecial Note on Forward-Looking Statements

This annual report on Form 10-K 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:

- the COVID-19 pandemic and its adverse impact on our operations and our business, sales and results of operations around the world;
- 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 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; and
- our ability to manage the impact from delays and disruptions in our supply chain.

- our ability to manage the impact from delays and disruptions in our supply chain;
- our ability to sustain, manage and forecast our costs and proper inventory levels;
- 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 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;
- the loss of any significant customers, decreased demand by industry retailers and the cancellation of order commitments;
- our ability to remain competitive among sellers of footwear for consumers, including in the highly competitive performance footwear market; and
- global economic, political and market conditions including the effects of inflation and foreign currency exchange rate fluctuations around the world, the challenging consumer retail market in the United States ("U.S.") and the impact of Russia's war with Ukraine.

The risks included here are not exhaustive. Other sections of this report may 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 annual 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 state securities laws.

PART I

Item 1. Business

Business

DESCRIPTION

OF BUSINESS

Item 1.

Skechers U.S.A., Inc., The Comfort Technology Company™, designs, develops and markets a diverse range of footwear, apparel, and accessories. Our company was incorporated in California in 1992 and reincorporated in Delaware in 1999. For over 30 years, we have expanded our product offering and grown our sales while substantially increasing the breadth of our consumer and customer base. Our objective is to profitably grow our operations worldwide by delivering stylish, comfortable, innovative and high-quality products at a reasonable price.

Skechers is the third largest athletic footwear company in the world due to our innovative comfort technology products, supported by impactful marketing, a diverse distribution strategy, and a dedicated global employee base and loyal network of partners.

In this annual report on Form 10-K for the fiscal year ended December 31, 2023, Skechers U.S.A., Inc., its consolidated subsidiaries and certain variable interest entities ("VIEs") of which it is the primary beneficiary, is are referred to throughout this annual report as "Skechers," "the Company," "we," "us," "our, or "our." "the Company" and "Skechers" unless otherwise indicated. Reference in this annual report to "sales" refers to Skechers' Skechers net sales reported under U.S. generally accepted accounting principles.

SEGMENTS

We have two reportable segments: Wholesale and Direct-to-Consumer.

Wholesale. Our internet address Wholesale segment is comprised of sales to a network of partners including:

www.skechers.coı 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.

Growth in the Wholesale segment is expected to derive from adding new partners, more Skechers-branded stores, as well as expanding our existing shelf-space with current partners from the introduction of new products.

Direct-to-Consumer. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Form 3's, 4's Direct-to-Consumer segment comprises sales by us directly to consumers through a combination of channels including:

- Company-owned Skechers-branded stores;
- Company-owned e-commerce sites; and 5's filed on behalf of directors, officers
- Leading third-party marketplaces and 10% stockholders, digital platforms.

Growth in the Direct-to-Consumer segment is expected to derive from expanding our footprint, leveraging third-party digital marketplaces and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on our corporate website, www.investors.skechers.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities platforms and Exchange Commission ("SEC"). You can learn more about us by reviewing such filings at introducing new products.

www.investors.skechers.com PRODUCTS or

Skechers is a product-driven company and innovation is at the SEC's website, www.sec.gov core of our design process. We offer footwear, apparel, and accessories for men, women, and kids. We market our products at multiple price points and provide consumers with products that we believe offer superior in comfort technology..

GENERAL

WeProduct design and development is essential to our success and is driven by our ability to recognize trends and to design products that anticipate and accommodate consumers' evolving preferences. Lifestyle trend information is compiled and analyzed by our designers in various ways, including reviewing and analyzing pop culture, clothing, and trend-setting media. We also consult with our customers on current retail selling trends and collaborate with partners and ambassadors to ensure that our products are designed to address the intended market opportunity and convey the distinctive perspective and lifestyle associated with our brand. A key component of our design philosophy is to continually reinterpret and improve our most successful styles.

Footwear. We offer a comprehensive line of Skechers-branded performance and lifestyle footwear for men, women, and children, performance footwear for men and women under the Skechers Performance brand name, and work footwear for men and women under Skechers Work brand name. We design and market Skechers branded lifestyle apparel and license the Skechers brand to others for accessories, pet accessories, leather goods, eyewear and medical scrubs, among other categories. Skechers footwear reflects a combination of style, quality, comfort, innovation and value that appeals to a broad range of consumers. Our product offering is sold through wholesale distribution to department and specialty stores, athletic and independent retailers, and e-commerce retailers, and directly to consumers through Skechers brick and mortar and digital stores. Our objective is to profitably grow our operations worldwide while leveraging our recognizable Skechers brand through our diversified product lines, innovative advertising and various distribution channels.

We believe that brand recognition is an important element for success in the footwear business. We aggressively market our brands through comprehensive marketing campaigns for men, women and children. The Skechers brand is supported by print, television, digital, radio, outdoor and press campaigns as well as donation events for BOBS from Skechers. To further drive recognition, we enlist numerous celebrities, former and current athletes, and influencers to appear in our campaigns. In 2022, our brand ambassadors included television personalities and entertainers Martha Stewart, Amanda Kloots, Brooke Burke, Willie Nelson and Chesca, athlete Clayton Kershaw, and former athletes Sugar Ray Leonard, Tony Romo, Howie Long, Cris Carter, Meb Keflezighi, and Rusty Wallace. More recently, culture and entertainment icon Snoop Dogg joined our stable of brand ambassadors. Additionally, athletes supporting our performance footwear included runner Edward Cheserek, elite golfers Matt Fitzpatrick, Brooke Henderson and Colin Montgomerie, and pro pickleball players Tyson McGuffin and Catherine Parenteau.

Since 1992, when we introduced our first line, Skechers USA Sport Utility Footwear, we have expanded our product offering and grown our sales while substantially increasing the breadth and penetration of our account and customer base. Our men's, women's and children's product lines benefit from the Skechers reputation for style, quality, comfort, and innovation all at a reasonable price. Our Performance lines benefit from our marketing, product development, technology, wins on the course or track, and feedback from athletes and wear testers.

SKECHERS LINES

We offer a wide array of Skechers-branded footwear lines, many of which have collections that have developed into well-known names. Most of these collections are marketed and packaged with unique shoe boxes, hangtags and in-store support.

From fashion styles to lifestyle product and performance shoes for sport enthusiasts, our offering is enhanced kids – with the Company's signature comfort innovations—including its Skechers Arch Fit® Technology, Skechers Max Cushioning® Technology, Skechers Air-Cooled Memory Foam®, Skechers Relaxed Fit® Technology, Skechers Stretch Fit® Technology, features and innovations. We develop footwear for all walks of life: athletes at all levels, everyday comfort needs, as well as occupational requirements. Our footwear categories include the following:

- ***Lifestyle*** – Forward, innovative and on trend, the brand's fashion, athleisure, and casual collections inspire millions to enjoy the style, comfort and quality synonymous with Skechers. Our lifestyle offering delivers comfort technologies such as Skechers Hands Free Slip-ins® Technology, Skechers Hyper Burst® Technology, and Massage Fit® Technology.

  Lifestyle Brands. Our lifestyle offering includes categories such as Skechers USA, Skechers Sport, Skechers Active, Modern Comfort, Skechers Street, Foamies, Mark Nason, the charity-minded BOBS from Skechers collection, and the recycled materials line Our Planet Matters, among others. Types of footwear sold under this division include casual, casual athletic, sport athletic, trail, sandals, boots, and fashion, and also include the well-known Skechers Uno, , Skechers Arch Fit®, and new in 2022, Skechers Hands Free Slip-ins™. Innovation Air-Cooled Memory Foam®, among others. With a street, fashion and court classic range, Skechers is also important within our lifestyle offering and select styles include patented designs including podiatrist-certified arch support and outsoles for enhanced traction, stability and durability. able to reach a younger demographic.

Within our lifestyle collections are collaborations with known brands and properties—including street artists like James Goldcrown and well-known animated characters like tokidoki.

•

Performance Brands. – Winner of numerous awards, the Skechers Performance encompasses several technical footwear lines, each designed collection offers elite athletes and enthusiast groundbreaking technologies for specific activities to maximize performance running, walking, golf, and promote comfort. pickleball, as well as two new additions in 2023 – football and basketball. The Skechers Performance division designs develops footwear to utilize utilizing the latest advancements in materials and innovative design, including lightweight Ultra GO and Skechers Hyper Burst midsole compounds for comfort and responsive feedback. Skechers Performance includes the lines Skechers GOrun, Skechers GOwalk, Skechers GOtrain, Skechers GOtrail, Burst®, Goodyear® Resagrip Technology, and Skechers GO Golf Arch Fit®. To support and market our Performance footwear, we have a roster of elite athletes, including Harry Kane, Europe's top football scorer for 2023 and captain of the England national team; NBA stars Julius Randle and Terance Mann; Major golfers Matt Fitzpatrick and Brooke Henderson; and pickleball pros Tyson McGuffin and Catherine Parenteau.

- ***Kids*** as well as – Skechers Viper Court appeals to kids with bright and bold colors and designs and are made with the latest comfort features specific to growing children's feet. Along with unique styles just for pickleball.

  Skechers Kids. children like S-Lights, Skechers Kids is comprised also includes take-downs of a wide range of sneakers, casuals, boots, and sandals for boys and girls of all ages – pairing the latest trends with innovative comfort technology. The Skechers Kids offering includes its namesake collection, S-Lights, our most popular products, including Skech-Air, Foamies, Twinkle Toes, Skechers Hands Free Slip-ins, Skechers Stretch Fit, and Skechers Street.

- ***Work*** – A leading work brand in the United States, Skechers Work. is made to last – offering service and occupational employees style, comfort and industry certified quality for all-day protection. Skechers Work offers a complete line of men's and women's slip-resistant and safety-toe casuals, shoes and boots hikers and athletic shoes for professionals who use protective footwear in their work environments. Skechers Work styles include Skechers comfort technologies along with safety and durability features such as steel, composite and lightweight safety toes; high-abrasion soles; puncture resistance; waterproofing and electrostatic-dissipative technology.

- ***Earth-Friendly*** – Skechers Our Planet Matters line is made with recycled materials to help reduce our environmental impact. An important part of our product innovation process includes seeking out new material and textile technologies to improve upon the recycled content in Our Planet Matters products.

Apparel. Skechers designs and markets a collection of We offer the latest trends in athletic lifestyle apparel for men, women and kids. The collection features Skechers characteristics that consumers around the world have come to expect from the brand. The activewear garments apparel. Our collections are designed to directly coordinate with the brand's complement our footwear products. The Skechers products, by offering apparel collection that is sold at Skechers retail stores, on our websites stylish, high-quality and through wholesale customers.

PRODUCT DESIGN AND DEVELOPMENT

Our principal goal in product design is to develop innovative, comfortable stylish, quality footwear all at a reasonable price price.

Accessories. Skechers licenses a variety of Skechers-branded products including socks, eyewear; medical scrubs; undergarments, fitness and yoga accessories, and cold weather products.

TRADEMARKS, PATENTS AND LICENSING

We own and utilize a variety of trademarks, including the Skechers trademark. We consider our Skechers trademark a significant factor in building our brand image and in distinguishing our products from those of others. We vigorously protect our trademarks against infringement, including through the use of cease-and-desist letters, administrative proceedings and lawsuits. We have a significant number of both registrations and pending applications for our U.S. trademarks. In addition, we have trademark registrations and trademark applications in 164 foreign countries. Further, we have design patents and pending design and utility patent applications in both the entire family. Our performance products are for professional U.S. and recreational athletes who want a technical shoe that performs under myriad of foreign countries. We continuously look to increase the demands number of competition. Our occupational footwear is designed to meet the specifications our patents and demands of the service, medical trademarks both domestically and construction industries while also meeting testing specifications in the markets where the product is sold. internationally.

We believe that our products' selective licensing of the Skechers brand name to manufacturers broadens and enhances the brand without requiring incremental capital investments or operating expenses. As of December 31, 2023, we had 28 active licensing agreements in which we are the licensor. We license a variety of Skechers-branded products including apparel and accessories.

MARKETING

Brand recognition is an important element for success is related to our ability to recognize trends in the footwear markets business. Senior management is directly involved in shaping our image and to design products that anticipate the conception, development and accommodate consumers' ever-evolving preferences. Lifestyle trend information is compiled and analyzed by our designers in various ways, including reviewing and analyzing pop culture, clothing, and trend-setting media; consulting with our customers for information on current retail selling trends; participating in major footwear trade shows to stay abreast of popular brands, fashions and styles; and subscribing to various fashion and color information services. In addition, a key component implementation of our design philosophy advertising and marketing activities. We aggressively market our brands through comprehensive marketing campaigns. The Skechers brand is supported by television, digital, print, radio, outdoor, and press campaigns. To further drive recognition, we enlist numerous celebrities, athletes, and influencers to continually reinterpret appear in our campaigns. We strategically select our ambassadors who we believe work well with the Company to promote the brand and improve support the product.

In 2023, our most successful styles. brand ambassadors included television personalities and entertainers Martha Stewart, Snoop Dogg, Amanda Kloots, Brooke Burke, and Chesca, and former athletes Sugar Ray Leonard, Tony Romo, Howie Long, Cris Carter, Meb Keflezighi, and Rusty Wallace. Additionally, athletes supporting our performance footwear included runner Edward Cheserek, elite golfers Matt Fitzpatrick and Brooke Henderson, pro pickleball players Tyson McGuffin and Catherine Parenteau, and Los Angeles Dodgers pitcher Clayton Kershaw. During the year, we partnered with NBA pros Julius Randle and Terance Mann, and Bayern Munich's Harry Kane, as well as a team of premier league players to support our new basketball and football divisions. We identify athletes who benefit from the comfort and technologies that our brand has to offer, and whose performance on the field, court, or course is augmented through the product.

SOURCING AND MANUFACTURING

SOURCING

***Factories.** Our suppliers are integral partners in delivering stylish, high-quality footwear and apparel to our consumers worldwide. Our products are produced by independent contract manufacturers located primarily in Asia. We do not own or operate any manufacturing facilities. We believe that the use of independent manufacturers substantially increases our production flexibility and capacity, while reducing capital expenditures and avoiding the costs of managing a large production work force.*

When possible, we seek to use manufacturers that have previously produced our footwear, which we believe enhances continuity and quality while controlling production costs. To help avoid minimize disruption of our product supply due to potential political instability, civil unrest, economic instability, changes in government policies or regulations, natural and manmade disasters, and other risks, we source product from multiple facilities across multiple countries. We believe that the existing production capacity at our third-party manufacturers' facilities is sufficient to handle expected volume in the foreseeable future.

Production Oversight.To safeguard product quality and consistency, we oversee monitor the key aspects of production from initial prototype manufacture, manufacturing, through initial production runs, to final manufacture. manufacturing. Monitoring of all production is performed in the U.S. by our in-house production department and in Asia by staff working from our offices in China and Vietnam. We believe that our Asia presence allows us to negotiate supplier and manufacturer arrangements more effectively, decrease product turnaround time, and ensure timely delivery of finished footwear. In addition, we require our manufacturers to operate in a manner consistent with the Skechers Supplier Code of Conduct posted on our corporate website. We partner with factories that ensure humane conditions for their employees and we engage in routine auditing and monitoring procedures to ensure that those who contribute to our product are treated with civility and respect.

Quality Control.We believe quality control is an important and effective means of maintaining the quality and reputation of our products and brand. Our quality control program is designed to ensure finished goods meet our established design specifications and all goods bearing our trademarks meet our standards for quality. Our quality control personnel located in China and Vietnam perform an array of inspection procedures at various stages of the production process, including examination and testing of prototypes of key raw materials prior to manufacture, samples and materials at various stages of production and final products prior to shipment. Our employees are on-site at each of our major manufacturers to oversee production. For some of our lower volume production and ensure that leading manufacturers our staff is on-site during significant production runs, or we perform unannounced visits to their manufacturing sites to further monitor compliance comply with our manufacturing specifications.

Sustainability. We believe sustainability is an important responsibility in managing our business. In 2021, we introduced Our Planet Matters, a collection for men, women and kids that utilizes recycled materials. We partnered with a global conservation organization to help fund its organization's global efforts which align with our interests and commitment to reduce tree harvesting and emissions through packaging. Supplier Code of Conduct.

We worked to make our packaging more sustainable for the more-than-225 million units of Skechers that consumers purchased in 2022. Since 2016, we have reduced our products' packaging plastics by 99% down to less than 1%; all of which is recyclable. Many facilities can now recycle 93% of Skechers-branded shoeboxes, and all of our foot forms and tissue paper packaging are recyclable and printed with soy-or water-based ink. Further, 99% of our shoeboxes meet the FSC® standard for responsible resources, and we continually look for new ways to improve with green materials, regular assessments, and assurance that our items are FSC-certified, recycled or ethically harvested. Our shipping methods reflect our green-minded approach to sustainability: master cartons are printed with soy-or-water-based ink and are 100% recyclable, and at the distribution centers managing more than 90% of our business, our outbound shipping cartons are composed of 96%-100% recycled materials and are 100% recyclable.OUR MARKET

Many of our facilities are designed and operated with sustainability in mind, including one of America's largest LEED Gold certified facilities at our North America distribution center in Southern California. Our expanding corporate offices in Los Angeles, California are being designed and developed to qualify for LEED Gold certification. Our European Distribution Center in Liege, Belgium, has both a BREEAM Very Good rating and a Lean and Green certification.

ADVERTISING AND MARKETING

With a marketing philosophy of "Unseen, Untold, Unsold," we take a targeted and 360-degree approach to marketing to drive traffic, build brand recognition and properly position our diverse lines within the marketplace. Senior management is directly involved in shaping our image and the conception, development and implementation of our advertising and marketing activities. Our marketing strategy has an omni-channel approach, and we utilize print, outdoor, television, radio, and digital, along with public relations, influencers and social media, promotions, and in-store events. In addition, we utilize celebrity and athlete endorsers in some of our advertisements.

PRODUCT DISTRIBUTION

We have two reportable segments: Wholesale and Direct-to-Consumer. The Company's collections are available in approximately 180 countries and territories through department and specialty stores, can be accessed in digital or physical stores. We are continually expanding and direct enhancing our distribution and logistics facilities and systems to support our omni-channel capabilities and provide greater access to merchandise selection and faster delivery. Our company-owned e-commerce business enables consumers through digital stores to shop, browse, find store locations, socially interact, post reviews, and approximately 4,540 Company- immerse themselves in our brands. Additionally, the e-commerce business provides an efficient and third-party-owned physical effective retail stores. The Company manages its distribution channel, which continues to improve our customer service and brand experience. We manage our international business through a network of wholly-owned subsidiaries, joint venture partners, and distributors.

Our subsidiaries and joint ventures merchandise, market and distribute Skechers product to generate sales in their countries, and we consolidate their results in our financial statements. Our joint venture interests include China, Malaysia and Singapore (50%), Thailand and Israel (51%), Mexico (60%), and South Korea (65%), and Israel (75%). Where we do not sell directly through our international subsidiaries and joint ventures, our footwear is distributed through a network of distributors and licensees who sell our products to department, athletic and specialty stores.

Wholesale. Our Wholesale segment primarily comprises sales to a vast network of partners. These include: department stores, family shoe stores, specialty running and sporting goods retailers, and big box club stores; franchisee and licensee third-party store operators representing approximately 3,100 Skechers branded stores worldwide; dedicated e-commerce retailers; and international distributors. as well as in Skechers-branded retail stores.

Direct-to-Consumer. Our Direct-to-Consumer segment primarily comprises sales by Skechers directly to consumers through a combination of channels. These include approximately 1,450 company-owned retail stores in formats consisting of concept, factory outlet and big box; digital commerce sites and mobile applications; and hosted direct-to-consumer sales through marketplaces in select international markets COMPETITION

We pursue our direct-to-consumer strategy through our integrated retail formats, which enable us to promote the full Skechers product offering in an attractive environment that appeals to a broad group of consumers.

- ***E-commerce –*** Our company-owned e-commerce business enables consumers to shop, browse, find store locations, socially interact, post reviews, and immerse themselves in our brands. Additionally, the e-commerce business provides an efficient and effective retail distribution channel, which continues to improve our customer service and brand experience.
- ***Concept Stores –*** Our concept stores are located at high street locations, major tourist areas or in key shopping malls in metropolitan cities. Our concept stores serve as a showcase for a wide range of our product offering. Retail locations are generally chosen to generate maximum marketing value for the Skechers brand name through signage, store front presentation and interior design. These stores also serve as product testing venues.
- ***Factory Outlet Stores –*** Our factory outlet stores are generally located in manufacturers' direct outlet centers in the U.S. and in select international markets. Our factory outlet stores provide opportunities for us to sell discontinued and excess merchandise.
- ***Big Box Stores –*** Our free-standing and attached big box stores, which are primarily located throughout the U.S. and Canada, enable us to liquidate excess merchandise, discontinued lines and odd-size inventory.

Store count, openings and closings for our domestic, international and third-party stores are as follows:

	Number of locations			
	December 31 2021	Opened	Closed(1)	December 31, 2022
Domestic stores	515	43	(19)	539
International stores	845	172	(112)	905
Distributor, licensee and franchise stores	2,946	529	(382)	3,093
Total Skechers stores	4,306	744	(513)	4,537

(1) Does not reflect temporary closures due to the COVID-19 pandemic.

LICENSING

We believe that selective licensing of the Skechers brand name and our product line names to manufacturers broadens and enhances the individual brands without requiring significant capital investments or additional incremental operating expenses. Our multiple product lines plus additional subcategories present many potential licensing opportunities on terms that we believe will provide more effective manufacturing, distribution or marketing of non-footwear products.

As of December 31, 2022, we had 27 active licensing agreements in which we are the licensor. We license a variety of Skechers-branded products including apparel, accessories, socks and eyewear; medical scrubs; fitness and yoga accessories, and cold weather products. Additional category-specific collections include Skechers Sport apparel, bags, backpacks and headwear; Twinkle Toes backpacks and lunchboxes; BOBS from Skechers socks and backpacks; and Skechers Work socks. We also have BOBS from Skechers pet accessories in Petco.

DISTRIBUTION FACILITIES AND OPERATIONS

We believe that strong distribution support is a critical factor in our operations. Our distribution network includes (i) an approximately 2.6 million square-foot North American distribution center located in California, (ii) an approximately 2.2 million square-foot European distribution center located in Belgium, (iii) an approximately 1.6 million square foot China distribution center, (iv) an approximately 0.3 million square foot United Kingdom distribution center, (v) company-operated distribution centers or third-party distribution centers in Central America, South America and Asia, and (vi) third-party manufacturers and other international third-party distribution centers.

INTELLECTUAL PROPERTY RIGHTS

We own and utilize a variety of trademarks, including the Skechers trademark. We have a significant number of both registrations and pending applications for our U.S. trademarks. In addition, we have trademark registrations and trademark applications in 162 foreign countries. We have design patents and pending design and utility patent applications in both the U.S. and 39 foreign countries. We continuously look to increase the number of our patents and trademarks both domestically and internationally, where necessary to protect our intellectual property. We regard our trademarks and other intellectual property as valuable assets and believe that they have significant value in marketing our products. We vigorously protect our trademarks against infringement, including through the use of cease and desist letters, administrative proceedings and lawsuits.

COMPETITION

The global footwear industry is a competitive business. Although we believe that we do not compete directly with any single company with respect to its our entire range of products, our products compete with other branded products within their product category as well as with private label products sold by retailers, including some of our customers. We also compete with numerous manufacturers, importers, and distributors of footwear for the limited shelf space available for displaying such products to the consumer. Moreover, the general availability of contract manufacturing capacity allows ease of access by new market entrants. Some of our competitors are larger, have been in existence for a longer period of time, have strong brand recognition, have captured greater market share and/or have substantially greater financial, distribution, marketing and other resources than we do. We believe, however, that we have competitive advantages because of our brand recognition, our quality comfort technology products, and our application of pricing and distribution strategies, among other factors.

HUMAN CAPITAL

Skechers employees are central to our success. We are a family brand at the core, and our commitment to family extends to our diverse team of global employees. We believe our unique backgrounds and experiences have made us stronger, inspired new ideas, and driven our innovative spirit. From our corporate offices to our retail stores and our distribution centers, we aim to build a workplace that supports each employee's well-being and encourages everyone to grow in their careers and give back to their community. We are focused on creating a positive, supportive work environment where our team can work and feel their best every day.

Employees. As of December 31, 2022December 31, 2023, we employed approximately 15,100 17,900 persons worldwide, of whom approximately 7,800 9,200 were employed on a full-time basis and approximately 7,300 8,700 were employed on a part-time basis, primarily in our retail stores.

Social Responsibility. ***Compensation and Benefits.*** As We seek to provide market-competitive compensation and benefits that not only attract the best talent, but also retain our current employees. We offer a family-focused brand, broad range of benefits including medical, prescription, dental and vision plans, flexible spending accounts, company-provided disability insurance, pet insurance, paid sick and vacation time, employee assistance program, childcare subsidies, parental leave and tuition reimbursement. Additional benefits for certain employees include a 401K plan, 529 college savings plan, pensions and pet insurance.

Diversity,Equity, and Inclusion. Skechers was founded on inclusivity, diversity, respect, and entrepreneurial spirit with the philosophy of putting people first – offering comfort and care to our employees and customers. first. In conjunction with our corporate policy against discrimination, Skechers emphasizes that every employee, applicant, contractor, and customer is entitled to be treated with dignity and respect. Human rights is are a core value at the heart of how we conduct our business, at every level of the Company – including our factories and suppliers. All full-time and part-time corporate employees in the U.S. undergo harassment and diversity training, and

employees of our wholly-owned operations in other countries comply with their local laws regarding human rights, harassment and diversity training in the workplace. As it relates to our factories and suppliers specifically, we provide employee and management training to ensure that employees and companies who oversee our production and manufacturer auditing know the most current issues regarding human rights. Our Code of Ethics, Corporate Code of Conduct and Supplier Code of Conduct codify these values and our commitment to diversity, equity and inclusion. these values. These codes are in the Corporate Governance section of the Investor Relations page of our corporate information website located at https://investors.skechers.com/corporate-governance/governance-documents. governance-documents. We intend to post any amendment to, or waivers of, these codes on our website. The information found on, or otherwise accessible through

CORPORATE RESPONSIBILITY

Despite the dynamic growth we have seen over the years, we remain firmly rooted in the same community where we began while dedicated to serving the people of the world. In so doing, we take seriously our website, position as a steward of the many communities and stakeholders we impact in our daily business activities. This increasingly involves considering the multiple ways we can evolve our business practices and processes to improve the health of our planet, the lives of our people and our communities. Corporate responsibility is not incorporated into, and does not form a part of this annual report.

Skechers is focused on reducing its carbon footprint. We have made environmental advancements a top priority for our leadership, who are investing in plans to further our environmental, social and governance ("ESG") efforts.

Sustainability. We believe it is our responsibility as a family-focused footwear and apparel brand to create and implement sustainable strategies across our operations to minimize our impact on the environment and support our customers, employees, and partners. Environmental advancements are a top priority in the development of our corporate offices as well as logistic centers. Many of our facilities are designed and operated with sustainability in mind, including one of America's largest LEED Gold certified facilities at our corporate facilities. Now under construction, North America distribution center in Southern California. Our European Distribution Center in Liege, Belgium, has both a BREEAM Very Good rating and a Lean and Green certification. Additionally, our expanding corporate offices remain future-focused China Distribution Center in Taicang incorporates sustainable features such as natural lighting, LED motion detectors and temperature controllers; and our newly opened India Distribution Center outside Mumbai is designed as a LEED building with certification pending.

In 2021, we incorporate introduced Our Planet Matters, a collection for men, women and kids that utilizes recycled materials. We partnered with a global conservation organization to help fund its organization's global efforts which align with our earth-friendly philosophy into interests and commitment to reduce tree harvesting and emissions through packaging. These efforts represent our growing footprint. All four focus on more environmentally sustainable manufacturing, packaging, distribution, product development, corporate buildings processes, and activities.

Human Rights. We require our manufacturers to operate in a manner consistent with the Skechers Supplier Code of Conduct posted on our corporate website. We partner with factories that ensure humane conditions for their employees and we engage in routine auditing and monitoring procedures to ensure that those who contribute to our product are being designed to receive LEED Gold certification upon completion, treated with civility and include solar panels. respect. This code outlines our policies and expectations on topics including discrimination, harassment and abuse, forced labor, freedom of association, compensation and benefits, and health and safety, among others.

Community. Skechers encourages active participation in the greater community, with annual charity walks for children in the U.S. and around the world. We promote charitable giving and volunteering by sponsoring community service days along with blood drives, food drives, and shoe drives. Additionally, we regularly donate product to not-for-profit organizations. In 2022, the Company 2023, we donated over 105,000 pairs of new shoes to those in need, more than $1.5 million $1.1 million to Petco Love Foundation to help save the lives of animals in need in the U.S. and Canada.

HealthFor additional information on how Skechers value creation and Safety.Skechers' lifestyle and performance product offering has shaped our culture with a focus on wellness, and a commitment to providing a safe and healthful work environment for all employees. The Company offers healthy lunch options, an in-house fitness consultant and corporate exercise programs. We offer paid time off to get the COVID-19 vaccine and provided on-site vaccination clinics for our corporate employees and our domestic distribution center employees. We made changes global impact, refer to our corporate facilities, increasing cleaning protocols Impact Report which can be found on our website at about.skechers.com/social-responsibility.

AVAILABLE INFORMATION

We file annual, quarterly, and distributing personal protective equipment current reports, proxy statements and cleaning supplies to employees; installing touchless doors other documents with the Securities and faucets in common areas. Exchange Commission ("SEC"). The SEC maintains an internet site at sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically. Our internet address is www.skechers.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information are also made available, free of charge, on our investor relations website at investors.skechers.com as soon as reasonably practicable after we file or furnish with the SEC. The information found on, or otherwise accessible through our website, is not incorporated into, and does not form a part of this annual report on Form 10-K or our other filings with the SEC.

Item 1A. Risk Factors

Talent. We offer competitive benefits in a casual, creative atmosphere and a fun, fast-paced environment where employees can always learn and grow. Employee benefits are designed to help employees and their families stay healthy, meet their financial goals, and help them balance their work and personal lives. Benefits include health and wellness programs, training and development programs, an employee stock purchase program, a childcare incentive program, on-site electric vehicle charging stations, and product discounts.

Item1A. Risk Factors

In addition to the other information in this annual report, the following factors should be considered in evaluating us and our business.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our Future Success Depends On Our Ability To Maintain Our Brand Name And Image With Consumers.

Our success to date has largely been due to the strength of the Skechers brand. Maintaining, promoting, and growing our brand depends on our ability to develop high-quality, innovative, and fashion forward products, as well as our ability to create fresh and relevant marketing and advertising campaigns. The inability to execute or adverse developments in these areas could negatively impact our brand. Our brand could also be negatively impacted if we or any of our products were to receive negative publicity of any kind. publicity. If we are unable to maintain, promote and grow our brand, then our business, financial condition, results of operations, and cash flows could be materially and adversely affected.

Our Future Success Also Depends On Our Ability To Respond To Changing Consumer Preferences, Identify And Interpret Consumer Trends, And Successfully Market New Products.

The footwear industry is subject to rapidly changing consumer preferences. The continued popularity of our footwear requires us to accurately identify changing consumer preferences and effectively respond in a timely manner. Demand for and market acceptance of existing and new products are uncertain and depend on the following factors:

- substantial investment in product innovation, design and development; substantial investment in product innovation, design and development;
- execution of product quality; and
- significant and sustained marketing efforts and expenditures, including with respect to the monitoring of consumer trends.
-
- commitment to product quality; and
- significant and sustained marketing efforts and expenditures, including with respect to the monitoring of consumer trends.

We are often required to make decisions about product designs and marketing expenditures several months in advance of when consumer acceptance can be determined. As a result, we may not be successful in responding to shifting consumer preferences with new products that achieve market acceptance. If we fail to identify and effectively respond to changing consumer preferences, we could experience excess inventories, higher than normal markdowns, returns, order cancellations or an inability to profitably sell our products, and our business, financial condition, results of operations, and cash flows could be materially and adversely affected.

We Face Intense Competition, Including Competition From Companies In The Performance Footwear Market Industry and With Significantly Greater Resources Than Ours, And If We Are Unable To Compete Effectively, Our Market Share May Decline And Our Business Could Be Harmed. Ours.

We face intense competition from other established companies in the footwear industry in the areas of product offerings, pricing, costs of production, and advertising and marketing expenditures. Consumer demand for our products may decline significantly if we do not adequately and timely anticipate and respond to our competitors. Some of our competitors have significantly greater financial, technological, engineering, manufacturing, marketing and distribution resources than we do. Their greater capabilities in these areas may enable them to better withstand periodic downturns in the footwear industry, compete more effectively on price and production, more effectively keep up with rapid changes in footwear technology, and more quickly develop new products. New companies may also enter the markets in which we compete, further increasing competition. In addition, negative consumer perceptions of our performance features due to our historical reputation as a fashion and lifestyle footwear company may place us at a competitive disadvantage in the performance footwear market. We may not be able to compete successfully in the future, and increased competition may result in price reductions, cost increases, reduced profit margins, loss of market share and an inability to generate cash flows that are sufficient to maintain or expand our development and marketing of new products, which would materially and adversely impact affect our business, financial condition, results of operations, and financial condition. cash flows.

Our Strategies Involve A Number Of Risks That Could Prevent Or Delay The Successful Opening Of New Stores As Well As Negatively Impact The Performance Of Our Existing Stores.

Our ability to successfully open and operate new stores depends on many factors, including our ability to identify suitable store locations, the availability of which is outside of our control; negotiate acceptable lease terms, including desired tenant improvement allowances; source sufficient levels of inventory to meet the needs of new stores; hire, train and retain store personnel; successfully integrate new stores into our existing operations; and satisfy the fashion preferences in new geographic areas.

In addition, new stores could be opened in regions in which we currently have few or no stores. Any expansion into new markets may present competitive, merchandising and distribution challenges that are different from those we encounter in our existing markets. Any of these challenges could adversely affect our business and results of operations. In addition, any new store openings in existing markets could result in reduced sales in existing stores in those markets. We may decide to close stores that experience sales declines, which could result in additional costs, expenses, asset impairments or asset write-downs.

Our Global Retail Business Has Required, And Will Continue To Require, A Substantial Investment And Commitment Of Resources And Is Subject To Numerous Risks And Uncertainties.

Our global retail business has required substantial investments in leasehold improvements, inventory, and personnel. We have also made significant operating lease commitments for retail space worldwide. Due to the high fixed-cost structure associated with our global retail business, the poor performance or closure of stores could result in significant lease termination costs, write-offs or impairments of leasehold improvements, and employee-related termination costs. The success of our global retail operations also depends on our ability to identify and adapt to changes in consumer spending patterns and retail shopping preferences globally, including the shift from brick and mortar to digital and mobile channels. Our failure to successfully respond to these factors could adversely affect our retail business, as well as damage our brand and reputation, and could materially and adversely affect our business, financial condition, results of operations, financial position, and cash flows.

Many Of **Our Retail Stores Depend Heavily On The Customer Traffic Generated By Shopping And Factory Outlet Malls Or By Tourism.**

Many of ourWe have concept stores are in shopping malls and some of our factory outlet stores are in manufacturers' outlet malls. We depend on obtaining prominent locations and the overall success of the malls to generate customer traffic. The overall success of the malls can be negatively impacted by factors outside of our control, such as store closures by other retailers. Some of our concept stores occupy street locations that are heavily dependent on customer traffic generated by tourism. Tourism can be adversely affected by external factors such as an economic slowdown or social or political events. Any substantial decrease in customer traffic generated by malls or tourism has, and may continue to have, an adverse effect on sales in our existing stores or hinder our ability to open retail stores in new markets, which could negativelymaterially and adversely affect our operating results. business, financial condition, results of operations, and cash flows.

We Depend On Key Personnel To Manage Our Business Effectively In A Rapidly Changing Market, And If We Are Unable To Retain Existing Key Personnel, Our Business Could Be Harmed.

Our future success dependsWe depend upon the continued services of key personnel, including Robert Greenberg, Chairman of the Board and Chief Executive Officer; Michael Greenberg, President and a member of our Board of Directors; and David Weinberg, Executive Vice President, Chief Operating Officer and a member of our Board of Directors. The loss of the services of any of these individuals or any other key employee could harm us. Our future success We also depends depend on our ability to identify, attract and retain additional qualified personnel. Competition for employees in our industry is intense, and we may not be successful in attracting and retaining such personnel. The loss of the services of senior management and other key personnel or the failure to attract additional personnel and execute a succession plan could materially and adversely affect our business, financial condition, results of operations, and cash flows.

We Have A Significant Work Force And Are Subject To Risks Related To Human Capital Management.

We employ approximately 15,100 17,900 employees worldwide and a significant portion of our operating expenses relate to compensation and benefits. Although we spend a significant amount of time and expense on human capital management, we cannot ensure that we will be able to maintain a happy and productive workforce. If we are unable to offer competitive compensation and benefits, appropriate training and development, and a compelling work environment or sustain employee satisfaction, our culture may be adversely affected, our reputation may be damaged, and we may incur costs related to turnover.

RISKS RELATED TO SUPPLY CHAIN

Our Business Could Be Harmed If We Fail To Maintain Proper Appropriate Inventory Levels.

We place orders with our manufacturers for some of our products prior to the time we receive all our customers' customer orders. We do this to minimize purchasing costs, the time necessary to fill customer orders, and the risk of non-delivery. We also maintain an inventory of certain products that we anticipate will be in greater demand. Any unanticipated decline Unanticipated declines in the popularity of Skechers footwear or other unforeseen circumstances may make it difficult for us and our customers to accurately forecast demand, and we may be unable to sell the products we have ordered in advance from manufacturers or that we have in our inventory. Inventory levels exceeding customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could significantly impair our brand image and have a material adverse effect on our operating results, financial condition and cash flows. Conversely, if we underestimate consumer demand for our products or if our manufacturers fail to supply products when we need them, we may experience inventory shortages. Inventory shortages might delay shipments to customers, negatively impact retailer and distributor relationships, and diminish brand loyalty.

Our International Sales And Manufacturing Operations Are Subject To The Risks Of Doing Business Abroad, Particularly In China and Vietnam, Which Could Affect Our Ability To Manufacture Or Sell Our Products, Obtain Products From Foreign Suppliers Or Control The Costs Of Our Products.

Substantially all our sales during the year ended December 31, 2022 December 31, 2023 were derived from sales of footwear manufactured in foreign countries, with most manufactured in China and Vietnam. We also sell our footwear in several foreign countries and plan to increase our international sales efforts as part of our growth strategy. Foreign manufacturing and sales are subject to a number of risks, including the following: political and social unrest, including terrorism; changing economic conditions, including higher labor costs; increased costs of raw materials; currency exchange rate fluctuations; labor shortages and work stoppages, including those due to the outbreak of a disease leading to an epidemic or pandemic spread; electrical shortages; transportation delays; loss or damage to products in transit; expropriation; nationalization; the adjustment, elimination or imposition of domestic and international duties, tariffs, quotas, import and export controls and other non-tariff barriers; exposure to different legal standards (particularly with respect to intellectual property); compliance with foreign laws; changes in domestic and foreign governmental policies; and the potential for circumstances where we may have to incur premium freight charges to expedite the delivery of product to our customers. If we incur a significant amount of premium charges to airfreight product for our customers and we are not able to collect those charges, our gross profit will be negatively affected. Apart from the impacts of the COVID-19 pandemic, including supply chain constraints, we have not, to date, been materially affected by any such risks, but we cannot predict the likelihood of such developments occurring or the resulting long-term adverse impact on our business, financial condition, results of operations, financial condition and cash flows.

In particular, because most of our products are manufactured in China and Vietnam, the possibility of adverse changes in trade or political relations with China or Vietnam, political instability in China or Vietnam, increases in labor costs, the occurrence of prolonged adverse weather conditions or a natural disaster such as an earthquake or typhoon in China or Vietnam, or the outbreak of a pandemic disease in China or Vietnam could severely interfere with the manufacturing and/or shipment of our products and would have a material adverse effect on our operations. Our business operations may be adversely affected by the current and future political environment in the People's Republic of China ("PRC"). China. The government of the PRC China has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate under the PRC China may be adversely affected by changes in Chinese laws and regulations, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters.

Under its current leadership, the government of the PRC China has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the government of the PRC China will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice. A change in policies by the PRC government of China could adversely affect our interests by, among other factors: changes in laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, imports or sources of supplies, or the expropriation or nationalization of private enterprises.

We Rely On Independent Contract Manufacturers And, As A Result, Are Exposed To Disruptions In Product Supply.

Our footwear products are currently manufactured by independent contract manufacturers. During the year ended December 31, 2022 December 31, 2023, the top five manufacturers of our products produced approximately 39.0%45.7% of our total purchases. One manufacturer accounted for 16.5%21.4% of total purchases for the year ended December 31, 2022 December 31, 2023.

We compete with other footwear companies for production facilities, and we do not have long-term contracts with any of our contract manufacturers. Under our current arrangements with them, these manufacturers generally may unilaterally terminate their relationship with us at any time. If our current manufacturers cease doing business with us, we could experience an interruption in the manufacture of our products. Although we believe that we could find alternative manufacturers, we may be unable to establish relationships with alternative manufacturers that will be as favorable as the relationships we have now. For example, new manufacturers may have higher prices, less favorable payment terms, lower manufacturing capacity, lower quality standards or higher lead times for delivery. If we are unable to provide products consistent with our standards or the manufacture of our footwear is delayed or becomes more expensive, our business, and financial condition, would be harmed.

While not a material issue as results of the filing date of this report, the COVID-19 pandemic previously led to the Chinese operations, and Vietnamese governments imposing temporary closures of some of our factories in China and restrictions on others in Vietnam that caused delays in shipment of our products. We may encounter similar challenges yet again with these manufacturers, or new difficulties could arise with our manufacturers or any raw material suppliers on which our manufacturers rely, including prolonged manufacturing or transportation disruptions due to public health conditions, such as the recent COVID-19 pandemic, reductions in the availability of production capacity due to government imposed restrictions, failure to meet our quality control standards, failure to meet production deadlines or increased manufacturing costs. This could result in our customers canceling orders, refusing to accept deliveries or demanding reductions in purchase prices, any of which could have a negative impact on our cash flows could be materially and harm our business and results of operations. adversely affected.

Our Ability To Deliver Our Products To The Market Could Be Disrupted If We Encounter Problems Affecting Our Logistics And Distribution Systems.

We rely on owned or independently operated distribution facilities to transport, warehouse and ship products to our customers. Our logistics and distribution systems include computer-controlled and automated equipment, which may be subject to risks related to security or computer viruses, the proper operation of software and hardware, power interruptions or other system failures. Substantially all our products are distributed from a few locations. Therefore, our operations could be interrupted by travel restrictions, earthquakes, floods, fires or other natural disasters near our distribution centers. Our business interruption insurance may not adequately protect us from the potential adverse effects of significant disruptions to our distribution system, such as the long-term loss of customers or an erosion of brand image. In addition, our distribution capacity is dependent on the timely performance of services by third parties, including the transportation of product to and from our distribution facilities. If we encounter problems affecting our distribution system, our ability to meet customer expectations, manage inventory, complete sales, and achieve operating efficiencies could be materially adversely affected.

The Uncertainty Of Global Market Conditions May Continue To Have A Negative Impact On Our Business, Results Of Operations Or Financial Condition. Conditions.

The uncertain state of global economic and political conditions, including the impact of inflation and challenging consumer retail market, may negatively impact our business, which depends on the general economic environment and levels of consumers' discretionary spending. If the current economic situation does not improve or if it weakens, we may not be able to maintain or increase our sales to existing customers, make sales to new customers, open and operate new retail stores, maintain sales levels at our existing stores, maintain or increase our international operations on a profitable basis, or maintain or improve our earnings from operations as a percentage of sales. Additionally, if there is an unexpected decline in sales, our results of operations will depend on our ability to implement a corresponding and timely reduction in our costs and manage other aspects of our operations. These challenges include (i) managing our infrastructure, (ii) hiring and maintaining, as required, the appropriate number of qualified employees, (iii) managing inventory levels and (iv) controlling other expenses.

Russia's ongoingThe impact of wars, acts of war with Ukraine and other conflicts around the world may result in subsequent economic sanctions imposed by the U.S., NATO and other countries countries. Conflicts may impact global economic conditions or our ability to sell products to customers in the affected regions. The conflict Conflicts could also have broader implications on economics outside the region, directly impacted regions, such as the global inflationary impact of a potential boycott of Russian oil and gas by other countries. Furthermore, any unfavorable developments in global political, social and regulatory conditions, including geopolitical conflicts, political unrest, civil strife, terrorist activity, acts of war, public corruption, expropriation, nationalism and other economic or political uncertainties in the U.S. or internationally, could also impact our business. Any negative sentiment toward the U.S. as a result of any such developments could also adversely affect our business and reputation. If the uncertain global market conditions continue for a significant period or worsen, our business, financial condition, results of operations, financial condition, and cash flows could be materially and adversely affected.

Our Business Could Be Adversely Affected By Changes In The Business Or Financial Condition Of Our Customers Due To Global Economic Conditions.

A global financial crisis could affect the banking system and financial markets and result in a tightening in the credit markets, more stringent lending standards and terms, higher inflation, and higher volatility in fixed income, credit, currency and equity markets. In addition, our business could be adversely affected by other economic conditions, such as the insolvency of certain of our key distributors, which could impair our distribution channels, or the diminished liquidity or an inability to obtain credit to finance purchases of our product by our significant customers. Our customers may also experience weak demand for our products or other difficulties in their businesses. If economic, financial or political conditions in global markets deteriorate in the future, demand may be lower than forecasted and insufficient to achieve our anticipated financial results. Any of these events would likely harm materially and adversely affect our business, financial condition, results of operations, financial condition and cash flows.

Natural Disasters, The Effects Of Climate Change, Pandemics, Including the COVID-19 Pandemic, And Other Events Beyond Our Control Could Have A Material Adverse Effect On Our Business And Results Of Operations.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could have a negative effect on us. Our business operations are subject to interruption from earthquakes, hurricanes, tornadoes, floods, fires, extreme weather events, power shortages, pandemics such as COVID-19, terrorism, political unrest, telecommunications failure, vandalism, cyber-attacks, geopolitical instability, war, the effects of climate change, and other events beyond our control. Although we maintain disaster recovery plans, such events could disrupt our operations or those of our customers and suppliers, including through the inability of employees and contract professionals to work, destruction of facilities, loss of life, and adverse effects on supply chains, power, infrastructure and the integrity of information technology systems, all of which could materially increase our costs and expenses, delay or decrease revenue from our customers and disrupt our ability to maintain business continuity. We could incur significant costs to improve the climate-related resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate the effects of climate changes. Our insurance may not be sufficient or cover losses or additional expenses that we may sustain. A significant natural disaster or other event that disrupts our operations or those of our customers or suppliers could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Our business relies heavily on the health and safety of our employees, contract professionals and customers. The impact of a health crisis such as the COVID-19 pandemic on our business, operations, and future financial performance could include, but is not limited to, adverse impacts to our operating income, operating margin, net income, earnings per share and operating cash flows, as expenses may not decrease at the same rate as revenues decline. In addition, our quarterly and annual revenue growth rates and expenses as a percentage of our revenues may differ significantly from our historical rates, and our future operating results may fall below expectations.

Our Sales Are Influenced By Economic Conditions And Uncertainty That Impact Consumer Spending And Consumer Confidence.

Consumer confidence and spending on discretionary items generally declines during periods of economic uncertainty or recession. Our wholesale customers anticipate and respond to adverse changes in economic conditions and uncertainty by reducing inventories and/or increasing promotional activity. Our retail stores are also affected by these conditions and may experience declines in consumer traffic and spending. As a result, factors that diminish consumer confidence and spending, particularly deterioration in general economic conditions, consumer credit availability, consumer debt levels, inflation, the impact of foreign exchange fluctuations on tourism and tourist spending, volatility in investment returns, fear of unemployment, increases in energy costs or taxes or interest rates, housing market downturns, fear about and impact of pandemic illness, (such as the impact of the COVID-19 pandemic), and other factors such as acts of war, natural disasters or terrorist or political events that impact consumer confidence, have had, and may continue to have (with respect to the COVID-19 pandemic), a material adverse effect on our operations and financial condition through their negative impact on our wholesale customers as well as decreased spending in our retail stores and potentially via our e-commerce business.

Natural Disasters, The Effects Of Climate Change, Pandemics, And Other Events Beyond Our Control.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could have a negative effect on us. Our business operations are subject to interruption from earthquakes, hurricanes, tornadoes, floods, fires, extreme weather events, power shortages, pandemics, telecommunications failure, vandalism, cyber-attacks, the effects of climate change, and other events beyond our control. Although we maintain disaster recovery plans, such events could disrupt our operations or those of our customers and suppliers, including through the inability of employees and contract professionals to work, destruction of facilities, loss of life, and adverse effects on supply chains, power, infrastructure and the integrity of information technology ("IT") systems, all of which could materially increase our costs and expenses, delay or decrease revenue from our customers and disrupt our ability to maintain business continuity. We could incur significant costs to improve the climate-related resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate the effects of climate changes. Our insurance may not be sufficient or cover losses or additional expenses that we may sustain. A significant natural disaster or other event that disrupts our operations or those of our customers or suppliers could have a material adverse effect on our business, results of operations, financial condition.

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Adverse Conditions Or A Decline In Economic Conditions Changes In California Could Increase Our Operating Expenses Or Adversely Affect Our Sales Revenue. Sales.

A substantial portion of our operations are in California, including 96 100 of our retail stores, our headquarters in Manhattan Beach, and our North America distribution center in Rancho Belago. A decline in the economic conditions, or increase in regulations or the cost of doing business in California could have a material adverse impact on our business. Furthermore, a natural disaster or other catastrophic event in California, such as an earthquake or wildfire, could significantly disrupt our business including the operation of our only domestic distribution center. We may be more susceptible to these issues than our competitors whose operations are not as concentrated in California.

Foreign Currency Exchange Rate Fluctuations.

Foreign currency fluctuations affect our sales and profitability. Changes in currency exchange rates may impact our financial results positively or negatively in one period and not another, which may make it difficult to compare our operating results from different periods. Currency exchange rate fluctuations may also adversely impact third parties that manufacture our products by making their costs of raw materials or other production costs more expensive and more difficult to finance, thereby raising prices for us, our distributors and/or our licensees. We do not currently engage in hedging activities with respect to these currency exchange rate risks. For a more detailed discussion of the risks related to foreign currency fluctuation, see Item 7A: "Quantitative and Qualitative Disclosures About Market Risk."

In addition, our foreign subsidiaries purchase products in U.S. dollars, which causes the cost of those products to vary depending on the foreign currency exchange rates and impacts the price charged to customers. Our foreign distributors also purchase products in U.S. dollars and sell in local currencies, which impacts the price to foreign consumers. As the U.S. dollar strengthens relative to foreign currencies, our sales and profits are reduced when translated into U.S. dollars and our margins may be negatively impacted by the increase in product costs due to foreign currency exchange rates. Although we typically work to mitigate the impact of exchange rate fluctuations through price increases and further actions to reduce costs, we may not be able to fully offset the impact, if at all. Our success depends, in part, on our ability to manage or mitigate these foreign currency impacts, as changes in the value of the U.S. dollar relative to other currencies could materially and adversely affect our business, financial condition, results of operations, and cash flows.

RISKS RELATED TO ENVIRONMENT, SOCIAL, AND GOVERNANCE

Our Environmental, Social And Governance ("ESG") Commitments and Disclosures May Expose Us To Reputational Risks And Legal Liability.

Our brand and reputation are associated with our public commitments to various corporate ESG initiatives, including our goals relating to sustainability and diversity and inclusion. Our disclosures on these matters and any failure or perceived failure to achieve or accurately report on our commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts, as well as expose us to potential legal liability. Increasing focus on ESG matters has resulted in, and is expected to continue to result in, the adoption of legal and regulatory requirements designed to mitigate the effects of climate change on the environmental, as well as legal and regulatory requirements requiring climate-related disclosures. If new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including ESG-related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future.

RISKS RELATED TO CURRENCY EXCHANGE RATES

Foreign Currency Exchange Rate Fluctuations Could Have A Material Adverse Effect On Our Business And Results Of Operations.

Foreign currency fluctuations affect our revenue and profitability. Changes in currency exchange rates may impact our financial results positively or negatively in one period and not another, which may make it difficult to compare our operating results from different periods. Currency exchange rate fluctuations may also adversely impact third parties that manufacture our products by making their costs of raw materials or other production costs more expensive and more difficult to finance, thereby raising prices for us, our distributors and/or our licensees. We do not currently engage in hedging activities with respect to these currency exchange rate risks. For a more detailed discussion of the risks related to foreign currency fluctuation, see Item 7A: "Quantitative and Qualitative Disclosures About Market Risk."

In addition, our foreign subsidiaries purchase products in U.S. dollars, which causes the cost of those products to vary depending on the foreign currency exchange rates and impacts the price charged to customers. Our foreign distributors also purchase products in U.S. dollars and sell in local currencies, which impacts the price to foreign consumers. As the U.S. dollar strengthens relative to foreign currencies, our revenues and profits are reduced when translated into U.S. dollars and our margins may be negatively impacted by the increase in product costs due to foreign currency exchange rates. Although we typically work to mitigate the impact of exchange rate fluctuations through price increases and further actions to reduce costs, we may not be able to fully offset the impact, if at all. Our success depends, in part, on our ability to manage or mitigate these foreign currency impacts, as changes in the value of the U.S. dollar relative to other currencies could have a material adverse effect on our business, results of operations, financial position and cash flows.

RISKS RELATED TO LEGAL AND REGULATORY MATTERS

Changes In Tax Laws Or The Potential Imposition Of Additional Duties, Quotas, Tariffs And Other Trade Restrictions Could Have An Adverse Impact On Our Sales And Profitability. Restrictions.

All ourOur products manufactured overseas and imported into the U.S., the European Union and other countries are subject to customs duties. We are unable to predict whether there may be unfavorable changes in tax laws in the U.S. or overseas, additional customs duties, quotas, tariffs, anti-dumping duties, safeguard measures, cargo restrictions to prevent terrorism or other trade restrictions imposed on the importation of our products in the future. Such actions could adversely affect our ability to produce and market footwear at competitive prices and might have an adverse impact on our sales and results of operations.

In addition, changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project that was undertaken by the Organization for Economic Cooperation and Development ("OECD"). The OECD, which represents a coalition of member countries, recommended changes to long-standing tax principles related to transfer pricing and has developed model rules including establishing a global minimum corporate income tax tested on a jurisdictional basis (the "Pillar Two"). Many jurisdictions have adopted or announced an intention to adopt Pillar Two for tax years beginning in 2024. There can be no assurance that our effective tax rate, tax payments or conditional reduced tax rates will not be adversely affected as countries independently amend their tax laws to adopt Pillar Two. Changes in U.S. or foreign tax laws, including new or modified guidance with respect to existing tax laws, could materially and adversely affect our business, financial condition, results of operations, and cash flows.

Changes To U.S. Or Other Countries' Trade Policies And Import/Export Regulations Or Our Failure To Comply With Such Regulations May Have A Material Effect On Our Reputation, Business, Financial Condition And Results Of Operations. Regulations.

Changes in laws and policies governing foreign trade, manufacturing, development and investment in the territories or countries where we currently sell our products or conduct our business could adversely affect our business. U.S. presidential administrations have instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U.S., economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the U.S. and other countries where we conduct our business. It may be time-consuming and expensive for us to alter our business operations in order to adapt to or comply with any such changes.

In addition, changes or proposed changes in U.S. or other countries' trade policies may result in restrictions and economic disincentives on international trade. Tariffs and other changes in U.S. trade policy have in the past and could in the future trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing retaliatory measures on certain U.S. goods. Further, any emerging protectionist or nationalist trends either in the U.S. or in other countries could affect the trade environment. The Company, similar to many other multinational corporations, does a significant amount of business that would be impacted by changes to the trade policies of the U.S. and foreign countries (including governmental action related to tariffs, international trade agreements, or economic sanctions). Such changes have the potential to adversely impact the U.S. economy or certain sectors thereof or the economy of another country in which we conduct operations, our industry and the global demand for our products, and as a result, could have a material adverse effect on our business, financial condition, and results of operations, and cash flows could be materially and adversely affected.

Our Business Could Be Harmed If Our Contract Manufacturers, Suppliers Or Licensees Violate Labor, Trade Or Other Laws.

We require our independent contract manufacturers, suppliers and licensees to operate in compliance with applicable laws and regulations. Manufacturers are required to certify that neither convicted, forced or indentured labor (as defined under U.S. law) nor child labor (as defined by law in the manufacturer's country) is used in the production process, that compensation is paid in accordance with local law and that their factories are in compliance with local safety regulations. Although we promote ethical business practices and our sourcing personnel periodically visit and monitor the operations of our independent contract manufacturers, suppliers and licensees, we do not control them or their labor practices. If one of our independent contract manufacturers, suppliers or licensees violates labor or other laws or diverges from those labor practices generally accepted as ethical in the

U.S., it could result in adverse publicity for us, damage our reputation in the U.S., or render our conduct of business in a particular foreign country undesirable or impractical, any of which could harm our business.

In addition, if we, or our foreign manufacturers, violate U.S. or foreign trade laws or regulations, we may be subject to extra duties, significant monetary penalties, the seizure and the forfeiture of the products we are attempting to import, or the loss of our import privileges. Possible violations of U.S. or foreign laws or regulations could include inadequate record-keeping of our imported products, misstatements or errors as to the origin, quota category, classification, marketing or valuation of our imported products, fraudulent visas, or labor violations. The effects of these factors could render our conduct of business in a particular country undesirable or impractical, and have a negative impact on our operating results. business, financial condition, results of operations, and cash flows could be materially and adversely affected.

The Disruption, Expense And Potential Liability Associated With Existing And Unanticipated Future Litigation Against Us Could Have A Material Adverse EffectUs. On Our Business, Results Of Operations, Financial Condition And Cash Flows.

In addition to the legal matters included in our reserve for loss contingencies, we occasionally become involved in litigation arising from the normal course of business, and investigations, and we are unable to determine the extent of any liability that may arise from any such unanticipated future litigation. matters. We have no reason to believe that there is a reasonable possibility or a probability that we may incur a material loss, or a material loss in excess of a recorded accrual, with respect to any other such loss contingencies. However, the outcome of litigation and investigation is inherently uncertain and assessments and decisions on defense and settlement can change significantly in a short period of time. Therefore, although we consider the likelihood of such an outcome to be remote with respect to those matters for which we have not reserved an amount for loss contingencies, if one or more of these legal matters were resolved against us in the same reporting period for amounts in excess of our expectations, our consolidated financial statements of a particular reporting period could be materially adversely affected. Further, any unanticipated litigation or investigation in the future, regardless of its merits, could also significantly divert management's attention from our operations and result in substantial legal fees being incurred. Such disruptions, legal fees and any losses resulting from these unanticipated future claims matters could have a material adverse effect on materially and adversely affect our business, or financial condition. condition, results of operations, and cash flows.

Our Ability To Compete Could Be Jeopardized If We Are Unable To Protect Our Intellectual Property Rights Or If We Are Sued For Intellectual Property Infringement.

We believe that our trademarks, design patents and other proprietary rights are important to our success and our competitive position. We use trademarks on nearly all our products and believe that having distinctive marks that are readily identifiable is an important factor in creating a market for our goods, in identifying us and in distinguishing our goods from the goods of others. We consider our 0000950170-24-022106img3567563_0.jpg®, 0000950170-24-022106img3567563_1.jpg®, 0000950170-24-022106img3567563_2.jpg®, 0000950170-24-022106img3567563_3.jpg®, 0000950170-24-022106img3567563_4.jpg®, Skechers®, Skechers Slip-ins®, Skechers Hands Free Slip-ins®, Skechers Performance™, Skechers GOrun®, Skechers GOwalk®,Skechers GO golfGOgolf®, Skechers GOtrainViper Court Pro™, Ultra GO®, Skechers on-the-GO® ® ® ® ®' ®, Skechers Cali®, Skechers Street™, Skechers USA®, Skechers Active™, Skechers Sport Active™, Skechers Work™, Skechers Outdoor™, Max Cushioning®, Massage Fit®, Mark Nason®, Skechers Modern Comfort®, D'Lites®, DLT-A®, BOBS®, BOBS Sport™, Our Planet Matters®, Glide Step®, Skech-Air®, Skechers Kids™, Twinkle Toes®, S Lights®, Relaxed Fit®, Arch Fit®, Ultra GO®, Hyper Burst®, Skechers and Air-Cooled Memory Foam™, and Air-cooled Memory Foam®trademarks to be among our most valuable assets, and we have registered these trademarks in many countries. In addition, we own many other trademarks that we utilize in marketing our products. We also have a number of design patents and utility patents covering components and features used in various shoes. We believe that our patents and trademarks are sufficient to permit us to carry on our business as presently conducted. While we vigorously protect our trademarks against infringement, we cannot guarantee that we will be able to secure patents or trademark protection for our intellectual property in the future or that protection will be adequate for future products. Further, we have been sued involved with litigation in the past for patent and trademark infringement and cannot be sure that our activities do not and will not infringe on the intellectual property rights of others. If we are compelled to prosecute infringing parties, defend our intellectual property or defend ourselves from intellectual property claims made

by others, we may face significant expenses and liability as well as the diversion of management's attention from our business, which could negatively impact our business or financial condition.

In addition, the laws of foreign countries where we source and distribute our products may not protect intellectual property rights to the same extent as do the laws of the U.S. We cannot be assured that the actions we have taken to establish and protect our trademarks and other intellectual property rights outside the U.S. will be adequate to prevent imitation of our products by others or, if necessary, successfully challenge another party's counterfeit products or products that otherwise infringe on our intellectual property rights on the basis of trademark or patent infringement. Continued sales of counterfeit products could adversely affect our sales and our brand and result in the shift of consumer preference away from our products. We may face significant expenses and liability in connection with the protection of our intellectual property rights outside the U.S., and if we are unable to successfully protect our rights or resolve intellectual property conflicts with others, our business, or financial condition, results of operations, and cash flows could be materially and adversely affected.

RISKS RELATED TO INFORMATION SYSTEMS AND DATA SECUITY

Breaches Or Compromises Of Our Information Security Systems, Information Technology Systems And Our Infrastructure To Support Our Business Could Result In Exposure Of Private Information, Disruption Of Our Business And Damage To Our Reputation Which Could Harm Our Business, Results Of Operation And Financial Condition.

As a routine part of our business, we utilize information security and information technology IT systems and websites that allow for the secure storage and transmission of proprietary or private information regarding our customers, employees, vendors and others. A security breach of our network, hosted service providers, or vendor systems, may expose us to a risk of loss or misuse of this information, litigation and potential liability. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automated attacks, and the retail industry, has been the target of many recent cyber-attacks. Although we take measures to safeguard this sensitive information, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks targeted at us, our customers, or others who have entrusted us with information. Actual or anticipated attacks may cause us to incur costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants.

We invest in industry standard security technology to protect personal information. Advances in computer capabilities, new technological discoveries, or other developments may result in the technology used by us to protect against transaction or other data being breached or compromised. In addition, data and security breaches can also occur due to non-technical issues, including breach by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. Although we maintain insurance designed to provide coverage for cyber risks related to what we believe to be adequate and collectible insurance in the event of theft, loss, fraudulent or unlawful use of customer, employee or company data, any compromise or breach of our cyber security systems could result in private information exposure and a violation of applicable privacy and other laws, significant potential liability including legal and financial costs, and loss of confidence in our security measures by customers, which could result in damage to our brand and have an adverse effect on our business, financial condition and reputation. In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data. Compliance with existing and proposed laws and regulations can be costly, and any failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse

Privacy Breaches And Other Cyber Security Risks Related To Our Business Could Negatively Affect Our Reputation, Credibility And Business.

We are dependent on IT systems and networks for a significant portion of our direct-to-consumer sales, including our e-commerce sites and retail business credit card transaction authorization and processing. We are responsible for storing data relating to our customers and employees and also rely on third-party vendors for the storage, processing and transmission of personal and Company information. Consumers, lawmakers and consumer advocates alike are increasingly concerned over the security of personal information transmitted over the Internet, consumer identity theft and privacy and the retail industry, in particular, has been the target of many recent cyber-attacks. We generally require that third-party service providers implement reasonable security measures to protect our employees' and customers' identity and privacy, but we do not control these third-party service providers and cannot guarantee the elimination of electronic or physical computer break-ins or security breaches in the future. Cybersecurity breaches, including physical or electronic break-ins, security breaches due to employee error or misconduct, attacks by "hackers," phishing scams, malicious software programs such as viruses and malware, and other breaches outside of our control, could result in unauthorized access or damage to our IT systems and the IT systems of our third-party service providers. Despite our efforts and the efforts of our third-party service providers to secure our and their IT systems, attacks on these systems do occur from time to time. As the techniques used to obtain unauthorized access to IT systems become more varied and sophisticated (as cyber criminals are finding new ways to launch their attacks) and if the occurrence of such security breaches becomes more frequent, we and our third-party service providers may be unable to adequately anticipate these techniques and implement appropriate preventative measures. There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. While we maintain cyber risk insurance to provide some coverage for certain risks associated with cybersecurity incidents, there is no assurance that such insurance would cover all or a significant portion of the costs or consequences associated with a cybersecurity incident. A significant breach of customer, employee or Company data could damage our reputation, our relationship with customers and our brands, and could result in lost sales, sizable fines, significant breach-notifications and other costs and lawsuits, as well as adversely affect our results of operations.

Additionally, we may incur increased costs and experience a significant strain on our resources to account for implementation of additional required security measures and technologies to protect personal data and confidential information or to comply with current and new state, federal and international laws governing the unauthorized disclosure of confidential information which are continuously being enacted and proposed, such as the General Data Protection Regulation in the EU, various consumer privacy and data privacy and protection acts in the United States, including, but not limited to, the American Data Privacy and Protection Act, the California Consumer Privacy Act and the California Privacy Rights Act, the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Utah Consumer Privacy Act, the Connecticut Data Privacy Act and the Iowa Consumer Data Protection Act, and the Personal Information Protection Law in China.

Increased scrutiny by federal regulators, such as the Federal Trade Commission, and state attorney generals focused on the retail industry may lead to increased privacy and cybersecurity costs such as organizational changes, deploying additional personnel, acquiring and implementing enhanced privacy and security technologies on e-commerce sites, mandatory employee training for those handling customer and employee personal data, and engaging third-party experts and consultants, and the unauthorized use of proprietary information may materially and adversely affect our business, financial condition, results of operations, and cash flows.

A Material Delay Or Disruption In Our Information Technology Systems Or E-Commerce Websites Or Our Failure Or Inability To Upgrade Our Information Technology Systems Precisely And Efficiently Could Negatively Affect Our Business.

We rely extensively on our IT systems to track inventory, manage our supply chain, record and process transactions, manage customer communications, summarize results and manage our business. The failure of our IT systems to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in or failure to secure personal information implement new systems, could adversely affect our business. We also result operate a number of e-commerce websites throughout the world. Our IT systems and e-commerce websites may be subject to damage and/or interruption from power outages, computer, network and telecommunications failures, malicious software, such as viruses and malware, attacks by "hackers", security breaches, usage errors or misconduct by our employees and bad acts by our customers and website visitors which could materially adversely affect our business.

We are undergoing a multi-year Enterprise Resource Planning ("ERP") implementation. The implementation of the ERP will require a significant investment in violation human and financial resources. Implementing new systems also carries substantial risk, including failure to operate as designed, failure to properly integrate with other systems, potential loss of data privacy laws or information, cost overruns, implementation delays and regulations, proceedings against us by governmental entities disruption of operations. Third-party vendors are also relied upon to design, program, maintain and service our ERP implementation program. Any failures of these vendors to properly deliver their services could similarly have a material adverse effect on our business. In addition, any disruptions or others, damage malfunctions affecting our ERP implementation plan could cause critical information upon which we rely to be delayed, defective, corrupted, inadequate, inaccessible or lost or otherwise cause delays or disruptions to our reputation operations, and credibility and could we may have a negative impact on revenues and profits. to make significant investments to fix or replace impacted systems.

RISKS RELATED TO OUR STOCK AND STOCK PRICE

Our Quarterly Revenues Sales And Operating Results Fluctuate As A Result Of A Variety Of Factors, Including Fluctuations In Demand For Footwear, Delivery Delays And Potential Fluctuations In Our Estimated Annualized Tax Rate, Which May Result In Volatility Of Our Stock Price.

Our quarterly revenues sales and operating results have varied significantly in the past and can be expected to fluctuate in the future due to a number of factors, many of which are beyond our control. Our major customers have no obligation to purchase forecasted amounts and from time to time cancel orders, change delivery schedules, or change the mix of products ordered with minimal notice and without penalty. As a result, we may not be able to accurately predict our quarterly sales. Furthermore, our expenses are partially based on our expectations of future sales, and we may be unable to adjust spending in a timely manner to compensate for any unexpected revenue sales shifts. As a result, our expenses may be disproportionately large relative to our revenues, sales, which could have a material adverse effect on our operating results.

Our annualized tax rate is based on projections of our domestic and international operating results for the year, which we review and revise as necessary at the end of each quarter. Any quarterly fluctuations in our annualized tax rate could have a material impact on our quarterly operating results and the results for any one quarter may not be indicative of results for the full year. Any shortfall in revenues sales or net earnings from levels expected by securities analysts and investors could cause a decrease in the trading price of our Class A Common Stock.

One Principal Stockholder Is Able To Control Substantially All Matters Requiring Approval By Our Stockholders And His Interests May Differ From The Interests Of Our Other Stockholders.

As of December 31, 2022 December 31, 2023, our Chairman of the Board and Chief Executive Officer, Robert Greenberg, beneficially owned 87.3% 89.0% of our outstanding Class B Common Stock, and members of Mr. Greenberg's immediate family beneficially owned an additional 8.1% 10.2% of our outstanding Class B Common Stock. The holders of Class A Common Stock and Class B Common Stock have identical rights except that holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to ten votes per share on all matters submitted to a vote of our stockholders. As a result, as of December 31, 2022 December 31, 2023, Mr. Greenberg beneficially owned 53.1% 53.3% of the aggregate number of votes eligible to be cast by our stockholders, and together with shares beneficially owned by other members of his immediate family, Mr. Greenberg and his immediate family beneficially owned 58.6% 59.9% of the aggregate number of votes eligible to be cast by our stockholders. Therefore, Mr. Greenberg is able to exert significant control over all matters requiring approval by our stockholders. Matters that require the approval of our stockholders include the election of directors and the approval of mergers or other business combination transactions. Mr. Greenberg also has significant influence over our management and operations. As a result of such influence, certain transactions are not likely without the approval of Mr. Greenberg, including proxy contests, tender offers, open market purchase programs or other transactions that can give our stockholders the opportunity to realize a premium over the then-prevailing market prices for their shares of our Class A Common Stock. Because Mr. Greenberg's interests may differ from the interests of the other stockholders, his ability to substantially control, actions requiring stockholder approval, may result in the our Company taking action that is not in the interests of all stockholders. The differential in the voting rights may also adversely affect the value of our Class A Common Stock to the extent that investors or any potential future purchaser view the voting rights of our Class B Common Stock to have superior value.

Our Charter Documents And Delaware Law May Inhibit A Takeover, Which May Adversely Affect The Value Of Our Stock.

Provisions of Delaware law, our certificate of incorporation or our bylaws could make it more difficult for a third party to acquire us, even if closing such a transaction would be beneficial to our stockholders. Mr. Greenberg's substantial beneficial ownership position, together with the authorization of Preferred Stock, the disparate voting rights between our Class A Common Stock and Class B Common Stock, the classification of our Board of Directors and the lack of cumulative voting in our certificate of incorporation and bylaws, may have the effect of delaying, deferring or preventing a change in control, may discourage bids for our Class A Common Stock at a premium over the market price of the Class A Common Stock and may adversely affect the market price of our Class A Common Stock.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

CYBERSECURITY RISK MANAGEMENT AND STRATEGY

We recognize the critical importance of maintaining the safety and security of our systems and data and have a holistic process for overseeing and managing cybersecurity and related risks. This process is supported by both management and our Board of Directors.

We have developed and implemented a Cybersecurity Risk Management Program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

14 **Unresolved Staff Comments**

Item **1B.**

None.We leverage industry standard frameworks such as the National Institute of Standards and Technology Cybersecurity Framework ("NIST CSF") and Center for Internet Security ("CIS") to inform how we identify, assess, and manage cybersecurity risks relevant to our business.

Our Cybersecurity Risk Management Program includes:

Item**2. Properties**

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, se enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3 response to cybersecurity incidents;
- cybersecurity awareness training of our employees, and incident response personnel;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents;
- a third-party risk management process for service providers, suppliers, and vendors; and
- engage third parties for our 24/7 monitoring, detection, and response; regular penetration testing, program controls assessment, and pro incident preparedness activities.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

CYBERSECURITY GOVERNANCE

Our corporate headquarters Board of Directors is responsible for overseeing our enterprise risk management activities in general, and each of our Board committees assists the Board in the role of risk oversight. Our Senior Vice President ("SVP") of Information Technology and the Senior Director of Information Security have overall responsibility for assessing and managing our material risks from cybersecurity threats. To help ensure effective oversight, the Audit Committee receives reports on information security and cybersecurity at least annually, and receives an update quarterly on information security and cybersecurity from materials provided by the Senior Director of Information Security.

The Senior Director of Information Security oversees the Information Security Steering Committee (“Steering Committee”), which provides education on the Company’s cybersecurity programs and controls to key members of the Company. The Steering Committee meets quarterly and is comprised of members from the Executive Leadership Team, including the Chief Financial Officer and Executive Vice President of Business Affairs, as well as the SVP of Information Technology, Senior Director of Information Security, VP of Corporate Communications, SVP of Digital Innovation, and Head of Global Human Resources.

Cybersecurity risk management is led by our SVP of Information Technology, who reports to our Chief Operating Officer, and generally is responsible for management of cybersecurity risk and the protection and defense of our networks and systems. The SVP of Information Technology manages a team of cybersecurity professionals with broad experience, including in cybersecurity threat assessments and detection, mitigation technologies, cybersecurity training, incident response, cyber forensics, insider threats and regulatory compliance.

We continue to invest in cybersecurity and resiliency of our networks and adapt our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. For more information regarding the risks we face from cybersecurity threats, please see Item 1A Risk Factors.

Item 2. Properties

CORPORATE HEADQUARTERS

Skechers Corporate Headquarters are located at several properties in or near Los Angeles, California, which consist of an aggregate of approximately 248,000 0.2 million square feet. We own and lease portions of our corporate headquarters.

We lease most of our international administrative offices and showrooms located in the Americas, Europe and Asia Pacific. The property leases expire on various dates through February 2033. Corporate offices, administrative offices, and showrooms are included within our Wholesale segment.

DISTRIBUTION FACILITIES

We believe that strong distribution is critical to our operations. Our distribution facilities include highly automated solutions to support our future growth in our Company. We regularly evaluate our distribution infrastructure and consolidate or expand our capacity as we believe appropriate for our operations. Our distribution facilities are included within our Wholesale segment. Our principal distribution facilities are as follows:

Americas. Our North America distribution center Distribution Center occupies approximately 2.6 million square feet on its main campus in Southern California, which is leased from a joint venture, HF Logistics-SKX (the “JV”). The JV was formed with HF Logistics I, LLC (“HF”) in January 2010 for the purpose of building and operating the facility and is consolidated in our financial statements. An additional 2.4 million 2.4 million square feet of distribution center space is leased from third parties. The main campus leases expire at various dates through August 2036, and the leases for the remaining space expire at various dates through May 2028. Additionally, our newly opened Canada Distribution Center occupies approximately 0.4 million square feet in British Colombia and the lease is set to expire in December 2032.

Europe, Middle East and Africa. Our European distribution center Distribution Center occupies approximately 2.2 million 2.2 million square feet in Liege, Belgium under operating leases. These Belgium. The leases comprising this Distribution Center provide for original terms of 10 8 to 15 years, commencing between January 2016 and July 2020, subject to automatic extensions for recurring periods of five years unless we or the landlord terminates the lease in writing 12 months prior to the expiration of the original lease term or 12 months prior to the end of the then applicable five-year extension. years. The property leases expire on various dates through April 2031.

Asia Pacific. Our China distribution center Distribution Center occupies approximately 1.6 million square feet in Taicang, China. We plan to further expand in this key market with the constructing of a second distribution center in China, which is expected to be an approximately 2.3 million square foot facility. Our Japan Distribution Center is approximately 0.9 million square feet. The lease is set to expire in October 2031. Additionally, we recently opened the first phase of our India Distribution Center which occupies approximately 0.8 million square feet outside of Mumbai and the lease is set to expire in October 2043.

We have additional Company-operated distribution centers as well as third-party distribution centers serving regional markets in the Americas, Europe and Asia Pacific.

COMPANY OWNED AND THIRD-PARTY STORES

In 2023, we surpassed 5,000 Skechers-branded retail store and now have 5,168 stores in 122 countries. The network of stores includes 1,648 Company-owned and 3,520 third-party locations. These third-party stores are distributor, licensed and franchise owned through our Wholesale segment.

Store count, openings and closings for our domestic, international, and third-party stores are as follows:

	Number of locations			
	December 31, 2022	Opened(1)	Closed(1)	December 31, 2023
Domestic stores	539	35	(11)	563
International stores	905	268	(88)	1,085
Distributor, licensee and franchise stores	3,093	841	(414)	3,520
Total Skechers stores	4,537	1,144	(513)	5,168

(1) Includes the conversion of 58 third-party stores to International stores previously included in Distributor stores as a result of the acquisition of our Scandinavian distributor.

We pursue our direct-to-consumer strategy through our integrated retail formats, which enable us to promote the full Skechers product offering in an attractive environment that appeals to a broad group of consumers. Our retail stores are included in our Direct-to-Consumer segment. Our physical retail formats are as follows:

Concept Stores. Our concept stores serve as a showcase for a wide range of our product offering. Retail locations are generally chosen to generate maximum marketing value for the Skechers brand name through signage, store front presentation and interior design. These stores also serve as product testing venues.

Factory Outlet Stores. Our factory outlet stores provide opportunities for us to sell discontinued and excess merchandise as well as feature key inline product.

Big Box Stores. Our free-standing and attached big box stores, enable us to liquidate excess merchandise, discontinued lines and odd-size inventory.

Substantially all of our retail stores and showrooms are leased with terms expiring through January 2036. March 2038. The leases provide for rent escalations tied to either increases in the lessor’s operating expenses, fluctuations in the consumer price index in the relevant geographical area, or a percentage of the store’s gross sales in excess of the base annual rent.

We lease most of our international administrative offices, showrooms and distribution facilities located in Asia, Central America, Europe, North America and South America. The property leases expire on various dates through October 2037.

Item3.

Item 3. Legal Proceedings

Michael Conte v. Robert Greenberg, et al. – On July 21, 2022, Skechers and certain past and present members of the Board of Directors were sued by a stockholder on behalf of our company in a derivative action in the Chancery Court of the State of Delaware, Case No. 2022-0633, alleging breach of fiduciary duty, waste of corporate assets, breach of duty of candor and breach of contract in connection with certain executive officers' personal use of two company-owned aircraft. The complaint seeks actual damages in favor of Skechers sustained as the alleged result of defendants' alleged breaches of fiduciary duties, judgment directing our company to take

all necessary actions to reform and improve its corporate governance practices, termination of certain executive officers for allegedly violating their employment agreements, judgment directing the sale of one of the company-owned aircraft and attorneys', accountants' and experts' fees, costs and expenses. We believe that we have meritorious defenses The defendants filed motions to dismiss the complaint. On February 2, 2024, the court granted the motions and intend thereafter dismissed the complaint with prejudice as to defend this matter vigorously. Notwithstanding, given the early stages all named past and present director-defendants. On February 22, 2024, plaintiff filed a notice of these proceedings and the limited information available, we appeal. We cannot predict the outcome of this the appeal or any further related legal proceeding proceedings or whether an adverse result in this case such proceedings would have a material adverse impact on our results of operations or financial position.

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. While it is too early to predict the outcome of the District Court proceedings 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.

In addition to the matters included in our reserve for loss contingencies, we occasionally become involved in litigation arising from the normal course of business, and investigations, and we are unable to determine the extent of any liability that may arise from any such unanticipated future litigation. matters. We have no reason to believe that there is a reasonable possibility or a probability that we may incur a material loss, or a material loss in excess of a recorded accrual, with respect to any other such loss contingencies. However, the outcome of litigation and investigations is inherently uncertain and assessments and decisions on defense and settlement can change significantly in a short period of time. Therefore, although we consider the likelihood of such an outcome to be remote with respect to those matters for which we have not reserved an amount for loss contingencies, if one or more of these legal matters were resolved against the Company in the same reporting period for amounts in excess of our expectations, our consolidated financial statements of a particular reporting period could be materially adversely affected.

Item4. Mine Mine Safety Disclosures

Safety

Disclosures

Item**4.**

Not applicable.

PART II

Item5. Market **Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**
for
Registrant's
Common
Equity,
Related
Stockholder
Matters and
Issuer
Purchases of
Equity
Securities

Item**5.**

Our Class A Common Stock trades under the symbol "SKX" on the New York Stock Exchange.

HOLDERS

As of February 15, 2023 February 21, 2024, there were 81 72 holders of record of our Class A Common Stock (including holders who are nominees for an undetermined number of beneficial owners) and 39 33 holders of record of our Class B Common Stock. These figures do not include beneficial owners who hold shares in nominee name. The Class B Common Stock is not publicly traded, but each share is convertible upon request of the holder into one share of Class A Common Stock.

DIVIDEND INFORMATION

Since inception, we have not declared or paid any cash dividends on our common stock, and we have no present intention of paying any dividends on our common stock in the foreseeable future. Our Board of Directors periodically reviews our dividend policy to determine whether the declaration of dividends is appropriate.

COMPANY PURCHASES OF EQUITY SECURITIES

On January 31, 2022, the Company's Board of Directors authorized a share repurchase program (the "Share Repurchase Program"), pursuant to which the Company may, from time to time, purchase shares of its Class A Common Stock, par value $0.001 per share, for an aggregate repurchase price not to exceed $500 million. $500 million. The Share Repurchase Program expires on January 31, 2025 and does not obligate the Company to acquire any particular amount of shares.

There The table below summarizes the number of shares of our Class A Common Stock that were no repurchases repurchased during the three months ended December 31, 2022 and the maximum dollar value of shares that may yet be purchased under the share program was $425.8 million December 31, 2023.

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 Program (in thousands)
October 31, 2023	—	$ —	—	$ 325,714
November 30, 2023	900,300	51.11	900,300	279,696
December 31, 2023	235,894	59.37	235,894	265,692
Total	1,136,194	$ 52.83	1,136,194	$ 265,692

EQUITY COMPENSATION PLAN INFORMATION

Our equity compensation plan information required by this item is provided as set forth hereby incorporated by reference to the information in Part III, Item 12 of this annual report on Form 10-K.

PERFORMANCE GRAPH

The following graph demonstrates the total return to stockholders of our Class A Common Stock from December 31, 2017 December 31, 2018 to December 31, 2022 December 31, 2023, relative to the performance of the Russell 1000 Index and S&P Retail Select Industry Index, and the peer group index, which is consists of Nike, Inc., adidas AG, Steven Madden, Ltd., Wolverine World Wide, Inc., Crocs, Inc., and Deckers Outdoor Corporation. As of fiscal year 2022, we believe the members of the S&P Retail Select Industry Index better represents our business. Index.

Comparison of 5 Year Cumulative Total Returns

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(in dollars)	2018	2019	2020	2021	2022	2023
Skechers U.S.A., Inc.	100.00	188.69	157.01	189.60	183.27	272.35
Russell 1000	100.00	131.43	158.98	201.03	162.58	205.72
S&P Retail Select Industry	100.00	113.97	161.41	230.77	157.58	191.51

Item 6. [Reserved]

(in dollars)	2017	2018	2019	2020	2021	2022
Skechers U.S.A., Inc.	100.00	60.49	114.14	94.98	114.69	110.86
Russell 1000	100.00	95.22	125.14	151.37	191.42	154.80
S&P Retail Select Industry	100.00	92.12	104.99	148.70	212.60	145.17
Peer Group	100.00	116.76	165.94	219.31	243.31	166.51

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 6. **[Reserved]**

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this annual report on Form 10-K. We intend for this discussion to provide the reader with information that will assist in understanding our 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 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.

During the first quarter of 2022, the Company realigned its reporting structure to two reportable segments, Wholesale and Direct-to-Consumer. Prior period amounts have been recast. Wholesale includes sales to department stores, family shoe stores, specialty running and sporting goods retailers, and big box club stores; franchisee and licensee third-party store operators; dedicated e-commerce retailers; and international distributors. Direct-to-Consumer includes direct sales to consumers through an integrated retail format of company-owned physical stores and digital platforms and hosted digital marketplaces in select international markets. With the exception of our segment realignment, this This section of this Form 10-K generally discusses 2022 2023 and 2021 2022 items and year-to-year comparisons between 2022 2023 and 2021. 2022. Discussions of 2020 2021 items and year-to-year comparisons that are not included in this Form 10-K can be found in "*Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations*" and "*—Liquidity and Capital Resources*" in our annual report on Form 10-K for the fiscal year ended December 31, 2021December 31, 2022 filed with the SEC on February 25, 2022 February 28, 2023..

OVERVIEW

This year When Skechers was founded in 1992, our focus was on creating a significant milestone for lifestyle brand centered on delivering products with comfort, style, innovation and quality at a reasonable price. Thirty years later, now with a diverse product assortment that includes award-winning Performance Division, we can meet most of the Company. Not only was it footwear needs of men, women and kids, we remain committed to our 30th year in business, we also achieved record sales of $7.4 billion, an increase of $1.1 billion or 18% over design principles. Our objective is to profitably grow our operations worldwide by delivering stylish, comfortable, innovative and high-quality products at a reasonable price. Through the prior year. Our continued growth demonstrates the strength efforts of our brand dedicated teams globally, our strong partner relationships and loyal consumers, we believe we will continue to achieve well-managed growth and ensure the longevity of both the company and the robust Skechers brand.

For the year ended December 31, 2023, compared to the year ended December 31, 2022, sales increased 7.5% to $8.0 billion, a new annual record, and four consecutive quarterly sales records. Gross margins improved to 51.9% and inventory was reduced by 16.1%. Our financial results reflect the significant market demand for our innovative product portfolio. The offerings and the value that we provide.

Key highlights for 2023 include:

- Debuting on the Fortune 500® list;
- Expanding performance product offerings to include Skechers Football and Skechers Basketball;
- Surpassing 5,000 retail stores; and
- Opening distribution centers in India and Canada.

We believe brand recognition is paramount to continued success. We drive awareness and demand through comprehensive marketing campaigns. During the year, also presented challenges, including temporary COVID-related store closures predominantly we introduced partnerships and a capsule collection with Martha Stewart and Snoop Dogg. Skechers Performance signed Harry Kane, Europe's top goal scorer for 2023, as well as other premier players for the launch of Skechers Football, and New York Knicks all-star Julius Randle and Los Angeles Clippers Terance Mann, who both compete in China, rising freight and logistics costs, elevated inventory levels and supply chain disruptions that created congestion in our distribution network. We were able to manage these challenges due to the flexibility, creativity and dedication of the global Skechers organization. Basketball.

Our core product philosophy of comfort, style, innovation, and quality at the right price continues to resonate with consumers, and we remain focused on delivering our comfort technology footwear as quickly as possible to meet consumer demand. We remain focused on executing against our long-term growth strategies and believe we are well positioned to meet our sales goal of $10 billion by 2026. We are committed to the following investments in support of to execute our long-term global growth strategy:

- Wholesale: product development, marketing, distribution infrastructure and sales capabilities.
- Continue to develop new products and technologies;
- Direct-to-Consumer: product development, marketing, new stores, digital commerce capabilities and distribution infrastructure.

Growth in the Wholesale segment is expected•

Expand our distribution infrastructure to derive from expanding support growth;

- Open new stores and extend our existing shelf-space with current partners, acquiring digital capabilities to drive Direct-to-Consumer growth; anc
- Innovative market strategies to broaden our reach globally and attract new partners supporting the growth of incremental franchise and licen Skechers branded stores, as well as the introduction of new products to existing partners. Growth in the Direct-to-Consumer segment is expec to derive from increasing our digital commerce capabilities, expanding our physical retail footprint and leveraging third-party digital platforms marketplaces. consumers.

RESULTS OF OPERATIONS

Selected information from our results of operations follows:

	Year Ended December 31,		Change		Year Ended December 31,		Change	
(in thousands)	2022	2021	$	%	2023	2022	$	%
Sales	$ 7,444,550	$ 6,310,187	1,134,363	18.0	$ 8,000,342	$ 7,444,550	555,792	7.5
Cost of sales	3,929,193	3,185,816	743,377	23.3	3,847,938	3,929,193	(81,255)	(2.1)
Gross profit	3,515,357	3,124,371	390,986	12.5	4,152,404	3,515,357	637,047	18.1
Gross margin	*47.2 %*	*49.5 %*		*(230)bps*	*51.9 %*	*47.2 %*		*470 bps*
Operating expenses								
Selling	583,626	499,532	84,094	16.8	676,890	583,626	93,264	16.0
General and administrative	2,385,061	2,026,652	358,409	17.7	2,690,728	2,385,061	305,667	12.8
Total operating expenses	2,968,687	2,526,184	442,503	17.5	3,367,618	2,968,687	398,931	13.4
As a % of sales	*39.9 %*	*40.0 %*		*(20)bps*	*42.1 %*	*39.9 %*		*220 bps*
Earnings from operations	546,670	598,187	(51,517)	(8.6)	784,786	546,670	238,116	43.6
Operating margin	*7.3 %*	*9.5 %*		*(210)bps*	*9.8 %*	*7.3 %*		*250 bps*
Other expense	(24,413)	(28,430)	4,017	(14.1)				
Other income (expense)					16,086	(24,413)	40,499	n/m
Earnings before income taxes	522,257	569,757	(47,500)	(8.3)	800,872	522,257	278,615	53.3
Income tax expense (benefit)	93,095	(245,875)	338,970	n/m				
Income tax expense					150,949	93,095	57,854	62.1
Net earnings	429,162	815,632	(386,470)	(47.4)	649,923	429,162	220,761	51.4
Less: Net earnings attributable to noncontrolling interests	56,134	74,129	(17,995)	(24.3)	104,124	56,134	47,990	85.5
Net earnings attributable to Skechers U.S.A., Inc.	$ 373,028	$ 741,503	(368,475)	(49.7)	$ 545,799	$ 373,028	172,771	46.3

Sales

Sales increased $1.1 billion, $0.6 billion, or 18.0% 7.5%, to $7.4 billion $8.0 billion as a result of a 20.0% 13.3% increase domestically internationally and a 16.6% increase internationally. 0.8% decrease domestically. Direct-to-Consumer sales increased 24.3% and Wholesale sales increased 23.2% and Direct-to-Consumer increased 10.2% decreased 2.8%. Sales increased overall due to improved higher sales volume in Direct-to-Consumer and higher average selling prices.

Gross margin

Gross margin decreased 230 increased 470 basis points to 47.2% 51.9% primarily driven by increased freight and logistics costs, partially offset by due to higher average selling price increases. prices and a higher proportion of Direct-to-Consumer sales.

Operating expenses

Operating expenses increased $442.5 million, $398.9 million, or 17.5% 13.4%, to $3.0 billion, $3.4 billion, and as a percentage of sales improved 20 increased 220 basis points to 39.9% 42.1%. Selling expenses increased $84.1 million, $93.3 million, or 16.8% 16.0%, to $583.6 million $676.9 million, primarily due to higher demand creation expenditures in global marketing and digital advertising and global marketing. advertising. General and administrative expenses increased $358.4 million, $305.7 million, or 17.7% 12.8%, to $2.4 billion, $2.7 billion, due to higher an increase in labor and compensation costs of $193.9 million $104.6 million, facility related costs of $83.7 million, including rent and depreciation, and warehouse and distribution costs of $16.6 million. These increases were partially offset by a decrease of $33.7 million in volume-driven labor and warehouse and distribution expenses of $75.4 million as a result of from the supply chain and logistics logistical challenges at in the domestic distribution center and higher volume driven expenses. Included in these costs is approximately $90.0 million of labor and distribution expenses related prior year.

Other income (expense)

Other income (expense), improved $40.5 million to the supply chain challenges at the domestic distribution center.

Other expense

Other expense decreased $4.0 million to $24.4 million, $16.1 million, compared to $28.4 million, other expense of $24.4 million in the prior year, primarily due to improvements in favorable foreign currency exchange rates in Europe, Middle East & Africa. Africa and Asia Pacific, and increased interest income.

Income taxes

Income tax expense (benefit) and the effective tax rate were as follows:

(in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2023	Year Ended December 31, 2022
Income tax expense (benefit)	$ 93,095	$ (245,875)		
Income tax expense			$ 150,949	$ 93,095
Effective tax rate	17.8%	(43.2)%	18.8 %	17.8 %

Income tax expense was $93.1 million $150.9 million as compared to an income tax benefit of $245.9 million $93.1 million in 2021 due to the establishment of deferred tax assets from an intra-entity transfer of certain intellectual property rights of $346.8 million. 2022. Our effective tax rate was 17.8% 18.8% as compared to negative 43.2% tax rate 17.8% in the prior year, which included year. The increase in tax rate is due to the impact of a 60.9% benefit from tax reserves and the intellectual property rights transfer. non-recurrence of favorable deferred tax adjustments in the prior year.

Our income tax expense (benefit) and effective income tax rate are significantly impacted by the mix of our domestic and foreign earnings (losses) before income taxes. In the foreign jurisdictions in which we have operations, the applicable statutory rates range from 0.0% 0% to 34.0% 35%, which on average are generally significantly lower than the U.S. federal and state combined statutory rate of approximately 25.0% 25.1%.

The 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 companies. The European Union (“EU”) member states formally adopted the EU’s Pillar Two Directive, which generally provides for a 15% minimum effective tax rate for multinational enterprises, in every jurisdiction in which they operate. This did not have an impact to the tax provision and effective tax rate for the year ended December 31, 2023 and we do not anticipate that this will have a material impact on our tax provision or effective tax rate in 2024. We will continue to evaluate the potential impact of the Pillar Two framework on future periods, pending legislative adoption by individual countries.

See Note 10 – Income Taxes of the Consolidated Financial Statements for additional information.

Noncontrolling interest in net earnings of consolidated subsidiaries

Noncontrolling interest represents the share of net earnings or loss that is attributable to our joint venture partners. Net earnings attributable to noncontrolling interest decreased $18.0 million increased $48.0 million to $56.1 million $104.1 million as compared to $74.1 million, $56.1 million in the prior year, primarily due to reduced higher earnings by our joint ventures, predominantly China, due to store closures resulting from COVID in China.

RESULTS OF SEGMENT OPERATIONS

Wholesale

(in thousands)	Year Ended December 31, 2022	2021	2020	2022 vs 2021 Change $	%	2021 vs 2020 Change $	%	Year Ended December 31, 2023	2022	Change $	%
Sales	$ 4,632,429	$ 3,758,640	$ 2,835,010	873,789	23.2	923,630	32.6	$ 4,504,776	$ 4,632,429	(127,653)	(2.8)
Gross profit	1,669,276	1,437,517	1,112,558	231,759	16.1	324,959	29.2	1,846,819	1,669,276	177,543	10.6
Gross margin	*36.0%*	*38.2%*	*39.2%*		*(220)bps*		*(100)bps*	*41.0%*	*36.0%*		*500 bps*

2022 to 2021 Comparison

Wholesale sales increased $0.9 billion, decreased $127.7 million, or 23.2% 2.8%, to $4.6 billion, driven primarily by growth of 28.7% $4.5 billion, due to a decrease in the Americas of 10.6%, partially offset by an increase in Asia Pacific of 12.6% and Europe, Middle East & Africa of 33.9% 0.1%. Volume increased 18.2% decreased 8.7% in the number of units sold and average selling price per unit increased 4.8% 6.3%..

Wholesale gross margin decreased 220 increased 500 basis points to 36.0% 41.0% due to higher average cost selling prices and lower costs per unit, primarily driven by increased freight and logistics costs, partially offset by average selling price increases. unit.

2021 to 2020 Comparison***Direct-to-Consumer***

(in thousands)	Year Ended December 31, 2023	2022	Change $	%
Sales	$ 3,495,566	$ 2,812,121	683,445	24.3
Gross profit	2,305,585	1,846,081	459,504	24.9
Gross margin	*66.0%*	*65.6%*		*30 bps*

WholesaleDirect-to-Consumer sales increased $0.9 billion, $683.4 million, or 32.6% 24.3%, to $3.8 billion, as a result of growth across $3.5 billion, led by increases in the Americas of 30.1% 21.5%, Asia Pacific of 22.0% and Europe, Middle East & Africa of 37.3% and Asia Pacific of 32.3% which were impacted by 2020 COVID-related market closures. 49.2%. Volume increased 27.9% 19.6% in the number of units sold and average selling price per unit increased 3.6% 4.0%.

Wholesale gross margin decreased 100 basis points to 38.2% primarily due to higher average cost per unit, partially offset by the increase in the average selling price per unit.

Direct-to-Consumer

(in thousands)	Year Ended December 31, 2022	2021	2020	2022 vs 2021 Change $	%	2021 vs 2020 Change $	%
Sales	$ 2,812,121	$ 2,551,547	$ 1,778,420	260,574	10.2	773,127	43.5
Gross profit	1,846,081	1,686,854	1,093,240	159,227	9.4	593,614	54.3
Gross margin	*65.6%*	*66.1%*	*61.5%*		*(50)bps*		*460bps*

2022 to 2021 Comparison

Direct-to-Consumer sales increased $260.6 million, or 10.2%, to $2.8 billion, led by increases in the Americas of 13.8%, Europe, Middle East & Africa of 25.3%, and Asia Pacific of 1.8%. Volume increased 6.6% in the number of units sold and average selling price per unit increased 3.4%.

Direct-to-Consumer gross margin decreased 50 basis points to 65.6%, due to higher average cost per unit, primarily driven by increased freight costs, partially offset by average selling price increases.

2021 to 2020 Comparison

Direct-to-Consumer sales increased $0.8 billion, or 43.5%, to $2.6 billion, driven by increases of 48.6% in the Americas, 31.6% in Asia Pacific, and 76.8% in Europe, Middle East & Africa which experienced COVID restrictions in 2020. Average selling price per unit increased 14.7% and volume increased 25.0% in the number of units sold.

Direct-to-Consumer gross margin increased 460 30 basis points to 66.1% 66.0%, primarily driven by due to higher average selling prices. prices and channel mix, partially offset by increased costs per unit.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity outlook

We have cash and cash equivalents of $615.7 million $1,189.9 million at December 31, 2022 December 31, 2023. Amounts held outside the U.S. were $516.8 million $954.7 million, or 83.9% 80.2%, and approximately $206.7 million $424.8 million was available for repatriation to the U.S. as of December 31, 2022 December 31, 2023 without incurring additional U.S. federal income taxes and applicable non-U.S. income and withholding taxes.

We finance our production activities in part through the use of interest-bearing open purchase arrangements with certain of our contract manufacturers. These facilities currently bear interest at a rate between 0.0% and 0.4% for 30- to 60-day financing, depending on the factory. We believe that the use of these arrangements affords us additional liquidity and flexibility. We do not have any long-term contracts with any of our manufacturers, however, we have long-standing relationships with many and believe our relationships to be positive.

At December 31, 2022 December 31, 2023, we have unused credit capacity of $747.3 million $746.9 million on our revolving credit facility, with an additional $250.0 million $250.0 million available through an accordion feature. We believe that anticipated cash flows from operations, existing cash and investments 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.

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Cash Flows

Our working capital at December 31, 2022 December 31, 2023 was $2.0 billion, $2.3 billion, an increase of $0.1 billion $0.3 billion from working capital of $1.9 billion $2.0 billion at December 31, 2021 December 31, 2022. Our cash and cash equivalents at December 31, 2022 December 31, 2023 were $615.7 million, $1,189.9 million, compared to $796.3 million $615.7 million at December 31, 2021 December 31, 2022. 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

Net cash provided by operating activities was $238.3 million $1,231.2 million for 2022 2023 and $212.2 million $238.3 million for 2021. 2022. The $26.2 million $992.8 million increase in cash flows from operating activities in 2022 2023 resulted from lower favorable changes in working capital, primarily inventory, purchases, partially offset by higher accounts receivables balances on wholesale sales. and increased earnings.

Investing Activities

Net cash used in investing activities was $287.5 million $418.0 million for 2022 2023 as compared to $344.7 million $287.5 million for 2021. 2022. The $57.2 million decrease $130.5 million increase was due to lower increased net investment purchases activity of $95.4 million and proceeds, partially the acquisition of our Scandinavian distributor of $70.4 million, offset by increased decreased capital expenditures. expenditures of $35.3 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 year ended December 31, 2022 December 31, 2023 were approximately $359.0 million, $323.7 million, which included $132.3 million $104.3 million for the expansion of our global distribution infrastructure, $103.7 million $99.0 million for investments in our retail stores and direct-to-consumer technologies, and $88.8 million $64.3 million of investments in our expanded new corporate offices domestically and in India. transportation. We expect our capital expenditures for 2023 2024 to be approximately $300.0 million $350.0 to $350.0 million, $400.0 million, as we continue to invest in our strategic priorities, including additional new stores, added omnichannel capabilities and incremental distribution capacity in key markets. We expect to fund ongoing capital expenses expenditures through a combination of available cash and borrowings borrowings..

Financing Activities

Net cash used in financing activities was $118.1 million $234.7 million during 2022 2023 compared to $433.9 million $118.1 million in 2021. 2022. The decrease increase is primarily the result of lower payments on long-term borrowings of $392.0 million, partially offset by the repurchase of $74.2 million higher repurchases of common stock. stock of $85.8 million and decreased net proceeds from short-term borrowing of $26.2 million.

Capital Resources and Prospective Capital Requirements

Share Repurchase Program

On January 31, 2022, the Company's Board of Directors authorized a share repurchase program (the “Share Repurchase Program”), pursuant to which the Company may, from time to time, purchase shares of its Class A Common Stock, par value $0.001 per share, for an aggregate repurchase price not to exceed $500 million. The Share Repurchase Program expires on January 31, 2025 and does not obligate the Company to acquire any particular amount of shares. As of December 31, 2022December 31, 2023, $425.8 million $265.7 million remains available under the Share Repurchase Program.

Financing Arrangements

As of December 31, 2022 December 31, 2023, outstanding short-term and long-term borrowings were $339.3 million, $301.4 million, of which, $257.4 million $242.9 million relates to loans for our domestic and China distribution centers, $54.4 million $46.2 million relates to our operations in China and the remainder relates to our international operations. Our 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 annual report. See Note 6 – Financial Commitments of the Consolidated Financial Statements for additional information.

Commitments

Our material cash requirements as of December 31, 2022 December 31, 2023 which are not reflected as liabilities in the consolidated balance sheets include open purchase commitments with our foreign manufacturers of approximately $1.1 billion. $1.4 billion.

We are required to provide standby letters of credit to support certain obligations that arise in the ordinary course of business and may choose to provide letters of credit in place of posting cash collateral. Although the letters of credit are off-balance sheet, the majority of the obligations to which they relate are reflected as liabilities in the consolidated balance sheets.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

The preparation of our consolidated financial statements requires us to make estimates 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.

We believe the following critical accounting estimates are affected by significant judgments used in the preparation of our consolidated financial statements.

Reserves for returns and chargebacks.Revenue is recorded net of estimates for returns from our customers and potential disputed amounts or chargebacks. We accrue a liability for product returns at the time of sale based on our historical experience.Our chargeback reserve is based on a collectability percentage based on factors such as historical trends, current economic conditions, and nature of the chargeback receivables.

Allowance for bad debts*.* Accounts receivable is recorded net of estimated losses from our customers' inability to pay. To minimize the likelihood of uncollectibility, customers' credit-worthiness is reviewed and adjusted periodically in accordance with external credit reporting services, financial statements issued by the customer and our experience with the account. We determine the amount of the reserve by analyzing known uncollectible accounts, aged receivables, economic conditions in the customers' countries or industries, historical losses and our customers' credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this reserve. Allowances for bad debts are recorded to general and administrative expenses.

The likelihood of a material loss on an uncollectible account would be mainly dependent on deterioration in the overall economic conditions in a particular country or region. Reserves are fully provided for all probable losses of this nature. For receivables that are not specifically identified as high risk, we provide a reserve based upon our historical loss rate as a percentage of sales.

Inventory reserves. Inventory is stated at the lower of cost or net realizable value. Inventory reserves are recorded for excess and slow-moving inventory. Our analysis includes a review of inventory quantities on hand at period-end in relation to year-to-date sales, existing orders from customers and projections for sales in the foreseeable future. The net realizable value is determined based on historical sales experience on a style-by-style basis. The valuation of inventory could be impacted by changes in public and consumer preferences, demand for product, changes in the buying patterns of both retailers and consumers and inventory management of customers.

Litigation reserves. Estimated amounts for claims that are probable and can be reasonably estimated are recorded as liabilities in our consolidated financial statements. The likelihood of a material change in these estimated reserves would depend on additional information or new claims as they may arise as well as the favorable or unfavorable outcome of particular litigation. Both the likelihood and amount (or range of loss) on a large portion of our remaining pending litigation is uncertain. As such, we are unable to make a reasonable estimate of the liability that could result from unfavorable outcomes in our remaining pending litigation. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of potential liability could materially impact our results of operations and financial position.

Tax estimates. The establishment of deferred tax assets from intra-entity transfers of certain intellectual property rights and other transactions requires management to make significant estimates and assumptions to determine the fair value of such intellectual property rights. The valuation of deferred tax assets requires significant estimates and assumptions including, but not limited to, future revenue sales growth, discount rates and the expected life of the assets, which by their nature are inherently uncertain and may ultimately differ materially from our actual results. We record a valuation allowance when necessary to reduce our deferred tax assets to the amount that is more likely than not to be realized. The likelihood of a material change in our expected realization of our deferred tax assets depends on future taxable income and the effectiveness of our tax planning strategies amongst the various domestic and international tax jurisdictions in which we operate. We evaluate our projections of taxable income to determine the recoverability of our deferred tax assets and the need for a valuation allowance.

Business Combinations. Weuse the acquisition method of accounting for business combinations and recognize assets acquired and liabilities assumed measured at their fair values on the date acquired. Goodwill is measured as of the acquisition date as the excess of consideration transferred over the net acquisition date fair value of the assets acquired and the liabilities assumed. The valuation of identifiable intangible assets reflects management's estimates based on, among other factors, use of established valuation methods, including, but not limited to, the multi-period excess earnings method income approach. Further estimates within these models include, but are not limited to, future expected cash flows, including revenues and expenses, and applicable discount rates. These estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations and comprehensive income (loss).

EXCHANGE RATES

We receive U.S. dollars for substantially all of our domestic and a portion of our international product sales, as well as our royalty income. sales. Inventory purchases from offshore contract manufacturers are primarily denominated in U.S. dollars. However, purchase prices for our products may be impacted by fluctuations in the exchange rate between the U.S. dollar and the local currencies of the contract manufacturers, which may impact our cost of goods in the future. During 2022 2023 and 2021, 2022, exchange rate fluctuations did not have a material impact on our inventory costs. We do not engage in hedging activities with respect to such exchange rate risk.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 1 — Summary of Significant Accounting Policies in the accompanying Notes to the Consolidated Financial Statements for recently adopted and recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

Item 7A. **Quantitative and Qualitative Disclosure About Market Risk**

Market risk is the potential loss arising from the adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Changes in interest rates and changes in foreign currency exchange rates have and will have an impact on our results of operations.

Interest rate fluctuations. As of December 31, 2022 December 31, 2023, we have $122.8 million $58.5 million and $216.5 million $242.9 million of outstanding current and long-term borrowings, subject to changes in interest rates. A 200-basis point increase in interest rates would have increased interest expense by approximately $6.6 million $6.0 million for the year ended December 31, 2022 December 31, 2023. We do not expect changes in interest rates to have a material impact on our financial condition or results of operations or cash flows during the remainder of 2023. 2024. The interest rate charged on our unsecured revolving credit facility is based on SOFR, our North America distribution center construction loan is based on the one-month Bloomberg Short-Term Bank Yield Index ("BSBY"). Our China distribution center and China operational loans are based on a reference rate provided by the People's Bank of China. Our loan with 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" HF-T1"), is was based on the SOFR Daily Floating Rate plus a margin of 1.75%. During the second quarter of 2023, the Company amended certain terms of our loan agreement with Bank of America and the related interest rate swap to replace the LIBOR with SOFR as part of our planned reference rate reform activities, as discussed in Note 4 - Financial Commitments. Prior to the effective date of the amended swap agreement, our loan was based on the LIBOR Daily Floating Rate plus a margin of 1.75%. Changes in these interest rates will have an effect on the interest charged on outstanding balances.

We may enter into derivative financial instruments such as interest rate swaps in order to limit our interest rate risk on our long-term debt. We had one derivative instrument in place as of December 31, 2022 December 31, 2023 to hedge the cash flows on our $129.5 million variable rate debt on our North America distribution center, which was entered into by the JV. This instrument was a variable to fixed derivative with a notional amount of $129.5 million $129.5 million at December 31, 2022 December 31, 2023. Our receive rate was one-month LIBOR and the average pay rate was 0.795% through the effective date of the interest swap amendment. Since the effective date of the amended swap agreement, our receive rate was 30-day SOFR rate and the average pay rate was 0.778%. The rate swap agreement utilized by us effectively modifies our exposure to interest rate risk by converting our floating-rate debt to a fixed rate basis over the life of the loan, thus reducing the impact of interest-rate changes on future interest payments.

Foreign exchange rate fluctuations. We face market risk to the extent that changes in foreign currency exchange rates affect our non-U.S. dollar functional currency foreign subsidiaries' revenues, sales, expenses, assets and liabilities. In addition, changes in foreign exchange rates may affect the value of our inventory commitments. Also, inventory purchases of our products may be impacted by fluctuations in the exchange rates between the U.S. dollar and the local currencies of the contract manufacturers, which could have an impact on the cost of goods sold in the future. We manage these risks by primarily denominating these purchases and commitments in U.S. dollars.

Assets and liabilities outside the U.S. are located in regions where we have subsidiaries or joint ventures: the Americas, Europe, Middle East & Africa, and Asia-Pacific. Our investments in foreign subsidiaries and joint ventures with a functional currency other than the U.S. dollar are generally considered long-term. The fluctuation of foreign currencies resulted in a cumulative foreign currency translation loss gain of $36.6 million $11.5 million and loss of $21.0 million $36.6 million, for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, that are deferred and recorded as a component of accumulated other comprehensive loss in stockholders' equity. A 200-basis point reduction in each of these exchange rates at December 31, 2022 December 31, 2023 would have reduced the values of our net investments by approximately $87.5 million. $102.4 million.

Item 8. **Financial Statements and Supplementary Data**

Item 8.
Financial Statements and Supplementary Data

Item 8.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Skechers U.S.A., Inc.
Manhattan Beach, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Skechers U.S.A., Inc. (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated February 28, 2023 February 28, 2024 expressed an unqualified adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for Income Taxes

The Company is a U.S. based multinational entity subject to taxes in the U.S. and multiple foreign jurisdictions which affect the Company's provision for income taxes. The income tax provision is determined by management based on current enacted tax regulations at each jurisdiction with consideration of intercompany transactions across multiple tax jurisdictions. As described indicated in Note 10 to the Company's consolidated financial statements, the Company's total income tax expense for the fiscal year ended December 31, 2022 December 31, 2023 was $93.1 million, $150.9 million, of which $7.3 million $14.7 million represented U.S. Federal tax expense, $8.3 million $3.4 million represented U.S. State tax expense, and the remaining $77.5 million $132.8 million represented foreign tax expense. The Company operates in multiple jurisdictions worldwide through its wholly-owned subsidiaries and several joint ventures.

We identified the accounting for the Company's income tax provision as a critical audit matter. The Company's matter due to the complexity involved in: (i) the application of relevant tax laws and regulations in calculating taxable income tax provision processes include the following: (i) reporting and data accumulation from multiple foreign jurisdictions, (ii) assessment of deferred tax assets balances in certain jurisdictions, and liabilities, and (iii) development (ii) the application of certain complex assumptions used in transfer pricing studies and related determinations. guidelines to various intercompany transactions. Auditing these certain elements of the income tax provision involved especially required challenging auditor judgment due to the nature and an increased extent of audit effort, required to address these matters, including the extent use of professionals with specialized skill or knowledge needed. skills and knowledge.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and operating effectiveness of certain internal controls related to management's accounting for income taxes, including controls over: (i) calculating taxable income Evaluating management's computation of deferred tax assets and liabilities.

and deferred tax balances in certain jurisdictions, and (ii) the application of transfer pricing guidelines to various intercompany transactions.

- Testing the completeness and accuracy of the underlying data used to determine taxable income, deferred tax balances and transfer pricing adjustments.
- Utilizing personnel with specialized skill and knowledge in accounting for income taxes to assist in evaluating management's application of relevant tax laws and regulations in calculating taxable income and deferred tax balances in certain jurisdictions.
- Utilizing personnel with specialized skill and knowledge in transfer pricing to assist in evaluating management's application of transfer pricing

guidelines to various intercompany transactions.

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- Testing mathematical accuracy and computation of the tax provision and agreeing to relevant source information.
- Utilizing personnel with specialized skill and knowledge in transfer pricing to assist in evaluating the reasonableness of certain assumptions, and overall conclusions related to the Company's transfer pricing studies over inter-company transactions.
- Utilizing personnel with specialized skill and knowledge in domestic and foreign taxes to assist in assessing the appropriateness and accuracy of the income tax provision.

/s/ BDO USA, LLP P.C.

We have served as the Company's auditor since 2013.

Los Angeles, California

February 28, 2023 2024

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except par values)	As of December 31, 2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 615,733	$ 796,283
Short-term investments	102,166	98,580
Trade accounts receivable, less allowances of $59,472 and $62,684	848,287	732,793
Other receivables	86,036	80,043
Inventory	1,818,016	1,470,994
Prepaid expenses and other	176,035	193,547
Total current assets ($1,014,962 and $1,040,765 related to VIEs)	3,646,273	3,372,240
Property, plant and equipment, net	1,345,370	1,128,909
Operating lease right-of-use assets	1,200,565	1,224,580
Deferred tax assets	454,190	451,355
Long-term investments	70,498	145,590
Goodwill	93,497	93,497
Other assets, net	83,094	75,109
Total non-current assets ($598,973 and $608,607 related to VIEs)	3,247,214	3,119,040

TOTAL ASSETS	$	6,893,487	$	6,491,280
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable	$	957,384	$	876,342
Accrued expenses		294,143		265,420
Operating lease liabilities		238,694		225,658
Current installments of long-term borrowings		103,184		76,967
Short-term borrowings		19,635		1,195
Total current liabilities ($568,158 and $601,929 related to VIEs)		1,613,040		1,445,582
Long-term operating lease liabilities		1,063,672		1,094,748
Long-term borrowings		216,488		263,445
Deferred tax liabilities		8,656		11,820
Other long-term liabilities		120,045		133,613
Total non-current liabilities ($293,726 and $368,994 related to VIEs)		1,408,861		1,503,626
Total liabilities		3,021,901		2,949,208
Commitments and contingencies (Note 7)				
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; 134,473 and 135,107 shares issued and outstanding		134		135
Class B Common Stock, $0.001 par value; 75,000 shares authorized; 20,810 and 20,939 shares issued and outstanding		21		21
Additional paid-in capital		403,799		429,608
Accumulated other comprehensive loss		(84,897)		(48,323)
Retained earnings		3,250,931		2,877,903
Skechers U.S.A., Inc. equity		3,569,988		3,259,344
Noncontrolling interests		301,598		282,728
Total stockholders' equity		3,871,586		3,542,072
TOTAL LIABILITIES AND EQUITY	$	6,893,487	$	6,491,280

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

	Year Ended December 31,					
(in thousands, except per share data)		**2022**		**2021**		**2020**
Sales	$	7,444,550	$	6,310,187	$	4,613,430
Cost of sales		3,929,193		3,185,816		2,407,632
Gross profit		3,515,357		3,124,371		2,205,798
Operating expenses						
Selling		583,626		499,532		351,471
General and administrative		2,385,061		2,026,652		1,720,643
Total operating expenses		2,968,687		2,526,184		2,072,114
Earnings from operations		546,670		598,187		133,684
Total other income (expense)		(24,413)		(28,430)		21,045

Earnings before income taxes	522,257	569,757	154,729
Income tax expense (benefit)	93,095	(245,875)	8,502
Net earnings	429,162	815,632	146,227
Less: Net earnings attributable to noncontrolling interest	56,134	74,129	47,663
Net earnings attributable to Skechers U.S.A., Inc.	$ 373,028	$ 741,503	$ 98,564
Net earnings per share attributable to Skechers U.S.A., Inc.			
Basic	$ 2.40	$ 4.77	$ 0.64
Diluted	$ 2.38	$ 4.73	$ 0.64
Weighted-average shares used in calculating net earnings per share attributable to Skechers U.S.A., Inc.			
Basic	155,627	155,539	154,184
Diluted	156,608	156,794	154,894

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income Balance Sheets

(in thousands)	Year Ended December 31, 2022	2021	2020
Net earnings	$ 429,162	$ 815,632	$ 146,227
Other comprehensive income, net of tax			
Net unrealized gain (loss) on derivative contract	9,787	3,372	(1,649)
Gain (loss) on foreign currency translation adjustment	(53,552)	(22,141)	11,540
Comprehensive income	385,397	796,863	156,118
Less: Comprehensive income attributable to noncontrolling interests	48,190	76,398	54,846
Comprehensive income attributable to Skechers U.S.A., Inc.	$ 337,207	$ 720,465	$ 101,272

(in thousands, except par value)	As of December 31, 2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,189,910	$ 615,733
Short-term investments	72,595	102,166
Trade accounts receivable, less allowances of $57,867 and $59,472	860,300	848,287
Other receivables	82,253	86,036
Inventory	1,525,409	1,818,016
Prepaid expenses and other	222,137	176,035
Total current assets ($1,252,372 and $1,014,962 related to VIEs)	3,952,604	3,646,273
Property, plant and equipment, net	1,506,690	1,345,370
Operating lease right-of-use assets	1,276,171	1,200,565
Deferred tax assets	450,574	454,190
Long-term investments	123,996	70,498
Goodwill	101,230	93,497
Other assets, net	136,086	83,094
Total non-current assets ($641,879 and $598,973 related to VIEs)	3,594,747	3,247,214

TOTAL ASSETS	$	7,547,351	$	6,893,487
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable	$	1,008,001	$	957,384
Accrued expenses		320,105		294,143
Operating lease liabilities		274,296		238,694
Current installments of long-term borrowings		46,571		103,184
Short-term borrowings		11,894		19,635
Total current liabilities ($600,337 and $568,158 related to VIEs)		1,660,867		1,613,040
Long-term operating lease liabilities		1,108,110		1,063,672
Long-term borrowings		242,944		216,488
Deferred tax liabilities		12,594		8,656
Other long-term liabilities		122,794		120,045
Total non-current liabilities ($329,219 and $293,726 related to VIEs)		1,486,442		1,408,861
Total liabilities		3,147,309		3,021,901
Commitments and contingencies (Note 7)				
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; 132,837 and 134,473 shares issued and outstanding		133		134
Class B Common Stock, $0.001 par value; 75,000 shares authorized; 20,182 and 20,810 shares issued and outstanding		20		21
Additional paid-in capital		295,847		403,799
Accumulated other comprehensive loss		(73,388)		(84,897)
Retained earnings		3,796,730		3,250,931
Skechers U.S.A., Inc. equity		4,019,342		3,569,988
Noncontrolling interests		380,700		301,598
Total stockholders' equity		4,400,042		3,871,586
TOTAL LIABILITIES AND EQUITY	$	7,547,351	$	6,893,487

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Statements of Equity Earnings

	Shares		Amount			Accumulated				
(in thousands)	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Additional paid-in capital	other comprehensive loss	Retained earnings	Skechers U.S.A., Inc. equity	Noncontrolling interests	Total stockholders' equity

Balance at December 31, 2019	131,071	22,408	$ 131	$ 22	$ 306,669	$ (29,993)	$ 2,037,836	$ 2,314,665	$ 221,442	$ 2,536,107
Net earnings	—	—	—	—	—	—	98,564	98,564	47,663	146,227
Foreign currency translation adjustment	—	—	—	—	—	2,708	—	2,708	8,832	11,540
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(81,105)	(81,105)
Noncontrolling interest of acquired businesses	—	—	—	—	—	—	—	—	49,045	49,045
Net unrealized loss on derivative contract	—	—	—	—	—	—	—	—	(1,649)	(1,649)
Stock compensation expense	—	—	—	—	65,240	—	—	65,240	—	65,240
Proceeds from the employee stock purchase plan	233	—	1	—	5,915	—	—	5,916	—	5,916
Shares issued under the incentive award plan	1,094	—	1	—	(1)	—	—	—	—	—
Shares redeemed for employee tax withholdings	(172)	—	—	—	(5,658)	—	—	(5,658)	—	(5,658)
Conversion of Class B Common Stock into Class A Common Stock	1,392	(1,392)	1	(1)	—	—	—	—	—	—
Balance at December 31, 2020	133,618	21,016	$ 134	$ 21	$ 372,165	$ (27,285)	$ 2,136,400	$ 2,481,435	$ 244,228	$ 2,725,663
Net earnings	—	—	—	—	—	—	741,503	741,503	74,129	815,632
Foreign currency translation adjustment	—	—	—	—	—	(21,038)	—	(21,038)	(1,103)	(22,141)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	6,731	6,731
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(41,557)	(41,557)
Purchase of noncontrolling interest	—	—	—	—	(6,856)	—	—	(6,856)	(3,072)	(9,928)
Net unrealized gain on derivative contract	—	—	—	—	—	—	—	—	3,372	3,372
Stock compensation expense	—	—	—	—	60,108	—	—	60,108	—	60,108
Proceeds from the employee stock purchase plan	226	—	—	—	7,276	—	—	7,276	—	7,276
Shares issued under the incentive award plan	1,252	—	1	—	(1)	—	—	—	—	—
Shares redeemed for employee tax withholdings	(66)	—	—	—	(3,084)	—	—	(3,084)	—	(3,084)
Conversion of Class B Common Stock into Class A Common Stock	77	(77)	—	—	—	—	—	—	—	—
Balance at December 31, 2021	135,107	20,939	$ 135	$ 21	$ 429,608	$ (48,323)	$ 2,877,903	$ 3,259,344	$ 282,728	$ 3,542,072
Net earnings	—	—	—	—	—	—	373,028	373,028	56,134	429,162
Foreign currency translation adjustment	—	—	—	—	—	(36,574)	—	(36,574)	(16,978)	(53,552)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(29,320)	(29,320)

Net unrealized gain on derivative contract	—	—	—	—	753	—	—	753	9,034	9,787
Stock compensation expense	—	—	—	—	59,874	—	—	59,874	—	59,874
Proceeds from the employee stock purchase plan	243	—	—	—	8,131	—	—	8,131	—	8,131
Shares issued under the incentive award plan	1,424	—	2	—	(1)	—	—	1	—	1
Shares redeemed for employee tax withholdings	(503)	—	(1)	—	(20,323)	—	—	(20,324)	—	(20,324)
Repurchases of common stock	(1,927)	—	(2)	—	(74,243)	—	—	(74,245)	—	(74,245)
Conversion of Class B Common Stock into Class A Common Stock	129	(129)	—	—	—	—	—	—	—	—
Balance at December 31, 2022	134,473	20,810	$ 134	$ 21	$ 403,799	$ (84,897)	$ 3,250,931	$ 3,569,988	$ 301,598	$ 3,871,586

	Year Ended December 31,		
(in thousands, except per share data)	2023	2022	2021
Sales	$ 8,000,342	$ 7,444,550	$ 6,310,187
Cost of sales	3,847,938	3,929,193	3,185,816
Gross profit	4,152,404	3,515,357	3,124,371
Operating expenses			
Selling	676,890	583,626	499,532
General and administrative	2,690,728	2,385,061	2,026,652
Total operating expenses	3,367,618	2,968,687	2,526,184
Earnings from operations	784,786	546,670	598,187
Total other income (expense)	16,086	(24,413)	(28,430)
Earnings before income taxes	800,872	522,257	569,757
Income tax expense (benefit)	150,949	93,095	(245,875)
Net earnings	649,923	429,162	815,632
Less: Net earnings attributable to noncontrolling interest	104,124	56,134	74,129
Net earnings attributable to Skechers U.S.A., Inc.	$ 545,799	$ 373,028	$ 741,503
Net earnings per share attributable to Skechers U.S.A., Inc.			
Basic	$ 3.53	$ 2.40	$ 4.77
Diluted	$ 3.49	$ 2.38	$ 4.73
Weighted-average shares used in calculating net earnings per share attributable to Skechers U.S.A., Inc.			
Basic	154,533	155,627	155,539
Diluted	156,256	156,608	156,794

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows Comprehensive Income

(in thousands)	Year Ended December 31, 2022	2021	2020
Cash flows from operating activities			
Net earnings	$ 429,162	$ 815,632	$ 146,227
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	153,716	139,577	142,810
Provision for bad debts and returns	37,806	62,771	50,696
Stock compensation	59,874	60,108	65,240
Deferred income taxes	(6,489)	(387,250)	(19,568)
Net settlement gain	—	—	(13,877)
Net foreign currency adjustments	(2,366)	2,154	(13,854)
Changes in operating assets and liabilities			
Receivables	(179,734)	(154,248)	13,259
Inventory	(389,026)	(458,002)	78,632
Other assets	(33,007)	(110,464)	(153,092)
Accounts payable	107,199	135,140	(37,714)
Other liabilities	61,190	106,734	72,694
Net cash provided by operating activities	238,325	212,152	331,453
Cash flows from investing activities			
Capital expenditures	(358,992)	(309,674)	(309,916)
Purchases of investments	(70,837)	(215,164)	(166,614)
Proceeds from sales and maturities of investments	142,343	180,172	164,062
Net cash used in investing activities	(287,486)	(344,666)	(312,468)
Cash flows from financing activities			
Net proceeds from the employee stock purchase plan	8,131	7,276	5,916
Repayments on long-term borrowings	(95,410)	(487,441)	(86,357)
Proceeds from long-term borrowings	74,670	96,187	702,998
Net proceeds from (repayments on) short-term borrowings	18,439	(2,102)	(2,492)
Payments for employee taxes related to stock compensation	(20,324)	(3,084)	(5,658)
Repurchases of common stock	(74,245)	—	—
Purchase of noncontrolling interest	—	(9,928)	—
Contributions from noncontrolling interests	—	6,731	—
Distributions to noncontrolling interests	(29,320)	(41,557)	(81,105)
Net cash provided by (used in) financing activities	(118,059)	(433,918)	533,302
Effect of exchange rates on cash and cash equivalents	(13,330)	(8,111)	(6,337)
Net change in cash and cash equivalents	(180,550)	(574,543)	545,950
Cash and cash equivalents at beginning of the period	796,283	1,370,826	824,876
Cash and cash equivalents at end of the period	$ 615,733	$ 796,283	$ 1,370,826
Supplemental disclosures of cash flow information			
Cash paid during the period for:			
Interest	$ 19,293	$ 14,579	$ 15,987

Income taxes, net	113,933	125,082	55,825
Non-cash transactions:			
Purchase price adjustment for Skechers Mexico	—	—	49,045
ROU assets exchanged for lease liabilities	327,022	356,855	318,713

	Year Ended December 31,		
(in thousands)	2023	2022	2021
Net earnings	$ 649,923	$ 429,162	$ 815,632
Other comprehensive income, net of tax			
Net unrealized gain (loss) on derivative contract	(3,888)	9,787	3,372
Gain (loss) on foreign currency translation adjustment	11,241	(53,552)	(22,141)
Comprehensive income	657,276	385,397	796,863
Less: Comprehensive income attributable to noncontrolling interests	99,968	48,190	76,398
Comprehensive income attributable to Skechers U.S.A., Inc.	$ 557,308	$ 337,207	$ 720,465

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Statements of Equity

	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	Total stockholders' equity
Balance at December 31, 2020	133,618	21,016	$ 134	$ 21	$ 372,165	$ (27,285)	$ 2,136,400	$ 2,481,435	$ 244,228	$ 2,725,663
Net earnings	—	—	—	—	—	—	741,503	741,503	74,129	815,632
Foreign currency translation adjustment	—	—	—	—	—	(21,038)	—	(21,038)	(1,103)	(22,141)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	6,731	6,731
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(41,557)	(41,557)
Purchase of noncontrolling interest	—	—	—	—	(6,856)	—	—	(6,856)	(3,072)	(9,928)
Net unrealized gain on derivative contract	—	—	—	—	—	—	—	—	3,372	3,372
Stock compensation expense	—	—	—	—	60,108	—	—	60,108	—	60,108
Proceeds from the employee stock purchase plan	226	—	—	—	7,276	—	—	7,276	—	7,276

Shares issued under the incentive award plan	1,252	—	1	—	(1)	—	—	—	—	—
Shares redeemed for employee tax withholdings	(66)	—	—	—	(3,084)	—	—	(3,084)	—	(3,084)
Conversion of Class B Common Stock into Class A Common Stock	77	(77)	—	—	—	—	—	—	—	—
Balance at December 31, 2021	135,107	20,939	$ 135	$ 21	$ 429,608	$ (48,323)	$ 2,877,903	$ 3,259,344	$ 282,728	$ 3,542,072
Net earnings	—	—	—	—	—	—	373,028	373,028	56,134	429,162
Foreign currency translation adjustment	—	—	—	—	—	(36,574)	—	(36,574)	(16,978)	(53,552)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(29,320)	(29,320)
Net unrealized gain on derivative contract	—	—	—	—	753	—	—	753	9,034	9,787
Stock compensation expense	—	—	—	—	59,874	—	—	59,874	—	59,874
Proceeds from the employee stock purchase plan	243	—	—	—	8,131	—	—	8,131	—	8,131
Shares issued under the incentive award plan	1,424	—	2	—	(1)	—	—	1	—	1
Shares redeemed for employee tax withholdings	(503)	—	(1)	—	(20,323)	—	—	(20,324)	—	(20,324)
Repurchases of common stock	(1,927)	—	(2)	—	(74,243)	—	—	(74,245)	—	(74,245)
Conversion of Class B Common Stock into Class A Common Stock	129	(129)	—	—	—	—	—	—	—	—
Balance at December 31, 2022	134,473	20,810	$ 134	$ 21	$ 403,799	$ (84,897)	$ 3,250,931	$ 3,569,988	$ 301,598	$ 3,871,586
Net earnings	—	—	—	—	—	—	545,799	545,799	104,124	649,923
Foreign currency translation adjustment	—	—	—	—	—	11,509	—	11,509	(268)	11,241
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(17,719)	(17,719)
Purchase of noncontrolling interest	—	—	—	—	(2,853)	—	—	(2,853)	(3,147)	(6,000)
Net unrealized loss on derivative contract	—	—	—	—	—	—	—	—	(3,888)	(3,888)
Stock compensation expense	—	—	—	—	67,960	—	—	67,960	—	67,960
Proceeds from the employee stock purchase plan	242	—	—	—	9,445	—	—	9,445	—	9,445
Shares issued under the incentive award plan	1,120	—	1	—	(1)	—	—	—	—	—
Shares redeemed for employee tax withholdings	(429)	—	—	—	(22,442)	—	—	(22,442)	—	(22,442)
Repurchases of common stock	(3,197)	—	(3)	—	(160,061)	—	—	(160,064)	—	(160,064)

Conversion of Class B Common Stock into Class A Common Stock	628	(628)	1	(1)	—	—	—	—	—	—
Balance at December 31, 2023	132,837	20,182	$ 133	$ 20	$ 295,847	$ (73,388)	$ 3,796,730	$ 4,019,342	$ 380,700	$ 4,400,042

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31,		
(in thousands)	2023	2022	2021
Cash flows from operating activities			
Net earnings	$ 649,923	$ 429,162	$ 815,632
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	181,925	153,716	139,577
Provision for bad debts and returns	48,539	37,806	62,771
Stock compensation	67,960	59,874	60,108
Deferred income taxes	(2,370)	(6,489)	(387,250)
Net foreign currency adjustments	(18,492)	(2,366)	2,154
Changes in operating assets and liabilities			
Receivables	(3,416)	(179,734)	(154,248)
Inventory	324,193	(389,026)	(458,002)
Other assets	(98,041)	(33,007)	(110,464)
Accounts payable	41,565	107,199	135,140
Other liabilities	39,378	61,190	106,734
Net cash provided by operating activities	1,231,164	238,325	212,152
Cash flows from investing activities			
Capital expenditures	(323,722)	(358,992)	(309,674)
Acquisitions, net of cash acquired	(70,370)	—	—
Purchases of investments	(160,233)	(70,837)	(215,164)
Proceeds from sales and maturities of investments	136,306	142,343	180,172
Net cash used in investing activities	(418,019)	(287,486)	(344,666)
Cash flows from financing activities			
Net proceeds from the employee stock purchase plan	9,445	8,131	7,276
Repayments on long-term borrowings	(78,256)	(95,410)	(487,441)
Proceeds from long-term borrowings	48,100	74,670	96,187
Net proceeds from (repayments on) short-term borrowings	(7,741)	18,439	(2,102)
Payments for employee taxes related to stock compensation	(22,442)	(20,324)	(3,084)
Repurchases of common stock	(160,064)	(74,245)	—

Purchase of noncontrolling interest	(6,000)	—	(9,928)
Contributions from noncontrolling interests	—	—	6,731
Distributions to noncontrolling interests	(17,719)	(29,320)	(41,557)
Net cash used in financing activities	(234,677)	(118,059)	(433,918)
Effect of exchange rates on cash and cash equivalents	(4,291)	(13,330)	(8,111)
Net change in cash and cash equivalents	574,177	(180,550)	(574,543)
Cash and cash equivalents at beginning of the period	615,733	796,283	1,370,826
Cash and cash equivalents at end of the period	$ 1,189,910	$ 615,733	$ 796,283
Supplemental disclosures of cash flow information			
Cash paid during the period for:			
Interest	$ 21,871	$ 19,293	$ 14,579
Income taxes, net	147,095	113,933	125,082
Non-cash transactions:			
Right-of-use assets exchanged for lease liabilities	343,438	327,022	356,855
Non-cash consideration for acquired business	8,873	—	—

See accompanying notes to consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Summary of Significant Accounting Policies **Summary of Significant Accounting Policies**

(1)

BASIS OF PRESENTATION

Skechers U.S.A., Inc. and subsidiaries (the "Company") designs, develops, markets and distributes footwear. footwear, apparel and accessories. The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as codified in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"). All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications of prior period balances have been made to the consolidated financial statements in prior years to conform to the current year presentation, including but not limited to combining royalty income into sales. 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 bad debts, returns and customer chargebacks, inventory reserves, litigation reserves and valuation of deferred income taxes. Actual results could differ materially from those estimates.

REVENUE RECOGNITION

The Company derives income from the sale of footwear, apparel and apparel accessories and royalties earned from licensing the Skechers brand. The Company recognizes sales revenue, net of estimated returns and excluding sales and value added taxes. Revenue is recognized at point of sale or upon shipment, the point in time where control transfers to the customer.

Wholesale sales are recognized upon shipment.Direct-to-consumer revenues sales are recognized at the point of sale for transactions with customers at the Company's retail stores and recognized upon shipment for sales made through its websites.

Sales are reduced by an estimate of customer merchandise returns, which is calculated based on historical experience. The Company reserves for potential disputed amounts or chargebacks from its customers. The Company's chargeback reserve is based on a collectability percentage calculated using factors such as historical trends, current economic conditions customer behavior and nature of the chargeback.

The Company earns royalty income from symbolic licensing arrangements in which third parties sell product with the Company's brand. Upon signing a new licensing agreement, the Company receives up-front fees, which are generally characterized as prepaid royalties. These fees are initially deferred and recognized based on sales of licensed product when the Company expects royalties to exceed the minimum guarantee. For those arrangements in which the Company does not expect royalties to exceed the minimum guarantee, an estimate of the royalties expected to be recouped is recognized on a straight-line basis over the license term.

ALLOWANCE FOR BAD DEBTS

The Company provides a reserve for estimated losses that may result from its customers' inability to pay. The Company determines the amount of the reserve by analyzing known uncollectible accounts, aged receivables, historical losses and its customers' credit-worthiness. Allowances for bad debts are recorded to general and administrative expenses.

WAREHOUSE AND DISTRIBUTION COSTS

The Company's distribution network-related costs are included in general and administrative expenses. Distribution expenses, including the functions of purchasing, receiving, inspecting, allocating, surface transportation, warehousing and packaging product totaled $538.7 $565.1 million, $376.5 $538.7 million and $315.8 $376.5 million for 2023, 2022 2021 and 2020. 2021.

PRODUCT DESIGN AND DEVELOPMENT COSTS

The Company charges product design and development costs to general and administrative expenses. Aggregate product design and development costs were approximately $28.1 million, $24.6 million, $27.9 million, $28.1 million, and $17.9 million $24.6 million during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

ADVERTISING

ADVERTISING

Advertising costs are expensed in the period in which an advertisement first runs, or over the life of an endorsement contract. Advertising expense for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 was approximately $473.7 $562.1 million, $375.0 $473.7 million and $248.7 million. $375.0 million. Prepaid advertising costs were $17.2 million $24.3 million at December 31, 2023, consisting of $13.8 million short-term and $9.7 million at December 31, 2022 and 2021. $10.5 million long-term, which is included in other assets, net, in the Company's consolidated balance sheets. Prepaid amounts represent the unamortized portion of endorsement contracts, advertising in trade publications and media productions created, but not run.

INCOME TAXES

The Company recognizes deferred tax liabilities for taxable temporary differences and deferred tax assets for deductible temporary differences and operating loss carry-forwards using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit or expense is recognized as a result of changes in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all of any deferred tax assets will not be realized.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term investments, which are highly liquid investments with maturities of three months or less when purchased.

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INVENTORY

INVENTORY

Inventory is stated at the lower of cost (based on the first-in, first-out method) or net realizable value. Cost of product includes shipping and handling fees. The Company estimates losses from obsolete or slow-moving inventory and reserves the cost of inventory at the time such determinations are made. Expense associated with inventory reserves is recognized in cost of sales.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Company reviews stores for impairment annually or when facts and circumstances indicate that the carrying values may be impaired. The Company did not record material impairment charges during the years ended December 31, 2022 December 31, 2023, 2021 2022 or 2020. 2021. The principal estimated useful lives are as follows:

Buildings	20 to 40 years
Building improvements	10 to 20 years
Furniture, fixtures and equipment	5 to 20 years
Leasehold improvements	Shorter of useful life or remaining lease term

GOODWILL

GOODWILL

Business acquisitions are accounted for under the acquisition method by assigning the purchase price to tangible and intangible assets acquired and liabilities assumed. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over the amounts assigned is recorded as goodwill. As of December 31, 2022, December 31, 2023 and December 31, 2021 December 31, 2022, the Company had $93.5 million $101.2 million and $93.5 million of goodwill included in the Wholesale segment. The increase of $7.7 million of goodwill included in the Wholesale segment relates to the acquisition of Sports Connection. Goodwill is not amortized but is tested at least annually in the fourth quarter for impairment or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

See Note 14 – Business Combinations of the Consolidated Financial Statements for additional information.

INTANGIBLE ASSETS

Within other assets, net, the Company has amortizable intangible assets consisting of reacquired rights with a gross carrying value of $49.1 million $108.4 million and $49.1 million and accumulated amortization of $25.9 $42.2 million and $19.0 $25.9 million as of December 31, 2022 December 31, 2023 and 2021. December 31, 2022. Purchased intangible assets with finite lives are amortized over their estimated useful lives. Amortization expense related to amortizable intangible assets was $6.9 million were $11.4 million, $6.9 million and $6.9 million for both years ended December 31, 2022 December 31, 2023, 2022 and 2021. Future amortization expense related to amortizable intangible assets will is expected to be approximately $6.9 million $14.6 million per year for the each of the years 2023 through 2024 and 2025, $1.9 million $9.7 million for 2026, $0.3 million $8.1 million for each of the years 2027 and $0.4 million 2028, and $11.1 million thereafter. The weighted-average amortization period for amortizable reacquired rights is 7 years.

NONCONTROLLING INTERESTS

The Company established several joint ventures either to distribute the Company's products 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 consolidated financial statements, even though the Company may not hold a majority equity interest.

In March 2021, the minority interest related to the Hong Kong joint venture was purchased for $10.0 million. The change in the Company's ownership of the Hong Kong entity continues to be included in the Company's consolidated financial statements. There have been no changes during 2022 in the accounting treatment or characterization of any previously identified VIEs. 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.

In December 2023, the Company increased the ownership interest related to the Israel joint venture from 51% to 75% for $6.0 million. In March 2021, the minority interest related to the Hong Kong joint venture was purchased for $10.0 million. The change in the Company's ownership of the Hong Kong and Israel entities continues to be included in the Company's consolidated financial statements.

FOREIGN CURRENCY TRANSLATION

The Company's reporting currency is the U.S. dollar. Certain international operations use the respective local currency as their functional currency, while others use the U.S. dollar as their functional currency. Translation adjustments for subsidiaries with non-U.S. dollar functional currencies are included in other comprehensive income. Foreign currency transaction gains (losses), resulting from exchange rate fluctuations, on transactions denominated in a currency other than the functional currency are reported in earnings. Assets and liabilities of subsidiaries with non-U.S. dollar functional currencies are translated at the balance sheet date exchange rate. Net earnings and cash flow items are translated at the weighted-average exchange rates during the period. Translations of intercompany loans of a long-term investment nature are included as a component of translation adjustment in other comprehensive income.

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 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.

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- 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, and U.S. Treasury securities; securities and mutual funds; Level 2 investments primarily include corporate notes and bonds, asset-backed securities and actively traded mutual funds; U.S. Agency securities; and the Company does not currently have any Level 3 assets or liabilities. The Company has one Level 2 derivative instrument which is an interest rate swap (see Note 6 – Financial Commitments) classified as other assets, net at both December 31, 2022 December 31, 2023 and 2021. 2022. The fair value of the interest rate swap was determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipt was based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. Credit valuation adjustments were incorporated to appropriately reflect both the Company's nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements measurements..

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.

DERIVATIVE INSTRUMENTS

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. To accomplish this objective, the Company uses an interest rate swap as part of its interest rate risk management strategy. The Company's interest rate swap, designated as a cash flow hedge, involves the receipt of variable amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. By utilizing an interest rate swap, the Company is exposed to credit-related losses in the event that the counterparty fails to perform under the terms of the derivative contract. To mitigate this risk, the

Company enters into derivative contracts with major financial institutions based upon credit ratings and other factors. As of December 31, 2022 December 31, 2023, all counterparties to the interest rate swap had performed in accordance with their contractual obligations.

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* Among other new disclosure requirements, ASU 2023-07 requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker. ASU 2023-07 will be effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025. ASU 2023-07 must be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the disclosure impact of ASU 2023-07.

In December 2023, the FASB issued ASU No. 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. We are evaluating the disclosure impact of ASU 2023-09; however, the standard will not have an impact on the company's consolidated financial position, results of operations and/or cash flows.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In March 2020, the FASB issued ASU 2020-04 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, as amended and supplemented by subsequent ASUs (collectively, "ASU 2020-04" and "ASU 2022-06"), which provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for borrowing instruments, which use LIBOR London Interbank Offered Rate ("LIBOR") as a reference rate, and is available through December 31, 2024. During the second quarter of 2023, the Company amended certain terms of our loan agreement with Bank of America and the related interest rate swap to replace the LIBOR with the daily Secured Overnight Financing Rate ("SOFR") as part of our planned reference rate reform activities, as discussed in Note 6 - Financial Commitments. The Company has evaluated this ASU elected to apply the practical expedient which allows us to account for the modification of the amended agreements as if the modifications were not substantial. These amendments did not result in any change to our application of hedge accounting and does did not expect its adoption to have a material impact on its to our consolidated financial statements.

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Cash, Cash Equivalents, Short-term and Long-term Investments

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

(2)

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

	As of December 31, 2022					As of December 31, 2023				
(in thousands)	Adjusted Cost	Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments	Adjusted Cost	Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Cash	$ 539,730	$ 539,730	$ 539,730	$ —	$ —	$ 972,278	$ 972,278	$ 972,278	$ —	$ —

Level 1										
Money market funds	71,503	71,503	71,503	—	—	176,317	176,317	176,317	—	—
U.S. Treasury securities	18,201	18,201	2,000	16,201	—	39,769	39,769	29,942	9,827	—
Mutual funds						N/A	8,535	—	—	8,535
Total level 1	89,704	89,704	73,503	16,201	—	216,086	224,621	206,259	9,827	8,535
Level 2										
Corporate notes and bonds	101,959	101,959	2,500	85,731	13,728	97,795	97,795	9,374	50,949	37,472
Asset-backed securities	4,641	4,641	—	234	4,407	11,159	11,159	—	—	11,159
Mutual funds	N/A	5,893	—	—	5,893					
U.S. Agency securities						27,269	27,269	1,999	11,819	13,451
Total level 2	106,600	112,493	2,500	85,965	24,028	136,223	136,223	11,373	62,768	62,082
Total	$ 736,034	$ 741,927	$ 615,733	$ 102,166	$ 24,028	$ 1,324,587	$ 1,333,122	$ 1,189,910	$ 72,595	$ 70,617

	As of December 31, 2022				
(in thousands)	Adjusted Cost	Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Cash	$ 539,730	$ 539,730	$ 539,730	$ —	$ —
Level 1					
Money market funds	71,503	71,503	71,503	—	—
U.S. Treasury securities	18,201	18,201	2,000	16,201	—
Mutual funds	N/A	5,893	—	—	5,893
Total level 1	89,704	95,597	73,503	16,201	5,893
Level 2					
Corporate notes and bonds	101,959	101,959	2,500	85,731	13,728
Asset-backed securities	4,641	4,641	—	234	4,407
Total level 2	106,600	106,600	2,500	85,965	18,135
Total	$ 736,034	$ 741,927	$ 615,733	$ 102,166	$ 24,028

	As of December 31, 2021				
(in thousands)	Adjusted Cost	Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Cash	$ 664,220	$ 664,220	$ 664,220	$ —	$ —

Level 1					
Money market funds	132,063	132,063	132,063	—	—
U.S. Treasury securities	25,437	25,437	—	8,896	16,541
Total level 1	157,500	157,500	132,063	8,896	16,541
Level 2					
Corporate notes and bonds	148,373	148,373	—	84,783	63,590
Asset-backed securities	17,180	17,180	—	4,901	12,279
Mutual funds	N/A	4,301	—	—	4,301
Total level 2	165,553	169,854	—	89,684	80,170
Total	$ 987,273	$ 991,574	$ 796,283	$ 98,580	$ 96,711

The Company's investments consist of U.S. Treasury securities, corporate notes and bonds, asset-backed securities and asset-backed 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 less thantwo years. 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 Consolidated Balance Sheets are company owned life insurance contracts of $46.5 million $53.4 million and $48.9 million $46.5 million as of December 31, 2022, December 31, 2023 and December 31, 2021 December 31, 2022. Interest income was $6.0 $24.8 million, $3.3 $6.0 million, and $5.9 $3.3 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

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) Leases **Leases**

(3)

The Company regularly enters into non-cancellable operating leases for retail stores, distribution facilities, offices, showrooms and automobiles. Retail stores typically have initial terms ranging from 5 to 10 years and other real estate or facility leases may have initial lease terms of up to 2025 years. The Company's leases are recorded as operating lease right-of-use ("ROU") assets and operating leases liabilities. Operating lease liabilities are recognized based on the present value of the fixed portion of lease payments over the lease term at the commencement date. Net present value is calculated using an incremental borrowing rate based on a combination of market-based factors, such as market quoted forward yield curves and Company specific factors, such as lease size and duration. Many of the Company's real estate leases include options to extend and are included in the lease obligations when considered reasonably certain. ROU assets are recognized based on operating lease liabilities reduced by lease incentives and initial direct costs incurred. Fixed lease cost is recognized on a straight-line basis over the lease term.

The Company's real estate leases may require additional payments for percentage rent, real estate taxes, or other occupancy-related costs. Percentage rent, a variable cost, is recognized in the consolidated financial statements when incurred and is based on the specific terms in the lease agreement. Real estate taxes and other occupancy-related costs are non-lease components.

Operating lease cost and other information:

	Year Ended December 31,

(in thousands)	2023	2022	2021
Fixed lease cost	$ 361,894	$ 307,265	$ 290,509
Variable lease cost	11,424	10,803	5,354
Operating cash flows used for leases	359,727	303,721	286,411
Weighted-average remaining lease term	5.43 years	5.52 years	5.95 years
Weighted-average discount rate	4.16 %	3.12 %	3.07 %

	Year Ended December 31,	
(in thousands)	2022	2021
Fixed lease cost	$ 307,265	$ 290,509
Variable lease cost	10,803	5,354
Operating cash flows used for leases	303,721	286,411
Weighted-average remaining lease term	5.52 years	5.95 years
Weighted-average discount rate	3.12%	3.07%

The following table presents future lease payments as of December 31, 2022 December 31, 2023:

Year (in thousands)	Operating Leases	Operating Leases
2023	$ 283,449	
2024	261,098	$ 327,964
2025	232,949	289,527
2026	191,370	235,132
2027	158,529	194,505
2028		145,699
Thereafter	329,775	409,751
Total lease payments	1,457,170	1,602,578
Less: Imputed interest	(154,804)	(220,172)
Operating lease liabilities	$ 1,302,366	$ 1,382,406

As of December 31, 2022 December 31, 2023, the Company has operating leases, primarily for new retail stores, that have not yet commenced which will generate additional ROU assets of $35.0 million. $45.5 million.

(Property, Plant and Equipment **Property, Plant and Equipment**

(4)

Property, plant and equipment is summarized as follows:

	As of December 31,		As of December 31,	
(in thousands)	2022	2021	2023	2022
Land	$ 122,433	$ 111,212	$ 122,433	$ 122,433
Buildings and improvements	634,683	658,910	720,663	634,683
Furniture, fixtures and equipment	803,043	584,059	954,482	803,043
Leasehold improvements	612,610	497,646	669,886	612,610
Total property, plant and equipment	2,172,769	1,851,827	2,467,464	2,172,769
Less accumulated depreciation and amortization	827,399	722,918	960,774	827,399
Property, plant and equipment, net	$ 1,345,370	$ 1,128,909	$ 1,506,690	$ 1,345,370

Depreciation expense was $131.3$156.5 million, $122.2$131.3 million and $115.5$122.2 million for the years ended December 31, 2022December 31, 2023, 20212022 and 20202021 as calculated using the straight-line method.

(Accrued Expenses **Accrued Expenses**

(5)

Accrued expenses at December 31, 2022December 31, 2023 and 20212022 are summarized as follows:

(in thousands)	As of December 31, 2023		As of December 31, 2022	
Accrued payroll, taxes, and other	$	166,132	$	143,664
Return reserve liability		80,968		60,482
Accrued inventory purchases		73,005		89,997
Accrued expenses	$	320,105	$	294,143

(in thousands)	As of December 31, 2022		As of December 31, 2021	
Accrued payroll, taxes, and other	$	143,664	$	143,295
Return reserve liability		60,482		68,944
Accrued inventory purchases		89,997		53,181
Accrued expenses	$	294,143	$	265,420

(6) Financial Commitments

(6) Financial Commitments

The Company had $2.7 million$32.5 million and $17.2 million$2.7 million of outstanding letters of credit as of December 31, 2022December 31, 2023 and December 31, 2021December 31, 2022, and approximately $19.6 million$11.9 million and $1.2 million$19.6 million in short-term borrowings as of December 31, 2022December 31, 2023 and December 31, 2021December 31, 2022. Interest expense for the years ended December 31, 2022December 31, 2023, 2022 and 2021 was $22.4 million, $19.7 million and 2020 was $19.7 million, $14.9 million and $16.3 million.$14.9 million.

Long-term borrowings were as follows:

(in thousands)	As of December 31, 2022		As of December 31, 2021		As of December 31, 2023	As of December 31, 2022
HF-T1 Distribution Center Loan	$	129,505	$	129,505	$ 129,505	$ 129,505
HF-T2 Distribution Center Construction Loan		72,098		57,227	73,017	72,098
China Distribution Center Construction Loan		41,329		75,621	—	41,329
China Distribution Center Expansion Construction Loan		14,507		—	40,330	14,507
China Operational Loans		54,361		69,796	46,228	54,361
Other		7,872		8,263	435	7,872
Subtotal		319,672		340,412	289,515	319,672
Less: Current installments		103,184		76,967	46,571	103,184

Total long-term borrowings	$	216,488	$	263,445	$ 242,944	$ 216,488

Revolving Credit Facility

The Company maintains a revolving credit facility to manage liquidity; including working capital and capital expenditures. On December 15, 2021, the Company amended its $500.0 million senior, unsecured revolving credit agreement dated November 21, 2019 (the “Amended Credit Agreement”), with Bank of America, N.A., as administrative agent and joint lead arranger, HSBC Bank USA, N.A. and JPMorgan Chase Bank, N.A., as joint lead arrangers, and other lenders. The Amended Credit Agreement expands its senior, which allows for an unsecured credit facility to $750.0$750.0 million, which may be increased by up to $250.0$250.0 million under certain conditions and provides for the issuance of letters of credit up to a maximum of $100.0$100.0 million and swingline loans up to a maximum of $50.0$50.0 million. The Amended Credit Agreement extends the maturity expiration date of the credit agreement, which was due to expire on November 21, 2024, to December 15, 2026 is December 15, 2026. The Company may use the proceeds from the Amended Credit Agreement for working capital and other lawful corporate purposes. Borrowings on the Amended Credit Agreement’s revolving credit facility and letters of credit bear interest, at the Company’s option, at a rate equal to (a) Term SOFR plus an applicable margin between 1.000%1.000% and 1.500%1.500% based upon the Company’s Total Adjusted Net Leverage Ratio (as defined in the Amended Credit Agreement) or (b) a base rate (defined as the highest of (i) the Federal Funds Rate plus 0.50%0.50%, (ii) the Bank of America prime rate, (iii) Term SOFR plus 1.00%1.00%, and (iv) 1.00%1.00%) plus an applicable margin between 0%0% and 0.500%0.500% based upon the Company’s Total Adjusted Net Leverage Ratio.As of December 31, 2023, there was The weighted-average annual interest rate on borrowings no outstanding balance under the this revolving credit facility was approximately 3.21% during the year ended December 31, 2022. facility. The Amended Credit Agreement contains certain customary affirmative unused credit capacity was $746.9 million and negative covenants $747.3 million as of December 31, 2023 and events of default for credit facilities of this type. December 31, 2022.

The Amended Credit Agreement requires the Company is required to maintain a maximum Total Adjusted Net Leverage Ratio total adjusted net leverage ratio of 3.75:3.75:1, except in the event of an acquisition in which case the ratio may be increased at the Company’s election to 4.25:4.25:1 for the quarter in which such acquisition occurs and for the next three quarters thereafter.

As of December 31, 2022, there was $747.3 million available under the Company’s Amended Credit Agreement. As of December 31, 2021, the unused credit capacity of the revolving credit facility was $732.8 million. The Company was in compliance with the financial covenants under the Amended Credit Agreement as of December 31, 2023.

Our subsidiary in India had a line of credit of $42.4 million and $34.1 million at December 31, 2023 and December 31, 2022, and a weighted average interest rate of 8.0% for the year ended December 31, 2023. Borrowings on the line of credit are due in 180 days. The balances of $6.0 million and $14.5 million were recorded as short-term borrowings as of December 31, 2023 and December 31, 2022.

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 an amended and restated a $129.5 million construction loan agreement with which matures on Bank of America, N.A., as administrative agent and as a lender, and CIT Bank, N.A. and Raymond James Bank, N.A., as lenders (collectively, the “Amended Construction Loan Agreement”)March 18, 2025. Under the Amended Construction Loan Agreement, the parties agreed that the lenders would loan $70 million to HF-T1 (the “2015 “HF-T1 2020 Loan”) at an with interest rate per annum of LIBORSOFR Daily Floating Rate (as defined therein) plus a margin of 2%. On March 18, 2020, HF-T1 entered into an amendment to the 2015 Loan (the “2020 Amendment”) that increased the borrowings under the 2015 Loan to $129.5 million and extended the maturity date of the 2015 Loan to March 18, 2025 (the “HF-T1 2020 Loan”). The proceeds of the 2020 Amendment were used by the JV to (i) refinance all amounts owed on the 2015 Loan, (ii) pay $1.0 million in accrued interest, loan fees and other closing costs associated with the 2020 Amendment and (iii) make a distribution of $64.4 million to HF. Pursuant to the 2020 Amendment, the interest rate 1.75% per annum on the HF-T1 2020 Loan is the LIBOR Daily Floating Rate (as defined therein) plus a margin of 1.75%.

HF-T1 also entered into an ISDA master agreement (together with the schedule related thereto, the “Swap Agreement”) with Bank of America, N.A. to govern derivative and/or hedging transactions that HF-T1 concurrently entered into with Bank of America, N.A. Pursuant to the Swap Agreement, on August 14, 2015, HF-T1 entered into a confirmation of swap transactions (the “Interest Rate Swap”) as amended (the “Swap Agreement Amendment”) on March 18, 2020 with Bank of America, N.A N.A. with a maturity date of March 18, 2025. The Swap Agreement Amendment fixes the effective interest rate on the HF-T1 2020 Loan at 2.55% per annum. During the second quarter of 2023, the Company amended certain terms of our loan agreement with Bank of America and the related interest rate swap to replace the LIBOR with the daily SOFR as part of our planned reference rate reform activities. The HF-T1 2020 Loan and Swap Agreement Amendment are subject to customary covenants and events of default. Bank of America, N.A. also acts as a lender and syndication agent under the Company's revolving credit facility. The obligations of the JV under this loan are guaranteed by HF.

The Interest Rate Swap involves the receipt of variable amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. As of December 31, 2022both December 31, 2023 and December 31, 2022, the Interest Rate Swap had an aggregate notional amount of $129.5 million. Under the terms of the Swap Agreement Amendment, the Company will pay a weighted-average fixed rate of 0.795%0.778% on the notional amount and receive payments from the counterparty based on the 30-day LIBOR SOFR rate, effectively modifying the Company's exposure to interest rate risk by converting floating-rate debt to a fixed rate of 4.08%2.63%. The Company continually assesses the creditworthiness of its counterparties.

HF-T2 Distribution Center Construction Loan

On April 3, 2020, the JV, through HF Logistics-SKX T2, LLC, a wholly-owned subsidiary of the JV ("HF-T2"), entered into a construction loan agreement up to $73.0with Bank of America, N.A. as administrative agent and lender (collectively, the "2020 Construction Loan Agreement"), pursuant to which the JV obtained a loan of up to $73.0 million used to expand the North American distribution center (the "HF-T2 2020 Construction Loan") center. The maturity date is April 3, 2025. Under the 2020 Construction Loan Agreement, theThe interest rate per annum on the HF-T2 2020 Construction Loan is based on the Bloomberg Short-Term Bank Yield Index ("BSBY") Daily Floating Rate (as defined therein) plus a margin of 190 basis points, reducing to 175 basis points upon substantial completion of the construction and certain other conditions being satisfied.The weighted-average annual interest rate on borrowings under the 2020 Construction Loan Agreement was approximately 4.22%6.86% during the year ended December 31, 2022. The maturity date of the HF-T2 2020 Construction Loan is April 3, 2025December 31, 2023. The obligations of the JV under the 2020 Construction Loan Agreement are guaranteed by TGD Holdings I, LLC, which is an affiliate of HF. HF.

China Distribution Center Construction Loan

On September 29, 2018, through its Taicang subsidiary ("TC Subsidiary"), theThe Company entered intohad a 700.0 million yuan loan agreement with China Construction Bank Corporation ("the China DC Loan") to finance the construction of the Company'sits distribution center in China. Interest is paid quarterly. China which matured on September 28, 2023. The interest rate floats and is calculatedwas 4.00% at a reference rate provided by the People's Bank of China. The interest rate at December 31, 2022 was 4.00% and may increase or decrease over the life of the loan, and is evaluated every 12 months. Beginning in 2021, the principal of the loan is repaid in semi-annual installments of variable amounts. The China DC Loan contains customary affirmative and negative covenants for secured credit facilities of this type. The China DC Loan matures on September 28, 2023December 31, 2022. The obligations of the TC Subsidiary under the China DC Loan are jointly and severally guaranteed by the Company's China joint venture. As of December 31, 2022 and 2021, the outstanding balance under this loan included approximately $41.3 million and $28.2 million classified as current borrowings in the Company's consolidated balance sheets.

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 December 31, 2022December 31, 2023 was 3.4%3.40% and may increase or decrease over the life of the loan, and is evaluated every 12 months. This loan matures 10 years from the initial receipt of funds. 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 entered certain secured credit facilities to support the operations of its China joint venture. The balance of working capital loans at December 31, 2022 December 31, 2023 was approximately $54.4 $46.2 million with interest rates ranging from 2.90% 2.75% to 3.41% 2.90% per annum, payable at terms agreed by the lender. The balance of working capital loans as of December 31, 2021 lender and at December 31, 2022, was approximately $52.6 $54.4 million with interest rates ranging from 1.00% 2.90% to 3.70% 3.41% per annum. The balance As of loans related to a corporate office building in Shanghai was zero as of December 31, 2022 and approximately $17.2 million as of December 31, 2021 with interest at 4.28% per annum, payable at terms agreed by the lender. As of December 31, 2022, December 31, 2023, the outstanding balances is classified as current borrowings in the Company's consolidated balance sheets included $54.4 million related to the working capital loans. sheets.

The following table presents the future principal payments required under the Company's debt obligations, discussed above:

Year (in thousands)		**Maturities**
2024	$	46,571
2025		202,615
2026		5,133
2027		5,133
2028		5,133
Thereafter		24,930
	$	289,515

Year (in thousands)		**Maturities**
2023	$	103,184
2024		—
2025		201,981
2026		1,846
2027		1,846
Thereafter		10,815
	$	319,672

(7) Commitments and Contingencies

(7) Commitments and Contingencies

PRODUCT AND OTHER FINANCING

The Company finances production activities in part through the use of interest-bearing open purchase arrangements with certain of its international manufacturers. These arrangements currently bear interest at rates between 0.0% 0.0% and 0.4% 0.4% for 30- 30- to 60-day 60-day financing. The amounts included in accounts payable and outstanding under these arrangements were $345.4 $298.9 million and $337.0 $345.4 million at December 31, 2022 December 31, 2023 and 2021. 2022. Interest expense incurred by the Company under these arrangements totaled $6.1 $6.5 million in 2023, $6.1 million in 2022, $6.5 and $6.5 million in 2021, and $7.4 million in 2020. 2021. The Company has open purchase commitments with its foreign manufacturers of $1.1 $1.4 billion and warehouse and equipment and corporate construction contracts of $252.1 million $168.0 million for the expansion of its distribution centers and corporate headquarters, which are not included in the consolidated balance sheets at December 31, 2022 December 31, 2023.

LITIGATION

In accordance with GAAP, the Company records a liability in its 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 consolidated financial statements as of December 31, 2022 December 31, 2023, 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. The Company recognizes legal expense in connection with loss contingencies as incurred.

40 **Stockholders' Equity and Stock Compensation**

(Stockholders' Equity and Stock Compensation

(8)

COMMON STOCK

The authorized capital stock of the Company consists of 500 million500 million shares of Class A Common Stock, par value $0.001 $0.001 per share ("Class A Common Stock"), 75 million shares of Class B Common Stock, par value $0.001 $0.001 per share ("Class B Common Stock"), and 10 million10 million shares of Preferred Stock, par value $0.001 $0.001 per share.

The Company has two classes of issued and outstanding common stock: Class A Common Stock and Class B Common Stock. Holders of Class A Common Stock and holders of Class B Common Stock have substantially identical rights, including rights with respect to any declared dividends or distributions of cash or property, and the right to receive proceeds on liquidation or dissolution of the Company after payment of the Company's indebtedness. The two classes have different voting rights, with holders of Class A Common Stock entitled to one vote per share while holders of Class B Common Stock are entitled to ten votes per share on all matters submitted to a vote of stockholders. The Company uses the two-class method for calculating net earnings per share (EPS) ("EPS"). Basic and diluted net EPS of Class A Common Stock and Class B Common Stock are identical. The shares of Class B Common Stock are convertible at any time at the option of the holder into shares of Class A Common Stock on a share-for-share basis. In addition, shares of Class B Common Stock will be automatically converted into a like number of shares of Class A Common Stock upon transfer to any person or entity who is not a permitted transferee.

During the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 certain Class B stockholders converted 627,632, 128,530 77,562 and 1,391,67077,562 shares, respectively, of Class B Common Stock to Class A Common Stock.

SHARE REPURCHASE PROGRAM

On January 31, 2022, the Company's Board of Directors authorized a new share repurchase program (the "Share Repurchase Program"), pursuant to which the Company may, from time to time, purchase shares of its Class A Common Stock, for an aggregate repurchase price not to exceed $500 $500 million. The Share Repurchase Program expires on January 31, 2025January 31, 2025 and does not obligate the Company to acquire any particular amount of shares.

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

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
Shares repurchased	1,926,781	—	3,197,345	1,926,781
Average cost per share	$ 38.53	$ —	$ 50.06	$ 38.53
Total cost of shares repurchased (in thousands)	$ 74,245	$ —	$ 160,064	$ 74,245

INCENTIVE AWARD PLAN

On April 6, 2023, the Company's Board of Directors adopted the 2023 Incentive Award Plan (the "2023 Plan"), which became effective upon approval by the Company's stockholders on June 12, 2023. The 2023 Plan superseded prior plans. Awards issued and outstanding under the prior plan vest in accordance with the original terms. A total of 10,000,0007,500,000 shares of Class A Common Stock were are reserved for issuance under the 2017 Incentive Award 2023 Plan, (the "Plan"). The Plan which provides for the grants of ISOs, non-qualified restricted stock, options, restricted stock units and various other types of equity awards as described in the Plan plan to the employees, consultants, and directors of the Company. The 2023 Plan is administered by the Company’s Company's Board of Directors with respect to awards to non-employee directors and by the Company’s Company's Compensation Committee with respect to other eligible participants.

For the year ended December 31, 2022 December 31, 2023, the Company granted restricted stock with time-based vesting as well as performance-based awards. The performance-based awards include a market condition tied to the Company’s total shareholder return in relation to its peer companies as well as a financial performance condition tied to annual 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%200% based on actual results. As of December 31, 2022 December 31, 2023, a total of 2,749,5326,523,913 shares remain available for grant as equity awards under the 2023 Plan if target levels are achieved for performance-based awards and 2,049,5325,862,548 available if maximum levels are achieved.

The Company issued the following stock-based instruments:

	Year Ended December 31,					
	2023		2022		2021	
	Granted	Weighted-Average Grant-Date Fair Value	Granted	Weighted-Average Grant-Date Fair Value	Granted	Weighted-Average Grant-Date Fair Value
Restricted stock	959,690	$ 46.24	1,446,550	$ 38.27	1,201,600	$ 42.88
Performance-based restricted stock	121,225	$ 43.34	116,250	$ 42.46	108,750	$ 38.95
Market-based restricted stock	121,225	$ 59.71	116,250	$ 58.85	108,750	$ 54.34

	Year Ended December 31,					
	2022		2021		2020	
	Granted	Weighted-Average Grant-Date Fair Value	Granted	Weighted-Average Grant-Date Fair Value	Granted	Weighted-Average Grant-Date Fair Value
Restricted stock	1,446,550	$ 38.27	1,201,600	$ 42.88	1,319,300	$ 36.42
Performance-based restricted stock	116,250	$ 42.46	108,750	$ 38.95	125,000	$ 36.02
Market-based restricted stock	116,250	$ 58.85	108,750	$ 54.34	125,000	$ 49.78

A summary of the status and changes of the Company’s unvested shares related to the Plan is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2020	3,426,823	32.55
Granted	1,569,300	37.45
Vested/Released	(1,093,500)	32.64
Cancelled	(790,600)	32.23

			Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2020	3,112,023	35.06	3,112,023	35.06
Granted	1,419,100	43.46	1,419,100	43.46
Vested/Released	(1,252,108)	34.36	(1,252,108)	34.36
Cancelled	(25,699)	39.01	(25,699)	39.01
Unvested at December 31, 2021	3,253,316	38.97	3,253,316	38.97
Granted	1,679,050	39.98	1,679,050	39.98
Vested/Released	(1,423,531)	36.13	(1,423,531)	36.13
Cancelled	(84,933)	39.72	(84,933)	39.72
Unvested at December 31, 2022	3,423,902	40.62	3,423,902	40.62
Granted			1,202,140	47.31
Vested/Released			(1,119,837)	38.76
Cancelled			(43,500)	41.19
Unvested at December 31, 2023			3,462,705	43.54

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. The fair value of such awards is expensed ratably over the performance period and is not adjusted for actual achievement.

The Company recognized, as part of general and administrative, compensation expense of $57.3 $65.1 million, $57.9 $57.3 million and $62.9 $57.9 million for grants under the Plan for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020. 2021. Related excess income tax expenses, expense (benefit) on stock compensation recorded in the consolidated statements of earnings, for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, were $(1.3) $(0.9) million, $(1.0) $1.3 million, and $(0.7) $1.0 million. Nonvested shares generally vest over a graded vesting schedule from one to four years from the date of grant. For grants that have a service requirement, the Company accounts for forfeitures upon occurrence, rather than estimating the probability of forfeiture at the date of grant. Accordingly, the Company recognizes the full grant-date fair value of these awards on a straight-line basis throughout the requisite service period, reversing any expense if, and only if, there is a forfeiture. forfeiture. There was $88.7 $80.4 million of unrecognized compensation cost related to nonvested common shares as of December 31, 2022 December 31, 2023, which is expected to be recognized over a weighted-average period of 1.81 1.34 years. The total fair value of shares vested during the years ended December 31, 2022 December 31, 2023, 2022 and 2021 was $43.4 million, $51.4 million and 2020 was $51.4 million, $43.1 million and $41.6 $43.1 million.

STOCK PURCHASE PLAN

As approved by the Company's stockholders on May 23, 2017, the 2018 Employee Stock Purchase Plan (the "2018 ESPP") provides a total of 5,000,000 shares of Class A Common Stock for sale. The 2018 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% 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% 15% of their compensation through payroll deductions during each purchase period. The purchase price discount and the look-back feature cause the 2018 ESPP to be compensatory and the Company recognizes compensation expense, which is computed using the Black-Scholes valuation model.

For theyears ended December 31, 2022 December 31, 2023, 2021 2022 and 2020,2021, the Company recognized $2.9 million, $2.6million, $2.2 million, and $2.3 $2.2 million of ESPP stock compensation expense. Under the 2018 ESPP, the Company received approximately $8.1 million, $7.3 million $9.4 million, $8.1 million and $5.9 million, $7.3 million, and issued 242,166, 243,166 225,665 and 232,904225,665 shares, respectively, for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021. As ofDecember 31, 2022, December 31, 2023, there were 3,815,7463,573,580 shares available for sale under the 2018 ESPP.

(Earnings Per Share **Earnings Per Share**

(9)

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:

(in thousands, except per share data)	Year Ended December 31, 2023	2022	2021
Net earnings attributable to Skechers U.S.A., Inc.	$ 545,799	$ 373,028	$ 741,503
Weighted-average common shares outstanding, basic	154,533	155,627	155,539
Dilutive effect of nonvested shares	1,723	981	1,255
Weighted-average common shares outstanding, diluted	156,256	156,608	156,794
Anti-dilutive common shares excluded above	5	37	5
Net earnings attributable to Skechers U.S.A., Inc. per common share:			
Basic	$ 3.53	$ 2.40	$ 4.77
Diluted	$ 3.49	$ 2.38	$ 4.73

(in thousands, except per share data)	Year Ended December 31, 2022	2021	2020
Net earnings attributable to Skechers U.S.A., Inc.	$ 373,028	$ 741,503	$ 98,564
Weighted-average common shares outstanding, basic	155,627	155,539	154,184
Dilutive effect of nonvested shares	981	1,255	710
Weighted-average common shares outstanding, diluted	156,608	156,794	154,894
Anti-dilutive common shares excluded above	37	5	69
Net earnings attributable to Skechers U.S.A., Inc. per common share:			
Basic	$ 2.40	$ 4.77	$ 0.64
Diluted	$ 2.38	$ 4.73	$ 0.64

(10) Income Taxes

(10) Income Taxes

The Company's earnings before income tax expense consists of the following:

	Year Ended December 31,		
(in thousands)	2023	2022	2021
U.S. operations	$ 16,740	$ (48,311)	$ 71,900
Foreign operations	784,132	570,568	497,857
Earnings before income taxes	$ 800,872	$ 522,257	$ 569,757

	Year Ended December 31,		
(in thousands)	2022	2021	2020
U.S. operations	$ (48,311)	$ 71,900	$ (112,671)
Foreign operations	570,568	497,857	267,400
Earnings before income taxes	$ 522,257	$ 569,757	$ 154,729

Income tax consists of the following:

	Year Ended December 31,			Year Ended December 31,		
(in thousands)	2022	2021	2020	2023	2022	2021
Current						
Federal	$ 256	$ 34,288	$ (30,094)	$ 16,839	$ 256	$ 34,288
State	9,564	7,268	3,841	7,986	9,564	7,268
Foreign	84,904	102,062	56,530	130,655	84,904	102,062
	94,724	143,618	30,277	155,480	94,724	143,618
Deferred						
Federal	7,043	(27,074)	(2,208)	(2,079)	7,043	(27,074)
State	(1,287)	(4,481)	(3,070)	(4,598)	(1,287)	(4,481)
Foreign	(7,385)	(357,938)	(16,497)	2,146	(7,385)	(357,938)
	(1,629)	(389,493)	(21,775)	(4,531)	(1,629)	(389,493)
Income tax expense (benefit)	$ 93,095	$ (245,875)	$ 8,502	$ 150,949	$ 93,095	$ (245,875)

Income taxes differ from the statutory tax rates as applied to earnings before income taxes as follows:

	Year Ended December 31,		
(in thousands)	2023	2022	2021
Expected income tax expense	$ 168,183	$ 109,674	$ 119,649
State income tax, net of federal benefit	(832)	(1,597)	(172)
Rate differential on foreign income	(27,931)	(49,175)	(24,615)
Change in unrecognized tax benefits	3,841	12,310	11,538
Intra-entity intellectual property transfer	—	(3,232)	(346,776)
FDII deduction	—	—	(10,695)
Non-deductible compensation	14,397	13,668	8,693
Tax credits	(6,813)	(7,544)	(7,547)
Excess tax expense (benefit) on stock compensation	(854)	1,305	976
Benefits provided by the Coronavirus Aid, Relief, and Economic Security Act	—	—	(905)
U.S. tax on foreign earnings	8,180	7,611	—
Other	(5,235)	217	(927)

Change in valuation allowance		(1,987)		9,858		4,906
Income tax expense (benefit)	$	150,949	$	93,095	$	(245,875)
Effective tax rate		18.8%		17.8%		(43.2)%

	Year Ended December 31,					
(in thousands)		2022		2021		2020
Expected income tax expense	$	109,674	$	119,649	$	32,493
State income tax, net of federal benefit		(1,597)		(172)		(2,394)
Rate differential on foreign income		(49,175)		(24,615)		(27,426)
Change in unrecognized tax benefits		12,310		11,538		6,084
Intra-entity intellectual property transfer		(3,232)		(346,776)		—
FDII deduction		—		(10,695)		—
Non-deductible compensation		13,668		8,693		7,119
Tax credits		(7,544)		(7,547)		(6,312)
Excess tax on stock compensation		1,305		976		703
Benefits provided by the Coronavirus Aid, Relief, and Economic Security Act		—		(905)		(15,863)
Non-deductible share cancellation		—		—		4,048
U.S. tax on foreign earnings		7,611		—		—
Other		217		(927)		(463)
Change in valuation allowance		9,858		4,906		10,513
Income tax expense (benefit)	$	93,095	$	(245,875)	$	8,502
Effective tax rate		17.8%		(43.2)%		5.5%

The Company’s income tax expense (benefit) 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 are generally lower than in the U.S., ranging from 0.0%0% to 34.0%35%. The Company’s income tax expense (benefit) was calculated using the applicable rate for each jurisdiction applied to the Company’s pre-tax earnings (loss) while the Company’s effective tax rate is calculated by dividing income tax expense (benefit) by earnings before income taxes. For 2022, 2023, the effective tax rate was lower than the U.S. federal and state combined statutory rate of approximately 25%25.1%, primarily due to tax benefits related to earnings from foreign operations in jurisdictions imposing either lower tax rates on corporate earnings or no corporate income tax.

The Company is subject to a tax on global intangible low-taxed income (“GILTI”). GILTI taxes foreign income in excess of a deemed return on tangible assets of foreign corporations and is treated as a period cost.

The tax effects of temporary differences giving rise to deferred tax assets and liabilities are presented below:

	As of December 31,				As of December 31,			
(in thousands)		2022		2021		2023		2022
Deferred tax assets								
Inventory adjustments	$	10,810	$	9,099	$	9,413	$	10,810
Accrued expenses		92,215		76,412		109,510		99,185
Allowances for bad debts and chargebacks		4,728		4,667		5,648		4,728

Advance payment	6,339	27,594	—	6,339
Intra-entity IP transfer	343,106	346,776	330,545	343,106
Section 174 Capitalized Costs	15,721	—	43,130	15,721
Loss carryforwards	50,558	38,273	46,021	50,558
Business credit carryforward	25,289	15,537	22,571	25,289
Share-based compensation	7,725	6,479	10,486	7,725
Operating lease liabilities	317,449	337,399	338,389	317,449
Valuation allowance	(58,321)	(48,463)	(56,334)	(58,321)
Total deferred tax assets	815,619	813,773	859,379	822,589
Deferred tax liabilities				
Prepaid expenses	5,073	4,116	3,873	5,073
Right-of-use assets	317,449	337,371	338,389	317,449
Foreign intangibles			16,116	6,970
Depreciation on property, plant and equipment	47,563	32,751	63,021	47,563
Total deferred tax liabilities	370,085	374,238	421,399	377,055
Net deferred tax assets	$ 445,534	$ 439,535	$ 437,980	$ 445,534

At December 31, 2022December 31, 2023, combined foreign net operating loss carry-forwards were approximately $176.7$157.0 million of which $3.7$1.2 million expire in 20232024 and $34.3$40.9 million can be carried forward indefinitely. A valuation allowance of $58.3$56.3 million is recorded for the amount of deferred tax assets which is not likely to be fully utilized. The $9.9$2.0 million increasedecrease in the valuation allowance primarily relates to increasesdecreases in deferred tax assets in certain foreign non-benefited loss jurisdictions.

In December 2021, the Company completed an intra-entity transfer of certain intellectual property rights to Switzerland primarily to align with current and future international operations. The transfer resulted in a step-up in the Swiss tax basis of intellectual property rights and a correlated increase in foreign deferred tax assets, based on the estimated fair value of the transferred intellectual property rights to be amortized. As a result, the Company recorded a tax benefit of $346.8 million, net of uncertain tax positions of $25.2 million. In 2022, the company obtained a tax ruling on the fair value of the transferred intellectual property rights, resulting in a settlement of the uncertain tax position and an adjusted recorded tax benefit of $349.6 million.

U.S. federal and net operating loss carry-forwards at December 31, 2022 was $35.0 million which can be carried forward indefinitely. U.S. federal tax credit carry-forward at December 31, 2022December 31, 2023 was 12.6 million.$5.0 million. State tax credit and net operating loss carry-forwards at December 31, 2022December 31, 2023 were $15.4$27.2 million and $43.4$53.8 million. TheseThe state tax credit carries forward indefinitely and the net operating loss carry-forward amounts begin to expire in 2033.2030. No valuation allowance has been recorded, as the Company believes they will be fully utilized.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	As of December 31,		As of December 31,	
(in thousands)	2022	2021	2023	2022
Beginning balance	$ 66,951	$ 21,511	$ 41,247	$ 66,951
Additions for current year tax positions	5,345	34,975	4,530	5,345
Additions for prior year tax positions	4,616	15,256	1,379	4,616
Reductions for prior year tax positions	(674)	(361)	—	(674)
Settlement of uncertain tax positions	(32,954)	(812)	(1,722)	(32,954)
Reductions related to lapse of statute of limitations	(2,037)	(3,618)	(2,218)	(2,037)
Ending balance	$ 41,247	$ 66,951	$ 43,216	$ 41,247

Current unrecognized tax benefits are recorded as a reduction in prepaid expense and included in tax expense when recorded. Long-term unrecognized tax benefits are recorded as an increase in long-term taxes payable with a portion included in tax expense and a portion recorded as a reduction in deferred tax liabilities when recorded. If recognized, $29.4 $37.4 million of unrecognized tax benefits would be recorded as a reduction in income tax expense, and $11.8 $5.8 million would be recorded as an a net increase in deferred tax liabilities.

The amount of income taxes the Company pays is subject to ongoing audits by taxing jurisdictions around the world. The Company's estimate of the potential outcome of any uncertain tax position is subject to its assessment of relevant risks, facts, and circumstances existing at that time. The Company believes that it has adequately provided for these matters. However, the Company's future results may include favorable or unfavorable adjustments to its estimates in the period the audits are resolved, which may impact the Company's effective tax rate.

As of December 31, 2023, our U.S. federal tax returns are under investigation for fiscal years ended December 31, 2015, 2018, 2019 and 2020 by the Internal Revenue Service. We are unable to determine the impact of this examination due to the audit process having not been completed. As of December 31, 2023, the Company's tax filings are generally subject to examination in most foreign jurisdictions for years ending on or after December 31, 2019, and in several Asian and European tax jurisdictions for years ending on or after December 31, 2013. During the year, the Company reduced the balance of unrecognized tax benefits by $2.2 million as a result of expiring statutes and $1.7 million from the settlements and decision on a foreign tax ruling. It is reasonably possible that certain foreign statutes will expire and certain domestic audits will be settled during the next twelve months which would reduce the balance of 2023 and prior year unrecognized tax benefits by $0.3 million and $11.9 million.

The Company estimates interest and penalties related to income tax matters which are included in income tax expense (benefits). Amounts were $(1.9) $2.3 million, $ (3.6 1.9) million, and $0.3 3.6 million for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020. 2021. Accrued interest and penalties were $4.2 $6.4 million and $6.2 $4.2 million as of December 31, 2022 December 31, 2023 and 2021. 2022.

As of December 31, 2022, the Company's tax filings are generally subject to examination in the U.S. and most foreign jurisdictions for years ending on or after December 31, 2018, and in several Asian and European tax jurisdictions for years ending on or after December 31, 2012. During the year, the Company reduced the balance of unrecognized tax benefits by $2.0 million as a result of expiring statutes and $33.0 million from the settlements and decision on a foreign tax ruling. The Company also released $2.3 million in interest during the year. It is reasonably possible that certain domestic and foreign statutes will expire and certain domestic and foreign audits will be settled during the next twelve months which would reduce the balance of 2022 and prior year unrecognized tax benefits by $1.2 million and $2.3 million.

The Company's cash and cash equivalents held in the U.S. and cash provided from operations are sufficient to meet the Company's liquidity needs in the U.S. for the next twelve months. However, the Company may repatriate certain funds held outside the U.S. for which all applicable U.S. and non-U.S. tax has been fully provided as of December 31, 2022 December 31, 2023. The Company has provided for the tax impact of expected distributions from its joint venture in China as well as from its subsidiary in Chile to its intermediate parent company in Switzerland. Otherwise, because of the need for cash for operating capital and continued overseas expansion, the Company does not foresee the need for any of its other foreign subsidiaries to distribute funds up to an intermediate foreign parent company in any form of taxable dividend. Under current applicable tax laws, if the Company chooses to repatriate some or all of the funds the Company has designated as indefinitely reinvested outside the U.S., the amount repatriated would not be subject to federal income tax but may be subject to applicable non-U.S. income and withholding taxes, and to certain state income taxes. In addition to certain tax restrictions, our joint venture in China has limitations on its distribution of earnings, as local law currently requires it to maintain $25.9 $27.5 million of its earnings in a statutory reserve.

(Employee Benefit Plans **Employee Benefit Plans**

(11)

The Company has a 401(k) profit sharing plan covering U.S. employees who are 21 years of age and have completed six months of service. age. The Company's contribution is based on a non-discretionary match as defined by the plan which vests immediately. Company contributions for 2020 were discretionary and vested over six years. The Company made contributions of $4.2 $6.5 million, $4.7 $4.2 million, and $2.8 $4.7 million to the plan for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020. 2021.

The Skechers U.S.A., Inc. Deferred Compensation Plan (the "Plan") allows eligible employees to defer compensation up to a maximum amount to a future date on a nonqualified basis. The Plan provides for the Company to make discretionary contributions to participating employees as determined by the Company's Compensation Committee. ContributionsNo contributions were zero, $0.1 million, and $0.3 million made for the years ended December 31, 2022 December 31, 2023, 2021 and 2020. 2022 and $0.1 million was contributed for the year ended December 31, 2021. Deferred compensation is recognized based on the fair value of the participants' accounts.

(Related Party Related Party Transactions
Transactions

(12)

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 also officers and directors of the Foundation. During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, the Company made contributions of $2.0 $2.0 million, $3.0 million, $2.0 million, and $2.3 million $3.0 million to the Foundation.

The Company had receivables from officers and employees of $1.9 million $0.6 million and $1.3 million $1.9 million at December 31, 2022 December 31, 2023 and 2021. 2022. These amounts relate to travel advances, incidental personal purchases on Company-issued credit cards and employee loans. These receivables are short-term and are expected to be repaid within a reasonable period of time.

In March 2021, the Company purchased two properties for $2.7 million, from an entity controlled by its President, Michael Greenberg, to facilitate future expansion of the Company's corporate office buildings in Manhattan Beach, California. 45The terms of the sale were no less favorable than could be obtained from an unrelated third party.

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(13) Segment and Geographic Information

The Company had no other significant transactions with or payables to officers, directors or significant stockholders of the Company.

(13) Segment and Geographic Information

During the first quarter of 2022, the Company refined the way in which management assesses performance and allocates resources and now presents its has two reportable segment results as segments, Wholesale and Direct-to-Consumer. Comparative periods have been recast to reflect these changes. Management continues to evaluate evaluates segment performance based primarily on sales and gross margin. 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

	Year Ended December 31,			Year Ended December 31,		
(in thousands)	2022	2021	2020	2023	2022	2021
Wholesale sales	$ 4,632,429	$ 3,758,640	$ 2,835,010	$ 4,504,776	$ 4,632,429	$ 3,758,640
Gross profit	1,669,276	1,437,517	1,112,558	1,846,819	1,669,276	1,437,517
Gross margin	*36.0%*	*38.2%*	*39.2%*	*41.0%*	*36.0%*	*38.2%*

Direct-to-Consumer sales	$ 2,812,121	$ 2,551,547	$ 1,778,420	$ 3,495,566	$ 2,812,121	$ 2,551,547
Gross profit	1,846,081	1,686,854	1,093,240	2,305,585	1,846,081	1,686,854
Gross margin	*65.6%*	*66.1%*	*61.5%*	*66.0 %*	*65.6 %*	*66.1 %*
Total sales	$ 7,444,550	$ 6,310,187	$ 4,613,430	$ 8,000,342	$ 7,444,550	$ 6,310,187
Gross profit	3,515,357	3,124,371	2,205,798	4,152,404	3,515,357	3,124,371
Gross margin	*47.2%*	*49.5%*	*47.8%*	*51.9 %*	*47.2 %*	*49.5 %*

	As of December 31,		As of December 31,	
(in thousands)	2022	2021	2023	2022
Identifiable assets				
Wholesale	$ 3,682,860	$ 3,816,513	$ 3,607,537	$ 3,682,860
Direct-to-Consumer	3,210,627	2,674,767	3,939,814	3,210,627
Total	$ 6,893,487	$ 6,491,280	$ 7,547,351	$ 6,893,487

	Year Ended December 31,		
(in thousands)	2023	2022	2021
Additions to property, plant and equipment			
Wholesale	$ 225,217	$ 255,311	$ 245,008
Direct-to-Consumer	98,505	103,681	64,666
Total	$ 323,722	$ 358,992	$ 309,674

	Year Ended December 31,		
(in thousands)	2022	2021	2020
Additions to property, plant and equipment			
Wholesale	$ 255,311	$ 245,008	$ 228,448
Direct-to-Consumer	103,681	64,666	81,468
Total	$ 358,992	$ 309,674	$ 309,916

Geographic Information

	Year Ended December 31,		
(in thousands)	2023	2022	2021
Geographic sales			
Domestic Wholesale	$ 1,567,806	$ 1,831,642	$ 1,448,339
Domestic Direct-to-Consumer	1,482,392	1,243,511	1,115,018
Total domestic sales	3,050,198	3,075,153	2,563,357
International Wholesale	2,936,970	2,800,787	2,310,302
International Direct-to-Consumer	2,013,174	1,568,610	1,436,528
Total international sales	4,950,144	4,369,397	3,746,830
Total sales	$ 8,000,342	$ 7,444,550	$ 6,310,187
Regional Sales			
Americas (AMER)	$ 3,945,735	$ 3,854,392	$ 3,152,304
Europe, Middle East & Africa (EMEA)	1,831,848	1,699,215	1,282,902

Asia Pacific (APAC)	2,222,759	1,890,943	1,874,981
Total sales	$ 8,000,342	$ 7,444,550	$ 6,310,187
China sales	$ 1,228,630	$ 1,062,724	$ 1,247,949

	Year Ended December 31,		
(in thousands)	2022	2021	2020
Geographic sales			
Domestic Wholesale	$ 1,831,642	$ 1,448,339	$ 1,132,425
Domestic Direct-to-Consumer	1,243,511	1,115,018	786,844
Total domestic sales	3,075,153	2,563,357	1,919,269
International Wholesale	2,800,787	2,310,302	1,702,585
International Direct-to-Consumer	1,568,610	1,436,528	991,576
Total international sales	4,369,397	3,746,830	2,694,161
Total sales	$ 7,444,550	$ 6,310,187	$ 4,613,430

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	As of December 31,	
(in thousands)	2023	2022
Property, plant and equipment, net		
Domestic	$ 957,569	$ 870,924
International	549,121	474,446
Total	$ 1,506,690	$ 1,345,370
China property plant and equipment, net	$ 286,854	$ 264,422

Regional Sales			
Americas (AMER)	$ 3,854,392	$ 3,152,304	$ 2,292,540
Europe, Middle East & Africa (EMEA)	1,699,215	1,282,902	899,590
Asia Pacific (APAC)	1,890,943	1,874,981	1,421,300
Total sales	$ 7,444,550	$ 6,310,187	$ 4,613,430
China sales	$ 1,062,724	$ 1,247,949	$ 924,482

	As of December 31,	
(in thousands)	2022	2021
Property, plant and equipment, net		
Domestic	$ 870,924	$ 708,763
International	474,446	420,146

Total	$	1,345,370	$	1,128,909
China property plant and equipment, net	$	264,422	$	255,421

The Company's sales to its five largest customers accounted for approximately 9.6%8.4%, 8.6%9.6%, and 8.8%8.6% of total sales for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

Assets located outside the U.S. consist primarily of cash, accounts receivable, inventory, property, plant and equipment, and other assets. Net assets held outside the U.S. were $4.4 $5.1 billion and $4.2 $4.4 billion at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022.

The Company performs regular evaluations concerning the ability of customers to satisfy their obligations and provides for estimated doubtful accounts. 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 year ended December 31, 2022 December 31, 2023, 2022, and 2021 and 2020 were $5.3 $3.9 million, $3.3 $5.3 million, and $18.7 million. $3.3 million.

The Company's accounts receivables, excluding allowances for bad debts and chargebacks, by geography are summarized as follows:

	As of December 31,			
(in thousands)	2023		2022	
Domestic Accounts Receivable	$	276,918	$	310,138
International Accounts Receivable		641,249		597,621

	As of December 31,			
(in thousands)	2022		2021	
Domestic Accounts Receivable	$	310,138	$	270,404
International Accounts Receivable		597,621		525,073

The Company's top five manufacturers produced the following:

	Year Ended December 31,			Year Ended December 31,		
(percentage of total production)	2022	2021	2020	2023	2022	2021
Manufacturer #1	16.5	18.0	21.0	21.4	16.5	18.0
Manufacturer #2	7.0	5.3	6.2	7.5	7.0	5.3
Manufacturer #3	5.2	4.8	5.8	6.7	5.2	4.8
Manufacturer #4	5.2	4.6	4.9	5.6	5.2	4.6
Manufacturer #5	5.1	4.4	4.2	4.5	5.1	4.4
Total	39.0	37.1	42.1			
				45.7	39.0	37.1

(Business Combinations

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Business acquisitions are accounted for under the acquisition method by assigning the purchase consideration to tangible and intangible assets acquired and liabilities assumed. The results of businesses acquired in a business combination are included in the consolidated financial statements from the date of acquisition. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase consideration over the amounts assigned is recorded as goodwill. Purchased intangible assets with finite lives are amortized over their estimated useful lives. Fair value determinations require judgment and may involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items.

On May 31, 2023, the Company acquired 100% of the equity interests of Sports Connection Holdings ApS (“Sports Connection”), a Denmark-based company and a former distributor, to further broaden our reach in Europe. The total consideration is approximately $83.7 million and consisted of an initial cash payment of $74.8 million, the settlement of pre-existing receivables of $1.7 million and a contingent consideration payable of up to $7.5 million, subject to the acquiree achieving certain 2023 financial results, and reduced by a working capital adjustment of $0.3 million. On the acquisition date, we recorded intangible assets of $54.4 million, goodwill of $7.7 million and other net assets of $21.6 million. The intangible assets have an estimated life of 7 years and are primarily related to reacquired rights. The acquisition is a non-taxable business combination and goodwill is not deductible for tax purposes.

The results of Sports Connection's operations have been included in, but are not material to, the Company's consolidated results of operations since the date of acquisition. Unaudited supplemental pro forma results of operations have not been presented because the effect of the acquisition was not material to the Company's consolidated financial statements. One-time acquisition related costs of $1.6 million were expensed as general and administrative expenses as incurred.

The purchase accounting for the Sports Connection acquisition remains preliminary. Although the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, as well as any contingent consideration, the estimates are inherently uncertain and subject to refinement. As a result, any adjustments will be recognized in the reporting period in which the amounts are determined, but not to exceed twelve months from the acquisition date.

Item 9. Changes in and Disagreements with Accountants on

Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Item 9.

None.

Item 9A. Controls and Procedures

Attached as exhibits to this annual report on Form 10-K are certifications of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), which are required in accordance with Rule 13a-14 of the Exchange Act. This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods and that such information is accumulated and communicated to allow timely decisions regarding required disclosures. As of the end of the period covered by this annual report on Form 10-K, we carried out an evaluation under the supervision and with the participation of our management including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our CEO and CFO management concluded that our disclosure controls and procedures are not effective at as a result of a material weakness in internal controls over financial reporting described below. Notwithstanding the reasonable assurance level as material weakness, our management has concluded that the consolidated financial statements fairly present, in all material respects, its financial condition, results of such time. operations and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting includes those policies and procedures that:

(i)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

(i)

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

With the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023, based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in *Internal Control – Integrated Framework (2013)*, our management haswe concluded that our internal control over financial reporting is not effective as of December 31, 2022 December 31, 2023. We reviewed the results of management's assessment with the Audit Committee of our Board.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We identified a material weakness in our internal control over financial reporting related to the information technology general controls related to segregation of duties within an information system relevant to the preparation of the Company's consolidated financial statements.

Under the direction of the Audit Committee, our management has begun the process of designing and implementing effective internal control measures to remediate the material weakness. These efforts will include:

- Rationalizing user access roles and privileges;
- Implementing user activity monitoring; and
- Formalizing additional compensating control activities over the completeness and accuracy of data provided by the affected system.

The material weakness will not be considered remediated until the enhanced controls operate for a sufficient period of time and management has concluded, through testing, that the related controls are effective. We will monitor the effectiveness of the remediation plan and refine the remediation plan as appropriate.

Our independent registered public accountants, BDO USA, LLP, P.C., who audited the consolidated financial statements included in this annual report on Form 10-K, and have has issued an attestation report adverse opinion on the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023, which is set forth below.

INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

Our management, including our CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Assessments of any evaluation of controls' effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements as a result of error or fraud may occur and not be detected.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

ThereOther than the material weakness noted above, there were no changes to our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting during the fourth quarter of 2022. 2023.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Skechers U.S.A., Inc.
Manhattan Beach, California

Opinion on Internal Control over Financial Reporting

We have audited Skechers U.S.A., Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule listed in the accompanying index and our report dated February 28, 2023 February 28, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness regarding management's failure to design and maintain effective information technology general controls related to segregation of duties within the information system relevant to the preparation of the Company's consolidated financial statements has been identified and described in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 financial statements, and this report does not affect our report dated February 28, 2024, on those financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP P.C.

Los Angeles, California

February 28, 2023 2024

Item 9B. Other Information

Other Information

During the quarter ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b-1 trading agreement" or "non-Rule 10b-1 trading agreement" as each such term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Item 9B.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors, Executive Officers and Corporate Governance

Item 10.

The information required by this Item 10 is hereby incorporated by reference from our definitive proxy statement, to be filed pursuant to Regulation 14A within 120 days after the end of our 2022 2023 fiscal year.

Item 11. Executive Compensation

Executive Compensation

Item 11.

The information required by this Item 11 is hereby incorporated by reference from our definitive proxy statement, to be filed pursuant to Regulation 14A within 120 days after the end of our 2022 2023 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 12.

The information required by this Item 12 is hereby incorporated by reference from our definitive proxy statement, to be filed pursuant to Regulation 14A within 120 days after the end of our 2022 2023 fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions, and Director Independence

Item 13.

The information required by this Item 13 is hereby incorporated by reference from our definitive proxy statement, to be filed pursuant to Regulation 14A within 120 days after the end of our 2022 2023 fiscal year.

Item 14. Principal Accountant Fees and Services

Principal Accountant Fees and Services

Item 14.

The information required by this Item 14 is hereby incorporated by reference from our definitive proxy statement, to be filed pursuant to Regulation 14A within 120 days after the end of our 2022 2023 fiscal year.

PART IV

Item 15. Exhibit and Financial Statement Schedules

1.Financial Statements. **Exhibit and Financial Statement Schedules**

The financial statements as set forth under Item 8 of this Annual Report on Form 10-K are incorporated herein.

2.Financial Statement Schedule.

Item 15.

1. Financial Statements. *The financial statements as set forth under Item 8 of this Annual Report on Form 10-K are incorporated herein.*

2. Financial Statement Schedule.

Schedule II - Valuation and Qualifying Account

(in thousands)	Balance at Beginning of Year	Costs Charged to Expenses	Deductions and Write-offs	Balance at End of Year	Balance at Beginning of Year	Costs Charged to Expenses	Deductions and Write-offs	Balance at End of Year
Year-ended December 31, 2020								
Allowance for chargebacks	$ 17,413	$ 12,734	$ (3,473)	$ 26,674				
Allowance for doubtful accounts	6,693	19,940	(4,745)	21,888				
Liability for sales returns and allowances	69,048	18,023	(9,852)	77,219				
Reserve for inventory	6,728	15,920	(14,428)	8,220				
Year-ended December 31, 2021								
Allowance for chargebacks	$ 26,674	$ 45,957	$ (32,497)	$ 40,134	$ 26,674	$ 45,957	$ (32,497)	$ 40,134
Allowance for doubtful accounts	21,888	10,551	(9,889)	22,550	21,888	10,551	(9,889)	22,550
Liability for sales returns and allowances	77,219	6,263	(14,538)	68,944	77,219	6,263	(14,538)	68,944

Reserve for inventory	8,220	24,899	(25,608)	7,511	8,220	24,899	(25,608)	7,511
Year-ended December 31, 2022								
Allowance for chargebacks	$ 40,134	$ 25,558	$ (29,275)	$ 36,417	$ 40,134	$ 25,558	$ (29,275)	$ 36,417
Allowance for doubtful accounts	22,550	6,804	(6,299)	23,055	22,550	6,804	(6,299)	23,055
Liability for sales returns and allowances	68,944	5,444	(13,906)	60,482	68,944	5,444	(13,906)	60,482
Reserve for inventory	7,511	31,825	(21,606)	17,730	7,511	31,825	(21,606)	17,730
Year-ended December 31, 2023								
Allowance for chargebacks					$ 36,417	$ 24,076	$ (27,190)	$ 33,303
Allowance for doubtful accounts					23,055	3,665	(2,156)	24,564
Liability for sales returns and allowances					60,482	20,798	(312)	80,968
Reserve for inventory					17,730	29,703	(30,524)	16,909

See accompanying report of independent registered public accounting firm

Index to Exhibits

Description

Exhibit Number

Exhibit Number	Description
3.1	
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).
3.2 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).
4.1 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).
4.1	Form of Specimen Class A Common Stock Certificate (incorporated by reference to exhibit number 4.1 of the Registrant's Registration Statement on Form S-1, as amended (File No. 333-60065), filed on May 12, 1999).
4.2	Description of Securities.
10.1*	Skechers U.S.A., Inc. Deferred Compensation Plan (incorporated by reference to exhibit number 10.1 of the Registrant's Form 8-K filed on May 3, 2013).
10.1(a)*	First Amendment to the Skechers U.S.A., Inc. Deferred Compensation Plan (incorporated by reference to exhibit number 10.1(a) of the Registrant's Form 10-K filed for the year ended December 31, 2020).
10.2*	2006 Annual Incentive Compensation Plan (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed on April 29, 2016).
10.2(a)*	First Amendment to the 2006 Annual Incentive Compensation Plan (incorporated by reference to Appendix B of the Registrant's Definitive Proxy Statement filed on April 29, 2016).
10.3*	2017 Incentive Award Plan (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed on May 1, 2017).
10.4*	Form of Restricted Stock Award Agreement (Time-based Vesting) under 2017 Incentive Award Plan (incorporated by reference to exhibit number 10.6 of the Registrant's Form 10-K for the year ended December 31, 2017).
10.5*	Form of Restricted Stock Award Agreement (Performance-based Vesting) under 2017 Incentive Award Plan (incorporated by reference to exhibit number 10.6 of the Registrant's Form 10-K filed for the year ended December 31, 2020).
10.6*	2023 Incentive Award Plan (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed on May 1, 2023).
10.7*	Form of Restricted Stock Unit Agreement under 2023 Incentive Award Plan.
10.8*	2018 Employee Stock Purchase Plan (incorporated by reference to Appendix B of the Registrant's Definitive Proxy Statement filed on May 1, 2017).
10.7 10.9	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated by reference to exhibit number 10.6 of the Registrant's Form 10-K for the year ended December 31, 1999).

10.8**Exhibit Number**	**Description**
10.10	Registration Rights Agreement dated June 9, 1999, between the Registrant, the Greenberg Family Trust and Michael Greenberg (incorporated by reference to exhibit number 10.7 of the Registrant's Form 10-Q for the quarter ended June 30, 1999).

10.9* 10.11*	Tax Indemnification Agreement dated June 8, 1999, between the Registrant and certain shareholders (incorporated by reference to exhibit number 10.8 of the Registrant's Form 10-Q for the quarter ended June 30, 1999).
10.10* 10.12*	Employment Agreement, executed May 23, 2019, effective as of January 1, 2019, between the Registrant and Michael Greenberg (incorporated by reference to exhibit number 10.1 of the Registrant's Form 8-K filed on May 24, 2019).
10.11 10.13*	Employment Agreement, executed May 23, 2019, effective as of January 1, 2019, between the Registrant and David Weinberg (incorporated by reference to exhibit 10.2 of the Registrant's Form 8-K filed on May 24, 2019).

Exhibit Number	Description
10.14	
10.12	Amended and Restated Limited Liability Company Agreement dated April 12, 2010 between Skechers R.B., LLC, a Delaware limited liability company and wholly owned subsidiary of the Registrant, and HF Logistics I, LLC, regarding the ownership and management of the joint venture, HF Logistics-SKX, LLC, a Delaware limited liability company (incorporated by reference to exhibit number 10.11 of the Registrant's Form 10-K for the year ended December 31, 2011).).
10.12(a) 10.14(a)	First Amendment to Amended and Restated Limited Liability Company Agreement dated August 11, 2015 by and between Skechers R.B., LLC, a Delaware limited liability company and wholly owned subsidiary of the Registrant, and HF Logistics I, LLC, regarding the ownership and management of the joint venture, HF Logistics-SKX, LLC, a Delaware limited liability company (incorporated by reference to exhibit number 10.1 of the Registrant's Form 8-K filed on August 17, 2015).
10.12(b) 10.14(b)	Second Amendment to Amended and Restated Limited Liability Company Agreement dated February 12, 2019 by and between Skechers R.B., LLC, a Delaware limited liability company and wholly owned subsidiary of the Registrant, and HF Logistics I, LLC, regarding the ownership and management of the joint venture, HF Logistics-SKX, LLC, a Delaware limited liability company (incorporated by reference to exhibit number 10.14(b) of the Registrant's Form 10-K for the year ended December 31, 2018).
10.12(c) 10.14(c)	Third Amendment to Amended and Restated Limited Liability Company Agreement dated December 26, 2019 by and between Skechers R.B., LLC, a Delaware limited liability company and wholly owned subsidiary of the Registrant, and HF Logistics I, LLC, regarding the ownership and management of the joint venture, HF Logistics-SKX, LLC, a Delaware limited liability company (incorporated by reference to exhibit number 10.14(c) of the Registrant's Form 10-K for the year ended December 31, 2019).
10.13 10.15	Amended and Restated Loan Agreement dated as of August 12, 2015, 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 CIT Bank, N.A. and Raymond James Bank, N.A., as lenders (incorporated by reference to exhibit number 10.2 of the Registrant's Form 8-K filed on August 17, 2015).
10.13(a) 10.15(a)**	First Amendment to Amended and Restated Loan Agreement dated as of March 18, 2020, 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 CIT Bank, N.A. and Raymond James Bank, N.A., as lenders.(incorporated by reference to exhibit number 10.1 of the Registrant's Form 8-K filed on March 24, 2020).).
10.14 10.16	China DC Loan Agreement, dated September 29, 2018, between Skechers Taicang Trading and Logistics Co Limited, a wholly owned subsidiary of Skechers China Limited, which is a joint venture of the Registrant, and China Construction Bank Corporation, regarding distribution center in Taicang, China (incorporated by reference to exhibit number 10.1 of the Registrant's Form 10-Q (File No.001-14429) for the quarter ended September 30, 2018).
10.15 10.17	Mortgage Contract, dated August 28, 2018, between Skechers Taicang Trading and Logistics Co Limited, a wholly owned subsidiary of Skechers China Limited, which is a joint venture of the Registrant, and China Construction Bank Corporation, regarding distribution center in Taicang, China (incorporated by reference to exhibit number 10.2 of the Registrant's Form 10-Q (File No.001-14429) for the quarter ended September 30, 2018).
10.16* 10.18**	Guarantee Agreement, dated July 24, 2018, between Skechers Taicang Trading and Logistics Co Limited, a wholly owned subsidiary of Skechers China Limited, which is a joint venture of the Registrant, and China Construction Bank

Exhibit Number	Description
	Corporation, regarding distribution center in Taicang, China (incorporated by reference to exhibit number 10.3 of the Registrant's Form 10-Q (File No.001-14429) for the quarter ended September 30, 2018).
10.17 10.19	Cooperative Agreement on Close Management of Fixed Asset Loan Project, dated September 29, 2018, between Skechers Taicang Trading and Logistics Co Limited, a wholly owned subsidiary of Skechers China Limited, which is a joint venture of the Registrant, and China Construction Bank Corporation, regarding distribution center in Taicang, China. (Incorporated by reference to exhibit number 10.4 of the Registrant's Form 10-Q (File No.001-14429) for the quarter ended September 30, 2018).
10.18 10.20	Credit Agreement dated November 21, 2019, by and among the Registrant, and Bank of America, N.A., HSBC Bank USA, N.A., JPMorgan Chase Bank, N.A. and other lenders (incorporated by reference to exhibit number 10.1 of the Registrant's Form 8-K filed with Securities and Exchange Commission on November 21, 2019).

Exhibit Number	Description
10.20(a)	
10.18(a)	First Amendment to Credit Agreement dated March 23, 2021, by and among the Registrant, and Bank of America, N.A., HSBC Bank USA, N.A., JPMorgan Chase Bank, N.A. and other lenders (incorporated by reference to exhibit number 10.1 of the Registrant's Form 10-Q (File No.001-14429) for the quarter ended March 31, 2021).
10.20(b)	
10.18(b)	Second Amendment to Credit Agreement dated December 15, 2021, by and among the Registrant, and Bank of America, N.A., HSBC Bank USA, N.A., JPMorgan Chase Bank, N.A. and other lenders (incorporated by reference to exhibit number 10.1 of the Registrant's Form 8-K filed with Securities and Exchange Commission on December 16, 2021).
10.21	
10.19	Guaranty dated November 21, 2019, by and among Skechers USA Retail, LLC, a California limited liability company and wholly owned subsidiary of the Registrant, Bank of America, N.A. and other lenders (incorporated by reference to exhibit number 10.2 of the Registrant's Form 8-K filed with Securities and Exchange Commission on November 21, 2019).
10.22	
10.20	Reaffirmation Agreement dated December 15, 2021 by and among Skechers USA Retail, LLC, a California limited liability company and wholly owned subsidiary of the Registrant, and Bank of America N.A. (incorporated by reference to exhibit number 10.2 of the Registrant's Form 8-K filed with Securities and Exchange Commission on December 16, 2021).
10.23	
10.21	Loan Contract, dated October 18, 2022, between Skechers Taicang Trading and Logistics Co Limited, a wholly owned subsidiary of Skechers China Limited, which is a joint venture of the Registrant, and Bank of China Co., Ltd., regarding distribution center in Taicang, China (incorporated by reference to exhibit number 10.1 of the Registrant's Form 10-Q (File No.001-14429) for the quarter ended September 30, 2022).
21.1	
21.1	Subsidiaries of the Registrant.
23.1	
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	

31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1***	
32.1***	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Policy for Recovery of Erroneously Awarded Compensation
101.INS	
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document. with embedded Linkbases Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement required to be filed as an exhibit.

** Confidential treatment has been granted by the SEC with respect to certain information in the exhibit pursuant to Rule 24b-2 of the Exchange Act. Such information was omitted from the filing and filed separately with the Secretary of the SEC.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit.

** Confidential treatment has been granted by the SEC with respect to certain information in the exhibit pursuant to Rule 24b-2 of the Exchange Act. Such information was omitted from the filing and filed

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 or the Exchange Act.

separately with the Secretary of the SEC.

*** 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 or the Exchange Act.

Item 16. Form 10-K Summary

None.

SIGNATURES

***

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Manhattan Beach, State of California on the 28th day of February 2023. 2024.

SKECHERS U.S.A., INC.

By: /s/ Robert Greenberg

Robert Greenberg

Chairman of the Board and

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert Greenberg Robert Greenberg	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 28, 2023 2024
/s/ Michael Greenberg Michael Greenberg	President and Director	February 28, 2023 2024
/s/ David Weinberg David Weinberg	Executive Vice President, Chief Operating Officer, and Director	February 28, 2023 2024
/s/ John Vandemore John Vandemore	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2023 2024
/s/ Katherine Blair Katherine Blair	Director	February 28, 2023 2024
/s/ Morton D. Erlich Morton D. Erlich	Director	February 28, 2023 2024
/s/ Zulema Garcia Zulema Garcia	Director	February 28, 2023 2024
/s/ Yolanda Macias Yolanda Macias	Director	February 28, 2023 2024
/s/ Richard Siskind Richard Siskind	Director	February 28, 2023 2024

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Exhibit 4.2

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2022 December 31, 2023, Skechers U.S.A., Inc. had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): its Class A common stock, par value 0.001 per share. References herein to "we," "us," "our" and "our company" refer to Skechers U.S.A., Inc. and not to any of its subsidiaries.

The following description of our Class A common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), and our Bylaws, as amended (the "Bylaws"), filed as Exhibits 3.1, 3.1(a) and 3.1(a) 3.1(b) and as Exhibit 3.2, 3.2(a), 3.2(b), 3.2(c), and 3.2(c) 3.2(d) respectively, to our

Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We encourage you to read the Certificate of Incorporation, the Bylaws and the applicable provisions of the Delaware General Corporation Law (the “DGCL”) for additional information.

Authorized Capital Stock

Our authorized capital stock consists of 500,000,000 shares of Class A common stock, par value $0.001 per share, 75,000,000 shares of Class B common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share. Our Class A common stock is listed on the New York Stock Exchange under the trading symbol “SKX.”

Class A Common stock and Class B Common stock

General

The holders of Class A common stock and Class B common stock have identical rights except with respect to voting, conversion and transfer.

Voting Rights

Holders of Class A common stock are entitled to one vote per share, while holders of Class B common stock are entitled to ten votes per share on all matters to be voted on by stockholders. Holders of shares of Class A common stock and Class B common stock are not entitled to cumulate their votes in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock. Except as otherwise provided by law or in the Certificate of Incorporation, and subject to any voting rights granted to holders of any outstanding preferred stock, amendments to the Certificate of Incorporation must be approved by a majority of the votes entitled to be cast by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class. However, amendments to the Certificate of Incorporation that would alter or change the powers, preferences or special rights of the Class A common stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the Class A common stock, voting as a separate class. Any amendment to the Certificate of Incorporation to increase the authorized shares of any class requires the approval of a majority of the votes entitled to be cast by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to the rights set forth in any series of preferred stock created as described below.

Dividends, Distributions and Stock Splits

Holders of Class A common stock and Class B common stock will share equally on a per share basis in any dividend declared by the board of directors of our company (the “Board of Directors”), subject to any preferential rights of any outstanding preferred stock.

Dividends or distributions consisting of shares of Class A common stock and Class B common stock may be paid only as follows: (i) shares of Class A common stock may be paid only to holders of Class A common stock, and shares of Class B common stock may be paid only to holders of Class B common stock; and (ii) the number of shares so paid will be equal on a per share basis with respect to each outstanding share of Class A common stock and Class B common stock. In the case of dividends or distributions consisting of other voting shares of our company, we will declare and pay such dividends in two separate classes of such voting securities, identical in all respects, except that the voting rights of each such security paid to the holders of the Class A common stock shall be one-tenth of the voting rights of each such security paid to the holders of Class B common stock, and such security paid to the holders of Class B common stock shall convert into the security paid to the holders of the Class A common stock upon the same terms and conditions applicable to the Class B common stock. In the case of dividends or distributions consisting of securities convertible into, or exchangeable for, voting securities of our company, we will provide that such convertible or exchangeable securities and the underlying securities be identical in all respects, except that the voting rights of each security underlying the convertible or exchangeable security paid to the holders of the Class A common stock shall be onetenth of the voting rights of each security underlying the convertible or exchangeable security paid to the holders of Class B common stock, and such underlying securities paid to the holders of Class B common stock shall convert into the security paid to the holders of the Class A common stock upon the same terms and conditions applicable to the Class B common stock.

We may not reclassify, subdivide or combine shares of either class of common stock without at the same time proportionally reclassifying, subdividing or combining shares of the other class.

Conversion of Class B common stock

A share of Class B common stock will be convertible into a share of Class A common stock on a share-for-share basis at the option of the holder thereof at any time, or automatically upon transfer to a person or entity which is not a Permitted Transferee (as defined in the Certificate of Incorporation). In general, Permitted Transferees will include any Person (as defined in the Certificate of Incorporation) who is an affiliate, spouse or descendent of any such holder, their estates or trusts for their benefit. The Class A common stock has no conversion rights.

Liquidation

In the event of any dissolution, liquidation, or winding up of the affairs of our company, whether voluntary or involuntary, after payment of the debts and other liabilities of our company and making provision for the holders of preferred stock, if any, the remaining assets of our company will be distributed ratably among the holders of the Class A common stock and the Class B common stock, treated as a single class.

Mergers and Other Business Combinations

Upon a merger, combination, or other similar transaction of our company in which shares of common stock are exchanged for or changed into other stock or securities, cash and/or any other property, holders of each class of common stock will be entitled to receive an equal per share amount of stock, securities, cash, and/or any other property, as the case may be, into which or for which each share of any other class of common stock is exchanged or changed; provided that in any transaction in which shares of capital stock are distributed, such shares so exchanged for or changed into may differ as to voting rights and certain conversion rights to the extent and only to the extent that the voting rights and certain conversion rights of Class A common stock and Class B common stock differ at that time.

Other Provisions

The holders of the Class A common stock and Class B common stock are not entitled to preemptive rights. There are no redemption provisions or sinking fund provisions applicable to the Class A common stock or the Class B common stock.

Transfer Agent

The transfer agent and registrar for our Class A common stock and Class B common stock is American Stock Transfer and Trust Company. The transfer agent and registrar’s address is 6201 15th Ave, Brooklyn, NY 11219.

Preferred Stock

The Board of Directors has the authority, without further action by the stockholders of our company, to issue up to 10,000,000 shares of preferred stock in one or more series, and to fix the designations, rights, preferences, privileges, qualifications and restrictions thereof including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preferences and sinking fund terms, any or all of which may be greater than the rights of the common stock. The Board of Directors, without stockholder approval, can issue preferred stock with voting, conversion and other rights that could adversely affect the voting power and other rights of the holders of common stock. Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of our company or to make removal of management more difficult. In certain circumstances, such issuance could have the effect of decreasing the market price of shares of our Class A common stock. The issuance of preferred stock may have the effect of delaying, deterring or preventing a change in control of our company without any further action by the stockholders including, but not limited to, a tender offer to purchase shares of Class A common stock at a premium over then current market prices. We have no present plan to issue any shares of preferred stock.

Registration Rights

We have entered into a registration rights agreement with the Greenberg Family Trust, of which Robert Greenberg, Chairman of the Board and Chief Executive Officer, is a Trustee, and Michael Greenberg, President, pursuant to which we have agreed that we will, on up to two separate occasions per year, register up to one-third of the shares of Class A common stock issuable upon conversion of their Class B common stock beneficially owned as of the closing of the initial public offering of our Class A common stock in June 1999 by each such stockholder in any one year provided, among other conditions, that the underwriters of any such offering have the right to limit the number of shares included in such registration. We have also agreed that, if it shall cause to be filed with the U.S. Securities and Exchange Commission a registration statement, each such stockholder shall have the right to include up to one-third of the shares of Class A common stock issuable upon conversion of their Class B common stock beneficially owned as of the closing of the initial public offering of our Class A common stock in June 1999 by each of them in such registration statement provided, among other conditions, that the underwriters of any such offering have the right to limit the number of shares included in such registration. All expenses of such registrations shall be at our expense.

Anti-takeover Effects of Provisions of the Certificate of Incorporation and Bylaws

Our Bylaws provide that the Board of Directors is divided into three classes – Class I directors, Class II directors and Class III directors – with each class serving for a term of three years until their successors have been elected at the end of their respective staggered terms. Stockholders have no cumulative voting rights, and stockholders representing a majority of the shares of common stock outstanding are able to elect all of the directors. The Bylaws also provide that any action that is required to be or may be taken at any annual or special meeting of the stockholders of our company, may, if such action has been earlier approved by the Board, be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. The Bylaws provide that only the Board of Directors or the Chairman may call a special meeting of the stockholders.

The classification of the Board of Directors and lack of cumulative voting makes it more difficult for our existing stockholders to replace the Board of Directors as well as for any other party to obtain control of our company by replacing the Board of Directors. Since the Board of Directors has the power to retain and discharge our officers, these provisions could make it more difficult for existing stockholders or another party to effect a change in management.

These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company. These provisions are intended to enhance the likelihood of continued stability in the composition of the Board of Directors and in the policies furnished by the Board of Directors and to discourage certain types of transactions that may involve an actual or threatened change of control of our company. These provisions are designed to reduce the vulnerability of our company to an unsolicited acquisition proposal. These provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our company's shares and, as a consequence, they may also inhibit fluctuations in the market price of shares of our Class A common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in the management of our company.

Section 203 of the Delaware General Corporation Law

Generally, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a broad range of "business combinations" with an "interested stockholder" (defined generally as a person owning 15.0% of more of a corporation's outstanding voting stock) for three years following the date such person became an interested stockholder unless (i) before the person becomes an interested stockholder, the transaction resulting in such person becoming an interested stockholder or the business combination is approved by the board of directors of the corporation, (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85.0% of the outstanding voting stock of the corporation (excluding shares owned by directors who are also officers of the corporation or shares held by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender offer or exchange offer), or (iii) on or after such date on which such person became an interested stockholder the business combination is approved by the board of directors and authorized at an annual or special meeting, and not by written consent, by the affirmative vote of at least 66.6% of the outstanding voting stock excluding shares owned by the interested stockholders. The restrictions of Section 203 do not apply, among other reasons, if a corporation, by action of its stockholders, adopts an amendment to its certificate of incorporation or bylaws expressly electing not to be governed by Section 203, provided that, in addition to any other vote required by law, such amendment to the certificate of incorporation or bylaws must be approved by the affirmative vote of a majority of the shares entitled to vote. Moreover, an amendment so adopted is not effective until twelve months after its adoption and does not apply to any business combination between the corporation and any person who became an interested stockholder of such corporation on or prior to such adoption. The Certificate of Incorporation and Bylaws do not currently contain any provisions electing not to be governed by Section 203 of the DGCL.

Section 203 of the DGCL may discourage persons from making a tender offer for or acquisitions of substantial amounts of the Class A common stock. This could have the effect of inhibiting changes in management and may also prevent temporary fluctuations in the price of the Class A common stock that often result from takeover attempts.

Exhibit 21.1 10.7

SKECHERS U.S.A., INC.
2023 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Skechers U.S.A., Inc., a Delaware corporation, (the "***Company***"), pursuant to its 2023 Incentive Award Plan, as may be amended from time to time (the "***Plan***"), hereby grants to the holder listed below ("***Participant***"), an award of restricted stock units ("***Restricted Stock Units***"or"***RSUs***"). Each vested RSU represents the right to receive, in accordance with the Restricted Stock Unit Award Agreement attached hereto as **Exhibit A** (the "***Agreement***"), one share of Class A Common Stock ("***Share***"). This award of RSUs is subject to all of the terms and conditions set forth herein and in the Agreement and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Award Grant Notice (the "***Grant Notice***") and the Agreement.

Participant:	[_____________]
Grant Date:	[_____________]
Total Number of RSUs:	[_____________]
Vesting Commencement Date:	[_____________]
Vesting Schedule:	[_____________]
Termination of Service:	Except as otherwise provided by the Administrator, if Participant experiences a Termination of Service, all RSUs that have not become vested on or prior to the date of such Termination of Service will thereupon be automatically forfeited by Participant without payment of any consideration therefor.

If the Company uses an electronic capitalization table system and the fields in this Grant Notice are blank or the information is otherwise provided in a different format electronically, the blank fields and other information will be deemed to come from the electronic capitalization system and is considered part of this Grant Notice. In addition, the Company's signature below shall be deemed to have occurred by the Company's input of the

RSUs in such electronic capitalization table system and Participant's signature below shall be deemed to have occurred by Participant's online acceptance of the RSUs through such electronic capitalization table system.

By Participant's acceptance of the RSUs through the online acceptance procedure established by the Company or by signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. Participant has reviewed the Plan, the Agreement and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, the Agreement and this Grant Notice. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Agreement or this Grant Notice. In addition, by signing below, Participant also agrees that the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.5(b) of the Agreement by (i) withholding Shares otherwise issuable to Participant upon vesting of the RSUs, (ii) instructing a broker on Participant's behalf to sell Shares otherwise issuable to Participant upon vesting of the RSUs and submit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.5(b) of the Agreement or the Plan.

Subsidiaries of the Registrant**SKECHERS U.S.A., INC.: PARTICIPANT:**	**PARTICIPANT:**
By:	By:
Print Name:	Print Name:
Title:	
Address:	Address:

EXHIBIT A

TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Award Grant Notice (the "***Grant Notice***") to which this Restricted Stock Unit Award Agreement (this "***Agreement***") is attached, Skechers U.S.A., Inc., a Delaware corporation (the "***Company***"), has granted to Participant the number of restricted stock units ("***Restricted Stock Units***"or"***RSUs***") set forth in the Grant Notice under the Company's 2023 Incentive Award Plan, as may be amended from time to time (the "***Plan***"). Each RSU represents the right to receive one share of Class A Common Stock (a "***Share***") upon vesting.

ARTICLE 1.
GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE 2.
GRANT OF RESTRICTED STOCK UNITS

2.1 Grant of RSUs. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company hereby grants to Participant an award of RSUs under the Plan in consideration of Participant's past and/or continued employment with or service to the Company or any Subsidiary and for other good and valuable consideration.

2.2 Unsecured Obligation to RSUs. Unless and until the RSUs have vested in the manner set forth in Article 2 hereof, Participant will have no right to receive Class A Common Stock under any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

2.3 Vesting Schedule. Subject to Section 2.4 hereof, the RSUs shall vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole Share). Notwithstanding the foregoing, in the event of a Change in Control, the RSUs shall vest with respect to all of the Shares subject thereto immediately prior to the consummation of the Change in Control.

2.4 Forfeiture, Termination and Cancellation upon Termination of Service. Notwithstanding any contrary provision of this Agreement or the Plan, except as otherwise provided by the Administrator, upon Participant's Termination of Service for any or no reason, all RSUs which have not vested prior to or in connection with such Termination of Service shall thereupon automatically be forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and Participant, or Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. No portion of the RSUs which has not become vested as of the date on which Participant incurs a Termination of Service shall thereafter become vested, except as may otherwise be provided by the Administrator or as set forth in a written agreement between the Company (or any Subsidiary that is the employer of Participant) and Participant.

2.5 Issuance of Common Stock upon Vesting; Withholding.

(a) As soon as administratively practicable following the vesting of any RSUs pursuant to Section 2.3 hereof, but in no event later than March 15 of the year after the year of vesting (for the avoidance

of doubt, this deadline is intended to comply with the "short term deferral" exemption from Section 409A of the Code), the Company shall deliver to Participant (or any transferee permitted under Section 3.2 hereof) a number of Shares equal to the number of RSUs subject to this Award that vest on the applicable vesting date. Notwithstanding the foregoing, in the event Shares are not issued pursuant to Section 10.4 of the Plan, the Shares shall be issued pursuant to the preceding sentence as soon as administratively practicable after the Administrator determines that Shares can again be issued in accordance with such Section.

(b) As set forth in Section 10.2 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require Participant to remit to the Company, an amount sufficient to satisfy all applicable Tax-Related Items required by law to be withheld with respect to any taxable event arising in connection with the RSUs, using any method determined by the Company and permitted under Section 10.1 of the Plan. The Company shall not be obligated to deliver any Shares to Participant or Participant's legal representative unless and until Participant or Participant's legal representative shall have paid or otherwise satisfied in full the amount of all Tax-Related Items applicable to the taxable income of Participant resulting from the grant or vesting of the RSUs or the issuance of Shares.

2.6 Conditions to Delivery of Shares. The Shares deliverable hereunder may be either previously authorized but unissued Shares, treasury Shares or issued Shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue Shares deliverable hereunder prior to fulfillment of the conditions set forth in Section 10.4 of the Plan.

2.7 Rights as Stockholder. The holder of the RSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any Shares underlying the RSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12.2 of the Plan.

ARTICLE 3.
OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 Transferability. The RSUs shall be subject to the restrictions on transferability set forth in Section 10.3 of the Plan.

3.3 Tax Consultation. Participant understands that Participant may suffer adverse tax consequences in connection with the RSUs granted pursuant to this Agreement (and the Shares issuable with respect thereto). Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the RSUs and the issuance of Shares with respect thereto and that Participant is not relying on the Company for any tax advice.

3.4 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.5 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 12.2 of the Plan.

3.6 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.6, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.7 Participant's Representations. If the Shares issuable hereunder have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time of such issuance, Participant shall, if required by the Company, concurrently with such issuance, make such written representations as are deemed necessary or appropriate by the Company or its counsel.

3.8 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.9 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.10 Conformity to Applicable Law. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any other Applicable Law. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Law.

3.11 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however,* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant, unless such action is necessary to ensure or facilitate compliance with Applicable Law, as determined by the Administrator.

3.12 Successors and Assigns. The Company may assign any of its rights and delegate any of its obligations under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

3.13 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, then the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.14 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon Participant any right to commence or continue to serve as an Employee or other Service Provider or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise by Applicable Law or in a written agreement between the Company or a Subsidiary (as applicable) and Participant.

3.15 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, provided that the RSUs shall be subject to any accelerated vesting provisions in any written agreement between

Participant and the Company (or any Subsidiary that is the employer of Participant) or a Company plan pursuant to which Participant participates, in each case, in accordance with the terms therein.

3.16 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "***Section 409A***"). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company and its Subsidiaries with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

* * * * *

Exhibit 21.1

Subsidiaries of the Registrant

Name of Subsidiary	State/Country State or Jurisdiction of Incorporation/Organization Incorporation
Skechers By Mail, Inc.	Delaware
Savva's Café, Inc.	Delaware
Skechers Holdings International, Inc.	Delaware
Skechers R.B., Duncan Investments, LLC	Delaware
HF Logistics-SKX, LLC	Delaware California
HF Logistics-SKX T1, LLC	Delaware
HF Logistics-SKX T2, LLC	Delaware
Skechers Holdings USA 1, HF Logistics-SKX, LLC	California Delaware
Skechers Holdings USA 2, LLC Savva's Café, Inc.	California
Skechers USA Retail, LLC	California
Skechers Sourcing USA, LLC	California
Skechers 10% Holdings, LLC	California
Skechers Sourcing International, LLC	California
Skechers Holdings Switzerland, LLC	California
Skechers Collection, LLC	California
Skechers Sport, LLC	California
Duncan Investments, LLC	California Delaware
Sepulveda Blvd. Properties, LLC	California
Sepulveda Design Center, LLC	California
Sepulveda Retail Properties, LLC	California
Skechers Food Spot, 10% Holdings, LLC	California
SKX Illinois, LLC Skechers By Mail, Inc.	Illinois
Skechers USA, Inc. II	Virginia Delaware
Skechers Card Services, LLC	Virginia
Skechers (Barbados) SRL Collection, LLC	Barbados California
Skechers EDC SPRL Food Spot, LLC	Belgium California
Skechers Holdings International, Inc.	Delaware
Skechers Holdings Switzerland, LLC	California
Skechers Holdings USA 1, LLC	California
Skechers Holdings USA 2, LLC	California
Skechers R.B., LLC	Delaware
Skechers Sourcing International, LLC	California
Skechers Sourcing USA, LLC	California
Skechers Sport, LLC	California
Skechers USA Belgium B.V. Retail, LLC	Belgium
Skechers BH d.o.o.	Bosnia and Herzegovina
Skechers Do Brasil Calcados LTDA	Brazil California
Skechers USA, Canada, Inc. II	Canada Virginia
SKX Illinois, LLC	Illinois

Comercializadora Skechers Chile Limitada	Chile
Skechers Footwear (Dongguan) Co., Ltd. Leadtime China Limited	China
Skechers Trading (Shanghai) Co. Ltd.	China
Skechers China E-Commerce Co., Ltd.	China
Skechers China Hengqin Co., Ltd.	China Hong Kong
Leadtime Co., Ltd.	China
Fujian Manhattan SKMX, S. de R.L. de C.V.	Mexico
Quanzhou Leadtime Commercial Co. Ltd.	China
RelaxedFit (Tianjin)Trading Co.,Ltd.	China
RelaxedFit China Limited	Hong Kong
SC Retail Sverige AB	Sweden
Sepulveda Footwear Costa Rica, S.R.L.	Costa Rica
Skechers E-commerce (Barbados) SRL	Barbados
Skechers (Hainan) Enterprise Management Co., Ltd.	China
Skechers (Quanzhou) Enterprise Management Co., Ltd.	China
Skechers (Hainan) Trading Co., Ltd.	China
Skechers (Thailand) Limited	Thailand
Skechers (Tianjin) Supply Chain Management Co. Ltd.	China
Skechers Beijing I Co.,Ltd.	China
Skechers Beijing II Co.,Ltd.	China
Skechers Beijing III Co.,Ltd.	China
Luenseng Trading Co., Ltd. Skechers BH d.o.o.	China Bosnia and Herzegovina
Skechers CEE Kft.	Hungary
Skechers Chengdu Co.,Ltd.	China
Skechers Qushui Trading Co., Ltd. China Business Trust	China Jersey
Brandblack Guangzhou Skechers China E-Commerce Co., Ltd.	China
Skechers Taicang Trading & Logistics Company	China
Quanzhou Leadtime Commercial Co. Ltd.	China
RelaxedFit (Tianjin)Trading Co.,Ltd.	China

Skechers (Tianjin) Supply Chain Management Co. Ltd.	China
Skechers Taicang Electronic Commerce Co.,Ltd.	China
Skechers (Hainan) Trading Hengqin Co., Ltd.	China
Skechers (Hainan) Enterprise Management Co., Ltd. China Limited	China
Skechers (Hainan) Investment Holding Co. Ltd.	China
Skechers Guangzhou Co., Ltd.	China Hong Kong
Skechers Colombia, S.A.S.	Colombia
Sepulveda Footwear Costa Rica, S.R.L.	Costa Rica
Skechers Czech Republic S.R.O.	Czech Republic
Skechers USA, Do Brasil Calcados LTDA	Brazil
Skechers EDC SPRL	Belgium

Skechers Footwear (Dongguan) Co., Ltd.	England
Skechers UKDC Limited	England
Skechers USA France S.A.S.	France
Skechers USA Deutschland GmbH	Germany China
Skechers Footwear Hong Kong Limited	Hong Kong
Skechers China Limited	Hong Kong
Brandblack China Limited	Hong Kong
RelaxedFit China Limited	Hong Kong
Skechers Hong Kong Limited	Hong Kong
Skechers Southeast Asia Limited	Hong Kong
Skechers CEE Kft.	Hungary
Skechers South Asia Private Limited	India
Skechers Footwear Ltd.	Israel
Skechers USA Italia S.r.l. Guangzhou Co., Ltd.	Italy China
Skechers Japan GK Holdings International Limited	Japan Jersey
Skechers Holdings Jersey Limited	Jersey
Skechers Holdings International Mauritius Limited	Jersey Mauritius
Skechers China Business Trust Hong Kong Limited	Jersey Hong Kong
Skechers International	Jersey
Skechers International II	Jersey
Skechers Japan GK	Japan
Skechers Korea Co., Ltd.	South Korea
Skechers Latin America, LLC	Panama
Skechers Macau Limited	Macau
Skechers Malaysia Sdn Bhd.	Malaysia
Skechers USA Mauritius 10	Mauritius
Skechers USA Mauritius 90	Mauritius
Skechers Holdings Mauritius	Mauritius
Manhattan SKMX, S. de R.L. de C.V.	Mexico
Skechers USA Benelux B.V.	Netherlands
Skechers Latin America, LLC	Panama
Skechers Panama, LLC	Panama
Skechers Peru, S.R.L.	Peru
Skechers USA Philippines, Inc.	Philippines
Skechers Poland Sp. z o.o.	Poland
Fujian Skechers E-Commerce Co., Ltd.	China
Skechers Qushui Trading Co., Ltd.	China
Skechers Retail Danmark ApS	Denmark
Skechers Retail Norge ApS	Norway
Skechers S.a.r.l.	Switzerland
Skechers Singapore Pte. Limited	Singapore
Skechers Slovakia S.R.O.	Slovakia
Skechers South Asia Private Limited	India
Skechers Southeast Asia Limited	Hong Kong

Skechers (Taicang) Supply Chain Co., Ltd.	China
Skechers Taicang Trading & Logistics Company	China
Skechers Trading (Shanghai) Co. Ltd.	China
Skechers (Shanghai) Commercial Co., Ltd.	China
Skechers (Dongguan) Technology Co., Ltd.	China
Skechers UKDC Limited	United Kingdom
Skechers USA Belgium B.V.	Belgium
Skechers USA Benelux B.V.	Netherlands
Skechers USA Canada, Inc.	Canada
Skechers USA Deutschland GmbH	Germany
Skechers USA France S.A.S.	France
Skechers USA Iberia, S.L.	Spain
Skechers USA Italia S.r.l.	Italy
Skechers USA Philippines, Inc.	Philippines
Skechers USA Portugal Unipessoal Limitada	Portugal
Skechers USA Romania S.R.L.	Romania
Skechers Singapore Pte. Limited	Singapore
Skechers Slovakia S.R.O.	Slovakia
Skechers Korea Co., USA, Ltd.	South Korea
Skechers USA Iberia, S.L.	Spain
Skechers S.a.r.l.	Switzerland
Skechers (Thailand) Limited	Thailand United Kingdom
Skechers Vietnam Co. Ltd.	Vietnam
Skechers Vietnam Trading Limited	Vietnam
Sports C. Sverige AB	Sweden
Sports Connection Aps	Denmark
Sports Connection Finland OY	Finland
Sports Connection Holdings Aps	Denmark
Sports Connection Norge AS	Norway
Sports Connection Retail Germany GmbH	Germany

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Skechers U.S.A., Inc.
Manhattan Beach, California

We hereby consent to the incorporation by reference in the Registration Statement Statements on Form S-8 (No. 333-272787 and 333-218369) of Skechers U.S.A., U.S.A, Inc. ("Company") of our reports dated February 28, 2023 February 28, 2024, relating to the consolidated financial statements and schedule, and the effectiveness of Skechers U.S.A., Inc.'s the Company's internal control over financial reporting, which appear in this Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023.

/s/ BDO USA, LLP P.C.

Los Angeles, California

February 28, 2023 2024

Exhibit 31.1

CERTIFICATION

I, Robert Greenberg, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023 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;

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed und ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us b 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;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial sta 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

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

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

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the regis
fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonabl
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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting w 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.

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

Date: February 28, 2023 February 28, 2024

/s/ Robert Greenberg

Robert Greenberg

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John Vandemore, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023 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;

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed und ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us b 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;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial sta 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

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

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

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the regis fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonabl 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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting v
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.

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

Date: February 28, 2023 February 28, 2024

/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 annual report of Skechers U.S.A, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2022 December 31, 2023 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

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

/s/ Robert Greenberg

Robert Greenberg
Chief Executive Officer
(Principal Executive Officer)
February 28, 2023 2024

/s/ John Vandemore

John Vandemore
Chief Financial Officer
(Principal Financial and Accounting Officer)
February 28, 2023 2024

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.

Exhibit 97

SKECHERS U.S.A., INC.

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Skechers U.S.A., Inc. (the "***Company***") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"), effective as of October 2, 2023 (the "***Effective Date***"). Capitalized terms used in this Policy but not otherwise defined in the text of this Policy are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company. Each Officer shall be required to sign an Acknowledgement Agreement pursuant to which such Officer will agree to be bound by the terms of, and comply with, this Policy; however, any Officer's failure to sign any such Acknowledgment Agreement shall not negate the application of this Policy to the Officer.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company

or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the

Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation will be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. <u>Administration</u>

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the "***Board***") may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. <u>Interpretation</u>

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. <u>No Indemnification; No Personal Liability</u>

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. No member of the Committee or the Board shall have any personal liability to any person as a result of actions taken under this Policy and each member of the Committee and the Board shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any actions taken under this Policy. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

8. <u>Application; Enforceability</u>

Effective as of the Effective Date, the Policy shall supersede and replace in its entirety the Company's prior Compensation Recovery Policy adopted effective April 1, 2022 (the "***Prior Clawback Policy***"); provided, that, notwithstanding the foregoing, any cash incentive or performance-vesting equity based awards that are "received" prior to the Effective Date shall continue to remain subject to the Prior Clawback Policy.

Except as otherwise determined by the Committee or the Board, or to the extent specified above in respect of the Prior Clawback Policy, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the "***Other Recovery Arrangements***"). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"***Applicable Rules***" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"***Committee***" means the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

"***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Financial Reporting Measure***" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

"***GAAP***" means United States generally accepted accounting principles.

"***IFRS***" means international financial reporting standards as adopted by the International Accounting Standards Board.

"***Impracticable***" means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company's home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"***Incentive-Based Compensation***" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"***Officer***" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"***Restatement***" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Three-Year Period***" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the

Company to prepare such Restatement.The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence.However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

REFINITIV