



First Sale for Export Services Overview

Deckers

July 2025



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improvement**

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Who we are



Cross-sectional team focused on driving bottom-line value

Experienced professionals comprised of customs attorneys, licensed customs brokers, technology experts, supply chain and logistics directors.



Commitment to Innovation

Leveraging and developing vast arrays of technological solutions, specifically tailored for the needs of trade professionals and the trade community. Driving ROI, Duty Savings, Process Improvement and Compliance.



Global Footprint

Encompassing a vast network of member firms, enabling 24-hour coverage.

1,100+



Trade & Customs professionals at KPMG international covering



80+



Countries with vast Network of Member firms



Trade & customs service areas



We help our clients with a full range of services: assessments, to automation, to outsourcing, to organization design

Tariff recovery and mitigation

Helping our Clients Manage Duty Spend

- 301 Exclusion Monitoring
- First Sale for Export
- Duty Drawback
- Country of Origin Determinations
- Tariff Reengineering
- Valuation
- Foreign Trade Zones
- Free Trade Agreements
- Temporary Imports under Bond
- Non-US Tariff Mitigation



Export controls & sanctions

Optimizing Export Compliance

- Directed Audits
- Consent Agreements
- Voluntary Disclosures
- Compliance Assessments
- Investigations
- Restricted Party Screening
- Interim Staffing Support
- Corporate Function Assessment
- Global Regulatory Development Monitoring



Trade consulting

Assessing and Recommending Trade Compliance Processes

- Product Classification Determinations
- Valuation assistance
- Prior Disclosure Assistance
- Audit Support
- Protests/Customs Rulings
- Free Trade Agreement Validation
- Target Operating Model/Organization Design
- Global Compliance Reviews
- Global Tariff Mitigation



Trade automation

Implementing Global Trade Management Systems

- Identifying GTM System
- Roadmap Development
- Implementation
- Testing
- Post Implementation Support



Managed services/trade compliance outsourcing

Outsourcing Large Scale Trade Activities

- Free Trade Agreement Solicitations, Qualifications, Determinations
- FTZ Management
- Reconciliation
- Self Entry Filing
- Import Classification Determination
- Post-Entry Review
- Restricted Party Screening
- Export Classification Determination
- Export License Application, Filing & Tracking
- Duty Drawback
- Audit or Importer Self-Assessment
- Transactional Management
- Customs Value Declaration



KPMG's strengths

Outstanding Team



The Trade & Customs practice within KPMG is recognized globally, with a robust team of nearly 300 professionals in the United States and an international group of over 1,100 specialists across 80 countries. As the leading Trade & Customs service, our network encompasses member firms in over 140 countries.

Valuation Experts



As thought leaders in this field, our expertise is underscored by our active membership in the International Chamber of Commerce (ICC) Working Group to the World Customs Organization (WCO) Technical Committee on Customs Valuation (TCCV). Through this involvement, we help shape international customs valuation guidance on behalf of the business community.

Classification professionals



KPMG's philosophy emphasizes that tariff classification is the cornerstone of an effective and sustainable trade compliance program. Our professionals believe that accurate classification is essential for both reducing global trade risk and identifying strategic planning opportunities. Quality and assurance will guide our approach throughout the project.



Technology Innovator



In addition to our professionals, we also developed an HTS classification intelligence tool and a post-entry review tool to efficiently identify any inconsistencies and risks.

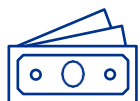
Leader in First Sale for Export



With over 20 years of experience in implementing, auditing, and advising on the First Sale for Export program, our team's collective experience in trade spans several centuries and includes accountants, trade attorneys, former CBP auditors, supply chain professionals, technology experts, and licensed customs brokers. As a result, our reach has directly translated into long lasting relationships with hundreds of vendors and factories across the globe, spanning numerous industries, including but not limited to apparel, footwear, home furnishings, and the automotive industry. Additionally, we are the only provider with a First Sale Center of Excellence that provides concentrated experience, 24-hour support, and multiple native speakers of multiple languages, most notably Mandarin and Cantonese. We recognize and have made strategic investments in training our teams in the United States and Asia with several on-site workshops throughout the years. Our clients can speak to our expertise, customer service, thorough analyses, and the quality of our deliverables.

How are organizations responding to tariffs?

 **KPMG's Trade and Customs practice recently conducted a survey of trade and operations executives and found several key findings.**



Companies implementing tariff mitigation strategies average savings of **59%** on tariffs into the U.S.



Greatest promise, furthest from realized:
Use of the **"first sale for export"** valuation method mitigates on average **14%** of the total tariff liability; however, only **20%** of respondents leverage this strategy.



80% of companies mitigating **80%** or more of their tariff liabilities employ a world class or strong compliance program.



92% of companies that are facing **> \$5M** in tariff liabilities are armed with either a world class or strong compliance program.



Top § 301 strategies by average amount mitigated:

Companies >\$1B Annual Revenue

- **\$74.1M** – Use of 'first sale' valuation
- **\$16.7M** – Reassess HTS and origin
- **\$12.7M** – Moving mfg. out of China
- **\$10.9M** – Tariff engineering
- **\$7.7M** – Use of Chapter 98 programs

Companies <\$1B Annual Revenue

- **\$10.7M** – Bonded programs, e.g. FTZs
- **\$3.2M** – Moving mfg. out of China
- **\$1.8M** – Tariff engineering
- **\$1.2M** – Procurement/supply chain changes
- **\$1.2M** – Use of duty drawback

100+

Trade and operations executives surveyed by KPMG



Companies ranged from less than

\$1B to over **\$10B**

Industries included retail, tech, media, telecom, oil & gas, medical device, pharma



KPMG's advantage in providing FSFE services

Diverse Team, including:

- Accountants who have deep experience in financial statements to conduct the arm's length requirement
- Licensed customs brokers that have significant experience in day-to-day operational compliance
- Personnel with internal audit, in-house trade compliance, and customs brokerage experience
- Trade attorneys who have remarkable experience in export and import regulatory compliance, and other matters related to the cross-border movement of goods

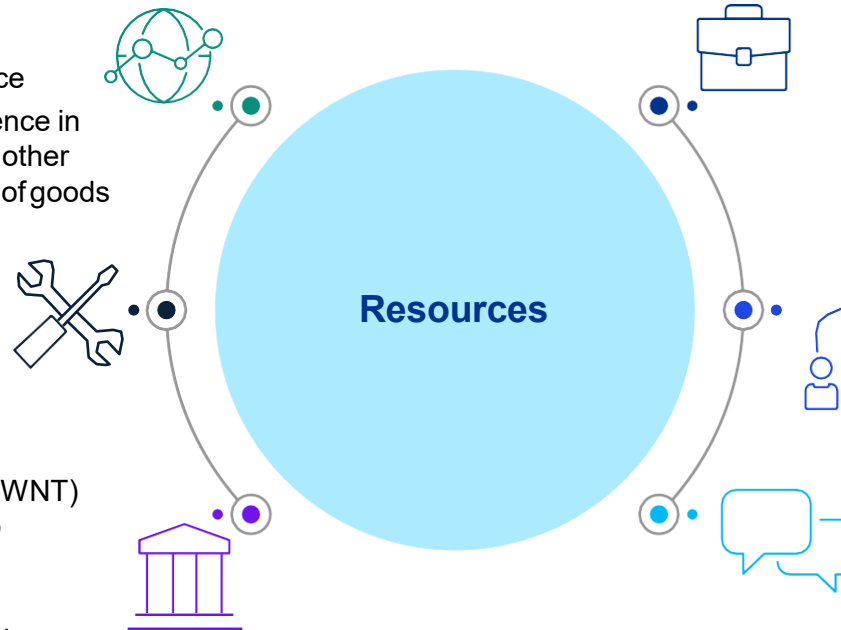
Processes and Tools:

- KPMG has developed a number of First Sale-specific processes and tools

GTPP/WNT As Resources:

- We utilize our U.S. Washington National Tax (WNT) team as an independent oversight group, who performs quality control while providing an independent review of our deliverables
- We seek support from our Global Transfer Pricing Practice (GTPP) to assist in determining if arm's length pricing exists in related party scenarios as they relate to First Sale

KPMG's FSFE Advantage includes a number of factors:



Extensive Experience:

- Team members have assisted 50+ Importers to implement FSFE which involved hundreds of vendors and factories
- Our clients represent many of the Top 1000 importers in the United States, including currently performing First Sale for over 25 major retailers
- The Trade & Custom team conducts annual First Sale trainings for vendors in Asia
- KPMG retains a working database of the vendors and factories that we have assisted with implementation

Global Network of Member Firms:

- 400+ dedicated customs professionals covering 80 countries (including EU and Asia, etc.)

Language Resources:

- Our member firm personnel speak in the local languages and are very familiar with local customs
- Language resources allow our team to work through cultural differences

KPMG's first sale experience

KPMG core team

The Core Team consists of:

- Licensed Customs Brokers who understand U.S. Customs requirements operationally.
- Lawyers that assess & mitigate risk; interpret regulations and rulings.
- CPAs to dissect & interpret financials; and conduct Transfer Pricing studies for U.S. Customs purposes.
- Many other experienced professionals in a variety of fields.



KPMG TCC managed services

- The TCC is Trade and Customs' managed services group. Teams are concentrated in Salt Lake City, Orlando, India, Hungary, and Poland.
- The Core Team works in tandem with the TCC to efficiently and cost-effectively deliver for our clients.
- Team members include Licensed Customs Brokers, trade professionals, data experts, etc.



New! First sale center of excellence

The newly designed KPMG First Sale Center of Excellence leverages our technological capabilities and expertise to expedite innovation, increase transparency, and provide scalable solutions.

KPMG First Sale COE teams leverage vigilant monitoring protocols to build and **deliver solutions that can transform your business' duty refunds.**

We focus on strategic and planning, while ensuring continual compliance and maximizing savings today.

Over 50+

Clients from several various industries, including apparel, automotive, and hardware



\$500 Million+

In client savings directly derived from our First Sale efforts



Over 70+

Dedicated KPMG professionals, both on-shore and off-shore, with extensive knowledge on First Sale requirements



First sale for export – Savingsexample



First Sale Value (finished goods transaction)

Includes:

- Raw materials
- Labor
- Manufacturer overhead
- Manufacturer margin
- Other applicable costs

**Assuming
a 20%
markup and
25% duty rate**

Second Sale (Traditional Customs Value)

Includes:

- First Sale Value, plus:
- Middleman mark-up
- Foreign inland freight and insurance
- Intellectual property rights
- Administration & Other applicable costs

Merchandise shipped directly from manufacturer to company in the United States

First sale for export – Requirementssummary



Bona fidesale (BFS)

Circumstances and documentation demonstrate that there is an exchange of goods for consideration between a seller and buyer (e.g., taking on risk of loss and ownership of goods*)



Clearly destined forexport

The goods must be clearly destined for exportation to the U.S. at the time of sale (i.e., no contingency of diversion to another country at the time of export)



Arm's lengthprice

Importer must substantiate that the manufacturer's prices to a related middleman are at arm's length (sales to unrelated parties are presumed to be at arm's length)

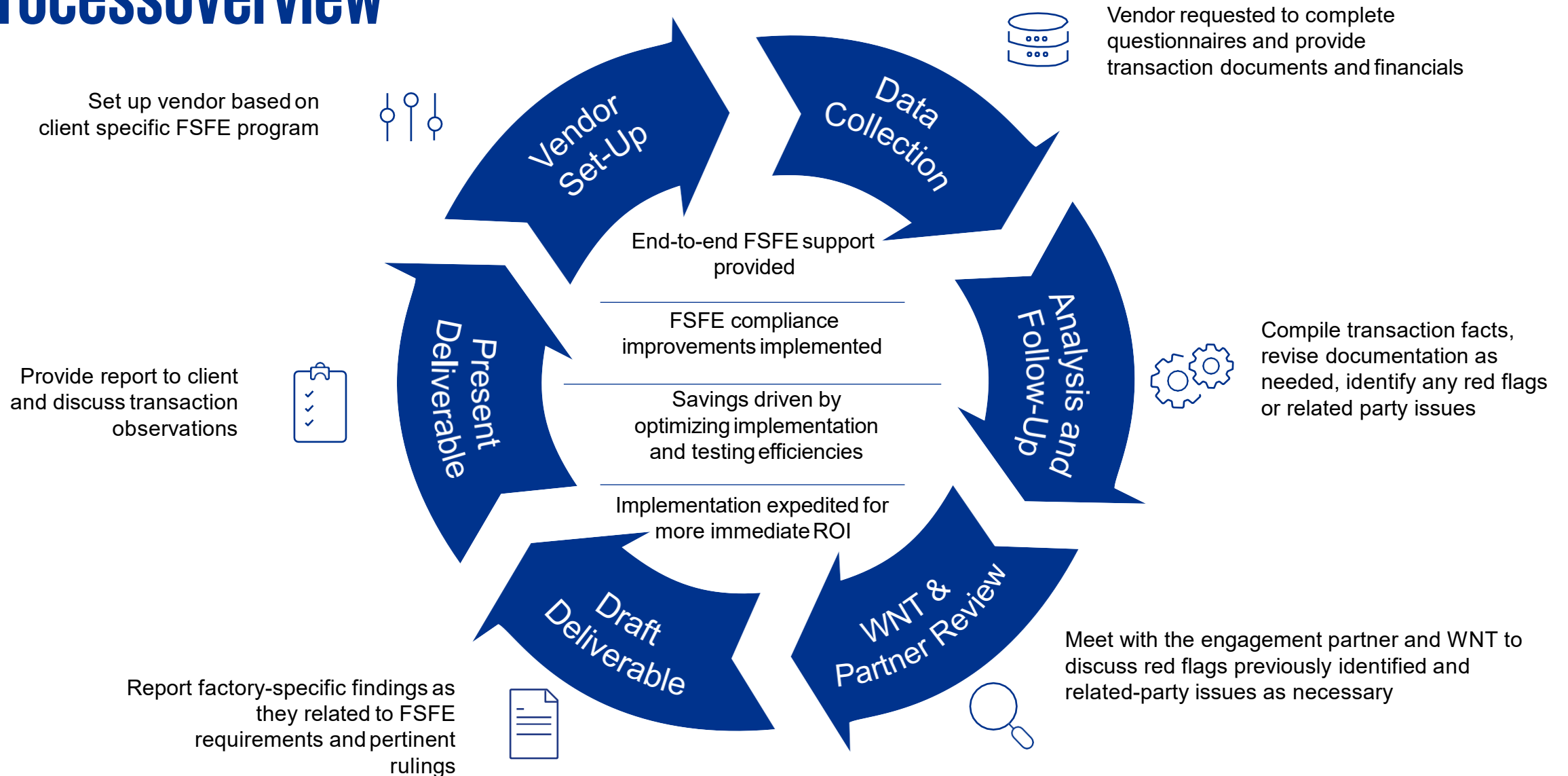


Fulldocumentation & recordkeeping

The importer must make available, upon request by CBP, all documentation that supports the FSFE requirements and clearly establishes the role and purpose of each party in the transaction

*Sale of assembly services may also qualify as a sale for FSFE purposes

Process overview



First sale for export – Vendor requirements

Initial Assessment/Implementation:

- Vendors will respond to an initial questionnaire which collects information related to their supply chain and how their transactions are structured.
- The vendor is asked to sign a Statement of Facts, which declares the relationship between the vendor and factory.
- One transaction for each factory is selected for full review. All documents related to the selected transaction are requested and reviewed. This includes purchase orders, invoices, shipping documents, payments, and journal entries. The transaction review is a one-time process for the vendor to implement the First Sale program.
- If parties are related, the financial statements of each party are requested to review for arm's length.
- Vendor would also be asked to provide any other additional agreements in place between the factory and Deckers.



After First Sale is being claimed:

- Vendor only needs to provide the First Sale invoice for each transaction going forward.
- The factories should be reviewed on a regular basis, at a varying frequency. This involves randomly selecting a transaction and requesting the documents. KPMG will then provide a report of the findings from the review.



Why would a supplier participate?

01



Competitiveness

Increasing competitiveness by lowering the amount of duty and administrative fees that the importing company pays on your product.

02



Long Term Growth

Entering into a strategic partnership with the importing company.

03



Recognition

Receiving recognition for duty savings throughout all levels of the importing company.

04



Individual Programs

The ability to implement your own First Sale program.

05



Sales Opportunity

Recognition as a First Sale vendor may increase attractiveness to other U.S. importing companies.

KPMG's services for implementing FSFE

Feasibility Assessment

- KPMG and Deckers collaborate to select vendors and factories to implement, either via ACE import data or judgmental sample.
- Using ACE data, KPMG can provide a potential return on investment for each vendor/factory pair using historical import volumes, duties paid, and an estimated markup to project potential FSFE savings.

Information Gathering

- Once vendor/factory pairs and sample transactions are selected, KPMG issues each a questionnaire and documentation request to establish basic facts about the FSFE structure: transaction type, party relationships, entities involved, etc.
- Documentation requested includes but is not limited to purchase orders, invoices, payment records, financial statements, and shipping documents.

Review and Observations Report

- Once the information is gathered, KPMG reviews the facts and information to help Deckers assess whether the transaction(s) selected for review meet the FSFE requirements, including bona fide sale, clearly destined for exportation to the United States, and arm's length, as applicable.
- KPMG then prepares and delivers an observations report to Deckers to help Deckers draw conclusions regarding whether to proceed with implementing FSFE.
- KPMG also prepares a Master Importer Report detailing the FSFE requirements, relevant rulings, and other considerations for Deckers.

Operational Framework

- If Deckers decides to proceed with implementing FSFE vendor/factory pairs, KPMG can support with designing an operational framework in which Deckers's vendor/factories can operate.
- This includes advising vendor/factory pairs where and when to send documents; advising Deckers whether to claim FSFE savings via CBP's Reconciliation program; working with Deckers's in-house brokers (if applicable) to manage FSFE; and more.

Periodic Reviews

- KPMG can assist Deckers in periodically reviewing the vendor/factory pairs implemented into their FSFE program, generally on an annual basis.
- KPMG performs the above steps and provides a more focused observations report wherein only key risks are identified for Deckers's consideration.

First sale testing, reimagined

Let's reimagine a different approach that improves your first sale program

The dynamic nature of today's trade environment and increased scrutiny from CBP demands a more proactive approach surrounding First Sale and its associated risks. In response to this, KPMG has evolved its own First Sale processes to become more tailored and relevant to clients and vendors. The time is now to reimagine.

Continuous Monitoring and Improvement(CMI)

by embracing these principles:

- Not only identifying risks, but creating solutions and continued follow up to ensure compliance under First Sale requirements
- Evaluating risk tolerance with Deckers
- Precise documentation and utilization of tracking matrices
- Consistent communication, updates, and frequent testing

First Sale Risk Monitoring has capacity to increase relevance and provide more actionable insight than the current process offers of simply identifying risks. This will be KPMG's First Sale, Reimagined.

Here is what will be different – and enhanced – regarding how our team will deliver your Risk Reviews going forward. This new approach can provide you impact beyond where Risk Reviews has traditionally stopped.



First sale reimagined – A new approach to improvement



The traditional approach

- Collect documents
- Conduct risk review
- Draft report
- Deliver report and inform client of key risks
- Close engagement



The new, future-focused approach

- Review prior assessments and establish risk baseline
- Develop tailored risk monitoring and improvement plan
- Perform transactional reviews
- Record risks and recommend corrective action
- Communicate and summarize to key stakeholders
- Repeat; continuous monitoring and improvement

First sale continuous monitoring journey map



Our redefined process, summarized

Information gathering...

- KPMG sends formal information request and questionnaire to Vendor
- Collects transactional documents (purchase orders, invoices, payments, etc.)
- Compiles Documents into an Appendix



...and analysis

- Reviews questionnaire and completed document package
- If parties are related: Conducts Arm's Length Review
- If Assembly/CMT: Review assist invoices, compares to Cost Worksheet and Customs Value Worksheet
- Highlight potential risks on documents and prepare proposed changes



Communication to vendor...

- KPMG proposes changes to Vendor (remediation)
- Review and record Vendor responses
- Document risks in Risk Register
- Schedule next transactional testing date per Risk Monitoring Plan



.... and deliverables

- Send Remediation letter and response to client for signature
- Send Remediation letter and response to vendor for signature
- Continue to observe, report, and recommend corrective action
- Continue Monitoring as an iterative process based on organization and risk tolerance



Client-specific risk monitoring plan

2024 Risk Monitoring Plan									Monitoring Options				
Importer:				[CLIENT]					5	All Areas			
									4.5	Arm's length Transactional			
Testing Annual Budget									4	Arm's length Income Statement			
Client Price per Factory per Year									3	Bona Fide Sale			
How many factories selected for current year				10					2	Clearly Destined			
									1	Recordkeeping			
How many active factories in program?				97									
Percentage testing this year				10%									
Last testing year				2023									
# of factories tested prior year				12									
		Quarter 1			Quarter 2			Quarter 3			Quarter 4		
Vendor	Factory	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Vendor 1	Factory 1		5			2, 3			2, 3			2, 3	
Vendor 2	Factory 2		5			2, 3			2, 3			2, 3	
Vendor 3	Factory 3		2, 3			5			2, 3			2, 3	
Vendor 4	Factory 4		2, 3			5			2, 3			2, 3	
Vendor 5	Factory 5		2, 3			5			2, 3			2, 3	
Vendor 6	Factory 6		5			2, 3			2, 3			2, 3	
Vendor 7	Factory 7		5			2, 3			2, 3			2, 3	
Vendor 8	Factory 8		5			2, 3			2, 3			2, 3	
Vendor 9	Factory 9		5			2, 3			2, 3			2, 3	
Vendor 10	Factory 10		5			2, 3			2, 3			2, 3	

Risk scorecard

Bona Fide Sale Considerations	Result	Result From Last Report	Status
Complete Document Trail provided	NO	YES	New Issue
Commitment provided (if applicable)	N/A	N/A	N/A
Buyer/Seller listed on PO 1	NO	NO	Unresolved
Buyer/Seller listed on PO 2	NO	YES	New Issue
Buyer/Seller listed on Invoice 1	YES	YES	No Issue
Buyer/Seller listed on Invoice 2	NO	NO	Unresolved
PO 1 is issued on seller's commercial letterhead	NO	NO	Unresolved
PO 2 is issued on seller's commercial letterhead	YES	YES	No Issue
Invoice 1 is issued on seller's commercial letterhead	YES	YES	No Issue
Invoice 2 is issued on seller's commercial letterhead	YES	YES	No Issue
Incoterms listed on all documents	NO	NO	Unresolved
Incoterms match (PO1 to Invoice 2, PO 2 to Invoice 1)	NO	NO	Unresolved
FCA/EXW incoterms include a named place	N/A	N/A	N/A
Risk of loss passes with incoterms	YES	YES	No Issue
Transfer of title passes with incoterms	YES	YES	No Issue
Potential Flash Sale	YES	YES	No Issue
Payer of Foreign Inland Freight (FIF) consistent with incoterms/ROL transfer	YES	YES	No Issue
Payer of Foreign Inland Insurance (FII) consistent with incoterms/ROL transfer	YES	YES	No Issue
Title / Risk of loss Statement present on PO 1	NO	NO	Unresolved
Title / Risk of loss Statement on PO 1 matches incoterm			
Title / Risk of loss Statement present on PO 2	NO	YES	New Issue
Title / Risk of loss Statement on PO 2 matches incoterm		YES	
Title / Risk of loss Statement present on Invoice 1	YES	YES	No Issue
Title / Risk of loss Statement on Invoice 1 matches incoterm	YES	YES	No Issue
Title / Risk of loss Statement present on Invoice 2	NO	NO	Unresolved
Title / Risk of loss Statement on Invoice 2 matches incoterm			
Invoice 1 dated before Invoice 2	YES	YES	No Issue
Payment 1 provided	YES	YES	No Issue
Payment 1 reconciles with Invoice 1 by reference number and value	NO	YES	New Issue
Payment 2 provided	YES	YES	No Issue
Payment 2 reconciles with Invoice 2 by reference number and value	NO	YES	New Issue
Design, and/or research and development outside of US	NO	YES	New Issue
Vendor provides items free of charge or at a reduced price	NO	YES	New Issue
Vendor makes payment that relate to the purchased merchandise	NO	YES	New Issue
Assist documentation provided (if applicable)	N/A	N/A	N/A
Journal Entry - factory's sale to vendor reconciles with Invoice 1/Pmt 1	NO	NO	Unresolved
Journal Entry - vendor's purchase from factory reconciles with Invoice 1/Pmt 1	NO	YES	New Issue
Journal Entry - vendor's sale to importer reconciles with Invoice 2/Pmt 2	NO	YES	New Issue

Riskregister

[illegible]

Vendor ROI Assumptions

Please see the following assumptions used for the ROI analysis :

- All calculations assume a 12% markup
- Additional duty rate by country, some set to take effect Aug. 1, 2025
 - KH = 36%
 - BD = 35%
 - CA = 35%
 - ID = 32%
 - CH = 31%
 - CN = 30%
 - IN = 26%
 - MX = 25%
 - VN = 20%
 - All other countries = 10%
- Savings based on July 2024 through July 2025 ACE data.

Vendor ROI & Additional Details

Manufacturer ID (MID)	Manufacturer Name	Entered Value	Avg Duty Rate	First Sale Savings with Standard Duty	First Sale Savings with Standard Duty + IEEPA + Reciprocal
VNAMAVIENAM	N/A	\$171,335,658.00	21%	\$3,780,851.60	\$7,452,329.99
VNVENVIETHA	VENUS VIET NAM FOOTWEAR LIMITED	\$125,406,256.00	13%	\$1,797,235.27	\$4,484,512.18
VNYIHSU1DON	YIH SHUO FOOTWEAR CO., LTD	\$82,928,801.00	22%	\$ 1,957,847.25	\$3,734,892.98
VNVIEVICBIN	VIETNAM VICTORY SPORTING GOODS CO., LTD.	\$61,055,607.00	23%	\$1,479,105.13	\$2,787,439.57
VNCONVIE43HAI	CONTINUANCE VIETNAM FOOTWEAR CO., LTD.	\$72,842,798.00	13%	\$981,942.65	\$2,542,859.75
VNTYBAC2BIN	TY BACH CO., LTD	\$ \$50,771,691.00	22%	\$1,214,311.68	\$2,302,276.49
IDADOFOO77LEB	N/A	\$36,121,339.00	22%	\$849,818.51	\$2,088,264.42
KHRIGUNIKOM	N/A	\$31,014,714.00	13%	\$443,002.89	\$1,639,284.71
VNVIESHO64VUN	VIET NAM SHOE MAJESTY CO.,LTD	\$ \$46,463,241.00	12%	\$601,141.93	\$1,596,782.81
IDYIHQUA20JAW	N/A	\$15,921,433.00	26%	\$444,734.84	\$990,612.54
Grand Total				\$13,549,991.74	\$29,619,255.44

Vendor ROI & Additional Details

The three vendors listed below were previously ranked among FSFE's top ten vendors based on savings. However, with the updated ROI calculations using more recent data, they no longer fall within the top ten. That said, we've included their savings figures here for reference.

Manufacturer ID (MID)	Manufacturer Name	Entered Value	Avg Duty Rate	First Sale Savings with Standard Duty	First Sale Savings with Standard Duty + IEEPA + Reciprocal
CNXUCRESXUC	XUCHANG RESHINE SHOES INDUSTRY COMPANY LTD	\$17,155,449.00	19%	\$357,985.82	\$909,410.96
CNRESSHOXUC	XUCHANG RESHINE SHOES INDUSTRY COMPANY LTD	\$5,184,814.00	17%	\$96,469.22	\$263,123.95
CNYINCHEHUA	YINGSHAN CHENGQING SHOES CO	\$793,564.00	12%	\$10,029.86	\$35,537.27

Scoping Questionnaire's Summary

Vendor Name	Factory Name	Manufacturer (MID)	Country of Factory	Related or Unrelated	Finished Goods or Assembled Goods	Structure in place	Already participating in FS
FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH	YIH SHUO FOOTWEAR CO., LTD	VNYIHSU1DON	VN	R	FG	Y	Y
	TY BACH COMPANY LIMITED	VNTYBAC2BIN	VN	R	FG	Y	Y
	PT. YIH QUAN FOOTWEAR INDONESIA	N/A	ID	R	FG	Y	Y
MEGA STEP HOLDINGS LIMITED	CONTINUANCE VIETNAM FOOTWEAR CO., LTD.	VNCONVIE43HAI	VN	R	CMT	Y	Y
	VENUS VIET NAM FOOTWEAR LIMITED	VNVENVIETHA	VN	R	CMT	Y	Y
MIA INTERNATIONAL HOLDING COMPANY LIMITED	PT. PEI HAI INTERNATIONAL WIRATAMA INDONESIA	N/A	ID	R	FG	Y	N
	VIETNAM VICTORY SPORTING GOODS CO., LTD.	VNVIEVICBIN	VN	R	FG	Y	N
NICE ELITE INTERNATIONAL LIMITED	AMARA (VIETNAM) FOOTWEAR COMPANY LIMITED	VNAMAVIETRU	VN	R	CMT	Y	Y
HENAN PROSPER & COLOMER MODA CO.,LTD	XUCHANG RESHINE SHOES INDUSTRY COMPANY LTD	CNXUCRESXUC	CN	R	FG	Y	N
HONG KONG SHOE MAJESTY TRADING COMPANY LIMITED	VIETNAM SHOE MAJESTY CO., LTD.	N/A	VN	R	CMT	Y	Y

Proposed fees

Work Scope	Fees USD
First Sale Implementation (<u>one vendor and one factory</u>) <ul style="list-style-type: none">• Unrelated• Related	<ul style="list-style-type: none">• \$25,000• \$28,000
Risk Monitoring <ul style="list-style-type: none">• After the first engagement year KPMG recommends that Deckers continues to monitor its vendors on an ongoing basis. KPMG suggests reviewing vendor/factory combinations every 2-3 years.	\$12,000 per factory for 1 year of monitoring

Proposed Fees & Projected Savings

Phase	Related Party Implementation	Unrelated Party Implementation
Feasibility Assessment	<i>Complimentary</i>	<i>Complimentary</i>
Information Gathering	<i>\$28,000 per vendor/factory</i>	<i>\$25,000 per vendor/factory</i>
Review and Observations Report		
Operational Framework		
Periodic Reviews (Risk Monitoring)	<i>\$12,000 per vendor/factory</i>	<i>\$12,000 per vendor/factory</i>

Deckers Brands Estimated Savings	
*Estimated KPMG Fees <i>*Assuming top 10 vendor/factory pairs are implemented</i>	\$280,000
Estimated First Sale Savings	\$29,619,255
Estimated Deckers Savings	\$29,339,255

KPMG's estimated fees assume higher fees for related party assessments. As vendor/factory relationships have not yet been confirmed, these estimates are illustrative and subject to change.

The KPMG philosophy in serving Deckers Brands is to generate value and benefits greater than the cost of our services. We believe our experience with similar programs enables us to optimize the fees you ultimately pay for professional services. Our fees are consistent with building long-term working relationships. It is important that you feel our services are of high quality and that our fees are fair. We have given considerable thought to our expected staffing needs and resulting proposed fees, recognizing that we operate in a very competitive and unpredictable environment.

Thank you



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