RALPH LAUREN DENMARK ApS

Langelinie Allé 35, 2100 Copenhagn Ø, Denmark

CVR no. 30 90 72 99

Annual report 2016/17

Approved at the annual general meeting of shareholders on 31 August 2017

Chairman:

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Robert Patrick Ranftl

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of RALPH LAUREN DENMARK ApS for the financial year 1 April 2016 - 31 March 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2017 and of the results of the Company's operations for the financial year 1 April 2016 - 31 March 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 August 2017
Executive Board:

Andrew Howard Smith	Jan-Fredrik Malm	Laura Carolina Gutiérrez Montaña
Robert Patrick Ranftl		

Independent auditor's report

To the shareholders of RALPH LAUREN DENMARK ApS

Opinion

We have audited the financial statements of RALPH LAUREN DENMARK ApS for the financial year 1 April 2016 - 31 March 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2017 and of the results of the Company's operations for the financial year 1 April 2016 - 31 March 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 August 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lissen Fagerlin Hammer State Authorised Public Accountant	Alex Nissov State Authorised Public Accountant

Management's review

Company details

Name	RALPH LAUREN DENMARK ApS
Address, Postal code, City	Langelinie Allé 35, 2100 Copenhagn Ø, Denmark
CVR no.	30 90 72 99
Registered office	Copenhagen
Financial year	1 April 2016 - 31 March 2017
Executive Board	Andrew Howard Smith Jan-Fredrik Malm Laura Carolina Gutiérrez Montaña Robert Patrick Ranftl
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank A/S Deutsche Bank AG Bank Mendes Gans

Management's review

Management commentary

Business review

The object of the Company is to conduct business with selling, distribution and promotion of garments and hereby related business.

Financial review

In 2016/17, the Company's revenue amounted to EUR 1,071,645 against EUR 953,788 last year. The income statement for 2016/17 shows a profit of EUR 40,842 against EUR 16,644 last year, and the balance sheet at 31 March 2017 shows equity of EUR 688,196.

Special risks

The Company operates as a commissionaire of Ralph Lauren Europe Sàrl and as such earns a commission of 36% (rate as of March 2017) on its sales to customers. The Company has a service agreement in place with Ralph Lauren Scandinavia AB whereby some of its operating expenses are recharged with a 5% markup.

As a commissionaire of the company Ralph Lauren Europe Sàrl, the Company does not bear any risk associated to inventory or receivables. The functional currency is the Euro and the Company is therefore exposed to currency fluctuations with the Danish krone. As its business is carried out in Denmark with subsequent expenses in Danish krone, this risk is reduced.

Events after the balance sheet date

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

Outlook

As a commissionaire of Ralph Lauren Europe Sàrl, the Company earns commission income and bears operating expenses which are mainly rent, salaries and depreciation. The Company also receives from Ralph Lauren Europe Sàrl a concession contribution. This was the eight financial year the Company was trading.

The Company expects a minor increase in sales in fiscal year 2017/18. The sales are the basis for calculation of commission income.

Financial statements for the period 1 April 2016 - 31 March 2017

Income statement

Note	EUR	2016/17	2015/16
	Revenue	1,071,645	953,788
2	Other operating income	951,659	1,309,417
	External expenses	-831,794	-1,045,304
	Gross margin	1,191,510	1,217,901
3	Staff costs	-979,495	-1,071,821
4	Depreciation and impairment of property, plant and equipment	-117,681	-95,804
5	Other operating expenses	-33,544	0
	Profit before net financials	60,790	50,276
6	Financial income	14,730	3,629
7	Financial expenses	-22,270	-32,995
	Profit before tax	53,250	20,910
8	Tax for the year	-12,408	-4,266
	Profit for the year	40,842	16,644
	Recommended appropriation of profit		
	Retained earnings	40,842	16,644
		40,842	16,644

Financial statements for the period 1 April 2016 - 31 March 2017

Balance sheet

Note	EUR	2016/17	2015/16
	ASSETS		
	Fixed assets		
9	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	190,386	297,108
		190,386	297,108
	Investments		
	Other receivables	34,197	91,761
		34,197	91,761
	Total fixed assets	224,583	388,869
	Non-fixed assets		
	Receivables		
	Trade receivables	127,763	128,099
	Receivables from group entities	398,018	144,353
	Deferred tax assets	25,963	28,401
	Income taxes receivable	9,012	10,670
	Other receivables	52,664	0
		613,420	311,523
	Cash	997,507	322,358
	Total non-fixed assets	1,610,927	633,881
	TOTAL ASSETS	1,835,510	1,022,750
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	17,017	17,017
	Retained earnings	671,179	630,337
	Total equity	688,196	647,354
	Liabilities		
	Current liabilities		
	Bank debt	839,487	38,389
	Trade payables	10,561	22,726
	Payables to group entities	42,143	55,084
	Other payables	255,123	259,197
		1,147,314	375,396
	Total liabilities other than provisions	1,147,314	375,396
	TOTAL EQUITY AND LIABILITIES	1,835,510	1,022,750

1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Collateral

Financial statements for the period 1 April 2016 - 31 March 2017

Statement of changes in equity

EUR	Share capital	Retained earnings	Total
Equity at 1 April 2016	17,017	630,337	647,354
Transfer through appropriation of profit	0	40,842	40,842
Equity at 31 March 2017	17,017	671,179	688,196

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies

The annual report of RALPH LAUREN DENMARK ApS for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

Effective 1 April 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Foreign currency translation

Transactions denominated in foreign currencies are translated into EUR at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into EUR at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Revenue is commission income only.

Commission income is recognised when the underlying transaction is carried through.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income comprises items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 **Accounting policies (continued)**

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

Other fixtures and fittings, tools and equipment	3-7 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

Every year, other fixtures and fittings, tools and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 **Accounting policies (continued)**

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash at hand and in bank comprise cash balances and bank balances.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

	EUR	2016/17	2015/16
2	**Other operating income**		
	Service income from Ralph Lauren Scandinavia AB	446,144	561,361
	Concession contribution from Ralph Lauren Europe Sàrl	501,597	553,178
	Other operating income	3,918	194,878
		951,659	1,309,417
3	**Staff costs**		
	Wages/salaries	880,617	956,244
	Pensions	71,720	77,977
	Other social security costs	13,035	24,690
	Other staff costs	14,123	12,910
		979,495	1,071,821
4	**Depreciation of property, plant and equipment**		
	Depreciation of property, plant and equipment	117,681	95,804
		117,681	95,804

5 **Other operating expenses**

Other operating expenses include losses on the sale of property, plant and equipment.

		2016/17	2015/16
6	**Financial income**		
	Other financial income	14,730	3,629
		14,730	3,629
7	**Financial expenses**		
	Other financial expenses	22,270	32,995
		22,270	32,995
8	**Tax for the year**		
	Estimated tax charge for the year	9,970	0
	Deferred tax adjustments in the year	2,438	4,266
		12,408	4,266

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

9 Property, plant and equipment

EUR	Other fixtures and fittings, tools and equipment
Cost at 1 April 2016	867,920
Additions in the year	44,502
Disposals in the year	-223,916
Cost at 31 March 2017	688,506
Impairment losses and depreciation at 1 April 2016	570,812
Depreciation in the year	117,681
Reversal of depreciation and impairment of disposals	-190,373
Impairment losses and depreciation at 31 March 2017	498,120
Carrying amount at 31 March 2017	190,386

10 Share capital

The Company's share capital has remained EUR 17,017 over the past 5 years.

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

EUR	2016/17	2015/16
Guarantee commitments	127,435	410,522
	127,435	410,522

Guarantee commitments consist of outstanding bank guarantees in favour of Illum Administration ApS in relation to the below mentioned rent and lease liabilities for a period ending 30 June 2018.

Other financial obligations

Other rent and lease liabilities:

EUR	2016/17	2015/16
Rent and lease liabilities	643,810	702,013

Rent and lease liabilities consist of rent payments for outstanding contractual obligations for a period ending 30 June 2019.

12 Collateral

The Company has not placed any assets or other as security for loans at 31 March 2017.