

**Abercrombie & Fitch (Denmark) ApS**

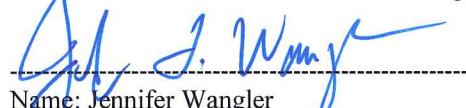
**c/o Harbourhouse Sundkrogsgade 21  
2100 Copenhagen Ø**

**Central Business Registration No: 31178975**

**Annual report 2016/17**

The Annual General Meeting adopted the annual report on 13.06.2017

**Chairman of the General Meeting**

  
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Name: Jennifer Wangler

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## **Entity details**

### **Entity**

Abercrombie & Fitch (Denmark) ApS  
c/o Harbourhouse Sundkrogsgade 21  
2100 Copenhagen Ø

Central Business Registration No: 31178975

Registered in: Copenhagen

Financial year: 01.02.2016 - 31.01.2017

### **Executive Board**

Jennifer Wangler

Robert Everett Bostrom

### **Auditors**

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

## Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Abercrombie & Fitch (Denmark) ApS for the financial year 01.02.2016 - 31.01.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.01.2017 and of the results of its operations for the financial year 01.02.2016 - 31.01.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

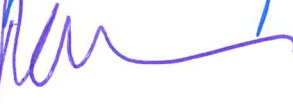
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### Executive Board

Jennifer Wangler



Robert Everett Bostrom



## ***Independent Auditor's Report***

To the Shareholder of Abercrombie & Fitch (Denmark) ApS

### **Opinion**

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

We have audited the Financial Statements of Abercrombie & Fitch (Denmark) ApS for the financial year 1 February 2016 - 31 January 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### **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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

### **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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.

- 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the 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.

Copenhagen, 6/7/2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Niels Henrik B. Mikkelsen

State Authorised Public Accountant

## **Management commentary**

### **Primary activities**

Abercrombie & Fitch (Denmark) ApS is a specialty retailer that operates a store selling casual sportswear apparel, including knit and woven shirts, graphic t-shirts, fleece, jeans and woven pants, shorts, sweaters and outerwear, personal care products and accessories for men and women under the Abercrombie & Fitch brand through its flagship store in Copenhagen.

### **Development in activities and finances**

The Company began its retail operations at its Copenhagen location on 4 November 2010. The results for 2016/2017 are considered satisfactory.

Profit for 2016/2017 was 1.2 million DKK as compared to profit of 3.6 million DKK for 2015/2016 and of 1.2 million DKK for 2014/2015.

Assets as of 31 January 2017 were 43.5 million DKK compared to 44.7 million DKK and 64.6 million DKK as of 31 January 2016 and 31 January 2015, respectively. Total assets included 17.6 million DKK of property and equipment as of 31 January 2017 compared to 23.3 million DKK and 30.2 million DKK as of 31 January 2016 and 31 January 2015, respectively. Equity as of 31 January 2017 was 37.2 million DKK compared to 36.0 million DKK and 50.8 million DKK as of 31 January 2016 and 31 January 2015, respectively.

### **Uncertainty relating to recognition and measurement**

Abercrombie & Fitch (Denmark) ApS has no areas where there is material uncertainty in recognition and measurement, other than what's disclosed in the paragraph related to principal risks and uncertainties.

### **Unusual circumstances affecting recognition and measurement**

There have been no unusual circumstances that have impacted recognition and measurement.

### **Principal risks and uncertainties**

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. The following factors, among others, could affect our financial performance and could cause actual results to differ materially from those expressed or implied in any of the forward-looking statements:

- changes in global economic and financial conditions, and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits, could have a material adverse effect on our business, results of operations and liquidity;
- our inability to anticipate customer demand and changing fashion trends and to manage our inventory commensurately could adversely impact our sales levels and profitability;
- our market share may be negatively impacted by increasing competition and pricing pressures from companies with brands or merchandise competitive with ours;
- our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks;



## Management commentary (continued)

- our inability to successfully implement our strategic plans could have a negative impact on our growth and profitability;
- our failure to protect our reputation could have a material adverse effect on our brand;
- our business could suffer if our information technology systems are disrupted or cease to operate effectively;
- we may be exposed to risks and costs associated with cyber-attacks, credit card fraud and identity theft that would cause us to incur unexpected expenses and reputation loss;
- fluctuations in foreign currency exchange rates could adversely impact our financial condition and results of operations;
- changes in the cost, availability and quality of raw materials, labor, transportation and trade relations could cause manufacturing delays and increase our costs;
- we depend upon independent third parties for the manufacture and delivery of all our merchandise, and a disruption of the manufacture or delivery of our merchandise could result in lost sales;
- our ability to attract customers to our store depends, in part, on the success of the shopping mall or area attractions that our store is located in or around;
- we rely on the experience and skills of Abercrombie & Fitch Co.'s senior executive officers, the loss of whom could have a material adverse effect on our business;
- our reliance on the Abercrombie & Fitch Co. group's distribution centers makes us susceptible to disruptions or adverse conditions affecting our supply chain;
- our litigation exposure could have a material adverse effect on our financial condition and results of operations;
- our inability or failure to adequately protect our trademarks could have a negative impact on our brand image and limit our ability to penetrate new markets;
- fluctuations in our tax obligations and effective tax rate may result in volatility in our operating results;
- extreme weather conditions and the seasonal nature of our business may cause net sales to fluctuate and negatively impact our results of operations;
- our facilities, systems and store are vulnerable to natural disasters, pandemic disease and other unexpected events, any of which could result in an interruption to our business and adversely affect our operating results;
- the impact of war or acts of terrorism could have a material adverse effect on our operating results and financial condition;
- changes in the regulatory or compliance landscape could adversely affect our business and results of operations; and,
- compliance with changing regulations and standards for accounting, corporate governance and public disclosure could adversely affect our business, results of operations and reported financial results.

## **Management commentary (continued)**

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

### **Expected development in 2017**

There are no significant changes planned in the Company's operations in the foreseeable future.

## **Accounting policies**

### **Reporting class**

The Annual Report of Abercrombie & Fitch (Denmark) A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial statements for 2016/17 are presented in DKK.

### **Recognition and measurement**

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

## **Accounting policies (continued)**

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, cost of sales and other external expenses.

#### **Revenue**

Revenue from the sale of goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the fixed consideration. The Company also reserves for sales returns through estimates based on historical experience.

With reference to section 32 of the Danish Financial Statement Act, revenue has not been disclosed in the Annual Report.

#### **Other operating income and expenses**

Other operating income and expenses comprises income of a secondary nature as viewed in relation to the Company's primary activities, including gains and losses on the sale of property and equipment.

#### **Cost of sales**

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### **Other external expenses**

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies and marketing costs.

#### **Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions for Company staff.

#### **Amortization, depreciation and impairment losses**

Amortization, depreciation and impairment losses relating to property and equipment comprise amortization, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing. There have not been impairment losses recognized to date on the property and equipment.

#### **Other financial income**

Other financial income comprises interest income, as well as tax relief under the Danish Tax Prepayment Scheme.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, including foreign currency loss on payables transactions in foreign currencies, amortization of financial liabilities as well as tax surcharges under the Danish Tax Prepayment Scheme.



## **Accounting policies (continued)**

### **Prepayments**

Prepayments consist of incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other provisions**

Other provisions comprise the asset retirement obligation and other payables.

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

A provision is made for goods estimated to be returned based on historical experience.

### **Operating leases**

Lease payments on operating leases are recognized on a cash basis in the income statement over the term of the lease.

### **Other financial liabilities**

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

### **Deferred income**

Deferred income consists of received income for recognition in subsequent financial years. Deferred income is measured at historical value.

The Company sells gift cards in its stores. The Company accounts for gift cards sold to customers by recognizing a liability at the time of sale. Gift cards sold to customers do not expire or lose value over periods of inactivity. The liability remains on the Company's books until the Company recognizes income from gift cards. Income on gift cards is recognized at the earlier of redemption by the customer (recognized as revenue) or when the company determines that the likelihood of redemption is remote, referred to as gift card breakage (recognized as other operating income). The company determines the probability of the gift card being redeemed to be remote based on historical redemption patterns.

### **Dividend**

There was no dividend distribution proposed by management for the year.

**Income statement**

	Notes	2016/17 DKK'000	2015/16 DKK'000
<b>Gross profit</b>		<b>32.925</b>	<b>38.102</b>
<b>Staff costs</b>	1	<b>(10.161)</b>	<b>(11.564)</b>
Wages and salaries		(9.467)	(10.675)
Pensions		(571)	(704)
Other social security costs		(123)	(185)
Depreciation		(6.008)	(6.936)
Other operating expenses		(15.263)	(16.026)
<b>Operating profit</b>		<b>1.493</b>	<b>3.576</b>
Other financial income	2	620	104
Other financial expenses		(618)	(1.698)
<b>Profit from ordinary activities before tax</b>		<b>1.495</b>	<b>1.982</b>
Tax on profit from ordinary activities	3	292	(1.624)
<b>Profit for the year</b>		<b>1.203</b>	<b>3.606</b>
<b>Proposed distribution of profit</b>			
Retained earnings		1.203	3.606
Dividend distribution		-	-
<b>Net profit for the year</b>		<b>1.203</b>	<b>3.606</b>

**Balance sheet**

	Notes	31.01.2017 DKK'000	31.01.2016 DKK'000
Other fixtures, fittings and equipment		3.986	5.911
Leasehold improvements		13.615	17.377
<b>Property and equipment</b>	4	<b>17.601</b>	<b>23.288</b>
Deferred tax assets	5	3.886	3.097
<b>Fixed asset investments</b>		<b>3.886</b>	<b>3.097</b>
<b>Fixed assets</b>		<b>21.487</b>	<b>26.385</b>
Goods for resale		8.553	3.593
<b>Inventory</b>		<b>8.553</b>	<b>3.593</b>
Receivables from group enterprises		7.950	1.456
Income Tax receivables		386	-
Other receivables		390	784
Prepayments		1.224	1.231
<b>Receivables</b>		<b>9.950</b>	<b>3.471</b>
<b>Cash</b>		<b>3.509</b>	<b>11.234</b>
<b>Current assets</b>		<b>22.012</b>	<b>18.298</b>
<b>Assets</b>		<b>43.499</b>	<b>44.683</b>



**Balance sheet (continued)**

	Notes	31.01.2017 DKK'000	31.01.2016 DKK'000
Contributed capital	6	2.500	2.500
Retained earnings		34.655	33.452
<b>Equity</b>		<b>37.155</b>	<b>35.952</b>
Other provisions		1.544	1.544
<b>Provisions</b>		<b>1.544</b>	<b>1.544</b>
Trade payables		266	60
Payable to group enterprises		45	22
Income taxes		-	1.473
Other payables		2.532	2.754
Deferred income		1.957	2.878
<b>Current liabilities other than provisions</b>		<b>4.800</b>	<b>7.187</b>
<b>Liabilities other than provisions</b>		<b>4.800</b>	<b>7.187</b>
<b>Equity and liabilities</b>		<b>43.499</b>	<b>44.683</b>
Future rental and lease commitments	7		
Related parties with control	8		

### Statement of changes in equity

	<b>Contributed capital DKK '000</b>	<b>Retained earnings DKK '000</b>	<b>Total DKK '000</b>
Equity beginning of year	2.500	33.452	<b>35.952</b>
Profit for the year	-	1.203	<b>1.203</b>
Dividend paid	-	-	-
Equity end of year	<b>2.500</b>	<b>34.655</b>	<b>37.155</b>

## Notes

### 1. Staff costs

	<b>2016/17</b> <b>DKK'000</b>	<b>2015/16</b> <b>DKK'000</b>
Salaries and wages	9.467	10.675
Pension costs	571	704
Other social security costs	123	185
	<b>10.161</b>	<b>11.564</b>

The Executive Board has not received remuneration during financial years 2016/17 and 2015/16.

	<b>2016/17</b>	<b>2015/16</b>
Average number of full-time employees	<b>29</b>	<b>32</b>

### 2. Other financial income

	<b>2016/17</b> <b>DKK'000</b>	<b>2015/16</b> <b>DKK'000</b>
Financial income	620	104
	<b>620</b>	<b>104</b>

### 3. Tax on profit from ordinary activities

	<b>2016/17</b> <b>DKK'000</b>	<b>2015/16</b> <b>DKK'000</b>
Current tax	1.130	1.473
Change in deferred tax	(789)	(3.097)
Tax adjustment regarding previous year	(49)	-
	<b>292</b>	<b>(1.624)</b>

**Notes (continued)****4. Property and equipment**

	<b>Leasehold improvements</b>	<b>Other fixtures, fittings and equipment</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Cost beginning of year	40.884	21.972
Additions	-	339
Disposals	(89)	(127)
Other	116	(76)
<b>Cost end of year</b>	<b>40.911</b>	<b>22.108</b>
Depreciation beginning of year	(23.507)	(16.061)
Depreciation for the year	(3.841)	(2.167)
Reversals relating to disposals	52	106
<b>Depreciation end of year</b>	<b>(27.296)</b>	<b>(18.122)</b>
<b>Carrying amount end of year, net</b>	<b>13.615</b>	<b>3.986</b>

**5. Deferred tax assets**

	<b>31.01.2017</b>	<b>31.01.2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Deferred tax asset resulting from temporary differences in fixed assets, prepayments and provisions	4.128	3.331
Deferred tax liability resulting from temporary differences in fixed assets, prepayments and provisions	(242)	(234)
	<b>3.886</b>	<b>3.097</b>

**6. Contributed capital**

	<b>Number of shares</b>	<b>Par value DKK</b>	<b>Nominal value DKK'000</b>
Ordinary shares	2.500	1.000	2.500
	<b>2.500</b>		<b>2.500</b>

**7. Future rental and lease commitments**

	<b>31.01.2017</b>	<b>31.01.2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Future commitments under rental agreements or leases until expiry	41.137	56.430

## **Notes (continued)**

### **8. Related parties with control**

The immediate Parent Company is Abercrombie & Fitch Europe SAGL, Switzerland. The Company's ultimate Parent Company, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is Abercrombie & Fitch Co.

The consolidated financial statements of Abercrombie & Fitch Co. can be obtained at the following address:

Abercrombie & Fitch Co.

6301 Fitch Path

New Albany, OH

USA