

---

# ***VF Scandinavia ApS***

Vestergade 27, DK-1456 Copenhagen K

## **Annual Report for 1 January - 31 December 2017**

---

CVR No 71 03 24 18

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
7 /6 2018

Martino Scabbia Guerrini  
Chairman



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of VF Scandinavia ApS for the financial year 1 January - 31 December 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 at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 7 June 2018

## Executive Board

Martino Scabbia Guerrini

## Board of Directors

Martino Scabbia Guerrini  
Chairman

Kirstine Van Aelst

Alessandro Zucchini Solimei

# Independent Auditor's Report

To the Shareholder of VF Scandinavia ApS

## Opinion

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

We have audited the Financial Statements of VF Scandinavia ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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.

# Independent Auditor's Report

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 judgement and maintain professional scepticism 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.

## Independent Auditor's Report

- 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.

Hellerup, 7 June 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ole Tjørnelund Thomsen  
State Authorised Public Accountant  
mne10637

James Liang  
State Authorised Public Accountant  
mne34549

## **Company Information**

### **The Company**

VF Scandinavia ApS  
Vestergade 27  
DK-1456 Copenhagen K

Telephone: + 45 49222666

Facsimile: + 45 49222277

CVR No: 71 03 24 18

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

### **Board of Directors**

Martino Scabbia Guerrini, Chairman  
Kirstine Van Aelst  
Alessandro Zucchini Solimei

### **Executive Board**

Martino Scabbia Guerrini

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

Financial Statements of VF Scandinavia ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

The Company's main activity is to purchase and sell clothing to retailers, replacing commissionaire for sale, starting on 1 January 2017, in the Nordic region of VF brands, Wrangler, Lee, Eastpak, Kipling, TNF, Vans and 7 for all mankind.

### **Development in the year**

The income statement of the Company for 2017 shows a profit of DKK 3,751,737, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 15,317,187.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
<b>Gross profit/loss</b>		<b>13,654,042</b>	<b>15,340,413</b>
Staff expenses	1	-7,280,805	-9,054,210
Depreciation, amortisation and impairment of property, plant and equipment		-1,568,744	-2,234,090
Other operating expenses		-45,648	-77,291
<b>Profit/loss before financial income and expenses</b>		<b>4,758,845</b>	<b>3,974,822</b>
Financial income	2	374,510	72,207
Financial expenses	3	-332,842	-130,627
<b>Profit/loss before tax</b>		<b>4,800,513</b>	<b>3,916,402</b>
Tax on profit/loss for the year	4	-1,048,776	-855,723
<b>Net profit/loss for the year</b>		<b>3,751,737</b>	<b>3,060,679</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	3,751,737	3,060,679
	<b>3,751,737</b>	<b>3,060,679</b>

# Balance Sheet 31 December

## Assets

	Note	2017 DKK	2016 DKK
Other fixtures and fittings, tools and equipment		1,668,251	2,559,298
Property, plant and equipment in progress		233,089	4,018
<b>Property, plant and equipment</b>	5	<b>1,901,340</b>	<b>2,563,316</b>
Deposits		1,986,221	1,971,573
<b>Fixed asset investments</b>		<b>1,986,221</b>	<b>1,971,573</b>
<b>Fixed assets</b>		<b>3,887,561</b>	<b>4,534,889</b>
<b>Inventories</b>		<b>3,200,503</b>	<b>0</b>
Trade receivables		22,849,768	26,552,126
Receivables from group enterprises		2,798,475	11,937,357
Other receivables		734,161	777,528
Deferred tax asset		910,358	977,454
Corporation tax		0	153,196
<b>Receivables</b>		<b>27,292,762</b>	<b>40,397,661</b>
<b>Cash at bank and in hand</b>		<b>2,903,881</b>	<b>4,473,992</b>
<b>Currents assets</b>		<b>33,397,146</b>	<b>44,871,653</b>
<b>Assets</b>		<b>37,284,707</b>	<b>49,406,542</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		4,000,000	4,000,000
Retained earnings		11,317,187	7,565,450
<b>Equity</b>		<b>15,317,187</b>	<b>11,565,450</b>
Other provisions		575,671	610,085
<b>Provisions</b>		<b>575,671</b>	<b>610,085</b>
Trade payables		954,238	3,123,569
Payables to group enterprises		10,543,224	26,510,631
Corporation tax		121,685	0
Other payables		9,772,702	7,493,835
Deferred income		0	102,972
<b>Short-term debt</b>		<b>21,391,849</b>	<b>37,231,007</b>
<b>Debt</b>		<b>21,391,849</b>	<b>37,231,007</b>
<b>Liabilities and equity</b>		<b>37,284,707</b>	<b>49,406,542</b>
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	4,000,000	7,565,450	11,565,450
Net profit/loss for the year	<u>0</u>	<u>3,751,737</u>	<u>3,751,737</u>
<b>Equity at 31 December</b>	<b><u>4,000,000</u></b>	<b><u>11,317,187</u></b>	<b><u>15,317,187</u></b>

# Notes to the Financial Statements

	2017 <u>DKK</u>	2016 <u>DKK</u>
<b>1 Staff expenses</b>		
Wages and salaries	6,737,206	8,335,553
Pensions	360,410	553,640
Other social security expenses	116,128	125,842
Other staff expenses	67,061	39,175
	<u>7,280,805</u>	<u>9,054,210</u>
<b>Average number of employees</b>	<u>24</u>	<u>28</u>
<b>2 Financial income</b>		
Interest received from group enterprises	104,253	72,207
Exchange adjustments	270,257	0
	<u>374,510</u>	<u>72,207</u>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	64,329	124,906
Other financial expenses	29,754	5,721
Exchange adjustments, expenses	238,759	0
	<u>332,842</u>	<u>130,627</u>
	2017 <u>DKK</u>	2016 <u>DKK</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	981,685	796,805
Deferred tax for the year	67,096	58,935
Adjustment of tax concerning previous years	-5	-17
	<u>1,048,776</u>	<u>855,723</u>

# Notes to the Financial Statements

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>	Property, plant and equipment in progress <u>DKK</u>	Total <u>DKK</u>
Cost at 1 January	17,665,344	4,018	17,669,362
Adjustment to cost	-435,267	0	-435,267
Additions for the year	677,697	233,089	910,786
Disposals for the year	4	0	4
Transfers for the year	0	-4,018	-4,018
Cost at 31 December	<u>17,907,778</u>	<u>233,089</u>	<u>18,140,867</u>
Impairment losses and depreciation at 1 January	15,106,046	0	15,106,046
Adjustment to impairment losses and depreciation	-435,263	0	-435,263
Net effect from merger and acquisition	0	0	0
Depreciation for the year	1,568,744	0	1,568,744
Impairment losses and depreciation at 31 December	<u>16,239,527</u>	<u>0</u>	<u>16,239,527</u>
<b>Carrying amount at 31 December</b>	<b><u>1,668,251</u></b>	<b><u>233,089</u></b>	<b><u>1,901,340</u></b>

## 6 Contingent assets, liabilities and other financial obligations

The Company has entered into a rental agreement and lease agreements with a total payment of DKK 15,930k in the remaining period (2016: DKK 5,244k) of this DKK 5,004k are to be paid within one year. In addition to this, the Company has placed bank guarantees for a total of DKK 1,076 (2016: DKK 5.191k).

## 7 Related parties

### Basis

#### Controlling interest

VF Investments Italy S.á.r.l.

Hovedaktionær

# Notes to the Financial Statements

## 7 Related parties (continued)

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

VF Investments Italy S.á.r.l., Rue Edward Steichen 13, L-2540 Luxembourg

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate parent Company:

<u>Name</u>	<u>Place of registered office</u>
VF Corporation, USA	105 Corporate Center Blvd. Greensboro, NC27408

The Group Annual Report of VF Corporation, USA may be obtained at the following address:

VF Corporation  
105 Corporate Center Blvd.  
Greensboro,  
NC 27408

# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of VF Scandinavia ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.



# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales. Income is recognised when the goods are delivered.

#### Cost of goods sold

Cost of goods sold comprises the consumption of goods for resale used to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### Gross profit/loss

Gross profit/loss comprises revenue, expenses for consumables and other external expenses. With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment      3-10    years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.