
VF SCANDINAVIA ApS

Vestergade 27, DK-1456 København K

Annual Report for 1 April 2022 - 31 March 2023

CVR No. 71 03 24 18

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 10/7 2023

Martino Scabbia
Guerrini
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of VF SCANDINAVIA ApS for the financial year 1 April 2022 - 31 March 2023.

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 March 2023 of the Company and of the results of the Company operations for 2022/23.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 10 July 2023

Executive Board

Martino Scabbia Guerrini
Manager

Board of Directors

Martino Scabbia Guerrini
Chairman

Giuseppé Guadagna

Kristine Van Aelst

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 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of VF SCANDINAVIA ApS for the financial year 1 April 2022 - 31 March 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

Independent Auditor's report

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.
- 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, 10 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen

State Authorised Public Accountant

mne23327

James Liang

State Authorised Public Accountant

mne34549

Company information

The Company	VF SCANDINAVIA ApS Vestergade 27 DK-1456 København K Telephone: + 45 49222666 CVR No: 71 03 24 18 Financial period: 1 April 2022 - 31 March 2023 Municipality of reg. office: København
Board of Directors	Martino Scabbia Guerrini, chairman Giuseppé Guadagna Kristine Van Aelst
Executive Board	Martino Scabbia Guerrini
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2019
	TDKK	TDKK	TDKK	TDKK	TDKK 3 months
Key figures					
Profit/loss					
Gross profit/loss	15,052	13,828	10,697	13,268	3,939
Profit/loss before financial income and expenses	5,798	4,686	3,619	3,785	1,445
Profit/loss of financial income and expenses	-66	-183	-314	-34	-404
Net profit/loss	4,208	4,091	2,004	2,928	811
Balance sheet					
Balance sheet total	108,540	87,348	63,613	46,635	61,157
Investment in property, plant and equipment	277	241	235	331	405
Equity	33,499	29,291	25,200	23,196	20,268
Number of employees	17	16	15	19	28
Ratios					
Return on assets	5.3%	5.4%	5.7%	8.1%	2.4%
Solvency ratio	30.9%	33.5%	39.6%	49.7%	33.1%
Return on equity	13.4%	15.0%	8.3%	13.5%	4.1%

The Company has changed its accounting period from 1 January - 31 December to 1 April - 31 March. The transition period for the Company's financial statement is 1 January – 31 December 2018 and 1 January – 31 March 2019.

Management's review

Key activities

The Company's main activity is to purchase and sell clothing to retailers in the Nordic region of Timberland, Vans, Kipling, The North Face, Eastpak, Dickies, Icebreaker and Smartwool.

Development in the year

The income statement of the Company for 2022/23 shows a profit of DKK 4,207,536, and at 31 March 2023 the balance sheet of the Company shows positive equity of DKK 33,498,729.

The past year and follow-up on development expectations from last year

The result for 2022/23 is less than our target of 36% last year. The forecast growth of our brands was planned higher (especially The North Face). We realized an increase in revenue of 26%, This is in line with our growth of last year.

Operating risks

VF Scandinavia operates as a limited risk distributor with a guaranteed profit amounting to 2% of sales.

Foreign exchange risks

VF Scandinavia is mainly operating in Denmark, buying the products from VF International in DKK and selling in DKK.

Targets and expectations for the year ahead

We expect to see a decline of growth in revenue by 14% in fiscal year 2024.

Research and development

Research and development is done at headquarter level.

Income statement 1 April 2022 - 31 March 2023

	Note	2022/23	2021/22
		DKK	DKK
Gross profit		15,052,429	13,828,248
Staff expenses	1	-8,441,528	-8,188,001
Depreciation and impairment losses of property, plant and equipment		-779,164	-873,326
Other operating expenses		-33,628	-80,513
Profit/loss before financial income and expenses		5,798,109	4,686,408
Financial income	2	699,890	353,289
Financial expenses	3	-766,262	-536,131
Profit/loss before tax		5,731,737	4,503,566
Tax on profit/loss for the year	4	-1,524,201	-412,353
Net profit/loss for the year	5	4,207,536	4,091,213

Balance sheet 31 March 2023

Assets

	Note	2022/23 DKK	2021/22 DKK
Other fixtures and fittings, tools and equipment		338,137	558,578
Leasehold improvements		498,864	785,493
Property, plant and equipment in progress		5,277	0
Property, plant and equipment	6	<u>842,278</u>	<u>1,344,071</u>
Deposits	7	<u>2,414,609</u>	<u>2,414,609</u>
Fixed asset investments		<u>2,414,609</u>	<u>2,414,609</u>
Fixed assets		<u>3,256,887</u>	<u>3,758,680</u>
Finished goods and goods for resale		<u>1,538,673</u>	<u>2,435,417</u>
Inventories		<u>1,538,673</u>	<u>2,435,417</u>
Trade receivables		53,471,486	33,821,873
Receivables from group enterprises		19,642,642	11,169,267
Other receivables		1,559,159	2,798,477
Deferred tax asset	8	989,773	1,252,992
Prepayments	9	<u>1,809,144</u>	<u>1,672,163</u>
Receivables		<u>77,472,204</u>	<u>50,714,772</u>
Cash at bank and in hand		<u>26,271,970</u>	<u>30,439,509</u>
Current assets		<u>105,282,847</u>	<u>83,589,698</u>
Assets		<u>108,539,734</u>	<u>87,348,378</u>

Balance sheet 31 March 2023

Liabilities and equity

	Note	2022/23 DKK	2021/22 DKK
Share capital	10	4,000,000	4,000,000
Retained earnings		29,498,729	25,291,193
Equity		33,498,729	29,291,193
Other provisions	11	322,213	299,863
Provisions		322,213	299,863
Credit institutions		33,017,097	24,171,625
Trade payables		837,976	818,544
Payables to group enterprises		27,385,460	21,460,511
Corporation tax		595,789	380,840
Other payables		12,882,470	10,925,802
Short-term debt		74,718,792	57,757,322
Debt		74,718,792	57,757,322
Liabilities and equity		108,539,734	87,348,378
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April	4,000,000	25,291,193	29,291,193
Net profit/loss for the year	0	4,207,536	4,207,536
Equity at 31 March	4,000,000	29,498,729	33,498,729

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	7,683,486	7,534,515
Pensions	568,142	532,956
Other social security expenses	125,799	95,674
Other staff expenses	64,101	24,856
	<u>8,441,528</u>	<u>8,188,001</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>17</u>	<u>16</u>
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	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
2. Financial income		
Interest received from group enterprises	379,667	237,528
Other financial income	11,760	1,401
Exchange adjustments	308,463	114,360
	<u>699,890</u>	<u>353,289</u>

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	510,952	274,842
Other financial expenses	33,705	49,524
Exchange adjustments, expenses	221,605	211,765
	<u>766,262</u>	<u>536,131</u>

Notes to the Financial Statements

	2022/23	2021/22
	DKK	DKK
4. Income tax expense		
Current tax for the year	1,260,982	913,148
Deferred tax for the year	263,219	-500,795
	<u>1,524,201</u>	<u>412,353</u>

	2022/23	2021/22
	DKK	DKK
5. Profit allocation		
Retained earnings	4,207,536	4,091,213
	<u>4,207,536</u>	<u>4,091,213</u>

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK
Cost at 1 April	13,325,706	5,042,149	0
Additions for the year	272,094	0	5,277
Cost at 31 March	<u>13,597,800</u>	<u>5,042,149</u>	<u>5,277</u>
Impairment losses and depreciation at 1 April	12,767,128	4,256,656	0
Depreciation for the year	492,535	286,629	0
Impairment losses and depreciation at 31 March	<u>13,259,663</u>	<u>4,543,285</u>	<u>0</u>
Carrying amount at 31 March	<u>338,137</u>	<u>498,864</u>	<u>5,277</u>

Notes to the Financial Statements

7. Other fixed asset investments

	<u>Deposits</u>
	DKK
Cost at 1 April	2,414,609
Cost at 31 March	<u>2,414,609</u>
Carrying amount at 31 March	<u>2,414,609</u>

8. Deferred tax asset

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
Deferred tax asset at 1 April	1,252,992	752,197
Amounts recognised in the income statement for the year	<u>-263,219</u>	<u>500,795</u>
Deferred tax asset at 31 March	<u>989,773</u>	<u>1,252,992</u>

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

10. Share capital

The share capital consists of 1 shares of a nominal value of DKK 4,000,000. No shares carry any special rights.

11. Other provisions

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
Refurbishment provisions	<u>322,213</u>	<u>299,863</u>
	<u>322,213</u>	<u>299,863</u>

The provisions are expected to mature as follows:

Within 1 year	0	0
Between 1 and 5 years	322,213	299,863
After 5 years	<u>0</u>	<u>0</u>
	<u>322,213</u>	<u>299,863</u>

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK

12. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3,669,996	4,231,816
Between 1 and 5 years	<u>275,901</u>	<u>1,430,096</u>
	<u>3,945,897</u>	<u>5,661,912</u>

13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
VF International SAGL	Ultimate shareholder
Other related parties	
VF Europe, Belgium	Associated company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

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 International SAGL, 5, Via Laveggio, 6855 Stabio, Switzerland

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	8505 E. Orchard Road, Greenwood Village, Colorado 80111

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

VF Corporation
8505 E. Orchard Road
Greenwood Village
Colorado 80111

Notes to the Financial Statements

14. Subsequent events

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

Notes to the Financial Statements

15. Accounting policies

The Annual Report of VF SCANDINAVIA ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of VF Corporation, USA, the Company has not prepared a cash flow statement.

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.

Income statement

Net sales

Revenue from the sale of goods is recognised 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.

Notes to the Financial Statements

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed 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

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.

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
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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, including the tax base of tax loss carry-forwards, 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.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$