
VF Scandinavia ApS

Vestergade 27, DK-1456 København K

Annual Report for 1 April 2020 - 31 March 2021

CVR No 71 03 24 18

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/6 2021

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 Annual Report of VF Scandinavia ApS for the financial year 1 April 2020 - 31 March 2021.

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 2021 of the Company and of the results of the Company operations for 2020/21.

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, 17 June 2021

Executive Board

Martino Scabbia Guerrini
CEO

Board of Directors

Martino Scabbia Guerrini
Chairman

Kristine 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 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of VF Scandinavia ApS for the financial year 1 April 2020 - 31 March 2021, 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 Financials 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 misstate-

Independent Auditor's Report

ment, 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 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, 17 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ole Tjørnelund Thomsen

statsautoriseret revisor

mne10637

James Liang

statsautoriseret revisor

mne34549

Company Information

The Company

VF Scandinavia ApS
Vestergade 27
DK-1456 København K

Telephone: + 45 49222666
Facsimile: + 45 49222277

CVR No: 71 03 24 18
Financial period: 1 April - 31 March
Municipality of reg. office: København

Board of Directors

Martino Scabbia Guerrini, Chairman
Kristine Van Aelst
Alessandro Zucchini Solimei

Executive Board

Martino Scabbia Guerrini

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	10,697	13,268	3,939	12,953	13,654
Profit/loss before financial income and expenses	3,619	3,785	1,445	5,288	4,759
Net financials	-314	-34	-404	-173	42
Net profit/loss for the year	2,004	2,928	811	4,140	3,752
Balance sheet					
Balance sheet total	63,613	46,635	61,157	48,675	37,285
Equity	25,200	23,196	20,268	19,457	15,317
Investment in property, plant and equipment	235	331	405	3,429	911
Number of employees	15	19	28	26	24
Ratios					
Return on assets	5.7%	8.1%	2.4%	10.9%	12.8%
Solvency ratio	39.6%	49.7%	33.1%	40.0%	41.1%
Return on equity	8.3%	13.5%	4.1%	23.8%	27.9%

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 and Smartwool.

Development in the year

The income statement of the Company for 2020/21 shows a profit of DKK 2,004,029, and at 31 March 2021 the balance sheet of the Company shows equity of DKK 25,199,980.

Management is still monitoring the development of Covid-19 closely. Currently, the Company has not seen any material negative effect on the demand of the Company's products. Based hereon, it is the assessment of Management that there are no negative indications of the financial position and thus, the effect on the results of the operations.

Based on the above, it is further the assessment of Management that the capital resources of the Company are sufficient.

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 growth in revenue of 1% after the pandemic.

Research and development

Research and development is done at headquarter level.

Management's Review

External environment

VF is one of the world's largest apparel, footwear and accessories companies. As such, we have both an opportunity and responsibility to make a positive impact on our industry and planet through advancing sustainable business practices. VF plans to achieve significant progress in several key areas of sustainability, including people, the planet, our products, the supply chain, raw materials and facilities, to create a positive global impact.

VF's Sustainability & Responsibility strategy, Made for Change, targets three key pillars to drive transformational change and create value for our business. The strategy is focused on new circular and sustainable business models to (i) harness retail opportunities in new sectors, (ii) scale foundational social and environmental programs to lead the industry toward greater progress at a faster rate, and (iii) empower our brands, associates, and consumers to act with purpose and impact with intention.

Income Statement 1 April - 31 March

	Note	2020/21 DKK	2019/20 DKK
Gross profit/loss		10,696,620	13,267,606
Staff expenses	1	-6,021,164	-8,036,617
Depreciation, amortisation and impairment of property, plant and equipment		-1,047,470	-1,130,640
Other operating expenses		-8,611	-315,009
Profit/loss before financial income and expenses		3,619,375	3,785,340
Financial income	2	378,642	446,057
Financial expenses	3	-692,469	-480,203
Profit/loss before tax		3,305,548	3,751,194
Tax on profit/loss for the year	4	-1,301,519	-823,386
Net profit/loss for the year		2,004,029	2,927,808

Balance Sheet 31 March

Assets

	Note	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment		1,048,066	1,527,104
Leasehold improvements		928,738	1,248,464
Property, plant and equipment in progress		0	23,296
Property, plant and equipment	5	1,976,804	2,798,864
Deposits		2,482,496	2,482,496
Fixed asset investments	6	2,482,496	2,482,496
Fixed assets		4,459,300	5,281,360
Inventories		1,879,635	3,206,956
Trade receivables		20,603,098	25,874,228
Receivables from group enterprises		4,795,637	7,219,648
Other receivables		2,026,430	1,214,566
Deferred tax asset	7	752,197	752,197
Prepayments	8	1,554,739	221,917
Receivables		29,732,101	35,282,556
Cash at bank and in hand		27,541,739	2,864,276
Currents assets		59,153,475	41,353,788
Assets		63,612,775	46,635,148

Balance Sheet 31 March

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital	9	4,000,000	4,000,000
Retained earnings		21,199,980	19,195,951
Equity		25,199,980	23,195,951
Other provisions	11	277,513	255,163
Provisions		277,513	255,163
Trade payables		1,148,211	2,470,562
Payables to group enterprises		22,207,921	12,379,094
Corporation tax		576,859	139,905
Other payables		14,202,291	8,194,473
Short-term debt		38,135,282	23,184,034
Debt		38,135,282	23,184,034
Liabilities and equity		63,612,775	46,635,148
Distribution of profit	10		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April	4,000,000	19,195,951	23,195,951
Net profit/loss for the year	0	2,004,029	2,004,029
Equity at 31 March	4,000,000	21,199,980	25,199,980

Notes to the Financial Statements

	<u>2020/21</u>	<u>2019/20</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	5,327,450	7,017,615
Pensions	465,349	510,604
Other social security expenses	101,578	155,679
Other staff expenses	<u>126,787</u>	<u>352,719</u>
	<u>6,021,164</u>	<u>8,036,617</u>
Average number of employees	<u>15</u>	<u>19</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Financial income		
Interest received from group enterprises	223,773	139,424
Exchange adjustments	<u>154,869</u>	<u>306,633</u>
	<u>378,642</u>	<u>446,057</u>
3 Financial expenses		
Interest paid to group enterprises	230,897	88,495
Other financial expenses	42,455	49,112
Exchange adjustments, expenses	<u>419,117</u>	<u>342,596</u>
	<u>692,469</u>	<u>480,203</u>
4 Tax on profit/loss for the year		
Current tax for the year	790,940	825,014
Adjustment of tax concerning previous years	<u>510,579</u>	<u>-1,628</u>
	<u>1,301,519</u>	<u>823,386</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	DKK	DKK	DKK	DKK
Cost at 1 April	13,663,442	8,049,598	23,296	21,736,336
Additions for the year	234,693	0	0	234,693
Transfers for the year	14,013	0	-23,296	-9,283
Cost at 31 March	<u>13,912,148</u>	<u>8,049,598</u>	<u>0</u>	<u>21,961,746</u>
Impairment losses and depreciation at 1 April	12,136,338	6,801,134	0	18,937,472
Depreciation for the year	727,744	319,726	0	1,047,470
Impairment losses and depreciation at 31 March	<u>12,864,082</u>	<u>7,120,860</u>	<u>0</u>	<u>19,984,942</u>
Carrying amount at 31 March	<u>1,048,066</u>	<u>928,738</u>	<u>0</u>	<u>1,976,804</u>

6 Fixed asset investments

	Deposits DKK
Cost at 1 April	<u>2,482,496</u>
Cost at 31 March	<u>2,482,496</u>
Impairment losses at 31 March	<u>0</u>
Carrying amount at 31 March	<u>2,482,496</u>

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
7 Deferred tax asset		
Property, plant and equipment	-523,035	-523,035
Other provision	-229,162	-229,162
Transferred to deferred tax asset	752,197	752,197
	<u>0</u>	<u>0</u>

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

Deferred tax asset

Calculated tax asset	<u>752,197</u>	<u>752,197</u>
Carrying amount	<u>752,197</u>	<u>752,197</u>

The deferred tax asset is estimated to be utilized in the forthcoming 1-5 years.

8 Prepayments

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

9 Equity

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

	<u>2020/21</u>	<u>2019/20</u>
	DKK	DKK
10 Distribution of profit		
Retained earnings	<u>2,004,029</u>	<u>2,927,808</u>
	<u>2,004,029</u>	<u>2,927,808</u>

Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> DKK
11 Other provisions		
Other provisions	<u>277,513</u>	<u>255,163</u>
	<u>277,513</u>	<u>255,163</u>
The provisions are expected to mature as follows:		
Between 1 and 5 years	<u>277,513</u>	<u>255,163</u>
	<u>277,513</u>	<u>255,163</u>

12 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has entered into a rental agreement and lease agreements with a total payment of DKK 14,914k in the remaining period (2021: DKK 16,085k) of this DKK 6,692k are to be paid within one year. In addition to this, the Company has placed bank guarantees for a total of DKK 3,559k (2021: DKK 3,335k).

13 Related parties

Basis

Controlling interest

VF International SAGL

Hovedaktionær

Other related parties

VF Europe, Belgium

Associeret virksomhed

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.

Notes to the Financial Statements

13 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 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

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 2020/21 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. Certain amounts have been reclassified in the comparative figures for 2019 to ensure the same presentation.

The Financial Statements for 2020/21 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.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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

Income Statement

Revenue

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.

Cost of goods sold

Cost of goods sold 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/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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

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.

Fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

Financial debts

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

Financial Highlights

Explanation of financial ratios

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