
VF SCANDINAVIA ApS

Vestergade 27, DK-1456 København K

**Annual Report for
1 April 2019 - 31 March 2020**

CVR-nr. 71 03 24 18

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/6 2020

Martino Scabbia
Guerrini
Chairman of the
general meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Management's Review	
Company information	4
Management's review	5
Financial Statements	
Income statement 1 April - 31 March	6
Balance sheet 31 March	7
Notes to the financial statement	9

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 2019 - 31 March 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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, 29 June 2020

Executive Board

Martino Scabbia Guerrini
Executive officer

Board of Directors

Martino Scabbia Guerrini
Chairman

Alessandro Zucchini Solimei

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 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of VF SCANDINAVIA ApS for the financial year 1 April 2019 - 31 March 2020, which comprise income statement, balance sheet 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 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, 29 June 2020

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 København K CVR No: 71 03 24 18 Financial period: 1 April 2019 - 31 March 2020 Municipality of reg. office: København
Board of Directors	Martino Scabbia Guerrini, Chairman Alessandro Zucchini Solimei Kristine Van Aelst
Executive board	Martino Scabbia Guerrini
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

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 2019/20 shows a profit of DKK 2,927,808, and at 31 March 2020 the balance sheet of the Company shows positive equity of DKK 23,195,951.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a global pandemic. The extent of the COVID-19 pandemic on the Company's operational and financial performance will depend on future developments, including the duration, severity and spread of the pandemic, related restrictions on travel and transportation and other actions that may be taken by governmental authorities.

As a result of the COVID-19 pandemic, the Company has realized a reduction in sales for the period February - March 2020 amounting to DKK 11,874k or 28% compared to the same period last year.

The financial year has in 2018 been changed to be aligned with the financial year of the parent Company. The current financial year covers 12 months and is not comparable with the figures from 2019.

Unusual events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. As a result of the COVID-19 pandemic, the Company has realized a reduction in sales for the period February - March 2020 amounting to DKK 11,874k or 28% compared to the same period last year.

The company was also negatively affected by the implications of COVID-19 for the period 1 April – 15 June 2020 where the revenue has decreased DKK 11,315k (or 51%) compared to the same period of last year.

Although the Danish government is opening up at the time of approval of the Financial Statements, there is a risk that Covid-19 will have a negative impact on the company's revenue and earnings in 2020/21. Management is closely following developments, but it is still too early to say what effect Covid-19 will have on revenue and earnings in 2020/21.

At the date the Board of Directors approved the entity's 2019/20 Annual Report, the entity's management is not aware of any material uncertainties that call into question the entity's ability to continue as a going concern. Any potential adverse impact from COVID-19 on the result is not expected to generate a significant risk for the cash position. Due to the implications of COVID-19 pandemic outbreak and the resulting financial impact that will continue into financial year 2020/21 the parent company VF Corporation has issued a letter of support to a number of European subsidiaries including VF Scandinavia ApS to ensure the Companies' development of activities and the Companies' ability to continue operation as a going concern until the date of the next general meeting approving the financial statements for the year ending March 31, 2021.

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

Income statement 1 April - 31 March

	Note	2019/20	2019
		DKK 12 months	DKK 3 months
Gross profit/loss		13,267,606	3,939,436
Staff expenses	1	-8,036,617	-2,141,370
Depreciation and impairment losses of property, plant and equipment		-1,130,640	-334,810
Other operating expenses		-315,009	-18,793
Profit/loss before financial income and expenses		3,785,340	1,444,463
Financial income	2	446,057	82,355
Financial expenses	3	-480,203	-486,598
Profit/loss before tax		3,751,194	1,040,220
Tax on profit/loss for the year	4	-823,386	-228,848
Net profit/loss for the year		2,927,808	811,372

Distribution of profit

	2019/20	2019
	DKK	DKK
Proposed distribution of profit		
Retained earnings	2,927,808	811,372
	2,927,808	811,372

Balance sheet 31 March

Assets

	Note	2019/20	2019
		DKK	DKK
Other fixtures and fittings, tools and equipment		1,527,104	1,995,017
Leasehold improvements		1,248,464	1,603,241
Property, plant and equipment in progress		23,296	9,244
Property, plant and equipment	5	2,798,864	3,607,502
Deposits		2,482,496	2,466,069
Fixed asset investments		2,482,496	2,466,069
Fixed assets		5,281,360	6,073,571
Finished goods and goods for resale		3,206,956	2,972,750
Inventories		3,206,956	2,972,750
Trade receivables		25,874,228	17,390,220
Receivables from group enterprises		7,219,648	30,152,046
Other receivables		1,422,315	2,920,357
Deferred tax asset		752,197	752,197
Prepayments		14,168	0
Receivables		35,282,556	51,214,820
Cash at bank and in hand		2,864,276	896,151
Current assets		41,353,788	55,083,721
Assets		46,635,148	61,157,292

Balance sheet 31 March

Liabilities and equity

	Note	2019/20	2019
		DKK	DKK
Share capital		4,000,000	4,000,000
Retained earnings		19,195,951	16,268,143
Equity	6	23,195,951	20,268,143
Other provisions		255,163	223,500
Provisions		255,163	223,500
Trade payables		2,470,562	1,317,805
Payables to group enterprises		12,379,094	28,608,047
Corporation tax		139,905	374,043
Other payables		8,194,473	10,365,754
Short-term debt		23,184,034	40,665,649
Debt		23,184,034	40,665,649
Liabilities and equity		46,635,148	61,157,292
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Notes to the financial statement

	<u>2019/20</u>	<u>2019</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	7,017,615	1,908,703
Pensions	510,604	177,046
Other social security expenses	155,679	30,359
Other staff expenses	352,719	25,262
	<u>8,036,617</u>	<u>2,141,370</u>
Average number of employees	<u>19</u>	<u>19</u>
	<u>2019/20</u>	<u>2019</u>
	DKK	DKK
2. Financial income		
Interest received from group enterprises	139,424	16,701
Exchange adjustments	306,633	65,654
	<u>446,057</u>	<u>82,355</u>
	<u>2019/20</u>	<u>2019</u>
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	88,495	3,840
Other financial expenses	49,112	472,569
Exchange adjustments, expenses	342,596	10,189
	<u>480,203</u>	<u>486,598</u>
	<u>2019/20</u>	<u>2019</u>
	DKK	DKK
4. Income tax expense		
Current tax for the year	825,014	259,400
Deferred tax for the year	0	-48,500
Adjustment of tax concerning previous years	-1,628	17,948
	<u>823,386</u>	<u>228,848</u>

Notes to the financial statement

5. 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	13,355,493	8,049,598	9,244
Additions for the year	307,949	0	23,296
Transfers for the year	0	0	-9,244
Cost at 31 March	<u>13,663,442</u>	<u>8,049,598</u>	<u>23,296</u>
Impairment losses and depreciation at 1 April	11,360,475	6,446,357	0
Depreciation for the year	775,863	354,777	0
Impairment losses and depreciation at 31 March	<u>12,136,338</u>	<u>6,801,134</u>	<u>0</u>
Carrying amount at 31 March	<u>1,527,104</u>	<u>1,248,464</u>	<u>23,296</u>

6. Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April	4,000,000	16,268,143	20,268,143
Net profit/loss for the year	0	2,927,808	2,927,808
Equity at 31 March	<u>4,000,000</u>	<u>19,195,951</u>	<u>23,195,951</u>

7. 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 16,085k in the remaining period (2019: DKK 22,814k) of this DKK 5,640k are to be paid within one year. In addition to this, the Company has placed bank guarantees for a total of DKK 3,335k (2019: DKK 1,076k).

Notes to the financial statement

8. Related parties and disclosure of consolidated financial statements

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 statement

9. Accounting policies

The Annual Report for VF SCANDINAVIA ApS for 2019/20 has been prepared in accordance with the Danish Financial Statements Act for companies in Class B as well as selected rules applying to 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 2019/20 are presented in DKK.

The financial year has in 2018 been changed to be aligned with the financial year of the parent Company. The current financial year covers 12 months and is not comparable with the figures from 2019.

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. Income is recognised when the goods are delivered.

Expenses for raw materials and consumables

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

Notes to the financial statement

Other external expenses

Other external expenses comprise expenses for premises, sales and 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 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 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, tool and equipment 3-10 years

Leasehold improvements 5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

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.

Notes to the financial statement

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

Other fixed asset investments

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.

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.