



TOD's Danmark ApS under frivillig likvidation

c/o DLA Piper Denmark Advokatpartnerselskab, Rådhuspladsen 4, 1550 København V

Company reg. no. 36 44 26 46

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 31 May 2019

Sebastian Ingversen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Liquidator's report

The likvidator has today presented the annual report of TOD's Danmark ApS under frivillig likvidation for the financial year 1 January to 31 December 2018.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

The likvidator considers the requirements of omission of audit of the annual accounts for 2018 as met.

The annual report is recommended for approval by the general meeting.

Copenhagen, 31 May 2019

Liquidator

Sebastian Ingversen

The independent auditor's report on review of the annual accounts

To the shareholder of TOD's Danmark ApS under frivillig likvidation

We have reviewed the annual accounts of TOD's Danmark ApS under frivillig likvidation for the financial year 1 January to 31 December 2018. Our review comprised accounting policies used, profit and loss account, balance sheet and notes.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts. We conducted our review in accordance with the international standard on engagements to review historical annual accounts and additional requirements under Danish audit regulation. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the annual accounts, taken as a whole, are not in all material respects in accordance with the applicable financial reporting framework. The standard also requires us to comply with relevant ethical requirements.

A review of annual accounts performed in accordance with the international standard on engagements to review historical annual accounts is an limited assurance engagement. The review consists primarily of making inquiries of the management and, when appropriate, of others within the enterprise, applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on the annual accounts.

Opinion

Based on our review, nothing has come to our attention which causes us to believe that the annual accounts do not provide a true and fair view of the company's assets, liabilities and financial position as of 31 December 2018 and of the results from its activities and for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the fact that the company is in the course liquidation. Consequently, the applied criteria for recognition and measurement are based on the realisation principle, please see the description in the section on accounting policies used.

The independent auditor's report on review of the annual accounts

Roskilde, 31 May 2019

RIR REVISION

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 78 05 24

Birgit Sode

State Authorised Public Accountant
mne28909

Company data

The company	TOD's Danmark ApS under frivillig likvidation c/o DLA Piper Denmark Advokatpartnerselskab Rådhuspladsen 4 1550 København V
	Web site www.tods.com
	Company reg. no. 36 44 26 46
	Established: 21 November 2014
	Domicile: Copenhagen
	Financial year: 1 January - 31 December 4th financial year
	Commencement of the liquidation procedure: 6 February 2019
	Final general meeting: 6 February 2019
	Registration in the digital information system of the Danish Business Authority: 11 May 2019
	The three-month time limit has expired: 12 May 2019
Liquidator	Sebastian Ingversen, Rådhuspladsen 4, 4., 1550 København V
Auditors	RIR REVISION Statsautoriseret Revisionspartnerselskab
Parent company	TOD's S.p.A.

Profit and loss account 1 January - 31 December

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross loss	-1.760.723	-531
3 Staff costs	-1.879.162	-1.682
Depreciation and writedown relating to tangible fixed assets	<u>-1.577.197</u>	<u>-850</u>
Operating profit	-5.217.082	-3.063
Other financial income	14	0
4 Other financial costs	<u>-31.889</u>	<u>-37</u>
Results before tax	-5.248.957	-3.100
Tax on ordinary results	<u>0</u>	<u>0</u>
Results for the year	-5.248.957	-3.100
Proposed distribution of the results:		
Allocated from results brought forward	<u>-5.248.957</u>	<u>-3.100</u>
Distribution in total	-5.248.957	-3.100

Balance sheet 31 December

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets		
Fixed assets		
Other plants, operating assets, and fixtures and furniture	0	1.752
Tangible fixed assets in total	0	1.752
Fixed assets in total	0	1.752
Current assets		
Manufactured goods and trade goods	0	2.092
Inventories in total	0	2.092
Trade debtors	20.353	884
Amounts owed by group enterprises	146.092	129
Other debtors	140.457	7
Accrued income and deferred expenses	0	68
Debtors in total	306.902	1.088
Available funds	1.463.878	681
Assets concerning discontinued operation	174.526	0
Current assets in total	1.945.306	3.861
Assets in total	1.945.306	5.613

Balance sheet 31 December

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities		
Equity		
5	500.000	500
6	14.900.000	14.900
7	-16.792.997	-11.544
Equity in total	-1.392.997	3.856
 Liabilities		
Trade creditors	548.971	447
Debt to group enterprises	2.420.427	1.055
Other debts	368.905	255
Short-term liabilities in total	<u>3.338.303</u>	<u>1.757</u>
Liabilities in total	3.338.303	1.757
 Equity and liabilities in total	 <u>1.945.306</u>	 <u>5.613</u>

- 1 The significant activities of the enterprise
- 2 Uncertainties concerning recognition and measurement

Notes

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

1. The significant activities of the enterprise

The primary business of the company is sale of shoes and leather goods produced in Italy.

2. Uncertainties concerning recognition and measurement

The company has entered into liquidation, and as a consequence, the annual accounts are to be presented in accordance with the realisation principle.

	<u>2018</u>	<u>2017</u>
3. Staff costs		
Salaries and wages	1.839.430	1.629
Other costs for social security	28.869	35
Other staff costs	<u>10.863</u>	<u>18</u>
	<u>1.879.162</u>	<u>1.682</u>
Average number of employees	<u>5</u>	<u>5</u>
4. Other financial costs		
Financial costs, group enterprises	636	0
Other financial costs	<u>31.253</u>	<u>37</u>
	<u>31.889</u>	<u>37</u>
	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Contributed capital		
Contributed capital opening balance	<u>500.000</u>	<u>500</u>
	<u>500.000</u>	<u>500</u>
The share capital consists of 500,000 shares, each with a nominal value of DKK 1.		
6. Share premium account		
Share premium account opening balance	<u>14.900.000</u>	<u>14.900</u>
	<u>14.900.000</u>	<u>14.900</u>

Notes

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
7. Results brought forward		
Results brought forward opening balance	-11.544.040	-8.444
Profit or loss for the year brought forward	<u>-5.248.957</u>	<u>-3.100</u>
	<u>-16.792.997</u>	<u>-11.544</u>

Accounting policies used

The annual report for TOD's Danmark ApS under frivillig likvidation is presented in accordance with the provisions under the Danish Financial Statements Act concerning companies identified as class B enterprises with the modifications caused by the liquidation.

The most significant modifications caused by the liquidation

Assets and liabilities are measured at realisable values. As a result of the liquidation, all assets are recognised under current assets, whereas all liabilities are recognised as short-term liabilities.

Consequently, the measurements of assets and liabilities are not comparable with last year's measurements.

Except from the changes mentioned above, the accounting policies used are unchanged compared to last year.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Writedown of inventories as a consequence of the liquidation is also recognised under this item.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Staff costs relating to dismissal and disemployment of staff in consequence of the liquidation are also recognised under this item.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Value adjustments of tangible fixed assets in connection with the reclassification into short-term current assets are also recognised under this item.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at realisable value. In previous years, tangible fixed assets were measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation was cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Depreciation took place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sale of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Inventories

Inventories were measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at realisable value. In previous years, debtors were measured at amortised cost which usually corresponded to face value. In order to meet expected losses, writedown took place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprised incurred costs concerning the next financial year.

Accounting policies used

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

Liabilities

Other liabilities are measured at realisable value. In previous years, other liabilities were measured at amortised cost which usually corresponds to the nominal value.