

# **Ferragamo Denmark ApS**

co Citco (Denmark) ApS  
Holbergsgade 14, 2. tv.  
1057 Copenhagen K

CVR no. 36 47 89 85

## **Annual report for 2017**

(3th Financial year)

Adopted at the annual general meeting  
on 5 March 2018

---

Thomas Gjør-Trønning  
chairman

# Contents

	Page
<b>Statements</b>	
Statement by management on the annual report	1
Independent auditor's report	2
<b>Management's review</b>	
Company details	5
Management's review	6
<b>Financial statements</b>	
Accounting policies	7
Income Statement	11
Balance Sheet	12
Notes to the annual report	14

## **Statement by management on the annual report**

The executive board has today discussed and approved the annual report of Ferragamo Denmark ApS for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 5 March 2018

### **Executive board**

Raffaella Pedani

Alessandro Corsi

Piero Piccirelli

Marcus Mattheus Lucas Joannes  
van Campen

Jesper Krüger Mackowski

## **Independent auditor's report**

### **To the shareholder of Ferragamo Denmark ApS**

#### **Opinion**

We have audited the financial statements of Ferragamo Denmark ApS for the financial year 1 January - 31 December 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

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

#### **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.

#### **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.

#### **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 judgment and maintain professional skepticism throughout the audit. We also:

## **Independent auditor's report**

- 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.

## **Independent auditor's report**

### **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, we conclude that 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 of management's review.

Horsens, 5 March 2018  
CVR no. 30 70 02 28

Morten Klarskov Larsen  
State Authorised Public Accountant  
MNE no. mne32736

Uffe Black Jensen  
State Authorised Public Accountant  
MNE no. mne34332

## **Company details**

### **The company**

Ferragamo Denmark ApS  
co Citco (Denmark) ApS  
Holbergsgade 14, 2. tv.  
1057 Copenhagen K

CVR no.: 36 47 89 85

Reporting period: 1 January - 31 December 2017

Incorporated: 5. January 2015

Domicile: Copenhagen

### **Executive board**

Raffaella Pedani  
Alessandro Corsi  
Piero Piccirelli  
Marcus Mattheus Lucas Joannes van Campen  
Jesper Krüger Mackowski

### **Auditors**

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
Holmboes Alle 12  
8700 Horsens

## **Management's review**

### **Business activities**

The company's activity is import and commercialization, both through retail and wholesale of apparel and accessories, including but not limited to shoes, bags, large and small leather goods, belts, ties, scarves, watches, glasses, perfumes and fragrances, other luxury and fashion products and accessories, jewelry, gemstones, pearls, diamonds, gold and other items in precious metals and other similar products, and other related business.

### **Business review**

The Company's income statement for the year ended 31 December shows a loss of DKK 3.544.545, and the balance sheet at 31 December 2017 shows equity of DKK 4.673.966.

### **Significant events occurring after end of reporting period**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.



## **Accounting policies**

The annual report of Ferragamo Denmark ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in DKK

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

## **Income statement**

### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less raw materials and consumables and other external expenses.

### **Revenue**

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

## **Accounting policies**

### **Other operating expenses**

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and property, plant and equipment.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment on property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements 5 years

Other fixtures and fittings, tools and equipment 4-5 years

### **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, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## **Balance sheet**

### **Intangible assets**

#### ***Development projects, patents and licences***

Development costs comprise costs directly and indirectly attributable to the company's development activities.

### **Tangible assets**

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

### **Stocks**

Stocks are measured using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

## **Accounting policies**

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### **Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### **Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

## **Accounting policies**

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

**Income statement**  
**1 January 2017 - 31 December 2017**

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> TDKK
<b>Gross profit</b>		<b>172.887</b>	<b>669.577</b>
Staff costs	1	<u>-2.280.318</u>	<u>-2.208.014</u>
<b>Earnings Before Interest Taxes Depreciation and Amortization</b>		<b>-2.107.431</b>	<b>-1.538.437</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.401.083</u>	<u>-1.385.536</u>
<b>Profit/loss before financial income and expenses</b>		<b>-3.508.514</b>	<b>-2.923.973</b>
Financial income		126	2.353
Financial costs		<u>-36.157</u>	<u>-57.069</u>
<b>Profit/loss before tax</b>		<b>-3.544.545</b>	<b>-2.978.689</b>
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
<b>Net profit/loss for the year</b>		<b><u><u>-3.544.545</u></u></b>	<b><u><u>-2.978.689</u></u></b>
 <b>Proposed distribution of profit</b>			
Retained earnings		<u>-3.544.545</u>	<u>-2.978.689</u>
		<b><u><u>-3.544.545</u></u></b>	<b><u><u>-2.978.689</u></u></b>

## Balance sheet at 31 December 2017

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> TDKK
<b>Assets</b>			
Completed development projects		18.538	28.209
<b>Intangible assets</b>	2	<b>18.538</b>	<b>28.209</b>
Other fixtures and fittings, tools and equipment		1.199.722	1.746.365
Leasehold improvements		1.954.592	2.799.362
<b>Tangible assets</b>	3	<b>3.154.314</b>	<b>4.545.727</b>
<b>Fixed assets total</b>		<b>3.172.852</b>	<b>4.573.936</b>
Finished goods and goods for resale		2.414.773	2.937.179
<b>Stocks</b>		<b>2.414.773</b>	<b>2.937.179</b>
Trade receivables		739.929	822.746
Other receivables		39.096	2.002
<b>Receivables</b>		<b>779.025</b>	<b>824.748</b>
<b>Cash at bank and in hand</b>		<b>638.828</b>	<b>164.882</b>
<b>Current assets total</b>		<b>3.832.626</b>	<b>3.926.809</b>
<b>Assets total</b>		<b>7.005.478</b>	<b>8.500.745</b>

## Balance sheet at 31 December 2017

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> TDKK
<b>Liabilities and equity</b>			
Share capital		550.000	500.000
Share premium account		12.950.000	5.500.000
Retained earnings		-8.826.034	-5.281.489
<b>Equity</b>	<b>4</b>	<b><u>4.673.966</u></b>	<b><u>718.511</u></b>
Other credit institutions		0	5.801.438
Trade payables		378.084	220.487
Payables to subsidiaries		1.333.812	1.057.372
Other payables		619.616	702.937
<b>Short-term debt</b>		<b><u>2.331.512</u></b>	<b><u>7.782.234</u></b>
<b>Debt total</b>		<b><u>2.331.512</u></b>	<b><u>7.782.234</u></b>
<b>Liabilities and equity total</b>		<b><u>7.005.478</u></b>	<b><u>8.500.745</u></b>
Contingent assets, liabilities and other financial obligations	5		
Related parties and ownership	6		

## Notes

	<u>2017</u> DKK	<u>2016</u> TDKK
<b>1 Staff costs</b>		
Wages and salaries	2.128.842	2.201.196
Other social security costs	<u>151.476</u>	<u>6.818</u>
	<b><u>2.280.318</u></b>	<b><u>2.208.014</u></b>
Average number of employees	<u>5</u>	<u>5</u>
<b>2 Intangible assets</b>		Completed development projects
Cost at 1 January 2017		<u>29.015</u>
Cost at 31 December 2017		<u>29.015</u>
Impairment losses and amortisation at 1 January 2017		806
Depreciation for the year		<u>9.671</u>
Impairment losses and amortisation at 31 December 2017		<u>10.477</u>
<b>Carrying amount at 31 December 2017</b>		<b><u>18.538</u></b>



## Notes

### 3 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	<u>                    </u>	<u>                    </u>
Cost at 1 January 2017	2.714.940	4.223.846
Cost at 31 December 2017	<u>2.714.940</u>	<u>4.223.846</u>
Impairment losses and depreciation at 1 January 2017	968.574	1.424.485
Depreciation for the year	<u>546.644</u>	<u>844.769</u>
Impairment losses and depreciation at 31 December 2017	<u>1.515.218</u>	<u>2.269.254</u>
<b>Carrying amount at 31 December 2017</b>	<b><u>1.199.722</u></b>	<b><u>1.954.592</u></b>

## Notes

### 4 Equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	500.000	5.500.000	-5.281.489	718.511
Cash capital increase	50.000	7.450.000	0	7.500.000
Net profit/loss for the year	0	0	-3.544.545	-3.544.545
<b>Equity at 31 December 2017</b>	<b><u>550.000</u></b>	<b><u>12.950.000</u></b>	<b><u>-8.826.034</u></b>	<b><u>4.673.966</u></b>

### 5 Contingent assets, liabilities and other financial obligations

#### Other contingent liabilities

Rent and lease liabilities 2017 187,950 (2016 187,950)

### 6 Related parties and ownership

#### Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Salvatore Ferragamo S.p.A., Via Tornabuoni 2, 50123 Firenze, Italy.