

Ferragamo Denmark ApS

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

CVR no. 36 47 89 85

Annual report for 2018

(4th Financial year)

Adopted at the annual general meeting
on 1 March 2019

Thomas Gjør-Trønning
chairman

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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 2018.

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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

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

The executive board recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 1 March 2019

Executive board

Raffaella Pedani

Corinne Ortega

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 2018, 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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 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 the 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, 1 March 2019
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 2018

Incorporated: 5. January 2015

Domicile: Copenhagen

Executive board

Raffaella Pedani
Corinne Ortega
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 2018 shows a loss of DKK 3.170.435, and the balance sheet at 31 December 2018 shows equity of DKK 1.503.531.

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 2018 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 2018 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 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

Change in inventories of finished goods and work in progress

Consumption of inventories must be recognized in the income statement in the financial year in which the related revenue is recognized.

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.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

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

Completed development projects 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, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity 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.

Accounting policies

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

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.

Accounting policies

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.

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 2018 - 31 December 2018

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit		394.581	172.887
Staff costs	1	<u>-2.139.447</u>	<u>-2.280.318</u>
Profit/loss before amortisation/depreciation and impairment losses		-1.744.866	-2.107.431
Depreciation, amortisation and impairment of intangible and tangible assets		<u>-1.401.083</u>	<u>-1.401.083</u>
Profit/loss before net financials		-3.145.949	-3.508.514
Financial income		666	126
Financial costs	2	<u>-25.152</u>	<u>-36.157</u>
Profit/loss before tax		-3.170.435	-3.544.545
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>-3.170.435</u>	<u>-3.544.545</u>
 Recommended appropriation of profit/loss			
Retained earnings		<u>-3.170.435</u>	<u>-3.544.545</u>
		<u>-3.170.435</u>	<u>-3.544.545</u>

Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Assets			
Completed development projects		8.867	18.538
Intangible assets	3	<u>8.867</u>	<u>18.538</u>
Other fixtures and fittings, tools and equipment		653.079	1.199.722
Leasehold improvements		1.109.823	1.954.592
Tangible assets	4	<u>1.762.902</u>	<u>3.154.314</u>
Total non-current assets		<u>1.771.769</u>	<u>3.172.852</u>
Finished goods and goods for resale		2.578.050	2.414.773
Stocks		<u>2.578.050</u>	<u>2.414.773</u>
Trade receivables		912.836	739.930
Other receivables		33.883	39.096
Receivables		<u>946.719</u>	<u>779.026</u>
Cash at bank and in hand		<u>384.124</u>	<u>638.828</u>
Total current assets		<u>3.908.893</u>	<u>3.832.627</u>
Total assets		<u>5.680.662</u>	<u>7.005.479</u>

Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Equity and liabilities			
Share capital		550.000	550.000
Share premium account		12.950.000	12.950.000
Retained earnings		<u>-11.996.469</u>	<u>-8.826.034</u>
Equity	5	<u>1.503.531</u>	<u>4.673.966</u>
Trade payables		327.089	378.085
Payables to group entities		3.077.590	1.333.812
Other payables		<u>772.452</u>	<u>619.616</u>
Total current liabilities		<u>4.177.131</u>	<u>2.331.513</u>
Total liabilities		<u>4.177.131</u>	<u>2.331.513</u>
Total equity and liabilities		<u>5.680.662</u>	<u>7.005.479</u>
Contingencies, etc.	6		
Related parties and ownership structure	7		

Notes

	<u>2018</u>	<u>2017</u>
	DKK	DKK
1 Staff costs		
Wages and salaries	2.015.527	2.128.842
Pensions	104.788	132.588
Other social security costs	19.132	18.888
	<u>2.139.447</u>	<u>2.280.318</u>
Average number of employees	<u>5</u>	<u>5</u>
2 Financial costs		
Interest paid to subsidiaries	5.326	0
Other financial costs	19.826	36.157
	<u>25.152</u>	<u>36.157</u>

Notes

3 Intangible assets

	Completed development projects
Cost at 1 January 2018	29.015
Cost at 31 December 2018	29.015
AA Impairment losses and amortisation at 1 January 2018	10.477
Depreciation for the year	9.671
AA Impairment losses and amortisation at 31 December 2018	20.148
Carrying amount at 31 December 2018	8.867

4 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2018	2.714.940	4.223.846
Cost at 31 December 2018	2.714.940	4.223.846
Impairment losses and depreciation at 1 January 2018	1.515.218	2.269.254
Depreciation for the year	546.643	844.769
Impairment losses and depreciation at 31 December 2018	2.061.861	3.114.023
Carrying amount at 31 December 2018	653.079	1.109.823

Notes

5 Equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	550.000	12.950.000	-8.826.034	4.673.966
Net profit/loss for the year	0	0	-3.170.435	-3.170.435
Equity at 31 December 2018	<u>550.000</u>	<u>12.950.000</u>	<u>-11.996.469</u>	<u>1.503.531</u>

6 Contingencies, etc.

Other contingent liabilities

Rent and lease liabilities 2018 256.716 kr. (2017 187,950 kr.)

7 Related parties and ownership structure

Consolidated financial statements

The company is reflected in the group report of the parent company:

Salvatore Ferragamo Spa
Via Tornabuoni 2
50123 Firenze, Italy