

# Chanel Denmark ApS

Kristen Bernikows Gade 6, 3  
1105 København K

Annual report  
1 January 2018 - 31 December 2018

**The annual report has been presented and  
approved on the company's general meeting the**

**31/05/2019**

**Julien Béard**  
**Chairman of general meeting**

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# Company information

**Reporting company** Chanel Denmark ApS  
Kristen Bernikows Gade 6, 3  
1105 København K

CVR-nr: 36948086  
Reporting period: 01/01/2018 - 31/12/2018

**Auditor** Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 København S  
DK Danmark  
CVR-nr: 33963556  
P-number: 1017192430

# Statement by Management

## *Management's Statement*

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Chanel Denmark ApS for the financial year 1 January 2018 – 31 December 2018.

The Annual Report is presented 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 December 2018 of the Company and of the results of the Company operations for 1 January 2018 – 31 December 2018.

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, the 31/05/2019

## **Management**

Julien Béard  
Managing Director

## **Board of directors**

Michael Allan George Rena  
Board member

Luc Léon Emile Dony  
Board member

Steven Antony Wright  
Board member

Berndt-Dieter Hauptkorn  
Chairman of the board

# The independent auditor's report on financial statements

To the Shareholder of Chanel Denmark ApS

## Opinion

We have audited the financial statements of Chanel Denmark ApS for the financial year 1 January 2018 – 31 December 2018, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 – 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 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

## Responsibilities of management 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibility

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

### **Statement on the management's review**

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 31/05/2019

Kåre Valtersdorf , mne34490  
State-Authorised Public Accountant  
Deloitte Statsautoriseret  
Revisionspartnerselskab  
CVR: 33963556

Casper Hjerresen Christensen , mne41363  
State-Authorised Public Accountant  
Deloitte Statsautoriseret  
Revisionspartnerselskab  
CVR: 33963556



# Management's Review

## Management's review

### Main activity

Chanel Denmark ApS is part of Chanel Group, one of the world's leading luxury Houses. Chanel Denmark ApS sells & distributes fashion, fragrance and beauty products in Denmark. Fashion products are only distributed through BtoC segment while fragrance and beauty products are distributed through BtoB and BtoC segments.

### Development in the year

The income statement of the Company for for 1 January 2018 - 31 December 2018 shows a profit of TDKK 8,021 (2017: TDKK 760) and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 9,024 (2017: TDKK 1,003).

In 2018, we had a very nice growth in both sales and earnings. It came as the result of a strengthening of our partnerships with our current retailers in the fragrance and beauty segment and the opening of the first fashion boutique in Denmark on Kongens Nytorv, Copenhagen, in April of 2018.

### Targets and expectations for the year ahead

We are confident that we have the right plan for growth in both sales and profitability in 2019.



# Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

## **Basis of Preparation**

The Annual Report of Chanel Denmark ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

The Annual Report for 2018 is presented in DKK.

## **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 costs are recognised.

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. Gains and losses 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 was recalculated to the exchange rate on balance date, but the amount was minor, and we kept the exchange rate that we already had in our books.

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

## **Income Statement**

### **Revenue**

Revenue from the sale of goods is recognised in the income statement when the goods are sent from inventory and transfer of risk has been made to the customer. Revenue is recognised exclusive of VAT and net of returns and discounts relating to sales.

### **Cost of Goods Sold**

The cost of goods sold comprises costs for fragrance & beauty items, bought and resold to customers to achieve revenue for the year.

### **Employee expenses**

Employee expenses compromise cost in the form of salaries, pension, bonus, allowances, social charges, and cost of our counter staff in department stores.

### **Depreciation**

Depreciation compromise all depreciations made in the current period, for all assets.

**Other operating expenses**

Other operating expenses comprise items of marketing, administrative costs etc.

**Financial income and expenses**

Financial income and expenses include interest income and expenses, realized and unrealized exchange gains and losses on payables and transactions in foreign currency, as well as surcharges and allowances under the tax on account scheme etc.. 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 change in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement.

**Balance Sheet****Intangible assets**

Intangible assets are measured at cost less accumulated amortization 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. Amortization 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:

Amortization period: Software 5 years & Leasehold rights 10 years

**Tangible assets**

Tangible assets 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:

Depreciation period: Equipment 3 - 10 years & Leasehold improvements 5-7 years

The carrying amounts of intangible and tangible assets 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.

**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 for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables.

**Prepayments**

Prepayments consist primarily of prepaid expenses concerning airfare passes, salary and IT agreement.

**Deferred tax assets and liabilities**

Deferred 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.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Provisions**

Provisions relates to the companies liability for re-establishment of leased property at the end of the lease term etc.. Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of ressources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item under equity.

# Income statement 1 Jan 2018 - 31 Dec 2018

	Disclosure	2018 kr.	2017 kr.
<b>Gross Result</b> .....		<b>66,967,000</b>	<b>27,225,000</b>
Employee expense .....	1	-23,182,000	-14,958,000
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets .....	2	-9,035,000	-3,153,000
Other operating expenses .....		-24,138,000	-7,986,000
<b>Profit (loss) from ordinary operating activities</b> .....		<b>10,612,000</b>	<b>1,128,000</b>
Other finance expenses .....	3	-304,000	-114,000
<b>Profit (loss) from ordinary activities before tax</b> .....		<b>10,308,000</b>	<b>1,014,000</b>
Tax expense .....	4	-2,287,000	-253,000
<b>Profit (loss)</b> .....		<b>8,021,000</b>	<b>760,000</b>
<b>Proposed distribution of results</b>			
Proposed dividend recognised in equity .....		7,000,000	0
Retained earnings .....		1,021,000	760,000
<b>Proposed distribution of profit (loss)</b> .....		<b>8,021,000</b>	<b>760,000</b>

# Balance sheet 31 December 2018

## Assets

	Disclosure	2018 kr.	2017 kr.
Acquired licences .....		1,673,000	2,495,000
Acquired other similar rights .....		859,000	958,000
<b>Intangible assets .....</b>		<b>2,532,000</b>	<b>3,453,000</b>
Fixtures, fittings, tools and equipment .....		10,068,000	11,182,000
Leasehold improvements .....		39,891,000	6,067,000
Property, plant and equipment in progress .....		0	15,868,000
<b>Property, plant and equipment .....</b>		<b>49,959,000</b>	<b>33,117,000</b>
Current deferred tax assets .....		421,000	0
Deposits .....		978,000	978,000
<b>Investments .....</b>		<b>1,399,000</b>	<b>978,000</b>
<b>Total non-current assets .....</b>		<b>53,890,000</b>	<b>37,548,000</b>
Manufactured goods and goods for resale .....		14,362,000	892,000
<b>Inventories .....</b>		<b>14,362,000</b>	<b>892,000</b>
Trade receivables .....		21,062,000	21,444,000
Receivables from group enterprises .....		4,570,000	3,296,000
Tax receivables .....		334,000	250,000
Other receivables .....		1,523,000	801,000
<b>Receivables .....</b>		<b>27,489,000</b>	<b>25,792,000</b>
Cash and cash equivalents .....		6,109,000	4,198,000
<b>Current assets .....</b>		<b>47,960,000</b>	<b>30,882,000</b>
<b>Total assets .....</b>		<b>101,850,000</b>	<b>68,430,000</b>

# Balance sheet 31 December 2018

## Liabilities and equity

	Disclosure	2018 kr.	2017 kr.
Contributed capital .....		50,000	50,000
Retained earnings .....		1,974,000	953,000
Proposed dividend .....		7,000,000	0
<b>Total equity .....</b>		<b>9,024,000</b>	<b>1,003,000</b>
Provisions for deferred tax .....		0	308,000
Other provisions .....		2,899,000	2,299,000
<b>Provisions, gross .....</b>		<b>2,899,000</b>	<b>2,607,000</b>
Trade payables .....		4,870,000	2,376,000
Payables to group enterprises .....		68,439,000	47,425,000
Other payables, including tax payables, liabilities other than provisions .....		16,618,000	15,018,000
<b>Short-term liabilities other than provisions, gross .....</b>		<b>89,927,000</b>	<b>64,820,000</b>
<b>Liabilities other than provisions, gross .....</b>		<b>89,927,000</b>	<b>64,820,000</b>
<b>Liabilities and equity, gross .....</b>		<b>101,850,000</b>	<b>68,430,000</b>

# Disclosures

## 1. Employee expense

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	20,247,000	12,582,000
Post employment benefit expenses	1,254,000	759,000
Social security contributions	215,000	46,000
Other employee expenses	1,466,000	1,571,000
	<b>23,182,000</b>	<b>14,958,000</b>

## 2. Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
Software	785,000	758,000
Leasehold rights	99,000	2,111,000
Fixtures, fittings, tools and equipment	3,210,000	253,000
Leasehold improvements	4,941,000	31,000
	<b>9,035,000</b>	<b>3,153,000</b>

## 3. Other finance expenses

### Financial expenses

Of financial expenses DKK 32K are paid to related parties

## 4. Tax expense

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	3,016,000	0
Changes in deferred tax	-729,000	253,000
	<b>2,287,000</b>	<b>253,000</b>

## 5. Disclosure of contingent liabilities

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>Lease obligations under operating leases. Total future lease payments:</b>		
Within 1 year	5,571,000	5,097,000
Between 1 and 5 years	22,786,000	22,747,000
More than 5 years	68,447,000	74,143,000
	<b>96,804,000</b>	<b>101,987,000</b>

## 6. Information on average number of employees

	<b>2018</b>
Average number of employees .....	34