

Chanel Denmark ApS

Kristen Bernikows Gade 6, 3
1105 København K

Årsrapport
1. januar 2017 - 31. december 2017

Årsrapporten er fremlagt og godkendt på
selskabets ordinære generalforsamling den

04/04/2018

Julien Béard
Dirigent

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Virksomhedsoplysninger

Virksomheden

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

CVR-nr: 36948086
Regnskabsår: 01/01/2017 - 31/12/2017

Revisor

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

Ledelsespåtegning

Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of C for the financial year 1 January 2017 – 31 December 2017.

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 2017 and the results of the Company operations for 1 January 2017 – 31 December 2017.

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, den 04/04/2018

Direktion

Julien Béard

Bestyrelse

Michael Allan George Rena

Luc Léon Emile Dony

Steven Antony Wright

Berndt-Dieter Hauptkorn

Den uafhængige revisors revisionspåtegning

To the Shareholder of Chanel Denmark ApS

Konklusion

We have audited the financial statements of Chanel Denmark ApS for the financial year 1 January 2017 – 31 December 2017, 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 2017 and of the results of its operations for the financial year 1 January 2017 – 31 December 2017 in accordance with the Danish Financial Statements Act.

Grundlag for konklusion

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.

Ledelsens ansvar for regnskabet

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.

Revisors ansvar for revisionen af regnskabet

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.

Udtalelse om ledelsesberetningen

Management is responsible for the management commentary.

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, 04/04/2018

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

Ledelsesberetning

Main activity

Chanel Denmark ApS is part of Chanel Group, one of the world's leading luxury Houses. Chanel Denmark ApS sells & distributes Fragrance and Beauty products in the BtoB and BtoC segments in the Danish market.

Development in the year

The income statement of the Company for for 1 January 2017 - 31 December 2017 shows a profit of TDKK 760 (2016: TDKK 193) and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 1,003 (2016: TDKK 243).

In 2017, we had a very nice growth in both sales and earnings, the result of a strengthening of our partnerships with our current retailers. While the beauty market is strongly challenged on many fronts, our strategy has been to focus on improving the quality of our wholesale distribution network, increasing our share of market per store, opening our first Fragrance & Beauty boutique in Illum Department Store (Copenhagen), and preparing the arrival of our Copenhagen Fashion Operations to come in Spring 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 2018.

Anvendt regnskabspraksis

Årsrapporten er aflagt i overensstemmelse med årsregnskabslovens bestemmelser for Regnskabsklasse B.

Basis of Preparation

The Annual Report of Chanel Denmark ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

The Annual Report for 2017 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 fragrance & beauty goods is recognised in the income statement when the goods are sent from inventory and transfer of risk has been made before year end. 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 comprise 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 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.

Resultatopgørelse 1. jan. 2017 - 31. dec. 2017

	Note	2017 kr.	2015/16 kr.
Bruttoresultat		27.225	19.739
Personaleomkostninger	1	-14.958	-12.421
Af- og nedskrivninger af materielle og immaterielle anlægsaktiver	2	-3.153	-1.855
Andre driftsomkostninger		-18.905	-12.538
Resultat af ordinær primær drift		-9.791	-7.075
Andre finansielle indtægter fra tilknyttede virksomheder		10.918	7.355
Øvrige finansielle omkostninger	3	-114	-32
Ordinært resultat før skat		1.013	248
Skat af årets resultat	4	-253	-55
Årets resultat		760	193
Forslag til resultatdisponering			
I alt		760	193

Balance 31. december 2017

Aktiver

	Note	2017 kr.	2015/16 kr.
Færdiggjorte udviklingsprojekter		2.495	2.975
Lignende rettigheder, der stammer fra udviklingsprojekter		958	
Immaterielle aktiver i alt		3.453	2.975
Andre anlæg, driftsmateriel og inventar		11.182	6.268
Indretning af lejede lokaler		6.067	
Materielle aktiver under udførelse		15.868	
Materielle aktiver i alt		33.117	6.268
Deposita		978	978
Finansielle aktiver i alt		978	978
Langfristede aktiver i alt		37.548	10.221
Varebeholdninger i alt		892	
Tilgodehavender fra salg og tjenesteydelser		21.444	22.032
Tilgodehavender hos tilknyttede virksomheder		3.296	7.470
Tilgodehavende skat		250	
Andre tilgodehavender		0	67
Periodeafgrænsningsposter		802	
Tilgodehavender i alt		25.792	29.569
Likvide beholdninger		4.198	7.284
Kortfristede aktiver i alt		30.882	36.853
Aktiver i alt		68.430	47.074

Balance 31. december 2017

Passiver

	Note	2017 kr.	2015/16 kr.
Registreret kapital mv.	5	50	50
Overført resultat		953	193
Egenkapital i alt		1.003	243
Udskudt skat		308	55
Andre hensatte forpligtelser		2.299	
Langfristede forpligtelser i alt		2.607	55
Leverandører af varer og tjenesteydelser		2.376	1.513
Gældsforpligtelser til tilknyttede virksomheder		47.425	35.213
Anden gæld, herunder skyldige skatter og skyldige bidrag til social sikring		15.019	10.050
Kortfristede forpligtelser i alt		64.820	46.776
Forpligtelser i alt		67.427	46.831
Passiver i alt		68.430	47.074

Noter

1. Personaleomkostninger

	2017 TDKK	2015/16 TDKK
Wages and salaries	12,852	9,685
Post employment benefit expense	759	576
Social security contributions	46	80
Other employee expense	1,571	1,900
	14,958	12,421
Average number of employees	20	15

2. Af- og nedskrivninger af materielle og immaterielle anlægsaktiver

	2017 TDKK	2015/16 TDKK
Software	758	675
Leasehold rights	2,111	0
Fixtures, fittings, tools and equipment	253	1,180
Leasehold improvements	31	0
	3,153	1,855

3. Øvrige finansielle omkostninger

Financial expenses

Of financial expenses DKK 25K are paid to related parties

4. Skat af årets resultat

	2017 TDKK	2015/16 TDKK
Current tax	0	0
Changes in deferred tax	253	55
	253	55

5. Registreret kapital mv.

	Equity	Retained earnings	TOTAL
Equity January 1st 2017	50	193	243
Net profit for the year	0	760	760
Equity December 31st 2017	50	953	1,003

6. Oplysning om eventualforpligtelser

Lease obligations under operating leases. Total future lease payments:	2017	2015/16
	TDKK	TDKK
Within 1 year	5,097	1,154
Between 1 and 5 years	22,747	5,090
More than 5 years	74,143	0
	101,987	6,244

7. Oplysning om ejerskab

Related parties and ownership

Ownership

Chanel Denmark ApS is a wholly owned subsidiary of Chanel Ltd, Org. no 217866541, 5 Queensway, Croydon, Surrey CR9 4DL, United Kingdom – and are included in the Group Annual Report.