

# Hermès Denmark ApS

Højbro Plads 4, kl. 1.

1200 København K

CVR No. 37100471

## Annual Report 2016

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24 March 2017



Lars Lokdam  
Chairman

**Hermès Denmark ApS**

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Hermès Denmark ApS

## Management's Statement

Today, Management has considered and adopted the Annual Report of Hermès Denmark ApS for the financial year 1 January 2016 - 31 December 2016.

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 assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

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.

Chêne-Bougeries, 24 March 2017

**Executive Board**



Juliette Streichenberger  
CEO

**Hermès Denmark ApS**

## **Independent Auditor's Report**

**To the shareholders of Hermès Denmark ApS**

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Hermès Denmark ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### **Basis of 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.

### **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, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

### **Management's responsibility 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.

### **The auditor's responsibility 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

## Independent Auditor's Report

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:

- \* 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 which we identify during our audit.

Hellerup, 24 March 2017

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

  
Flemming Egtzoff  
State Authorised Public Accountant

Hermès Denmark ApS

## Company details

<b>Company</b>	Hermès Denmark ApS Højbro Plads 4, kl. 1. 1200 København K
<b>CVR No.</b>	37100471
<b>Financial year</b>	1 January 2016 - 31 December 2016
<b>Executive Board</b>	Juliette Streichenberger , CEO
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

## Management's Review

### The Company's principal activities

The object of the Company is to establish and carry on business in Denmark, including import, export, purchases, sales, marketing, trade and delivery, and to act as supplier to state agencies, distributors, agents, mediators, commission merchants, stock-holding businesses, commission agents, C&F agents as well as distributor of all types of quality and luxury products as well as accessories, upholstery and horse riding gear, hand-made leather articles, stationary articles, ready-to-wear clothing, watches, jewelry, cosmetics, perfumes, fashion goods, fine living and other products sold under the Hermès brand.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1. januar 2016 - 31. december 2016 shows a result of DKK -1.174.991 and the Balance Sheet at 31. december 2016 a balance sheet total of DKK 4.094.788 and an equity of DKK -774.991.

### Capital resources

The Company has as of 31st of December 2016 lost its nominal value of the share capital.

Group has signed a letter of subordination and support to make adequate liquidity available for the Company to continue operating.

It is therefore Management's opinion, that the necessary liquidity will be available to continue operating, and the financial statements have therefore been prepared on a going-concern assumption.

For further comments we refer to note 3. Capital resources and going concern.

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**Income Statement**

	Note	2016 kr.	2015 kr.
<b>Gross profit</b>		<b>-1.174.017</b>	<b>0</b>
<b>Profit from ordinary operating activities</b>		<b>-1.174.017</b>	<b>0</b>
Finance expences	1	-974	0
<b>Profit from ordinary activities before tax</b>		<b>-1.174.991</b>	<b>0</b>
Tax expense on ordinary activities		0	0
<b>Profit</b>		<b>-1.174.991</b>	<b>0</b>
<b>Proposed distribution of results</b>			
Retained earnings		-1.174.991	0
<b>Distribution of profit</b>		<b>-1.174.991</b>	<b>0</b>



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Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
<b>Assets</b>			
Leasehold improvements		1.260.130	0
<b>Tangible assets</b>		<b>1.260.130</b>	<b>0</b>
Deposits		1.950.000	0
<b>Investments</b>		<b>1.950.000</b>	<b>0</b>
<b>Fixed assets</b>		<b>3.210.130</b>	<b>0</b>
Other receivables		485.632	400.000
<b>Receivables</b>		<b>485.632</b>	<b>400.000</b>
Cash and cash equivalents		399.026	0
<b>Current assets</b>		<b>884.658</b>	<b>400.000</b>
<b>Assets</b>		<b>4.094.788</b>	<b>400.000</b>

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Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
<b>Liabilities and equity</b>			
Contributed capital		400.000	400.000
Retained earnings		-1.174.991	0
<b>Equity</b>	2	<u>-774.991</u>	<u>400.000</u>
Payables to group enterprises		4.869.779	0
<b>Short-term liabilities other than provisions</b>		<u>4.869.779</u>	<u>0</u>
<b>Liabilities other than provisions within the business</b>		<u>4.869.779</u>	<u>0</u>
<b>Liabilities and equity</b>		<u>4.094.788</u>	<u>400.000</u>
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Notes

**1. Finance expenses**

	2016	2015
Other finance expenses	974	0
	<u>974</u>	<u>0</u>

**2. Statement of changes in equity**

	Contributed capital	Retained earnings	Total
Equity, beginning balance	400.000	0	400.000
Proposed distribution of results	0	-1.174.991	-1.174.991
	<u>400.000</u>	<u>-1.174.991</u>	<u>-774.991</u>

The share capital consists of 4,000 shares of a nominal value of DKK 100. No shares carry any special rights.

**3. Capital resources and going concern**

The Company has as of 31st of December 2016 lost its nominal value of the share capital.

In order to strengthen the capital resources of the company, the company has received a letter of subordination and support from its parent company. In the letter, the parent company commits itself to subordinate their receivables from Hermès Denmark ApS in favour of other creditors and to provide any capital resources necessary to ensure a satisfying level of capital resources. At the general board meeting in 2018 the letter will expire.

By receiving the letter local Management assess that the capital resources needed is adequate. By this assessment the annual report is prepared under the principles of a going concern.

**4. Contingent assets, liabilities and other financial obligation**

Rental and lease obligations

At 31 December 2016 the Company has entered into a rental agreement which is non-terminable until 1 January 2027. The total future rental payments amount to DKK 72,150k.

Contingent liabilities

The Company has concluded contracts with a total remaining obligation of DKK 1,996k, where the total amount falls due within one year.

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## Notes

### 5. Related parties and ownership

Controlling interest

Hermès International, Shareholder

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Hermès international

## Notes

### 6. Accounting policies

#### Reporting Class

The Annual Report of Hermès Denmark ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Last year consists of a period less than 12 month, comparative figures are therefore not directly comparable.

#### Reporting currency

The Annual Report is presented in Danish kroner.

#### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are 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. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

### Income Statement

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### Other external expenses

Other external expenses comprise cost for administration etc.

## Notes

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, debt and foreign currency transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

## Balance Sheet

### Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Leasehold improvements	5 years	0%

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and the net realisable value, which corresponds to nominal value less provisions for bad debts.

### Equity

Proposed dividend for the year is recognised as a separate item in equity.

### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

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### **Notes**

#### **Current tax liabilities**

Current tax liabilities and receivables are recognised in the Balance Sheet as the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid. Extra payments and repayment under the on-account taxation scheme are recognised in the income statements in financial income and expenses.

#### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.