

Eataly Danmark A/S
Østergade 52
1100 Copenhagen K
Central Business Registration No
37834793

Annual report 2017

The Annual General Meeting adopted the annual report on 18.06.2018

Chairman of the General Meeting



Name: Henrik Kirketerp Nielsen

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Entity details

Entity

Eataly Danmark A/S
Østergade 52
1100 Copenhagen K

Central Business Registration No: 37834793

Founded: 16.06.2016

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Phone: +4529165047

Board of Directors

Jens Visholm Uglebjerg, Chairman
Massimiliano Moi
Marcello Favagrossa
Luca Sebastiano Baffigo Filangieri Di Candida Gonzaga
Henrik Kirketerp Nielsen

Executive Board

Luca Sebastiano Baffigo Filangieri Di Candida Gonzaga

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Eataly Danmark A/S for the financial year 01.01.2017 - 31.12.2017.

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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 18.06.2018

Executive Board

Luca Sebastiano Baffigo
Filangieri Di Candida Gonzaga

Board of Directors


Jens Visholm Uglebjerg
Chairman

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Henrik Kirketerp Nielsen

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Board of Directors

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Chairman



Massimiliano Moi



Marcello Favagrossa



Luca Sebastiano Baffigo
Filangieri Di Candida Gonzaga

Henrik Kirketerp Nielsen

Independent auditor's report

To the shareholders of Eataly Danmark A/S

Opinion

We have audited the financial statements of Eataly Danmark A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Emphasis of matter regarding circumstances in the financial statements

We refer to section "Change in accounting policies" in the description of accounting policies. This states that the management plans to close the entity in 2018. The account policy is changed compared to last year as a consequence of this decision.

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.

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 judgement and maintain professional scepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 commentary

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.

Report on other legal and regulatory requirements

Violation of the provisions of the Danish Withholding Tax Act governing withholding and payment of personal income taxes and social security contributions

During the year under review, the Company has violated the provisions of the Danish Withholding Tax Act governing withholding and payment of personal income taxes and social security contributions in connection with the taxation of staff benefits by which Executive Management may incur liability.

Independent auditor's report

Capital loss

During our audit, we found that the Company has lost more than 50% of its share capital. Referring to section 119 of the Danish Companies Act, we point out that those charged with governance must report on the Company's financial position at a general meeting and, if necessary, propose any measures to be taken. Management has informed us that it intends to re-establish the share capital by converting payables to group enterprises into equity.

Copenhagen, 18.06.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Morten Speitzer

State Authorised Public Accountant
Identification number (MNE) mne10057

Management commentary

Primary activities

The object of the Company is to carry on retail and catering trade as well as any other business consistent with the object.

Development in activities and finances

The years result is a Gross loss of DKK 6.2 million (DKK 5.9 million in 2016) and Operating loss of DKK 34 million (DKK 13 million in 2016). No deferred tax asset has been accrued in the period.

As a consequence of the above the Net Loss of the year is DKK 35 million (DKK 13 million in 2016).

Total assets are equal to DKK 20.5 million (DKK 32.6 million in 2016), and the equity are negative with DKK 47.5 million (negative with DKK 12.5 million in 2016).

The management is not satisfied with the performance and the financial position and has decided to close the company in 2018.

Events after the balance sheet date

The owners has converted their receivables in to equity in the beginning of 2018 to reestablish the equity.

All assets have been sold and later in 2018 the company will be closed.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross loss		(6.193.863)	(5.057.077)
Staff costs	2	(18.561.392)	(7.545.962)
Depreciation, amortisation and impairment losses		<u>(9.655.840)</u>	<u>(384.592)</u>
Operating profit/loss		(34.411.095)	(12.987.631)
Other financial expenses		<u>(510.119)</u>	<u>(49.457)</u>
Profit/loss for the year		<u>(34.921.214)</u>	<u>(13.037.088)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(34.921.214)</u>	<u>(13.037.088)</u>
		<u>(34.921.214)</u>	<u>(13.037.088)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Other fixtures and fittings, tools and equipment		5.773.082	4.625.723
Leasehold improvements		3.275.714	12.670.544
Property, plant and equipment		9.048.796	17.296.267
Deposits		48.656	0
Fixed asset investments		48.656	0
Fixed assets		9.097.452	17.296.267
Manufactured goods and goods for resale		1.376.100	1.611.877
Inventories		1.376.100	1.611.877
Trade receivables		7.638.289	5.078.476
Receivables from group enterprises		56.660	0
Other receivables		1.072.259	1.373.191
Prepayments		120.624	349.430
Receivables		8.887.832	6.801.097
Cash		1.122.215	6.843.764
Current assets		11.386.147	15.256.738
Assets		20.483.599	32.553.005

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		<u>(47.958.302)</u>	<u>(13.037.088)</u>
Equity		<u>(47.458.302)</u>	<u>(12.537.088)</u>
Trade payables		9.659.779	18.267.955
Payables to group enterprises		56.380.385	25.768.750
Other payables		<u>1.901.737</u>	<u>1.053.388</u>
Current liabilities other than provisions		<u>67.941.901</u>	<u>45.090.093</u>
Liabilities other than provisions		<u>67.941.901</u>	<u>45.090.093</u>
Equity and liabilities		<u>20.483.599</u>	<u>32.553.005</u>
Going concern	1		
Contingent assets	3		
Related parties with controlling interest	4		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	(13.037.088)	(12.537.088)
Profit/loss for the year	0	(34.921.214)	(34.921.214)
Equity end of year	500.000	(47.958.302)	(47.458.302)

Notes

1. Going concern

The company has decided to close down in 2018. The accounting policies has been changed to realization principle as a consequence of this decision.

	2017	2016
	DKK	DKK
2. Staff costs		
Wages and salaries	14.289.426	3.315.431
Pension costs	894.260	173.401
Other social security costs	231.991	16.663
Other staff costs	3.145.715	4.040.467
	18.561.392	7.545.962
Average number of employees	44	14

3. Contingent assets

The Company has decided not to recognise a deferred tax asset of DKK 7,792 thousand mainly attributable to tax loss carryforwards.

4. Related parties with controlling interest

Eataly Distribuzione s.r.l. owns 80% of the Company's shares thus exercising control of the Company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies has been changed to the realization principle because the company will be closed in 2018 therefor it is not possible to compare 2016 with 2017. The accounting policies are as followed:

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

In 2017 all other fixtures and fittings, tools and equipment has been depreciated to reflect the value they will be expected sold in 2018.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at the value expected paid in 2018.

Prepayments

Prepayments comprise incurred costs relating to the part of the subsequent financial years were the company still run its activities. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at the value expected to be paid in 2018.