

## **Eataly Danmark A/S**

Østergade 52

1100 Copenhagen K

Central Business Registration No

37834793

## **Annual report 16.06.2016 - 31.12.2016**

The Annual General Meeting adopted the annual report on 19.06.2017

### **Chairman of the General Meeting**

---

Name: Henrik Kirketerp Nielsen

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 16.06.2016 - 31.12.2016	7
Balance sheet at 31.12.2016	8
Statement of changes in equity for 16.06.2016 - 31.12.2016	10
Notes	11
Accounting policies	12

## 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: 16.06.2016 - 31.12.2016

### Board of Directors

Jens Visholm Uglebjerg, Chairman

Massimiliano Moi

Micol Viano

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

P.O. Box 1600

0900 Copenhagen 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 16.06.2016 - 31.12.2016.

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 Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 16.06.2016 - 31.12.2016.

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, 16.06.2017

### Executive Board

Luca Sebastiano Baffigo  
Filangieri Di Candida Gonzaga

### Board of Directors

Jens Visholm Uglebjerg  
Chairman

Massimiliano Moi

Micol Viano

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 16.06.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 16.06.2016 - 31.12.2016 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.

### 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.

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 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.
- 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 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.

## Independent auditor's report

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 Management may incur liability.

### 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 income from operating activities.

Copenhagen, 16.06.2017

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Morten Speitzer  
State Authorised Public Accountant

Lasse Sværke  
State Authorised Public Accountant

## 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

On November 17 Eataly Danmark A/S, a joint venture between Eataly Distribuzione s.r.l. and Coop Invest A/S, Coop Amba and Coop Danmark A/S, opened Eataly first northern European location. The store is housed by the historic high-end department store ILLUM, a landmark shopping center in the heart of Copenhagen. Modeled after the first location in Torino, Italy, the Eataly store reflects company's cornerstone philosophy: be a place where everyone can eat, shop, and learn about high-quality food and drink. Spread over 21,500 square feet on the ground floor of ILLUM, Eataly Copenhagen invites guests to taste dishes in the restaurants, find the same ingredients in the market, and discover how to transform them at the cooking school.

Gross loss of DKK 5.1 million and Operating loss of DKK 13 million is highly impacted by costs incurred by the company in the period prior to the opening. These costs mainly relates to recruiting and training of staff, public relations, marketing and consultancies. No deferred tax asset has been accrued in the period.

As a consequence of the above Net Loss of the year is DKK 13 million.

Total assets are equal to DKK 32.6 million. They relate to Fixed Asset (DKK 17.3 million), Stock (DKK 1.6 million), Receivables (DKK 6.6 million) and Cash (DKK 6.8 million).

Financial needs have been covered in the period by intercompany support of DKK 19.3 million.

### Outlook

Store performance in the first months of 2017 is below our expectations. However this is a not unusual situation for Eataly when entering a new country and a new market. The store is still incurring one-off costs related to the opening mainly in the area of training, maintenance and IT. Plans to align store operating costs with actual revenues are in process. On the other side management believes that more time is needed to get deep into Danish market and new marketing investments are planned in cooperation with Illum to increase traffic in the store.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



**Income statement for 16.06.2016 - 31.12.2016**

	<u>Notes</u>	<b>16.06.2016 - 31.12.2016 DKK</b>
<b>Gross loss</b>		<b>(5.057.078)</b>
Staff costs	2	(7.545.962)
Depreciation, amortisation and impairment losses		<u>(384.592)</u>
<b>Operating profit/loss</b>		<b>(12.987.632)</b>
Other financial income		(14.396)
Other financial expenses		<u>(35.060)</u>
<b>Profit/loss for the year</b>		<b><u>(13.037.088)</u></b>
<b>Proposed distribution of profit/loss</b>		
Retained earnings		<u>(13.037.088)</u>
		<b><u>(13.037.088)</u></b>

## Balance sheet at 31.12.2016

	<b>16.06.2016 - 31.12.2016</b>
<u>Notes</u>	<u>DKK</u>
Other fixtures and fittings, tools and equipment	4.625.723
Leasehold improvements	<u>12.670.544</u>
<b>Property, plant and equipment</b>	<b><u>17.296.267</u></b>
<b>Fixed assets</b>	<b><u>17.296.267</u></b>
Manufactured goods and goods for resale	<u>1.611.877</u>
<b>Inventories</b>	<b><u>1.611.877</u></b>
Trade receivables	5.080.476
Other receivables	1.371.191
Prepayments	<u>349.430</u>
<b>Receivables</b>	<b><u>6.801.097</u></b>
<b>Cash</b>	<b><u>6.843.764</u></b>
<b>Current assets</b>	<b><u>15.256.738</u></b>
<b>Assets</b>	<b><u>32.553.005</u></b>

## Balance sheet at 31.12.2016

	<b>16.06.2016 - 31.12.2016</b>
<u>Notes</u>	<u>DKK</u>
Contributed capital	500.000
Retained earnings	<u>(13.037.088)</u>
<b>Equity</b>	<b><u>(12.537.088)</u></b>
Trade payables	18.267.954
Payables to group enterprises	25.768.750
Other payables	<u>1.053.389</u>
<b>Current liabilities other than provisions</b>	<b><u>45.090.093</u></b>
<b>Liabilities other than provisions</b>	<b><u>45.090.093</u></b>
<b>Equity and liabilities</b>	<b><u>32.553.005</u></b>
Going concern	1
Contingent assets	3
Related parties with controlling interest	4

**Statement of changes in equity for 16.06.2016 -  
31.12.2016**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Contributed upon formation	500.000	0	500.000
Profit/loss for the year	<u>0</u>	<u>(13.037.088)</u>	<u>(13.037.088)</u>
<b>Equity end of year</b>	<b><u>500.000</u></b>	<b><u>(13.037.088)</u></b>	<b><u>(12.537.088)</u></b>

## Notes

### 1. Going concern

To ensure sufficient liquidity in the Company for the next year, the Parent, Eataly Distribuzione s.r.l., has issued a letter of support in order to meet all financial obligations as they fall due covering the period until 01.01.2018. Management has not identified any uncertainties as to the continuation of the Company's operations and, consequently, it has prepared the annual report on the assumption that the Company is a going concern.

	<b>16.06.2016</b>
	-
	<b>31.12.2016</b>
	<b>DKK</b>
<b>2. Staff costs</b>	
Wages and salaries	3.315.431
Pension costs	173.401
Other social security costs	16.663
Other staff costs	<u>4.040.467</u>
	<b><u>7.545.962</u></b>
Average number of employees	<u>14</u>

### 3. Contingent assets

The Company has decided not to recognise a deferred tax asset of DKK 2,868 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 applied to these financial statements are as follows:

### 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 income

Other financial income comprises net capital gains on securities, payables and transactions in foreign currencies, etc.

### 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.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

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

## Accounting policies

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 amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.