

## **Brunello Cucinelli Denmark ApS**

c/o Citco (Denmark) ApS  
Holbergsgade 14, 2. tv.  
1057 Copenhagen K

CVR no. 39 71 42 99

### **Annual report for 2018**

(1st Financial year)

Adopted at the annual general meeting  
on 27 February 2019

---

Riccardo Stefanelli  
chairman

## Table of contents

	Page
<b>Statements</b>	
Statement by management on the annual report	1
Auditor's report on compilation of the financial statements	2
<b>Management's review</b>	
Company details	3
Management's review	4
<b>Financial statements</b>	
Accounting policies	5
Income Statement	8
Balance Sheet	9
Notes to the annual report	11

## **Statement by management on the annual report**

The executive board has today discussed and approved the annual report of Brunello Cucinelli Denmark ApS for the financial year 2 July - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 2 July - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 7 February 2019

### **Manager**

Dario Pipitone

Luca Lisandrone

Riccardo Stefanelli

## **Auditor's report on compilation of the financial statements**

### **To the shareholder of Brunello Cucinelli Denmark ApS**

We have compiled the financial statements of Brunello Cucinelli Denmark ApS for the financial year 2 July - 31 December 2018 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises summary of significant accounting policies, income statement, balance sheet and notes.

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Ethics for Professional Accountants, including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Hellerup, 7 February 2019

CVR no. 33 25 68 76



Søren Jonassen

State Authorised Public Accountant

MNE no. mne18488

## Company details

### The company

Brunello Cucinelli Denmark ApS  
c/o Citco (Denmark) ApS  
Holbergsgade 14, 2. tv.  
1057 Copenhagen K

CVR no.: 39 71 42 99

Reporting period: 2 July - 31 December 2018

Incorporated: 2. July 2018

Domicile: Copenhagen

### Manager

Dario Pipitone  
Luca Lisandrone  
Riccardo Stefanelli

### Auditors

Crowe  
Statsautoriseret Revisionsinteressentskab v.m.b.a.  
Rygårds Allé 104  
2900 Hellerup

## **Management's review**

### **Business activities**

The company's purpose is trade, import and export of fashion items, including designer bags, shoes, accessories, jewelry and other luxury- and quality products under the brand "Brunello Cucinelli" in Denmark

### **Business review**

The company's income statement for the year ended 31 December shows a loss of DKK 547.901, and the balance sheet at 31 December 2018 shows equity of DKK 202.099.

The company's first accounting year is influenced by the starting up process and that the store has only been up an running for part of the year.

The company has lost more than half of its share capital, and must take into consideration, the relevant paragraphs in the Danish Companies Act.

Management are aware of this and have ensured the company sufficient funds to support the activities until it is self-contained.

This is handled by receiving a letter of support from the parent company.

It is management's belief, that the company will be able to regain the share capital within a year or two through the ordinary activity.

The financial statement is presented under the assumption of going concern.

### **Significant events occurring after end of reporting period**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## **Accounting policies**

The annual report of Brunello Cucinelli Denmark ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The annual report for 2018 is presented in DKK

As 2018 is the company's first reporting period, no comparatives have been presented.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods less costs of consumables and other external expenses.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

## Accounting policies

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Intangible assets

##### *Goodwill*

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

#### Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is costs less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Andre anlæg, driftsmateriel og inventar	3-5 years

Assets costing less than DKK 13.500 are expensed in the year of acquisition.

#### Stocks

Stocks are measured at cost using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

#### Receivables

Receivables are measured at amortised cost.



## **Accounting policies**

### **Prepayments**

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### **Equity**

#### **Dividends**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### **Liabilities**

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

**Income statement**  
**2 July 2018 - 31 December 2018**

	<u>Note</u>	<u>2018</u> DKK
<b>Gross profit</b>		<b>11.780</b>
Staff costs	1	<u>-352.126</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>-340.346</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-159.486</u>
<b>Profit/loss before net financials</b>		<b>-499.832</b>
Financial income		3.833
Financial costs		<u>-51.902</u>
<b>Profit/loss before tax</b>		<b>-547.901</b>
Tax on profit/loss for the year		<u>0</u>
<b>Profit/loss for the year</b>		<b><u><u>-547.901</u></u></b>
 <b>Recommended appropriation of profit/loss</b>		
Retained earnings		<u>-547.901</u>
		<b><u><u>-547.901</u></u></b>

## Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK
<b>Assets</b>		
Goodwill		<u>2.066.867</u>
<b>Intangible assets</b>	2	<u><b>2.066.867</b></u>
Other fixtures and fittings, tools and equipment		<u>259.042</u>
<b>Tangible assets</b>	3	<u><b>259.042</b></u>
<b>Total non-current assets</b>		<u><b>2.325.909</b></u>
Finished goods and goods for resale		<u>2.453.549</u>
<b>Stocks</b>		<u><b>2.453.549</b></u>
Trade receivables		147.749
Other receivables		679.958
Prepayments		<u>5.304</u>
<b>Receivables</b>		<u><b>833.011</b></u>
<b>Cash at bank and in hand</b>		<u><b>716.662</b></u>
<b>Total current assets</b>		<u><b>4.003.222</b></u>
<b>Total assets</b>		<u><u><b>6.329.131</b></u></u>

## Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK
<b>Equity and liabilities</b>		
Share capital		750.000
Retained earnings		<u>-547.901</u>
<b>Equity</b>	4	<u><b>202.099</b></u>
Trade payables		21.100
Payables to subsidiaries		5.853.151
Other payables		<u>252.781</u>
<b>Total current liabilities</b>		<u><b>6.127.032</b></u>
<b>Total liabilities</b>		<u><b>6.127.032</b></u>
<b>Total equity and liabilities</b>		<u><u><b>6.329.131</b></u></u>
Uncertainty about the continued operation (going concern)	5	

## Notes

	<u>2018</u> DKK
<b>1 Staff costs</b>	
Wages and salaries	350.134
Other social security costs	<u>1.992</u>
	<b><u>352.126</u></b>
Average number of employees	<u>2</u>
<b>2 Intangible assets</b>	
	<u>Goodwill</u>
Cost at 2 July 2018	0
Additions for the year	<u>2.199.359</u>
Cost at 31 December 2018	<u>2.199.359</u>
Revaluations at 31 December 2018	<u>0</u>
Impairment losses and amortisation at 2 July 2018	0
Depreciation for the year	<u>132.492</u>
Impairment losses and amortisation at 31 December 2018	<u>132.492</u>
<b>Carrying amount at 31 December 2018</b>	<b><u>2.066.867</u></b>

## Notes

### 3 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 2 July 2018	0
Additions for the year	<u>286.036</u>
Cost at 31 December 2018	<u>286.036</u>
Revaluations at 2 July 2018	<u>0</u>
Revaluations at 31 December 2018	<u>0</u>
Impairment losses and depreciation at 2 July 2018	0
Depreciation for the year	<u>26.994</u>
Impairment losses and depreciation at 31 December 2018	<u>26.994</u>
<b>Carrying amount at 31 December 2018</b>	<b><u><u>259.042</u></u></b>

## Notes

### 4 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 2 July 2018	750.000	0	750.000
Net profit/loss for the year	0	-547.901	-547.901
<b>Equity at 31 December 2018</b>	<b><u>750.000</u></b>	<b><u>-547.901</u></b>	<b><u>202.099</u></b>

### 5 Uncertainty about the continued operation (going concern)

The company's first accounting year is influenced by the starting up process and that the store has only been up and running for part of the year.

The company has lost more than half of its share capital, and must take into consideration, the relevant paragraphs in the Danish Companies Act.

Management are aware of this and have ensured the company sufficient funds to support the activities until it is self-contained.

This is handled by receiving a letter of support from the parent company. It is management's belief, that the company will be able to regain the share capital within a year or two through the ordinary activity.

The financial statement is presented under the assumption of going concern.