

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 2020
(3rd Financial year)

Adopted at the annual general meeting
on 19 February 2021

Riccardo Stefanelli
chairman

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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 1 January - 31 December 2020.

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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

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, 19 February 2021

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 1 January - 31 December 2020 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity 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, 19 February 2021

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: 1 January - 31 December 2020

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 review

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

Financial review

The company's income statement for the year ended 31 December 2020 shows a loss of DKK 1.943.481, and the balance sheet at 31 December 2020 shows negative equity of DKK 3.297.112.

The company's first accounting years are influenced by the starting up process. Also the ongoing COVID-19 situation has complicated business.

Also the landlord has terminated the leasehold with effect 1 September 2021.

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 is considering various solutions including liquidating the company during 2021.

To ensure the company sufficient funds to continue operations, a letter of support from the parent company has been issued.

Management is presenting the financial statement under the assumption of going concern.

Significant events occurring after the end of the financial year

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 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Furthermore, the company has decided to implement the recommendations made in the Danish accounting standards pertaining to reporting class B and C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2020 is presented in DKK

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 installments 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.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities.

Accounting policies

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.

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 14.100 are expensed in the year of acquisition.

Accounting policies

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 expected selling price less direct 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.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

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. Deferred tax is measured at net realisable value.

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 instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Income statement
1 January 2020 - 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
Gross profit		-127.454	297
Staff costs	1	<u>-1.357.120</u>	<u>-1.374</u>
Profit/loss before amortisation/depreciation and impairment losses		-1.484.574	-1.077
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-396.391</u>	<u>-380</u>
Profit/loss before net financials		-1.880.965	-1.457
Financial income		37.988	24
Financial costs		<u>-100.504</u>	<u>-123</u>
Profit/loss before tax		-1.943.481	-1.556
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>-1.943.481</u>	<u>-1.556</u>
 Recommended appropriation of profit/loss			
Retained earnings		<u>-1.943.481</u>	<u>-1.556</u>
		<u>-1.943.481</u>	<u>-1.556</u>

Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
Assets			
Goodwill		1.440.057	1.754
Intangible assets	2	<u>1.440.057</u>	<u>1.754</u>
Other fixtures and fittings, tools and equipment		51.757	119
Tangible assets	3	<u>51.757</u>	<u>119</u>
Total non-current assets		<u>1.491.814</u>	<u>1.873</u>
Finished goods and goods for resale		1.480.870	1.557
Stocks		<u>1.480.870</u>	<u>1.557</u>
Trade receivables		0	109
Other receivables		691.676	690
Prepayments		274.015	269
Receivables		<u>965.691</u>	<u>1.068</u>
Cash at bank and in hand		<u>1.193.228</u>	<u>999</u>
Total current assets		<u>3.639.789</u>	<u>3.624</u>
Total assets		<u>5.131.603</u>	<u>5.497</u>

Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
Equity and liabilities			
Share capital		750.000	750
Retained earnings		-4.047.112	-2.104
Equity		<u>-3.297.112</u>	<u>-1.354</u>
Trade payables		655.559	415
Payables to subsidiaries		7.223.697	5.968
Other payables		549.459	468
Total current liabilities		<u>8.428.715</u>	<u>6.851</u>
Total liabilities		<u>8.428.715</u>	<u>6.851</u>
Total equity and liabilities		<u><u>5.131.603</u></u>	<u><u>5.497</u></u>
Uncertainty about the continued operation (going concern)	4		
Contingent liabilities	5		
Mortgages and collateral	6		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	750.000	-2.103.631	-1.353.631
Net profit/loss for the year	0	-1.943.481	-1.943.481
Equity at 31 December 2020	<u>750.000</u>	<u>-4.047.112</u>	<u>-3.297.112</u>

Notes

	<u>2020</u> DKK	<u>2019</u> TDKK
1 Staff costs		
Wages and salaries	1.340.118	1.353
Other social security costs	<u>17.002</u>	<u>21</u>
	<u>1.357.120</u>	<u>1.374</u>
Average number of employees	<u>3</u>	<u>3</u>
2 Intangible assets		<u>Goodwill</u>
Cost at 1 January 2020		<u>2.199.359</u>
Cost at 31 December 2020		<u>2.199.359</u>
Impairment losses and amortisation at 1 January 2020		445.108
Depreciation for the year		<u>314.194</u>
Impairment losses and amortisation at 31 December 2020		<u>759.302</u>
Carrying amount at 31 December 2020		<u>1.440.057</u>
3 Tangible assets		<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2020		212.374
Additions for the year		<u>15.291</u>
Cost at 31 December 2020		<u>227.665</u>
Impairment losses and depreciation at 1 January 2020		93.711
Depreciation for the year		<u>82.197</u>
Impairment losses and depreciation at 31 December 2020		<u>175.908</u>
Carrying amount at 31 December 2020		<u>51.757</u>

Notes

4 Uncertainty about the continued operation (going concern)

The company's first accounting years are influenced by the starting up process. Also the ongoing COVID-19 situation has complicated business. Also the landlord has terminated the leasehold with effect 1 September 2021.

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 is considering various solutions including liquidating the company during 2021. To ensure the company sufficient funds to continue operations, a letter of support from the parent company has been issued. Management is presenting the financial statement under the assumption of going concern.

5 Contingent liabilities

The company has no contingent liabilities.

6 Mortgages and collateral

The company has no mortgages and collateral