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Surname	Area	information	V. Date	relevance
Montblanc-Simplo GmbH Hamburg	Accounting / Financial Reports	Annual financial statements for the financial year from 01.04.2016 to 31.03.2017	01/25/2018	100%



Montblanc-Simplo GmbH

Hamburg

Annual financial statements for the financial year from 01.04.2016 to 31.03.2017

Management report for the financial year 2016/2017

1. Fundamentals of the company

Montblanc-Simplo GmbH is the nucleus of the Montblanc brand. Main location is Hamburg. Here is still the vast majority of writing instruments production. The development of new writing instruments as well as the constant improvement of existing models also take place here. In addition, key functions of the brand are controlled from here, including marketing, purchasing and logistics. In addition, the main warehouse in Ellerbek near Hamburg exists as another location. From there not only writing instruments, but also other brand products such as leather goods,

The company is managed by two managing directors. The organizational structure of the company and the sales markets did not change significantly in the year under review.

Due to sales to almost all countries in the world, changes in exchange rates can be a significant external factor in the Company's performance. Likewise, changes in precious metal prices may have an effect, since Montblanc often uses precious metals as a luxury brand.

2. Economic report

Macroeconomic and industry-specific conditions

The global economy stabilized in 2016 with moderate growth rates. Despite some political uncertainties, the positive trend in the first quarter of 2017 increased even further.

In the eurozone, the trend remained moderate with Spain significantly above the average. In the UK, the Brexit resolution has hardly had a negative impact so far. The US economy posted strong upward trends from the second half of 2016 onwards. After the presidential election, this trend was reinforced by expectations of positive impetus, for example, by rising infrastructure spending and a new tax policy by the Trump administration. These clearly outweighed the uncertainty about their economic policy course.

China and India grew at a relatively high level. Many commodity countries benefited from rising commodity prices, especially from the overall moderately higher oil price. Russia seems to have overcome the recession. But it remains at low growth rates. The same applies to Latin America, especially Brazil, where only a slow economic recovery is expected.

For 2017, a further improvement in the global economy is expected. However, there are also a number of risks and individual countries and regions will develop differently.

As mentioned earlier, Montblanc, as a globally active luxury brand, is exposed to both exchange rate and precious metals price fluctuations. At the same time, Montblanc acts as a luxury brand with an outstanding market share in the field of high quality writing utensils, very independently, and a comparison of industries does not appear to be appropriate from the perspective of the management.

Forecasting performance comparison

A year ago, the company had expected moderate growth with a corresponding increase in sales to EUR 443.0 million and an EBIT of EUR 125.0 million. Actual sales amounted to € 369.1 million and EBIT to € 97.7 million.

Due to the first-time application of the BilRUG, sales are € 68.2 million lower than expected. The so-called market contributions (compensation payments for sales activities) to several sales companies are no longer shown under "other operating expenses", but are netted with sales. Without the application of BilRUG, sales of 437.3 million euros would have been reported.

The EUR 17.5 million higher market contributions compared to the previous year are also the main reason for the lower than expected EBIT. In addition, disproportionate increases in the cost of materials and personnel as well as higher depreciation and amortization were recorded in relation to sales.

business development

The different economic development of the individual regions and countries is also reflected in the sales of the brand. Overall, the Company's sales rose + 1.8% on a like-for-like basis. However, as a result of the first-time application of the BilRUG for the 2016/17 financial year, the corresponding sales of -14.2% are significantly lower, as the market contributions paid to various national companies reduced their sales accordingly for the first time. If this rule is also applied to the previous year for comparison purposes, the revenue will decrease by -3,

Shipments to European countries were mostly positive. Sales increased with Italy, Great Britain, Germany, Benelux, Switzerland and Spain. On the other hand, sales to France, Russia and Portugal were reversed.

Overall, the Middle and Middle East developed slightly negatively. The same applies to most Asian markets. However, this was offset by strong growth in deliveries to Japan, India and especially China.

Deliveries to the Americas declined overall. Sales to the US and Latin America, especially to Brazil, were down. Only Mexico and Canada developed positively.

Among the product categories, writing instruments, which are particularly important for the company, showed a slight decline of -3.0%. Watch sales rose + 7.1% and jewelry sales fell 11.1%. Leather articles rose again by + 5.9% after the very successful previous year.

investing activities

Investments of EUR 7.8 million were EUR 0.9 million above the previous year. The focus was on replacement and expansion investments in the machine park, technical equipment as well as operating and office equipment, including in particular shop fittings of shop-in-shops in the travel retail sector.

The focus of research and development activities was on the development of new or further development of existing products. Actual research is not conducted by society.

Employee

At 786, the number of employees was on average 3 less than in the previous year.

control systems

The Company uses a number of instruments to identify and avoid risks at an early stage. One of these is a so-called "Enterprise Risk Management Assessment". The management periodically examines potential risk factors. In addition, there is a comprehensive monthly reporting, which provides the management with the necessary information. In addition, a complex internal control system has been set up over the last few years. This ensures that as many critical processes as possible are subject to additional controls,

Key financial performance indicators used by the company are sales and EBIT.

The company uses only financial performance indicators to control it.

earnings

The "deducted profit" dropped from € 124.8 million in the previous year to € 99.9 million in the financial year. Reason for it were primarily those of 48.5 million. Euro to € 65.5 million increased expenses for market contributions. While sales increased by + 1.8% on a like-for-like basis without the application of the BilRUG, expenses for materials (+ 2.2%) and personnel (+ 2.1%) and depreciation (+ 7.1%) increased.

Accordingly, EBIT also fell from € 121.1 million in the previous year to € 97.7 million.

financial

The solvency of the company was always guaranteed in the 2016/17 financial year. The company is a member of a Deutsche Bank cash pool existing for all Richemont companies in Germany. Necessary funds are made available from this cash pool via a credit line, excess liquidity is invested in the cash pool.

Cash pool liabilities at the end of the year increased to € 33.1 million (previous year: € 23.0 million). The main reason for this was the rise in current assets of +38.2 million euros, thereof +13.1 million in receivables from affiliated companies and +23.0 million in cash and bank balances. By contrast, liabilities without a cash pool only increased by EUR +25.2 million. The equity ratio (equity and total assets ratio) increased from 6.2% to 6.5% in the financial year.

financial position

Since investments in the financial year were lower than current depreciation, the carrying amount of fixed assets fell from EUR 41.7 million to EUR 39.1 million.

Financial assets include the shares in the sales companies in Germany and Austria. Securities held as fixed assets are offset against the corresponding pension provisions and reported under the item "Asset-side difference from asset allocation". These are securities that serve as collateral for claims for pension benefits from a company pension scheme under a CTA.

Current assets increased from € 158.8 million in the previous year to € 196.7 million. Inventories grew by +3.1 million euros to 97.6 million euros. Receivables and other assets increased by € 12.1 million to € 74.9 million. This was mainly due to higher receivables from affiliated companies. Due to payment obligations in foreign currency immediately after the balance sheet date, there was a short-term increase in cash on hand and bank balances by EUR 23.0 million to EUR 24.2 million.

3. Opportunity and risk report**Opportunities report**

The continued focus on their core competencies will further strengthen the brand and lead to better use of market opportunities. Furthermore, organization and processes are optimized. In doing so, the competence of the Richemont Group is specifically used, in particular as a result of the streamlining of the sales organization through its now far advanced contribution to Richemont distribution platforms in the various countries and regions. Here, a high probability of occurrence (ie over 50%) and average impact (ie between 1.5 and 3.0 million euros earnings effect) is expected.

New products will give additional impulses. Particularly noteworthy is a renewed special series of writing instruments and other products in cooperation with UNICEF. This cooperation has been very successful in the past. Here, too, a high probability of occurrence (more than 50%) and high impact (more than EUR 3.0 million earnings effect) are expected.

Opportunities also arise from the improving economy in many relevant markets of the brand. However, expectations are rather subdued here and very different depending on the market, so that overall only a low probability of occurrence (ie well below 50%) and low impact (ie below 1.5 million euros earnings effect) are expected.

risk report

Although overall the global economy is expected to improve slightly, there are a number of uncertainties that can negatively impact the brand.

Uncertainties may stem from the outcome of elections in several key EU states. The effects of Brexit are not yet foreseeable. In addition, US trade policy carries risks under the new president. A normalization of monetary policy and the associated end of the flood of liquidity can have negative consequences for the economy.

Still unclear are the developments of simmering and open crises in Ukraine, North Korea, Syria and in parts of the Middle East. However, the company currently does not expect this to have any major negative effects.

The external factors mentioned above, such as changes in exchange rates and fluctuations in the price of precious metals, are also not expected to have any impact that requires specific countermeasures.

Overall, the assumed risks are assumed to be medium (less than 50%), but the impact is expected to be high (more than EUR 3.0 million impact on earnings).

Overall assessment of opportunities and risks

If, as expected, the economic situation in the key markets is positive or reasonably stable and the various crises do not spread to cross-regional problems, the brand appears well prepared for further growth. The assessment of risks and opportunities has not changed significantly compared to the previous year.

4. Declaration on corporate governance in accordance with Section 289a (4) HGB

In the supervisory board and in the management the legally standardized women quota of 30% is still not kept. With regard to the definition of the target size for the management levels below the management, the process for determining the quotas has not yet been completed.

5. Forecast report

Overall, the management expects a moderate growth in sales and earnings for the Company when weighing the assumptions made in the opportunity and risk report. Market contributions amounting to the financial year 2016/17 are assumed. Specifically, revenue growth of EUR 6.9 million in the reporting year to EUR 376.0 million in 2017/18 is expected. The EBIT of Montblanc-Simplo GmbH is expected at 100.0 million euros (previous year 97.7 million euros).

Hamburg, May 19, 2017

Nicolas Baretzki

Burkard pebble

Balance sheet as of March 31, 2017**assets**

	31.03.2017 €	31.03.2016 €
A. Fixed assets		
I. Intangible assets		
1. Intellectual property rights acquired in return for payment and similar rights and assets as well as licenses to such rights and assets	6,556,608.00	9,299,966.37
II. Property, plant and equipment		
1. Land, land rights and buildings, including buildings on third-party land	7,986,115.58	8,472,207.58
2. Technical equipment and machines	12,400,413.00	12,311,218.00
3. Other equipment, fixtures and fittings	10,913,031.18	11,270,760.18
4. Installations under construction	1,069,968.64	246,377.19
	32,369,528.40	32,300,562.95
III. investments		
1. Shares in affiliated companies	141,608.11	141,608.11
	141,608.11	141,608.11
	39,067,744.51	41,742,137.43

	31.03.2017 €	31.03.2016 €
B. current assets		
I. Supplies		
1. Raw materials and supplies	6,828,401.71	9,299,844.60
2. Work in progress	28,505,185.60	22,290,844.24
3. Finished products and goods	61,478,597.26	62,604,028.62
4. Advance payments	763,569.09	287,112.63
	97,575,753.66	94,481,830.09
II. Receivables and other assets		
1. Trade receivables	15,007,777.28	16,938,361.64
2. Claims against affiliated companies	57,740,659.36	44,599,684.20
3. Other assets	2,175,356.09	1,294,061.39
	74,923,792.73	62,832,107.23
III. Cash and bank balances	24,198,203.57	1,159,479.97
	196,697,749.96	158,473,417.29
C. Prepaid expenses	578,117.84	597,896.50
D. Active difference from the asset allocation	14,922,441.00	11,405,324.00
	251,266,053.31	212,218,775.22

liabilities

	31.03.2017 €	31.03.2016 €
A. Equity		
I. Drawn capital	1,724,000.00	1,724,000.00
II. Capital reserve	557,819.44	557,819.44
III. Retained earnings		
1. Other revenue reserves	14,106,073.84	10,911,983.71
	16,387,893.28	13,193,803.15
B. Provisions		
1. Other provisions	13,237,403.07	12,717,230.30
	13,237,403.07	12,717,230.30
C. Liabilities		
1. Liabilities to banks	0.00	147,901.68
2. Trade payables	11,083,327.29	11,487,325.10
3. Liabilities to affiliated companies	209,679,195.41	173,992,028.91
4. Other liabilities	878,234.26	680,486.08
(of which taxes € 762,273.48 previous year € 647 thousand)		
	221,640,756.96	186,307,741.77
	251,266,053.31	212,218,775.22

Income statement for the period from 1 April 2016 to 31 March 2017

	2016/2017 €	2015/2016 €
1. Sales	369,050,195.71	430,176,037.41
2. Reduction / increase in stocks of finished and unfinished products	-378,297.23	1,969,618.42
3. other own work capitalized	205,557.23	259,412.79
4. other operating income	4,888,884.40	6,611,648.92
(thereof currency translation € 4,536,116.54, previous year: € 3,342k)		
	370,361,658.11	439,016,717.54
5. Cost of materials		
a) Expenses for raw materials, consumables and supplies and for purchased goods	135,153,057.88	130,435,793.39
b) Expenses for purchased services	14,950,275.04	16,384,905.56
	150,103,332.92	146,820,698.95
6. Personnel expenses		
a) Wages and salaries	40,665,623.67	40,189,937.98
b) Social security contributions and pension expenses	9,042,923.01	8,504,098.29
(of which for pensions € 1,576,930.07, previous year € 1,454,000)		
	49,708,546.68	48,694,036.27
7. Depreciation on intangible fixed assets and property, plant and equipment	10,226,233.77	9,549,420.79
8. other operating expenses	62,640,016.51	112,805,875.41
(thereof currency translation € 2,915,043.96, previous year € 7,300 thousand)		

	2016/2017 €	2015/2016 €
9. Income from profit transfer agreements	3,436,397.01	3,446,826.41
10. Income from investments	0.00	2,000,000.00
11. other interest and similar income	2,614,668.75	24915.38
12. Interest and similar expenses	497,843.15	7,946,129.02
(thereof to affiliated companies € 479,958.72, previous year: € 664k)		
	5,553,222.61	-2474387.23
14. Extraordinary income	0.00	0.00
15. Extraordinary effort	0.00	0.00
16. Extraordinary result	0.00	0.00
13. Taxes on income	-25,224.86	2,308.58
14. Result after taxes	103,261,975.70	118,669,990.31
15. other taxes	143,013.69	124,239.08
16. Profit derived from a profit transfer agreement	99,924,871.88	124,817,934.22
17. Net income (previous year: net loss)	3,194,090.13	-6272182.99
18. Transfer to revenue reserves (previous year: withdrawals)	3,194,090.13	-6272182.99
19. Balance sheet profit	0.00	0.00

(HR B 2905)

Notes to the Financial Statements as of 31 March 2017

1. General

The company is a large corporation according to § 267 HGB. The annual financial statements are prepared in accordance with the accounting rules for incorporated companies of the Commercial Code (HGB) as amended by the Accounting Directive Implementation Act (BilRUG), taking into account the Limited Liability Companies Act (GmbHG) and the Articles of Association of the Company.

The profit and loss account has been prepared according to the total cost method.

The fiscal year covers the period from 01.04.2016 to 31.03.2017.

In the year under review, the following deviations from presentation and accounting methods applied in previous periods were made:

The BilRUG eliminated the "result from ordinary activities" in the income statement. Another change in the structure of the profit and loss account is the inclusion of an interim result "after tax" between the item "Income taxes" and the item "other taxes".

Due to the new version of Section 277 (1) HGB in the version of the BilRUG (HGB nF), the previous year's figures of the sales revenues are not comparable, since no adjustment was made to the previous year's sales revenues. Applying section 277 (1) of the German Commercial Code (HGB) would have resulted in revenue of T € 381,785 for the previous year.

As a result of the redefinition of revenues, the compilations of the items "other operating income" and "expenses for services purchased", "other operating expenses" have also changed.

2. Accounting and valuation principles

Intangible assets

Purchased software is capitalized at acquisition cost and amortized over a useful life of three to five years in the year of acquisition.

Distributed distribution rights are capitalized at acquisition cost and depreciated pro rata over the useful life of five years.

Advance payments for intangible assets are not subject to scheduled depreciation and are rebooked at the time of operational readiness.

Property, plant and equipment

The additions are capitalized at cost. Depreciation is based on the economic useful life from the month of acquisition using the straight-line method. Low-value assets whose nominal value does not exceed € 150 are fully depreciated in the year of acquisition. The low-value assets with acquisition costs of between € 150 and € 1,000 were allocated to a collective item and amortized on a straight-line basis over 5 years. Insofar as the fair values of individual assets fall below their book value,

investments

Shares in affiliated companies are valued at acquisition cost.

Stocks

The stock of raw materials and supplies is valued at the updated average cost price, unless lower valuation rates were required to adjust to lower replacement prices as at the balance sheet date.

For magazine material, a fixed value was formed in accordance with § 256 sentence 2 HGB in conjunction with § 240 (3) HGB.

Work in progress, finished goods and merchandise are valued at acquisition or production cost or at the lower values as at the balance sheet date. In addition to the direct costs of production, the production costs also include the necessary material overheads, production overheads and the depreciation of fixed assets. The lowest value principle is observed.

Out-of-stock inventories and products taken out of the assortment are devalued up to 100%.

Prepayments are stated at face value.

Requests from deliveries and services

Trade receivables are stated at their nominal value. The general credit risk is adequately covered by a lump-sum provision of 1%. If necessary, individual value adjustments were made.

Other receivables and other assets

Other receivables and other assets are recognized at their nominal value within one year, with a remaining term of more than one year being discounted to the balance sheet date.

Liquid funds

Cash and cash equivalents are valued at their nominal value.

Prepaid expenses

Prepayments for future periods are accrued in prepaid expenses.

Active difference from the asset allocation

Obligations under pensions are set off against assets that serve exclusively to fulfill the pension obligations and are beyond the reach of all other creditors (so-called cover assets).

Provisions for **pensions and similar obligations** are calculated on the basis of actuarial calculations according to the projected unit credit method, taking into account the 2005 G mortality tables by Prof. dr. Heubeck and based on an interest rate of 3.96% (previous year: 4.27%). In accordance with Article 75 (6) sentence 1 EGHGB nFiVm in accordance with section 253 (2) sentence 1 HGB nF, the interest rate corresponds to the average market interest rate of the past 10 years announced by the Deutsche Bundesbank with a remaining term of the pension obligations of 15 years. For the evaluation as of 31.03. In deviation from the interest rate information of the Deutsche Bundesbank, a rate of interest of 3.96% was used for a month ending at the latest three months before the balance sheet date. The calculation of pension provisions and similar obligations was based on annual salary increases of 3.3% (previous year: 3.2%) for the dynamic commitments and pension increases of 1.8% per year (previous year: 1.7%). For employees aged 20 to 40, an average turnover rate of 2.5% pa was assumed. 96% used. The calculation of pension provisions and similar obligations was based on annual salary increases of 3.3% (previous year: 3.2%) for the dynamic commitments and pension increases of 1.8% per year (previous year: 1.7%). For employees aged 20 to 40, an average turnover rate of 2.5% pa was assumed. 96% used. The calculation of pension provisions and similar obligations was based on annual salary increases of 3.3% (previous year: 3.2%) for the dynamic commitments and pension increases of 1.8% per year (previous year: 1.7%). For employees aged 20 to 40, an average turnover rate of 2.5% pa was assumed. 2%) for the dynamic commitments and pension increases of 1.8% per year (previous year 1.7%). For employees aged 20 to 40, an average turnover rate of 2.5% pa was assumed. 2%) for the dynamic commitments and pension increases of 1.8% per year (previous year 1.7%). For employees aged 20 to 40, an average turnover rate of 2.5% pa was assumed.

To secure the entitlement to pension benefits from the company pension scheme in the event of insolvency (security case), the establishment of a bilateral trust between the company as trustor and the Deutsche Treuinvest Stiftung as trustee was agreed.

The valuation of **plan assets** is at fair value.

equity

The subscribed capital is stated at nominal value.

Other provisions

Provisions are recognized at the settlement amount required by reasonable commercial judgment.

Provisions for partial retirement obligations are based on an actuarial interest rate of 1.62% per annum (previous year: 2.23%) and on the 2005 G mortality tables. Klaus Heubeck according to actuarial principles and take into account a salary trend of 3.3% (previous year: 3.2%). Provisions for semi-retirement were formed for existing and future potential part-time early retirement agreements as of the balance sheet date. They include top-up amounts and fulfillment obligations of the company incurred up to the balance sheet date.

In order to hedge the partial retirement obligations in the amount of T € 3,329 in the event of insolvency (protection case), R + V Versicherung, Wiesbaden, has taken out corresponding reinsurance policies that were pledged to the beneficiaries. Therefore, the provisions were offset against the existing plan assets of T € 1,274 in accordance with Section 246 (2) Sentence 2 HGB. The acquisition costs correspond to the fair value.

liabilities

The liabilities were recognized at the settlement amount.

Foreign currency translation

Foreign currency transactions are generally recognized at the historical exchange rate at the time of initial recognition. Balance sheet items are valued as follows as at the balance sheet date: Short-term receivables and liabilities (residual maturity of one year or less) in foreign currencies are translated at the middle spot rate on the balance sheet date.

Non-current foreign currency receivables are recognized at the foreign currency exchange rate when the receivable arises or at the lower fair value, based on the average spot exchange rate on the balance sheet date (impairity principle).

Non-current foreign currency liabilities are valued at the foreign currency exchange rate when the liability arises or at the higher closing rate on the basis of the mean spot exchange rate on the balance sheet date (impairity principle).

Deferred taxes

From a formal point of view, the sole taxable person is the parent company. Accordingly, the temporary differences of the company are recorded in the financial statements of the controlling company (Montblanc International Holding GmbH, Hamburg, hereinafter referred to as Montblanc International Holding GmbH).

3. Explanatory notes to individual items of the balance sheet

fixed assets

The asset lattice pursuant to § 268 (2) HGB is attached to the attachment. The intangible assets were acc. Sec. 265 (7) HGB and relate to T € 1,038 for purchased software, T € 5,022 for distribution rights, T € 190 development costs and T € 306 prepayments for intangible assets.

requirements

The receivables from affiliated companies are trade receivables. All receivables have a remaining term of up to one year.

Other assets

As at the balance sheet date, there were no other assets with a remaining term of more than one year.

Active difference from the asset allocation

The asset surplus arising from offsetting the pension obligations against the netting plan assets is shown under the item "Active difference from asset allocation".

On February 26, 2016, the Federal Council approved the "Law Implementing the Mortgage Credit Directive and Amending Commercial Code". The law was promulgated on March 16, 2016 and entered into force on March 17, 2016. In the course of the law, Section 253 HGB was amended with regard to the valuation of provisions for retirement benefit obligations, and the period over which the average interest rate for the commercial law discounting of pension provisions is calculated is increased from seven to ten years.

The amounts recognized in the financial year for the provision for retirement benefit obligations are as follows:

3.96% (10 annual average): T €
46,588

3.16% (7 annual average): T € 50.446

This resulted in provisions for pensions amounting to € 46,588k as of March 31, 2017. These are € 3,858k (difference) below the valuation approach for pension provisions that would have resulted if the seven-year average interest rate were applied.

The difference amounting to € 3,858 thousand as at 31 March 2017 is subject to a dividend restriction in accordance with Section 253 (6) Sentence 2 HGB nF. However, the difference determined will be paid to the parent company Montblanc International GmbH in accordance with the law together with the remainder of the annual profit the profit and loss transfer agreement.

A final distribution ban is to be considered at the level of the parent company Montblanc International Holding GmbH.

Provisions for pension obligations amounting to € 46,588 thousand exist as of the balance sheet date. These were offset against plan assets (T € 61,510 including reinsurance cover) in accordance with Section 246 (2) Sentence 2 HGB.

Income from plan assets (T € 4,998) was netted against the interest expense (T € 2,431) resulting from discounting in accordance with Section 246 (2) Sentence 2 HGB. The resulting balance of T € 2,567 is included in the financial result under "other interest and similar income".

Other revenue reserves

The following exclusive, pledged and insolvency-protected agreements were classified as cover assets: mutual trust (Contractual Trust Agreement or CTA) and reinsurance policies.

The fair value of the securities held in the CTA was determined based on market prices in an active market.

The fair value of the balanced reinsurance claims corresponds to the actuarial reserve plus surplus participation in accordance with the insurer's notification.

The historical acquisition costs of the securities held in the CTA amount to T € 44,851, the fair value on the balance sheet date amounts to T € 60,891. Of the difference of T € 16,040, T € 1,376 are not subject to a dividend restriction. The remaining value of € 14,664 thousand is disbursement-restricted. These non-distributable amounts are offset by allocable, freely available additional paid-in capital (€ 558 thousand) and other pre-organizational revenue reserves (€ 1,023 thousand). This results in a retained earnings reserve of € 13k for the financial year (here: retention lock).

Other provisions

Other provisions mainly relate to complaints (€ 1,557 thousand), anniversary claims (€ 2,314 thousand), special payments to employees (€ 2,429 thousand), expected product returns (€ 1,050 thousand), outstanding invoices (€ 1,452 thousand) and partial retirement (€ 1,000) € 2,055 after offsetting with cover assets).

liabilities

All liabilities are due within one year.

The liabilities to affiliated companies in the amount of T € 209,679 (previous year: T € 173,992) consist of T € 94,716 (previous year: T € 118,322) from the main shareholder Montblanc International GmbH, Hamburg (hereinafter Montblanc International GmbH) from the profit transfer of T € 99,925 less € 5,209,000 from clearing transactions and € 33,102,000 (previous year: € 23,020,000) to the cash pool leader (Montblanc International Holding GmbH).

Incidentally, liabilities to affiliated companies relate to trade in goods and services.

4. Explanatory notes to individual items of the profit and loss account

revenues

Due to the new version of Section 277 (1) HGB in the version of the BilRUG (HGB nF), the previous year's figures for the sales revenues are not comparable with the year under review, since an adjustment of the previous year's sales revenue was not made. Applying section 277 (1) of the German Commercial Code (HGB) would have resulted in revenue of T € 381,785 for the previous year. Since the 2016 financial year, the following Group allocations for accounting and IT services rendered to subsidiaries (€ 214 thousand, previous year € 666 thousand) - which were recorded under other operating income in previous years - are reported under sales revenues.

In summary, this results in the following effects:

	2015/16 (without BilRUG) T €	2015/16 (after BilRUG) T €	Effect T €
revenues	430176	381785	-48,391
Other company income	6612	4649	-1,963
Other operating expenses	112806	62452	-50,354

By geographical markets, sales are composed as follows:

	2016/17 T €	2015/16 T €
Africa, Asia, Australia	117360	191322
Europe	211052	172131
America	40638	66723
	369050	430176

By product and activity, sales are composed as follows:

	2016/2017 T €	2015/2016 T €
writing instruments	195003	201021
leather products	148025	139719
Watches	24945	23282
Jewellery	15986	17991
Consumables	9675	9664
promotional	7857	8949
gift boxes	309	297
glasses	1317	1151
Accessories	2819	2066
Other (parts delivery etc.)	34168	26,151
	440104	430291
sales deduction	-71,054	-115
total	369050	430176

Income and expenses of extraordinary magnitude or significance

Other operating income and expenses do not include income and expenses of extraordinary magnitude or significance.

Off-period expenses / income

Other operating income includes prior-period income from the reversal of provisions in the amount of T € 45, and other income not relating to the period was not incurred. Off-period expenses were not incurred.

Expenses from loss absorption due to profit and loss transfer agreements

Income from profit transfer includes the gain of € 3,436,000 from Montblanc Deutschland GmbH.

Taxes on income and earnings

Since 1 April 1995, there has been a trade tax entity with its wholly-owned subsidiary Montblanc Deutschland GmbH, Hamburg (hereinafter Montblanc Deutschland GmbH) and, with effect from 1 April 1996, a control and profit transfer agreement pursuant to § 291 (1) AktG.

Between Montblanc International GmbH and Montblanc-Simplo GmbH, Hamburg (hereinafter referred to as Montblanc-Simplo GmbH), there was a VAT, trade tax and corporation tax group in the year under review.

A new profit and loss transfer agreement was concluded between Montblanc-Simplo GmbH and the parent company Montblanc International GmbH with effect from April 1, 2007. It stipulates that the entire profit of Montblanc-Simplo GmbH, which is held by Montblanc International GmbH, which holds a stake of 94.9% in Montblanc-Simplo GmbH, and Montblanc International GmbH pays compensation to the minority shareholder. The minority shareholder has waived compensation. The corporation tax was not passed on by the parent company.

5. Other information**Average employment (without managing director)**

	2016/2017	2015/2016
employee	270	268
Wage earners	500	497

	2016/2017	2015/2016
trainee	16	24
	786	789

General representatives authorized to represent the **company** are the men:

- Jérôme Lambert, Head of Operations, Richemont, Geneva / Switzerland until 1.5.201
- Nicolas Francis Baretzki, Managing Director of Montblanc International GmbH, Pully, Switzerland from 2.5.2017
- Burkard Kiesel, Deputy Managing Director of Montblanc-Simplo GmbH, Hamburg

The publication of the remuneration of the management is waived with reference to § 286 Abs.4 HGB.

The company has a **supervisory board** composed of the following:

- Thomas Lindemann, Member of the Supervisory Board, HR Director, Richemont, Geneva / Switzerland
- Manfred Tholen, Safety Officer of Montblanc-Simplo GmbH,
- Hamburg, Deputy Chairman
- Jérôme Lambert, Chairman of the Supervisory Board, Head of Operations, Richemont, Geneva / Switzerland

The total remuneration of the Supervisory Board amounted to T € 7.5 in the financial year.

Partners are the

Montblanc International GmbH, Hamburg and
the

Montblanc Real Estate BV & Co. KG, Hamburg.

Other financial obligations

The total amount of other financial obligations amounts to T € 7,912. These are rental agreements for buildings, motor vehicles and office machinery as well as obligations arising from concluded maintenance contracts, a cooperation agreement and investment projects initiated.

List of shareholdings

name and seat	Share height %	equity	Result of the financial year 2008/09	
		T €	T €	
Montblanc Germany GmbH, Hamburg	100.0	1253	253	
Montblanc Wien Ges.mbh, Vienna / Austria	100.0	1205	175	1

1) from IFRS financial statements as of 31.3.2017

Montblanc Deutschland GmbH generated a profit of T € 3,689 for the past financial year, from which T € 3,436 was transferred to Montblanc-Simplo GmbH within the framework of the existing control and profit and loss transfer agreement.

The remaining T € 253 are subject to a distribution block according to HGB.

Total fee of the auditor

The total fee paid to the auditors for the financial year amounted to € 111,000 and, up to € 3,000, was fully related to the audit of the last financial year

profits

The annual result for the financial year from 1 April 2016 to 31 March 2017 less the release-restricted amount of € 3,194 thousand, which will be allocated to revenue reserves, will be transferred to Montblanc International GmbH, Hamburg, on the basis of the existing control and profit transfer agreement, An appropriate liability to affiliated companies is recognized.

Group relations

Our sole shareholder is Montblanc International GmbH, Hamburg. As with our company, this is included in the consolidated financial statements of Compagnie Financière Richemont AG, Geneva / Switzerland, with the subsidiaries included in the scope of consolidation in accordance with §§ 290 et seq. HGB, which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements and the group management report of Compagnie Financière Richemont AG is prepared in accordance with International Financial Reporting Standards (IFRS) and published in German in the electronic Federal Gazette under Montblanc International Holding GmbH. In the liberating consolidated financial statements, the accounting policies applied to the balance sheet item Pension provisions result in a significant difference compared to the accounting and valuation under German law. In addition, there are no significant differences. In the

liberating consolidated financial statements, the accounting policies applied to the balance sheet item Pension provisions result in a significant difference compared to the accounting and valuation under German law. In addition, there are no significant differences. In the liberating consolidated financial statements, the accounting policies applied to the balance sheet item Pension provisions result in a significant difference compared to the accounting and valuation under German law. In addition, there are no significant differences.

As the parent company of the smallest group of companies, the company accepts exemption from setting up its own subgroup financial statements. Section 292 (3) HGB in conjunction with Section 2 (1) no. 4 KonBefV.

For the year under review, the company assumes full compliance with the exemption provision of § 292 HGB.

Events after the balance sheet date

There are no events of special significance that occurred after the end of the financial year and are not included in the income statement or the balance sheet.

Hamburg, May 19, 2017

Montblanc-Simplo GmbH

Nicolas Baretzki

Burkard pebble

development of the capital assets

	01.04.2016	Acquisition or production costs				31.03.2017
	€	Additions	Departures	Transfers		€
		€	€	€		
I. Intangible assets						
1. Intellectual property rights acquired in return for payment and similar rights and assets as well as licenses to such rights and assets	38,127,004.18	623,201.67	258,940.09	136,339.77		38,627,605.53
II. Property, plant and equipment						
1. Land, land rights and buildings, including buildings on third-party land	28,989,157.35	0.00				28,989,157.35
2. Technical equipment and machines	50,618,316.70	2,462,190.39	824,396.44	30679.17		52,286,789.82
3. Other equipment, fixtures and fittings	33,235,460.29	3,673,384.79	1,247,780.56	78938.25		35,740,002.77
4. Advance payments made and assets under construction	246,377.19	1,069,548.64	0.00	-245,957.19		1,069,968.64
	113,089,311.53	7,205,123.82	2,072,177.00	-136,339.77		118,085,918.58
III. investments						
1. Shares in affiliated companies	141,608.11					141,608.11
	141,608.11	0.00	0.00	0.00		141,608.11
	151,357,923.82	7,828,325.49	2,331,117.09	0.00		156,855,132.22
			depreciation	carrying amounts		
			cumulated	31.03.2017	31.03.2016	
			€	€	€	
I. Intangible assets						
1. Intellectual property rights acquired in return for payment and similar rights and assets as well as licenses to such rights and assets			32,070,997.53	6,556,608.00		8,711,794.98
II. Property, plant and equipment						
1. Land, land rights and buildings, including buildings on third-party land			21,003,041.77	7,986,115.58		8,472,207.58
2. Technical equipment and machines			39,886,376.82	12,400,413.00		14,065,009.00
3. Other equipment, fixtures and fittings			24,826,971.59	10,913,031.18		11,270,760.18
4. Advance payments made and assets under construction			0.00	1,069,968.64		246,377.19
			85,716,390.18	32,369,528.40		34,054,353.95
III. investments						
1. Shares in affiliated companies			0.00	141,608.11		141,608.11
			0.00	141,608.11		141,608.11
			117,787,387.71	39,067,744.51		42,907,757.04
					depreciation	
					Fiscal year	
					€	
I. Intangible assets						
1. Intellectual property rights acquired in return for payment and similar rights and assets as well as licenses to such rights and assets						3,502,627.81
II. Property, plant and equipment						
1. Land, land rights and buildings, including buildings on third-party land						486,092.00
2. Technical equipment and machines						2,379,419.56
3. Other equipment, fixtures and fittings						3,858,094.40
4. Advance payments made and assets under construction						0.00
						6,723,605.96

III. investments

1. Shares in affiliated companies

0.00

0.00

10,226,233.77

Auditors' report

Wir haben den Jahresabschluss - bestehend aus Bilanz, Gewinn- und Verlustrechnung sowie Anhang - unter Einbeziehung der Buchführung und den Lagebericht der Montblanc-Simplo GmbH, Hamburg, für das Geschäftsjahr vom 1. April 2016 bis 31. März 2017 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der Geschäftsführer der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der Geschäftsführer sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht in Einklang mit dem Jahresabschluss, entspricht den gesetzlichen Vorschriften, vermittelt insgesamt ein zutreffendes Bild von der Lage der Gesellschaft und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Hamburg, den 19. Mai 2017

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Marko Schipper, Wirtschaftsprüfer

ppa. Nicolas Herwig, Wirtschaftsprüfer

Bericht des Aufsichtsrates zum Geschäftsjahr 2016/2017

der Montblanc-Simplo GmbH

Der Aufsichtsrat der Montblanc-Simplo GmbH hat die ihm nach Gesetz, Satzung und Geschäftsordnung obliegenden Aufgaben im Berichtszeitraum wahrgenommen. Er hat den Vorstand bei der Leitung des Unternehmens beraten und gemäß seiner gesetzlichen Pflichten überwacht. Die Geschäftsleitung unterrichtete den Aufsichtsrat regelmäßig, zeitnah und umfassend über die Geschäftsentwicklung, strategische Unternehmensplanung sowie wesentliche personelle Veränderungen.

Im Berichtszeitraum gab es Veränderungen in der Zusammensetzung des Aufsichtsrates. Laut Protokoll der Gesellschafterversammlung vom 24. März 2017 wurde folgendes beschlossen: Herr Albert Kaufmann wird zum 31. März 2017 als Aufsichtsrat der Gesellschaft abberufen, Herr Thomas Lindemann wird zum 31. März 2017 als Vorsitzender des Aufsichtsrates der Gesellschaft abberufen, verbleibt aber weiterhin Mitglied des Aufsichtsrates der Gesellschaft. Herr Jérôme Lambert wird zum 1. April 2017 in den Aufsichtsrat der Gesellschaft und zu dessen Vorsitzenden berufen.

Da der Aufsichtsrat nur aus drei Personen besteht, hat er keine Ausschüsse gebildet.

Ein kontinuierlicher Dialog zwischen Aufsichtsrat und Geschäftsleitung wurde durch zwei ordentliche Sitzungen am 08. Juli 2016 und 16. Dezember 2016 sichergestellt. Der Schwerpunkt der ordentlichen Sitzung vom 08. Juli 2016 lag auf der Prüfung und Erörterung des Jahresabschlusses der Montblanc-Simplo GmbH für das Geschäftsjahr 2015/2016. Der Prüfbericht, worin der Abschlussprüfer dem Jahresbericht seinen Bestätigungsvermerk erteilt, wurde allen Aufsichtsratsmitgliedern rechtzeitig zugestellt und in der Sitzung vom 08. Juli 2016 ohne Einwendungen durch den Aufsichtsrat verabschiedet. Der Gesellschafterversammlung wurde vom Aufsichtsrat empfohlen, den vom Aufsichtsrat gebilligten Jahresabschluss zum 31. März 2016 festzustellen und die Verwaltungsorgane zu entlasten. Die Gesellschafterversammlung ist diesen Empfehlungen gefolgt.

Die Umsetzung der Vorschriften des Deutschen Corporate Governance Kodex wird fortlaufend vom Aufsichtsrat beobachtet. Weitergehende Informationen zur Corporate Governance wurden durch die Geschäftsführung an den Aufsichtsrat berichtet.

In seiner Sitzung vom 21. August 2017 hat sich der Aufsichtsrat mit dem Jahresabschluss per 31. März 2017 befasst. Alle Aufsichtsratsmitglieder haben den Prüfungsbericht des Abschlussprüfers rechtzeitig vor dem Sitzungstermin erhalten. Alle Mitglieder des Aufsichtsrats haben den mit dem Bestätigungsvermerk des Wirtschaftsprüfers versehenen Jahresabschluss geprüft und ohne Einwendungen gebilligt. Der Jahresabschluss gilt als angenommen. Der Gesellschafterversammlung wurden vom Aufsichtsrat Empfehlungen zur Feststellung des vom Aufsichtsrat gebilligten Jahresabschlusses zum 31. März 2017 und zur Entlastung der Verwaltungsorgane gegeben.

Der Aufsichtsrat dankt allen Mitarbeiterinnen und Mitarbeitern sowie insbesondere der Geschäftsleitung und dem Betriebsrat für die verantwortungsbewusste und erfolgreiche Arbeit sowie ihr großes Engagement im Geschäftsjahr 2016/2017.

Hamburg, 21. August 2017

Der Aufsichtsrat der Montblanc-Simplo GmbH

Jérôme Lambert, Vorsitzender

PROTOKOLL der Gesellschafterversammlung vom 24. Oktober 2017

der MONTBLANC - Simplo GmbH

Die Montblanc International GmbH mit Sitz in Hamburg, eingetragen im Handelsregister des Amtsgerichts Hamburg unter HRB 40106 und die Montblanc Real Estate B.V. & Co. KG mit Sitz in Hamburg, eingetragen im Handelsregister des Amtsgerichts Hamburg unter HRA 105505, sind die sämtlichen Gesellschafter der im Handelsregister des Amtsgerichts Hamburg unter HRB 2905 eingetragenen Montblanc-Simplo GmbH.

In der Eigenschaft als vertretungsberechtigte Geschäftsführer der Montblanc International GmbH, sowie als vertretungsberechtigte Direktoren der Montblanc Service B.V., Amsterdam, Niederlande, in deren Eigenschaft als alleinige persönlich haftende Gesellschafterin der Montblanc Real Estate B.V. & Co. KG, halten wir hiermit unter Verzicht auf alle gesetzlichen und gesellschaftsvertraglichen Form- und Fristvorschriften der Einberufung und Ankündigung eine Gesellschafterversammlung der Montblanc-Simplo ab und beschliessen wie folgt :

1. Der Jahresabschluß zum 31. März 2017 wird festgestellt.
 2. Danach beträgt der Gewinn des Geschäftsjahres 2016/2017 € 103.118.962,01. Aufgrund des Beherrschungs- und Gewinnabführungsvertrages vom 31. Juli 2007 wurden € 99.924.871,88 an die Montblanc International GmbH abgeführt.
 3. Dem Geschäftsführer der Gesellschaft Jérôme Lambert wurde bereits mit Protokoll vom 24. März 2017 für das Geschäftsjahr 2016/2017 Entlastung erteilt.
- Dem Geschäftsführer der Gesellschaft Burkard Kiesel wird hiermit für das Geschäftsjahr 2016/2017 Entlastung erteilt.
4. Dem Aufsichtsrat der Gesellschaft wird für das Geschäftsjahr 2016/2017 Entlastung erteilt.
 5. Die Wirtschaftsprüfungsgesellschaft PriceWaterhouseCoopers GmbH, Hamburg, wird als Abschlußprüfer für das Geschäftsjahr 2017/2018 bestellt.

Hamburg, d. 24. Oktober 2017

Montblanc International GmbH

Nicolas Baretzki

Montblanc Real Estate B.V. & Co. KG

Hendrik Bitterschulte

Montblanc Services B.V.

John Fontaine

Montblanc Services B.V.

ppa. Rob Bartholly

The annual financial statements as of 31.03.2017 were determined on 24.10.2017.
