


**Shopconcept A/S**  
Egeskovvej 5  
8700 Horsens  
Central Business Registration No  
11169996

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 30.03.2017

**Chairman of the General Meeting**



Name: Jørgen Flodgaard

## Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016	7
Balance sheet at 31.12.2016	8
Statement of changes in equity for 2016	10
Notes	11
Accounting policies	14

## Entity details

### Entity

Shopconcept A/S

Egeskovvej 5

8700 Horsens

Central Business Registration No: 11169996

Registered in: Horsens

Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Jørgen Flodgaard, Chairman

Michael Prip

Erling Daell

### Executive Board

John Svane Hansen, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus 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 Shopconcept A/S for the financial year 01.01.2016 - 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 01.01.2016 - 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.

Horsens, 30.03.2017

### Executive Board



John Svane Hansen  
CEO

### Board of Directors



Jørgen Flodgaard  
Chairman



Michael Prip



Erling Daell

## Independent auditor's report

### To the shareholders of Shopconcept A/S

#### Opinion

We have audited the financial statements of Shopconcept A/S for the financial year 01.01.2016 - 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 01.01.2016 - 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.

Aarhus, 30.03.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Michael Bach

State Authorised Public Accountant

## Management commentary

### Primary activities

Shopconcept A/S covers all activities from sale of customised shop fittings to turn-key deliveries of entire shop concepts, tax-free areas in airports, stands and shop-in-shop solutions. We have in-house functions with knowledge of all processes in a turn-key delivery.

Apart from the above areas, Shopconcept A/S has a logistic setup which makes us able to offer storage of coming shops for our customers.

Shopconcept A/S acts through a wide and professional network of close cooperative partners and therefore always ensures the utmost solution at the most favourable price for our customers.

We can document that our solutions create value for our customers, and our set-up with subsidiaries in Lithuania and Poland provides us with a good international platform.

### Development in activities and finances

2016 has been another busy year with investments in new departments, employees, customers and growth as well as additional focus on foreign activities. Shopconcept A/S has also strengthened its activities within concept development for customers in Denmark and abroad and has many active customers today.

Profit for 2016 was as expected and is regarded as satisfactory both in relation to earnings and cash flow.

Shopconcept A/S got off to a good start in 2017 in relation to revenue and earnings. Thus, 2017 is expected to produce a satisfactory profit.

### 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 2016

	<u>Notes</u>	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK</u>
<b>Gross profit</b>		<b>14.095.031</b>	<b>12.488.892</b>
Staff costs	1	(9.962.085)	(8.749.169)
Depreciation, amortisation and impairment losses	2	<u>(499.866)</u>	<u>(378.861)</u>
<b>Operating profit/loss</b>		<b>3.633.080</b>	<b>3.360.862</b>
Other financial income		49.949	16.725
Other financial expenses		<u>(126.809)</u>	<u>(213.757)</u>
<b>Profit/loss before tax</b>		<b>3.556.220</b>	<b>3.163.830</b>
Tax on profit/loss for the year	3	<u>(789.320)</u>	<u>(740.983)</u>
<b>Profit/loss for the year</b>		<b><u>2.766.900</u></b>	<b><u>2.422.847</u></b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		500.000	1.200.000
Extraordinary dividend distributed in the financial year		1.000.000	400.000
Retained earnings		<u>1.266.900</u>	<u>822.847</u>
		<b><u>2.766.900</u></b>	<b><u>2.422.847</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK</u>
Completed development projects		0	58.571
<b>Intangible assets</b>	<b>4</b>	<b>0</b>	<b>58.571</b>
Other fixtures and fittings, tools and equipment		993.323	519.486
Leasehold improvements		106.415	89.968
<b>Property, plant and equipment</b>	<b>5</b>	<b>1.099.738</b>	<b>609.454</b>
<b>Fixed assets</b>		<b>1.099.738</b>	<b>668.025</b>
Work in progress		133.674	45.037
Manufactured goods and goods for resale		1.645.044	1.516.904
Prepayments for goods		342.617	83.906
<b>Inventories</b>		<b>2.121.335</b>	<b>1.645.847</b>
Trade receivables		10.140.575	5.735.017
Contract work in progress		1.064.000	100.000
Receivables from group enterprises		3.541.626	442.998
Receivables from associates		0	46.802
Deferred tax		0	36.000
Other receivables		230.432	304.881
Prepayments		327.255	237.985
<b>Receivables</b>		<b>15.303.888</b>	<b>6.903.683</b>
<b>Cash</b>		<b>7.282</b>	<b>1.310.937</b>
<b>Current assets</b>		<b>17.432.505</b>	<b>9.860.467</b>
<b>Assets</b>		<b>18.532.243</b>	<b>10.528.492</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		3.772.362	2.505.462
Proposed dividend		500.000	1.200.000
<b>Equity</b>		<b><u>4.772.362</u></b>	<b><u>4.205.462</u></b>
Deferred tax		234.000	0
<b>Provisions</b>		<b><u>234.000</u></b>	<b><u>0</u></b>
Bank loans		5.809.278	895.120
Prepayments received from customers		481.934	22.755
Trade payables		2.897.561	1.978.945
Payables to group enterprises		6.545	4.317
Income tax payable		519.320	625.983
Other payables		3.811.243	2.795.910
<b>Current liabilities other than provisions</b>		<b><u>13.525.881</u></b>	<b><u>6.323.030</u></b>
<b>Liabilities other than provisions</b>		<b><u>13.525.881</u></b>	<b><u>6.323.030</u></b>
<b>Equity and liabilities</b>		<b><u>18.532.243</u></b>	<b><u>10.528.492</u></b>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Mortgages and securities	8		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed extraordinary dividend DKK</b>	<b>Proposed dividend DKK</b>
Equity beginning of year	500.000	2.505.462	0	1.200.000
Ordinary dividend paid	0	0	0	(1.200.000)
Extraordinary dividend paid	0	0	(1.000.000)	0
Profit/loss for the year	0	1.266.900	1.000.000	500.000
<b>Equity end of year</b>	<b>500.000</b>	<b>3.772.362</b>	<b>0</b>	<b>500.000</b>
				<b>Total DKK</b>
Equity beginning of year				4.205.462
Ordinary dividend paid				(1.200.000)
Extraordinary dividend paid				(1.000.000)
Profit/loss for the year				2.766.900
<b>Equity end of year</b>				<b>4.772.362</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	8.395.763	7.302.622
Pension costs	875.868	750.814
Other social security costs	518.370	484.744
Other staff costs	172.084	210.989
	<b>9.962.085</b>	<b>8.749.169</b>
Average number of employees	<b>15</b>	<b>13</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	58.571	58.572
Depreciation of property, plant and equipment	441.295	272.347
Profit/loss from sale of intangible assets and property, plant and equipment	0	47.942
	<b>499.866</b>	<b>378.861</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Tax on current year taxable income	519.320	625.983
Change in deferred tax for the year	270.000	115.000
	<b>789.320</b>	<b>740.983</b>

## Notes

		<b>Completed develop- ment projects DKK</b>
		<u>DKK</u>
<b>4. Intangible assets</b>		
Cost beginning of year		117.143
<b>Cost end of year</b>		<b><u>117.143</u></b>
Amortisation and impairment losses beginning of year		(58.572)
Amortisation for the year		<u>(58.571)</u>
<b>Amortisation and impairment losses end of year</b>		<b><u>(117.143)</u></b>
<b>Carrying amount end of year</b>		<u>0</u>
	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
	<u>DKK</u>	<u>DKK</u>
<b>5. Property, plant and equipment</b>		
Cost beginning of year	1.164.115	588.796
Additions	1.395.580	93.999
Disposals	<u>(558.000)</u>	<u>0</u>
<b>Cost end of year</b>	<b><u>2.001.695</u></b>	<b><u>682.795</u></b>
Depreciation and impairment losses beginning of the year	(644.629)	(498.828)
Depreciation for the year	<u>(363.743)</u>	<u>(77.552)</u>
<b>Depreciation and impairment losses end of the year</b>	<b><u>(1.008.372)</u></b>	<b><u>(576.380)</u></b>
<b>Carrying amount end of year</b>	<b><u>993.323</u></b>	<b><u>106.415</u></b>
	<b>2016 DKK</b>	<b>2015 DKK</b>
	<u>DKK</u>	<u>DKK</u>
<b>6. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b><u>832.321</u></b>	<b><u>1.406.743</u></b>

## Notes

### **7. Contingent liabilities**

The Entity participates in a Danish joint taxation arrangement in which Nordic Shop Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

### **8. Mortgages and securities**

Mortgage debt is secured by way of an all-moneys mortgage (floating charge) of DKK 6,500k nominal.

The floating charge comprises:

Unsecured claims, inventories, unregistered motor vehicles, operating equipment, fuel etc. as well as intellectual property rights.

The carrying amount of mortgaged assets is DKK 14,340,395.

## 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 with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### 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, changes in inventories of finished goods and work in progress, own work capitalised, other operating income and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

#### Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.



## Accounting policies

### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

### 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.

### 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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, 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 intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the parent and all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise

## Accounting policies

can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 2 years.

### **Property, plant and equipment**

Other fixtures and fittings, tools and equipment 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

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	3-10 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.

Cost consists of purchase price plus delivery costs.

## Accounting policies

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.

### Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

## Accounting policies

### **Other financial liabilities**

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

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### **Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.