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# ***Vangsgaard A/S***

Måløv Teknikerby 2, DK-2760 Måløv

## **Annual Report for 1 January - 31 December 2016**

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CVR No 15 13 44 88

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
15/5 2017

René Rafn Hansen  
Chairman



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Vangsgaard A/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Måløv, 15 May 2017

## Executive Board

Jesper Christensen  
Executive Officer

Anders Vangsgaard  
Executive Officer

René Rafn Hansen

## Board of Directors

Annica Elisabeth Axelsson  
Chairman

Ulf Agne Svensson Sköld

René Rafn Hansen

# Independent Auditor's Report

To the Shareholder of Vangsgaard A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Vangsgaard A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

# Independent Auditor's Report

## 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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:

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Aarhus, 15 May 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Susanne Varrisboel

State Authorised Public Accountant

## **Company Information**

### **The Company**

Vangsgaard A/S  
Måløv Teknikerby 2  
DK-2760 Måløv

CVR No: 15 13 44 88  
Financial period: 1 January - 31 December  
Municipality of reg. office: Ballerup

### **Board of Directors**

Annica Elisabeth Axelsson, Chairman  
Ulf Agne Svensson Sköld  
René Rafn Hansen

### **Executive Board**

Jesper Christensen  
Anders Vangsgaard  
René Rafn Hansen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	59.729	62.508	53.085	64.409	54.720
Profit/loss before financial income and expenses	7.801	13.168	6.298	14.931	8.993
Net financials	331	70	-179	70	401
Net profit/loss for the year	6.188	9.991	4.526	11.061	7.023
<b>Balance sheet</b>					
Balance sheet total	67.120	70.485	54.148	64.779	49.402
Equity	27.975	21.786	21.796	25.270	24.549
Investment in property, plant and equipment	4.362	1.547	4.569	1.147	4.235
Number of employees	106	100	106	105	98
<b>Ratios</b>					
Solvency ratio	41,7%	30,9%	40,3%	39,0%	49,7%
Return on equity	24,9%	45,8%	19,2%	44,4%	30,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## Main activity

Vangsgaard A/S is the leading Danish company in the field of branding and visual communication and a part of Brand Factory Group AB. In 2016 Ineko Group AB acquired Brand Factory Group AB and further strengthened our position as the Nordic leader in visual communication. Our close to 700 employees are turning concepts into reality and our Groups total revenue exceeds SEK 1,2 MIA.

## Development in the year

The income statement of the Company for 2016 shows a profit of TDKK 6,188, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 27,975.

The result for the year does not meet the budget and our expectations. Main reason is that one of our key customers closed down and affected a major loss on bad depth. With that in mind and a satisfactory progress in our strategic focus areas we consider the year as accepted.

Managements expectations for the coming year is growth in activity and result.

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Unusual events

There are no unusual events.

## Subsequent events

January 1st Vangsgaard A/S acquired the activities from Colorgruppen A/S. In addition to this there are no important events after the reporting period which may affect the assessment of the financial position at 31 December 2016.

## Income Statement 1 January - 31 December

	Note	2016 TDKK	2015 TDKK
<b>Gross profit/loss</b>		<b>59.729</b>	<b>62.508</b>
Staff expenses	1	-49.748	-46.967
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.180	-2.373
<b>Profit/loss before financial income and expenses</b>		<b>7.801</b>	<b>13.168</b>
Financial income	2	794	534
Financial expenses	3	-463	-464
<b>Profit/loss before tax</b>		<b>8.132</b>	<b>13.238</b>
Tax on profit/loss for the year	4	-1.944	-3.247
<b>Net profit/loss for the year</b>		<b>6.188</b>	<b>9.991</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	6.000	0
Retained earnings	188	9.991
	<b>6.188</b>	<b>9.991</b>

# Balance Sheet 31 December

## Assets

	Note	2016 TDKK	2015 TDKK
Completed development projects		0	88
Goodwill		30	61
<b>Intangible assets</b>	5	<b>30</b>	<b>149</b>
Plant and machinery		7.251	5.254
Other fixtures and fittings, tools and equipment		10	250
<b>Property, plant and equipment</b>	6	<b>7.261</b>	<b>5.504</b>
Other investments		764	785
<b>Fixed asset investments</b>	7	<b>764</b>	<b>785</b>
<b>Fixed assets</b>		<b>8.055</b>	<b>6.438</b>
Raw materials and consumables		1.462	2.595
Work in progress		2.660	2.011
Finished goods and goods for resale		3.888	3.934
<b>Inventories</b>		<b>8.010</b>	<b>8.540</b>
Trade receivables		37.624	27.213
Receivables from group enterprises		5.832	24.924
Other receivables		872	558
Deferred tax asset	9	44	80
Prepayments		911	496
<b>Receivables</b>		<b>45.283</b>	<b>53.271</b>
<b>Cash at bank and in hand</b>		<b>5.772</b>	<b>2.236</b>
<b>Currents assets</b>		<b>59.065</b>	<b>64.047</b>
<b>Assets</b>		<b>67.120</b>	<b>70.485</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		1.000	1.000
Retained earnings		20.975	20.786
Proposed dividend for the year		6.000	0
<b>Equity</b>	<b>8</b>	<b>27.975</b>	<b>21.786</b>
Lease obligations		4.518	2.484
<b>Long-term debt</b>	<b>10</b>	<b>4.518</b>	<b>2.484</b>
Credit institutions		583	17.142
Lease obligations	10	1.492	847
Prepayments received from customers		3.922	2.875
Trade payables		16.362	13.685
Payables to group enterprises		284	0
Corporation tax		672	1.223
Other payables		11.312	10.443
<b>Short-term debt</b>		<b>34.627</b>	<b>46.215</b>
<b>Debt</b>		<b>39.145</b>	<b>48.699</b>
<b>Liabilities and equity</b>		<b>67.120</b>	<b>70.485</b>
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.000	20.787	0	21.787
Net profit/loss for the year	0	188	6.000	6.188
<b>Equity at 31 December</b>	<b>1.000</b>	<b>20.975</b>	<b>6.000</b>	<b>27.975</b>

# Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>1 Staff expenses</b>		
Wages and salaries	45.117	42.278
Pensions	3.647	3.148
Other social security expenses	762	712
Other staff expenses	222	829
	<u>49.748</u>	<u>46.967</u>
<b>Including remuneration to the Executive Board</b>	<u>4.315</u>	<u>3.826</u>
<b>Average number of employees</b>	<u>106</u>	<u>100</u>
<b>2 Financial income</b>		
Interest received from group enterprises	791	531
Other financial income	3	3
	<u>794</u>	<u>534</u>
<b>3 Financial expenses</b>		
Other financial expenses	463	464
	<u>463</u>	<u>464</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	1.898	3.381
Deferred tax for the year	36	-163
Adjustment of tax concerning previous years	10	29
	<u>1.944</u>	<u>3.247</u>

## Notes to the Financial Statements

### 5 Intangible assets

	Completed development projects TDKK	Goodwill TDKK	Total TDKK
Cost at 1 January	405	893	1.298
Disposals for the year	-405	-400	-805
Cost at 31 December	0	493	493
Impairment losses and amortisation at 1 January	317	832	1.149
Amortisation for the year	88	31	119
Reversal of amortisation of disposals for the year	-405	-400	-805
Impairment losses and amortisation at 31 December	0	463	463
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>30</b>	<b>30</b>
Amortised over		5 years	

### 6 Property, plant and equipment

	Plant and machinery TDKK	Other fixtures and fittings, tools and equipment TDKK	Total TDKK
Cost at 1 January	15.099	1.210	16.309
Additions for the year	4.362	0	4.362
Disposals for the year	-4.032	-819	-4.851
Cost at 31 December	15.429	391	15.820
Impairment losses and depreciation at 1 January	9.846	960	10.806
Depreciation for the year	2.030	31	2.061
Impairment and depreciation of sold assets for the year	-3.698	-610	-4.308
Impairment losses and depreciation at 31 December	8.178	381	8.559
<b>Carrying amount at 31 December</b>	<b>7.251</b>	<b>10</b>	<b>7.261</b>
Including assets under finance leases amounting to	6.252	0	6.252

## Notes to the Financial Statements

### 7 Fixed asset investments

	Other investments TDKK
Cost at 1 January	785
Disposals for the year	-21
Cost at 31 December	<u>764</u>
<b>Carrying amount at 31 December</b>	<b><u>764</u></b>

### 8 Equity

The share capital consists of 1,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

	2016 TDKK	2015 TDKK
<b>9 Deferred tax asset</b>		
Intangible assets	0	14
Property, plant and equipment	-62	538
Amortization	18	0
Tax loss carry-forward	0	-632
Transferred to deferred tax asset	44	80
	<u>0</u>	<u>0</u>
<b>Deferred tax asset</b>		
Calculated tax asset	<u>44</u>	<u>80</u>
<b>Carrying amount</b>	<b><u>44</u></b>	<b><u>80</u></b>



# Notes to the Financial Statements

## 10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Lease obligations</b>		
Between 1 and 5 years	4.518	2.484
Long-term part	4.518	2.484
Within 1 year	1.492	847
	<b>6.010</b>	<b>3.331</b>

## 11 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	4.165	5.172
Between 1 and 5 years	11.946	12.100
After 5 years	4.990	5.854
	<b>21.101</b>	<b>23.126</b>

## 12 Related parties

### Controlling interest

Brand Factory Group AB, Fryksdalsbacken 40, S-12343  
Farsta, Sweden

Other related parties comprise the other group  
companies, the Company's Management and the Board  
of Directors.

# Notes to the Financial Statements

## 12 Related parties (continued)

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Brand Factory Group AB, Fryksdalsbacken 40, S-12343 Farsta, Sweden

[www.brandfactory.se](http://www.brandfactory.se)

The Financial statements of Vangsgaard A/S are included in the consolidated financial statements of Brand Factory Group AB, which may be obtained from the company.

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Vangsgaard A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in TDKK.

#### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Brand Factory Group AB, the Company has not prepared a cash flow statement.

### **Income Statement**

#### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### **Revenue**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

#### **Other external expenses**

Other external expenses comprise expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operation leases, etc.

#### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

## **Notes, Accounting Policies**

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## **Balance Sheet**

### **Intangible assets**

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

## Notes, Accounting Policies

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

## **Notes, Accounting Policies**

### **Receivables**

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

Prepayments comprise prepaid expenses concerning subsequent financial years.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Notes, Accounting Policies

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$