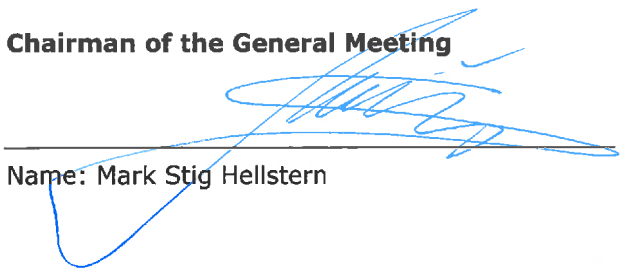


Jydsk Emblem Fabrik A/S
Sofienlystvej 6-8
8340 Malling
Central Business Registration No
15507586

Annual report 2016

The Annual General Meeting adopted the annual report on 23.02.2017

Chairman of the General Meeting



Name: Mark Stig Hellstern

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Entity details

Entity

Jydsk Emblem Fabrik A/S
Sofienlystvej 6-8
8340 Malling

Central Business Registration No: 15507586

Registered in: Aarhus

Financial year: 01.01.2016 - 31.12.2016

Phone: 70274111

Website: www.jef.dk

E-mail: info@jef.dk

Board of Directors

Hanne Hørup Hellstern, chairman

Bente Højsgaard Steffensen

Mark Stig Hellstern

Executive Board

Mark Stig Hellstern

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 Jydsk Emblem Fabrik 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.


Malling, 23.02.2017

Executive Board



Mark Stig Hellstern

Board of Directors



Hanne Hørup Hellstern
chairman



Bente Højsgaard Steffensen



Mark Stig Hellstern

Independent auditor's report

To the shareholders of Jydsk Emblem Fabrik A/S

Opinion

We have audited the financial statements of Jydsk Emblem Fabrik 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, 23.02.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Lars Svoldgaard Andersen

State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key figures					
Gross profit	13.527	12.611	11.320	11.605	10.800
Operating profit/loss	2.224	2.438	2.298	2.169	1.567
Net financials	142	138	452	(20)	109
Profit/loss for the year	1.841	1.957	2.067	1.604	1.255
Total assets	13.114	11.833	12.517	10.656	10.953
Investments in property, plant and equipment	972	977	76	369	288
Equity	7.613	7.672	7.716	7.252	6.904
Ratios					
Return on equity (%)	24,1	25,4	27,6	22,7	20,0
Equity ratio (%)	58,1	64,8	61,6	68,1	63,0

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios

Return on equity (%)	0 $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	0 The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	0 The financial strength of the entity.

Management commentary

Primary activities

The primary activity in Jydsk Emblem Fabrik A/S can be divided into eight areas:

- Manufacture of badges and insignia
- Manufacture of trophies
- Manufacture of name plates
- Manufacture of merchandise
- Sale of profile clothing, including prints and embroidery
- Engraving of trophies, gift articles etc.
- Manufacture of and trade in gift articles
- Manufacture of large format prints.

Development in activities and finances

2016 was once again a good year for Jydsk Emblem Fabrik A/S with an increase in revenue of 8.5% compared to 2015. From the beginning of the financial crisis in 2009 to 2016, the Company has increased revenue by 75%. In the same period, earnings increased by 80%, which is regarded as satisfactory.

In 2015, Jydsk Emblem Fabrik A/S made a strategic decision that in future the primary activities in sale and marketing will focus on the Company's primary product areas, badges & insignia, trophies, name plates and merchandise.

Merchandise, in particular, has been a growth area in 2016, especially as a result of the acquisition of Promo Design in Vejle. A generational succession which has proceeded satisfactorily.

Over the year, Jydsk Emblem Fabrik A/S has made considerable investments in the IT department, which still counts 3-4 employees. The efforts to set up customer-based webshops are proceeding satisfactorily and are supposed to create synergy and optimisations in the sales department in the long term.

The Company continues to win many contracts, and 2016 was characterised by a high level of activity. 2016 was also the year when Jydsk Emblem Fabrik A/S celebrated its 130th anniversary, which was commemorated with a large reception for customers and business relations and open house for the town's citizens attended by a total of 500 guests.

The Company's 'gift' to its 34 employees was a trip to Thailand. As always, an application for a binding ruling is sent to the Danish Tax Authorities. The trip was written off in 2016, which has naturally also affected the financial performance for the year.

For 14 successive years, the Company has achieved the highest credit rating (AAA) from Bisnode. Jydsk Emblem Fabrik A/S has received Bisnode's gold certificate, which is only awarded to 208 Danish enterprises of which Jydsk Emblem Fabrik A/S is the only one in the business that has obtained the gold certificate.

Acquisitions of competing enterprises have been on standby for several years, but in 2016 one acquisition was made. In 2017, there are no immediately upcoming acquisitions in sight, but it is part of the Company's aim to create fast growth in all business areas through strategic acquisitions/mergers.

Management commentary

Over the year, Jydsk Emblem Fabrik A/S has seen a considerable increase in publicity in Denmark and abroad, among other things because of the trip to Thailand. The positive publicity has already affected the number of inquiries from new customers.

The number of employees in 2016 is at the 2015 level, but if the high level of activity continues, the necessary resources will be provided.

Operating profit for the year of DKK 2,224k is 27% above budget, which is considered very satisfactory.

Expectations for 2017 are an increase in revenue of approx. 6%, but the Company strives to improve the bottom line as in 2017 there will be no large one-off expenses relating to a large anniversary celebration and joint trips for the employees.

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 DKK</u>	<u>2015 DKK</u>
Gross profit		13.527.267	12.611.135
Staff costs	1	(10.677.484)	(9.774.528)
Depreciation, amortisation and impairment losses	2	<u>(625.382)</u>	<u>(398.525)</u>
Operating profit/loss		2.224.401	2.438.082
Other financial income		293.903	274.220
Other financial expenses	3	<u>(151.568)</u>	<u>(136.700)</u>
Profit/loss before tax		2.366.736	2.575.602
Tax on profit/loss for the year	4	<u>(525.897)</u>	<u>(618.959)</u>
Profit/loss for the year		<u>1.840.839</u>	<u>1.956.643</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1.540.839	1.900.000
Retained earnings		<u>300.000</u>	<u>56.643</u>
		<u>1.840.839</u>	<u>1.956.643</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Goodwill		892.857	0
Intangible assets	5	892.857	0
Other fixtures and fittings, tools and equipment		1.493.200	1.118.230
Property, plant and equipment	6	1.493.200	1.118.230
Fixed assets		2.386.057	1.118.230
Manufactured goods and goods for resale		6.779.912	5.442.740
Prepayments for goods		209.476	436.763
Inventories		6.989.388	5.879.503
Trade receivables		2.805.819	2.448.891
Deferred tax		37.000	49.000
Other receivables		223.225	151.605
Prepayments		170.175	265.261
Receivables		3.236.219	2.914.757
Other investments		20.202	18.768
Other investments		20.202	18.768
Cash		481.673	1.901.339
Current assets		10.727.482	10.714.367
Assets		13.113.539	11.832.597

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital	7	1.100.000	1.100.000
Retained earnings		4.972.337	4.672.337
Proposed dividend		1.540.839	1.900.000
Equity		<u>7.613.176</u>	<u>7.672.337</u>
Trade payables		1.172.598	657.488
Payables to group enterprises		610.450	116.679
Income tax payable		513.897	613.959
Other payables		2.669.041	2.599.911
Deferred income		534.377	172.223
Current liabilities other than provisions		<u>5.500.363</u>	<u>4.160.260</u>
Liabilities other than provisions		<u>5.500.363</u>	<u>4.160.260</u>
Equity and liabilities		<u>13.113.539</u>	<u>11.832.597</u>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1.100.000	4.672.337	1.900.000	7.672.337
Ordinary dividend paid	0	0	(1.900.000)	(1.900.000)
Profit/loss for the year	0	300.000	1.540.839	1.840.839
Equity end of year	1.100.000	4.972.337	1.540.839	7.613.176

Notes

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	8.691.887	8.203.394
Pension costs	1.447.166	1.051.483
Other social security costs	471.344	408.914
Other staff costs	67.087	110.737
	10.677.484	9.774.528
Average number of employees	27	25
	2016	2015
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	107.143	73.332
Depreciation of property, plant and equipment	478.834	331.803
Profit/loss from sale of intangible assets and property, plant and equipment	39.405	(6.610)
	625.382	398.525
	2016	2015
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	22.112	28.962
Exchange rate adjustments	79.269	62.579
Other financial expenses	50.187	45.159
	151.568	136.700
	2016	2015
	DKK	DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	513.897	613.959
Change in deferred tax for the year	12.000	5.000
	525.897	618.959

Notes

	Goodwill	
	DKK	
5. Intangible assets		
Cost beginning of year	285.000	
Additions	1.000.000	
Cost end of year	1.285.000	
Amortisation and impairment losses beginning of year	(285.000)	
Amortisation for the year	(107.143)	
Amortisation and impairment losses end of year	(392.143)	
Carrying amount end of year	892.857	
		Other
		fixtures and
		fittings,
		tools and
		equipment
		DKK
6. Property, plant and equipment		
Cost beginning of year	2.775.699	
Additions	972.204	
Disposals	(494.804)	
Cost end of year	3.253.099	
Depreciation and impairment losses beginning of the year	(1.657.469)	
Depreciation for the year	(478.834)	
Reversal regarding disposals	376.404	
Depreciation and impairment losses end of the year	(1.759.899)	
Carrying amount end of year	1.493.200	
		Nominal
		value
	Number	DKK
7. Contributed capital		
Ordinary shares	11.000	1.100.000
	11.000	1.100.000

Notes

	2016	2015
	DKK	DKK
8. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	179.728	114.227
Herof liabilities under rental agreements or leases with group enterprises until expiry	4.021.151	4.842.006

9. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Hørup Hellstern 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.

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, cost of raw materials and consumables 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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.

Accounting policies

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 dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies.

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.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

Accounting policies

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

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.

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.

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.

Prepayments

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

Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

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.

Accounting policies

Other financial liabilities

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

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.