

**Søstrene Grenes  
Handelskompagnie A/S**  
Mariane Thomsens Gade 1 C, 5.  
8000 Aarhus C  
Business Registration No  
20240040

**Annual report 01.05.2017  
- 30.04.2018**

The Annual General Meeting adopted the annual report on 14.09.2018

**Chairman of the General Meeting**

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Name: Lasse Søndergaard Christensen

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## Entity details

### Entity

Søstrene Grenes Handelskompagnie A/S  
Mariane Thomsens Gade 1 C, 5.  
8000 Aarhus C

Central Business Registration No (CVR): 20240040

Registered in: Aarhus

Financial year: 01.05.2017 - 30.04.2018

### Board of Directors

Lasse Søndergaard Christensen, Chairman of the board  
Cresten Vaupell Grene  
Kurt Hedegaard Carstensen  
Mikkel Vaupell Grene  
Inger Grene

### Executive Board

Mikkel Vaupell Grene

### Bank

Sydbank  
Store Torv 12  
8000 Aarhus C

### Lawyer

Gorrisen Federspiel  
Silkeborgvej 2  
8000 Aarhus C

### 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 Søstrene Grenes Handelskompagnie A/S for the financial year 01.05.2017 - 30.04.2018.

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 30.04.2018 and of the results of its operations for the financial year 01.05.2017 - 30.04.2018.

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.

Aarhus, 14.09.2018

### Executive Board

Mikkel Vaupell Grene

### Board of Directors

Lasse Søndergaard  
Christensen  
Chairman of the board

Cresten Vaupell Grene

Kurt Hedegaard Carstensen

Mikkel Vaupell Grene

Inger Grene

# Independent auditor's report

## To the shareholder of Søstrene Grenes Handelskompagnie A/S

### Opinion

We have audited the financial statements of Søstrene Grenes Handelskompagnie A/S for the financial year 01.05.2017 - 30.04.2018, 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 30.04.2018 and of the results of its operations for the financial year 01.05.2017 - 30.04.2018 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, 14.09.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR)  
33963556

Thomas Rosquist Andersen  
State Authorised Public Accountant  
Identification No (MNE) mne31482

Mads Fauerskov  
State Authorised Public Accountant  
Identification No (MNE) mne35428

## Management commentary

### Primary activities

The Company's primary activities are running the Søstrene Grene shops in Søndergade, Bruuns Galleri and City Vest in Aarhus as well as the shop in Randers Storcenter.

### Development in activities and finances

Profit for the year is considered satisfactory and in accordance with Management's expectations.

For further information on Søstrene Grene in general, please refer to the management commentary for the Parent Søstrene Grenes Holding ApS as well as to our website [www.sostrenegrene.com](http://www.sostrenegrene.com).

### Uncertainty relating to recognition and measurement

The Company's building is continuously adjusted to fair value according to Section 41 of the Danish Financial Statements Act on measurement of the value of the building. It is Management's assessment that the recoverable amount of the building is higher than the carrying amount. The property was adjusted to fair value in the financial year 2015/16. During the year, Management has reconsidered the value and did not find any basis for a lower recoverable amount, nor for a revaluation.

### 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 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
<b>Gross profit</b>		<b>17,605,807</b>	<b>16,550,642</b>
Staff costs	1	(11,718,049)	(10,941,311)
Depreciation, amortisation and impairment losses	2	<u>(1,204,241)</u>	<u>(1,171,850)</u>
<b>Operating profit/loss</b>		<b>4,683,517</b>	<b>4,437,481</b>
Other financial income	3	1,059,163	952,007
Other financial expenses		<u>(821,460)</u>	<u>(848,398)</u>
<b>Profit/loss before tax</b>		<b>4,921,220</b>	<b>4,541,090</b>
Tax on profit/loss for the year	4	<u>(1,083,020)</u>	<u>(997,883)</u>
<b>Profit/loss for the year</b>		<b><u>3,838,200</u></b>	<b><u>3,543,207</u></b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		0	12,000,000
Retained earnings		<u>3,838,200</u>	<u>(8,456,793)</u>
		<b><u>3,838,200</u></b>	<b><u>3,543,207</u></b>

## Balance sheet at 30.04.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Land and buildings		63,234,286	64,091,788
Other fixtures and fittings, tools and equipment		420,422	421,211
Leasehold improvements		390,861	569,183
<b>Property, plant and equipment</b>	5	<b><u>64,045,569</u></b>	<b><u>65,082,182</u></b>
Receivables from group enterprises		22,762,092	26,406,597
Deposits		213,882	209,917
<b>Fixed asset investments</b>		<b><u>22,975,974</u></b>	<b><u>26,616,514</u></b>
<b>Fixed assets</b>		<b><u>87,021,543</u></b>	<b><u>91,698,696</u></b>
Manufactured goods and goods for resale		5,683,109	4,670,429
<b>Inventories</b>		<b><u>5,683,109</u></b>	<b><u>4,670,429</u></b>
Receivables from group enterprises		0	3,926,658
Other receivables		190,369	305,102
Prepayments		610,695	564,111
<b>Receivables</b>		<b><u>801,064</u></b>	<b><u>4,795,871</u></b>
<b>Cash</b>		<b><u>357,689</u></b>	<b><u>2,285,687</u></b>
<b>Current assets</b>		<b><u>6,841,862</u></b>	<b><u>11,751,987</u></b>
<b>Assets</b>		<b><u>93,863,405</u></b>	<b><u>103,450,683</u></b>

## Balance sheet at 30.04.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		510,000	510,000
Revaluation reserve		36,686,267	37,218,420
Retained earnings		5,273,867	903,514
Proposed dividend		0	12,000,000
<b>Equity</b>		<b><u>42,470,134</u></b>	<b><u>50,631,934</u></b>
Deferred tax		<u>12,215,000</u>	<u>12,282,000</u>
<b>Provisions</b>		<b><u>12,215,000</u></b>	<b><u>12,282,000</u></b>
Mortgage debt		31,157,254	32,524,616
Convertible and dividend-yielding debt instruments		1,698,831	1,632,328
Deposits		6,675	6,675
Joint taxation contribution payable		0	1,064,896
<b>Non-current liabilities other than provisions</b>	6	<b><u>32,862,760</u></b>	<b><u>35,228,515</u></b>
Current portion of long-term liabilities other than provisions	6	1,422,691	1,395,901
Bank loans		1,071,260	0
Trade payables		188,740	282,929
Payables to group enterprises		547,035	509,376
Joint taxation contribution payable		1,150,020	739,588
Other payables		1,935,765	2,380,440
<b>Current liabilities other than provisions</b>		<b><u>6,315,511</u></b>	<b><u>5,308,234</u></b>
<b>Liabilities other than provisions</b>		<b><u>39,178,271</u></b>	<b><u>40,536,749</u></b>
<b>Equity and liabilities</b>		<b><u>93,863,405</u></b>	<b><u>103,450,683</u></b>
Unrecognised rental and lease commitments	7		
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## Statement of changes in equity for 2017/18

	<b>Contributed capital DKK</b>	<b>Revaluation reserve DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>
Equity beginning of year	510,000	37,218,420	903,514	12,000,000
Ordinary dividend paid	0	0	0	(12,000,000)
Transfer to reserves	0	(532,153)	532,153	0
Profit/loss for the year	0	0	3,838,200	0
<b>Equity end of year</b>	<b>510,000</b>	<b>36,686,267</b>	<b>5,273,867</b>	<b>0</b>
				<b>Total DKK</b>
Equity beginning of year				50,631,934
Ordinary dividend paid				(12,000,000)
Transfer to reserves				0
Profit/loss for the year				3,838,200
<b>Equity end of year</b>				<b>42,470,134</b>

## Notes

	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	10,847,137	9,998,550
Pension costs	378,905	314,493
Other social security costs	245,230	259,007
Other staff costs	246,777	369,261
	<b>11,718,049</b>	<b>10,941,311</b>
Average number of employees	<b>33</b>	<b>34</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	1,204,241	1,155,962
Profit/loss from sale of intangible assets and property, plant and equipment	0	15,888
	<b>1,204,241</b>	<b>1,171,850</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	1,059,163	952,007
	<b>1,059,163</b>	<b>952,007</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Tax on profit/loss for the year</b>		
Current tax	1,150,020	1,044,883
Change in deferred tax	(67,000)	(47,000)
	<b>1,083,020</b>	<b>997,883</b>

## Notes

	<b>Land and buildings DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>5. Property, plant and equipment</b>			
Cost beginning of year	21,435,844	1,117,484	1,421,438
Additions	0	167,628	0
Disposals	0	(126,084)	(554,309)
<b>Cost end of year</b>	<b><u>21,435,844</u></b>	<b><u>1,159,028</u></b>	<b><u>867,129</u></b>
Revaluations beginning of year	50,900,000	0	0
<b>Revaluations end of year</b>	<b><u>50,900,000</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
Depreciation and impairment losses beginning of year	(8,244,056)	(696,273)	(852,255)
Depreciation for the year	(857,502)	(168,417)	(178,322)
Reversal regarding disposals	0	126,084	554,309
<b>Depreciation and impairment losses end of year</b>	<b><u>(9,101,558)</u></b>	<b><u>(738,606)</u></b>	<b><u>(476,268)</u></b>
<b>Carrying amount end of year</b>	<b><u>63,234,286</u></b>	<b><u>420,422</u></b>	<b><u>390,861</u></b>

Land and buildings are continuously revalued to fair value, equal to the open market value of the property according to Section 41 of the Danish Financial Statements Act. Revaluations to fair value are recognised directly in equity under "revaluation reserve" with deduction of depreciation. An assessor's valuation was obtained in 2015/16. No assessor's valuation was obtained in 2017/18.

The revaluation after depreciation equals DKK 47,034k at the balance sheet date.

## Notes

	<b>Due within 12 months 2017/18 DKK</b>	<b>Due within 12 months 2016/17 DKK</b>	<b>Due after more than 12 months 2017/18 DKK</b>	<b>Outstanding after 5 years DKK</b>
<b>6. Liabilities other than provisions</b>				
Mortgage debt	1,422,691	1,395,901	31,157,254	25,613,771
Convertible and dividend- yielding debt instruments	0	0	1,698,831	0
Deposits	0	0	6,675	0
	<u>1,422,691</u>	<u>1,395,901</u>	<u>32,862,760</u>	<u>25,613,771</u>

	<b>2017/18 DKK</b>	<b>2016/17 DKK</b>
<b>7. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<u>3,692,000</u>	<u>5,031,000</u>

Unrecognised rental and lease commitments relates to rental obligations.

### 8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Søstrene Grenes Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act as of the financial year 2012/13, the Entity is therefore liable for income taxes etc for the jointly taxed entities and as of July 1 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 9. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties, which amounts to DKK 33,082k at the balance sheet date. The carrying amount of mortgaged properties amounts to DKK 63,234k.

The Company has granted an all-moneys mortgage with a nominal value of DKK 10,000k registered in the Company's property as security for the engagement with Sydbank.

## Notes

### **Collateral provided for group enterprises**

The Entity has provided a joint and several enterprises to Sydbank for the sister subsidiary Søstrene Grenes Import A/S and the mother company Søstrene Grenes Holding ApS. Bank loans of group enterprises amount to DKK 24,835k at balance sheet date.

### **10. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Søstrene Grenes Holding ApS, Aarhus



## 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, other operating income, cost of 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.

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### 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.

## 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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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 property, plant and equipment.

### Other financial income

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

### Other financial expenses

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

### 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 Søstrene Grenes Holding ApS 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

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Land and buildings are continuously revalued to fair value, equal to the open market value of the property according to Section 41 of the Danish Financial Statements Act. Revaluations to fair value are recognised directly in equity under "revaluation reserve" with deduction of depreciation. An assessor's valuation was obtained in 2015/16. No assessor's valuation was obtained in 2017/18.

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.

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:

## Accounting policies

Buildings	50 years
Other fixtures and fittings, tools and equipment	5-8 years
Leasehold improvements	5 years

Gains and losses from the sale of property, plant and equipment is calculated on the basis of the residual values and selling price less acquisition costs and the carrying amount. Gains and losses are recognised under depreciation, amortisation and impairment losses.

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.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Inventories

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

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale. The net realisable value is determined in consideration of marketability, obsolescence and development of the expected selling price.

### 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.

### Deferred tax

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

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

### **Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

### **Other financial liabilities**

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

### **Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.