Gram A/S

Gejlhavegård 2B, DK-6000 Kolding

Annual Report 2019

The Annual Report was presented and adopted at the Annual General Meeting of the Company on

22 April 2020

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Lars Enevold Kristensen, Chairman

CVR No 26 15 74 55
The Annual Report comprises 40 pages

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Management's Review

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Gram A/S for the financial year 2019.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Moreover, the Annual Report has been prepared in accordance with additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the results of the Company's operations and cash flow for 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Kolding, 22 April 2020

Executive Board:

Filip Marcin Mayer
CEO

Board of Directors:

Marcin Bilik Chairman	Alina Maria Jankowska-Brzóska	Piotr Pawel Rutkowski

Filip Marcin Mayer

Management's Statement and Auditor's Report

Independent Auditor's Report

To the shareholders of Gram A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Gram A/S for the financial year 1 January - 31 December 2019, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement 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 audit 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 in 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 Financial Statements Act.

Management's Statement and Auditor's Report

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.

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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 judgment 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.

Management's Statement and Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting 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, where such disclosures are not adequate, 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 content 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.

Trekantområdet, 22 April 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
mne24817

Management's Review

Company Information

Gram A/S
Gejlhavegård 2B
DK-6000 Kolding

Tel: +45 73 20 10 00
Websites: www.gram.dk
www.gram.no
www.gram.se
www.gram.fi

CVR No:	26 15 74 55
Founded:	1 July 2001
Place of reg. office:	Kolding

Board of Directors

Marcin Bilik (Chairman)
Piotr Pawel Rutkowski
Alina Maria Jankowska-Brzóska
Filip Marcin Mayer

Executive Board

Filip Marcin Mayer, CEO

Bank

Danske Bank

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

Financial Highlights

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

	2019	2018	2017	2016	2015
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Key figures					
Profit					
Revenue	48.315	48.654	43.550	43.781	37.560
Gross profit	4.452	5.022	6.252	6.129	3.713
Operating profit	779	1.405	1.897	1.824	1.387
Profit before tax	762	1.379	2.657	1.832	1.196
Net profit for the year	591	1.071	2.208	1.386	955
Balance sheet					
Balance sheet total	16.176	16.692	15.172	20.595	16.706
Equity	9.436	9.595	8.525	6.317	4.944
Cash flows					
Cash flows from:					
- operating activities	-760	-653	-1.425	1.264	311
- investing activities	0	0	-104	-117	-84
- incl investment in property, plant and equipment	0	0	-104	0	-84
- financing activities	-814	0	0	0	0
Change in cash and cash equivalents for the year	-1.575	-653	-1.529	1.147	228
Number of employees	**47**	**46**	**44**	**45**	**39**
Ratios					
Gross margin	9,2%	10,3%	14,4%	14,0%	9,9%
Profit margin	1,6%	2,9%	4,4%	4,2%	3,7%
Return on assets	4,8%	8,4%	12,5%	8,9%	8,3%
Solvency ratio	58,3%	57,5%	56,2%	30,7%	29,6%
Return on equity	6,2%	11,8%	29,7%	24,6%	21,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts.

Management's Review

Main activity
The main activity of GRAM A/S consists of trading in domestic appliances. The Company sells its products all the Nordic countries.

Financial period
The financial period of GRAM A/S follows the calendar year.

Financial year 2019
The profit for 2019 of EUR 591,457 is considered satisfactory.

Gram A/S continuously develops its product range to ensure that the Company appears as the preferred supplier of complete domestic appliance packages (hot, cold, wet).

Expectations to 2020

Product range
Gram A/S is a full package supplier of domestic appliances across Scandinavia and to secure and extend the current market position the company will in 2020 launch further new models to the current range within all product categories.

The market
The market continues to be characterised by heavy price competition and indications of major global overcapacity in the industry. Market growth for domestic appliances is expected at 1-2% in 2020.

Financial performance
GRAM expects to realise yet another profit in 2020 based on the product platform created in 2019.

Capital resources
Management considers the capital resources appropriate and adequate for the year ahead.

Management's Review

Special risks

Risk Management
Through its activities, the Company is exposed to a number of risks.

We refer to note 20 for a further description of these risks.

Environmental impact
Gram A/S is environmentally conscious and seeks continuously to reduce the impact of its operations on the environment.

GRAM collects environmental charges for the disposal of electronic waste in accordance with the Danish Environmental Protection Act.

Subsequent events

No material events affecting the assessment of the Financial Statements for 2019 have occurred after the balance sheet date besides the implications of COVID-19 with many governments across the world deciding to "close down their countries" which will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date, and therefore will not have any effect on the Financial Statements for 2019.

The changed market conditions will have a negative impact on the Company's revenue as well as net profit for 2020 compared to the revenue and net profit realised in 2019. At this time, it is not possible to provide a reliable estimate of the impact. Management assesses that the financial resources available are adequate.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Gram A/S is a public limited company registered in Denmark.

The Annual Report of Gram A/S for 2019 is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports prepared in accordance with the provisions applying to reporting class C, cf the Danish Executive Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Moreover, the Annual Report complies with the International Financial Reporting Standards (IFRS) issued by IASB.

Basis of Preparation

The Annual Report is presented in EUR.

The Annual Report has been prepared under the historical cost basis.

The accounting policies described below have been applied consistently for the financial year and comparative figures.

The accounting policies remain unchanged compared to last year except for the implementation of IFRS 16, Leases.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Implementation of new standards and interpretations

Changes in accounting policies applied, including presentation and implementation of new financial reporting standards and interpretations

Gram A/S has implemented all new, amended standards, revised financial reporting standards and interpretations (IFRIC) as adopted by the EU which become effective for the financial year 1 January – 31 December 2019.

Most recently adopted reporting standards (IFRS) and interpretations (IFRIC)

IASB has issued the following new or amended standards, effective per 1 January 2019.

- IFRS 16 Leases (very limited effect)
- IFRIC 23 Uncertainty over Income Tax Treatment (no effect)

On 1 January 2019, Gram A/S implemented IFRS 16, Leases by applying the modified retrospective approach. The cumulative effect is recognised at the date of initial application, 1 January 2019, and the right-of-use assets are recognized at the same value as the lease obligations. Comparative figures are not restated.

All leases have been recognised in the balance sheet with a corresponding lease liability except for short-term leases and leases for low value assets. Lease contracts with remaining life of less than 1 year as at 1 January 2019 are not included. Hindsight has been applied when determining the lease terms. Leased assets are depreciated over the lease term, and payments are allocated between instalments on the lease liability and interest expense, classified as financial expenses. The lease term used for the lease contracts is the non-cancellable period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At 31 December 2019 right-of-use assets amounts to EUR 104k and lease liabilities to EUR 105k.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Translation policies

On initial recognition, transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of transaction. Exchange rate differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income or expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the dates when the receivables or the payables arose or the rates applied in the most recent annual report are recognised in financial income and expenses in the income statement.

The average exchange rates of the individual months are used as the transaction date rates to the extent that this does not present a significantly different view.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Income Statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement if transfer of risk to the buyer has been made before year end, and if the revenue can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the consideration agreed upon exclusive of VAT and charges collected on behalf of third parties. All types of discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. The Company recognises cost of sales corresponding to revenue for the year. This includes direct costs for consumables, wages and salaries as well as warranty obligations.

Distribution expenses

Distribution expenses comprise expenses incurred for the distribution of goods sold during the year and for sales campaigns etc. carried out during the year. Moreover, expenses for sales, logistics and marketing staff, advertising and exhibition expenses as well as depreciation, amortisation and impairment losses are included.

Administrative expenses

Administrative expenses comprise expenses incurred in the year for Management and administration, including expenses for administrative staff, office premises and office expenses as well as depreciation, amortisation and impairment. Moreover, provisions for bad debts are included.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the activities of the enterprises, including gains and losses from current sale and replacement intangible assets and property, plant and equipment. Gains and losses from the disposal of intangible assets and property, plant and equipment are calculated as the selling price less selling costs and the carrying amount at the time of disposal.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Financial income and expenses

Financial income and expenses comprise interest, capital/exchange gains and losses as well as impairment losses in respect of current asset investments, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as extra payments and repayment under the on-account taxation scheme, etc.

Tax on profit/loss for the year

Gram A/S is included in the on-account taxation scheme. Tax for the year consists of current tax for the year and any changes in deferred tax for the year. The tax attributable to the profit is recognised in the income statement whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

The Company's intangible assets comprise goodwill and trademark rights. Goodwill and trademark rights are initially measured at cost in the balance sheet. Subsequently, goodwill and trademark rights are measured at cost less accumulated impairment losses. Goodwill and trademark rights are not amortised as they are considered having an indefinite useful life.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

The cost of assets under finance leases are calculated at the lower of the fair value and net present value of the assets of the future minimum lease payments. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Subsequent costs for, e.g. the replace of a component of a tangible asset are recognised in the carrying amount of the asset concerned when it is probable that the costs incurred will lead to future economic benefits for the Group. The replaced components are no longer recognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs for ordinary repair and maintenance are recognised in the income statement as incurred.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets, which are:

Leasehold improvements	5 years
Other fixtures and fittings, tools and equipment	3-5 years
IT	3 years

Depreciation is based on the scrap value of the asset and is reduced by any impairment losses. The scrap value is determined at the time of acquisition and is reassessed annually. If the scrap value exceeds the carrying amount of the asset, depreciation is discontinued.

If the period of depreciation or the scrap value changes, the effect on depreciation is recognised prospectively as a change in the accounting estimate.

Depreciation is recognised in the income statement in distribution and administrative expenses, respectively.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, for the first time before the end of the year of acquisition.

The carrying amounts of goodwill and intangible assets with indefinite useful lives are tested for impairment together with other non-current assets in the cash-generating unit to which the goodwill is allocated and are written down to the recoverable amounts over the income statement in case of higher carrying amounts. As a main rule, the recoverable amount is stated as the net present value of expected future net cash flows from the enterprise or activity (cash-generating unit) to which the goodwill relates. The impairment of goodwill and intangible assets with indefinite useful lives is recognised in a separate line in the income statement.

Deferred tax assets are assessed annually and are only recognised to the extent that it is probable that they may be utilised.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

The carrying amounts of other non-current assets are assessed annually to determine whether there is any indication of impairment. If there is indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected selling costs and the value in use. The value in use is calculated as the net present value of expected future cash flows from the activity or the cash-generating unit to which the activity relates.

Any impairment losses are recognised when the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement in production costs, distribution and administrative expenses, respectively. However, the impairment of goodwill and intangible assets with indefinite useful lives is recognised in a separate line in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent that changes occur in assumptions and estimates leading to the impairment losses. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount that the asset would have had after amortisation had the asset not been impaired.

Inventories

Inventories are measured at cost under the FIFO method. If the net realisable value is lower than cost, write-down is made to this lower value.

The cost of goods for resale equals landed cost.

The net realisable value of inventories is calculated at selling price with deduction of costs of completion and costs incurred to execute sales. The value is determined allowing for marketability, obsolescence and development in expected sales sum.

Receivables

Receivables are initially measured at fair value and, subsequently, at amortised cost. Provisions for bad debts are made if the Company assesses that there is objective indication of impairment. Provisions for bad debts are made at an individual level.

Prepayments

Prepayments comprise prepaid expenses incurred relating to subsequent financial years and are measured at cost.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Pension obligations and similar long-term obligations

The Company has entered into pension agreements and similar agreements with the main part of its employees.

Obligations relating to defined contribution plans in respect of which the Company pays fixed pension contributions on a current basis to independent pension companies are recognised in the income statement in the period in which they are earned, and accrued payments are recognised in the balance sheet in other payables.

Tax payable and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable incomes of previous years and for taxes paid on account.

Deferred tax is measured under the balance sheet liability method on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax on temporary differences is not recognised if the temporary differences, apart from business acquisitions, have arisen at the time of acquisition without having any effect on results or taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in other non-current assets at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial Statements 1 January - 31 December

Description of Significant Accounting Policies

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are measured at Management's best estimate of the amount at which the liability may be expected to be settled.

Provisions comprise expected costs of warranty obligations. Warranty obligations include obligations in respect of repair work within the warranty period of 1-5 years.

Warranty obligations are recognised as goods and services are sold based on warranty costs incurred in previous financial years.

Financial liabilities

Financial liabilities etc. are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method; the difference between the proceeds and the nominal value is recognised in the income statement in financial expenses over the loan period.

The remaining lease obligations of finance leases are moreover capitalised and recognised in financial liabilities.

Other liabilities are measured at net realisable value.

Right-of-use assets

Right-of-use assets are lease assets arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability with addition of lease payments made to the lessor at or before the commencement date less any lease incentives received.

The lease assets are depreciated on a straight-line basis over the lease term. The carrying amount of the right-of-use asset can be adjusted due to modifications to the lease agreement or in special cases reassessment of the lease term.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less.

Financial Statements 1 January - 31 December

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially measured at the present value of the lease payments during the non-cancellable lease period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in measuring the lease liability if it is reasonably certain that Gram A/S will exercise the option.

When calculating the net present value, a discount rate based on Gram A/S's incremental borrowing rate has been used.

The lease liability will be re-measured when changes occur due to modifications to the contract (extension, termination etc.), indexation or in special cases reassessment of the lease term.

Financial Statements 1 January - 31 December

Income Statement

	Note	2019	2018
		EUR	EUR
Revenue		**48.314.641**	**48.653.587**
Change in inventories of finished goods, work in progress and goods for resale		2.005.926	39.612
Expenses for raw materials and consumables		-40.774.037	-38.808.703
Other external expenses		-5.094.694	-4.862.822
Gross profit		**4.451.835**	**5.021.674**
Staff expenses	2	-3.571.677	-3.568.868
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-101.521	-47.628
Operating profit		**778.636**	**1.405.178**
Financial income	4	138.290	14.875
Financial expenses	5	-155.089	-41.552
Profit before tax		**761.837**	**1.378.501**
Tax on profit for the year	6	-170.380	-307.321
Net profit for the year		**591.457**	**1.071.180**

Financial Statements 1 January - 31 December

Statement of Comprehensive Income

	Note	2019	2018
		EUR	EUR
Net profit for the year	7	591.457	1.071.180
Total statement of compresentive income		**591.457**	**1.071.180**

Distribution of Profit

Proposed distribution of profit

Proposed dividend for the year	0	750.000
Retained earnings	591.457	321.180
	591.457	**1.071.180**

Financial Statements 1 January - 31 December

Balance Sheet at 31 December

Assets

	Note	2019	2018
		EUR	EUR
Goodwill		1.490.697	1.490.697
Trademark rights		1.761.095	1.761.095
Intangible assets	8	**3.251.792**	**3.251.792**
Leasehold improvements	9	36.519	59.021
Right-of-use assets	10	104.328	0
Other fixtures and fittings, tools and equipment	9	10.598	24.921
Property, plant and equipment		**151.445**	**83.942**
Total non-current assets		**3.403.237**	**3.335.734**
Inventories	11	5.910.705	3.904.779
Receivables	12	6.146.812	7.286.952
Receivables from group enterprises		69.108	63.468
Cash at bank and in hand		492.055	2.066.679
Corporation tax receivable	6	154.297	34.634
Other current assets		**12.772.977**	**13.356.511**
Total assets		**16.176.214**	**16.692.245**

Financial Statements 1 January - 31 December

Balance Sheet at 31 December

Liabilities and equity

	Note	2019	2018
		EUR	EUR
Share capital		2.144.772	2.144.772
Retained earnings		7.291.221	6.699.764
Proposed dividend for the year		0	750.000
Equity	13	**9.435.993**	**9.594.536**
Deferred tax	15	633.429	596.369
Lease liabilities	10	43.868	0
Warranty obligations	16	189.000	203.425
Long-term liabilities		**866.297**	**799.794**
Lease liabilities	10	60.924	0
Payables to group enterprises		1.309.248	494.056
Trade payables		2.625.605	4.080.544
Warranty obligations	16	567.000	610.275
Other payables		1.311.147	1.113.041
Current liabilities		**5.873.924**	**6.297.915**
Total liabilities		**6.740.221**	**7.097.709**
Total liabilities and equity		**16.176.214**	**16.692.245**
Contingent assets, liabilities and security	17		
Notes without reference	16, 18-23		

Financial Statements 1 January - 31 December

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total equity
	EUR	EUR	EUR	EUR
Equity at 1 January 2018	2.144.772	5.628.584	0	7.773.356
Changes in equity in 2018				
Net profit for the year	0	1.071.180	0	1.071.180
Proposed dividend for the year	0	0	750.000	750.000
Total changes in equity in 2018	0	1.071.180	750.000	1.821.180
Equity at 31 December 2018	**2.144.772**	**6.699.764**	**750.000**	**9.594.536**
Equity at 1 January 2019	2.144.772	6.699.764	750.000	9.594.536
Changes in equity in 2019				
Net profit for the year	0	591.457	0	591.457
Paid dividend	0	0	-750.000	-750.000
Total changes in equity in 2019	0	591.457	-750.000	-158.543
Equity at 31 December 2019	**2.144.772**	**7.291.221**	**0**	**9.435.993**

Financial Statements 1 January - 31 December

Cash Flow Statement

	Note	2019	2018
		EUR	EUR
Net profit for the year		591.457	1.071.180
Adjustments	18	294.561	302.191
Change in working capital	19	-1.313.067	-1.337.078
Cash flows from operating activities before financial income and expenses		**-427.050**	**36.293**
Financial income	4	138.290	14.875
Financial expenses	5	-155.089	-41.552
Cash flows from ordinary activities		**-443.849**	**9.617**
Corporation tax paid		-316.630	-662.564
Cash flows from operating activities		**-760.479**	**-652.947**
Purchase of intangible assets		0	0
Purchase of property, plant and equipment		0	0
Cash flows from investing activities		**0**	**0**
Payment of finance lease liabilities		-64.145	0
Dividens paid		-750.000	0
Cash flows from financing activities		**-814.145**	**0**
Change in cash and cash equivalents		**-1.574.624**	**-652.947**
Cash and cash equivalents at 1 January		2.066.679	2.719.626
Cash and cash equivalents at 31 December		**492.055**	**2.066.679**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		492.055	2.066.679
Cash and cash equivalents at 31 December		**492.055**	**2.066.679**

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Notes to the Annual Report

1 Accounting estimates and judgements

Estimation uncertainty
The statement of the carrying amounts of certain assets and liabilities requires estimation of future events.

Estimates and assumptions are based on historical experience and other factors which Management considers appropriate in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and contingencies or unexpected circumstances may arise. The Company is moreover exposed to risks and uncertainties that may result in the actual outcome deviating from these estimates. Special risks relating to Gram A/S are mentioned in note 20.

It may become necessary to change previously made estimates due to changes in the circumstances forming the basis of the previous estimates or new knowledge or subsequent events.

Estimates material to the financial reporting are made, among other things, in connection with the calculation of depreciation, amortisation and impairment losses.

Impairment test of goodwill and trademark rights

In connection with the annual impairment test of goodwill and trademark rights, or when there is indication of impairment, estimates are made of how the parts of the Company (cash-generating units) to which the goodwill and the trademark rights relate will be able to generate future adequate, positive net cash flows to support the value goodwill and trademark rights in the part of the Company concerned.

Due to the nature of the business, estimates of expected cash flows are made for a number of years ahead, which naturally implies a some uncertainty. The uncertainty is reflected in the selected discount rate.

The impairment test and the related particularly sensitive circumstances are further described in note 9.

Based in the impairment test, there is no indication of impairment in 2019.

Accounting policies

In connection with the application of the Company's accounting policies, Management makes assessments, besides estimates, which may have a material impact on the amounts recognised in the Annual Report.

Such assessments comprise, among other things, whether leases are to be treated as operating or finance leases.

In 2019, Management made the following assessments:

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		2019	2018
		EUR	EUR
2	**Staff expenses**		
	Wages and salaries	3.095.652	3.063.256
	Pensions	361.588	379.275
	Other social security expenses	114.437	126.337
		3.571.677	**3.568.868**
	Average number of employees	**47**	**46**

Remuneration to the Board of Directors and the Executive Board

	Board of Directors and Executive Board	Board of Directors and Executive Board
Salaries	436.108	398.672
Pensions	0	0
	436.108	**398.672**

3	**Fee to auditors appointed at the General Meeting**		
	Total fee	**16.347**	**53.539**
	Specified as follows:		
	Audit	8.237	18.104
	Other audit-related services	2.744	14.789
	Tax and VAT services	5.366	20.647
		16.347	**53.539**
4	**Financial income**		
	Exchange gains, net	137.661	14.754
	Other financial income	629	121
		138.290	**14.875**
5	**Financial expenses**		
	Interest, bank debt etc	6.872	7.124
	Interest, payables	1.848	5.505
	Exchange loss, net	146.369	28.923
		155.089	**41.552**

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	2019	2018
	EUR	EUR
6 Tax on profit for the year		
Tax for the year is broken down as follows:		
Tax on profit for the year	-170.380	-307.321
	-170.380	**-307.321**
which is specified as follows:		
Deferred tax	-37.060	-9.778
Corporation tax	-133.320	-297.542
	-170.380	**-307.321**
Tax on profit for the year is calculated as follows:		
22% tax calculated on profit before tax	167.604	303.270
Other non-deductible costs etc	2.776	4.051
	170.380	**307.321**
Effective tax rate	**22%**	**22%**
Corporation tax receivable/(payable) is specified as follows:		
Corporation tax receivable, Denmark	168.832	66.567
Accrued corporation tax, Sweden	-6.896	-3.003
Accrued corporation tax, Finland	-7.639	-28.930
	154.297	**34.634**

7 Distribution of profit

	2019	2018
Proposed dividend for the year	0	750.000
Retained earnings	591.457	321.180
	591.457	**1.071.180**

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8 Intangible assets

	Goodwill	Trademark rights	Total
	EUR	EUR	EUR
Cost at 1 January 2018	1.490.697	1.761.095	3.251.792
Disposals	0	0	0
Additions	0	0	0
Cost at 31 December 2018	1.490.697	1.761.095	3.251.792
Amortisation and impairment losses at 1 January 2018	0	0	0
Amortisation	0	0	0
Amortisation and impairment losses at 31 December 2018	0	0	0
Carrying amount at 31 December 2018	**1.490.697**	**1.761.095**	**3.251.792**
Carrying amount at 31 December 2018 of assets with indefinite useful lives	**1.490.697**	**1.761.095**	
Cost at 1 January 2019	1.490.697	1.761.095	3.251.792
Disposals	0	0	0
Additions	0	0	0
Cost at 31 December 2019	1.490.697	1.761.095	3.251.792
Amortisation and impairment losses at 1 January 2019	0	0	0
Amortisation	0	0	0
Amortisation and impairment losses at 31 December 2019	0	0	0
Carrying amount at 31 December 2019	**1.490.697**	**1.761.095**	**3.251.792**
Carrying amount at 31 December 2019 of assets with indefinite useful lives	**1.490.697**	**1.761.095**	

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8 Intangible assets (continued)

Goodwill and other intangible assets

At 31 December 2019, Management has prepared an impairment test of the carrying amount of goodwill and other intangible assets.

With respect to the cash-generating units, the recoverable amount is calculated based on a calculation of values in use. Goodwill and trademark rights relate to the sale of domestic appliances under the trademark GRAM, which is the Company's only activity. The most material uncertainties relate to the determination of discount and growth rates as well as expected changes in selling and purchase prices in the forecast period.

The cash flows from the most recently approved budgets and forecasts for the next five years and a discount rate before tax of 10.1% have been applied for the calculation of the values in use. Growth in the terminal period is 1.5%.

The most material assumptions in relation to budget and forecast are the following:
- General market growth is expected to be modest at < 5% in the forecast period;
- Gram is expected to be able to continue increasing its market shares in the forecast period;
- The Company's cost effectiveness is expected to continue to improve in % of revenue.

Based on the prepared impairment test, there is no indication of impairment in 2019.

Goodwill and trademark rights have no legal finite useful life. Customers and the trademark GRAM are both assets that are essential for the Company's operations and are expected to continue to exist in the Company.

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9 Property, plant and equipment

	Leasehold improve-ments	Other fixtures and fittings, tools and equipment	Total
	EUR	EUR	EUR
Cost at 1 January 2018	167.392	221.209	388.601
Disposals	0	0	0
Additions	0	0	0
Cost at 31 December 2018	167.392	221.209	388.601
Depreciation and impairment losses at 1 January 2018	74.053	182.977	257.031
Depreciation	34.318	13.310	47.628
Disposals	0	0	0
Depreciation and impairment losses at 31 December 2018	108.371	196.287	304.659
Carrying amount at 31 December 2018	**59.021**	**24.921**	**83.942**
Depreciated over	3-5 years	3-5 years	
Cost at 1 January 2019	167.392	221.209	388.601
Additions	0	0	0
Cost at 31 December 2019	167.392	221.209	388.601
Depreciation and impairment losses at 1 January 2019	108.371	196.287	304.659
Depreciation	22.502	14.323	36.825
Depreciation and impairment losses at 31 December 2019	130.873	210.610	341.484
Carrying amount at 31 December 2019	**36.519**	**10.598**	**47.117**
Depreciated over	3-5 years	3-5 years	

No changes have been made to material estimates relating to property, plant and equipment.

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	2019	2018
	EUR	EUR

10 Leases

The balance sheet shows the following amounts relating to leases:

	2019 EUR	2018 EUR
Right-of-use assets		
Vehicles	104.328	0
	104.328	**0**
Lease liabilities		
Current	60.924	0
Non-current	43.868	0
	104.793	**0**

Net additions to the right-of-use assets during the 2019 financial year were EUR 161k.

The statement of profit or loss shows the following amounts relating to leases:

	2019 EUR	2018 EUR
Depreciation charge of right-of-use assets		
Vehicles	56.132	0
	56.132	**0**
Interest expense (included in finance cost)	1.375	0

The total cash outflow for leases in 2019 was EUR 64k.

11 Inventories

	2019 EUR	2018 EUR
Goods for resale	5.910.705	3.904.779
	5.910.705	**3.904.779**
Carrying amount of inventories recognised at net selling price	151.293	212.760

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	2019	2018
	EUR	EUR
12 Receivables		
Trade receivables	5.831.410	7.032.589
Other receivables	315.402	254.363
	6.146.812	**7.286.952**
Provisions for bad debts included in the above receivables amount to	5.300	30.100
Provisions at 1 January	30.100	0
Provisions applied in the year	-30.100	0
Provisions for the year	5.300	30.100
	5.300	**30.100**

The Company has not received any collateral with respect to trade receivables.

13 Equity

Share capital
The share capital consists of 160 shares of a nominal amount of EUR 100k. No shares carry any special rights.

	2016	2017	2018	2019
	EUR	EUR	EUR	EUR
Share capital				
Share capital at 1 January	2.144.772	2.144.772	2.144.772	2.144.772
Capital increase	0	0	0	0
Share capital at 31 December	**2.144.772**	**2.144.772**	**2.144.772**	**2.144.772**

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14 Pensions and similar obligations

The Company only has defined contribution plans.

Under defined contribution plans, the employer is under an obligation to pay a certain contribution (eg a fixed amount or a fixed percentage of the pay), and the Company does not bear any risk with respect to the future development in interest rates, inflation, mortality and disability.

15 Deferred tax

	2019	2018
	EUR	EUR
Deferred tax at 1 January	-596.369	-586.590
Exchange adjustment	0	0
Deferred tax for the year included in net profit for the year	-37.060	-9.778
Deferred tax at 31 December	**-633.429**	**-596.369**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	0	0
Deferred tax (liability)	-633.429	-596.369
Deferred tax at 31 December	**-633.429**	**-596.369**
Deferred tax relates to:		
Intangible assets	-712.114	-711.013
Property, plant and equipment	17.849	56.900
Current assets	34.475	53.530
Current liabilities	26.361	4.215
	-633.429	**-596.369**

16 Long-term liabilities

	2019	2018
Warranty obligations at 1 January	813.700	888.615
Applied in the year	-654.850	-717.532
Provisions for the year	597.150	642.617
Warranty obligations at 31 December	**756.000**	**813.700**
The expected maturities of provisions are as follows:		
Short-term liabilities	567.000	610.275
Long-term liabilities	189.000	203.425
Warranty obligations at 31 December	**756.000**	**813.700**

Warranty obligations relate to sold products which are delivered with a warranty of 1-5 years. The obligations have been stated based on historical warranty costs. The costs are expected to incur primarily within 1 year.

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17 Contingent assets, liabilities and security

Charges and security

Gram A/S has granted a floating charge of a nominal amount of EUR 807k (2018: EUR 807k) in respect of bank debt of EUR 0k.

At the balance sheet date, the floating charge comprises inventories with a carrying amount of EUR 5,911k (2018: EUR 3,904k) and trade receivables of EUR 6,146k (2018: EUR 7,287k).

Contingent liabilities

Through its rental contract, Gram A/S is under an obligation to pay rent for a 12-month period of notice totalling EUR 132k (2018: EUR 128k).

	2019	2018
	EUR	EUR
18 Cash flow statement - adjustments		
Financial income	-138.290	-14.875
Financial expenses	155.089	41.552
Depreciation and amortisation	101.521	47.628
Tax on profit for the year	170.380	307.321
Other adjustments	5.861	-79.435
	294.561	**302.191**

	2019	2018
19 Cash flow statement - change in working capital		
Change in inventories	-2.005.926	-39.612
Change in receivables etc	1.134.499	-2.146.358
Change in suppliers etc	-441.641	848.892
	-1.313.067	**-1.337.078**

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20 Foreign exchange and interest rate risks as well as use of derivative financial instruments

The Company's risk management policy

Due to its operations, investments and financing, the Company is exposed to changes in exchange rates. The Company is not exposed to the interest-rate level as it has only bank deposits with a very low interest. According to its policy, the Company does not actively speculate in financial risks, and its financial management is therefore exclusively directed at the management of financial operating and financing risks. For a further description of the accounting policies and methods applied, including recognition criteria and basis of measurement, we refer to the section Description of Significant Accounting Policies.

Foreign exchange risks

The Company's activities abroad are affected by the exchange rate development of mainly SEK. The Company is affected by material foreign exchange risks relating to receivables and payables in foreign currencies at the balance sheet date. The effect on profit for the year and equity of changes in exchange rates is as follow:

	Increase in exchange rate	2019	2018
		EUR	EUR
DKK	1%	6.775	19.967
SEK	15%	24.221	-37.438
NOK	20%	29.035	11.040
CNH	10%	1.778	1.113
		61.809	**-5.317**

Any decrease would have a similar positive/negative effect.

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20 Foreign exchange and interest rate risks as well as use of derivative financial instruments (continued)

Interest rate risks

According to its policy, the Group does not hedge the interest rate risks on interest-bearing debt.

An increase in the interest-rate level of 1% pa compared to the interest-rate level at the balance sheet date will, all other things being equal, have a minor effect on profit for the year and equity at year end of EUR 1k. Any decrease will have a similar negative effect. The assumptions have been stated based on the current utilisation of the overdraft facility and the expected market development in the interest-rate level.

Liquidity risks

The Company's liquidity reserve comprises cash and cash equivalents and unutilised overdraft facilities. It is moreover the Company's objective to have adequate liquidity resources in order to be able to act appropriately in connection with future liquidity swings.

The maturities of the Company's current assets and liabilities are 1 year; however, no settlement has been agreed with respect to cash and cash equivalents. The carrying amounts equal the fair values.

Current financial assets amount to EUR 6,370k (2018: EUR 7,385k). Moreover, the Company has cash and cash equivalents of EUR 492k (2018: EUR 2,067k).

Current financial liabilities amount to EUR 5,874k (2018: EUR 6,298k).

The fair values are financial assets and liabilities correspond to the carrying amounts.

Financial Statements 1 January - 31 December

20 Foreign exchange and interest rate risks as well as use of derivative financial instruments (continued)

Credit risks

Gram A/S is not exposed to any material risks with respect to individual customers or business partners. The Company's policy for assuming credit risks implies that all major customers and other business partners are currently credit insured with TRYG Garanti.This comprises approximately 90% of the Company's customers.

Receivables overdue at 31 December but not provided for amount to:

Receivables	2019 EUR	2018 EUR
Maturity		
Up to 30 days	661.100	647.553
Between 30 and 90 days	43.693	92.685
Above 90 days	34.585	32.066
	739.378	**772.304**

Capital management

Gram A/S is a subsidiary of an international group, and the objective is for the Company's equity to comply with current legislation.

	2019 EUR	2018 EUR
21 Operating leases		
Non-cancellable operating lease payments are as follows:		
0-1 year	0	53.560
1-5 years	0	65.641
> 5 years	0	0
	0	**119.200**

The Company leases premises under operating leases. Refer to note 17.

Operating leases of EUR 0k (2018: 87k EUR) have been recognised in the income statement for 2019.

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22 Related parties

Board of Directors and Executive Board
Management's remuneration is mentioned in note 3.

Group enterprises
Trading with group enterprises has comprised the following:

	2019	2018
	EUR	EUR
Purchase of goods, Parent Company	18.189.551	16.544.065
Bonus from the Parent Company	0	489.634
Warranty refund from the Parent Company	754.746	640.482

Trading has been effected on an arm's-length basis.

The Company's payables to group enterprises amount to EUR 1,309k.

Current intercompany accounts carry no interest and are concluded on trading terms and conditions similar to those applied for the Company's other customers and suppliers.

Apart from the above, there have been no transactions during the year with the Board of Directors, the Executive Board, senior officers, significant shareholders or other related parties.

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

Amica S.A. ul. Mickiewicza 52, 64-510 Wronki, Poland.

23 Subsequent events

No material events affecting the assessment of the Financial Statements for 2019 have occurred after the balance sheet date besides the implications of COVID-19 with many governments across the world deciding to "close down their countries" which will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date, and therefore will not have any effect on the Financial Statements for 2019.

The changed market conditions will have a negative impact on the Company's revenue as well as net profit for 2020 compared to the revenue and net profit realised in 2019. At this time, it is not possible to provide a reliable estimate of the impact. Management assesses that the financial resources available are adequate.