

Gran Living ApS

Polensgade 15

8000 Aarhus C

Central Business Registration No

27615244

Annual report 2017

The Annual General Meeting adopted the annual report on 11.06.2018

Chairman of the General Meeting

Name: Kathrine Gran Hartvigsen

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Entity details

Entity

Gran Living ApS
Polensgade 15
8000 Aarhus C

Central Business Registration No: 27615244
Registered in: Aarhus
Financial year: 01.01.2017 - 31.12.2017

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Executive Board

Kathrine Gran Hartvigsen
Per Gran Hartvigsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Gran Living ApS for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 11.06.2018

Executive Board

Kathrine Gran Hartvigsen

Per Gran Hartvigsen

Independent auditor's reports

To the shareholders of Gran Living ApS

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Gran Living ApS for the financial year 01.01.2017 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

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.

Independent auditor's reports

In connection with our extended review 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 extended review 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.

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, 11.06.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Klaus Tvede-Jensen

State Authorised Public Accountant

Identification number (MNE) mne23304

Management commentary

Primary activities

The Company's primary activities consist of trading activities, design business and related business.

Development in activities and finances

The profit after tax for the year amounted to DKK 1.824k. and together with the subordinated loan capital the Company's capital resources at 31 December 2017 total DKK 11.085k.

Profit for the year is an improvement of DKK 1.625k compared with last year, which Management considers very satisfactory. Management is especially pleased with the development of the Company's own brand, AYTM which is the main contributor to the material improvement in the Company's earnings.

Growth in the sale of AYTM is expected to continue in 2018, which together with growth in the sale of private labels are the primary reasons for Management expectations of considerably improved financial performance in 2018 compared to 2017.

It has been agreed with the lender that subordinate loans cannot be called in as long as the Company needs them.

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

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		14.245.884	9.774.067
Staff costs	1	(9.406.045)	(7.880.559)
Depreciation, amortisation and impairment losses	2	<u>(749.041)</u>	<u>(438.108)</u>
Operating profit/loss		4.090.798	1.455.400
Other financial income	3	12.218	232.941
Other financial expenses	4	<u>(1.713.159)</u>	<u>(1.385.116)</u>
Profit/loss before tax		2.389.857	303.225
Tax on profit/loss for the year	5	<u>(566.000)</u>	<u>(104.014)</u>
Profit/loss for the year		<u>1.823.857</u>	<u>199.211</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.823.857</u>	<u>199.211</u>
		<u>1.823.857</u>	<u>199.211</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Acquired intangible assets		262.309	134.381
Intangible assets	6	262.309	134.381
Other fixtures and fittings, tools and equipment		3.072.937	1.549.576
Property, plant and equipment	7	3.072.937	1.549.576
Deposits		337.950	365.250
Fixed asset investments		337.950	365.250
Fixed assets		3.673.196	2.049.207
Manufactured goods and goods for resale		25.013.449	19.074.365
Prepayments for goods		2.024.913	1.908.483
Inventories		27.038.362	20.982.848
Trade receivables		6.818.628	9.018.933
Receivables from group enterprises		1.088.219	0
Deferred tax		0	546.000
Other receivables		1.229.417	1.168.513
Prepayments		779.462	952.300
Receivables		9.915.726	11.685.746
Cash		106.187	35.525
Current assets		37.060.275	32.704.119
Assets		40.733.471	34.753.326

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		600.000	600.000
Retained earnings		285.206	(1.513.145)
Equity		885.206	(913.145)
Deferred tax		12.806	0
Provisions		12.806	0
Subordinate loan capital		10.200.000	4.700.000
Other payables		2.000.000	2.000.000
Non-current liabilities other than provisions		12.200.000	6.700.000
Current portion of long-term liabilities other than provisions		0	70.085
Bank loans		17.282.916	20.965.145
Trade payables		4.266.514	2.843.448
Payables to group enterprises		87.037	207.839
Other payables	8	5.998.992	4.879.954
Current liabilities other than provisions		27.635.459	28.966.471
Liabilities other than provisions		39.835.459	35.666.471
Equity and liabilities		40.733.471	34.753.326
Financial instruments	9		
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Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	600.000	(1.513.145)	(913.145)
Other equity postings	0	(32.700)	(32.700)
Tax of equity postings	0	7.194	7.194
Profit/loss for the year	0	1.823.857	1.823.857
Equity end of year	600.000	285.206	885.206

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	7.635.821	6.724.922
Pension costs	759.584	621.686
Other social security costs	161.477	166.782
Other staff costs	849.163	367.169
	9.406.045	7.880.559
 Average number of employees	 22	 20
	2017	2016
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	56.955	10.675
Depreciation of property, plant and equipment	692.086	427.433
	749.041	438.108
	2017	2016
	DKK	DKK
3. Other financial income		
Exchange rate adjustments	12.218	232.941
	12.218	232.941
	2017	2016
	DKK	DKK
4. Other financial expenses		
Interest expenses	1.713.159	1.385.116
	1.713.159	1.385.116
	2017	2016
	DKK	DKK
5. Tax on profit/loss for the year		
Change in deferred tax for the year	566.000	104.014
	566.000	104.014

Notes

	Acquired intangible assets DKK
6. Intangible assets	
Cost beginning of year	145.056
Additions	184.883
Cost end of year	329.939
Amortisation and impairment losses beginning of year	(10.675)
Amortisation for the year	(56.955)
Amortisation and impairment losses end of year	(67.630)
Carrying amount end of year	262.309

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	3.602.509
Additions	2.215.447
Cost end of year	5.817.956
Depreciation and impairment losses beginning of the year	(2.052.933)
Depreciation for the year	(692.086)
Depreciation and impairment losses end of the year	(2.745.019)
Carrying amount end of year	3.072.937

	2017 DKK	2016 DKK
8. Other payables		
VAT and duties	5.028.818	3.945.970
Wages and salaries, personal income taxes, social security costs, etc payable	900.209	774.539
Other costs payable	69.965	159.445
	5.998.992	4.879.954

Notes

9. Financial instruments

Foreign exchange risks of outgoing orders have been hedged by forward exchange contracts. The counterparty is the Company's bank. The gross value of foreign exchange contracts amounts to DKK 9,344k at the balance sheet date and exclusively relates to hedging transactions conducted in USD to hedge purchases in USD. No forward exchange contracts run for a longer period than 6 months at the balance sheet date. The forward exchange contracts are provided as security for the settlement. No further security has been provided. No significant losses on the forward exchange contracts are expected.

At the balance sheet date, the unrealised negative profit on the forward exchange contracts amounts to DKK 33k, which is recognised under "Other payables".

10. Contingent liabilities

Joint taxation

The Entity participates in a Danish joint taxation arrangement in which Hartvigsen 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.

Operating lease commitments

The Company has entered into operating leases on cars and tools and equipment. The total remaining liability to the lessor consists of instalments in the remaining term of the contract of DKK 1,381k and repurchase commitments of DKK 92k at the end of the lease term.

The Company is subject to the usual guarantee obligations to its customers.

11. Mortgages and securities

Bank debt totalling DKK 17,283k is secured by a floating charge of DKK 18,000k. The floating charge comprises unsecured claims, inventories, intangible assets, property, plant and equipment, fixtures and fittings, tools and equipment.

The carrying amount of trade receivables amounts to DKK 6,819k.

The carrying amount of inventories amounts to DKK 27,038k.

The carrying amount of intangible assets amounts to DKK 262k.

The carrying amount of property, plant and equipment amounts to DKK 3,073k.

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, but some groupings have been modified by reclassification.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

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.

Accounting policies

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. This item also includes writedowns of receivables recognised in current assets.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

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 payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to subordinate loan capital, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with 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).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as 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.

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:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production 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.

Accounting policies

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Other financial liabilities

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