

Gran Living ApS
Central Business Registration No
27615244
Balticagade 10, st.
8000 Aarhus C

Annual report 2015

Godkendt på selskabets generalforsamling, den 31.05.2016

Dirigent

Name: Kathrine Gran Hartvigsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	6
Income statement for 2015	10
Balance sheet at 31.12.2015	11
Statement of changes in equity for 2015	13
Notes	14

Entity details

Entity

Gran Living ApS
Balticagade 10, st.
8000 Aarhus C

Central Business Registration No: 27615244

Registered in: Aarhus

Financial year: 01.01.2015 - 31.12.2015

Phone: 86782620

Fax: 86215038

E-mail: mail@granliving.dk

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 Board of Directors and the Executive Board have today considered and approved the annual report of Gran Living ApS for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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, 31.05.2016

Executive Board

Kathrine Gran Hartvigsen

Per Gran Hartvigsen

Independent auditor's reports

To the owners 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 1 January to 31 December 2015. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes, 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 the ethical rules of FSR – Danish Auditors 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 the 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.

The extended review has not resulted in any qualification.

Opinion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the extended review of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Aarhus, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Klaus Tvede-Jensen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

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

Development in activities and finances

The loss for the year after tax amounted to DKK (2,303)k, and together with the subordinate loan capital the Company's capital resources at 31 December 2015 total DKK 2,888k.

Gran Living has seen a decrease in earnings in 2015. The reason for this is an investment in development and marketing of the Company's own brand, AYTM, which was launched in the autumn of 2015. Add to this, costs relating to the implementation of a new ERP system and the moving of office premises. As a result of the investments in 2015, Gran Living is well equipped for strong growth as early as in the coming financial year.

A significantly positive development in revenue and satisfactory earnings are expected for 2016, primarily as a result of the launch of AYTM.

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.

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 for 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 one 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.

Accounting policies

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.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

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 write-downs 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.

Amortisation, depreciation and impairment losses

Depreciation losses relating to property, plant and equipment comprise depreciation losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

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.

Income taxes

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.

Accounting policies

The Entity is jointly taxed with all Danish parent companies and sister 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

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.

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 write-downs for bad and doubtful debts.

Accounting policies

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		3.545.661	6.749.670
Staff costs	1	(6.134.082)	(4.873.642)
Depreciation, amortisation and impairment losses	2	<u>(269.698)</u>	<u>(126.806)</u>
Operating profit/loss		(2.858.119)	1.749.222
Other financial income	3	362.362	0
Other financial expenses	4	<u>(464.243)</u>	<u>(399.798)</u>
Profit/loss from ordinary activities before tax		(2.960.000)	1.349.424
Tax on profit/loss from ordinary activities	5	<u>656.965</u>	<u>(336.909)</u>
Profit/loss for the year		<u>(2.303.035)</u>	<u>1.012.515</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(2.303.035)</u>	<u>1.012.515</u>
		<u>(2.303.035)</u>	<u>1.012.515</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Other fixtures and fittings, tools and equipment		1.467.280	408.625
Property, plant and equipment	6	1.467.280	408.625
Deposits		366.735	27.300
Fixed asset investments		366.735	27.300
Fixed assets		1.834.015	435.925
Manufactured goods and goods for resale		7.615.687	3.489.726
Prepayments for goods		1.823.036	448.289
Inventories		9.438.723	3.938.015
Trade receivables		4.952.531	2.457.196
Deferred tax assets		650.014	0
Other short-term receivables		964.497	238.278
Prepayments		359.795	526.020
Receivables		6.926.837	3.221.494
Cash		27.845	1.593.185
Current assets		16.393.405	8.752.694
Assets		18.227.420	9.188.619

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital		600.000	600.000
Retained earnings		<u>(1.712.356)</u>	<u>590.679</u>
Equity		<u>(1.112.356)</u>	<u>1.190.679</u>
Provisions for deferred tax		<u>0</u>	<u>13.081</u>
Provisions		<u>0</u>	<u>13.081</u>
Subordinate loan capital		<u>4.000.000</u>	<u>2.000.000</u>
Non-current liabilities other than provisions		<u>4.000.000</u>	<u>2.000.000</u>
Bank loans		11.038.477	3.722.923
Trade payables		438.357	631.518
Debt to group enterprises		119.237	4.082
Income tax payable		0	261.952
Other payables	7	<u>3.743.705</u>	<u>1.364.384</u>
Current liabilities other than provisions		<u>15.339.776</u>	<u>5.984.859</u>
Liabilities other than provisions		<u>19.339.776</u>	<u>7.984.859</u>
Equity and liabilities		<u><u>18.227.420</u></u>	<u><u>9.188.619</u></u>
Contingent liabilities	8		
Assets charged and collateral	9		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	600.000	590.679	1.190.679
Profit/loss for the year	0	(2.303.035)	(2.303.035)
Equity end of year	600.000	(1.712.356)	(1.112.356)

Notes

	2015 DKK	2014 DKK
1. Staff costs		
Wages and salaries	5.270.657	4.162.183
Pension costs	478.511	404.783
Other social security costs	107.732	4.097
Other staff costs	277.182	302.579
	6.134.082	4.873.642
	2015 DKK	2014 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	269.698	126.806
	269.698	126.806
	2015 DKK	2014 DKK
3. Other financial income		
Exchange rate adjustments	362.362	0
	362.362	0
	2015 DKK	2014 DKK
4. Other financial expenses		
Interest expenses	464.243	368.118
Exchange rate adjustments	0	31.680
	464.243	399.798
	2015 DKK	2014 DKK
5. Tax on ordinary profit/loss for the year		
Current tax	0	261.952
Change in deferred tax for the year	(663.095)	74.957
Adjustment relating to previous years	6.130	0
	(656.965)	336.909

Notes

	Other fixtures and fittings, tools and equipment DKK	
6. Property, plant and equipment		
Cost beginning of year		1.764.427
Additions		1.328.353
Cost end of year		3.092.780
Depreciation and impairment losses beginning of the year		(1.355.802)
Depreciation for the year		(269.698)
Depreciation and impairment losses end of the year		(1.625.500)
Carrying amount end of year		1.467.280
	2015 DKK	2014 DKK
7. Other short-term payables		
VAT and duties	2.890.432	721.535
Wages and salaries, personal income taxes, social security costs, etc. payable	547.520	472.030
Other costs payable	305.753	170.819
	3.743.705	1.364.384

8. Contingent liabilities

The Company 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 Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The Company has entered into a lease on the Company's domicile with a 6-month notice, which is equal to a rent obligation of DKK 407k excl. net price indexation etc.

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

Notes

9. Assets charged and collateral

Bank debt of DKK 11,038k is secured by way of a floating charge of DKK 8,000k nominal.

The floating charge has been increased to DKK 18,000k in the subsequent period.

The Company's bank has also provided a payment guarantee to one of the Company's suppliers of DKK 203k.