

## **Gran Living ApS**

Polensgade 15

8000 Aarhus C

Central Business Registration No

27615244

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 18.05.2017

### **Chairman of the General Meeting**

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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: 01.01.2016 - 31.12.2016

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 Executive Board have today considered and approved the annual report of Gran Living ApS for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 18.05.2017

### **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 01.01.2016 - 31.12.2016. 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

#### 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, 18.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Klaus Tvede-Jensen

State Authorised Public Accountant

## 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 for the year after tax amounted to DKK 199k, and together with the subordinate loan capital the Company's capital resources at 31 December 2016 total DKK 3,787k.

Profit for the year is an improvement of DKK 2,502k compared with last year, which Management considers satisfactory. Management is particularly pleased with the development of the Company's own brand AYTM. AYTM was launched globally during 2016 and has contributed highly to the positive development in the Company's financial performance already in the first full financial year.

Growth in the sale of AYTM is expected to continue in 2017, which together with growth in the sale of private labels are the primary reasons for Management's expectations of considerably improved financial performance in 2017 compared with 2016.

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 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
<b>Gross profit</b>		<b>9.774.067</b>	<b>3.545.661</b>
Staff costs	1	(7.880.559)	(6.134.082)
Depreciation, amortisation and impairment losses	2	<u>(438.108)</u>	<u>(269.698)</u>
<b>Operating profit/loss</b>		<b>1.455.400</b>	<b>(2.858.119)</b>
Other financial income	3	232.941	362.362
Other financial expenses	4	<u>(1.385.116)</u>	<u>(464.243)</u>
<b>Profit/loss before tax</b>		<b>303.225</b>	<b>(2.960.000)</b>
Tax on profit/loss for the year	5	<u>(104.014)</u>	<u>656.965</u>
<b>Profit/loss for the year</b>		<b><u>199.211</u></b>	<b><u>(2.303.035)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>199.211</u>	<u>(2.303.035)</u>
		<b><u>199.211</u></b>	<b><u>(2.303.035)</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Acquired intangible assets		134.381	0
<b>Intangible assets</b>	6	<b>134.381</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		1.549.576	1.467.280
<b>Property, plant and equipment</b>	7	<b>1.549.576</b>	<b>1.467.280</b>
Deposits		365.250	366.735
<b>Fixed asset investments</b>		<b>365.250</b>	<b>366.735</b>
<b>Fixed assets</b>		<b>2.049.207</b>	<b>1.834.015</b>
Manufactured goods and goods for resale		19.074.365	7.615.687
Prepayments for goods		1.908.483	1.823.036
<b>Inventories</b>		<b>20.982.848</b>	<b>9.438.723</b>
Trade receivables		9.018.933	4.952.531
Deferred tax		546.000	650.014
Other receivables		1.168.513	964.497
Prepayments		952.300	359.795
<b>Receivables</b>		<b>11.685.746</b>	<b>6.926.837</b>
<b>Cash</b>		<b>35.525</b>	<b>27.845</b>
<b>Current assets</b>		<b>32.704.119</b>	<b>16.393.405</b>
<b>Assets</b>		<b>34.753.326</b>	<b>18.227.420</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		600.000	600.000
Retained earnings		<u>(1.513.145)</u>	<u>(1.712.356)</u>
<b>Equity</b>		<b><u>(913.145)</u></b>	<b><u>(1.112.356)</u></b>
Subordinate loan capital		4.700.000	4.000.000
Other payables		<u>2.000.000</u>	<u>0</u>
<b>Non-current liabilities other than provisions</b>		<b><u>6.700.000</u></b>	<b><u>4.000.000</u></b>
Current portion of long-term liabilities other than provisions		70.085	0
Bank loans		20.965.145	11.038.477
Trade payables		2.843.448	730.647
Payables to group enterprises		207.839	119.237
Other payables	8	<u>4.879.954</u>	<u>3.451.415</u>
<b>Current liabilities other than provisions</b>		<b><u>28.966.471</u></b>	<b><u>15.339.776</u></b>
<b>Liabilities other than provisions</b>		<b><u>35.666.471</u></b>	<b><u>19.339.776</u></b>
<b>Equity and liabilities</b>		<b><u>34.753.326</u></b>	<b><u>18.227.420</u></b>
Contingent liabilities	9		
Mortgages and securities	10		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	600.000	(1.712.356)	(1.112.356)
Profit/loss for the year	0	199.211	199.211
<b>Equity end of year</b>	<b>600.000</b>	<b>(1.513.145)</b>	<b>(913.145)</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	6.724.922	5.270.657
Pension costs	621.686	478.511
Other social security costs	166.782	107.732
Other staff costs	367.169	277.182
	<b>7.880.559</b>	<b>6.134.082</b>
 Average number of employees	 <b>20</b>	 <b>15</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	10.675	0
Depreciation of property, plant and equipment	427.433	269.698
	<b>438.108</b>	<b>269.698</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Exchange rate adjustments	232.941	362.362
	<b>232.941</b>	<b>362.362</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Interest expenses	1.385.116	464.243
	<b>1.385.116</b>	<b>464.243</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	104.014	(663.095)
Adjustment concerning previous years	0	6.130
	<b>104.014</b>	<b>(656.965)</b>

## Notes

	<b>Acquired intangible assets DKK</b>
<b>6. Intangible assets</b>	
Additions	145.056
<b>Cost end of year</b>	<b>145.056</b>
Amortisation for the year	(10.675)
<b>Amortisation and impairment losses end of year</b>	<b>(10.675)</b>
<b>Carrying amount end of year</b>	<b>134.381</b>

	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>7. Property, plant and equipment</b>	
Cost beginning of year	3.092.780
Additions	509.729
<b>Cost end of year</b>	<b>3.602.509</b>
Depreciation and impairment losses beginning of the year	(1.625.500)
Depreciation for the year	(427.433)
<b>Depreciation and impairment losses end of the year</b>	<b>(2.052.933)</b>
<b>Carrying amount end of year</b>	<b>1.549.576</b>

	<b>2016 DKK</b>	<b>2015 DKK</b>
<b>8. Other payables</b>		
VAT and duties	3.945.970	2.890.432
Wages and salaries, personal income taxes, social security costs, etc payable	774.539	547.520
Other costs payable	159.445	13.463
	<b>4.879.954</b>	<b>3.451.415</b>

## Notes

### 9. 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 signed tenancy agreements with a period of interminability of 6 months. The remaining liability totals DKK 1,821k.

Moreover, 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 2,020k 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.

### 10. Mortgages and securities

Bank debt totalling DKK 20,965k 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 9,019k

The carrying amount of inventories amounts to DKK 20,983k

The carrying amount of intangible assets amounts to DKK 134k

The carrying amount of property, plant and equipment amounts to DKK 1,550k

## 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

### 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.

### Other financial liabilities

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