



Gran Living ApS

Polensgade 15
8000 Aarhus C
CVR No. 27615244

Annual report 2021

The Annual General Meeting adopted the
annual report on 07.07.2022

Kathrine Gran Hartvigsen

Chairman of the General Meeting

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Entity details

Entity

Gran Living ApS

Polensgade 15

8000 Aarhus C

Business Registration No.: 27615244

Registered office: Aarhus

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Per Gran Hartvigsen

Kathrine Gran Hartvigsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Executive Board has today considered and approved the annual report of Gran Living ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 07.07.2022

Executive Board

Per Gran Hartvigsen

Kathrine Gran Hartvigsen

Independent auditor's report

To the shareholders of Gran Living ApS

Opinion

We have audited the financial statements of Gran Living ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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, 07.07.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

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 after tax for the year amounted to DKK 4,348k which is considered unsatisfactory.

The company has lost more than 50% of the contributed capital and is therefore subject to the provisions of the Companies Act regarding contributed capital losses. The company's management has therefore accounted for the re-establishment of the contributed capital at the company's general meeting. The contributed capital is expected to be re-established through future operations.

During 2021, Gran Living has undergone a transformation process to make the business profitable. The year 2021 has been a success by cutting the deficit in half. During 2022 the company will continue this journey, and expect to realize a zero net result next year. This journey is supported by the company's customers and credit institutions. It is the management's clear assessment that the Company are expected to support the current activities during 2022.. See note 1 for further discussion.

The accounts have thus been prepared on the basis of the assumption of going concern.

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 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss	2	8,358,127	10,185,796
Staff costs	3	(8,792,919)	(9,829,049)
Depreciation, amortisation and impairment losses		(917,884)	(1,103,258)
Operating profit/loss		(1,352,676)	(746,511)
Other financial income		548	97,443
Impairment losses on financial assets		(1,636,119)	(5,524,104)
Other financial expenses		(1,445,827)	(1,815,001)
Profit/loss before tax		(4,434,074)	(7,988,173)
Tax on profit/loss for the year	4	86,326	(398,412)
Profit/loss for the year		(4,347,748)	(8,386,585)
Proposed distribution of profit and loss			
Retained earnings		(4,347,748)	(8,386,585)
Proposed distribution of profit and loss		(4,347,748)	(8,386,585)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		287,999	452,213
Intangible assets	5	287,999	452,213
Other fixtures and fittings, tools and equipment		693,450	1,374,780
Property, plant and equipment	6	693,450	1,374,780
Deposits		345,212	345,212
Financial assets		345,212	345,212
Fixed assets		1,326,661	2,172,205
Manufactured goods and goods for resale		29,819,964	32,963,900
Prepayments for goods		2,548,754	1,202,661
Inventories		32,368,718	34,166,561
Trade receivables		5,310,492	5,435,796
Receivables from group enterprises		645,917	875,249
Other receivables		421,219	354,706
Prepayments		1,384,010	847,561
Receivables		7,761,638	7,513,312
Cash		38,971	47,896
Current assets		40,169,327	41,727,769
Assets		41,495,988	43,899,974

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		675,000	675,000
Retained earnings		(10,167,758)	(6,126,077)
Equity		(9,492,758)	(5,451,077)
Subordinate loan capital		16,200,000	16,200,000
Bank loans		1,430,000	1,950,000
Debt to other credit institutions		3,327,410	4,185,004
Payables to shareholders and management		3,500,000	3,500,000
Other payables		1,448,558	963,450
Non-current liabilities other than provisions	7	25,905,968	26,798,454
Current portion of non-current liabilities other than provisions	7	2,147,885	1,380,200
Bank loans		16,372,082	15,416,130
Prepayments received from customers		828,654	772,211
Trade payables		5,285,299	3,179,410
Other payables		448,858	1,804,646
Current liabilities other than provisions		25,082,778	22,552,597
Liabilities other than provisions		50,988,746	49,351,051
Equity and liabilities		41,495,988	43,899,974
Going concern	1		
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	675,000	(6,126,077)	(5,451,077)
Other entries on equity	0	392,393	392,393
Tax of entries on equity	0	(86,326)	(86,326)
Profit/loss for the year	0	(4,347,748)	(4,347,748)
Equity end of year	675,000	(10,167,758)	(9,492,758)

The company has lost more than 50% of the contributed capital and is therefore subject to the provisions of the Companies Act regarding contributed capital losses. The company's management has therefore accounted for the re-establishment of the contributed capital at the company's general meeting. The contributed capital is expected to be re-established through future operations.

Notes

1 Going concern

Management has initiated initiatives to support the future operation of the company, and procure the necessary liquidity to be able to continue operations.

During May 2022, the management received DKK 5 million. in prepayments from a key customer. The customer has previously expelled great interest in supporting the company in view of their good cooperation. 3 of the 5 million DKK is postponed to payment in 2023.

Throughout the company's lifetime, credit limits have been extended on several occasions, and thus added the necessary liquidity to the company. During June 2022, an extended credit of DKK 1m. is added as a result of performance targets being met. The elevated credit frame runs until 15.11.2022. at that moment however, management is expected to be cash-positive and thus no longer needs the elevated frame.

It is on the basis of the above statements that it is the management's best assessment that the company is to be provided the necessary liquidity, and on this basis the annual report is presented according to the going concern principle.

2 Gross profit/loss

Other operating income included in the gross profit includes compensation received from payroll and fixed cost support schemes established as a result of the outbreak and spread of COVID-19 in 2020, with DKK 413 thousand. The company have received DKK 40k in COVID-19 support during 2021.

3 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	7,319,036	8,293,317
Pension costs	965,219	947,411
Other social security costs	167,157	181,857
Other staff costs	341,507	406,464
	8,792,919	9,829,049
Average number of full-time employees	20	23

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	(86,326)	398,412
	(86,326)	398,412

5 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	1,037,959
Additions	40,878
Cost end of year	1,078,837
Amortisation and impairment losses beginning of year	(585,746)
Amortisation for the year	(205,092)
Amortisation and impairment losses end of year	(790,838)
Carrying amount end of year	287,999

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	5,420,882
Additions	31,463
Disposals	(296,614)
Cost end of year	5,155,731
Depreciation and impairment losses beginning of year	(4,046,102)
Depreciation for the year	(712,792)
Reversal regarding disposals	296,613
Depreciation and impairment losses end of year	(4,462,281)
Carrying amount end of year	693,450

7 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Subordinate loan capital	0	0	16,200,000	0
Bank loans	520,000	520,000	1,430,000	0
Debt to other credit institutions	915,470	860,200	3,327,410	0
Payables to shareholders and management	0	0	3,500,000	3,500,000
Other payables	712,415	0	1,448,558	963,450
	2,147,885	1,380,200	25,905,968	4,463,450

8 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	555,358	559,426

9 Contingent liabilities

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

10 Assets charged and collateral

Bank debt totalling DKK 18,322k 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.

Debt to Vækstfonden totalling DKK 4,300k is secured by a floating charge of DKK 5,000k. 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 5,310k.

The carrying amount of inventories amounts to DKK 32,369k.

The carrying amount of intangible assets amounts to DKK 288k.

The carrying amount of property, plant and equipment amounts to DKK 693k.

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 a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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, other operating income, production costs and other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

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

activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. 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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises payables and transactions in foreign currencies.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, and 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 group enterprises. 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**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 on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment

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:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.