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Nordic Houseware Group A/S
Skodsborgvej 315
2850 Nærum
Central Business Registration No 31479363

Annual report 2016

The Annual General Meeting adopted the annual report on 20.04.2017

Chairman of the General Meeting

Bente Kjær Jensen

Name: Bente Kjær Jensen

Medlem af Deloitte Touche Tohmatsu Limited

Contents

Entity details

Entity
Nordic Houseware Group A/S
Skodsborgvej 315
2850 Nærum

Central Business Registration No: 31479363
Registered in: Nærum
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Henrik Bernt Sanders, chairman
Frank Leiberg Nissen
Torben Hartvigsen

Executive Board
Jacob Andersen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
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Postboks 1600
0900 København 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 Nordic Houseware Group A/S 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 and cash flows 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.

Nærum, 20.04.2017

Executive Board

Jacob Andersen
CEO

Board of Directors

Henrik Bernt Sanders chairman	Frank Leiberg Nissen	Torben Hartvigsen

Independent auditor's report

To the shareholders of Nordic Houseware Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Nordic Houseware Group A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Copenhagen, 20.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Kim Takata Mücke
statsautoriseret revisor

Management commentary

	2016 DKK'000	2015 DKK'000
Financial highlights		
Key figures		
Revenue	336.468	340.273
Gross profit/loss	87.564	74.870
Operating profit/loss	19.701	2.424
Net financials	(9.526)	(571)
Profit/loss for the year	7.680	1.606
Total assets	256.790	243.469
Investments in property, plant and equipment	14.027	16.917
Equity	57.633	51.975
Cash flows from (used in) operating activities	10.961	11.283
Cash flows from (used in) investing activities	(15.928)	(16.400)
Cash flows from (used in) financing activities	(7.678)	(8.290)
Ratios		
Return on equity (%)	14,0	3,1
Equity ratio (%)	22,4	21,3

The Group was established in 2016. The consolidated financial statements have been prepared using the pooling-of-interest method, though with the modification that consolidated figures are only available for 2015 and 2016, which is why the financial highlights only covers 2 years figures.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

In 2016, Nordic Houseware Group A/S was created with Plast Team A/S and ROOM Copenhagen A/S as wholly owned subsidiaries. Nordic Houseware Group A/S primary activity is to provide management services and to function as shared service center for the two subsidiaries.

Plast Team A/S: The company's activity is production and marketing of household plastic products. The company's products are primarily sold in the Nordic Countries and the rest of Europe.

ROOM Copenhagen A/S: The company's activity is to design, produce and distribute high quality designer products under licensed and/or own brands. The company's range of products are sold in Europe, North America, Latin America, Middle East, Australia, New Zealand and certain countries in Asia.

Development in activities and finances

In the financial year 2016, the Group realized revenues of DKK 336,468k compared to DKK 340,273k prior year.

The Group realized a gross profit DKK 87,565k and realized an EBITDA of DKK 34,503k. The result after tax of DKK 7,679k is considered satisfactory and in line with expectations and announced development.

Capital resources

In 2016, a loan for DKK 11,000k was established in Danske Bank to make the final payment to Finansiel Stabilitet.

The capital resources are adequate to support the activity plan for the Group for the forthcoming years.

Comments to the preparation of the financial statements

In 2016, Nordic Houseware Group took-over the entire share capital of ROOM Copenhagen A/S in addition to already holding the entire share capital of Plast Team A/S. The consolidated financial statements have been prepared using the "pooling of interest method" (in Danish: "sammenlægningsmetoden"), whereby the consolidated financial statements include comparative figures as if the Group had already existed in the past.

Comments to the Parent financial statements

In the Parent financial statements, the take-over of the shares in ROOM Copenhagen A/S has been accounted for using the socalled "book value method", whereby the take-over of ROOM Copenhagen A/S have been reflected at equity-value as of the take-over date and with no changes in the comparative figures.

With effect from 1 January 2016, the Parent took-over management activities and certain shared back-office functions from Plast Team A/S and ROOM Copenhagen A/S including related employees. This is reflected in the Parent income statement through income from the subsidiaries in the form of management and service fees based on a cost-plus arrangement and through the Parent company incurring staff costs and other operating expenses.

Management commentary

Particular risks

Business risks

The Group's primary operating risk relates to the market prices of granular plastics which have great impact on the Group's earnings capacity. The Group monitors this development closely in order to act to significant changes in cost.

Financial exposure

Due to its operations, investments and financing, the Group is exposed to changes in exchange rates and interest level. The parent company controls the financial risks of the Group centrally and coordinates the Group's cash management, including placement of funds. The Group pursues a financial policy operating with a low risk profile. Exchange rate, interest rate and credit risks arise only based on commercial circumstances.

Intellectual capital resources

Nordic Houseware Group is characterized by a dynamic knowledge environment which places great demands on the Group when it comes to collecting and disseminating information. Moreover, the individual employee's personal knowledge plays an important part.

Environmental performance

Nordic Houseware Group is aware of the general societal focus on optimizing environmental conditions and the Company is working continuously to reduce the environmental impacts from the Group's operations.

Nordic Houseware Group continuously verify that suppliers and factories are in compliance with environmental requirements.

Statutory report on corporate social responsibility

Nordic Houseware Group focuses on performing and enhancing its efforts relating to the Group's corporate ethical, social and environmental responsibility.

It is management's assessment that the efforts within employees and working conditions, environmental issues and food security have been successful.

Employees and working environment

By way of their knowhow, network and competences, the Nordic Houseware Group employees are a significant competitive factor to the Group. Job satisfaction is therefore of great importance to the Group.

The Group has an open and clear staff policy accommodating diversity and development. Moreover, employees are offered benefits in order to improve their mental, physical and social welfare. The Group also focuses continuously on improving working conditions and environment in the Group with a view to retain motivated employees and create a positive work environment.

Management commentary

Suppliers
Nordic Houseware Group cooperates with its suppliers on compliance with safety measures and focus on optimizing environmental conditions, including reduction of CO_2 emissions. All factories are subject to agreements which allow Nordic Houseware Group to perform audits at any time.

Food safety
To ensure that the Group's products meet EU requirements for food safety, Nordic Houseware Group maintain a continuous test program for its products.

Statutory report on the underrepresented gender
At the end of December 2016, the gender balance of the Group showed 55% women and 45% men. The management team consisted of 25% women. There are no women on the Board of Directors.

It is the long-term objective of the Group to maintain an equal balance between the genders, and continue to develop women to senior management positions.

Outlook
Management expects the Group to show a profit before tax for 2017 in the range of DKK 15 – 20 million based on continued focus on profitable business, launch of new products, customer gains and benefit capture from previously implemented initiatives.

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.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	336.468	340.273
Cost of sales		(248.904)	(265.403)
Gross profit/loss		**87.564**	**74.870**
Staff costs	2	(35.220)	(36.719)
Depreciation, amortisation and impairment losses	3	(14.801)	(13.676)
Other operating expenses		(17.842)	(22.051)
Operating profit/loss		**19.701**	**2.424**
Other financial income	4	536	9.354
Other financial expenses	5	(10.062)	(9.925)
Profit/loss before tax		**10.175**	**1.853**
Tax on profit/loss for the year	6	(2.495)	(247)
Profit/loss for the year	7	**7.680**	**1.606**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Acquired licences		1.151	681
Goodwill		27.600	31.920
Intangible assets	8	**28.751**	**32.601**
Plant and machinery		67.125	64.010
Other fixtures and fittings, tools and equipment		1.386	1.661
Leasehold improvements		50	0
Property, plant and equipment in progress		4.005	8.542
Property, plant and equipment	9	**72.566**	**74.213**
Deposits		1.584	874
Other receivables		12.040	3.641
Deferred tax	11	6.493	6.425
Fixed asset investments	10	**20.117**	**10.940**
Fixed assets		**121.434**	**117.754**
Raw materials and consumables		3.181	1.764
Work in progress		35.888	35.226
Inventories		**39.069**	**36.990**
Trade receivables		73.114	66.102
Receivables from group enterprises		3.433	3.886
Other receivables		16.987	17.009
Income tax receivable		0	426
Prepayments	12	2.565	1.104
Receivables		**96.099**	**88.527**
Cash		**188**	**198**
Current assets		**135.356**	**125.715**
Assets		**256.790**	**243.469**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		500	128
Revaluation reserve		7.330	20.586
Retained earnings		49.803	31.261
Equity		**57.633**	**51.975**
Deferred tax	11	1.970	2.388
Provisions		**1.970**	**2.388**
Subordinate loan capital		12.179	14.585
Bank loans		13.359	9.200
Debt to other credit institutions		4.166	4.528
Non-current liabilities other than provisions	13	**29.704**	**28.313**
Current portion of long-term liabilities other than provisions	13	9.786	7.579
Bank loans		67.151	66.019
Trade payables		70.579	69.388
Income tax payable		1.765	0
Other payables		18.202	17.807
Current liabilities other than provisions		**167.483**	**160.793**
Liabilities other than provisions		**197.187**	**189.106**
Equity and liabilities		**256.790**	**243.469**
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	128	20.586	31.261	51.975
Increase of capital	372	0	(372)	0
Costs related to equity transactions	0	0	(25)	(25)
Exchange rate adjustments	0	0	(1.559)	(1.559)
Dissolution of revaluations	0	(13.256)	13.256	0
Fair value adjustments of hedging instruments	0	0	(438)	(438)
Profit/loss for the year	0	0	7.680	7.680
Equity end of year	**500**	**7.330**	**49.803**	**57.633**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		19.701	2.424
Amortisation, depreciation and impairment losses		14.801	13.676
Working capital changes	14	(11.745)	4.530
Other adjustments		(1.500)	0
Cash flow from ordinary operating activities		**21.257**	**20.630**
Financial income received		432	497
Financial income paid		(10.062)	(9.876)
Income taxes refunded/(paid)		(666)	32
Cash flows from operating activities		**10.961**	**11.283**
Acquisition etc of intangible assets		(1.191)	0
Acquisition etc of property, plant and equipment		(14.027)	(16.917)
Sale of property, plant and equipment		0	537
Acquisition of fixed asset investments		(710)	(20)
Cash flows from investing activities		**(15.928)**	**(16.400)**
Loans raised		0	1.108
Instalments on loans etc		(7.678)	(9.398)
Cash flows from financing activities		**(7.678)**	**(8.290)**
Increase/decrease in cash and cash equivalents		**(12.645)**	**(13.407)**
Cash and cash equivalents beginning of year		(54.821)	(41.685)
Currency translation adjustments of cash and cash equivalents		503	271
Cash and cash equivalents end of year		**(66.963)**	**(54.821)**
Cash and cash equivalents at year-end are composed of:			
Cash		188	198
Short-term debt to banks		(67.151)	(55.019)
Cash and cash equivalents end of year		**(66.963)**	**(54.821)**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
1. Revenue		
EU-countries	302.274	303.360
Other countries	34.194	36.913
	336.468	**340.273**

	2016 DKK'000	2015 DKK'000
2. Staff costs		
Wages and salaries	32.660	35.877
Pension costs	1.651	1.154
Other social security costs	3.189	3.006
Staff costs classified as assets	(2.280)	(3.318)
	35.220	**36.719**
Average number of employees	**108**	**99**

	2016 DKK'000	2015 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5.041	3.638
Depreciation of property, plant and equipment	9.760	9.523
Profit/loss from sale of intangible assets and property, plant and equipment	0	515
	14.801	**13.676**

	2016 DKK'000	2015 DKK'000
4. Other financial income		
Interest income	416	10
Exchange rate adjustments	104	2.460
Remission of debt etc	0	6.500
Other financial income	16	384
	536	**9.354**

	2016 DKK'000	2015 DKK'000
5. Other financial expenses		
Interest expenses	6.612	6.139
Other financial expenses	3.450	3.786
	10.062	**9.925**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	3.104	0
Change in deferred tax for the year	(609)	247
	2.495	**247**

	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	7.680	1.606
	7.680	**1.606**

	Acquired licences DKK'000	Goodwill DKK'000
8. Intangible assets		
Cost beginning of year	5.232	43.200
Additions	1.191	0
Cost end of year	**6.423**	**43.200**
Amortisation and impairment losses beginning of year	(4.551)	(11.280)
Amortisation for the year	(721)	(4.320)
Amortisation and impairment losses end of year	**(5.272)**	**(15.600)**
Carrying amount end of year	**1.151**	**27.600**

Notes to consolidated financial statements

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	146.510	9.450	0	8.542
Exchange rate adjustments	(4.776)	(212)	0	0
Transfers	7.983	0	0	(7.983)
Additions	9.738	793	50	3.446
Disposals	(6.020)	0	0	0
Cost end of year	**153.435**	**10.031**	**50**	**4.005**
Revaluations beginning of year	23.685	0	0	0
Exchange rate adjustments	(1.000)	0	0	0
Revaluations end of year	**22.685**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(106.185)	(7.789)	0	0
Exchange rate adjustments	4.134	(104)	0	0
Depreciation for the year	(9.008)	(752)	0	0
Reversal regarding disposals	2.064	0	0	0
Depreciation and impairment losses end of the year	**(108.995)**	**(8.645)**	**0**	**0**
Carrying amount end of year	**67.125**	**1.386**	**50**	**4.005**
Carrying amount if asset had not been revalued	58.076	-	-	-

	Deposits DKK'000	Other receivables DKK'000	Deferred tax DKK'000
10. Fixed asset investments			
Cost beginning of year	874	3.641	6.425
Additions	710	8.399	68
Cost end of year	**1.584**	**12.040**	**6.493**
Carrying amount end of year	**1.584**	**12.040**	**6.493**

Notes to consolidated financial statements

11. Deferred tax	2016 DKK'000	2015 DKK'000
Intangible assets	(2.423)	(92)
Property, plant and equipment	(4.462)	(2.226)
Inventories	(366)	146
Receivables	203	178
Tax losses carried forward	11.571	6.031
	4.523	**4.037**

Changes during the year		
Beginning of year	4.037	
Recognised in the income statement	609	
Recognised directly in equity	(123)	
End of year	**4.523**	
Deferred tax assets	6.493	6.425
Deferred tax liabilities	(1.970)	(2.388)
	4.523	**4.037**

12. Prepayments

Prepayments comprise prepaid expenses and royalties.

13. Liabilities other than provisions	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000
Subordinate loan capital	4.719	7.579	12.179
Bank loans	3.400	0	13.359
Debt to other credit institutions	1.667	0	4.166
	9.786	**7.579**	**29.704**

In addition, the Group has short-term bank debt of DKK 67,151k consisting of factoring and overdraft facilities.

14. Change in working capital	2016 DKK'000	2015 DKK'000
Increase/decrease in inventories	(2.079)	3.209
Increase/decrease in receivables	(10.690)	1.887
Increase/decrease in trade payables etc	1.586	(566)
Other changes	(562)	N/A
	(11.745)	**4.530**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**16.071**	**9.603**

16. Contingent liabilities

The Groups Danish enterprises participate in a Danish joint taxation arrangement in which Jacob Andersen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Groups Danish enterprises are therefore liable 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.

17. Mortgages and securities

Floating charges of totally DKK 209,613k have been established as a security for loan agreements covering assets with a book value of DKK 142,406k.

Trade receivables of DKK 38,288k (2015: DKK 37,123k) pledged as security for bank debt.

Long-term receivables of DKK 3,641k (2015: DKK 3,641k) pledged as security for bank debt.

18. Transactions with related parties

The following related parties have a controlling interest in the group:

Name	Registred office	Basis of influence
Jacob Andersen Holding ApS	2680 Solrød Strand	Parent company
Jacob Andersen	2680 Solrød Strand	Ultimate majority shareholder

Transactions with related parties are based on arm's length terms.

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Jacob Andersen Holding ApS, 2680 Solrød Strand.

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
20. Subsidiaries			
Plast Team A/S	Denmark	A/S	100,0
Plast Team Poland sp.z.o.o.	Poland	sp.z.o.o	100,0
Plast Team Vertriebs GmbH	Germany	GmbH	100,0
ROOM COPENHAGEN A/S	Denmark	A/S	100,0
ROOM COPENHAGEN INC	USA	INC	100,0
ROOM COPENHAGEN GmbH	Germany	GmbH	100,0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Other operating income		24.660	0
Gross profit/loss		**24.660**	**0**
Staff costs	1	(14.311)	0
Depreciation, amortisation and impairment losses	2	(1.067)	0
Other operating expenses		(6.642)	(6.558)
Operating profit/loss		**2.640**	**(6.558)**
Income from investments in group enterprises		6.505	1.219
Other financial income	3	95	6.500
Other financial expenses	4	(1.211)	(1)
Profit/loss before tax		**8.029**	**1.160**
Tax on profit/loss for the year		(349)	0
Profit/loss for the year	5	**7.680**	**1.160**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Acquired licences		1.151	0
Intangible assets	6	**1.151**	**0**
Other fixtures and fittings, tools and equipment		811	0
Leasehold improvements		50	0
Property, plant and equipment in progress		3.446	0
Property, plant and equipment	7	**4.307**	**0**
Investments in group enterprises		90.150	53.690
Receivables from group enterprises		10.000	0
Deposits		1.542	0
Other receivables		3.641	0
Fixed asset investments	8	**105.333**	**53.690**
Fixed assets		**110.791**	**53.690**
Receivables from group enterprises		10.343	0
Other receivables		169	0
Prepayments	9	904	0
Receivables		**11.416**	**0**
Cash		**10**	**52**
Current assets		**11.426**	**52**
Assets		**122.217**	**53.742**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	10	500	128
Reserve for net revaluation according to the equity method		57.636	51.190
Retained earnings		(503)	(16.295)
Equity		**57.633**	**35.023**
Deferred tax	11	250	0
Provisions		**250**	**0**
Payables to group enterprises		31.200	0
Non-current liabilities other than provisions		**31.200**	**0**
Bank loans		19.340	11.000
Trade payables		1.678	40
Payables to group enterprises		6.307	7.639
Joint taxation contribution payable		99	0
Other payables		5.710	40
Current liabilities other than provisions		**33.134**	**18.719**
Liabilities other than provisions		**64.334**	**18.719**
Equity and liabilities		**122.217**	**53.742**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Mortgages and securities	14		
Related parties with controlling interest	15		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	128	51.190	(16.295)	35.023
Increase of capital	372	0	16.580	16.952
Costs related to equity transactions	0	0	(25)	(25)
Exchange rate adjustments	0	(1.559)	0	(1.559)
Fair value adjustments of hedging instruments	0	0	(438)	(438)
Profit/loss for the year	0	8.005	(325)	7.680
Equity end of year	**500**	**57.636**	**(503)**	**57.633**

On May 27, 2016 a capital increase of DKK 35,513k was registered consisting of contribution of shares in the subsidiary ROOM COPENHAGEN A/S. For financial reporting purposes the capital increase has been accounted for according to the "book value method" and therefore registered at DKK 16,952k equal to the proportionate share of equity in ROOM COPENHAGEN A/S at takeover date.

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Staff costs		
Wages and salaries	16.153	0
Pension costs	311	0
Other staff costs	127	0
Staff costs classified as assets	(2.280)	0
	14.311	**0**
Average number of employees	**27**	**0**

Remuneration of management is not disclosed as there is only one person in management.

	2016 DKK'000	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	721	0
Depreciation of property, plant and equipment	346	0
	1.067	**0**

	2016 DKK'000	2015 DKK'000
3. Other financial income		
Financial income arising from group enterprises	95	0
Remission of debt etc	0	6.500
	95	**6.500**

	2016 DKK'000	2015 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	585	0
Interest expenses	548	0
Exchange rate adjustments	51	0
Other financial expenses	27	1
	1.211	**1**

	2016 DKK'000	2015 DKK'000
5. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	8.005	1.219
Retained earnings	(325)	(59)
	7.680	**1.160**

Notes to parent financial statements

	Acquired licences DKK'000
6. Intangible assets	
Addition through business combinations etc	5.343
Additions	1.168
Cost end of year	**6.511**
Transfers	(4.639)
Amortisation for the year	(721)
Amortisation and impairment losses end of year	**(5.360)**
Carrying amount end of year	**1.151**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant and equipment			
Addition through business combinations etc	2.199	0	0
Additions	522	50	3.446
Cost end of year	**2.721**	**50**	**3.446**
Transfers	(1.564)	0	0
Depreciation for the year	(346)	0	0
Depreciation and impairment losses end of the year	**(1.910)**	**0**	**0**
Carrying amount end of year	**811**	**50**	**3.446**

Notes to parent financial statements

8. Fixed asset investments	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	2.500	0	0	0
Additions	31.952	10.000	1.542	3.641
Cost end of year	**34.452**	**10.000**	**1.542**	**3.641**
Revaluations beginning of year	51.190	0	0	0
Exchange rate adjustments	(1.559)	0	0	0
Share of profit/loss for the year	8.005	0	0	0
Fair value adjustments	(438)	0	0	0
Revaluations end of year	**57.198**	**0**	**0**	**0**
Amortisation of goodwill	(1.500)	0	0	0
Impairment losses end of year	**(1.500)**	**0**	**0**	**0**
Carrying amount end of year	**90.150**	**10.000**	**1.542**	**3.641**

9. Prepayments

Prepayments solely comprise prepaid expenses.

10. Contributed capital	Number	Par value DKK'000	Nominal value DKK'000
Shares	500	1	500
	500		**500**

11. Deferred tax	2016 DKK'000
Intangible assets	250
	250

Changes during the year	
Recognised in the income statement	250
End of year	**250**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**14.050**	**0**

13. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Jacob Andersen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable 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.

14. Mortgages and securities

The Company has entered into a multi-option facility agreement were the company pledge as security for the Group's bank debt.

Long-term receivables of DKK 13,641k (2015: DKK 13,641k) pledged as security for bank debt.

Shares in subsidiaries of DKK 90,150k (2015: DKK 70,642k) pledged as security for bank debt.

15. Related parties with controlling interest

The following related parties have a controlling interest in the group:

Name	Registred office	Basis of influence
Jacob Andersen Holding ApS	2680 Solrød Strand	Parent company
Jacob Andersen	2680 Solrød Strand	Ultimate majority shareholder

Transactions with related parties are based on arm's length terms.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

In 2016, Nordic Houseware Group A/S has acquired the entire share capital in ROOM Copenhagen A/S partly through a contribution in kind and partly through a vendor note. All acquisitions have been made from related parties, and therefore, the Group has used the option to prepare the consolidated financial statements by accounting for the acquisition using the pooling of interest method, whereby ROOM Copenhagen has been treated as if it has always been owned by Nordic Houseware Group A/S together with Plast Team A/S, which has already been a subsidiary for a number of years. On this basis, the comparative figures in the consolidated financial statements also include a full consolidation of ROOM Copenhagen A/S.

In the Parent financial statements, the acquisition has been accounted for using the "book value method", whereby the acquisition has been accounted for at equity value at the date of the acquisition without any adjustment of comparative figures. Management has concluded not to apply the pooling of interest method at the Parent level since the activities of the Parent changed significantly from being a pure holding activity in 2015 to providing management and back-office services to the subsidiaries in 2016, and therefore, it would not be appropriate to adjust the comparative figures in 2015 at the Parent level.

As a result of amendments to the Danish Financial Statements Act, the revaluation reserve may now be reduced with the depreciation made on the revalued amounts. The reduction in the revaluation reserve has been reflected in the movements in equity in 2016 as a transfer from the revaluation reserve to retained earnings.

Except for the above matters, the financial statements have been prepared on a consistent basis compared to previous years.

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.

Accounting policies

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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.

When recognising foreign subsidiaries, the income statements are translated at average exchange rates and balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments
The Group uses derivative financial instruments to hedge risks such as changes in currencies.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in fair value of derivatives that are classified as effective cash flow hedges, including hedges of highly probable forecasted transactions, are recognized in equity. The ineffective portion of fair value and cash flow hedges is recognized immediately in the statement of income.

Accounting policies

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss for the Group as they arise.

Income statement

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 consists of sale of management and facility services.

Cost of sales

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

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 operating expenses

Other operating expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, net capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses and currency losses.

Accounting policies

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 Company is part of a joint taxation. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet
Goodwill
Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation periods is usually 10 years based on an assessment of the long-term earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise intellectual property rights, acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. 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 with additions of revaluations and 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. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost with the addition of revaluations and 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	3-12 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

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.

Accounting policies

Revaluation reserve for Plant and machinery measured at fair value will be reduced with future depreciation. Depreciation from prior years of the revalued amount has been deducted from the revaluation reserve.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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 carry forwards, 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.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments
Prepayments comprise prepaid expenses and prepaid royalty.

Accounting policies

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.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank loans.