

Søstrene Grenes Holding ApS
Gunnar Clausens Vej 20-22
8260 Viby J
Central Business Registration No 35140328

Annual report 2015/16

The Annual General Meeting adopted the annual report on 20.09.2016

Chairman of the General Meeting

Name: Lasse Søndergaard Christensen

Medlem af Deloitte Touche Tohmatsu Limited

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Entity details

Entity

Søstrene Grenes Holding ApS
Gunnar Clausens Vej 20-22
8260 Viby J

Central Business Registration No: 35140328

Founded: 01.03.2013

Registered in: Aarhus

Financial year: 01.05.2015 - 30.04.2016

Internet: www.sostrenegrene.com

Board of Directors

Lasse Søndergaard Christensen, formand

Cresten Vaupell Grene

Mikkel Vaupell Grene

Executive Board

Mikkel Vaupell Grene

Cresten Vaupell Grene

Entity 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 Søstrene Grenes Holding ApS for the financial year 01.05.2015 - 30.04.2016.

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 30.04.2016 and of the results of its operations and cash flows for the financial year 01.05.2015 - 30.04.2016.

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, 20.09.2016

Executive Board

Mikkel Vaupell Grene

Cresten Vaupell Grene

Board of Directors

Lasse Søndergaard Christensen
formand

Cresten Vaupell Grene

Mikkel Vaupell Grene

Independent auditor's reports

To the owners of Søstrene Grenes Holding ApS Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Søstrene Grenes Holding ApS for the financial year 01.05.2015 - 30.04.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and 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.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2016 and of the results of their operations og and the Group's cash flows for the financial year 01.05.2015 - 30.04.2016 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

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

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

Aarhus, 20.09.2016

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant

Mads Fauerskov
State Authorised Public Accountant

Management commentary

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>	<u>2013/14</u> <u>DKK'000</u>	<u>2013</u> <u>DKK'000</u>
Financial highlights				
Key figures				
Revenue	438.936	331.187	307.000	70.950
Gross profit/loss	125.159	81.414	63.829	8.892
Operating profit/loss	49.477	35.251	24.766	3.299
Net financials	(2.311)	(812)	(2.237)	(459)
Profit/loss for the year	35.332	26.277	18.622	8.503
Total assets	315.484	206.832	178.878	160.911
Investments in property, plant and equipment	17.384	3.151	14.884	381
Equity	147.637	99.402	75.125	56.503
Cash flows from (used in) operating activities	54.361	17.714	28.115	(552)
Cash flows from (used in) investing activities	(21.007)	(10.582)	(16.583)	(642)
Cash flows from (used in) financing activities	15.811	(4.454)	(9.994)	(487)
Ratios				
Gross margin (%)	28,5	24,6	20,8	12,5
Net margin (%)	8,0	7,9	6,1	12,0
Return on equity (%)	28,8	30,1	28,3	15,0
Equity ratio (%)	46,8	48,1	42,0	35,1

The financial year 2013 is not directly comparable with 2013/14, 2014/15 and 2015/16 as the financial year 2013 only covers the period 01.03.2013-30.04.2013.

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.

Management commentary

Return on equity (%)

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

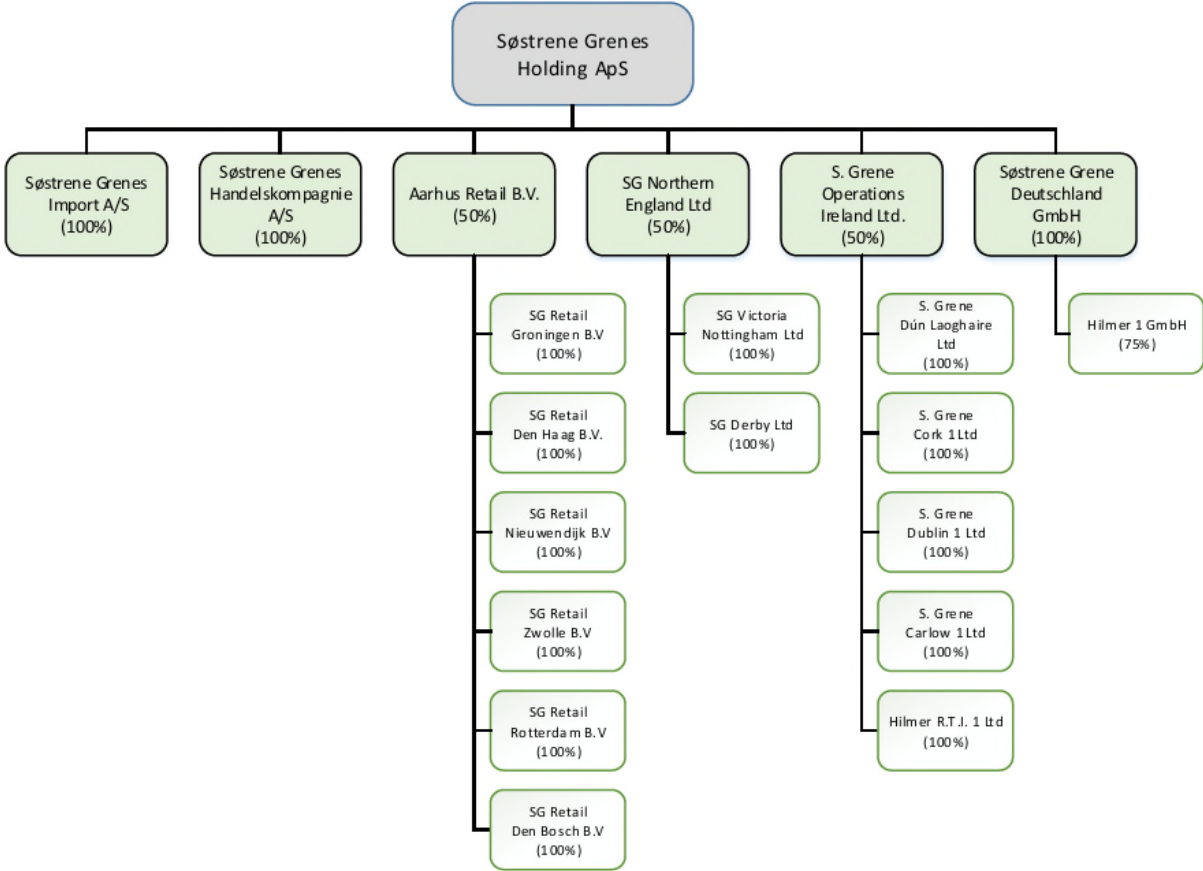
The entity's return on capital invested in the entity by the owners.

Equity ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

The financial strength of the Entity

Group Overview



Management commentary

THE WONDERFUL WORLD OF ANNA & CLARA

The wonderful tale of Søstrene Grene began in the late summer of 1973, in Aarhus, Denmark. It is the story of the two elderly sisters, Anna and Clara Grene, who diligently work to create slight, bright differences to everyday life.

Søstrene Grene is a chain of retail stores where a truly special atmosphere exists. Walking into one of these stores is meant to feel like entering an oasis where, at least for a while, shoppers can take a break from the hectic pace of everyday life. By doing this, Søstrene Grene seeks out to set the stage for wonderful experiences and joyful moments. Experiences that encourage people to explore and to let their imagination run free.

With great passion, Søstrene Grene develops new designs within their product categories. The stores receive a wealth of new products every week, and many of these items are only sold for a short period of time. Common to all products is an elegant and feminine expression that brings beauty to everyday life, and the prices are always kept at a reasonable level.

In every respect, Søstrene Grene is based on strong family values, and the stores are placed where customers can put complete trust in the products. Today, more than forty years from the first store, the company is still family-owned and now overseen by the two brothers Mikkel and Cresten Grene from their offices in Aarhus, Denmark.

Welcome to Anna and Clara's wonderful world.

www.sostrenegrene.com

Aarhus, sept 2016,

Mikkel Vaupell Grene

CEO

Management commentary

Primary activities

The primary activities in the Søstrene Grene group relate to retail trade, franchise, import and export of goods. Whereas the core activities in the wholesale business primarily cover development of the Søstrene Grene concept, buying, designing, sale and distribution of goods to the Søstrene Grene stores, the main activities in the retail business are: purchase and sale of goods. Today, Søstrene Grene stores are found in Denmark, Norway, Sweden, Iceland, the Netherlands, France, Spain, the UK, Ireland and Germany.

Development in activities and finances

The income statement for the financial year ended 30 April 2016 shows an operating profit of DKK 49.5m, which is an increase of DKK 14.3m or 40 percent. Net profit amounts to DKK 35.3m, which is an increase of 34 percent.

The balance sheet shows equity of DKK 147.6m (30 April 2015: 99.4m) and cash flow from ordinary operating activities amounts to DKK 57.3m.

The management is satisfied with this year's financial performance, not least in the light of a financial year with heavy expenses and investments related to the internationalization and development of the company in general, combined with a relatively limited volume on the new markets. In addition, the profit for the year is in line with the expectations at the beginning of the year.

Outlook

Based on the wonderful and warm welcome Søstrene Grene has experienced in a number of newly established markets, there is an even stronger ambition to establish new stores and markets, and thereby increase the presence outside Scandinavia. The aggressive expansion strategy combined with high expectations to strong, continued growth in existing stores is expected to result in a continued high growth and a positive development.

Since the next financial year (in the same way as the previous) will be characterized by heavy investments in new markets, IT, logistics and human resources, the expectations are moderate, meaning a slightly higher profit than current financial year.

Particular risks

The Group's earnings may be negatively affected by an increasing US dollar rate. Part of the Group's purchase of goods is conducted in USD. The Group is continuously considering hedging its purchase of goods against exchange rate fluctuations. Moreover, the Group is exposed to credit risks at franchisees due to their inability to pay.

Management commentary

Corporate social responsibility

Corporate social responsibility policies

Statutory statement on corporate social responsibility (CSR), see section 99a of the Danish Financial Statement Act.

Søstrene Grene is a family-owned company with strong human values. For that reason, corporate social responsibility and respect for human rights have always been highly prioritized and a natural part of the way Søstrene Grene carries out its business. In addition, as a result of expansion, growth and increased interest from stakeholders, corporate social responsibility has over the years been subject to increased efforts and initiatives.

The direction of Søstrene Grene's CSR engagement is defined in a "Responsible Sourcing Strategy", a "Climate and Environmental Strategy" and a "Community Involvement Strategy" with policies defined for each of the areas.

Responsible Sourcing Strategy

The majority of the product assortment in Søstrene Grene are produced in Asian countries. From a risk perspective, Søstrene Grene's Responsible Sourcing Strategy is therefore considered the most essential area within CSR in Søstrene Grene.

Søstrene Grene's Supplier Code of Conduct defines the requirements that Søstrene Grene sets for all suppliers. The requirements refer to human rights, labor rights, working environment, environmental protection etc. All suppliers have signed the Supplier Code of Conduct. Søstrene Grene's audit team monitors compliance with the Code of Conduct and guides the supplier in case improvements are required. In total Søstrene Grene has more than 400 different suppliers, of which many are used only once for a small order. Which of the suppliers that are selected for audits, is based on risk and relevance criteria, including parameters such as product category, production process and country, number and size of orders etc.

The company prioritizes to collaborate with the suppliers on improvements, since this has the most significant effect on working conditions and environmental protection. In case the supplier is not genuinely committed to rectify non-compliances, or if zero tolerance principles as defined in the Supplier Code of Conduct are violated, the cooperation with the supplier will be terminated. However, this has not occurred during the financial year 2015/16.

Climate and Environmental Strategy

By the end of the financial year, Søstrene Grene outlined a new Climate and Environmental Strategy, which focuses on minimizing resources and CO₂ emissions, recycling, hazardous substances in products and organic products.

Management commentary

In addition, 2016 has been marked by a strengthened cooperation with Forest Stewardship Council (FSC), which promotes social and environmentally responsible forestry. During this financial year, the share of FSC certified goods has been increased to 45% of the total wood-based products in Søstrene Grene.

Moreover, the company has initiated a cooperation with a number of suppliers on minimization of packaging. The cooperation has reduced paper and cardboard consumption from these suppliers by 25%.

For the next financial year, focus will be on further implementation of the new Climate and Environmental Strategy, including activities as improving the overview of energy resources, gathering and registration of more quantified data and thereby achieve further reductions in consumption.

Community Involvement Strategy

With an increased size and role in society, Søstrene Grene holds a great possibility of creating positive changes to vulnerable people.

Danish Red Cross and Søstrene Grene have had a close cooperation for several years. A donation of DKK 1 is given each time a bottle of water is sold in the stores. This year, Søstrene Grene has donated DKK 440,000.

In 2015, Søstrene Grene initiated a cooperation with a supplier in Nepal that runs two schools, a number of anti-trafficking projects and creates jobs for vulnerable people in Katmandu. Søstrene Grene chose this supplier to support the social work carried out. The total order was EUR 20,000 during this financial year, but the aim is to increase this size significantly in the next financial year.

For more detailed information on CSR in Søstrene Grene, please go to www.sostrenergrene.com/csr.

Statutory statement on the underrepresented gender

Statutory statement on the underrepresented gender in Management, see section 99b of the Danish Financial Statement Act.

The supreme governing body of Søstrene Grenes Holding ApS is composed of three male board members. By the end of 2020, Søstrene Grenes Holding ApS will seek to change the representation of the underrepresented gender on the Board, targeting a ratio of at least 25:75%. This is to be effected through internal as well as external recruitment if there are relevant candidates. This process has already been initiated, which is reflected in the other management bodies in the group.

Looking to the registered directors of the company and its subsidiaries, registered women represent approximately 25%. The group has a minimum target of 40% women and 60% men by the end of 2020. The process

Management commentary

has already been initiated through internal as well as external recruitment. This work is clearly reflected in continuation of the group's development in other countries where the gender distribution on other management levels is even.

In the overall management of the company and its subsidiaries, there is an overrepresentation of women, both in the wholesale and the retail business respectively. There is a tendency towards a stronger overrepresentation of women in the retail business as stores managers. The group targets a minimum ratio of 40:60% by the end of 2020. The process has already been initiated through internal as well as external recruitment.

Even though competences do always come first in the selection of resources to management positions, Søstrene Grene strives to offer equal possibilities for men and women on the management level. With only a few registered female directors and with more male owners within the group, it is a challenge to change the ratios from day to day, but the overall goal is to give equal possibilities and access to management positions to both genders.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

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

The Company has changed to reporting class C (big) in the financial year for which reason this year's figures have been restated in accordance with the Danish Financial Statements Act. Moreover, there has been an early adoption of the provision in the new Danish Financial Statements Act relating to recognition of minority interests so that minority interests' share of profit/loss is disclosed as a separate item in the statement of distribution of profit/loss. The early adoption has no impact on last year's figures.

With the exception of the above, the accounting policies applied for this consolidated financial statements and parent financial statements are with minor reclassifications 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.

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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Accounting policies

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of 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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover 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 one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

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.

Revenue is measured after elimination of intra-group trade.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

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

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. Received compensation from public authorities is deducted in the staff cost.

Amortisation, depreciation 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 of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment of financial assets

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

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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

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 acquired intellectual property rights.

The cost of acquired intellectual rights comprises costs, including external fees and internal salaries that are directly and indirectly attributable to the intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line amortisation is made on the basis of the estimated useful lives of the assets which are 3-5 years.

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

Property, plant and equipment

Land and buildings, other fixtures and fittings and leasehold improvements 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 plus revaluation 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:

Buildings	5-50 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5 years

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

Shop properties

The Company has divided its properties into two categories: 1) domicile and inventory properties and 2) shop properties. Domicile and inventory properties are recognised at cost with deduction of accumulated depreciation, whereas shop properties are recognised at fair value minus accumulated depreciation. The valuation is reviewed continuously by an independent valuer.

Shop properties are revalued to fair value on a continuous basis, equal to the fair value of the property in accordance with § 41 of the Danish Financial Statements Act. Revaluation of fair value is recognised directly in equity under "Reserve for net revaluation according to the equity method" in parent statement and under "Revaluation reserve" in the consolidated statement.

Accounting policies

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 and minus or plus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Receivables

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

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.

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

The Group's management have chosen to pre-implement the new Danish Financial Statements act. Recognition and presentation of minority interests are therefore in accordance with the new Danish Financial Statements Act.

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.

Accounting policies

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.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary,

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

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

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. 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, inception of finance leases, instalments on interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

Consolidated income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Revenue	1	438.936.097	331.186.853
Other operating income		18.615.950	519.273
Cost of sales		(275.370.824)	(205.482.493)
Other external expenses	4	<u>(57.022.343)</u>	<u>(44.809.507)</u>
Gross profit/loss		125.158.880	81.414.126
Staff costs	2	(63.048.293)	(43.062.782)
Depreciation, amortisation and impairment losses	3	(4.345.882)	(2.773.500)
Other operating expenses		<u>(8.287.512)</u>	<u>(327.008)</u>
Operating profit/loss		49.477.193	35.250.836
Other financial income		345.537	712.394
Impairment of financial assets		0	1.217.000
Other financial expenses		<u>(2.656.182)</u>	<u>(2.740.909)</u>
Profit/loss from ordinary activities before tax		47.166.548	34.439.321
Tax on profit/loss from ordinary activities	5	<u>(11.834.860)</u>	<u>(8.162.530)</u>
Profit/loss for the year		<u>35.331.688</u>	<u>26.276.791</u>
Proposed distribution of profit/loss			
Dividend for the financial year		0	5.000.000
Extraordinary dividend		250.000	0
Retained earnings		34.575.025	21.276.791
Minority interests' share of profit or loss		<u>506.663</u>	<u>0</u>
		<u>35.331.688</u>	<u>26.276.791</u>

Consolidated balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Acquired intangible assets		6.064.413	4.531.385
Intangible assets	6	<u>6.064.413</u>	<u>4.531.385</u>
Land and buildings		130.152.449	112.606.567
Other fixtures and fittings, tools and equipment		6.627.032	3.140.797
Leasehold improvements		10.799.146	1.880.443
Property, plant and equipment	7	<u>147.578.627</u>	<u>117.627.807</u>
Deposits		6.008.939	4.599.568
Other receivables		10.032.143	6.564.504
Fixed asset investments	8	<u>16.041.082</u>	<u>11.164.072</u>
Fixed assets		<u>169.684.122</u>	<u>133.323.264</u>
Manufactured goods and goods for resale		53.153.593	38.314.809
Prepayments for goods		2.619.580	0
Inventories		<u>55.773.173</u>	<u>38.314.809</u>
Trade receivables		29.841.948	28.331.241
Other short-term receivables		3.901.343	1.843.678
Prepayments	10	2.526.056	448.389
Receivables		<u>36.269.347</u>	<u>30.623.308</u>
Cash		<u>53.757.697</u>	<u>4.570.972</u>
Current assets		<u>145.800.217</u>	<u>73.509.089</u>
Assets		<u>315.484.339</u>	<u>206.832.353</u>

Consolidated balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital		80.000	80.000
Revaluation reserve		39.702.000	25.800.000
Retained earnings		102.381.963	68.521.750
Proposed dividend		0	5.000.000
Equity attributable to the Parent's owners		142.163.963	99.401.750
Share of equity attributable to minority interests	11	5.473.498	0
Equity		147.637.461	99.401.750
Provisions for deferred tax		14.509.215	10.754.341
Provisions		14.509.215	10.754.341
Mortgage debts		68.560.127	53.745.050
Convertible, profit-yielding or dividend-yielding debt instruments		1.568.542	1.373.200
Deposits		27.474	542.473
Income tax payable		9.603.926	7.386.857
Other payables		2.451.324	0
Non-current liabilities other than provisions	12	82.211.393	63.047.580
Current portion of long-term liabilities other than provisions	12	4.514.012	3.490.599
Bank loans		21.915	0
Convertible, profit-yielding or dividend-yielding debt instruments		4.777.831	4.616.262
Trade payables		36.826.503	16.538.595
Income tax payable		7.865.181	8.417
Other payables		17.120.828	8.974.809
Current liabilities other than provisions		71.126.270	33.628.682
Liabilities other than provisions		153.337.663	96.676.262
Equity and liabilities		315.484.339	206.832.353
Subsidiaries	9		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		

Consolidated statement of changes in equity for 2015/16

	Contributed capital DKK	Revaluation reserve DKK	Retained earnings DKK	Proposed extraordi- nary divi- dend DKK
Equity beginning of year	80.000	25.800.000	68.521.750	0
Cash payments concerning formation of entity	0	0	0	0
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(250.000)
Exchange rate adjustments	0	0	(98.378)	0
Revaluations for the year	0	16.500.000	0	0
Fair value adjustments of hedging instruments	0	0	(790.300)	0
Tax of equity postings	0	(2.598.000)	173.866	0
Profit/loss for the year	0	0	34.575.025	250.000
Equity end of year	80.000	39.702.000	102.381.963	0

	Proposed di- vidend DKK	Share of equity attri- butable to minority inte- rests DKK	Total DKK
Equity beginning of year	5.000.000	0	99.401.750
Cash payments concerning formation of entity	0	5.064.549	5.064.549
Ordinary dividend paid	(5.000.000)	0	(5.000.000)
Extraordinary dividend paid	0	0	(250.000)
Exchange rate adjustments	0	(97.714)	(196.092)
Revaluations for the year	0	0	16.500.000
Fair value adjustments of hedging instruments	0	0	(790.300)
Tax of equity postings	0	0	(2.424.134)
Profit/loss for the year	0	506.663	35.331.688
Equity end of year	0	5.473.498	147.637.461

Consolidated cash flow statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Operating profit/loss		49.477.193	35.250.836
Amortisation, depreciation and impairment losses		4.345.882	2.773.500
Write-down of current assets other than current financial assets		0	1.642.223
Working capital changes	13	<u>3.476.908</u>	<u>(11.049.307)</u>
Cash flow from ordinary operating activities		57.299.983	28.617.252
Financial income received		345.537	712.394
Financial income paid		(2.656.182)	(2.740.909)
Income taxes refunded/(paid)		(628.000)	(8.751.614)
Other cash flows		<u>0</u>	<u>(122.882)</u>
Cash flows from operating activities		54.361.338	17.714.241
Acquisition etc of intangible assets		(2.316.675)	(2.829.619)
Acquisition etc of property, plant and equipment		(17.384.248)	(3.151.343)
Sale of property, plant and equipment		248.471	50.000
Other cash flows from investing activities		<u>(1.554.960)</u>	<u>(4.651.128)</u>
Cash flows from investing activities		(21.007.412)	(10.582.090)
Loans raised		19.329.089	0
Instalments on loans etc		(3.490.599)	(2.168.946)
Dividend paid		(5.250.000)	(2.000.000)
Other cash flows from financing activities		<u>5.222.394</u>	<u>(284.676)</u>
Cash flows from financing activities		15.810.884	(4.453.622)
Increase/decrease in cash and cash equivalents		49.164.810	2.678.529
Cash and cash equivalents beginning of year		<u>4.570.972</u>	<u>1.892.443</u>
Cash and cash equivalents end of year		53.735.782	4.570.972
Cash and cash equivalents at year-end are composed of:			
Cash		53.757.697	4.570.972
Short-term debt to banks		<u>(21.915)</u>	<u>0</u>
Cash and cash equivalents end of year		53.735.782	4.570.972

Notes to consolidated financial statements

	2015/16	2014/15
	DKK	DKK
1. Revenue		
Denmark	251.087.146	196.174.201
Other Scandinavia	133.546.099	117.366.051
Outside Scandinavia	54.302.852	17.646.601
	438.936.097	331.186.853

The Group's segments comprise business areas and geographical markets.

The Group's primary activities are to buy, design and sell goods to the Søstrene Grene shops and to develop the Søstrene Grene concept. Referring to § 96 of the Danish Financial Statements Act. Management does not want to further disclose the geographical distribution of revenue as a detailed distribution and the Group's revenue by geographical area will be of considerable damage to the competitive situation.

	2015/16	2014/15
	DKK	DKK
2. Staff costs		
Wages and salaries	57.276.783	40.043.377
Pension costs	4.115.873	2.322.020
Other social security costs	884.877	646.443
Other staff costs	1.662.760	564.542
Staff costs classified as assets	(892.000)	(513.600)
	63.048.293	43.062.782
Average number of employees	157	93

	Remunera- tion of mana- gement 2015/16 DKK	Pension lia- bilities 2015/16 DKK	Remunera- tion of mana- gement 2014/15 DKK	Pension lia- bilities 2014/15 DKK
Total amount for management categories	3.341.000	93.000	2.125.000	116.000
	3.341.000	93.000	2.125.000	116.000

Notes to consolidated financial statements

	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	783.647	490.815
Depreciation of property, plant and equipment	3.514.510	2.282.685
Profit/loss from sale of intangible assets and property, plant and equipment	47.725	0
	<u>4.345.882</u>	<u>2.773.500</u>
	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
4. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	275.000	198.725
Tax services	731.566	24.150
Other services	1.331.927	84.000
	<u>2.338.493</u>	<u>306.875</u>
	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
5. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	10.330.639	7.410.862
Change in deferred tax for the year	282.285	1.507.159
Adjustment concerning previous years	82.583	0
Effect of changed tax rates	1.139.353	(755.491)
	<u>11.834.860</u>	<u>8.162.530</u>
		<u>Acquired intangible assets DKK</u>
6. Intangible assets		
Cost beginning of year		5.094.660
Additions		2.316.675
Cost end of year		<u>7.411.335</u>
Amortisation and impairment losses beginning of year		(563.275)
Amortisation for the year		(783.647)
Amortisation and impairment losses end of year		<u>(1.346.922)</u>
Carrying amount end of year		<u>6.064.413</u>

Notes to consolidated financial statements

	Land and buildings DKK	Other fix- tures and fit- tings, tools and equipment DKK	Leasehold improve- ments DKK
7. Property, plant and equipment			
Cost beginning of year	88.623.875	6.707.965	4.633.671
Transfer to and from other items	0	(131.150)	131.150
Additions	2.214.926	4.968.855	10.200.466
Disposals	0	(1.567.055)	0
Cost end of year	<u>90.838.801</u>	<u>9.978.615</u>	<u>14.965.287</u>
Revaluations beginning of year	34.400.000	0	0
Revaluations for the year	16.500.000	0	0
Revaluations end of year	<u>50.900.000</u>	<u>0</u>	<u>0</u>
Depreciation and impairment losses beginning of the year	(10.417.308)	(3.567.168)	(2.753.228)
Transfer to and from other items	0	2.186	(2.186)
Depreciation for the year	(1.169.044)	(934.739)	(1.410.727)
Reversal regarding disposals	0	1.148.138	0
Depreciation and impairment losses end of the year	<u>(11.586.352)</u>	<u>(3.351.583)</u>	<u>(4.166.141)</u>
Carrying amount end of year	<u>130.152.449</u>	<u>6.627.032</u>	<u>10.799.146</u>

The Company has divided its properties into two categories: domicile and inventory properties and shop properties.

At 30.04.2016 domicile and inventory properties amount to DKK 65,203k (DKK 63,777k last year), whereas shop properties amount to DKK 64.949k (DKK 48.829k last year).

Please refer to accounting policies stating that the group's shop properties are recognised at fair value.

Notes to consolidated financial statements

	Deposits DKK	Other recei- vables DKK
8. Fixed asset investments		
Cost beginning of year	4.599.568	6.564.504
Addition through merger and business combinations	0	(4.594)
Additions	1.409.371	4.798.607
Disposals	0	(1.326.374)
Cost end of year	6.008.939	10.032.143
Carrying amount end of year	6.008.939	10.032.143

	Registered in	Corpo- rate form	Equity inte- rest %
9. Subsidiaries			
Søstrene Grenes Import A/S	Denmark	A/S	100,0
Søstrene Grenes Handelskompagnie A/S	Denmark	A/S	100,0
Aarhus Retail B.V.	Netherlands	B.V.	50,0
- SG Retail Groningen B.V.	Netherlands	B.V.	100,0
- SG Retail Den Haag B.V.	Netherlands	B.V.	100,0
- SG Retail Nieuwendijk B.V.	Netherlands	B.V.	100,0
- SG Retail Zwolle B.V.	Netherlands	B.V.	100,0
- SG Retail Rotterdam B.V.	Netherlands	B.V.	100,0
- SG Retail Den Bosch B.V.	Netherlands	B.V.	100,0
SG Northern England Ltd.	England	Ltd.	50,0
- SG Victoria Nottingham Ltd.	England	Ltd.	100,0
- SG Derby Ltd.	England	Ltd.	100,0
S. Grene Operations Ireland Ltd.	Ireland	Ltd.	50,0
- S. Grene Dún Laoghaire Ltd.	Ireland	Ltd.	100,0
- S. Grene Dublin 1 Ltd.	Ireland	Ltd.	100,0
- S. Grene Cork 1 Ltd.	Ireland	Ltd.	100,0
- S. Grene Carlow 1 Ltd.	Ireland	Ltd.	100,0
- Hilmer R.T.I 1 Ltd.	Ireland	Ltd.	100,0
Søstrene Grene Deutschland GmbH	Germany	GmbH	100,0
- Hilmer 1 GmbH	Germany	GmbH	75,0

10. Prepayments

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

Notes to consolidated financial statements

11. Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

	Instalments within 12 months 2015/16 DKK	Instalments within 12 months 2014/15 DKK	Instalments beyond 12 months 2015/16 DKK	Outstanding after 5 years DKK
12. Long-term liabilities other than provisions				
Mortgage debts	4.514.012	3.490.599	68.560.127	50.861.520
Convertible, profit-yielding or dividend-yielding debt in- struments	0	0	1.568.542	0
Deposits	0	0	27.474	0
Income tax payable	0	0	9.603.926	0
Other payables	0	0	2.451.324	0
	4.514.012	3.490.599	82.211.393	50.861.520
			2015/16 DKK	2014/15 DKK
13. Change in working capital				
Increase/decrease in inventories			(17.458.364)	(10.763.985)
Increase/decrease in receivables			(10.582.192)	(6.884.012)
Increase/decrease in trade payables etc			31.517.464	6.598.690
			3.476.908	(11.049.307)
			2015/16 DKK	2014/15 DKK
14. Unrecognised rental and lease commitments				
Liabilities under rental or lease agreements with third parties until maturity			154.995.000	130.230.000

Of total rental and lease commitments, the total unrecognised rental commitments amount to DKK 151,974k. The Company re-leases the leaseholds and has a corresponding contingent asset at the balance sheet date of DKK 48.051k.

Notes to consolidated financial statements

15. Contingent liabilities

The Group's bank has issued a bank guarantee of DKK 10,158k for leaseholds at the balance sheet date as well as a guarantee for non-recognised import letters of credit with an open balance at the balance sheet date totalling DKK 16.242k.

In relation to leaseholds used by the Group's franchisees the Company has issued a guarantee to the lessor totalling DKK 8,242k.

The Group has issued a letter of subordination vis-a-vis a third party relating to net receivables from franchisees. The net receivable at the balance sheet date amounts to DKK 4,000k.

16. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties amounts to DKK 130,152k and are mortgaged as security for mortgage debts amounting to DKK 73,074k.

The Group has issued an all-monies mortgage of DKK 10,000k as security for the subsidiary Søstrene Grenes Handelskompagnie A/S' debt to Sydbank.

Parent income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Other external expenses		<u>(295.463)</u>	<u>(23.250)</u>
Operating profit/loss		(295.463)	(23.250)
Income from investments in group enterprises		35.440.601	26.378.941
Other financial income	1	48.615	0
Other financial expenses	2	<u>(436.476)</u>	<u>(78.900)</u>
Profit/loss from ordinary activities before tax		34.757.277	26.276.791
Tax on profit/loss from ordinary activities	3	<u>67.748</u>	<u>0</u>
Profit/loss for the year		<u>34.825.025</u>	<u>26.276.791</u>
Proposed distribution of profit/loss			
Dividend for the financial year		0	5.000.000
Extraordinary dividend		250.000	0
Reserve for net revaluation according to the equity method		30.440.601	24.378.941
Retained earnings		<u>4.134.424</u>	<u>(3.102.150)</u>
		<u>34.825.025</u>	<u>26.276.791</u>

Parent balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Investments in group enterprises		148.644.439	99.607.494
Fixed asset investments	4	<u>148.644.439</u>	<u>99.607.494</u>
Fixed assets		<u>148.644.439</u>	<u>99.607.494</u>
Receivables from group enterprises		4.540.891	0
Other short-term receivables		1.979.956	0
Income tax receivable		17.648.521	12.082.568
Receivables		<u>24.169.368</u>	<u>12.082.568</u>
Cash		<u>0</u>	<u>7.537</u>
Current assets		<u>24.169.368</u>	<u>12.090.105</u>
Assets		<u><u>172.813.807</u></u>	<u><u>111.697.599</u></u>

Parent balance sheet at 30.04.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital		80.000	80.000
Reserve for net revaluation according to the equity method		93.235.283	49.607.494
Retained earnings		48.848.680	44.714.256
Proposed dividend		0	5.000.000
Equity		<u>142.163.963</u>	<u>99.401.750</u>
Income tax payable		9.490.327	7.375.453
Non-current liabilities other than provisions		<u>9.490.327</u>	<u>7.375.453</u>
Bank loans		21.915	0
Payables to group enterprises		13.242.241	4.898.229
Income tax payable		7.324.858	8.417
Other payables		570.503	13.750
Current liabilities other than provisions		<u>21.159.517</u>	<u>4.920.396</u>
Liabilities other than provisions		<u>30.649.844</u>	<u>12.295.849</u>
Equity and liabilities		<u>172.813.807</u>	<u>111.697.599</u>
Contingent liabilities	5		
Mortgages and securities	6		
Ownership	7		

Parent statement of changes in equity for 2015/16

	Contributed capital DKK	Reserve for net revalua- tion accord- ing to the equity me- thod DKK	Retained ear- nings DKK	Proposed ext- raordinary dividend DKK
Equity beginning of year	80.000	49.607.494	44.714.256	0
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(250.000)
Exchange rate adjustments	0	(98.378)	0	0
Other adjustments	0	13.285.566	0	0
Profit/loss for the year	0	30.440.601	4.134.424	250.000
Equity end of year	80.000	93.235.283	48.848.680	0

	Proposed di- vidend DKK	Total DKK
Equity beginning of year	5.000.000	99.401.750
Ordinary dividend paid	(5.000.000)	(5.000.000)
Extraordinary dividend paid	0	(250.000)
Exchange rate adjustments	0	(98.378)
Other adjustments	0	13.285.566
Profit/loss for the year	0	34.825.025
Equity end of year	0	142.163.963

Notes to parent financial statements

	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
1. Other financial income		
Financial income arising from group enterprises	48.615	0
	48.615	0
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
2. Other financial expenses		
Financial expenses from group enterprises	436.476	78.900
	436.476	78.900
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
3. Tax on profit/loss from ordinary activities		
Tax on current year taxable income	(150.331)	0
Adjustment concerning previous years	82.583	0
	(67.748)	0
		<u>Investments in</u> <u>group enter-</u> <u>prises</u> <u>DKK</u>
4. Fixed asset investments		
Cost beginning of year		50.000.000
Additions		5.409.156
Cost end of year		55.409.156
Revaluations beginning of year		49.607.494
Exchange rate adjustments		(98.378)
Adjustments on equity		13.285.566
Share of profit/loss for the year		37.817.428
Adjustment of intra-group profits		(2.218.981)
Dividend		(5.000.000)
Other adjustments		(157.846)
Revaluations end of year		93.235.283
Carrying amount end of year		148.644.439

Notes to parent financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Subsidiaries			
Søstrene Grene Import A/S	Denmark	A/S	100,0
Søstrene Grene Handelskompagnie A/S	Denmark	A/S	100,0
Søstrene Grene Deutschland GmbH	Germany	GmbH	100,0
Aarhus Retail B.V.	Netherlands	B.V.	50,0
SG Nothern Ltd.	England	Ltd.	50,0
S. Grene Operation Ireland Ltd.	Ireland	Ltd.	50,0

5. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

The Company is liable for mortgage liabilities in Søstrene Grene Import A/S and Søstrene Grene Handelskompagnie A/S, which total DKK 73,074k at the balance sheet date.

6. Mortgages and securities

In relation to leaseholds used by the Group's franchisees the Company has issued a guarantee to the lessor totalling DKK 8,242k.

Collateral securities provided for subsidiaries and group enterprises. As security for the subsidiaries' bank debt the parent has issued a guarantee to the subsidiaries' bank. The subsidiaries banks debt amounts to DKK 0K at balance sheet date.

7. Ownership

The Company has registered the following shareholders to hold more than 5 % of the voting share capital or of the nominal value of the share capital:

Mikkel Grene Holding ApS, Fritz Sybergs Vej 14B, 8270 Højbjerg, Denmark

Cresten Grene Holding ApS, Hørretløkken 335, 8320 Mårslet, Denmark