

LARSEN & ERIKSEN Co. ApS

Linnésgade 24, 2 1
1361 København K

Annual report
31 March 2017 - 31 December 2017

**The annual report has been presented and
approved on the company's general meeting the**

31/05/2018

Jeppe Bjørn Kragh Larsen
Chairman of general meeting

(Not audited)

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Company information

Reporting company LARSEN & ERIKSEN Co. ApS
Linnésgade 24, 2 1
1361 København K

Phone number: 29852285
e-mail: hello@larseneriksen.com

CVR-nr: 38536745
Reporting period: 31/03/2017 - 31/12/2017

Statement by Management

The Management has today discussed and approved the annual report for the financial year 31. March 2017 - 31. December 2017 of LARSEN & ERIKSEN Co. ApS. The annual report has been presented in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations for the financial year 31. March 2017 - 31. December 2017.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, the 31/05/2018

Management

Magnus Eriksen

Jeppe Bjørn Kragh Larsen

Opting out of auditing financial statements in next reporting period due to exemption

Management confirms that the company fulfills the requirements to be exempt of audit.

Auditor's reports

To the management of LARSEN & ERIKSEN Co. ApS

We have prepared the annual report of LARSEN & ERIKSEN Co. ApS for the income year 31. March 2017 - 31. December 2017 based on the Company's bookkeeping and additional information that you have provided.

The annual report comprises accounting practice, profit/loss, balance sheet and notes.

We performed our work in accordance with ISRS 4410 Engagements to Compile Financial Information. We applied our professional expertise in order to assist you in preparing and presenting the annual report in accordance with the Danish Financial Statement Act. We complied with relevant provisions of the Danish Auditors Act and FSR – Danish Auditors' ethical rules, including principles regarding integrity, objectivity, professional competence and due care.

The annual and the accuracy and completeness of the information applied when preparing the annual report are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have provided to us for the purpose of our preparation of the annual report. Consequently, we do not express any opinion as to whether the annual report has been prepared in accordance with Danish Financial Statement Act.

Copenhagen, 31/05/2018

Morten Høgh-Petersen , mne34283
State Authorised Public Accountant
KPMG P/S
CVR: 25578198

Management's Review

Main activity

LARSEN & ERIKSEN is a Copenhagen-based design studio. Driven by contemporary Copenhagen lifestyle, the company creates accessible aesthetics inspired by Danish Mid-Century Modern.

The designs of LARSEN & ERIKSEN can be experienced in the best retail universes the world has to offer as well as on the company's own web shop.

In order to make sure that the designs of LARSEN & ERIKSEN are unique and always will be relevant, the company partners with market leading culture, art and design institutions.

These creative partnerships evolve around both sales activities and special design collaborations.

Development in the year

After launching the first collection of watches in December 2016 LARSEN & ERIKSEN quickly experienced a steadily increasing demand - from both B2C and B2B customers.

Within the first months of 2017 Louisiana Museum of Modern Art joined the list of LARSEN & ERIKSEN retailers. Their design store was recently awarded the World's Best Museum Shop and LARSEN & ERIKSEN remained the only watch brand in the store throughout all of 2017.

Shortly after, ARoS Aarhus Art Museum was announced as new LARSEN & ERIKSEN retailer. Also here, LARSEN & ERIKSEN remained the only watch brand in the store throughout all of 2017.

Meanwhile, Aarhus was awarded European Capital of Culture in 2017, with ARoS Aarhus Art Museum being the locus of attention.

During the summer of 2017 LARSEN & ERIKSEN was invited to exhibit at fashion shows in both Paris and New York. This - amongst other sales and branding activities - led to new prominent retailers in i.e. USA, Canada, China and most of Europe.

With 2017 being the first year of business for LARSEN & ERIKSEN, we are quite overwhelmed by the fact that the products are already present in 20+ top-tier stores in Denmark as well as in 14 different countries around the world - including world-renowned art and design institutions in i.e. USA and The Netherlands.

Expectation for the coming year

LARSEN & ERIKSEN expects to continue its rapid growth. Numerous relationships and possibilities that were established in 2017 are expected to bring scale and new top-market entries in the coming year.

The company is gearing up to move into new markets and a big focus in the coming year will be on creating a scalable business setup that can work in tandem with a high growth strategy based on new products and additional creative partnerships.

We expect this pathway to pave the way for an on-going growth story for the company which will involve scaling the team, building new distribution channels and cementing a strong position in the global market.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

Income statement

Revenue

Income from the sale of services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All forms of discounts granted are deducted from revenue.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees excluding refunds from public authorities.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid. Other liabilities are measured at net realisable value.

Income statement 31 Mar 2017 - 31 Dec 2017

	Disclosure	2017 kr.
Gross Result		49,329
Employee expense	1	-22,752
Profit (loss) from ordinary operating activities		26,577
Profit (loss) from ordinary activities before tax		26,577
Tax expense		0
Profit (loss)		26,577
Proposed distribution of results		
Retained earnings		26,577
Proposed distribution of profit (loss)		26,577

Balance sheet 31 December 2017

Assets

	Disclosure	2017 kr.
Inventories		96,239
Trade receivables		64,702
Receivables from group enterprises		50,000
Receivables		114,702
Cash and cash equivalents		103,492
Current assets		314,433
Total assets		314,433

Balance sheet 31 December 2017

Liabilities and equity

	Disclosure	2017 kr.
Contributed capital		50,000
Retained earnings		26,577
Total equity		76,577
Trade payables		34,349
Payables to group enterprises		157,000
Other payables, including tax payables, liabilities other than provisions		46,507
Short-term liabilities other than provisions, gross		237,856
Liabilities other than provisions, gross		237,856
Liabilities and equity, gross		314,433

Disclosures

1. Employee expense

	2017
	kr.
Wages and salaries	22.374
Post employment benefit expense	0
Social security contributions	378
	<u>22.752</u>
Avg. number of employees	<u>0</u>

2. Disclosure of contingent assets

Joint taxation liability

The Company is jointly taxed with other Danish companies in the Group. As administrative company, together with the other companies in the joint taxation, the Company has joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation. Any later corrections of the taxable income subject to joint taxation may entail that the Company's liability will increase.