

Fortexa Scandinavia A/S

Stenholm 9, 9400 Nørresundby

Company reg. no. 13 23 47 79

Annual report

1 April 2018 - 31 March 2019

The annual report was submitted and approved by the general meeting on the 13 September 2019.

Boyd Hargreaves
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Fortexa Scandinavia A/S for the financial year 1 April 2018 to 31 March 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 March 2019 and of the company's results of its activities in the financial year 1 April 2018 to 31 March 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Nørresundby, 13 September 2019

Managing Director

Boyd Hargreaves

Board of directors

Thomas Peter Hargreaves

Boyd Hargreaves

Russel Justin Booth

Independent auditor's report

To the shareholders of Fortexa Scandinavia A/S

Opinion

We have audited the annual accounts of Fortexa Scandinavia A/S for the financial year 1 April 2018 to 31 March 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 March 2019 and of the results of the company's operations for the financial year 1 April 2018 to 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company'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 annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 13 September 2019

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen

State Authorised Public Accountant
mne30153

Company data

The company

Fortexa Scandinavia A/S
Stenholm 9
9400 Nørresundby

Company reg. no. 13 23 47 79
Financial year: 1 April - 31 March

Board of directors

Thomas Peter Hargreaves
Boyd Hargreaves
Russel Justin Booth

Managing Director

Boyd Hargreaves

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

Jyske Bank, Toldbod Plads 1, 9000 Aalborg

Management's review

The principal activities of the company

The company's activities comprise sale of textile products from foreign suppliers.

Development in activities and financial matters

The gross profit for the year is tDKK 1.930 against tDKK 1.979 last year. The results from ordinary activities after tax are tDKK -186 against tDKK -286 last year. The management consider the results unsatisfactory.

Accounting policies used

The annual report for Fortexa Scandinavia A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

The profit and loss account

Gross profit

The gross profit comprises the net turnover, cost of sales, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation and writedown comprise depreciation on and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other plants, operating assets, fixtures and furniture	5 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Accounting policies used

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 April - 31 March

All amounts in DKK.

<u>Note</u>	<u>2018/19</u>	<u>2017/18</u>
Gross profit	1.929.780	1.979.165
1 Staff costs	-1.728.002	-2.222.420
Depreciation and writedown relating to tangible fixed assets	-72.297	-55.989
Operating profit	129.481	-299.244
Income from other equity investments, securities and debtors which are fixed assets	0	1.560
Other financial income from group enterprises	0	169.294
Other financial income	1.626	39.533
Other financial costs	-317.547	-279.084
Results before tax	-186.440	-367.941
2 Tax on ordinary results	-154.916	82.423
Results for the year	-341.356	-285.518
Proposed distribution of the results:		
Allocated from results brought forward	-341.356	-285.518
Distribution in total	-341.356	-285.518

Balance sheet 31 March

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Fixed assets		
3 Other plants, operating assets, and fixtures and furniture	0	55.165
Tangible fixed assets in total	<u>0</u>	<u>55.165</u>
Other securities and equity investments	0	111.634
Deposits	<u>0</u>	<u>98.060</u>
Financial fixed assets in total	<u>0</u>	<u>209.694</u>
Fixed assets in total	<u>0</u>	<u>264.859</u>
Current assets		
Manufactured goods and trade goods	0	3.974.040
Inventories in total	<u>0</u>	<u>3.974.040</u>
Trade debtors	451.904	1.190.978
Amounts owed by group enterprises	2.639.938	2.890.854
Deferred tax assets	0	154.916
Receivable corporate tax	0	786
Other debtors	101.812	0
Accrued income and deferred expenses	<u>11.919</u>	<u>1.879</u>
Debtors in total	<u>3.205.573</u>	<u>4.239.413</u>
Available funds	<u>0</u>	<u>151.212</u>
Current assets in total	<u>3.205.573</u>	<u>8.364.665</u>
Assets in total	<u>3.205.573</u>	<u>8.629.524</u>

Balance sheet 31 March

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
4	Contributed capital	500.000	500.000
5	Results brought forward	1.317.209	1.658.565
	Equity in total	<u>1.817.209</u>	<u>2.158.565</u>
Liabilities			
	Bank debts	404.887	5.141.466
	Trade creditors	453.799	641.635
	Other debts	529.678	681.990
	Accrued expenses and deferred income	0	5.868
	Short-term liabilities in total	<u>1.388.364</u>	<u>6.470.959</u>
	Liabilities in total	<u>1.388.364</u>	<u>6.470.959</u>
	Equity and liabilities in total	<u>3.205.573</u>	<u>8.629.524</u>

6 Mortgage and securities

Notes

All amounts in DKK.

	<u>2018/19</u>	<u>2017/18</u>
1. Staff costs		
Salaries and wages	1.499.243	1.925.728
Pension costs	197.386	265.446
Other costs for social security	<u>31.373</u>	<u>31.246</u>
	<u>1.728.002</u>	<u>2.222.420</u>
Average number of employees	<u>4</u>	<u>4</u>
2. Tax on ordinary results		
Adjustment for the year of deferred tax	<u>154.916</u>	<u>-82.423</u>
	<u>154.916</u>	<u>-82.423</u>
3. Other plants, operating assets, and fixtures and furniture		
Cost 1 April 2018	999.615	999.615
Additions during the year	17.130	0
Disposals during the year	<u>-1.016.745</u>	<u>0</u>
Cost 31 March 2019	<u>0</u>	<u>999.615</u>
Amortisation and writedown 1 April 2018	-944.450	-888.461
Depreciation for the year	-72.295	-55.989
Depreciation, amortisation and writedown for the year, assets disposed of	<u>1.016.745</u>	<u>0</u>
Amortisation and writedown 31 March 2019	<u>0</u>	<u>-944.450</u>
Book value 31 March 2019	<u>0</u>	<u>55.165</u>
4. Contributed capital		
Contributed capital 1 April 2018	<u>500.000</u>	<u>500.000</u>
	<u>500.000</u>	<u>500.000</u>

Notes

All amounts in DKK.

	<u>31/3 2019</u>	<u>31/3 2018</u>
5. Results brought forward		
Results brought forward 1 April 2018	1.658.565	1.944.083
Profit or loss for the year brought forward	<u>-341.356</u>	<u>-285.518</u>
	<u>1.317.209</u>	<u>1.658.565</u>

6. Mortgage and securities

For bank debts, tDKK 405, the company has provided security in company assets representing a nominal value of tDKK 5.000. The company charge includes accounts receivable, inventory, tangible fixed assets and intellectual property rights.