

Mega Fortris (Europe) ApS Ltd.

Aa.Louis-Hansens Alle 4
3060 Espergærde

CVR no. 26 57 43 15

Annual report for 2020/21

(18th Financial year)

Adopted at the annual general meeting
on 12 November 2021

Ole Fast
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Mega Fortris (Europe) ApS Ltd. for the financial year 1 July 2020 - 30 June 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2021 and of the results of the company's operations for the financial year 1 July 2020 - 30 June 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Espergærde, 12 November 2021

Executive board

Ole Fast

Supervisory board

Ng Meng Poh
common member

Ng Meng Kee
common member

Ole Fast
common member

Independent auditor's report

To the shareholder of Mega Fortris (Europe) ApS Ltd.

Opinion

We have audited the financial statements of Mega Fortris (Europe) ApS Ltd. for the financial year 1 July 2020 - 30 June 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2021 and of the results of the company's operations for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for 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 and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on management's review

Management is responsible for management's review.

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

Independent auditor's report

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Hellerup, 12 November 2021
CVR no. 33 25 68 76



Lasse Nørgård
Statsautoriseret revisor
MNE no. mne10675

Company details

The company

Mega Fortris (Europe) ApS Ltd.
Aa.Louis-Hansens Alle 4
3060 Espergærde

CVR no.: 26 57 43 15

Reporting period: 1 July 2020 - 30 June 2021

Incorporated: 19 April 2002

Domicile: Elsinore

Supervisory board

Ng Meng Poh, common member
Ng Meng Kee, common member
Ole Fast, common member

Executive board

Ole Fast

Auditors

Crowe
Statsautoriseret Revisionsinteressentskab v.m.b.a.
Rygårds Allé 104
2900 Hellerup

Management's review

Business review

The Company's activities consists of trade in safety seals, tamper evident products and load secure products.

Financial review

The company's income statement for the year ended 30 June 2021 shows a profit of DKK 1.195.292, and the balance sheet at 30 June 2021 shows equity of DKK 28.430.064.

The result for the year was significantly affected in a negative direction, as a result of non-recurring costs, which in the opinion of management is not assumed to be recurrent. See note 2 in the financial statements for information.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Mega Fortris (Europe) ApS Ltd. for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Income from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the company after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

Accounting policies

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Software

Software is recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of software are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Tangible assets

Items of land and buildings are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Land and building	40 years	20 %

Assets costing less than DKK 30.700 are expensed in the year of acquisition.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Goodwill is amortised over 10 years.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries relative to the cost.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Accounting policies

Income tax and deferred tax

As management company, Mega Fortris (Europe) ApS Ltd. is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement
1 July 2020 - 30 June 2021

	<u>Note</u>	<u>2020/21</u> DKK	<u>2019/20</u> TDKK
Gross profit	2	3.164.910	5.769
Staff costs	1	<u>-3.370.563</u>	<u>-2.940</u>
Loss/profit before amortisation/depreciation and impairment losses		-205.653	2.829
Depreciation, amortisation of assets and property, plant and equipment		-275.457	-136
Other operating costs		<u>-618.247</u>	<u>0</u>
Loss/profit before net financials		-1.099.357	2.693
Income from investments in subsidiaries		2.272.210	1.161
Financial income	3	0	41
Financial costs	4	<u>-106.747</u>	<u>-90</u>
Loss/profit before tax		1.066.106	3.805
Tax on profit/loss for the year	5	<u>129.186</u>	<u>-590</u>
Profit for the year		<u>1.195.292</u>	<u>3.215</u>
 Recommended appropriation of profit/loss			
Reserve for net revaluation under the equity method		1.711.073	1.823
Retained earnings		<u>-515.781</u>	<u>1.392</u>
		<u>1.195.292</u>	<u>3.215</u>

Balance sheet at 30 June 2021

	<u>Note</u>	<u>2020/21</u> DKK	<u>2019/20</u> TDKK
Assets			
Software		697.544	493
Intangible assets	6	<u>697.544</u>	<u>493</u>
Land and buildings		6.446.601	6.583
Other fixtures and fittings, tools and equipment		0	0
Tangible assets	7	<u>6.446.601</u>	<u>6.583</u>
Investments in subsidiaries	8	12.851.816	10.860
Fixed asset investments		<u>12.851.816</u>	<u>10.860</u>
Total non-current assets		<u>19.995.961</u>	<u>17.936</u>
Finished goods and goods for resale		3.100.537	3.500
Stocks		<u>3.100.537</u>	<u>3.500</u>
Trade receivables		4.812.720	8.521
Receivables from subsidiaries		11.773.143	7.259
Other receivables		61.086	592
Corporation tax		242.000	0
Joint taxation contributions receivable		188.672	0
Receivables		<u>17.077.621</u>	<u>16.372</u>
Cash at bank and in hand		<u>805.630</u>	<u>2.520</u>
Total current assets		<u>20.983.788</u>	<u>22.392</u>
Total assets		<u>40.979.749</u>	<u>40.328</u>

Balance sheet at 30 June 2021

	<u>Note</u>	<u>2020/21</u> DKK	<u>2019/20</u> TDKK
Equity and liabilities			
Share capital		125.000	125
Reserve for net revaluation under the equity method		10.796.630	8.826
Retained earnings		17.508.434	18.025
Equity		<u>28.430.064</u>	<u>26.976</u>
Provision for deferred tax		596.180	537
Total provisions		<u>596.180</u>	<u>537</u>
Mortgage loans		1.523.825	1.767
Corporation tax		0	363
Other payables		326.824	272
Total non-current liabilities	9	<u>1.850.649</u>	<u>2.402</u>
Short-term part of long-term debt	9	235.856	235
Banks		3.249.738	0
Prepayments received from customers		169.780	0
Trade payables		1.574.179	1.761
Payables to related companies		4.009.295	7.856
Other payables		864.008	561
Total current liabilities		<u>10.102.856</u>	<u>10.413</u>
Total liabilities		<u>11.953.505</u>	<u>12.815</u>
Total equity and liabilities		<u>40.979.749</u>	<u>40.328</u>
Rent and lease liabilities	10		
Contingent liabilities	11		
Mortgages and collateral	12		
Special items	2		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 July 2020	125.000	8.826.530	18.024.215	26.975.745
Exchange adjustment, foreign	0	259.027	0	259.027
Net profit/loss for the year	0	1.711.073	-515.781	1.195.292
Equity at 30 June 2021	125.000	10.796.630	17.508.434	28.430.064

Notes

	<u>2020/21</u> DKK	<u>2019/20</u> TDKK
1 Staff costs		
Wages and salaries	3.335.072	2.904
Other social security costs	<u>35.491</u>	<u>36</u>
	<u>3.370.563</u>	<u>2.940</u>
Average number of employees	<u>6</u>	<u>6</u>
2 Special items		
The result for the year was significantly affected in a negative direction, as a result of non-recurring costs, which in the opinion of management is not assumed to be recurrent.		
Costs related to the acquisition of business (included in other operating costs)	<u>618.247</u>	<u>0</u>
	<u>618.247</u>	<u>0</u>
3 Financial income		
Other financial income	<u>0</u>	<u>41</u>
	<u>0</u>	<u>41</u>
4 Financial costs		
Other financial costs	<u>106.747</u>	<u>90</u>
	<u>106.747</u>	<u>90</u>

Notes

	<u>2020/21</u>	<u>2019/20</u>
	DKK	TDKK
5 Tax on profit/loss for the year		
Current tax for the year	-188.672	453
Deferred tax for the year	<u>59.486</u>	<u>137</u>
	<u>-129.186</u>	<u>590</u>
6 Intangible assets		
		<u>Software</u>
Cost at 1 July 2020		492.600
Additions for the year		<u>344.453</u>
Cost at 30 June 2021		<u>837.053</u>
Depreciation for the year		<u>139.509</u>
Impairment losses and amortisation at 30 June 2021		<u>139.509</u>
Carrying amount at 30 June 2021		<u>697.544</u>

Notes

7 Tangible assets

	<u>Land and buildings</u>	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 July 2020	8.140.797	439.076
Cost at 30 June 2021	8.140.797	439.076
Impairment losses and depreciation at 1 July 2020	1.558.248	439.076
Depreciation for the year	135.948	0
Impairment losses and depreciation at 30 June 2021	1.694.196	439.076
Carrying amount at 30 June 2021	<u>6.446.601</u>	<u>0</u>

Notes

	2020/21	2019/20
	DKK	TDKK
8 Investments in subsidiaries		
Cost at 1 July 2020	2.032.875	2.302
Additions for the year	22.311	0
Disposals for the year	0	-269
Cost at 30 June 2021	<u>2.055.186</u>	<u>2.033</u>
Revaluations at 1 July 2020	8.826.530	7.279
Disposals for the year	0	-465
Exchange adjustment	259.027	-276
Net profit for the year	2.328.523	1.951
Received dividend	-1.468.955	-962
Amortisation of goodwill	-56.313	-56
Equity investments with negative net asset value amortised over receivables	<u>907.818</u>	<u>1.356</u>
Revaluations at 30 June 2021	<u>10.796.630</u>	<u>8.827</u>
Carrying amount at 30 June 2021	<u>12.851.816</u>	<u>10.860</u>
Remaining positive difference included in the above carrying amount at 30 June 2021	<u>231.885</u>	

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Mega Fortris (UK) Ltd, UK	England	84,75%
Mega Fortris (HU) Ltd, HU	Hungary	60%
Mega Fortris (France) Sarl., France	France	80%
Mega Fortris Load Secure Nordic ApS, Denmark	Denmark	51%
Mega Fortris ME FZCO, Dubai	Dubai	51%
Mega Fortris BNL B.V., Netherland	Netherland	100%
Mega Fortris Iberica, S.L., Spain	Spain	100%

Notes

9 Long term debt

	Debt at 1 July 2020	Debt at 30 June 2021	Instalment next year	Debt outstanding after 5 years
Mortgage loans	2.002.412	1.759.681	235.856	584.132
Corporation tax	362.960	0	0	0
Other payables	272.354	326.824	0	326.824
	<u>2.637.726</u>	<u>2.086.505</u>	<u>235.856</u>	<u>910.956</u>

10 Rent and lease liabilities

Operating lease liabilities.
Total future lease payments:

	2020/21 DKK	2019/20 TDKK
Within 1 year	50.644	94.303
Between 1 and 5 years	0	15.414
	<u>50.644</u>	<u>109.717</u>

Notes

11 Contingent liabilities

The group's Danish entities are jointly and severally liable for joint Danish income taxes.

The parent company has issued a statement of support for a subsidiary Mega Fortris BNL B.V.

The company has to a subsidiary Mega Fortris Load Secure Nordic provided surety for any outstanding amounts.

12 Mortgages and collateral

As security for debt to mortgage credit institutions, DKK 1,760k, land and buildings with a carrying value of DKK 6,447k at 30 June 2021 have been charged.

The Company has issued mortgage deeds registered to the mortgagor of a total of DKK 1,700k, which charge the above land and buildings as well as property, plant and equipment. Of this, mortgage deeds registered to the mortgagor of a total DKK 1,700k are deposited as security for bank debt.