

**Ohmatex ApS**  
Skanderborgvej 234, 8260 Viby J

Company reg. no. 27 61 87 23

**Annual report**

**2015/16**

The annual report have been submitted and approved by the general meeting on the 28 February 2017.

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Klaus Østergaard  
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**

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The managing director has today presented the annual report of Ohmatex ApS for the financial year 1 October 2015 to 30 September 2016.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 September 2016 and of the company's results of its activities in the financial year 1 October 2015 to 30 September 2016.

I am 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.

Viby J, 28 February 2017

**Managing Director**

Klaus Østergaard

## **The independent auditor's reports**

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### **To the shareholder of Ohmatex ApS**

#### **Report on the annual accounts**

We have audited the annual accounts of Ohmatex ApS for the financial year 1 October 2015 to 30 September 2016, 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.

#### **The management's responsibility 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. Furthermore, the management is responsible for such internal control considered necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the annual accounts 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 the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

## **The independent auditor's reports**

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### **Opinion**

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 September 2016 and of the results of the company's operations for the financial year 1 October 2015 to 30 September 2016 in accordance with the Danish Financial Statements Act.

### **Statement on the management's review**

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the performed audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

DK-8450 Hammel, 28 February 2017

### **Kvist & Jensen**

Kvist & Jensen State Authorized Public Accountants  
Company reg. no. 36 71 77 85

Johannes Simonsen

State Authorised Public Accountant

**Company data**

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**The company**

Ohmatex ApS  
Skanderborgvej 234  
8260 Viby J

Company reg. no. 27 61 87 23  
Established: 27 February 2004  
Domicile: Aarhus  
Financial year: 1 October - 30 September

**Managing Director**

Klaus Østergaard

**Auditors**

Kvist & Jensen Statsautoriseret Revisionspartnerselskab

**Bankers**

Sparekassen Kronjylland

**Parent company**

Smart Textile Group A/S

## **Management's review**

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### **The principal activities of the company**

The company's purpose is providing consultancy. The company may further by Executive provision undertake other activities.

### **Uncertainties as to recognition or measurement**

In relation to recognition and measurement in the Annual Report we refer to note 1 regarding development costs.

### **Development in activities and financial matters**

The gross profit for the year is DKK 2.082k against DKK 2.435k last year. The results from ordinary activities after tax are DKK -2.590k against DKK -937k last year. The management consider the results not satisfactory.

Management expects that the necessary funding will be made available to the enterprise until the enterprise itself achieves a positive cash flow.

### **Events subsequent to the financial year**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## **Accounting policies used**

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The annual report for Ohmatex ApS 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).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.



## **Accounting policies used**

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### The profit and loss account

#### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, 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.

Contract work in progress concerning construction contracts is recognised concurrently with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

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

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, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

#### **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.

#### **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.

## **Accounting policies used**

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The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

### **The balance sheet**

#### **Intangible fixed assets**

##### **Development projects, patents, and licences**

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 3 years.

#### **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.

## **Accounting policies used**

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

Leasehold improvements	3-5 years
Technical plants and machinery	3-5 years
Other plants, operating assets, fixtures and furniture	3-5 years

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 loss is recognised in the profit and loss account under depreciation.

### **Inventories**

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

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

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

### **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.

### **Work in progress for the account of others**

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

## **Accounting policies used**

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Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

### **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.

According to the rules of joint taxation, Ohmatex ApS is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

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

### **Liabilities**

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 October - 30 September**

All amounts in DKK.

<u>Note</u>	<u>2015/16</u>	<u>2014/15</u>
<b>Gross profit</b>	<b>2.082.087</b>	<b>2.435.172</b>
2 Staff costs	-4.910.316	-3.377.827
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-253.648	-154.189
<b>Operating profit</b>	<b>-3.081.877</b>	<b>-1.096.844</b>
Other financial income	44.632	42.832
3 Other financial costs	-282.667	-153.920
<b>Results before tax</b>	<b>-3.319.912</b>	<b>-1.207.932</b>
4 Tax on ordinary results	729.866	271.173
<b>Results for the year</b>	<b>-2.590.046</b>	<b>-936.759</b>
 <b>Proposed distribution of the results:</b>		
Allocated from results brought forward	-2.590.046	-936.759
<b>Distribution in total</b>	<b>-2.590.046</b>	<b>-936.759</b>

**Balance sheet 30 September**

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2016</u>	<u>2015</u>
<b>Fixed assets</b>		
Completed development projects	775.590	869.600
Development projects in progress	1.368.728	343.531
Intangible fixed assets in total	<u>2.144.318</u>	<u>1.213.131</u>
Plant and machinery	286.405	374.530
Other fixtures and fittings, tools and equipment	108.910	151.371
Leasehold improvements	69.931	60.109
Tangible fixed assets in total	<u>465.246</u>	<u>586.010</u>
Deposits	198.580	98.010
Financial fixed assets in total	<u>198.580</u>	<u>98.010</u>
<b>Fixed assets in total</b>	<b><u>2.808.144</u></b>	<b><u>1.897.151</u></b>
<b>Current assets</b>		
Raw materials and consumables	316.393	118.096
Inventories in total	<u>316.393</u>	<u>118.096</u>
Trade debtors	188.007	555.871
Work in progress for the account of others	1.423.346	1.133.514
Amounts owed by group enterprises	0	1.145.364
Deferred tax assets	637.323	133.000
Receivable corporate tax	225.543	312.984
Other debtors	253.037	177.096
Accrued income and deferred expenses	20.588	10.489
Debtors in total	<u>2.747.844</u>	<u>3.468.318</u>
Available funds	6.949	2.870
<b>Current assets in total</b>	<b><u>3.071.186</u></b>	<b><u>3.589.284</u></b>
<b>Assets in total</b>	<b><u>5.879.330</u></b>	<b><u>5.486.435</u></b>

**Balance sheet 30 September**

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2016</u>	<u>2015</u>
<b>Equity</b>			
5	Contributed capital	150.000	150.000
6	Results brought forward	1.377.062	1.017.108
	<b>Equity in total</b>	<b><u>1.527.062</u></b>	<b><u>1.167.108</u></b>
<b>Liabilities</b>			
	Bank debts	964.769	657.104
	Long-term liabilities in total	<u>964.769</u>	<u>657.104</u>
	Short-term part of long-term liabilities	400.000	500.000
	Bank debts	1.942.239	1.537.529
	Trade creditors	113.080	385.510
	Debt to group enterprises	275.449	491.555
	Other debts	550.731	643.285
	Accrued expenses and deferred income	106.000	104.344
	Short-term liabilities in total	<u>3.387.499</u>	<u>3.662.223</u>
	<b>Liabilities in total</b>	<b><u>4.352.268</u></b>	<b><u>4.319.327</u></b>
	<b>Equity and liabilities in total</b>	<b><u>5.879.330</u></b>	<b><u>5.486.435</u></b>
<b>8</b>	<b>Mortgage and securities</b>		
<b>9</b>	<b>Contingencies</b>		

## Notes

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All amounts in DKK.

### 1. Uncertainties concerning recognition and measurement

Based on the existing development results it is Management's opinion that the Company's future cashflow will be sufficient to maintain the carrying amount of capitalised development projects.

At 30 September 2016 DKK 2.144 has been capitalised regarding the Company's development projects. The value depends on the final sales potential and the uncertainty regarding the value hereof is considered.

It is management's opinion that the valuation of the company's development projects is sound.

	<u>2015/16</u>	<u>2014/15</u>
<b>2. Staff costs</b>		
Salaries and wages	4.386.864	3.018.095
Pension costs	377.766	226.396
Other staff costs	145.686	133.336
	<u><b>4.910.316</b></u>	<u><b>3.377.827</b></u>
Average number of employees	<u>15</u>	<u>12</u>
<b>3. Other financial costs</b>		
Financial costs, group enterprises	28.229	8.173
Other financial costs	254.438	145.747
	<u><b>282.667</b></u>	<u><b>153.920</b></u>
<b>4. Tax on ordinary results</b>		
Tax of the results for the year	-225.543	-124.173
Deferred tax for the year	-504.323	-147.000
	<u><b>-729.866</b></u>	<u><b>-271.173</b></u>
	<u>30/9 2016</u>	<u>30/9 2015</u>
<b>5. Contributed capital</b>		
Contributed capital 1 October 2015	150.000	137.500
Cash capital increase	0	12.500
	<u><b>150.000</b></u>	<u><b>150.000</b></u>



**Notes**

All amounts in DKK.

	<u>30/9 2016</u>	<u>30/9 2015</u>
<b>6. Results brought forward</b>		
Results brought forward 1 October 2015	1.017.108	318.403
Profit or loss for the year brought forward	-2.590.046	-936.759
Premium on capital increase	0	987.500
Capital increase and dividend distribution costs	0	-14.036
Other equity movements	0	662.000
Group contributions	<u>2.950.000</u>	<u>0</u>
	<b><u>1.377.062</u></b>	<b><u>1.017.108</u></b>

**7. Liabilities**

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 30 Sep 2016</u>	<u>Debt in total 30 Sep 2015</u>
Bank debts	<u>400.000</u>	<u>0</u>	<u>964.769</u>	<u>657.104</u>
	<b><u>400.000</u></b>	<b><u>0</u></b>	<b><u>964.769</u></b>	<b><u>657.104</u></b>

**8. Mortgage and securities**

For debts to bank, the company has provided security in floating charge max. DKK 3.000k.

For debts to Vækstfonden, the company has provided security in floating charge max. DKK 3.000k.

In addition, the company's shares are pledged as security for loans from Vækstfonden.

**9. Contingencies****Contingent liabilities**

Warranty commitments and other contingent liabilities.

The company have provided rental agreements for 5 years for the sum of DKK. 1.020k.

**Joint taxation**

STG Growth ApS, company reg. no 35889620 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.