



Créadore A/S

Nordager 20, DK-6000 Kolding

Reg.no. 31 60 57 41

Annual Report for the year ended 30 April 2019 11th financial year

The annual report has been presented to and approved by the
annual general meeting of the shareholders on

Date

12-9-19

Chairman



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Company details

Créadore A/S
Nordager 20
DK-6000 Kolding
www.creadore.com

Reg.no. 31 60 57 41

Formation: 11 July 2008

Financial year: 1 May - 30 April

Supervisory Board

Jakob Ravnsbo
Nadeem Abdullah
Peter Beirholm
Nabeel Abdullah

Executive Board

Peter Beirholm

Auditors

Ernst & Young P/S
Kolding Åpark 1, 3.
DK-6000 Kolding

Statement by the management

The Supervisory Board and the Executive Board discussed and approved the annual report of Creadore A/S for the financial year 1 May 2018 - 30 April 2019.

The annual report has been prepared 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 30 April 2019 and of the results of the company's operations and cash flow for the financial year 1 May 2018 – 30 April 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Kolding, 30th of August 2019

Executive Board:



Peter Beirholm

Supervisory Board:



Jakob Ravnsbo
Chairman



Peter Beirholm



Nadeem Abdullah



Nabeel Abdullah

Independent auditor's report

To the shareholders of Creadore A/S

Opinion

We have audited the financial statements of Créadore A/S for the financial year 1 May 2018 – 30 April 2019, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2018 and of the results of the Company's operations for the financial year 1 May 2018 – 30 April 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

Independent auditor's report

- ▶ 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 conclusion is 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 of the Management's review

Management is responsible for the Management's review

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Kolding, 30th of August 2019

Ernst & Young

Godkendt Revisionspartnerselskab

CVR.no. 30 70 02 28



Michael Vakker Maass

State authorized public accountant

mne32772



Jonas Kirk Kristiansen

State authorized public accountant

mne35475



Management's review

Principal activities and business overview

Creadore A/S is primarily engaged in product development and marketing of textiles for the global hotel industry.

The main target group is international and global hotel chains which have defined their own standards for linen and textiles, and which have a defined objective of sourcing directly from producers at global level.

Creadore A/S has been established as a unique collaborative model between Beirholms Væverier A/S and Sapphire Textile Mills Ltd.

Beirholms Væverier A/S is one of Western Europe's leading suppliers of home textiles for industrial use in the hotel and restaurant industry and thus has in-depth knowledge of the market and of developing products optimised for industrial use.

Sapphire Textile Mills Ltd. is one of Pakistan's leading suppliers of bed linen. It exports to Asia, Western Europe and North America, giving it in-depth knowledge of production and production processes.

True to our motto "Creadore Beyond Linen", we supply textiles that not only meet the needs of hotels and guests but also deliver on laundry performance. In addition, Creadore offers customers a complete supply chain solution, including forecasting, logistics and distribution. We want to be the first choice of textile partner for our customers, and to offer support in the form of our textiles expertise in order to facilitate optimal textile solutions, i.e. lowest total cost of ownership (TCO) and improved guest experience and image at customers' businesses.

We believe that leasing is a winning concept, whereby industrial linen rental laundries buy, own and launder the textiles and provide hotels, restaurants, hospitals, nursing homes, etc. with clean textiles on a leasing/rental basis. The competitive ability of a linen rental laundry is as a result of how effective it is in each of its three roles independently, and how effective it is in balancing key dependencies between these roles:

1. The financial role, which optimises investment in technology, textile procurement and amortisation in relation to capital expenditure.
2. The production role, which optimises operational costs in logistics, laundering, inventory management, and real product life-cycle costs.
3. The knowledge sharing role, which optimises market-fit factors for specific end-user and consumer needs in terms of quality, colour, design and concepts.

The linen rental industry - and thus the textile leasing concept in Western Europe - is a mature industry, and we believe that, over time, the business concept will be implemented in other parts of the world, such as the Middle East, where the linen rental industry has not yet matured, but where the potential is extremely high due to the comprehensive hotel sector.

Creadore A/S is a market leader in textiles designed and developed for the linen rental industry in the Middle East, with a tried-and-tested solution for textiles which works optimally for linen rental companies, their customers, and the end consumers.

By targeting sales to the global hotel chains and the local linen rental laundries in the Middle East, we facilitate the transition from payroll to linen rental. This benefits the profitability of the linen rental customers including the linen rental laundry itself. Likewise, this transition has a strong impact on the sustainability as to e.g. the consumption of water and the CO₂e emissions.

The business activities are supported by offices from three locations:

- Kolding (Denmark) is the main corporate office, which manages all business support, system application as well as sales.
- Presence in the UAE, supporting sales in the Middle East
- Lahore (Pakistan) supports production, supply management as well as sales in the Middle East and Africa.

Management's review

From our bases in Kolding and Lahore, we have unique access to the knowledge resources of our affiliates Beirholms Væverier A/S and Sapphire Textile Mills Ltd. in terms of production, product development, supply management, laundry expertise, etc., and sharing resources as well as office and state-of-the-art production facilities keeps operations lean and costs down.

Development in activities

During the year, we chose to invest further resources and efforts in developing the market in the Middle East, making our unique business model even stronger and visible to our customers and potential customers, especially within the laundry sector.

Créadore has achieved a breakthrough in the current financial year for the turnover in the Middle East. The breakthrough is based on sales of textiles to the linen rental laundries with customers in the hospitality market as well as in the healthcare market. Some of the big brands - Middle East based as well as internationally based - have chosen the linen rental solution. We expect this trend to continue with more laundries transforming to the linen rental model.

Outlook

During the financial year 2019/20, we expect the level of activity to increase, mainly as a result of organic growth. We will invest in resources to develop the company into a truly global player in the industry and to ensure that our existing business is run in the best and most efficient way possible. We do, however, expect the result in 2019/20 to be lower than the result of 2018/19.

CSR and sustainability

Créadore wishes to be a responsible partner which proactively supports human rights, good working practices and good environmental conditions in the workplaces that form part of our partnerships.

We have recently become DS49001 (ISO 26001) certified - a culmination of long-term efforts to secure sustainable textiles. This is supported by our formalised CSR strategy, our Code of Conduct and our management systems ISO 9001, ISO 14001 and OHSAS 18001.

In order to set new and better standards for the future, we have developed the BeirTex® textile qualities with the hospitality industry in mind. These qualities have proven their competitiveness in the European laundries, to whom the parent company Beirholms Væverier is supplying.

The BeirTex® qualities have undergone several demanding tests in industrial laundries. After multiple laundering cycles, the results were: intact surfaces, intact strengths, hardly any dust and low shrinkage!

This offers the hospitality sector dust-free linen that keeps its comfort and looks for a longer period, thus reducing the investments in repurchasing. At the same time the linen can be processed with less resources in the laundering process thereby reducing emissions and improving the total environmental footprint.

Items made with BeirTex qualities are BCI Cotton (Better Cotton Initiative) and are produced in accordance with the strictest environmental requirements under the EU Ecolabel: sustainable solutions at the same price level as conventional Créadore-produced textiles in the market.

Income Statement 1 May - 30 April

	<u>Note</u>	<u>2018/19</u> EUR '000	<u>2017/18</u> EUR '000
Gross profit		1.173	859
Financial income	3	0	22
Financial expenses	4	<u>-7</u>	<u>-8</u>
Profit before tax		1.166	873
Taxation	5	<u>-255</u>	<u>-191</u>
Net result		<u>911</u>	<u>682</u>
Proposed appropriation of profit			
Dividends		500	500
Retained earnings		<u>411</u>	<u>182</u>
		<u>911</u>	<u>682</u>

Balance sheet 30 April

	<u>Note</u>	<u>2019</u> EUR '000	<u>2018</u> EUR '000
Assets			
Current assets			
Inventories			
Manufactured goods and goods for resale		866	1.187
Prepayments for goods		<u>208</u>	<u>171</u>
Total inventories		<u>1.074</u>	<u>1.358</u>
Receivables			
Trade receivables		1.580	1.107
Other receivables		45	52
Prepaid expenses		17	4
Deferred tax assets		<u>58</u>	<u>42</u>
Total receivables		<u>1.700</u>	<u>1.205</u>
Cash in bank		<u>1.474</u>	<u>1.075</u>
Total current assets		<u>4.248</u>	<u>3.638</u>
Total assets		<u>4.248</u>	<u>3.638</u>

Balance sheet 30 April

	<u>Note</u>	<u>2019</u> EUR '000	<u>2018</u> EUR '000
Equity and liabilities			
Shareholder's equity			
	6		
Share capital		1.006	1.006
Retained earnings		1.845	1.434
Proposed dividends		500	500
Total shareholder's equity		<u>3.351</u>	<u>2.940</u>
Liabilities			
Short term liabilities			
Trade payables	7	651	512
Prepayments received from customers		68	121
Corporate tax payable		178	65
Total short term liabilities		<u>897</u>	<u>698</u>
Total equity and liabilities		<u>4.248</u>	<u>3.638</u>
Other notes			
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Cash flow statement

	<u>2018/19</u>	<u>2017/18</u>
	EUR '000	EUR '000
Result before interest and depreciations	1.173	859
Changes in inventories	284	23
Changes in receivables	-479	215
Changes in liabilities	86	66
Corporate tax, paid	-158	-246
Interest	-7	14
Cash flow from operations	<u>899</u>	<u>931</u>
Dividends to the shareholders	-500	0
Cash flow from financing activities	<u>-500</u>	<u>0</u>
Total cash flow	399	931
Cash in bank, beginning of year	<u>1.075</u>	<u>144</u>
Cash in bank, end of year	<u><u>1.474</u></u>	<u><u>1.075</u></u>

Notes

1 Accounting principles

The Annual Report for Creadore A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The financial statements are prepared in EUR.

The accounting policies are consistent with those of last year.

Income Statement

According to section 32 of the Danish Financial statements Act, net sales, cost of goods and external expenses are aggregated in one item called gross profit.

Net sales

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue in the form of sales commissions are recognized on the time the service is rendered and considered earned.

Revenue is measured excluding VAT and duties charged on behalf of third party. All kinds of discounts allowed are recognized/deducted in the revenue.

External expenses

Other external expenses comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing contracts and purchase of personell ressources from group companies.

Financial income and expenses

Financial income and expenses comprise interest income and expenses from financial receivables and liabilities as well as exchange rate gains and losses on receivables, payables and transactions denominated in foreign currencies.

Taxation

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised 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. The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Notes

1 Accounting principles - continued

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity.

Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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 at 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.

Cash flow statement

The cash flow statement shows the company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant, equipment and investments and acquisitions and disposals of securities

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs as well as the raising of loans, repayment of interestbearing debt and payment of dividends to shareholders.

Notes

2 Principal activities

Creadore A/S is primarily engaged in product development and marketing of textiles for the global hotel industry.

Creadore A/S is incorporated in Denmark and has a branch office in Dubai, UAE.

The target customers are international and global hotel chains which have defined their own standards for linen and textiles and which have a defined objective of sourcing directly from the producers at global level. Furthermore the company approaches local hotel chains and leasing laundries on the Middle-East market.

	2018/19 EUR '000	2017/18 EUR '000
3 Financial income		
Group enterprise	0	22
	<u>0</u>	<u>22</u>
4 Financial expenses		
Banks	7	8
	<u>7</u>	<u>8</u>
5 Taxation		
Current tax	273	178
Tax from previous years	-2	-2
Change in deferred tax assets	-16	15
	<u>255</u>	<u>191</u>

6 Shareholders equity

The share capital consists of 7,500 shares of nominal 1,000 DKK each, totalling 7.5 million DKK (1 million EUR).

	2018/19 EUR '000	2017/18 EUR '000	2016/17 EUR '000	2015/16 EUR '000	2014/15 EUR '000
Share capital at 1 May	1.006	1.006	1.006	1.006	1.006
Capital increase	0	0	0	0	0
Share capital at 30 April	<u>1.006</u>	<u>1.006</u>	<u>1.006</u>	<u>1.006</u>	<u>1.006</u>

	Share capital	Retained earnings	Proposed dividends	Total
Shareholders equity at 1 May 2018	1.006	1.434	500	2.940
Dividend paid			-500	-500
Result for the year	0	411	500	911
Shareholders equity at 30 April 2019	<u>1.006</u>	<u>1.845</u>	<u>500</u>	<u>3.351</u>

	2018/19 EUR '000	2017/18 EUR '000
7 Trade payables		
Group enterprise	86	89
Others	565	423
	<u>651</u>	<u>512</u>

Notes

8 Contingent liabilities

The Company is jointly taxed with other Danish companies within the Beirholm Holding Group. As a jointly taxed, but not fully owned company, the Company is limited and subsidiarily liable for corporate taxes in the joint taxation.

9 Staff matters

The Company employs no staff, but hires staff resources from group enterprises. Hired in staff resources were 10 full time employees in 2018/19 (in 2017/18: 10).

10 Related parties

Ownership

The following shareholders holds more than 5 % of voting rights or minimum 5 % of the share capital:

Beirholm Holding A/S
Nordager 20
6000 Kolding
Denmark

Sapphire Textile Mills Limited
212 Cotton Exchange Building 1.1. Chundrigar Road
Karachi
Pakistan

Group

The Company's Annual Report is part of the consolidated Annual Report of Beirholm Holding A/S.