

Créadore A/S

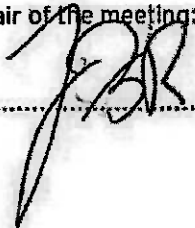
Nordager 20, 6000 Kolding

CVR no. 31 60 57 41

Annual report 2022/23

Approved at the Company's annual general meeting on 13 December 2023

Chair of the meeting:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Créadore A/S for the financial year 1 October 2022 - 30 September 2023.

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 financial position of the Company at 30 September 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023.

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, 13 December 2023
Executive Board:



Peter Beirholm

Board of Directors:



Jakob Ravensbo
Chairman



Nadeem Abdullah



Peter Beirholm



Nabeel Abdullah

Independent auditor's report

To the shareholders of Créadore A/S

Opinion

We have audited the financial statements of Créadore A/S for the financial year 1 October 2022 - 30 September 2023, which comprise 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 September 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 as to 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 the financial statements.

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.

Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

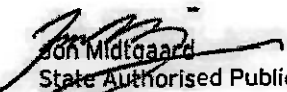
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

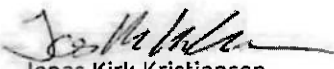
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially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

Vejle, 13 December 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jon Midtgaard
State Authorised Public Accountant
mne28657


Jonas Kirk Kristiansen
State Authorised Public Accountant
mne35475

Management's review

Company details

Name	Créadore A/S
Address, Postal code, City	Nordager 20, 6000 Kolding
CVR no.	31 60 57 41
Established	11 July 2008
Registered office	Kolding
Financial year	1 October 2022 - 30 September 2023
Website	www.creadore.com
Board of Directors	Jakob Ravnsbo, Chairman Nadeem Abdullah Peter Beirholm Nabeel Abdullah
Executive Board	Peter Beirholm
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark

Management's review

Business review

Créadore 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 a global level.

Créadore 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 optimized 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 slogan "Creadore Beyond Linen", we supply textiles that not only meet the needs of hotels and guests but also deliver on laundry performance. In addition, Créadore offers customers a complete supply chain solution, including forecasting, logistics, and distribution. We want to be the first-choice textile partner for our customers, and to offer support in the form of our textile 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 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:

- The financial role, which optimises investment in technology, textile procurement and amortisation in relation to capital expenditure.
- The production role, which optimises operational costs in logistics, laundering, inventory management, and real product life-cycle costs.
- 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.

Créadore 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. Créadore is also today the front runner in sustainable textile solutions for the market and supports full transparency in the supply chain.

The business activities are supported by offices from two locations:

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

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 shared resources as well as office and state-of-the-art production facilities keeping operations lean and costs down.

Management's review

Financial review

Last year it was decided to change the financial year for Créadore to follow the financial year of the affiliate Beirholms Væverier A/S, so this year is the first 12 month report covering the period October 1st 2022 to September 30th 2023. This means that the comparison numbers only covers the five months going from May 1st to April 30th 2022

The income statement shows a profit before tax of EUR 1,223 thousand against a five month profit before tax of EUR 776 thousand previous year. The balance sheet on 30 September 2023 shows equity of EUR 3,155 thousand.

General activity has been good at a level close to pre-Covid-19 level, and in line with expectations. The supply chain challenges from oversea transport have diminished during the year and we consider sailing times and freight rates to be restored to near-normal level.

During the year we engaged additional resources to comply with the increased activity, adding a bit to the costs - however keeping the costs within expected level.

We still consider the financial situation and cash level of the company to be strong.

For the fiscal year 2023/24, we anticipate a full recovery of the markets to the pre-Covid-19 activity levels. However, we do acknowledge potential challenges, and our main concern is how the rising interest rates seen in 2022/23 might affect things. Potentially it could cause a slowdown in the overall macro economy, impacting the demand for hotel accommodations - which is crucial for our business. Additionally, continued high-interest rates could possibly discourage the development of new hotels.

We still consider the hotel industry, especially Marriott and Hilton Brands, but also recent agreements with Radisson Hotel Group, to be within our prime target group. We expect continued increasing activity.

Knowledge resources

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

In spring 2023, we have successfully renewed our ISO certifications. Today we hold the, ISO 9001, ISO 14001 and ISO45001. Further, we have added the Made in Green certification from OEKO-TEX to our portfolio, and further during the year we have obtained Bronze Sustainability Rating at ECOVADIS.

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 with 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.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 October 2022 - 30 September 2023

Income statement

Note	EUR	2022/23 12 months	2022 5 months
	Gross profit	1,167,248	771,258
2	Staff costs	0	0
	Profit before net financials	1,167,248	771,258
3	Financial income	55,514	5,131
	Profit before tax	1,222,762	776,389
4	Tax for the year	-269,067	-170,806
	Profit for the year	953,695	605,583
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	0	2,000,000
	Retained earnings/accumulated loss	953,695	-1,394,417
		953,695	605,583

Financial statements 1 October 2022 - 30 September 2023

Balance sheet

Note	EUR	2022/23	2022
	ASSETS		
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	1,164,207	1,417,319
	Prepayments for goods	249,800	311,700
		<u>1,414,007</u>	<u>1,729,019</u>
	Receivables		
	Trade receivables	437,335	631,129
	Receivables from group entities	222,338	1,079,966
	Joint taxation contribution	0	138,447
	Other receivables	21,948	5,540
		<u>681,621</u>	<u>1,855,082</u>
	Cash	2,295,939	1,485,277
	Total non-fixed assets	<u>4,391,567</u>	<u>5,069,378</u>
	TOTAL ASSETS	<u>4,391,567</u>	<u>5,069,378</u>

Balance sheet

Note	EUR	2022/23	2022
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	1,005,958	1,005,958
	Retained earnings	2,149,282	1,195,587
	Dividend proposed	0	2,000,000
	Total equity	<u>3,155,240</u>	<u>4,201,545</u>
	Provisions		
	Deferred tax	18,642	14,100
	Total provisions	<u>18,642</u>	<u>14,100</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Joint taxation contribution payable	264,525	0
		<u>264,525</u>	<u>0</u>
	Current liabilities other than provisions		
	Prepayments received from customers	114,800	228,100
	Trade payables	377,872	231,251
	Payables to group entities	66,106	0
	Joint taxation contribution payable	394,382	394,382
		<u>953,160</u>	<u>853,733</u>
	Total liabilities other than provisions	<u>1,217,685</u>	<u>853,733</u>
	TOTAL EQUITY AND LIABILITIES	<u>4,391,567</u>	<u>5,069,378</u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Related parties

Financial statements 1 October 2022 - 30 September 2023

Statement of changes in equity

EUR	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 May 2022	1,005,958	2,590,004	0	3,595,962
Transfer through appropriation of profit	0	-1,394,417	2,000,000	605,583
Equity at 1 October 2022	1,005,958	1,195,587	2,000,000	4,201,545
Transfer through appropriation of profit	0	953,695	0	953,695
Dividend distributed	0	0	-2,000,000	-2,000,000
Equity at 30 September 2023	1,005,958	2,149,282	0	3,155,240

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

1 Accounting policies

The annual report of Créadore A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales and other external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, purchase of personell ressources from related parties etc.

Financial income

Financial income are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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 of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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 has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial statements 1 October 2022 - 30 September 2023

Notes to the financial statements

2 Staff costs

The Company employs no staff, but hires staff resources from group enterprises. Hired in staff resources were 8 full time employees in 2022/23 (in 2021/22: 10).

EUR	2022/23 12 months	2022 5 months
3 Financial income		
Interest receivable, group entities	23,754	4,162
Other financial income	31,760	969
	<u>55,514</u>	<u>5,131</u>
4 Tax for the year		
Estimated tax charge for the year	264,525	241,022
Deferred tax adjustments in the year	4,542	-70,216
	<u>269,067</u>	<u>170,806</u>

5 Share capital

The Company's share capital has remained EUR 1,005,958 over the past 5 years.

6 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent company, Bindeballe Holding A/S, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

7 Related parties

Information about consolidated financial statements

Parent	Domicile
Bindeballe Holding A/S	Nordager 20, 6000 Kolding, Denmark

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Beirholm Group A/S	Nordager 20, 6000 Kolding, Denmark
Sapphire Textile Mills Limited	212 Cotton Exchange Building 1.1. Chundrigar Road, Karachi, Pakistan