

SPECTRE A/S

Orionvej 1 - 3
7430 Ikast
Central Business Registration
No 70879212

Annual report 01.01.2019 - 31.03.2019

The Annual General Meeting adopted the annual report on 30.08.2019

Chairman of the General Meeting

Name: Thomas Villum Folmann

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Entity details

Entity

SPECTRE A/S
Orionvej 1 - 3
7430 Ikast

Central Business Registration No (CVR): 70879212
Registered in: Ikast-brande
Financial year: 01.01.2019 - 31.03.2019

Board of Directors

Thomas Villum Folmann, Chairman
Jesper Lundhøj Stubkjær Klausen
Jacob Lundhøj Stubkjær Klausen

Executive Board

Ole René Graversen
Kenneth Bach Pedersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SPECTRE A/S for the financial year 01.01.2019 - 31.03.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.01.2019 - 31.03.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ikast, 30.08.2019

Executive Board

Ole René Graversen

Kenneth Bach Pedersen

Board of Directors

Thomas Villum Folmann
Chairman

Jesper Lundhøj Stubkjær
Klausen

Jacob Lundhøj Stubkjær
Klausen

Independent auditor's report

To the shareholders of SPECTRE A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of SPECTRE A/S for the financial year 01.01.2019 - 31.03.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.03.2019, and of the results of their operations for the financial year 01.01.2019 - 31.03.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary

Management is responsible for the management commentary.

Independent auditor's report

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Aarhus, 30.08.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Financial highlights				
Key figures				
Gross profit	11.027	74.493	80.046	71.497
Operating profit/loss	(4.362)	14.210	6.854	9.815
Net financials	(715)	(3.656)	(3.584)	(2.766)
Profit/loss for the year	(4.290)	8.825	4.072	4.342
Profit/loss for the year excl minority interests	(4.015)	8.698	4.023	4.276
Total assets	153.970	153.615	159.778	149.380
Investments in property, plant and equipment	186	21.140	22.533	0
Equity	44.904	50.542	40.901	40.982
Equity excl minority interests	44.816	50.131	40.551	40.550
Ratios				
Return on equity (%)	(8,5)	19,2	9,9	10,5
Equity ratio (%)	29,1	32,6	25,4	27,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activities are production of functional outdoor garments. The Company produces at its own factories in Vietnam and Latvia.

Development in activities and finances

The Company had a loss after tax of DKK ('000) 4,290 which is in line our expectations for this 3 months period.

There are several factors behind this development. First of all we change fiscal year with effect from 1st April – 31st March. Therefore this fiscal year only consist on 3 months from 1st January – 31st March 2019.

This quarter is with unusual low turnover, but with high production activities compared with previous year due to seasonality changes. During Q 1 we took advantage of available capacity to build-up inventory of Ready Made Garments for deliveries in peak season during Maj, June and July.

It should be mentioned that we closed our last fiscal year, covering 1st January – 31st December 2018 with a profit after tax of DKK ('000) 8.825 which was satisfactorily.

With effect from 1st April 2019 our two Latvian production companies was merge into one production unit. This also includes a restructuring to improve the efficiency of the Latvian operations. During this process additional costs and expenses have impact the result.

Outlook

No events of importance for the Company's financial situation have occurred after the end of the financial year. The first months of 2019/20 came out as expected.

Events after the balance sheet date

We expect lower activity for coming year and with an acceptable profit. Based on both new and existing customers, we expect increases again during fiscal year 2020/21. This results in additional expand of capacity in Vietnam and Latvia.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		11.027.124	74.493.460
Staff costs	1	(14.441.176)	(56.196.061)
Depreciation, amortisation and impairment losses		(889.433)	(3.912.955)
Other operating expenses		(58.094)	(174.934)
Operating profit/loss		(4.361.579)	14.209.510
Other financial income		31.781	45.799
Other financial expenses		(746.429)	(3.702.231)
Profit/loss before tax		(5.076.227)	10.553.078
Tax on profit/loss for the year	2	786.695	(1.728.533)
Profit/loss for the year	3	(4.289.532)	8.824.545

Consolidated balance sheet at 31.03.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired intangible assets		4.056.282	4.398.316
Intangible assets	4	4.056.282	4.398.316
Land and buildings		26.397.074	26.364.489
Plant and machinery		19.780.195	20.257.309
Other fixtures and fittings, tools and equipment		1.394.030	1.539.932
Leasehold improvements		79.144	85.649
Property, plant and equipment	5	47.650.443	48.247.379
Deposits		93.350	93.350
Fixed asset investments	6	93.350	93.350
Fixed assets		51.800.075	52.739.045
Raw materials and consumables		42.699.544	36.901.988
Work in progress		17.306.861	9.947.461
Manufactured goods and goods for resale		17.408.922	12.370.688
Prepayments for goods		2.410.235	1.475.848
Inventories		79.825.562	60.695.985
Trade receivables		11.332.213	27.876.064
Receivables from group enterprises		2.296.222	3.497.048
Deferred tax	7	264.972	0
Other receivables		1.575.647	1.317.967
Income tax receivable		324.952	711.990
Prepayments		2.702.098	2.380.398
Receivables		18.496.104	35.783.467
Other investments		55.704	59.092
Other investments		55.704	59.092
Cash		3.792.947	4.337.757
Current assets		102.170.317	100.876.301
Assets		153.970.392	153.615.346

Consolidated balance sheet at 31.03.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		44.316.008	47.631.122
Proposed dividend		0	2.000.000
Equity attributable to the Parent's owners		44.816.008	50.131.122
Share of equity attributable to minority interests		88.029	411.280
Equity		44.904.037	50.542.402
Bank loans		35.208.441	31.525.846
Non-current liabilities other than provisions	8	35.208.441	31.525.846
Current portion of long-term liabilities other than provisions	8	4.987.085	2.471.172
Bank loans		47.721.630	45.647.726
Prepayments received from customers		948.408	959.137
Trade payables		16.170.933	13.334.198
Income tax payable		777.955	957.473
Other payables		3.251.903	8.177.392
Current liabilities other than provisions		73.857.914	71.547.098
Liabilities other than provisions		109.066.355	103.072.944
Equity and liabilities		153.970.392	153.615.346
Assets charged and collateral	9		
Transactions with related parties	10		
Group relations	11		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Share of equity attributable to minority interests DKK
Equity beginning of year	500.000	47.631.122	2.000.000	411.280
Ordinary dividend paid	0	0	(2.000.000)	0
Exchange rate adjustments	0	897.155	0	(48.614)
Value adjustments	0	(197.374)	0	0
Profit/loss for the year	0	(4.014.895)	0	(274.637)
Equity end of year	500.000	44.316.008	0	88.029
				Total DKK
Equity beginning of year				50.542.402
Ordinary dividend paid				(2.000.000)
Exchange rate adjustments				848.541
Value adjustments				(197.374)
Profit/loss for the year				(4.289.532)
Equity end of year				44.904.037

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	14.131.751	54.999.666
Pension costs	259.967	988.960
Other social security costs	49.458	180.155
Other staff costs	0	27.280
	14.441.176	56.196.061
Average number of employees	1.335	1.336
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Executive Board	1.021.026	4.181.981
Board of Directors	30.000	330.000
	1.051.026	4.511.981
	2019 DKK	2018 DKK
2. Tax on profit/loss for the year		
Current tax	7.099	1.512.445
Change in deferred tax	(793.794)	259.688
Refund in joint taxation arrangement	0	(43.600)
	(786.695)	1.728.533
	2019 DKK	2018 DKK
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	2.000.000
Retained earnings	(4.014.895)	6.698.202
Minority interests' share of profit/loss	(274.637)	126.343
	(4.289.532)	8.824.545

Notes to consolidated financial statements

	Acquired intangible assets DKK			
4. Intangible assets				
Cost beginning of year				10.169.891
Exchange rate adjustments				14.241
Cost end of year				10.184.132
Amortisation and impairment losses beginning of year				(5.771.575)
Exchange rate adjustments				(3.835)
Amortisation for the year				(352.440)
Amortisation and impairment losses end of year				(6.127.850)
Carrying amount end of year				4.056.282
	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment				
Cost beginning of year	34.554.280	45.103.830	5.702.385	1.730.859
Exchange rate adjustments	323.009	283.668	2.132	2.305
Additions	1.493	184.677	0	0
Disposals	0	(225.457)	(201.254)	0
Cost end of year	34.878.782	45.346.718	5.503.263	1.733.164
Depreciation and impairment losses beginning of year	(8.189.791)	(24.846.521)	(4.162.453)	(1.645.210)
Exchange rate adjustments	(22.893)	(52.813)	693	(781)
Depreciation for the year	(269.024)	(768.649)	(147.107)	(8.029)
Reversal regarding disposals	0	101.460	199.634	0
Depreciation and impairment losses end of year	(8.481.708)	(25.566.523)	(4.109.233)	(1.654.020)
Carrying amount end of year	26.397.074	19.780.195	1.394.030	79.144

Notes to consolidated financial statements

	Deposits DKK
6. Fixed asset investments	
Cost beginning of year	93.350
Cost end of year	93.350
Carrying amount end of year	93.350

7. Deferred tax

The deferred tax asset consists mainly of the carryable loss. The company expect to be able to utilize the deficit in the future earnings within a shorter period of time, why it is included as an asset in the annual report.

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK	Outstanding after 5 years DKK
8. Liabilities other than provisions				
Bank loans	4.833.332	2.333.332	35.208.441	3.500.009
Finance lease liabilities	153.753	137.840	0	0
	4.987.085	2.471.172	35.208.441	3.500.009

9. Assets charged and collateral

The company has entered into operating lease agreements with a total commitment of DKK ('000) 1,818.

As security for account with bank, the group has issued a company charge of a nominal amount of DKK ('000) 24,000. The business charge includes assets which have a carrying amount at the balance sheet date of DKK ('000) 88,196.

10. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

No such transactions have been conducted in the financial year.

11. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Spectre Holding ApS, Orienvvej 1-3

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		669.995	20.695.247
Staff costs	1	(4.025.602)	(15.222.866)
Depreciation, amortisation and impairment losses		(340.315)	(1.523.471)
Operating profit/loss		(3.695.922)	3.948.910
Income from investments in group enterprises		(773.264)	7.578.034
Other financial income from group enterprises		127.760	671.134
Other financial income		1.856	24.945
Other financial expenses		(592.699)	(3.199.255)
Profit/loss before tax		(4.932.269)	9.023.768
Tax on profit/loss for the year	2	917.374	(325.565)
Profit/loss for the year	3	(4.014.895)	8.698.203

Parent balance sheet at 31.03.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired intangible assets		3.494.078	3.802.220
Intangible assets	4	3.494.078	3.802.220
Land and buildings		307.816	307.816
Plant and machinery		247.360	279.919
Other fixtures and fittings, tools and equipment		102.477	102.477
Leasehold improvements		0	0
Property, plant and equipment	5	657.653	690.212
Investments in group enterprises		25.816.236	26.227.079
Receivables from group enterprises		13.388.876	13.149.871
Deposits		93.350	93.350
Fixed asset investments	6	39.298.462	39.470.300
Fixed assets		43.450.193	43.962.732
Raw materials and consumables		42.166.641	36.356.360
Work in progress		17.306.861	9.947.461
Manufactured goods and goods for resale		18.992.506	12.180.124
Prepayments for goods		2.342.177	1.444.515
Inventories		80.808.185	59.928.460
Trade receivables		10.186.008	27.521.486
Receivables from group enterprises		9.976.071	11.148.696
Deferred tax	8	613.000	0
Other receivables		927.482	793.582
Prepayments	7	1.220.288	1.208.885
Receivables		22.922.849	40.672.649
Other investments		55.704	59.092
Other investments		55.704	59.092
Cash		850.075	1.726.762
Current assets		104.636.813	102.386.963
Assets		148.087.006	146.349.695

Parent balance sheet at 31.03.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		1.684.099	1.764.942
Retained earnings		42.631.909	45.866.181
Proposed dividend		0	2.000.000
Equity		44.816.008	50.131.123
Deferred tax	8	0	107.000
Provisions		0	107.000
Bank loans		18.500.004	21.333.337
Non-current liabilities other than provisions	9	18.500.004	21.333.337
Current portion of long-term liabilities other than provisions	9	4.987.085	2.471.172
Bank loans		47.721.630	45.647.726
Trade payables		13.600.508	11.149.798
Payables to group enterprises		15.454.096	13.288.175
Other payables		3.007.675	2.221.364
Current liabilities other than provisions		84.770.994	74.778.235
Liabilities other than provisions		103.270.998	96.111.572
Equity and liabilities		148.087.006	146.349.695
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	500.000	1.764.942	45.866.181	2.000.000
Ordinary dividend paid	0	0	0	(2.000.000)
Exchange rate adjustments	0	0	897.154	0
Value adjustments	0	0	(197.374)	0
Profit/loss for the year	0	(80.843)	(3.934.052)	0
Equity end of year	500.000	1.684.099	42.631.909	0
				Total DKK
Equity beginning of year				50.131.123
Ordinary dividend paid				(2.000.000)
Exchange rate adjustments				897.154
Value adjustments				(197.374)
Profit/loss for the year				(4.014.895)
Equity end of year				44.816.008

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	3.716.177	14.026.471
Pension costs	259.967	988.960
Other social security costs	49.458	180.155
Other staff costs	0	27.280
	4.025.602	15.222.866
Average number of employees	23	23
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Executive Board	1.021.026	4.181.981
Board of Directors	30.000	330.000
	1.051.026	4.511.981
	2019 DKK	2018 DKK
2. Tax on profit/loss for the year		
Change in deferred tax	(917.374)	369.165
Refund in joint taxation arrangement	0	(43.600)
	(917.374)	325.565
	2019 DKK	2018 DKK
3. Proposed distribution of profit/loss		
Retained earnings	(4.014.895)	8.698.203
	(4.014.895)	8.698.203

Notes to parent financial statements

	Acquired intangible assets DKK
4. Intangible assets	
Cost beginning of year	8.854.280
Cost end of year	8.854.280
Amortisation and impairment losses beginning of year	(5.052.060)
Amortisation for the year	(308.142)
Amortisation and impairment losses end of year	(5.360.202)
Carrying amount end of year	3.494.078

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment				
Cost beginning of year	307.816	12.418.941	443.774	1.601.363
Cost end of year	307.816	12.418.941	443.774	1.601.363
Depreciation and impairment losses beginning of year	0	(12.139.022)	(341.297)	(1.601.363)
Depreciation for the year	0	(32.559)	0	0
Depreciation and impairment losses end of year	0	(12.171.581)	(341.297)	(1.601.363)
Carrying amount end of year	307.816	247.360	102.477	0

Notes to parent financial statements

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
6. Fixed asset investments			
Cost beginning of year	24.132.137	13.149.871	93.350
Additions	0	239.005	0
Cost end of year	24.132.137	13.388.876	93.350
Revaluations beginning of year	2.094.942	0	0
Adjustments on equity	362.422	0	0
Share of profit/loss for the year	(773.265)	0	0
Revaluations end of year	1.684.099	0	0
Carrying amount end of year	25.816.236	13.388.876	93.350

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7. Prepayments

Prepayments is subscriptions etc.

8. Deferred tax

The deferred tax asset consists mainly of the carryable loss. The company expect to be able to utilize the deficit in the future earnings within a shorter period of time, why it is included as an asset in the annual report.

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK	Outstanding after 5 years DKK
9. Liabilities other than provisions				
Bank loans	4.833.332	2.333.332	18.500.004	3.500.009
Finance lease liabilities	153.753	137.840	0	0
	4.987.085	2.471.172	18.500.004	3.500.009

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Spectre Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes to parent financial statements

11. Assets charged and collateral

The company has entered into operating lease agreements with a total commitment of DKK ('000) 1,818.

As security for account with bank, the company has issued a business charge of a nominal amount of DKK ('000) 24,000. The business charge includes assets which have a carrying amount at the balance sheet date of DKK ('000) 88,196.

Spectre A/S has pawned the share capital of Spectre Garment Technologies Vietnam, which has a carrying amount at the balance sheet date of DKK ('000) 18,396 DKK, as security for all liabilities with the bank.

12. Related parties with controlling interest

Jacob Lundhøj Stubkjær Klausen, Ravnsbjerg Krat 17, Gjellerup, 7400 Herning.

Jesper Lundhøj Stubkjær Klausen, Else Alfelts Vej 20, 7430 Ikast.

Kenneth Bach Pedersen, Strandvejen 25, 7800 Skive, who is a chief executive.

Ole René Funch Graversen, Edgar Funchs Vej 12, 9000 Aalborg, who is a chief executive.

13. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The company has changed fiscal year with effect from 1st April – 31st March. Therefore this fiscal year only consist on 3 months from 1st January 2019 – 31st March 2019. The comparative figures consist 12 months.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	3-8 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount

Inventories

Inventories are measured at the lower of cost using the standard cost method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date and unlisted investments measured at the lower of cost and net realisable value.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86 (4) of the Danish Financial Statements Act, no cashflow statement have been prepared.