

HOLDINGSELSKABET AF

24. FEBRUAR 2006 A/S

Nordlundvej 1

DK-7330 Brande

Reg. no. 28 51 48 40

Annual Report for 2022

(18th Financial Year)

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 3 August 2023

Jesper Roe

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STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report of for Holdingselskabet af 24. februar 2006 A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the Financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Furthermore, in our opinion, Management's review includes a fair review of the development in the Company's operations and financial circumstances, of the results for the year and of the financial position of the Company.

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

Brande, 3 August 2023

EXECUTIVE BOARD

Jesper Roe

BOARD OF DIRECTORS

Arvind Kumar Vij
(Chairman)

Jesper Roe

Tim Lund Larsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Holdingselskabet af 24. februar 2006 A/S

Opinion

We have audited the Financial Statements of Holdingselskabet af 24. februar 2006 A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty relating to Going Concern

We point out that there is uncertainty that can raise doubts about the company's ability to continue operations. We refer to the note "Continuing operations" in the annual report. The potential impact on the Company's activity and financial impact on the business is expressed with some uncertainty. Management has chosen to present the accounts on the assumption of going concern. Our conclusion is not modified regarding this matter.

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

INDEPENDENT AUDITOR'S REPORT (continued)

basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Vejle, 3 August 2023

BDO

Statsautoriseret revisionsaktieselskab

Reg. no. 20 22 26 70

Kristian Frost Vingum

State Authorised Public Accountant

MNE no. mne36183

COMPANY DETAILS

The Company:

Holdingselskabet af 24. februar 2006 A/S
Nordlundvej 1
DK-7330 Brande
Phone: +45 96 42 42 42
Fax: +45 97 18 18 98
Website: www.btxgroup.dk
Email: info@btx.dk

Board of Directors:

Arvind Kumar Vij (Chairman)
Jesper Roe
Tim Lund Larsen

Executive Board:

Jesper Roe

Shareholders according to the Danish Companies Act:

Watermill ApS (Reg. no. 35 02 42 71)
Nordlundvej 1
DK-7330 Brande

Group relations:

The company is part of a Group having Watermill ApS (CVR no. 35 02 42 71) as its ultimate parent company in the Danish Group.

The registered office of Watermill ApS is the Municipality of Ikast-Brande.

Subsidiaries (100% ejede):

BTX Group A/S

Consolidated accounts for the sub-group are not composed with reference to Section 112 of the Danish Financial Statements Act.

Auditors:

BDO Statsautoriseret revisionsaktieselskab
Roms Hule 4, 1st floor
DK-7100 Vejle

Bankers:

Sydbank

MANAGEMENT'S REVIEW

Principal activities of the Group

The company is a holding company, whose activity consist in direct or indirect holdings of shares in other companies.

Development in activities and financial position

The business is seeing a recovery from COVID and the aftermath of COVID, but these topics were, however, the headline of year 2022. Year 2022 was negatively impacted by disrupted supply chains, increased (freight) costs etc., which had a bigger impact on our business than we had anticipated. It has been a year, where managing supply chains were first priority and albeit a lot of effort were put into it, the impact of the disruption was tangible. Towards the end of the year we saw, however, an easing in logistics related disruptions.

Profit before tax were DKK 34 million, which are an improvement compared to last year of DKK 46 million. The balance sheet have been significantly strengthened. The improvement primarily comprises of negative goodwill related to acquisition of activities.

Sales grew by 20% to DKK 285 million and operating profit adjusted for acquisition of activities improved by DKK 9 million. It is management assessment that ignoring the aforementioned logistic issues, operating profit would had been further improved by DKK 8 million.

The result for the year ended at DKK 34 million.

On 31/12-22 the group became majority owner of the Italian retail chain, Conbipel, who has +100 stores in their portfolio. Not only will Conbipel be a subsidiary of BTX Group A/S, but it also offers an opportunity for BTX Group A/S to sell products to the group. The store chain is owned by the company BTX Italian Retail and Brands S.r.l. of which BTX Group A/S owns 51% of the shares via our subsidiary Eapparels Ltd.. Due to the ownership structure, banking arrangement, liquidity and such are managed independently of BTX Group A/S.

Important events after the end of the financial year

There are no important events after the reporting period to be disclosed.

Outlook

In spite of a normalised and more stable global supply chains, management expects markets to remain soft in 2023 as e.g. inflation imposes continued uncertainty in the financial markets. Ignoring the impact of negative goodwill from acquisition of activities in 2022, management currently expects an improvement in result for the year of DKK 5-10 million, as integration and improvement initiatives are being implemented in 2023 in relation to BTX Italian Retail and Brands S.r.l..

MANAGEMENT'S REVIEW (continued)

The Company operates with a 12 month bank facility agreement that expires end November. The facility agreement is up for renewable once a year next time in November 2023. With the expected earnings in 2023, management feel comfortable to have sufficient liquidity throughout the year.

As previously mentioned, due to the ownership structure, banking arrangement and liquidity is managed independently of BTX Group A/S. BTX Italian Retail and Brands S.r.l. was acquired without any financial facilities. Financial facility agreement in BTX Italian Retail and Brands S.r.l. is currently in process. It has been a protracted process due to newly incorporation, changed financial year etc.. The process is close to finalisation and is expected to be completed within few weeks from signing of the annual report 2022, but it is still not secured.

ACCOUNTING POLICIES

The annual report of the Holdingselskabet af 24. februar 2006 A/S for 2022 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies of Holdingselskabet af 24. februar 2006 A/S are unchanged compared to last year.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables and in equity until the hedged transaction is realised. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income and expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries are recognised directly in equity.

Income statement

Other external costs

Other external expenses comprise costs of administration etc.

Financial income and expenses

Financial income and expenses include interest income and expense, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial income and expense are recognised at the amounts relating to the financial year.

ACCOUNTING POLICIES (continued)

Tax on profit/loss for the year

Holdingselskabet af 24. februar 2006 A/S is jointly taxed with all wholly-owned Danish subsidiaries. The current Danish corporation tax is allocated in connection with the settlement of joint tax contributions between the jointly taxed Danish companies in proportion to their taxable income (full distribution of tax with refunds for tax losses). The jointly taxed companies are taxed under the on-account tax scheme.

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 changes directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is 20 years. The amortisation period is determined based on the expected repayment period and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If Holdingselskabet af 24. februar 2006 A/S has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Holdingselskabet af 24. februar 2006 A/ are not recognised in the reserve for net revaluation.

ACCOUNTING POLICIES (continued)

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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.

Payable and receivable joint tax contributions are recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carried forward, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

ACCOUNTING POLICIES (continued)

Liabilities

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

Financial liabilities also include the capitalised residual obligation on finance leases.

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, 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 liability arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

INCOME STATEMENT
1 January - 31 December 2022
DKK'000

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Other external costs		-19	-19
Operating loss		-19	-19
Profit from investments after tax in group enterprises		34,776	-11,062
Other financial income		0	0
Other financial expenses	1	-986	-840
Profit/loss before tax		33,771	-11,921
Tax on profit/loss for the year	2	0	0
PROFIT/LOSS FOR THE YEAR		<u>33,771</u>	<u>-11,921</u>
 PROPOSED DISTRIBUTION OF PROFIT/LOSS			
Retained earnings		33,771	-11,921
		<u>33,771</u>	<u>-11,921</u>

BALANCE SHEET at 31 December 2022

DKK'000

ASSETS

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
NON-CURRENT ASSETS			
Investments			
Investments in group enterprises		<u>11,744</u>	<u>0</u>
		<u>11,744</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS		<u>11,744</u>	<u>0</u>
CURRENT ASSETS			
Receivables			
Deferred tax asset		<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>
Cash at bank and in hand		<u>0</u>	<u>0</u>
TOTAL CURRENT ASSETS		<u>0</u>	<u>0</u>
TOTAL ASSETS		<u><u>11,744</u></u>	<u><u>0</u></u>

BALANCE SHEET at 31 December 2022

DKK'000

EQUITY AND LIABILITIES

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
EQUITY			
Share capital		72,632	72,632
Retained earnings		<u>-129,426</u>	<u>-160,069</u>
TOTAL EQUITY		<u>-56,794</u>	<u>-87,437</u>
PROVISIONS			
Other provisions		<u>0</u>	<u>19,904</u>
TOTAL PROVISIONS		<u>0</u>	<u>19,904</u>
LIABILITIES			
Short-term liabilities			
Amounts owed to group enterprises		68,538	67,515
Other payables		<u>0</u>	<u>18</u>
		<u>68,538</u>	<u>67,533</u>
TOTAL LIABILITIES		<u>68,538</u>	<u>67,533</u>
TOTAL EQUITY AND LIABILITIES		<u>11,744</u>	<u>0</u>
Mortgages and security	3		
Continued operations	4		
Related party transactions	5		
Cash flow statement	6		

NOTES
DKK'000

	<u>2022</u>	<u>2021</u>
1 FINANCIAL EXPENSES		
Interest payable to group enterprises	<u>986</u>	<u>840</u>
2 TAX ON PROFIT FOR THE YEAR		
Current tax for the year	0	0
Adjustment of deferred tax for the year	<u>0</u>	<u>0</u>
TOTAL TAX ON PROFIT FOR THE YEAR	<u>0</u>	<u>0</u>

3 MORTGAGES AND SECURITY

The shares in BTX Group A/S have been provided as security for the Group's overdrafts. The carrying amount of assets, pledged as collateral amounts to DKK 48 million (2021: DKK -20 million)

The parent company has provided guarantees for the Group's overdraft.

The parent company is jointly taxed with the other group companies and has joint and several liability for the taxes relating to the joint taxation.

4 CONTINUED OPERATIONS

In spite of a normalised and more stable global supply chains, management expects markets to remain soft in 2023 as e.g. inflation imposes continued uncertainty in the financial markets. Ignoring the impact of negative goodwill from acquisition of activities in 2022, management currently expects an improvement in result for the year of DKK 5-10 million, as integration and improvement initiatives are being implemented in 2023 in relation to BTX Italian Retail and Brands S.r.l..

The Company operates with a 12 month bank facility agreement that expires end November. The facility agreement is up for renewable once a year next time in November 2023. With the expected earnings in 2023, management feel comfortable to have sufficient liquidity throughout the year.

Due to the ownership structure, banking arrangement and liquidity is managed independently of BTX Group A/S. BTX Italian Retail and Brands S.r.l. was acquired without any financial facilities. Financial facility agreement in BTX Italian Retail and Brands S.r.l. is currently in process. It has been a protracted process due to newly incorporation, changed financial year etc.. The process is close to finalisation and is expected to be completed within few weeks from signing of the annual report 2022, but it is still not secured.

Management has chosen to present the accounts on the assumption of going concern.

5 RELATED PARTY TRANSACTIONS

Related parties with significant influence comprise group companies and the parent company's Executive Board. Related party transactions are conducted under normal market conditions.

6 CASH FLOW STATEMENT

For information on cash flows please see the consolidated financial statements for Watermill ApS.