WATERMILL ApS

Nordlundvej 1

DK-7330 Brande

Reg. no. 35 02 42 71

Annual Report for 2021

(9th Financial Year)

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 29 June 2022

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Jesper Roe

CONTENTS

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 Watermill ApS for the financial year 1 January - 31 December 2021.

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

In our opinion, the consolidated and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2019 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2021.

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

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

Brande, 29 June 2022

EXECUTIVE BOARD

Jesper Roe

BOARD OF DIRECTORS

Arvind Kumar Vij (Chairman)	Jesper Roe
Tim Lund Larsen	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Watermill ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Watermill ApS for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2021 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2021 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 Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, which states that Management expects another turbulent year. The potential impact on the Company's activity and financial impact on the business is expressed with some uncertainty, as the global supply chains, inflation, increase in raw material, transportation costs, energy etc. continues. 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 Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

INDEPENDENT AUDITOR'S REPORT

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover 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 Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Vejle, 29 June 2022

BDO

Statsautoriseret revisionsaktieselskab

Reg. no. 20 22 26 70

Allan Lund

State Authorised Public Accountant

MNE no. mne10093

COMPANY DETAILS

The Company:
Watermill ApS
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:
Grow Capital Global Holdings Pte. Ltd. Singapore, which is ultimately owned by Arvind Kumar Vij, Great Britain and Ajay Kumar Vij, India.

Group relations:
Watermill ApS (CVR no. 35 02 42 71) is the ultimate parent company of the Danish Group.

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

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

Bankers:
Sydbank

Consolidated financial highlights

	2021	2020	2019	2018	2017
Key figures					
Income statement in DKKm					
Revenues	238	263	335	387	418
Gross profit	55	50	82	88	102
Operating profit/loss before exceptional items	-9	-25	-6	-112	2
Profit from financial income and expenses	-10	-9	-6	-9	-15
Operation profit/loss before financial income and tax (EBIT)	-9	-25	-6	-112	1
Profit/loss	-14	-41	-10	-119	-14
Balance sheet in DKKm					
Total assets	85	98	121	179	278
Hereof for investment in property, plant and equipment	0	1	2	5	5
Equity	-112	-110	-59	-46	62
Working capital [1)]	9	19	33	30	44
Net interest-bearing debt	125	132	116	111	104
Ratios					
Gross margin ratio	23,0%	19,1%	24,6%	22,7%	21,5%
EBIT margin	-3,6%	-9,5%	-1,8%	-29,0%	0,3%
Equity ratio	-131,6%	-112,0%	-49,0%	-25,9%	22,3%
Return on invested capital	-9,3%	-22,7%	-4,1%	-49,3%	0,6%

1) Hedging transactions are not included.

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts’ guidelines.

MANAGEMENT'S REVIEW

THE GROUP

Consolidated

The consolidated financial statements comprise the operating company Watermill ApS and its subsidiaries.

Principal activities of the Group

The principal activities are design, purchase and sale of products in the apparel industry. Products are bought in the Far East as well as in Europe and they are sold primarily in the European markets. The Company sells fashion for women.

Development in activities and financial position

Year 2021 started on the same note as 2020 ended with COVID-19 taking headlines. Most of Europe was in lockdown and main markets continued to be in lockdown up until May 2021. The lockdown lead to reduced customer shipments, lower reorders and consequently inventory mark downs on spring/summer. As our sales period for autumn/winter is in first half of 2021, COVID also had an impact on this performance. Revenue ended at DKK 238 million compared to DKK 263 million in 2020.

Towards second half of 2021 the aftermath of COVID-19 came into play with disrupted distribution chains, increased (freight) costs etc.. Positively a transformation plan to secure efficient processes and lean cost base was implemented during 2020, where the full impact in 2021 did benefit the earnings.

In spite of a drop in revenue of DKK 25 million, operating profit improved by DKK 16m to DKK -8,5 million compared to DKK -24,9 million in 2020.

The result for the year ended at DKK -14 million. Albeit we recognize the improvement in performance and we did expect a difficult year, a negative result is considered unsatisfactory. At the same time we are pleased that the business delivered positive cash flow for the year.

The challenging market conditions in 2021 are expected to continue in 2022, as the global supply chains remains a negative factor, which together with inflation and a potential down turn in macroeconomics makes business environment difficult . We will continue to invest in market-oriented activities in 2022 and fortunately the focus on growth already started to pay off, where large accounts have been picked up in 2021, which capitalised in a strong order book for 2022. Action plans to benefit our long term business will still have highest priority together with continuously focus on lean processes.

At the end of 2021, the Group had 132 employees which is a decrease of 17 compared to the end of 2020.

Profit/loss for the year compared to the expected development

2021 was another year with COVID and the result for the year was DKK -14 million, which is an improvement of DKK 27 million compared to 2020 (DKK -41 million). The development is in line with the expected improvement in earnings in 2021, as expressed in 2020 report.

Important events after the end of the financial year

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

Financial risk

The Group is exposed to currency fluctuations with respect to both purchases and sales, particularly fluctuations in USD, NOK and SEK. To reduce the effect of currency risk and to ensure predictability in financial forecasts and avoid surprises on this account, the Group does hedging of the 3 currencies. Strategy and process is defined in a written company policy where the target is to eliminate 95% of the calculated risk for each of the 3 currencies.

Particular risks

It is management's opinion that the Group is not influenced by any particular risks apart from those characteristic for the industry. The Group operates in a segment that is sensitive to market fluctuations; the financial conditions caused by recession in the macro economies in Europe and changed purchasing conditions in the Far East are particularly hard to predict, which has been confirmed by latest and current challenges in the global supply chains and price increases.

In past two years COVID has forced close down in our sales markets at our peak sales periods. Further more COVID can lead to close down in sourcing markets leading to an unstable delivery situation, hence COVID constitutes a risk to our business performance.

Environmental situation

The Group is developing its code of conduct and related follow-up processes, which are to ensure, among other things, that suppliers live up to the Group's requirements concerning human rights, social and environmental conditions, etc. The group's code of conduct can be downloaded at http://www.btx-group.com.

Knowledge resources

It is the objective of the Group to continue being an attractive place to work and thereby be able to attract and retain highly qualified employees. Through education, training, delegation of duties, clear distribution of responsibilities and targeted efforts, the Group intends to further develop the skills and competencies of its staff on a continuous basis.

Outlook

In spite of a good position for the 2022 order book, management expects another turbulent year. The potential impact on the Company's activity and financial impact on the business is expressed with some uncertainty, as the global supply chains, inflation, increase in raw material, transportation costs, energy etc. continues.

Based on the current strong 2022 orderbook, and despite the current business environment, management currently expects an improvement in earnings in 2022 of DKK 10-15 million. As of the date of the approval of the annual report a substantial part of the group's total budgeted revenue in 2022 is secured. We expect to see further improvements in earnings in 2023, as strategic initiatives will deliver on their potential.

The Company operates with a 12 month bank facility agreement that expires end December. The facility agreement is up for renewable once a year next time in December 2022. With the expected earnings in 2022, management feel comfortable to have sufficient liquidity throughout the year.

The Company's foreign branches

The Group has no foreign branch offices.

ACCOUNTING POLICIES

The annual report of the BTX Group A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C mid enterprises under the Danish Financial Statements Act.

The accounting policies of BTX Group A/S are changed from C large to C mid with a few options from C large. There have been no changes to the methods of recognition, but only of the presentational nature and scope of the management report. Thus, the change has no monetary effect on the financial statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, BTX Group A/S, and subsidiaries in which BTX Group A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated disposal costs.

ACCOUNTING POLICIES (continued)

Acquisitions of enterprises are accounted for using the purchase method, according to which identifiable assets and liabilities of the acquired enterprises are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill arising on acquisition can be adjusted until the end of the year after the acquisition.

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.

Foreign subsidiaries are considered separate entities. The income statements are translated at average exchange rates for the months, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

ACCOUNTING POLICIES (continued)

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on the portion of loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries, which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

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.

ACCOUNTING POLICIES (continued)

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT less returned goods, bonuses and discounts in relation to the sale.

Cost of sales

Cost of sales includes costs incurred in generating the revenue for the year. It also includes direct and indirect costs of raw materials and consumables.

Other external costs

Other external expenses comprise costs of sale, advertising, administration, premises, bad debts, costs of operating leases, etc.

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions as well as other social security costs etc. for the Group's and the Company's employees. Staff costs are stated less reimbursements received from public authorities.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on sale of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the Group and the Company, including loss on sale of intangible assets and property, plant and equipment.

Income from investment investments in group enterprises

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill

Financial income and expenses

Financial income and expenses include interest income and expense, financial costs incurred on finance leases, realised and unrealised gains and losses on securities, debt and transactions denominated in foreign currencies, 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

BTX Group 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 3-5 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.

Acquired intellectual property rights

Acquired intellectual property rights are measured at cost less accumulated amortisation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets.

Acquired intellectual property rights	3-5 years

Property, plant and equipment

Fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

ACCOUNTING POLICIES (continued)

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets.

Fixtures and fittings, other plant and equipment	3-5 years

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Group are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's alternative borrowing rate is used as discount rate. Assets held under finance leases are subsequently depreciated as the Group's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are classified as operating leases. Services related to operating leases and other lease contracts are recognised in the income statement over the term of the contract. The Group's total liabilities regarding operating leases and lease agreements are disclosed as contingent liabilities, etc.

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 BTX Group 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 BTX Group A/S 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.

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 cost of goods and goods for resale comprise the cost of raw materials, consumables, external production costs and delivery costs.

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.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Group's credit risk management policy. The objective indicators used in relation to portfolios are based on historical loss experience.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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”.

ACCOUNTING POLICIES (continued)

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.

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.

Deferred income
Deferred income comprises payments received concerning income in subsequent years and is measured at amortised cost.

Cash flow statement

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

ACCOUNTING POLICIES (continued)

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities are calculated using the indirect method as profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received as well as corporation tax paid.

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

Entering of finance leases are considered non-cash transactions.

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

Cash flows relating to assets held under finance lease are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash as well as securities with less than three months to maturity, which can readily be converted into cash and cash equivalents and which only carry an insignificant risk of changes in value.

INCOME STATEMENT

1 January - 31 December 2021

DKK'000

	Notes	Consolidated 2021	2020
Revenue		238.155	262.870
Cost of sales		-117.902	-135.835
Other external costs		-65.392	-76.745
Gross profit		54.861	50.290
Staff costs	1	-58.896	-69.454
Depreciation, amortisation and impairment, intangible assets and prop., plant and equip.		-5.708	-7.357
Other operating income		3.193	4.184
Other operating expenses		-1.958	-2.559
Operating profit/loss		-8.508	-24.896
Other financial income		403	354
Other financial expenses	2	-10.313	-9.371
Profit/loss before tax		-18.418	-33.913
Tax on profit/loss for the year	3	4.807	-7.226
PROFIT/LOSS FOR THE YEAR	4	**-13.611**	**-41.139**

BALANCE SHEET at 31 December 2021

DKK'000

ASSETS

	Notes	Consolidated 2021	Consolidated 2020
NON-CURRENT ASSETS			
Intangible assets	5		
Consolidated goodwill		0	0
Intellectual property rights acquired		663	3.724
Goodwill		788	1.786
		1.451	5.510
Property, plant and equipment	6		
Fixtures and fittings, other plant and equipment		3.170	4.754
		3.170	4.754
Investments			
Other receivables	7	20	149
		20	149
TOTAL NON-CURRENT ASSETS		**4.641**	**10.413**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale		24.482	32.608
		24.482	32.608
Receivables	8		
Trade receivables		14.061	15.899
Corporation tax receivable		209	543
Deferred tax assets	9	5.456	3.399
Other receivables		8.103	4.130
Prepayments		5.297	6.134
		33.126	30.105
Cash at bank and in hand		23.139	25.078
TOTAL CURRENT ASSETS		**80.747**	**87.791**
TOTAL ASSETS		**85.388**	**98.204**

BALANCE SHEET at 31 December 2021

DKK'000

EQUITY AND LIABILITIES

	Notes	Consolidated 2021	2020
EQUITY			
Share capital		80	80
Other reserves		1.826	-9.399
Retained earnings		-114.298	-100.687
TOTAL EQUITY		**-112.392**	**-110.006**
LIABILITIES			
Long-term liabilities	10		
Bank loans and overdrafts		28.000	35.000
Capitalised lease payments		452	659
Subordinate loan capital		42.695	40.957
Other payables		5.392	5.541
		76.539	83.092
Short-term liabilties			
Short-term portion of bank loans and overdrafts		7.000	0
Short-term portion of capitalised lease payments		207	207
Bank loans and overdrafts		69.811	73.651
Trade payables		20.383	21.704
Corporation tax		0	263
Other payables		23.438	29.887
Deferred income		402	341
		121.241	125.118
TOTAL LIABILITIES		**197.780**	**208.210**
TOTAL EQUITY AND LIABILITIES		**85.388**	**98.204**

Contractual obligations and contingent liabilities	11
Mortgages and securities	12
Continued operations	13
Currency and interest risks as well as use of derived financial instruments	14
Related party transactions	15
Group chart	16

STATEMENT OF CHANGES IN EQUITY

The company's share capital comprises 80,000 shares of DKK 1 each or multiples hereof.
The share capital consists of the following classes of shares:

70,960 A-shares
3,200 B-shares
5,840 C-shares

The B- and C-shares do not carry any votes.

Changes in equity can be specified as follows:

DKK'000	Share capital	Other reserves	Retained earnings	Total equity
Equity at 1 January 2021	80	-9.399	-100.687	-110.006
Transferred through distribution of profit/loss	-	-	-13.611	-13.611
Exchange rate adjustments on translation of foreign entities	-	164	-	164
Adjustment of hedging instruments:	-	11.061	-	11.061
EQUITY AT 31 DECEMBER 2021	80	1.826	-114.298	-112.392

CONSOLIDATED CASH FLOW STATEMENT for 2021

DKK'000

	Consolidated 2021	Consolidated 2020
Profit before financial income and expenses	-8.508	-24.896
Depreciation, amortisation and impairment	5.708	7.357
Profit/loss from sale of intangible assets	0	470
Profit/loss from sale of property, plant and equipment	-35	2.182
Provisions, exchange rate adjustments, etc.	0	-110
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	-2.835	-14.997
Changes in inventories	8.126	12.987
Changes in trade receivables, other receivables and prepayments (ex. gains/losses on forward exchange contracts)	3.008	8.086
Changes in trade payables	-1.321	-17.699
Changes in other short-term liabilities (ex. gains/losses on forward exchange contracts)	2.052	5.461
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE TAX	9.030	-6.162
Interest income, received	403	354
Interest expenses, paid	-7.226	-7.461
Corporation tax paid	-72	-12
CASH FLOWS FROM OPERATING ACTIVITIES AFTER TAX	2.135	-13.281
Acquisition of intangible assets	0	-354
Acquisition of property, plant and equipment (ex. assets held under finance leases)	-42	-754
Sale of property, plant and equipment (ex. assets held under finance leases)	35	172
Acquisition of other fixed asset investments	-168	-24
Sale of other fixed asset investments	297	1.559
CASH FLOWS FROM INVESTING ACTIVITIES	122	599
Loan from the Fund of Tilgodehavende Feriemidler	-149	4.479
Loan from shareholders	0	0
Changes in bank loans and overdrafts, net	0	35.000
Changes regarding finance leases	-207	-551
Paid dividend	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	-356	38.928
CASH FLOWS FOR THE YEAR	1.901	26.246
Cash and cash equivalents at the beginning of the year	-48.573	-74.819
Cash flows for the year	1.901	26.246
CASH AND CASH EQUIVALENTS AT YEAR END	-46.672	-48.573
CASH AND CASH EQUIVALENTS AT YEAR END COMPRISE:		
Cash at bank and in hand	23.139	25.078
Overdrafts	-69.811	-73.651
	-46.672	-48.573

NOTES
DKK'000

		Consolidated 2021	Consolidated 2020
1	**STAFF COSTS**		
	Wages and salaries	52.239	62.611
	Pensions	4.241	4.664
	Other social security costs	3.030	3.427
	Refunds	-614	-1.248
		58.896	69.454
	Average number of employees	132	149

Remuneration and fees for the Executiv Board and the Board of Directions are not disclosed with reference to Section 98b (3) of the Danish Financial Statements Act.

		2021	2020
2	**FINANCIAL EXPENSES**		
	Interest on amounts owed by group enterprises	1.047	1.122
3	**TAX ON PROFIT FOR THE YEAR**		
	Tax on profit for the year is computed as follows:		
	Current tax for the year	337	444
	Adjustment of deferred tax for the year	-5.213	6.735
	Adjustment regarding previous years	69	47
	TOTAL TAX ON PROFIT FOR THE YEAR	-4.807	7.226
4	**PROPOSED DISTRIBUTION OF PROFIT/LOSS:**		
	Retained earnings	-13.611	-41.139
		-13.611	-41.139

NOTES
DKK'000

5 INTANGIBLE ASSETS

	Consolidated goodwill	Intellectual property rights acquired	Goodwill
Cost at 1 January 2021	389.302	17.584	7.342
Exchange rate adjustment	0	0	178
Additions during the year	0	0	0
Disposals during the year	0	0	0
Cost at 31 December 2021	389.302	17.584	7.520
Amortisation and impairment at 1 January 2021	389.302	13.860	5.556
Exchange rate adjustment	0	0	158
Amortisation and impairment	0	3.061	1.018
Amortisation and impairment on assets sold	0	0	0
Amortisation and impairment at 31 December 2021	389.302	16.921	6.732
CARRYING AMOUNT AT 31 DECEMBER 2021	0	663	788

6 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings, other plant and equipment
Cost at 1 January 2021	28.947
Exchange rate adjustment	38
Additions during the year	42
Disposals during the year	0
Cost at 31 December 2021	29.027
Depreciation and impairment at 1 January 2021	24.193
Exchange rate adjustment	35
Depreciation and impairment for the year	1.629
Depreciation and impairment on assets sold	0
Depreciation and impairment at 31 December 2021	25.857
CARRYING AMOUNT AT 31 DECEMBER 2021	3.170
Carrying amount of leased assets	611

NOTES
DKK'000

		Consolidated	
		2021	2020
7	**OTHER RECEIVABLES**		
	Cost at 1 January	149	1.685
	Exchange rate adjustment	0	-1
	Additions during the year	168	24
	Disposals during the year	-297	-1.559
	CARRYING AMOUNT AT 31 DECEMBER	20	149
8	**RECEIVABLES/OTHER PAYABLES**		
	Receivables falling due for payment more than one year after the end of the financial year	0	98

The fair value of forward exchange contracts regarding hedging of future purchase and sale in foreign currencies is included in other recievables at 31 December 2021 at an amount of DKK 4 million and at 31 December 2020 in other payables at an amount of DKK 8 million.

		2021	2020
9	**DEFERRED TAX ASSETS**		
	Balance at 1 January	3.399	7.554
	Adjustments beginning of the year	-54	0
	Adjustments for the year, income statement	5.213	-6.735
	Adjustments for the year, equity	-3.123	2.605
	Exchange rate adjustments	21	-25
	BALANCE AT 31 DECEMBER	5.456	3.399
10	**LONG-TERM LIABILITIES**		
	Long-term liabilities falling due after five years as from the end of the financial year	5.392	12.105

Subordinate loan capital comprises amounts owed to group enterprises and shareholders.

NOTES

11 CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilities

The Group's total commitments under letters of credit amount to DKK 14 millon (2020: DKK 11 million).

Customs guarantees have been provided in the amount of DKK 3 million (2020: DKK 3 million).

Contingent liabilities and warranties other than those above do not exceed DKK 2 million (2020: DKK 2 million).

Operating lease commitments

The Group leases properties and operating equipment under operating leases. The Group's domicile properties are leased on contracts that are interminable both by the Group and the lessor for 1 to 5 years. The leasing period for other assets is typically between 1 and 4 years with the possibility of renewal.

Total non-provided discounted rent liabilities of the Group amount to approx. DKK 13 million (2020: DKK 18 million)

Total lease commitments of the Group regarding other operating leases amount to approx. DKK 2 million. (2020: approx. 4 million).

12 MORTGAGES AND SECURITY

As security for the Company’s and the Group’s overdraft, a floating charge has been granted in receivables, fixtures and fixtures and fittings, tools and equipment, inventories and intellectural property rights of DKK 140 million. (2020: DKK 140 million). The carrying amount of assets used as security amounts to DKK 33 million (2020: DKK 52 million).

13 CONTINUED OPERATIONS

In spite of a good position for the 2022 order book, management expects another turbulent year. The potential impact on the Company’s activity and financial impact on the business is expressed with some uncertainty, as the global supply chains, inflation, increase in raw material, transportation costs, energy etc. continues.

Based on the current strong 2022 orderbook, and despite the current business environment, management currently expects an improvement in earnings in 2022 of DKK 10-15 million. As of the date of the approval of the annual report a substantial part of the group’s total budgeted revenue in 2022 is secured. We expect to see further improvements in earnings in 2023, as strategic initiatives will deliver on their potential.

The Company operates with a 12 month bank facility agreement that expires end December. The facility agreement is up for renewable once a year next time in December 2022. With the expected earnings in 2022, management feel comfortable to have sufficient liquidity throughout the year.

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

NOTES

14 CURRENCY RISKS AS WELL AS USE OF DERIVED FINANCIAL INSTRUMENTS

The Group uses forward exchange contracts to cover the Group's risks related to variability in cash flows due to fluctuations in exchange rates.

The Group has entered forward exchange contracts at 31 December 2021 to hedge future purchases of USD 14,6 millior totalling DKK 90 million (2020: USD 14,8 millions totalling DKK 96 million) and sale of NOK 36,4 millions and SEK 30,2 million totalling DKK 48 millions.(2020: NOK 35,2 million and SEK 39,2 million totalling DKK 51 million)

15 RELATED PARTY TRANSACTIONS

Watermill ApS has registered the following shareholders holding 5% or more of the share capital:

Grow Capital Global Holdings Pte. Ltd.

JR Invest Holding 2019 ApS

Related parties with significant influence include group companies and Boards of Directors and the Executive Boards of the companies. Related party transactions are conducted under normal market conditions.

16 GROUP CHART

Company	***Reg. office***	***Country***
Watermill ApS	Brande	Denmark
Group enterprises, wholly-owned		
Holdingselskabet af 24. februar 2006 A/S	Brande	Denmark
BTX Group A/S	Brande	Denmark
BTX Apparel Ltd.	Thornaby	England
BTX Norge AS	Oslo	Norway
BTX Netherlands B.V.	Almere	The Netherlands
Apparel Innovation LLC Ivanjica	Belgrade	Serbia
BTX Apparel India Private Limited	New Delhi	India
BTX Italy	Milan	Italy

INCOME STATEMENT
1 January - 31 December 2021
DKK'000

		Parent company	
	Notes	2021	2020
Other external costs		-1.013	-1.045
Gross profit		-1.013	-1.045
Staff costs	1	-6.489	-6.315
Other operating income		7.550	7.920
Other operating expenses		0	0
Operating income		48	560
Profit from investments after tax in group enterprises		-11.240	-38.753
Other financial income	2	263	280
Other financial expenses	2	-2.682	-2.856
Profit/loss before tax		-13.611	-40.770
Tax on profit/loss for the year	3	0	-369
PROFIT/LOSS FOR THE YEAR	4	**-13.611**	**-41.139**

BALANCE SHEET at 31 December 2021

DKK'000

ASSETS

	Notes	Parent company 2021	Parent company 2020
NON-CURRENT ASSETS			
Investments	5		
Investments in group enterprises		0	0
		0	0
TOTAL NON-CURRENT ASSETS		**0**	**0**
CURRENT ASSETS			
Receivables			
Corporation tax receivable		0	0
Deferred tax asset	6	0	0
		0	0
Cash at bank and in hand		158	22
TOTAL CURRENT ASSETS		**158**	**22**
TOTAL ASSETS		**158**	**22**

BALANCE SHEET at 31 December 2021

DKK'000

EQUITY AND LIABILITIES

	Notes	Parent company 2021	Parent company 2020
EQUITY			
Share capital		80	80
Retained earnings		-112.472	-110.086
TOTAL EQUITY		**-112.392**	**-110.006**
PROVISIONS			
Other provisions	7	65.324	65.901
TOTAL PROVISIONS		**65.324**	**65.901**
LIABILITIES			
Long-term liabilities	8		
Subordinate loan capital		42.695	40.957
Other payables		449	449
		43.144	41.406
Short-term liabilities			
Trade payables		161	7
Other payables		3.685	2.478
Deferred income		236	236
		4.082	2.721
TOTAL LIABILITIES		**47.226**	**44.127**
TOTAL EQUITY AND LIABILITIES		**158**	**22**

Contractual obligations and contingent liabilities, etc.	9
Mortgages and security	10
Continued operations	11
Related party transactions	12
Cash flow statement	13

STATEMENT OF CHANGES IN EQUITY

The company's share capital comprises 80,000 shares of DKK 1 each or multiples hereof.
The share capital consists of the following classes of shares:

70,960 A-shares
3,200 B-shares
5,840 C-shares

The B- and C-shares do not carry any votes.

Changes in equity can be specified as follows:

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2020	80	-110.086	-110.006
Transferred through distribution of profit/loss	-	-13.611	-13.611
Other adjustments on equity	-	11.225	11.225
EQUITY AT 31 DECEMBER 2020	80	-112.472	-112.392

NOTES
DKK'000

		Parent company 2021	Parent company 2020
1	**STAFF COSTS**		
	Wages and salaries	5.938	5.802
	Pensions	525	491
	Other social security costs	26	22
		6.489	6.315
	Average number of employees	4	4
2	**FINANCIAL INCOME AND EXPENSES**		
	Interest income from group enterprises	263	279
	Interest payable to group enterprises	1.108	1.122
3	**TAX ON PROFIT FOR THE YEAR**		
	Tax on profit for the year is computed as follows:		
	Current tax for the year	0	369
	Adjustment of deferred tax for the year	0	-369
	TOTAL TAX ON PROFIT FOR THE YEAR	0	0
4	**PROPOSED DISTRIBUTION OF PROFIT/LOSS**		
	Retained earnings	-13.611	-41.139
		-13.611	-41.139

NOTES

DKK'000

	Parent company	
	2021	2020
5 INVESTMENTS		
Investments in group companies		
Cost at 1 January	69.341	69.341
Cost at 31 December	69.341	69.341
Adjustments at 1 January	-157.535	-109.383
Fair value adjustments after tax of forward exchange contracts	11.061	-9.235
Exchange rate adjustments on translation of foreign entities	164	-164
Share of profit/loss for the year	-11.240	-38.753
Adjustments at 31 December	-157.550	-157.535
CARRYING AMOUNT AT 31 DECEMBER	-88.209	-88.194

Investments in group enterprises are recognised in the balance sheet in the following items:

Investments in group enterprises recognised in investments	0	0
Investments with negative net asset value transferred to provisions	-88.209	-88.194
	-88.209	-88.194

Name and reg. office	Vonting rights and equity interest	Result	Equity
Holdingselskabet af 24. februar 2006 A/S, Brande, Denmark	100%	-11.240	-88.209

NOTES

DKK'000

		Parent company 2021	Parent company 2020
6	**DEFERRED TAX ASSETS**		
	Balance at 1 January	0	369
	Adjustment for the year, income statement	0	-369
	BALANCE AT 31 DECEMBER	0	0
7	**OTHER PROVISIONS**		
	Provisions relating to investments in group enterprises:		
	Amounts owed by group enterprises	-22.885	-22.293
	Investments with negative net asset value transferred to provisions	88.209	88.194
		65.324	65.901
8	**LONG-TERM LIABILITIES**		
	Long-term liabilities falling due for payment 5 years after the end of the financial year	449	450

Long-term liabilities comprise amounts owed to group companies and shareholders.

9 CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilites

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

The parent company functions as administrative company for the jointly taxed group companies and has joint and several liability for the taxes relating to the joint taxation.

10 MORTGAGES AND SECURITY

The shares in Holdingselskabet af 24.februar 2006 A/S have been provided as security for the Group’s overdrafts.

11 CONTINUED OPERATIONS

In spite of a good position for the 2022 order book, management expects another turbulent year. The potential impact on the Company’s activity and financial impact on the business is expressed with some uncertainty, as the global supply chains, inflation, increase in raw material, transportation costs, energy etc. continues.

Based on the current strong 2022 orderbook, and despite the current business environment, management currently expects an improvement in earnings in 2022 of DKK 10-15 million. As of the date of the approval of the annual report a substantial part of the group’s total budgeted revenue in 2022 is secured. We expect to see further improvements in earnings in 2023, as strategic initiatives will deliver on their potential.

The Company operates with a 12 month bank facility agreement that expires end December. The facility agreement is up for renewable once a year next time in December 2022. With the expected earnings in 2022, management feel comfortable to have sufficient liquidity throughout the year.

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

NOTES

12 RELATED PARTY TRANSACTIONS

Watermill ApS has registered the following shareholders holding 5% or more of the share capital:
Grow Capital Global Holdings Pte. Ltd., 17 Phillip Street # 05-01, Grand Building, 048695 Singapore
JR Invest Holding 2019 ApS, Enggårdstoften 121, DK-7120 Vejle Øst

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

13 CASH FLOW STATEMENT

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