The annual report has been presented
and adopted at the Company's
Annual General Meeting on 30 June 2021

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Ole Koch Hansen
(CEO)

KH20 Holding ApS

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Business Register No. (CVR-nr.) 41 55 34 21

Annual Report 2020

(1 May 2020 – 31 December 2020)

Contents

Financial highlights and key ratios

DKK mio.	**2020** **8 months**
Income statement	
Revenue	385
Gross profit	218
EBITDA	111
EBIT	100
Profit/loss from financial income and expenses (including associate)	12
Profit/loss for the year	72
Balance sheet	
Total assets	387
Investment in plant and equipment	24
Equity	118
Cash flows	
Cash flows from operating activities	83
Cash flows from investing activities, net	-7
Thereof, investment in plant and equipment	-7
Cash flows from financing activitities	8
Total cash flows	84
Employees	
Average number of employees	444
Financial ratios stated as a percentage	
Gross margin	56.6
EBITDA margin	28.8
Operating margin (EBIT)	25.9
Return on invested capital	53.8
Solvency ratio	30.4
Return on equity	122.2

For definitions, please see the accounting policies.

Word from the CEO of KH20 Holding – 2020 The year of COVID-19

KH20 Holding acquired PWT Group at 2 June 2020 as a derivation of PWT Group had been through a reconstruction.

PWT Group got off to a strong start in 2020. They maintained and succeeded in having a sharp focus on improving the product portfolio, strengthening the value proposition to customers and establishing a truly integrated physical and digital business.

In the reorganised and optimised setting, PWT Group's performance was satisfactory over the summer and autumn of 2020. We continued our customer-centric approach and a sharp focus on day-to-day cost effectiveness. The strong alignment between design, sourcing and sales activities to accommodate customer demand and ensure a satisfactory level of profitability has been working very well – and we feel confident of this way of working. We have already seen positive results of the reorganisation, and we expect further improvements to materialise in the coming period.

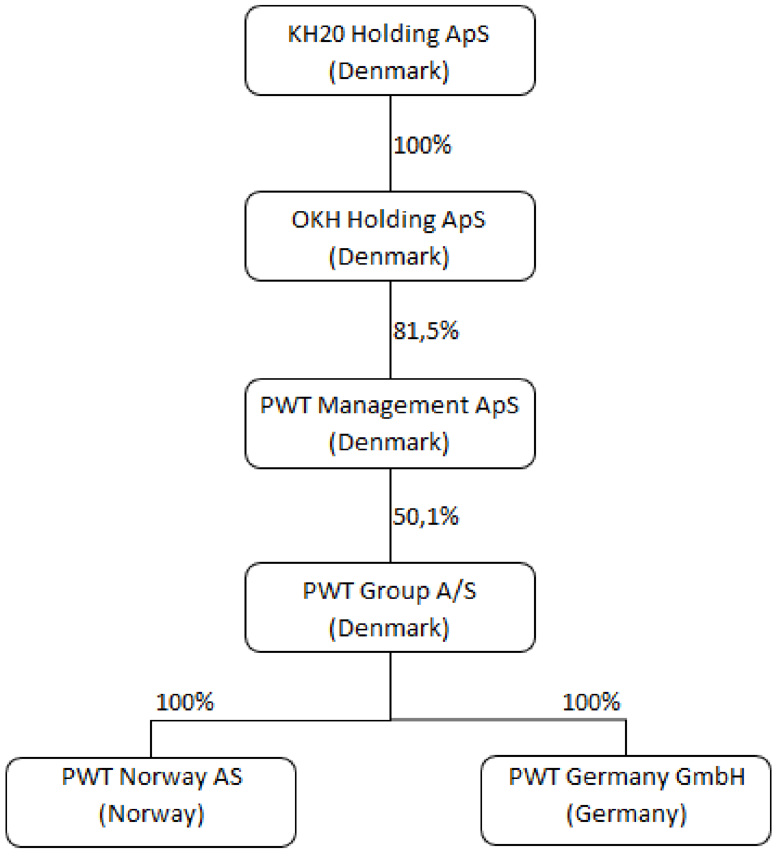
Furthermore, our accelerated focus on improving PWT Group's omni-channel and online sales set-up as well as the digitalisation agenda is progressing as planned. We managed to drive a clear and significant acceleration of online sales through our own channels in 2020, at the same time as the presence of PWT Brands on the external online platforms continued to be at an all-time high.

While we saw a positive development of our business in the summer and autumn of 2020, the continued global outbreak of COVID-19 and the subsequent shutdown of shops from December 2020 until April 2021 are preventing us from providing useful financial guidance for the full year, but we are committed to ensuring the safety of our employees, customers and partners while protecting PWT Group's business under the continued challenging conditions in 2021. However, we remain positive for 2021, and we are confident as to the return of somewhat normalised conditions, as well as operational and financial performance.

Ole Koch Hansen
CEO

MANAGEMENT COMMENTARY

Group chart 31. December 2020



GROUP ACTIVITIES

PWT Group is the primary company in the Group that have operating activity, hence the management commentary is based on PWT Group.

PWT Group is a leading Scandinavian menswear business, which owns and operates the international brand-house, PWT Brands – as well as the two menswear chains Tøjeksperten and Wagner.

PWT Brands is an international brand-house, offering distinctive brands with a full product range within menswear. PWT Brands develops, produces and sells a wide range of strong brands – Lindbergh, Bison, JUNK de LUXE, Morgan and Jack's Sportswear Intl., which are sold by more than 800 independent retailers in 30 countries, as well as Tøjeksperten & Wagner.

PWT Group's two retail chains are operated under separate names and focus on different target groups. The strategy also sets out to further optimise management and back-office functions handling procurement, marketing and administration in order to capitalise on synergies and obtain economies of scale.

Tøjeksperten is the largest menswear omni-channel retailer in Denmark with 111 shops across the country, of which 51 are owned by the Group, while 60 are franchises. Tøjeksperten focusses on quality clothing to fashion conscious men of all ages and sells both its own and external brands.

Wagner is a Scandinavian menswear omni-channel retailer, which has 24 shops in Denmark, 5 in Norway and 7 in Sweden. The Group owns 9 Danish and 3 Swedish shops, while 15 Danish shops, 5 Norwegian and 4 Swedish shops are franchises. Wagner primarily sells the Group's own brands.

PERFORMANCE IN THE FINANCIAL YEAR UNDER REVIEW

Following the restructuring in June 2020, PWT Group has in all respects performed better than expected. Although we were hit by the second wave of COVID-19 in late December, we were better prepared this time, and even though our results have obviously been adversely affected by the pandemic, our performance for the entire period since the restructuring was better than expected.

KH20 Holding and the subsidiaries performed a surplus on operating profit (EBITDA) of DKK 111 millions and deliver a total revenue of DKK 385 million in the period from June 2020 to December 2020. Both retail sales through our own chains in Denmark and wholesale were higher than expected after the restructuring.

Implementation of the cost saving plan in PWT Group, which was part of the restructuring has progressed satisfactorily, implying that total costs are lower than expected after the restructuring.

Results for the year constituted a surplus of DKK 72 million.

The company had a positive cash flow of DKK 84 million in 2020, and cash and cash equivalents at 31 December 2020 were DKK 86 million, which is better than expected.

OPERATIONAL OPTIMISATION

The ongoing efforts to optimise PWT Group's business and constantly improve our customers' experience with the Group's brands and retail chains continued in 2020 and included:

- Increased focus on the product mix.

- Continued investments in the Group's online sales, including B2C, B2B and omni-channel sales, which generated solid growth rates during the year.
- Optimisation of the retail focussing on securing earnings in each shop, for example by renegotiating leases.

EVENTS AFTER THE BALANCE SHEET DATE
No material events have occurred after the balance sheet date.

OUTLOOK
Naturally, the future depends to a great extent on for how long markets will be impacted by the COVID-19 pandemic, including in particular:

- Whether the reopening continues as planned, or new lockdowns or restrictions will be imposed on our markets in future.
- To which extent and for how long we may receive the Danish government's relief packages.
- The possibility of travelling abroad as last summer's travel restrictions increased the Danes' motivation in terms of shopping.

Based on:

- The revenue realised in those of our own shops which we have currently been allowed to open
- The volume of orders placed by our B2B customers for the rest of 2021 is satisfactory
- Expectations of the relief packages promised by the government

We do not believe that the poor beginning of 2021 will have a major effect on the year and we thus expect to make a profit in 2021.

The continuous improvement of the cash flow based on higher earnings, acceptable inventories, reduced debtors and better credit from our suppliers has continued in 2021. This implies that even if, in future, we were to be subjected to additional restrictions or changed customer behaviour due to COVID-19, we assess the credit facilities made available to us, covered by a government-backed guarantee on 70% of DKK 100 million from EKF, to be sufficient.

To sum up, the expectations for 2021 are mostly positive, although the first part of 2021 is expected to be challenging due to COVID-19 restrictions.

RISK MANAGEMENT
Risk management is an integrated part of the managerial process in PWT Group to limit uncertainties and risks in relation to the financial and strategic targets defined for the Group. As

part of the annual update and approval of the strategy, Management assesses relevant business risks. For the purpose of the risk assessment, Management considers, when required, the policy on currency risks adopted by the Board of Directors.

The Executive Board is responsible for ensuring that risks are continuously identified, assessed and accounted for in order to reduce any financial implications and probability of such risks becoming a reality.

OPERATING RISKS

The Group's primary operating risks relate to the Group's ability to maintain a market share on the Danish market for menswear.

The Group operates primarily within trading, which is sensitive to market fluctuations, as socioeconomic developments and private spending impact revenue and earnings. PWT Group is particularly affected by economic trends in Europe from where most of the Group revenue is derived. Management regularly keeps track of realised and forecast market development to adjust costs and activities.

To counter marketrelated risks, the Group has, in recent years, invested heavily in developing the Group's brands and sale on the primary export markets by the wholesale business.

In Management's view, the notably strong market position diversifies and reduces operating risks to a certain degree.

FINANCIAL RISKS

The Group manages its financial risks centrally as well as coordinates liquidity management and funding. Together with the Board of Directors, Management annually assesses the Group's most important risks and, by way of regular monthly reporting, reports on aspects which may materially affect the Group's activities and risks. Corporate policy is not to engage in speculation in financial risks.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR FINANCIAL REPORTING PURPOSES

The Board of Directors and the Executive Board are overall responsible for risk management and internal controls in the Group for financial reporting purposes. The organisational structure and internal guidelines make up the control environment together with legislation and other rules applying to the Group. The Group's organisational structure and staff numbers are addressed at board meetings. In relation to the financial reporting process, Management pays special attention to the following internal controls, supporting a satisfactory financial reporting process:

- Credit rating of debtors

- Assessment of the valuation of USD positions
- Assessment of accrual and valuation of inventories

PWT Group has established a Group reporting process comprising monthly reporting in the form of budget follow-up, performance assessment and compliance with defined targets.

On the basis of the Group reporting and reporting on other selected areas, four board meetings are held each year at which the reporting received is discussed and assessed.

Moreover, key employees from the Group participate in the board meetings at which they describe and account for the risks and controls within their areas of responsibility.

CAPITAL RESOURCES

Management regularly assesses the appropriateness of the Group’s capital resources.

Based on cash and cash equivalents of DKK 86 million at 31 December 2020 and the credit facilities made available by Spar Nord for PWT Group, covered by a governmentbacked guarantee from EKF on 70% of DKK 100 million, we expect to have sufficient cash resources in 2021.

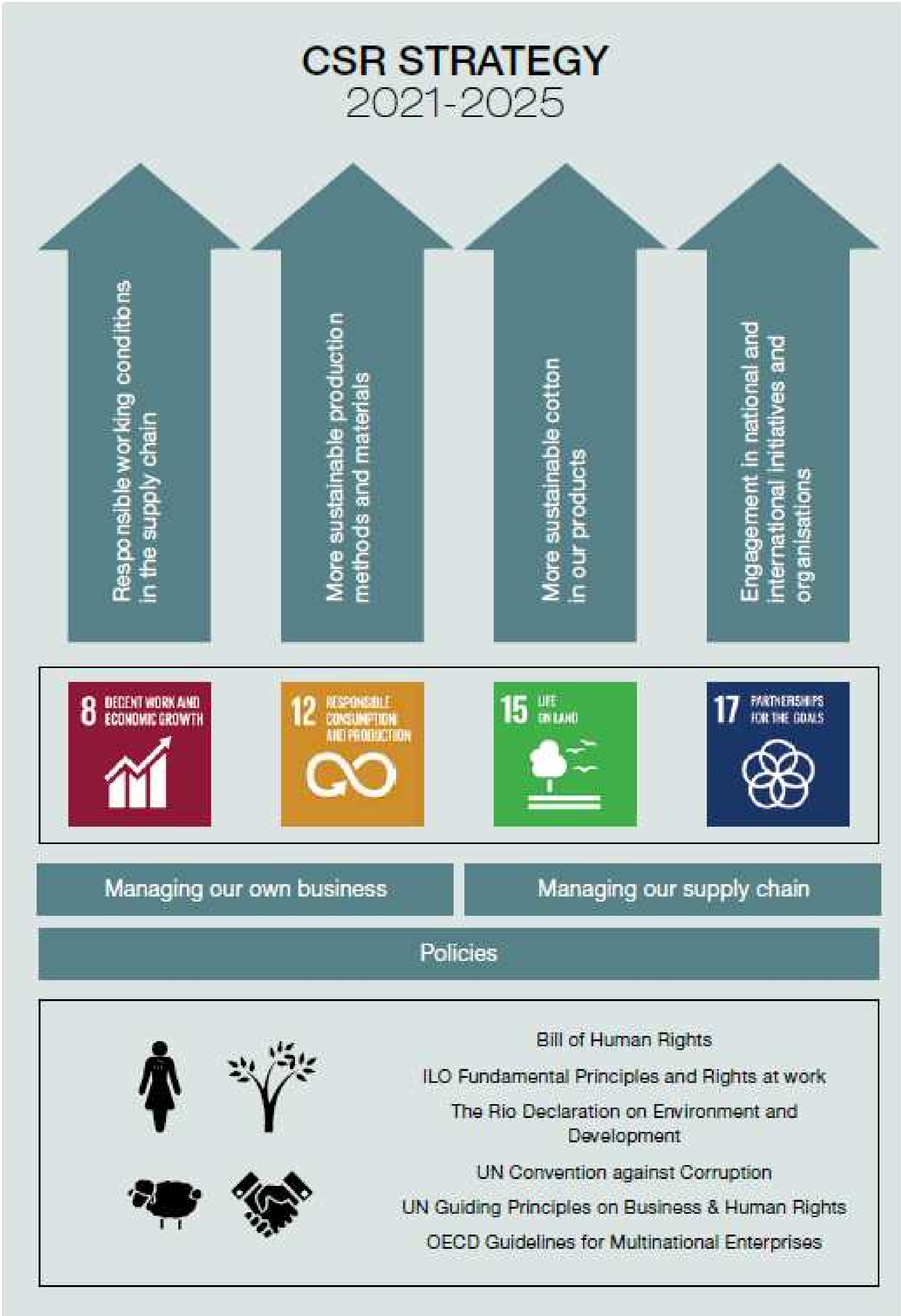
CORPORATE SOCIAL RESPONSIBILITY

PWT Group is the primary company in the Group that have operating activity, hence the CSR-reporting is based on PWT Groups performance.

PWT Group is committed to reducing its negative impacts and increase the positive impacts on basic principles for social, environmental and economic sustainability. It is a long journey, and the Group continuously improves policies and procedures in order to be able to identify and manage risks throughout the business and the supply chain. The Group has developed a 2021-2025 CSR Strategy, focussing on four strategic CSR areas:

1. Responsible working conditions in the supply chain
2. More sustainable production methods and materials
3. More sustainable cotton in our products
4. Engagement in national and international initiatives and organisations

These priorities encompass where PWT Group sees the biggest risks but also where it may contribute positively towards the UN Development Goals. In the following paragraphs, each area of the strategy will be described.


CSR STRATEGY
2021-2025
Responsible working conditions in the supply chain
More sustainable production methods and materials
More sustainable cotton in our products
Engagement in national and international initiatives and organisations
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS
Managing our own business
Managing our supply chain
Policies
Bill of Human Rights
ILO Fundamental Principles and Rights at work
The Rio Declaration on Environment and Development
UN Convention against Corruption
UN Guiding Principles on Business & Human Rights
OECD Guidelines for Multinational Enterprises

POLICIES
PWT Group's sustainability work is based on the UN Global Compact's ten principles and follows the approach set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP's). The Group's CSR Policy refers to internationally endorsed principles for sustainable development, such as the International Bill of Human Rights, including core ILO labour rights, the Rio Declaration and the UN Convention against Corruption.

INTERNAL PROCESSES
PWT Group sets the same requirements to itself as to its suppliers:

- adopt policies
- conduct regular risk assessments
- draw up action plans to manage identified risks and challenges
- communicate about actions and results
- enable access to remedy through a legitimate grievance mechanism

This is a process which requires both time and resources, and the Group is continuously improving its due diligence procedures.

In order to implement the CSR Strategy throughout the company, CSR is integrated into all departments, such as Design, Purchase, Sales, Marketing, and Retail, through info meetings, communication material, etc. On a quarterly basis, CSR meetings are held with the management group.

A grievance mechanism has been set up on PWT Group's website, which ensures anonymity. Until now, no grievances have been received. PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by the top management. It is included in the Employee Handbook and Supplier Manual. Together with the policy, a 'Facilitation and Hospitality Register' has been set up in which employees register gifts. The policy is communicated internally on an annual basis, and the facilitation and hospitality register is monitored on an annual basis as well.

On an annual basis, the Group conducts a risk assessment, including action plans. Below is the latest version.

HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in out own busniess	**Risks in our supply chain**	**Action plan**
Risk of occupational hazards and injuries		A working environment committee continuously assesses the working environment and makes recommendations for improvements.
Business model (section 99a)		Refer to page 2-7: PWT Group 2020
Risk of overtime work on a regular basis		Regular overtime is a common challenge for the industry, but the Group is continuously working to prevent excessive overtime. The team managers are constantly improving working processes in order to ensure a more efficient flow and hence avoid excessive overtime.
Gender diversity in Board of Directors and management (section 99b)		The target set earlier of 20% women serving on the Board of Directors has been met in 2020. However, the Board continues to strive to find suitable female candidates when recruiting board members, and has set a goal to reach 30% women serving on the Board of Directors within the next three years. PWT is committed to building a workforce through the entire company that is represented equally by both genders across both our management team and other managerial positions. However, due to the fact we are a menswear company there was an average of 82% male and 18% female employees throughout the Group in 2020. At the management level the average was 83% male managers and 17% female managers in 2020. Our staff policies and HR processes are directed at retaining qualified female employees by addressing the work/life balance in order to create a desirable working environment as well as supporting personal development through performance reviews, feedback and leadership training. Furthermore, the policy for the Management Team emphasises diversity in the broadest sense and lays down the principle always to hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. We will continue to work toward increasing gender diversity throughout our organisation as well as in management levels.
COVID-19 - health of employees		Management has followed the restrictions and guidelines imposed by the Danish government, in order to prevent the virus from spreading among employees.
	Unsafe working conditions	PWT Group's suppliers must provide safe working conditions. Being a signatory member of the Bangladesh Accord, the Group is supporting safer production buildings in a country where it is a fact that building, electrical and fire safety is a major concern. It is a requirement to all suppliers that they can provide valid permits of building safety. Further to this, we work with the BSCI certification system to ensure safe working conditions.

HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in our own business	**Risks in our supply chain**	**Action plan**
	Excessive working hours	PWT Group works to ensure that its own buying practices do not contribute to excessive working hours. Orders are placed well in advance, and the Group ensures that changes are not made shortly before deadlines. The Group assesses suppliers' practices; overtime should be voluntary and limited, management should develop a contingency plan and is encouraged to set up electronic time systems, etc.
	Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include proper sanitary facilities, clean drinking water, medical staff, regular health check-ups, access to medicine, and proper conditions for pregnant employees, etc. Whenever possible, the Group promotes and invites suppliers to relevant trainings, such as the OSH course in Dhaka where participating factories were instructed by Danish OSH experts. COVID-19: Most facilities have been temporarily closed down, and we expect all suppliers to take measures to protect their workers from the virus. Through the Accord and BSCI, suppliers are assessed on COVID-19 measures taken.

RISKS ACTION PLANS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in our own business	**Risks in our supply chain**	**Action plan**
	Unfair remuneration	PWT Group does not own factories and cannot manage salaries paid to suppliers' workers. However, the Group does negotiate realistic prices in order not to contribute to unfair remuneration. PWT Group requires that all suppliers comply with national regulation, and the Group assesses suppliers' ability to support workers financially in other ways, e.g. by providing free transportation, low-cost canteens, and kiosks with low-cost provisions.
	Discrimination	Suppliers' ability to provide equal rights and payment for everyone is assessed on an ongoing basis. Indicators include recruitment and salary procedures, respectful behaviour by managers towards workers, etc.
	Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
	Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for workers associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, WP committees learn about their rights and responsibilities, which is of great value. PWT Group continuously stresses to suppliers that dismissal of workers due to rightful activities connected to workers associations is unacceptable.
	Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour a substantial risk within the entire supply chain. The Group became a member of BCI in 2019, an initiative that, in addition to reducing the environmental footprint, works to improve working conditions and abolish child labour. Among other things, the BCI trains participating farmers in the importance of education.

ENVIRONMENT AND CLIMATE		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy		
Risks in our own business	**Risks in our supply chain**	**Action plan**
CO2-emissions		Until recently, we have not calculated our CO2 emissions. However, from 2021, we are working with the Cemasys system, which allows us to calculate our emission in a structured way, based on the GHG Protocol. Once we have made baseline studies, we can start to prioritise our actions.
Use of textile materials		We are reducing the number of styles and focussing on quality over quantity. Through the years, we have implemented more and more organic or recycled styles. Since 2019, we have been a member of BCI and therefore sourced BCI cotton. In the coming years, we will focus on introducing more sustainable materials.
Plastic use, and packaging in general		During 2019, PWT Group replaced all packaging materials in the shops (physical and online) with ones made of recycled plastic and recycled carton. Furthermore, the Group took the decision that, in order to reduce plastic usage, plastic bags will no longer be provided free of charge, starting from Jan 1 2020. Surplus made from this initiative is donated to the Danish environmental organisation Plastic Change. In the coming years, we will look into how to reduce the amount of packaging material, such as poly bags, tissue paper, carbon boxes, etc., and how to replace virgin material with recycled ones.
Transport		PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimised. From 2021, emission reports from our transport supplier will be included in our climate reporting.
Textile waste		We do not have much textile waste, mostly scraps and cut samples. In 2020 , we started a dialogue with a Danish start-up that would take all our textile waste and reuse it for making new kids clothing. However, the project has still not been commenced. Nevertheless, we are very much open to collaboration with other stakeholders on this matter.
Animal welfare		All relevant suppliers are required to sign and comply with our Animal Welfare Policy. It states, among other things, that we only accept leather from animals bred for the food industry, that mulesing is not accepted, and that we do not accept live plucking of birds.
	Risk of use of harmful chemicals and of insufficient chemical management at production sites.	All supplier are obliged to comply with our RSL, which is aligned with the EU REACH regulation. We have set up a test programme with Bureau Veritas, which means that styles from each collection will be selected for testing, based on a risk assessment. Further to this, we are working on getting an Oekotex certification on a range of products so that we can provide customers with Oekotex-certified products.

ENVIRONMENT AND CLIMATE		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy		
Risks in our own business	**Risks in our supply chain**	**Action plan**
	In general, poor environmental management at production facilities.	From 2020, we are engaging with strategic suppliers about the amfori BEPI programme, in order to support them in setting up sufficient policies and processes concerning environmental management. This includes looking at chemical handling, waste management, water and energy use, etc.

ANTI-CORRUPTION		
Relevant policies: CSR Policy Commitment, Code of Conduct, Anti-Corruption Policy		
Risks in our own business	**Risks in our supply chain**	**Action plan**
Sourcing from countries with high corruption risks		Together with the policy, a 'Facilitation and Hospitality Register' has been set up in which employees register gifts. The policy is communicated internally on an annual basis, and the facilitation and hospitality register is monitored on an annual basis as well. The aim of this is to increase the awareness level internally.

THE SUPPLY CHAIN

Production takes place in several countries across the globe. PWT Group does not own any factories but cooperates with a range of suppliers, both directly at production facilities and via sourcing houses. The top-50 factories represent approx. 90% of all orders, and focus is primarily given to these top-50 factories.

PWT Group's Code of Conduct is based on Danish Fashion & Textile's Code of Conduct and describes the sustainability minimum standards set for business partners.

PWT Group does not expect suppliers to overcome challenges over night, but focuses on their ability and willingness to demonstrate continuous improvements. As a part of the collaboration with suppliers and garment factories, facilities are visited regularly (during COVID-19, this has not been possible).

The Group makes use of third-party audit reports, mainly through the amfori BSCI system. Considerable resources are spent on following up with suppliers on their improvement work. For Bangladesh factories, the Group continuously receives and acts upon inspection reports on the factories' building safety, as well as fire and electrical safety, through the Accord/RSC.

SOURCING
COUNTRIES

The top-50 factories account for
90% of annual orders

BANGLADESH
30%

CHINA
28%

TURKEY
11%

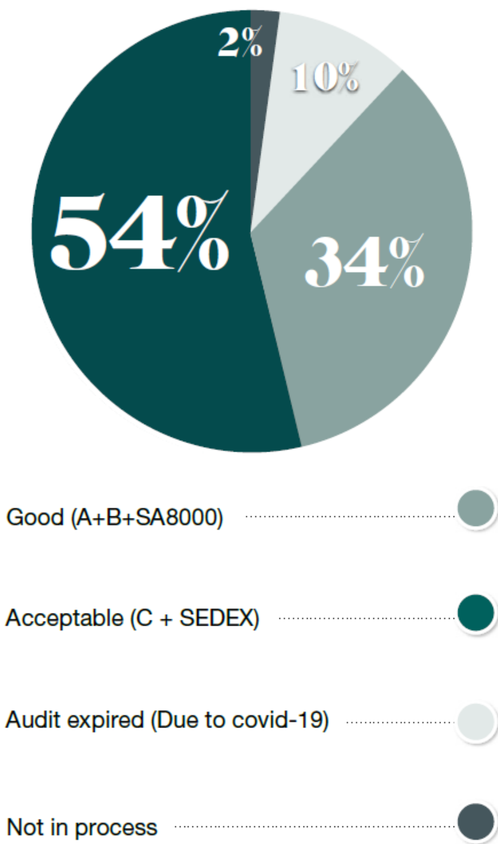

PORTUGAL
TURKEY
PAKISTAN
CHINA
BANGLADESH
PAKISTAN
10%
PORTUGAL
7%
OTHER COUNTRIES
14%

FOCUS AREA 1 RESPONSIBLE WORKING CONDITIONS IN THE SUPPLY CHAIN

It is of utmost importance that textiles are produced at factories with decent working conditions. As the Group does not own any of the facilities, many resources are spent on following up with suppliers on their work on adhering to the Code of Conduct.

It is a fact that some production countries represent considerable risks of unsafe working conditions and challenged labour rights. At the same time, the textile industry creates millions of jobs, and the Group does not see it as an option to cut out countries from the sourcing loop. Instead, focus is on contributing to improvement, through the supply chain management, and through participation in national and international initiatives.

AMFORI BSCI



PWT Group has been a member of the amfori since 2013, and the amfori BSCI platform is actively used as the main social certification system. Suppliers are expected to work with the amfori BSCI (or other social certification system as SEDEX, or SA8000), and in cases where a factory has not yet initiated the BSCI process, they are expected to join within reasonably time. Suppliers are audited annually by third-party auditors, and audit reports are used to promote dialogue on necessary improvements. In the amfori BSCI system, a supplier can get the result A-E. An acceptable level is A, B or C.

The Group has set up a systematic follow-up system on audit reports. This means that new audit reports are assessed upon receipt, and then a CAP form is created. The supplier is expected to fill out corrective action plans for each issue. In this way, improvements from supplier side (or the lack of such) are tracked. 88% of the top-50 factories are at an acceptable BSCI level (85% in the last annual report). 10% of them have invalid audit reports, since they have not been able to renew the audit due to COVID-19 – and the Group is in continuous dialogue with them in order to conduct new audits as soon as possible. The Group continues to encourage the 2% of the factories not yet working with BSCI (or Sedex or SA8000) to join the initiative.

THE ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

PWT Group has been a signatory member of the Accord since 2013. The Group is committed to requiring all active Bangladeshi suppliers to work with the Accord Inspection Programme. Accord engineers continuously conduct inspections covering fire, building and electrical safety at participating factories. The inspection reports are shared with all active brands, which are obliged to support suppliers in creating improvements based on inspection findings.

Currently, the Group has eight active Bangladeshi factories in the initiative with an average progress rate of 91%. Seven out of eight active factories are participating in the Accord's safety committee training.

Throughout the years, several important programmes have been added to the Accord scope, such as an extensive training program for the factories' safety committee, and a project on boiler safety. The Accord also includes a thorough grievance mechanism, monitored by Accord staff, through which workers at Accord factories can submit any complaint or concern, and these will be handled anonymously.

The current situation is that the Transition Accord expires on 31 May 2021. During the past years, the Accord programme, including its staff, has slowly been transferred to the national RSC, the Ready- Made-Garments (RMG) Sustainability Council. It is important to PWT Group to ensure that the important and highly valuable work of the Accord so far will not be lost. The Group is still awaiting the final decision on how any future Accord/RSC participation will look like from the brand side after 31 May 2021.

FOCUS AREA 2 MORE SUSTAINABLE PRODUCTION METHODS AND MATERIALS

PWT Group is aware that it has a substantial environmental footprint – and is committed to reducing this by continuously improving internal processes and supporting suppliers on their journey towards more environmental- friendly production methods.

MORE SUSTAINABLE PRODUCTS

The most sustainable garments are quality products that will last for many years. PWT Group has worked in recent years to reduce the number of styles and gain a better quality and durability for each garment. Until now, the Group has reached a 61% reduction of styles.

Research shows that the biggest CO2 emissions of the apparel value chain derive from material production (38%). Therefore, in order to reduce the Group's environmental footprint, it is essential to look at how to shift from conventional materials and production processes to ones that leave a much smaller footprint.

For this purpose, designers and purchasers are working with suppliers on finding more sustainable materials and production methods. The approach is to cooperate with suppliers on finding the best solution that makes sense on all parameters. This intensified focus has resulted in several initiatives, such as implementation of organic cotton, BCI cotton, recycled polyester, and greener denim production (such as the Sustainable Wash).

GREENER PACKAGING
Since 2019, all bags and gift boxes have been replaced with ones made out of recycled materials. The Group is proud to cooperate with Plastic Change, the Danish environmental organisation that works to break the exponential growth of plastic pollution. As of 1 January 2020, all profit originating from the sale of bags and gift boxes is donated directly to Plastic Change.

Another considerable impact, when talking about packaging consumption and waste, is the packaging material used during transportation of our products, such as poly bags, tissue paper, and carbon boxes. The Group is continuously looking into how to reduce and/or replace existing packaging materials with more sustainable materials. In general, this is about revalidating old routines and processes, and the Group is committed to going with smarter and greener solutions, when such make sense on all parameters.

PWT Group requires all leather suppliers only to use tanneries that are member of the Leather Working Group; an initiative focussing on reducing the consumption of water, energy and chemicals.

CLIMATE REPORTING
From 2021, PWT Group will measure its carbon footprint through an online reporting system provided by Cemasys. The reporting system follows the GHG Protocol and ISO 14064, and the aim is to map the Group's emissions and track the progress on reducing CO2e-emissions throughout the business. Baseline year will be 2019, and this year's reporting will show numbers for both 2019 and 2020. The full climate report is available in annex page 34.

NO HARMFUL CHEMICALS
PWT Group is aware of the risk of using harmful chemicals during production, and the Group is actively working to avoid them, for the sake of both local biodiversity and the environment and the health of the people working in production.

The Group has set up a Restricted Substances List (RSL) in collaboration with Bureau Veritas. The RSL applies to all garments and accessories manufactured for PWT Group. All suppliers must sign this document before starting production. The RSL is based on the Regulation (EC) No. 1907/2006 of the European Parliament, also known as the REACH regulation, and is updated on a regular basis. For each sales season, styles are picked out for testing at local BV labs, based on a risk assessment. Occasionally, random tests are performed at the warehouse in Denmark in order to avoid golden samples.

Suppliers receive support on their chemical management systems, through online webinars and local trainings through third parties (e.g. amfori). PWT Group has decided to certify a range of its products to the Oekotex Standard 100. This is done to be able to provide our customers with chemically safe products, with only certified materials having been used in the production. The Group is completing its Oekotex approval process in the spring of 2021.

ANIMAL WELFARE POLICY
All relevant suppliers are required to sign and comply with the Group's Animal Welfare Policy. It states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not accepted, and that live plucking of birds is unacceptable.

INTRODUCTION OF AMFORI BEPI PROGRAM FOR SUPPLIERS
It is essential to look at the production methods throughout the supply chain. This is a challenging area as many suppliers lack resources and knowledge on the subject. However, the Group wants to support them in this process and push for sustainable changes. PWT Group has started engaging strategic suppliers on the amfori BEPI (Business Environmental Performance Initiative) programme. Through the BEPI program, suppliers are asked to report on their energy consumption, waste management, chemicals, etc., and then work on improving their environmental performance level within priority areas.

FOCUS AREA 3 MORE SUSTAINABLE COTTON IN OUR PRODUCTS

A relatively large share of our material use is cotton. Considering cotton production's negative impact on the climate, the local environment and the biodiversity, it is imperative that the textile industry finds more sustainable ways of producing cotton.

Therefore, PWT Group collaborates with the Better Cotton Initiative to improve cotton farming globally. We have taken this step because we want to support a large-scale positive change within the cotton industry.

The Better Cotton Initiative makes global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future.

The Better Cotton Initiative trains farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals and respect workers' rights and wellbeing.

PWT Group is committed to sourcing 50% of our cotton as Better Cotton by 2025.

Better Cotton is sourced via a system of Mass Balance and is not physically traceable to end products.

See bettercotton.org/massbalance for details.

Further to the BCI membership, the Group has scaled up its use of organic cotton, and the aim is to continue this priority.

FOCUS AREA 4 ENGAGEMENT IN NATIONAL AND INTERNATIONAL INITIATIVES

PWT Group strives to encourage co-operation and dialogue with suppliers and other relevant parties on socially, environmentally and economically sustainable solutions. Tackling global and wide-spread risks cannot be achieved by one company alone, and PWT Group collaborates with several organisations and initiatives in order to create as much positive impact as possible.

The Group sees it as imperative that the different players of the textile industry come together in order to create the most valuable and long-lasting changes that are needed.

CLIMATE REPORT CARBON ACCOUNTING REPORT 2020

This report provides an overview of PWT Group's greenhouse gas (GHG) emissions. Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organisation to benchmark performance indicators and evaluate progress over time.

The input data is based on consumption data from internal and external sources, which is converted into tonnes of CO2 equivalents (tCO2e). The carbon footprint analysis is based on the international standard 'A Corporate Accounting and Reporting Standard', developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-I.

PWT Group wants to start measuring and accounting for its activities' environmental footprint to be able to take informed decisions on how to reduce its carbon footprint. By using Cemasys' climate reporting tool, the Group ensures that the reporting is aligned with international principles.

The baseline year for PWT Group's climate reporting will be 2019, as the Group considers 2019 a more realistic baseline year than 2020 due to the COVID-19 pandemic and the reconstruction of PWT Group, which took place during 2020.

In terms of scope 2, the data has been divided into two parts; headquarters (including warehouse and showrooms) and the Group's own shops. No franchise shops will be included in the climate reporting, as they are largely independent from the Group.

Some of the 2020 data was not possible to obtain for different reasons; for scope 1, it was not possible to get data from the car leasing company, and therefore estimates have been applied. For scope 2, it was not possible to get data from the Group's transport supplier. In all cases, the aim is to get back on the data track for 2021. This is PWT Group's first climate report, and the intention for the coming years is to include more and more parameters as the data becomes available.

REPORTING YEAR ENERGY AND GHG EMISSIONS

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO2e	% share
Transportation total				**606.8**	**146.4**	**1.2 %**
Diesel (B5)		51,430.0	liters	544.1	131.8	1.1 %
Petrol (E5)		6,643.0	liters	62.7	14.6	0.1 %
Scope 1 total				**606.8**	**146.4**	**1.2 %**
Electricity total				**3,302.7**	**505.3**	**4.1 %**
Electricity Denmark 125		3,302,695.0	kWh	3,302.7	505.3	4.1 %
Scope 2 total				**3,302.7**	**505.3**	**4.1 %**
Purchased goods and services total				**-**	**11,761.6**	**94.7%**
Nylon fabric (6) (T1-4)		2,843.0	kg	-	48.0	0.4 %
Leather, cow (T1-4)		10,653.0	kg	-	391.3	3.2 %
Cotton fabric, conventional (T1-4)		700,408.0	kg	-	6,506.8	52.3%
Acrylic fabric (T1-4)		10,987.0	kg	-	116.4	0.9 %
Wool, fine+ (T1-4)		21,417.0	kg	-	866.7	7.0 %
Wool, recycled (T1-4)		300.0	kg	-	2.3	-
Cotton fabric, organic (T1-4)		11,847.0	kg	-	98.4	0.8 %
Polyester fabric (T1-4)		185,255.0	kg	-	1,950.7	15.7 %
Polyester fabric, recycled (T1-4)		2,178.0	kg	-	18.8	0.2 %
Lyocell fabric (T1-4)		718.0	kg	-	9.9	0.1 %
Modal fabric (T1-4)		309.0	kg	-	5.4	-
Viscose/Rayon fabric (T 1-4)		42,413.0	kg	-	617.1	5.0 %
Bamboo fabric (T1-4)		31,351.0	kg	-	440.8	3.6 %
Nylon/Polyamide (PA) fabric (T1-4)		19,152.0	kg	-	246.5	2.0 %
Elastane/Spandex fabric (T1-4)		14,493.0	kg	-	155.2	1.3 %
Linen (flax) fabric (T1-4)		14,683.0	kg	-	275.2	2.2 %
Tencel fabric (T1-4)		449.0	kg	-	4.4	-
Scope 3 total				**-**	**11,761.6**	**94.8 %**
Total				**3,909.5**	**12,413.2**	**100.0 %**
KJ				**14,074,323,552.0**		

REPORTING YEAR MARKET-BASED GHG EMISSIONS

Category	Unit	2020
Electricity market-based	tCO2e	1,535.8
Scope 2 market-based	tCO2e	1,535.8
Total market-based	tCO2e	13,443.7

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	% change from previous year
Transportation total		184.2	146.4	-20.5 %
Diesel (B5)		167.2	131.8	-21.2 %
Petrol (E5)		16.9	14.6	-13.7 %
Scope 1 total		**184.2**	**146.4**	**-20.5 %**
Electricity total		818.1	505.3	-38.2 %
Electricity Denmark 125		818.1	505.3	-38.2 %
Scope 2 total		**818.1**	**505.2**	**-38.2 %**

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	% change from previous year
Purchased goods and services total		**16,138.4**	**11,761.6**	**-27.1 %**
Nylon fabric (6) (T1-4)		410.4	48.0	-88.3 %
Leather, cow (T1-4)		507.6	391.3	-22.9 %
Cotton fabric, conventional (T1-4)		8,913.2	6,506.8	-27.0 %
Acrylic fabric (T1-4)		263.6	116.4	-55.9 %
Wool, fine+ (T1-4)		1,495.5	866.7	-42.0 %
Wool, recycled (T1-4)			2.3	100.0 %
Cotton fabric, organic (T1-4)		50.4	98.4	95.3 %
Polyester fabric (T1-4)		2,641.3	1,950.7	-26.1 %
Polyester fabric, recycled (T1-4)		1.5	18.8	1,151.7 %
Lyocell fabric (T1-4)		9.6	9.9	3.5 %
Modal fabric (T1-4)		20.1	5.4	-73.3 %
Viscose/Rayon fabric (T 1-4)		970.6	617.1	-36.4 %
Bamboo fabric (T1-4)		269.2	440.8	63.8 %
Alpaca fabric (T1-4)		0.3	-	-100.0 %
Silk fabric (T1-4)		22.3	-	-100.0 %
Nylon/Polyamide (PA) fabric (T1-4)		190.2	246.5	29.6 %
Nylon fabric, recycled (T1-4)		-	7.5	100.0 %
Elastane/Spandex fabric (T1-4)		178.6	155.2	-13.1 %
Linen (flax) fabric (T1-4)		192.1	275.2	43.3 %
Tencel fabric (T1-4)		1.8	4.4	144.0 %
Upstream transportation and distribution total*		**868.9**	-	-
Sea Container Avg load		254.0	-	
Air Intercontinental freight		519.6	-	
Truck avg.		88.6	-	
Rail freight		4.0	-	
RoRo-ferry avg.		2.6	-	
Scope 3 total		**16,138.4**	**11,761.6**	**-27.7 %**
Total		**17,140.6**	**12,413.2**	**-27.6 %**

*Data for upstream transportation and distribution for 2020 has not been available, hence the figures for 2019 is excluded in the totals.

ANNUAL MARKET-BASED GHG EMISSIONS

Category	Unit	2019	2020
Electricity market-based	tC02e	2,320.6	1,535.8
Scope 2 market-based	tC02e	2,320.6	1,535.8
Total market-based	tC02e	19,512.0	13,443.7
Percentage change		100.0 %	-31.1 %

METHODOLOGY AND SOURCES

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is performed according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on the calculation and reporting of GHG emissions. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

For corporate reporting, two distinct approaches can be taken to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased or rented assets. It also includes any process emissions, from for example chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy: electricity and heating/cooling, where the organisation has operational control. The electricity emission factors used in Cemasys are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions set out in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to 'allocate' the GHG emissions created by electricity generation to end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the marked-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is, on the one hand, to show the impact of energy efficiency measures and, on the other hand, to display how the acquisition of GoOs or RECs affects the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO2e per kWh.

However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is Norway's large export of GoOs/RECs to foreign consumers. From a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision-making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

STORES

WAGNER

A multi brand concept made of brands from the PWT portfolio.

A growing and comprehensive store network in Scandinavia and selected locations in China form the foundation for Wagner's offering of menswear – ranging from trendy denim to classic fashion.

Established in 1946, Wagner currently has 24 stores in Denmark, 7 in Sweden, 5 in Norway and 3 in China. The chain offers an outstanding and affordable selection of contemporary fashion and strong brands including Lindbergh, Bison, Junk de Luxe and Jacks Sportswear Intl.

TØJEKSPERTEN

Tøjeksperten is the largest omnichannel menswear brand in Denmark.

With 111 stores it is the largest menswear chain in Denmark. Tøjeksperten is providing quality clothing and strong brands from the PWT Brands portfolio and other external designers for fashion-conscious men of all ages since 1968.

The careful selection of products and brands reflects our ambition to maintain Tøjeksperten as the leading menswear chain in the medium price range.

BRANDS

LINDBERGH WHITE LABEL
The Lindbergh White line offers premium style, quality and value to consumers worldwide.

It stands out as the vibrant and fashionforward collection of Lindbergh, with a look that reflects simplicity, confident style and the latest trends.

The silhouettes are a playful combination of contemporary fitted shapes mixed with urban relaxed fits, that add contrast and an unique edge.

The collections have a base of classic neutral tones for easy everyday styling that is accompanied by fashionforward splashes of colour. This makes the White line stay ahead in trends. Intricate stitching and refined treatments work as a red thread throughout the collection and gives it its modern signature style.

LINDBERGH BLACK LABEL
The Lindbergh Black line is the pinnacle of refined functionality and elevated formal wear.

It integrates a clean, sophisticated style with our menswear heritage and innovation, from structured suiting to everyday wear. The classics are modernized with an updated fit, premium fabrics, technical details and treatments.

It also incorporates an impressive range of European manufactured suiting and holds a strong line-up of technical outerwear that is imbued with the latest fabric technology for durability, flexibility and weather resistance.

The silhouettes are modern and timeless and appeal to the fashion conscious individual and the modern businessman.

LINDBERGH BLUE LABEL
The Lindbergh Blue product line emphasizes a rugged & casual style. It blends the brand's aviation heritage and denim DNA to create a classic and stylish look with a strong storytelling behind.

The collections are inspired by Americana, a combination of sporty, military and vintage references which makes it packed with unique and functional features.

The brand's story is told in an authentic way through vintage graphic motifs on the t-shirt range, indigo washes and soft treatments that give it a worn and lived-in look.

The pieces are designed with both an outdoor and urban lifestyle in mind. They have fitted shapes, contrast details and refined functionality, adding a youthful signature twist to our heritage.

JUNK DE LUXE
Eclectic juggling - First and foremost, about a certain kind of hip, urban attitude.

An uncompromisingly cross over style, making its presence felt on the biggest catwalk of them all - the street.

The style is an eclectic combination of collectibles and details from many decades of fashion and function wear. We keep up with current trends while not being a slave to fashion.

This is the inspiration to the design of JUNK de LUXE. A design direction rooted in the best from the past, but pointing forward. Our aim is to create a hybrid between vintage and modern garments, a combination which we call: Street Tailoring.

BISON
No nonsense clothing - Made to last

A clothing brand founded in Denmark in 1961. From the beginning characterised as a specialist brand based on the bison, a durable character from which we take inspiration to the soul of our brand and our legacy.

Bison works with contemporary fashion and lifestyle driven aesthetic, in the field of classic casual wear and functional garments, for everyday performance.

Bison develops a practical, stylish and durable range of no-nonsense clothing for no-nonsense men.

JACK'S SPORTSWEAR INTL
Sharp sporty casual style

Casual clothing for the average consumer. The target audience is broad and the collection is very commercial.

Given the wide audience, the goal is to create a collection containing as many "must have" styles as possible – and the fabrics and color choices are therefore a dynamic size – compared to what is necessary to achieve the goal of this collection.

In short, a good quality product – at a competitive price.

MORGAN
A classic modern brand

Morgan is established in 1985 and characterized by the high quality level and the comfortable fit.

The most important garment group of the collection is shirts and Morgan is well known for high standard of wrinkle-free treatments.

Morgan is perfect for the man who seeks 'VALUE FOR MONEY' products whether it is for a casual or formal occasion.

Statement by the Management

The Management have today discussed and adopted the Annual Report of KH20 Holding ApS for 2020.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

It is the managements opinion that the financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2020 - 31 December 2020.

In the managements opinion, the Management's Review includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Company face.

The management recommend that the Annual General Meeting approve the Annual Report.

Aalborg, 30 June 2021

Management

Ole Koch Hansen

Independent Auditor's Report

To the Shareholders of KH20 Holding A/S

Opinion

We have audited the consolidated financial statements and the financial statements of KH20 Holding ApS for the financial year 1 May to 31 December 2020, which comprise income statement, statement of financial position, notes and accounting policies, consolidated and of the company, respectively. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2020 and of the results of the company's activities, consolidated and of the company, respectively, for the financial year 1 May 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 annual accounts and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 financial statements.

As part of an audit conducted in accordance with international standards on auditing, 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 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group's and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the

consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Aalborg, d. 30 juni 2021

Redmark

State Authorised Public Accountants

Company reg. no. 29 44 27 89

Marian Fruergaard

State Authorised Public Accountant

mne24699

Company details

Company	KH20 Holding ApS Teglværkssvinget 17 Stinesminde 9500 Hobro Denmark	
	CVR No.:	41 55 34 21
	Established:	29 July 2020
	Registered office:	Hobro
	Financial year:	1 May 2020 - 31 December 2020
	Websites:	www.pwt-group.com www.pwtbrands.com www.lindbergh.dk www.Shineoriginal.com www.bison.dk www.junkdeluxe.dk www.wagner.dk www.tøjeksperten.dk
Management	Ole Koch Hansen	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg Denmark	

Income statement

DKK'000	Note	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Revenue	2	384,847	0
Cost of sales	5	-189,605	0
Other operating income	5	103,959	0
Other external costs	6.5	-81,666	-20
Gross profit/loss		217,535	-20
Staff costs	3	-102,627	0
Other operating costs		-4,096	0
Earnings before interest taxes depreciation and amortization (EBITDA)		110,812	-20
Depreciation/amortisation/impairment	4	-11,116	0
Operationg profit/loss (EBIT)		99,696	-20
Share of net profit of associates	17	-1	0
Other financial income	7	3,180	0
Financial expenses	8	-15,682	0
Profit/loss before tax		87,193	-20
Tax on profit/loss for the year	9	-6,604	0
Profit/loss for the year for continued operations		80,589	-20
Profit/loss for the year for discontinued operations	10	-8,779	0
Profit/loss for the year		71,810	-20

Profit/loss allocation	
Owners of the parent	30,707
Non-controlling interests	41,103
Total allocation	71,810

Balance sheet at 31 December

DKK'000	Note	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Assets			
Non-current assets			
Intangible assets			
Software	11	5,103	0
Trademarks	12	943	0
Other intangible assets	13	745	0
Total intangible assets		6,791	0
Fixtures and fittings, tools and equipment	14	13,128	0
Leasehold improvements	15	10,389	0
Total plant and equipment		23,517	0
Investments			
Investments in group enterprises	16	0	36,585
Investments in associates	17	7	0
Securities and investments	18	3,753	0
Deposits	19	11,877	0
Total investments		15,637	36,585
Total non-current assets		45,945	36,585
Current assets			
Inventories	20	169,433	0
Receivables			
Trade receivables		27,741	0
Deferred tax assets	24	5,000	0
Amounts owed by associated companies		50	0
Other receivables		18,516	0
Prepayments		7,485	0
Total receivables		58,792	0
Other securities and investments	26	26,530	0
Total securities		26,530	0
Cash and cash equivalents		85,873	0
Total current assets		340,628	0
Total assets		386,573	36,585

Balance sheet at 31 December

DKK'000	Note	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Equity and liabilities			
Equity			
Share capital		40	40
Reserve for hedging transactions		-2,775	0
Retained earnings		62,292	31,525
Dividend		5,000	5,000
Equity attributable to owners of the parent		64,557	36,565
Non-controlling interests		53,011	0
Total equity	21	117,568	36,565
Liabilities			
Provisions			
Provisions	22	8,556	0
Total provisions		8,556	0
Non-current liabilities			
Subordinated loans		21,459	0
Lease debt		331	0
Other debts	23	73,503	0
Total non-current liabilities		95,293	0
Current liabilities			
Bank loans and overdrafts		51	0
Trade payables		62,356	0
Corporation tax		962	0
Derivative financial instruments	25	3,558	0
Other debts	23	88,158	20
Deferred income	27	10,071	0
Total current liabilities		165,156	20
Total liabilities		260,449	20
Total equity and liabilities		386,573	36,585

Statement of changes in equity, Consolidated

DK'000	Share Capital	Share Premium	Reserve for hedg-ing trans-actions	Reserves earnings	Proposed dividend	Total owners of the parent	Minority interest	Total
Opening Equity 1/5-2021	40	36,545	0	0	2,000	38,585	0	38,585
Capital contribution	0	-36,545	0	36,545	0	0	0	0
Profit for the year	0	0	0	25,707	5,000	30,707	41,103	71,810
Paid dividend	0	0	0	0	-2,000	-2,000	0	-2,000
Fair value of forward exchange contracts, end year	0	0	-2,775	0	0	-2,775	0	-2,775
Sales of own shares	0	0	0	0	0	0	1,908	1,908
Other equity movements	0	0	0	40	0	40	0	40
Convertible bonds	0	0	0	0	0	0	10,000	10,000
Equity at 31 December 2020	40	0	-2,775	62,292	5,000	64,557	53,011	117,568

Statement of changes in equity, Parent Company

DK'000	Share Capital	Share Premium	Reserves earnings	Proposed dividen	Total
Opening Equity 1/5-2021	40	36,545	0	0	36,585
Capital contribution	0	-36,545	36,545	0	0
Profit for the year	0	0	-5,020	5,000	-20
Equity at 31 December 2020	40	0	31,525	5,000	36,565

Cash flow statement

DKK'000	Note	Consolidated 1/5 2020 - 31/12 2020
Profit for the year before tax		87,193
Adjustments for non-cash operating items:		
Depreciation/amortisation/impairment and gain/loss on intangible assets and plant and equipment		11,116
Loss from associate		1
Other non-cash operating items, net		4,096
Business combination, badwill	32	-98,135
Financial income		-3,180
Financial expenses		15,682
Cash generated from operations (operating activities) before changes in working capital		16,773
Change in working capital:		
Change in receivables	32	61,214
Change in inventories	32	-22,117
Change in current liabilities in general	32	34,006
Cash generated from operations (operating activities)		89,876
Interest income, received		21
Interest expense, paid		-6,509
Corporation tax paid		-224
Cash flows from operating activities		83,122
Acquisition of plant, leasehold and equipment		-7,274
Acquisition of intangible assets		-880
Investment in deposits and associates		-11,953
Acquisition of security and investments		10,969
Disposal of plant and equipment		1,769
Business combination	32	0
Cash flow from investing activities		-7,370
Free cash flow		75,752
Change in bank loans		51
Repayment lease debt		331
Convertible bonds		10,000
Paid dividend		-2,000
Cash flows from financing activities		8,382
Change in cash and cash equivalents		84,134
Cash and cash equivalents 1/5 2020		1,739
Cash and cash equivalents 31 December		85,873

Notes

Notes

Note 1 – Accounting policies

ACCOUNTING POLICIES
Financial reporting basis

KH20 Holding ApS is a limited liability company domiciled in Denmark. The financial information of the annual report for 2020 comprises both the consolidated financial statements of KH20 Holding ApS and its subsidiaries (group) as well as the parent company financial statements.

The annual report of KH20 Holding ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Management have discussed and adopted the annual report of KH20 Holding ApS. The annual report will be presented for adoption by the shareholders of KH20 Holding ApS at the annual general meeting on 30 June 2021.

Basis of preparation
The consolidated financial statements and the parent company financial statements are presented in Danish kroner thousands (DKK '000), which is the reporting currency of the Group's activities and the Parent Company's functional currency.

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changes to accounting estimates related to amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes

Note 1 – Accounting policies (continued)

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The accounting policies, as set out below, have been consistently applied for the full financial year.

CONSOLIDATION

Consolidated financial statements

The annual report comprises the Parent Company, KH20 Holding ApS, and enterprises under the control of the Parent Company. The Parent Company is deemed to exercise control when the Group controls an entity and the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Business Acquisition

Newly acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Enterprises that have been sold or wound up are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

The acquisition date is the time when the group actually gains control of the acquired business. When acquiring new business, where the group acquires a controlling influence the acquisition method is used. The acquired assets, liabilities and contingent liabilities are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated or arise from a contractual right. Deferred tax is recognised on the revaluations made.

Notes

Note 1 – Accounting policies (continued)

Positive differences (goodwill) between, on the one hand, the purchase consideration, the value of minority interests in the acquired company and the fair value of any previously acquired investments, and on the other hand the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is amortised on a straight-line basis in the income statement after an individual assessment of the economic life.

Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

The purchase consideration for a company consists of the fair value of the agreed purchase price in the form of transferred assets, assumed liabilities and issued equity instruments. If part of the purchase consideration is conditional on future events or fulfillment of agreed conditions, this part of the purchase consideration is recognised at fair value at the time of acquisition. Subsequent adjustments to contingent consideration are recognised in the income statement.

Costs occurred in relation to business acquisitions are recognised in the income statement in the year of payment.

Minority interests
On initial recognition, minority interests are measured at the fair value of the minority interests' ownership interest.

Intra-group business associations
In the case of business combinations such as the purchase and sale of shares, mergers, divisions, the addition of assets and share exchanges, etc. in the case of the participation of companies under the controlling influence of the parent company, the book value method is used, where the merger is considered to have been completed at the time of acquisition without adjustment of comparative figures. Differences between the agreed remuneration and the acquired value of the acquired business are recognised directly in equity.

Consolidation principles
The consolidated financial statements are prepared on the basis of the financial statements of PWT Group A/S and its subsidiaries in which similar financial statement items are integrated. On consolidation, intra-group income and expenses, shareGroups, dividends, intra-group balances as well as realised and unrealised internal gains and losses on intra-group transactions are eliminated. The annual reports used for preparing the consolidated financial statements have been recognised in accordance with the accounting policies of the Group.

Notes

Note 1 – Accounting policies (continued)

Foreign currency translation
On initial recognition, transactions denominated in currencies different from the individual enterprise's functional currency are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and 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 the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Upon recognition in the consolidated financial statements of enterprises with a functional currency different from DKK, the income statements are translated into Danish kroner at an average exchange rates for the year, and balance sheet items are translated at the exchange rates at the balance sheet date. Exchange rate adjustments are recognised in the equity.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the settlement date and subsequently measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are recognised as a separate balance sheet item.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as an effective hedge of future transactions are recognised in equity under retained earnings with respect to the effective portion of the hedges. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes are regularly recognised in the income statement as financial income and financial expenses.

Notes

Note 1 – Accounting policies (continued)

Segment disclosures
The segment information has been prepared in accordance with the Group's accounting policies and is consistent with the Group's internal procedures for reporting to the Group management and board.

Special items
Special items comprise significant income and expenses of a special nature in relation to the Group's operating activities, such as costs for extensive structuring of processes and fundamental structural adjustments as well as any disposable gains and losses in connection therewith, which are significant over time. Special items also include other significant amounts of a non-recurring nature, which in the management's assessment are not part of the Group's primary operations.

Special items for the year are specified in note 5, including a description of recognition in the income statement for each item.

INCOME STATEMENT
Revenue
Revenue from the sale of goods for resale and finished goods is recognised in the income statement where delivery and transfer of risk have been made to the buyer by year end, and the income may be measured reliably and is expected to be received. Revenue is measured excluding VAT and duties, less discounts in relation to the sale and less discounts and bonus points relating to loyalty programmes (customer club).

WHOLESALE:
The Group manufactures and sells a range of clothes in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler. The wholesaler has full discretion over the channel and price at which to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered.
A financing element is not included in net revenue, as payment is made upon delivery or within a short credit period of, typically, 30-60 days.

Notes

Note 1 – Accounting policies (continued)

RETAIL:
The Group operates a chain of retail stores selling clothes. Revenue from the sale of goods is recognised when a Group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the clothes and takes delivery in store. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a right to the returned goods is recognised for products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale.

Bonus points relating to loyalty programmes are recognised in the income statement as a reduction in revenue and liabilities (contract liabilities). The collected bonus points are measured based on the projected utilisation of such points, which is based on historical figures.

Cost of goods for resale
Together with changes in inventories of goods for resale, this item comprises costs incurred to generate revenue. Changes in inventories of goods for resale are recognised as cost of goods for resale.

Other external costs
Other external costs comprise cost of premises, selling and distribution costs as well as administrative expenses. Supplements to cover marketing costs are recognised as other external costs.

Staff costs
Staff costs comprise payroll, pensions and other social security costs relating to staff.

Other operating income and costs
Other operating income and costs comprise items secondary to the primary activities of the enterprises, including gains on disposal of intangible assets and plant and equipment.

Financial income and expenses
Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme. Financial income and expenses are recognised at the amounts relating to the financial year.

Notes

Note 1 – Accounting policies (continued)

Tax on profit 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 amount that can be attributed to the profit for the year and directly in equity by the amount attributable to entries made directly to equity.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is divided among the profitmaking and loss-making Danish enterprises by their taxable income (full allocation method).

BALANCE SHEET

Intangible assets

SOFTWARE
Software is measured at cost less accumulated amortisation and impairment losses. The basis of amortisation is cost.

TRADEMARKS
Trademarks are measured at cost less accumulated amortisation. The basis of amortisation is cost. The expected useful life is based on the trademark's marked position.

OTHER INTANGIBLE ASSETS
Other intangible assets are measured at cost less accumulated amortisation. The basis of amortisation is cost.

Any value of lease rights (bracket money) acquired in connection with the purchase of clothing stores is included in other intangible assets. Remuneration for other leasehold rights is amortised on a straight-line basis over the useful life, which is estimated at ten years.

	Useful life
Software	3-5 years
Trademarks	5-10 years
Other intangible assets	10 years

Plant and equipment
Fixtures and fittings, tools and equipment as well as leasehold improvements (shops) are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less projected residual value after the end of the useful life.

Notes

Note 1 – Accounting policies (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The capitalised value of the lease obligation is recognised as a liability on the balance sheet, and the interest element of the lease payment is recognised as an expense in the income statement.

Depreciation is provided on a straight-line basis relying on the following assessment of the assets' projected useful lives:

	Useful life
Fixtures and fittings, tools and equipment	3-5 years
Lease obligation	3-5 years
Leasehold improvements	5-7 years

The basis of depreciation is stated taking into account the scrap value of the asset and is reduced by impairment losses. The period of depreciation and the scrap value are determined at the date of acquisition and re-assessed annually.

Impairment of plant and equipment and intangible assets
The carrying amounts of intangible assets and plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If impairment is needed, the assets are written down to their lower recoverable amount and the amount written off is recognised in the income statement.

Lease agreement
Lease contracts relating to tangible fixed assets for which the company bears all material risks and reaps all benefits arising from such ownership (financial leases) are recognised as assets in the balance sheet. At initial recognition, the assets are measured at the calculated cost equal to the lower of fair value and present value of the future lease payments. The interest rate implicit in the lease is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Notes

Note 1 – Accounting policies (continued)

Investments in subsidiaries
Investments in subsidiaries are recognised and measured at cost less any impairment losses in the parent company financial statements.

Impairment testing is conducted annually as set out above when the carrying amount exceeds the book value of net assets in the consolidated financial statements or if there is any other indication of impairment. If the carrying amount exceeds the recoverable amount, write-down is made to this lower amount.

Newly acquired or newly established enterprises are recognised in the financial statements from the date of acquisition.

Investments in associates
Investments in associates are recognised and measured in the consolidated financial statements in accordance with the equity method. The investments are measured at the proportionate share of the entities' equity value less or plus the proportionate intercompany gains and losses and plus the carrying amount of goodwill.

Acquisitions of investments in associates are accounted for using the acquisition method.

Deposits
Deposits comprise rent deposits attributable to the Group's leaseholds. Deposits are measured at amortised cost.

Inventories
Inventories are measured at cost on the basis of weighted average prices. In the cases where cost is higher than net realisable value, write-down is made to this lower value. The cost of goods for resale is stated as cost with the addition of delivery costs.

The net realisable value of inventories is calculated as the selling price less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development of expected selling price.

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value. Write down is made to net realisable value to provide for estimated bad debts.

Notes

Note 1 – Accounting policies (continued)

Prepayments
Prepayments comprise prepaid expenses concerning subsequent financial years. Prepayments are measured at cost.

Tax payable and deferred tax
Current tax liabilities and current tax receivable are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of tax rules and tax rates that under applicable law will be applicable on the balance sheet date when the deferred tax is expected to be triggered as current tax.

Provisions
Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

Provisions comprise refund liabilities forecast costs arising from leasehold improvements upon relocation and are based on projected costs determined on the basis of the leasehold's current interior and condition. Provisions with an expected maturity exceeding one year from the balance sheet date are discounted back to net present value.

Refund liabilities are measured at net present value of Management's best estimate of the expenditure required to settle the obligation.

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

Notes

Note 1 – Accounting policies (continued)

Derivative financial instruments are measured at fair value, corresponding to market price at the balance sheet date. Other liabilities, which usually comprise trade payables, amounts owed to Group enterprises and other payables, are measured at amortised cost, which usually corresponds to nominal value.

Staff obligations

Staff obligations comprise the employees' rights to paid holidays after the balance sheet date. The Group has only entered into pension arrangements for defined-contribution pension plans under which regular pension contributions are paid to independent pension providers as the contributions are earned. The Group has not taken out any defined-benefit pension plans.

Staff obligations are recognised as other payables in the balance sheet.

Deferred income

Deferred income comprises payments received regarding income in subsequent years, including mainly gift cards (contract liabilities). Gift cards payable are recognised at estimated value.

Cash flow statement

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

Cash flows from operating activities are computed as the result for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid. Working capital comprises current assets less current liabilities other than provisions, excluding items included in cash and cash equivalents.

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

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

Cash and cash equivalents comprise cash at bank and in hand.

Notes

Note 1 – Accounting policies (continued)

Definition of financial ratios:

EBITDA	Earnings before restructuring costs, depreciation, amortisation, interest and tax
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Operating margin (EBIT margin)	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Average operating assets}}$
Solvency ratio	$\frac{\text{Closing equity x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Note 2 - Segment disclosures

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Geographical markets		
Denmark	290,162	0
Other markets	94,685	0
Total external revenue	384,847	0

DKK'000		
Segment revenue		
Retail Denmark	239,792	0
Wholesale Worldwide	253,290	0
Other units	5,617	0
Internal revenue between segments	-113,852	0
Total external revenue	384,847	0

The Group sells menswear and accessories of its own brands partly for the retail business including online sales and partly for wholesalers.

Other business activities and operating segments that are not reportable have been combined and disclosed as an ‘other segments' category separately. The sources of the revenue included in the other segments' category relates to online B2C sales and retail outside Denmark. PWT has two reportable segments selling menswear one through wholesalers worldwide and one through retailers. The Group primarily operates in Denmark and has, to a minor extent, activities in Norway, Sweden and Germany.

Note 3 - Staff costs

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Payroll	91,298	0
Pensions	6,334	0
Other social security costs	4,995	0
	102,627	0
Average number of full-time employees	444	0

Note 4 - Depreciation, amortisation and impairment

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Owned assets:		
Software	2,657	0
Trademarks	175	0
Other intangible assets	87	0
Fixtures and fittings, tools and equipment	4,516	0
Leasehold improvements	3,681	0
	11,116	0

Note 5 - Special items

Special items comprise cost, which is special due to their size or nature.

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Cost of sales		
Write down of inventories in addition to standard write down due to COVID-19	-9,900	0
	-9,900	0
Other operating income		
Government's COVID-19 relief, payroll compensation	1,620	0
Government's COVID-19 relief, fixed cost compensation	4,204	0
Badwill	98,135	0
	103,959	0
Other external costs		
Provisions for bad debts in addition to standard 2, due to COVID-19	-3,233	0
	-3,233	0
Staff costs		
Extraordinary salary refunds to apprentices as a result of COVID-19	3,497	0
Employees released from their duty to work as a result of PWT Group A/S's restructuring in 2020	-2,160	0
	1,337	0

Note 6 - Other external costs

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Fee for auditors appointed at the general meeting		
Statutory audit services	550	20
Other assurance engagements	200	0
Tax advisory services	104	0
Other services	1,070	0
Total fee	1,924	20
Distribution follows:		
Redmark	148	20
Other firms	1,776	0
	1,924	20

Fee for other services than statutory audit services rendered by Redmark Statsautoriseret Revisionspartnerselskab, to the Group of 127 tDKK consist mainly of advisory services.

Note 7 - Other financial income

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Other financial income	3,180	0
	3,180	0

Note 8 - Financial expenses

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Interest expense, banks	1,579	0
Interest expense, leasing debt	14	0
Adjustment of fair value, financial instruments	218	0
Foreign exchange adjustment	3,168	0
Other financial expenses	10,703	0
	15,682	0

Note 9 - tax

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Tax for the year is distributed as follows:		
Tax on profit/loss for the year	-6,604	0
	-6,604	0
Tax on profit/loss for the year is specified as follows:		
Current tax	-677	0
Deferred tax	7,219	0
Adjustment of tax, business combinations	-13,415	0
	-6,604	0

Note 10 - Discontinued operation

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Discontinued operations		
Income statement		
Other external costs	-9,032	0
Gross profit/loss	-9,032	0
Other operating costs	-2,741	0
Operationg profit/loss (EBIT)	-11,773	0
Financial income	500	0
Share of net profit of associates	2,494	0
Profit/loss before tax of discontinued operations	-8,779	0
Cash flow statement		
Cash flows from operating activities	0	0
Cash flow from investing activities	0	0
Cash flows from financing activities	0	0
Cashflow for discontinued operations	0	0
Cash	0	0

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Debt composition agreement made concerning the purchase price payable by Brandstad	-2,741	0
cost	-2,741	0

Discontinued operations concerns WagNo AS in Norway, which went bankrupt on 29 April 2020.
The company was owned by PWT Group A/S.

Note 11 - Software

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Opening cost	0	0
Additions for the year	880	0
Additions for the year, Business Acquisition	6,880	0
Closing cost	7,760	0
Opening amortisation	0	0
Amortisation for the year	2,657	0
Closiong amortisation	2,657	0
Carrying amount	5,103	0

Note 12 - Trademarks

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Opening cost	0	0
Additions for the year, Business Acquisition	1,119	0
Closing Cost	1,119	0
Opening amortisation	0	0
Amortisation for the year	176	0
Closing amortisation	176	0
Carrying amount	943	0

Note 13 - Other intangible assets

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Opening costs	0	0
Additions for the year, Business Acquisition	832	0
Closing cost	832	0
Opening amortisation	0	0
Amortisation for the year	87	0
Closing amortisation losses	87	0
Carrying amount at	745	0

Note 14 - Fixtures and fittings, tools and equipme

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Opening cost	0	0
Additions for the year	3,365	0
Additions for the year, Business Acquisition	16,575	0
Disposals for the year	2,372	0
Closing cost	17,568	0
Opening depreciation	0	0
Currency translation	-70	0
Depreciation for the year	4,516	0
Reversed depreciation for year on disposals	6	0
Closing depreciation	4,440	0
Closing carrying amount	13,128	0

Note 15 - Leasehold improvements

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Opening cost	0	0
Additions for the year	1,294	0
Additions for the year, Business Acquisition	16,161	0
Disposals for the year	3,519	0
Closing cost	13,936	0
Opening depreciation	0	0
Currency translation	-144	0
Depreciation for the year	3,681	0
Reversed depreciation for the year on disposals	20	0
Closing depreciation	3,547	0
Closing carrying amount	10,389	0

Note 16 - Investments in group enterprises

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Cost at opening	0	0
Additions	0	36,585
Disposals	0	0
Cost at 31 December	0	36,585
Carrying amount at 31 December	0	36,585

	Equity TDKK	Profit for the year TDKK	Company capital	Voting rights and stake
PWT Group A/S, Aalborg, Danmark	117,418	-169,590	TDKK 10,040	100%
PWT Norway AS, Oslo, Norge	-30,157	-31,419	TNOK 400	100%
PWT Germany GmbH, Maasbüll, Germany	5,679	-1,716	TEUR 25	100%
PWT Management ApS, Hobro, Danmark	9,986	-17	TDKK 40	100%
OKH Holding ApS, Hobro, Danmark	38,959	2,374	TDKK 125	100%

Note 17 - Investments in associates

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Cost at opening	0	0
Additions	8	0
Cost at 31 December	8	0
Value adjustments, opening	0	0
Net profit/loss for the year	-1	0
Value adjustments 31 December	-1	0
Carrying amount at 31 December	7	0

	Equity TDKK	Profit for the year TDKK	Company capital	Voting rights and stake
Wagner China ApS, Aalborg, Denmark	-12,868	-27	TDKK 300	60%
Jetzone ApS	33	-7	TDKK 40	20%

Note 18 - Securities and investments

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Opening amount	103,123	0
Additions	644	0
Disposals	-100,014	0
Cost at 31 December	3,753	0
Value adjustments, opening	-100,014	0
Net profit/loss for the year	100,014	0
Value adjustments 31 December	0	0
Carrying amount at 31 December	3,753	0

Note 19 - Deposits

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Carrying amount, opening	0	0
Additions, Business Acquisition	12,568	0
Additions	818	0
Disposals	-1,509	0
Carrying amount at 31 December	11,877	0

Note 20 - Inventories

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Goods for resale	110,302	0
Prepayments for goods	59,131	0
Goods for resale, net	169,433	0

Note 21 - Share capital

	Share capital 31-12-2020
Share capital upon establishment June 2020	40
Capital contributions 2020	0
Closing share capital	40

The share capital consists of 1.000 A-shares, each with a nominal value of DKK 1 and 39.000 B-shares, each with a nominal value of DKK 1. The A-shares have all voting rights.

Note 22 - Provisions

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
The Group's total provision obligation broken down on residual terms:		
Within 1 year	2,620	0
Between 1 and 5 years	4,434	0
After 5 years	1,502	0
	8,556	0
Provision obligation		
Additions, Business Acquisition	8,736	0
Additions during the year	2,620	0
Reversals during the year	-2,800	0
Provision obligation at 31 December	8,556	0

Provisions obligations contains obligation to re-establish leaseholds (5.936) and refund liability on sold clothes (2.620).

Obligation to re-establish leaseholds relates to projected future costs attributable to relocation of leaseholds and is based on projected costs relying on the current interior and condition of the leaseholds. The obligation is discounted back to net present value using a discount rate of 0,6% equivalent to a risk-free interest rate. Refund liabilities on sold clothes relates to projected future returns.

Note 23 - Other debt / Subordinated Loan

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Within 1 year	88,158	20
Between 1 and 5 years	60,779	0
Above 5 years	12,724	0
	161,661	20

Included in Other Debt is debt composition of 73,043 tDKK

The debt composition agreement concludes an upside of 10%, and will be paid according to the terms set in the agreement. The upside have been recognised in the balance sheet as a subordinated loan.

Further, long term finance lease debt amounts to DKK 331 which falls due within 1-5 years.

Note 24 - Deferred income tax

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Deferred tax arises from:		
Intangible assets	-759	0
Plant and equipment	7,375	0
Current assets	162	0
Provisions	1,498	0
Other liabilities	-3,276	0
Tax loss carryforwards	8,047	0
Adjustment of deferred tax to carrying value	-8,047	0
	5,000	0

Included in above, is deferred tax of -783 tDKK on equity transaction.

At 31 December 2020, the Group has an unrecognised tax loss carry-forward of 8 mDKK related to the entities within the Group, which may be carried forward indefinitely.
The portion of carry forward losses recognised are based on the expected utilization of future taxable income over the next 3-5 years.

Note 25 - Derivative financial instruments
The Group has entered into forward contracts of a total of DKK 91.161 thousand for USD purchases of a value during the period until July 2021 for the purpose of hedging future purchases in USD. The average exchange rate is 629.

Cover of currency risks:

<u>**Consolidated 2020:**</u> DKK'000	Residual life	Contract Value	Fair value	Fair value adjustment recognised on the equity
Forward contract, USD	0-7 months	91,161	-3,558	-2,775
Recognised on equity				
			-3,558	-2,775

Note 26 - Other securities and investment

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Fair value at 31 December	26,530	0
Fair value adjustment recognised in the income statement	3,254	0

Note 27 - Deferred income
Deferred income compromises mainly obligations in relation to gift cards (contract liabilities). Gift cards at TDKK 10.071 are recognised as income as they are used or when the become obsolete after 3 years according to regulations.

Note 28 - Charges and security

As security for debt payable to Spar Nord Bank A/S, a company charge at a nominal
DKK 145 million has been provided in non-current assets and current assets

DKK'000	Consolidated 1/5 2020 - 31/12 2020	Parent Company 1/5 2020 - 31/12 2020
Non-current assets with a carrying amount	23,516	0
Inventories with a carrying amount	169,433	0
Trade receivables with a carrying amount	27,741	0

As security for debt payable to Spar Nord Bank A/S, equity investments have been pledged at a nominal NOK 400,000 in PWT Norway AS and a nominal EUR 25,000 in PWT Germany GmbH

At 31 December 2020, we have confirmed letters of credit in the amount of DKK 6,116k regarding non-settled purchases of supplies abroad and bank guarantees
concerning rent and customs at an amount of DKK 13,685k.

Note 29 - Contractual obligations and contingencies

Rent obligations and operating lease liabilities

Consolidated **DKK'000**	Rent obligation	Operating leases	Total
Within 1 year	52,073	1,811	53,884
Between 1 and 5 years	42,109	1,781	43,890
Above 5 years	12,097	0	12,097
	106,279	3,592	109,871

Parent company **DKK'000**	Rent obligation	Operating leases	Total
Within 1 year	0	0	0
Between 1 and 5 years	0	0	0
Above 5 years	0	0	0
	0	0	0

The Group's Danish enterprises are jointly and severally liable for the jointly taxed enterprises' tax liabilities.

In the ordinary course of its business, the Group is subject to various litigation such as product liability claims, employee disputes, rental disputes and other kinds of lawsuits, and faces different types of legal issues. Any claim brought against the Group (with or without merit), could be costly to defend. These matters are inherently difficult to quantify. Management is of the opinion that the result of these disputes will not have a significant effect on the Group's financial position.

PWT Group A/S have as of 31. December 2019 guaranteed payments of leases for property on behalf of the Group company WagNo AS. Because WagNo AS went into bankruptcy the guarantees have been claimed in 2020. The management expects it will amount in a dividend payout of 0,5 mDKK once bankruptcy estate has been settled

Note 30 - Related party disclosures and ownership

Control	**Basis**
Ole Koch Hansen	Majority shareholder of KH20 Holding ApS

Executive staff members

Executive remuneration have been addressed in note 3.

Transactions with related parties

In addition, the Group has during the financial year conducted the following transactions with the Executive Board and Board members of the company, which performs significantly influence.

	Consolidated
DKK'000	**1/5 2020 - 31/12 2020**
Rent, etc.	4.886
Rent obligations regarding related parties represent	40.195

Note 31 - Profit/loss allocation

	Parent Company
DKK'000	**1/5 2020 - 31/12 2020**
Proposed dividend	5,000
Transferred to equity reserves	-5,020
	-20

Note 32 - Business combination

On 2 June 2020 PWT Management acquired PWT Group A/S.

PWT Group was bought for 1 DKK. In addition to the purchase price, it was agreed that the management company had to contribute share capital of 10,040 million DKK in PWT Group A/S.

DKK'000	Consolidated 1/5 2020 - 31/12 2020
Receivables	114,931
Inventories	147,316
Liabilities	-200,719
Tangiable assets	32,736
Intangible assets	8,831
Deposits	12,568
Accrued liabilities	-8,732
Deferred tax	12,500
Corporation tax	-1,416
Lease debt	-470
Subordinated loan	-21,459
Derivative financial instruments	422
Cash	1,627
	98,135
Badwill	-98,135
Cash acquisition price	0

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Ole Koch Hansen
Direktør
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