OKH 63 Holding ApS

FINANCIAL YEAR
2022

Approved at Annual General Meeting by Ole Koch Hansen at 30 May 2023

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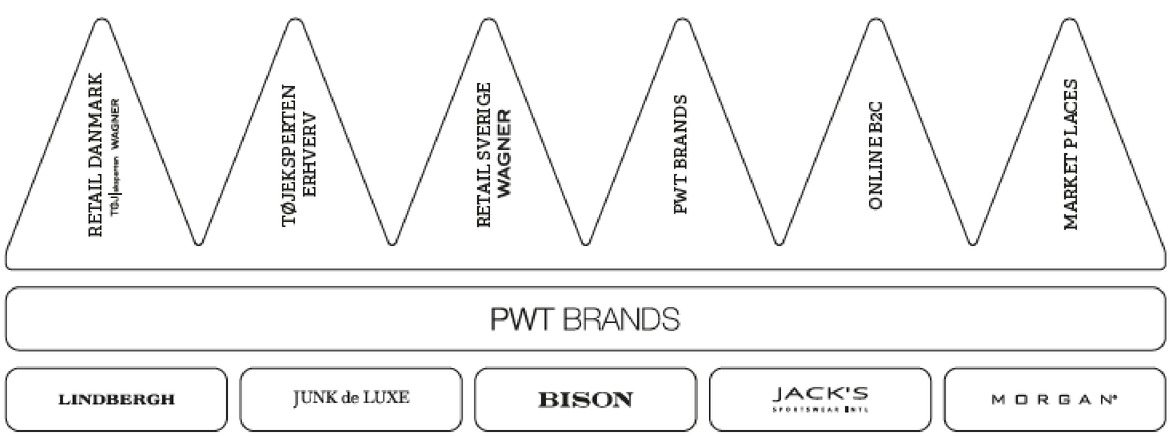
COMPANY DETAILS

COMPANY	OKH 63 Holding ApS Teglværkssvinget 17 Stinesminde 9500 Hobro Denmark CVR No.: 43 44 20 74 Established: 14. July 2022 Registered office: Hobro Financial year: 1 January 2022 - 31 December 2022
WWW	pwt-group.com pwtbrands.com lindberghfashion.com bison.dk junkdeluxe.dk wagner.dk tøjeksperten.dk erhverv.tøjeksperten.dk
MANAGEMENT	Ole Koch Hansen
AUDITORS	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark

PWT GROUP PLATFORM



WORD FROM THE CEO

We are pleased to report that the financial year 2022, was better than expected, with a strong result achieved through our customercentric approach, the constant focus on bettering and refining the products, as well as the day-to-day focus on the cost-effectiveness of the company.

"Our teams have worked hard, to meet the evolving needs of our customers and deliver innovative products that provide value and solutions. We have seen a strong performance in all areas of our distribution, and this is a testament to the hard work and dedication of our teams, all over the company."

However, as we look ahead to 2023, we cannot ignore the macroeconomic challenges that are emerging. While we are confident in our ability to navigate these challenges, we are also aware that they could impact our business in various ways. Therefore, we remain vigilant and focused on maintaining our agility and adaptability, so we can respond quickly to changes in the market.

"The acceleration of our digital presence has been a key factor in our success, and we will continue to invest in this area, and we are dedicated to adapt and innovate to meet the constantly changing needs of our customers."

In general, we are proud of our achievements in 2022 and remain committed to our long-term vision. We will continue to prioritize our customers and products while staying alert to the macroeconomic trends that we expect will have some impact on our performance in 2023.

Ole Koch Hansen
CEO

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK IN MILLION	2022	2021	2020 (8 months)
INCOME STATEMENT			
Revenue	794	668	385
Gross profit	32	316	218
EBITDA	154	156	111
EBIT	134	138	100
Profit/loss from financial income and expenses (including associate)	3	15	-13
Profit/loss for the year	111	135	72
BALANCE SHEET			
Total assets	495	460	387
Investment in plant and equipment	32	22	24
Equity	318	249	118
CASH FLOWS			
Cash flows from operating activities	3	153	83
Cash flows from investing activities, net	-50	-24	-7
Thereof, investment in plant and equipment	-24	-12	-7
Cash flows from financing activities	-68	-44	8
Total cash flows	-115	85	84
EMPLOYEES			
Average number of employees	374	354	444
FINANCIAL RATIOS STATED AS A PERCENTAGE			
Gross margin	40.8	47.3	56.6
EBITDA margin	19.4	23.3	28.8
Operating margin (EBIT)	17.0	20.6	25.9
Return on invested capital	31.9	33.9	53.8
Solvency ratio	64.2	54.1	30.4
Return on equity	34.9	74.0	122.2

For definitions, please see the accounting policies.

MANAGEMENT'S REVIEW

THE BUSINESS PLATFORM - THE BRAND HOUSE

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 Nordic brand house within men's fashion – operating in both the B2B, B2C and D2C markets.

PWT Brands is 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
- Jacks Sportswear intl.

Which are sold to +700 independent retailers in 27 countries, as well as to 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 optimize 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 114 stores across the country, of which 54 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 21 stores in Denmark, 7 in Norway and 10 in Sweden. Of these, the Group owns 8 Danish and 5 Swedish stores, while 13 Danish stores, 7 Norwegian and 5 Swedish stores are franchises. Wagner primarily sells the Group's own brands.

PERFORMANCE IN THE FINANCIAL YEAR UNDER REVIEW

B2C offline has impacted the results for 2022 positively. After COVID-19, revenue rose markedly.

B2B revenue has also increased due to greater activity of B2B customers. B2B sales to online customers have risen further during the year, forming a bigger part of the business.

The B2C online business has likewise had a successful year – with good performance.

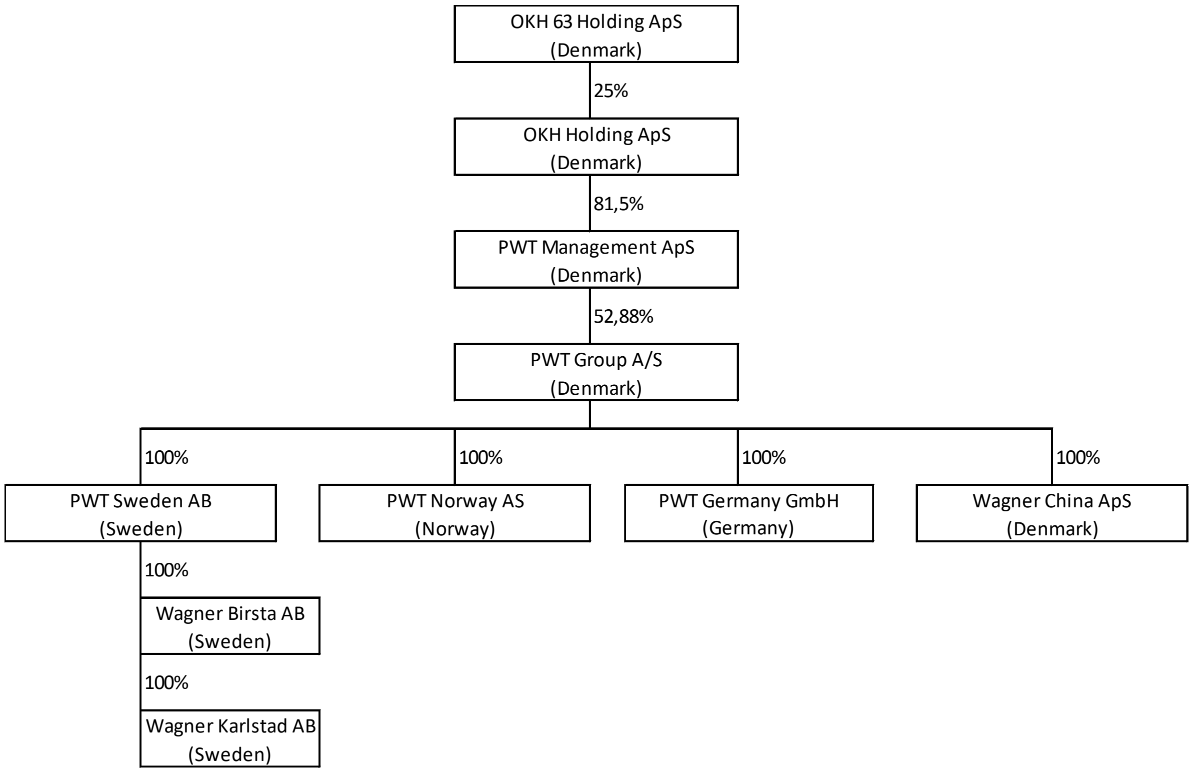
The Group's EBITDA was DKK 153 million in 2022, which is satisfactory and on a par with 2021. Corrected for special items the Group's EBITDA was higher in 2022 compared to 2021.

Total revenue increased to DKK 794 million in 2022 from DKK 668 million in 2021.

A gross margin of 40.8% was realised, and is a result of a low markdown and a high share of revenue generated through own channels.

Profit for the year was DKK 111 million.

Investments related to expanding inventories, increased receivables and distribution of DKK 45 million resulted in a negative cash flow of DKK 118 million in



2022. Net cash and cash equivalents at 31 December 2022 constituted DKK 55 million, which is considered satisfactory.

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 2022 and included:

- Increased focus on the product mix and merchandising on- and offline.
- Continued investments in the Group's online sales, including B2C, D2C, B2B and omni-channel sales.
- Continued optimisation of retail focussing on securing earnings in each store, renewing the stores and building bigger stores in attractive locations.

EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the balance sheet date.

OUTLOOK

The outlook for 2023 is challenging. The markets are difficult and therefore, we expect both revenue and gross margins to be put under pressure. Moreover, the level of expenses is expected to rise. Naturally, the outlook will depend on parameters impacting consumer behaviour and disposable amounts.

These include:

- The war in Ukraine and the impact on the economy.
- Very high inflation rates and increased production costs, cost of raw materials and energy prices.
- Significantly higher interests rates.
- General uncertainty related to the customers' financial circumstances.

In general, 2023 is expected to be a challenging year, possibly affected by the above uncertain conditions. Profit before tax (EBT) is expected to be 20 - 40 % lower than in 2022.

PWT Group has strengthened its financial position significantly in the past two years. The high earnings have been spent on consolidating the company, repaying all debts and achieving a very high solvency ratio. As a result, PWT is quite confident about the future and has built a healthy and stable financial foundation.

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.

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. The 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 accruals 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 net cash and cash equivalents of DKK 55 million at 31 December 2022 and the credit facilities made available by Spar Nord, the cash resources are expected to be sufficient in 2023.

DATA ETHICS (SECTION 99D)

During the year, PWT Group continued its work to ensure that data processing and use of data comply with the highest data ethics standards. The focal point has been the protection of our customers' personal information and ensuring that our use of data complies with applicable legislation and rules.

PWT Group has implemented stronger security measures to protect against data loss and unauthorised access to the company's databases. Moreover, PWT Group has provided employees with data ethics and data security training to ensure that everyone in the organisation understands the importance of protecting personal information.

Procedures for data processing have been reviewed, and it has been ensured that our use of data is restricted to the purpose for which customers have consented and that our data use is proportionate to the purpose. PWT Group has also made sure that our customers have been informed about how data is used and how they can control their data.

At present, however, the extent of data analysis based on algorithms is not of such a nature that an actual data ethics policy is deemed necessary.

CORPORATE SOCIAL RESPONSIBILITY

OKH 63 Holding has 9 subsidiaries, out of which 5 are Danish. One of these, PWT Group, is required to report on sustainability according to section 99a of the Danish Financial Statements Act. Most of OKH 63 Holdings activities take place in PWT Group, which is where the risks but also opportunities within sustainability reside. Consequently, the following description of OKH 63 Holdings contribution to sustainability is based on activities and results occurred in PWT Group during 2022.

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. For a description of The Group's business model, please see page 3 and 6.

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.

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:

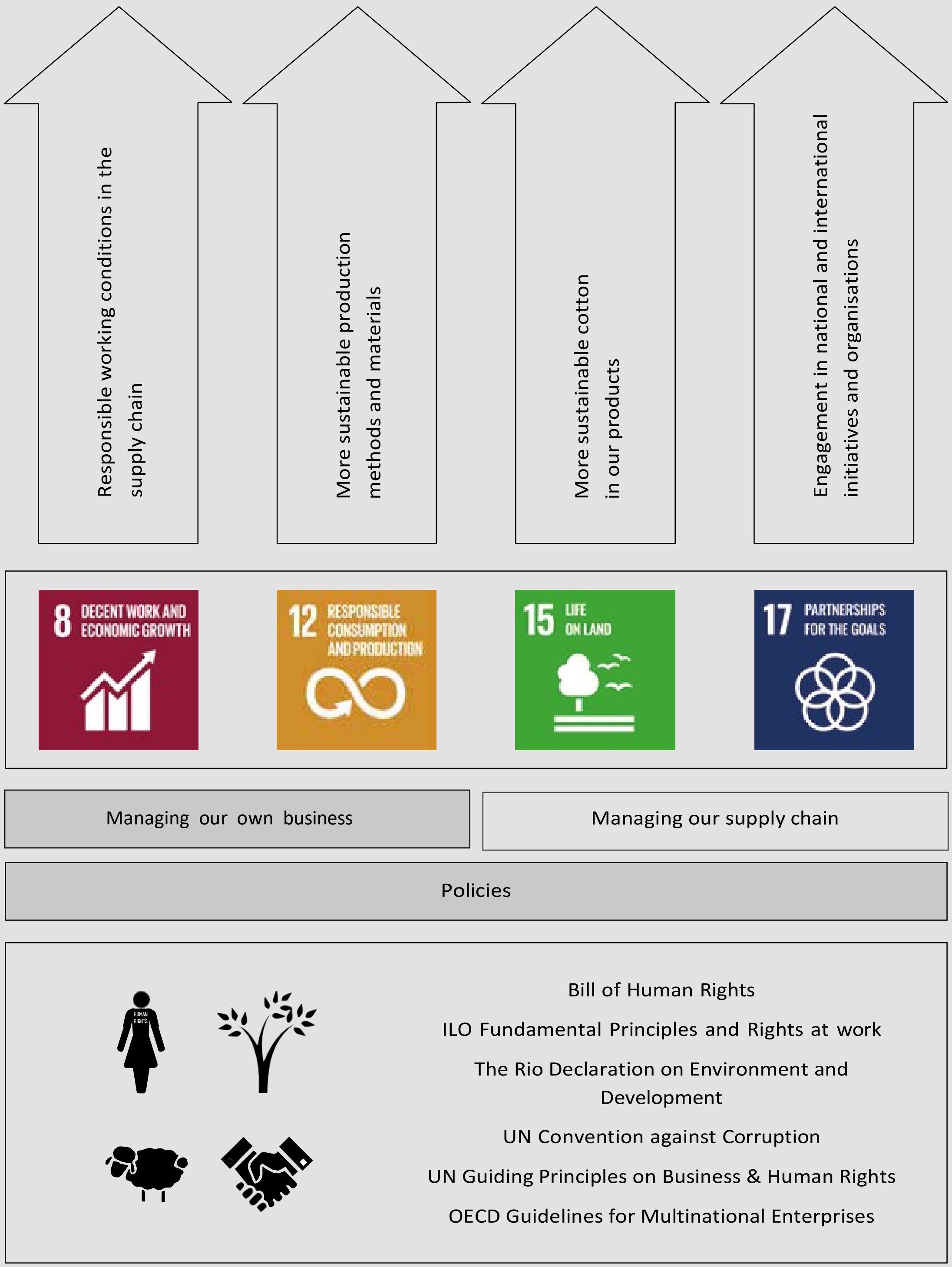
- adopt policies
- conduct regular risk assessments
- draw up action plans to manage identified risks and challenges
- communicate about actions and results
- enable access to remedy through a legitimate grievance mechanism

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 the Group's website, which ensures that stakeholders can report any concern relating to PWT Group anonymously. Until now, no grievances have been received.

CSR STRATEGY
2021-2025



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 and the facilitation and hospitality register is monitored on an annual basis as well. During 2022, five items were registered on the Facilitation and Hospitality List. The Group will continue to keep awareness on this subject.

GENDER DIVERSITY IN BOARD OF DIRECTORS AND MANAGEMENT (SECTION 99B)

The company has only one member of the Executive Board, why equal gender distribution is achieved.

The Company has no employees and therefore not required to re-port on the gender composition at other management levels.

Currently, the Board of Directors consists of 40 % women, and the Board continues to strive to find suitable female candidates when recruiting board members.

PWT Group is committed to build a workforce through the entire company, that is represented equally by both genders across both the management team and other managerial positions. However, due to the fact that PWT Group is a menswear company there is an average of 79% male and 21% female employees throughout the Group. At the management level the average is 88% male managers and 12% female managers in 2022. The 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.

PWT Group have a special focus on the gender distribution in the individual departments when recruiting, just as PWT Group have focused on this in our student recruitment.

Furthermore, the policy for the Management Team emphasizes 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. PWT Group will continue to work to- ward increasing diversity throughout the organization as well as in management levels.

RISK ASSESSMENT

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

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
Risk of occupational hazards and injuries		A working environment committee continuously assesses the working environment and makes recommendations for improvements.
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.
Health of employees		All employees are covered by a health insurance which includes eg. minor operations, psychological treatments, and is a supplement to the public health service. A health insurance ensures quick investigation, treatment and helps our employees to get well and return to work.
		The Group conduct first aid trainings with CPR in collaboration with Falck. Once a year all employees will be offered trainings. For all our store assistant trainees attending first aid trainings will be mandatory. In addition, a defibrillator has been installed at the main office.
	Unsafe working conditions	Suppliers to PWT Group must provide safe working conditions for their employees. As a member of the amfori BSCI the Group expects its suppliers to ensure safe working conditions by complying with amfori requirements and being part of the audit program. As a signatory member of the International Accord for Health and Saftey in the Textile and Garment Industry, the Group is supporting safer production buildings for suppliers in Bangladesh. It is a requirement to all suppliers that they can provide valid permets of building safety.
	Excessive working hours	PWT Group works to ensure that its own buying practices does 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, proper conditions for pregnant employees, etc. Whenever possible, the Group promote and invite suppliers to relevant trainings, such as the OSH course in Dhaka where participating factories were instructed by Danish OSH experts.

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
	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 behavior from 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 worker 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, all Bangladeshi suppliers are required to establish Health and Safety committees, and they receive training on their rights and responsibilities in regard to committee practices.
	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 as a substantial risk within the supply chain. The Group became a member of amfori BSCI in 2013, an initiative that works to improve working conditions on factories. Factories are audited on yearly basis and preventing child labour is an essential issue. However, the Group still considers child labour as a substantial risk within the supply chain.

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		Since 2020, PWT Group is working with the Cemasys system to calculate and monitor CO2 emissions in a structured way, based on the GHG Protocol. Please read more in the section “More sustainable production methods and materials”.
Use of textile materials		PWT Group is reducing the number of styles and focusing on quality over quantity. Through the years, more organic and recycled styles have been introduced as well. Since 2019, the Group has been a member of Better Cotton. In the coming years, more sustainable materials will be introduced.
Plastic use, and packaging in general		PWT Group has replaced all packaging materials in the stores with ones made of recycled materials. Bags are no longer provided for free, and the surplus made from this, is donated to the Danish environmental organisation, Plastic Change. In the coming years, the Group 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 optimized.
Textile waste		In collaboration with extern partner we collect all our textile waste, sort it and make sure most of our textile waste is recycled.
Animal welfare		All relevant suppliers are required to sign and comply with the 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 a unacceptable practice.
	Risk of use of harmful chemicals, and of insufficient chemical management at production sites.	All suppliers are obliged to comply with the Group’s RSL, which is aligned with the EU regulation, REACH. Styles from each collection are selected for testing at Bureau Veritas, based on a risk assessment. In 2021, PWT Group accomplished to get an OEKO-TEX® certification for a range of 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.	In the coming years, the Group will engage with strategic suppliers about the amfori BEPI programme, in order to support them in setting up sufficient policies and processes in regard to 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 where employees register gifts. This 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-30 factories represent approx. 94% of all orders, and focus is primarily given to these.

The 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.

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.

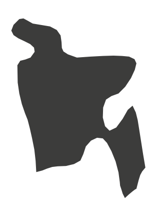
PWT Group requires all leather suppliers only to use tanneries that are member of the Leather Working Group; an initiative focussing on reducing the consumption of water, energy and chemicals.

SOURCING COUNTRIES

The top-30 factories account for 94% of annual orders

CHINA

33%



BANGLADESH

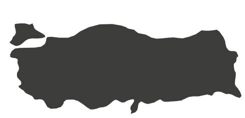
30%

OTHER COUNTRIES

11%

PAKISTAN

12%



TURKEY

7%

PORTUGAL

7 %

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.

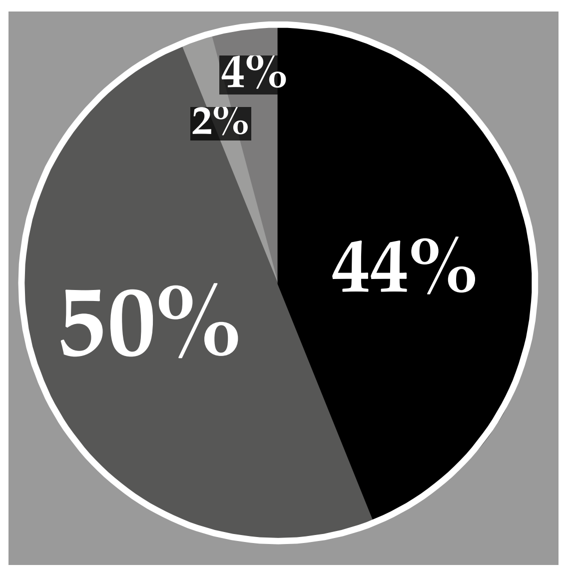
Due to the situation in Myanmar though, the Group has decided to stop its activities until the situation changes.

AMFORI BSCI

PWT Group has been a member of the amfori since 2013 and has used the amfori BSCI as the main social certification system for suppliers. Suppliers are expected to work with the amfori BSCI (or other 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 2021, the amfori moved the BSCI to a new platform, and joined the BSCI and BEPI systems. This “relocation” process as well as understanding the new interface has required a lot of support work towards the suppliers. Now suppliers are well migrated to the platform, and we can continue the ongoing work on improvements. Bearing in mind the challenges of COVID-19, the Group has not been able to uphold as a continuously follow-up process as normally. Audits have been canceled or impossible to conduct due to imposed restrictions during the pandemic.

PWT Group expects the situation to normalize and continues the regular follow-up procedures in collaboration with its suppliers.



Good (A+B+SA8000)

Acceptable (C + SEDEX)

Non-acceptable (D+E)

Audit expired/ audit in progress

THE INTERNATIONAL ACCORD FOR HEALTH AND SAFETY IN THE TEXTILE AND GARMENT INDUSTRY

PWT Group has been a signatory member of the Accord since 2013. As the latest Transition Accord expired on 31 May 2021, the Group followed the negotiations for a new agreement closely, and on 1 September 2021, PWT Group signed The International Accord for Health and Safety in the Textile and Garment Industry. The new Accord builds on the 2013 and 2018 principles, and as a signatory, the Group commits to the health and safety work already undertaken in Bangladesh, and to the expansion of additional countryspe- cific health and safety programs.

As such, the Group continues to require all active Bangladeshi suppliers to work actively with the RMG Sustainability Council (RSC) (formerly known as the Bangladesh Accord program). That means 1) engaging with the Inspection Programme, 2) improving fire, building and electrical safety based on inspection findings, 3) participating in the extensive training, and 4) engaging in remediation dialogues based on the RSC grievance mechanism.

Currently, the Group has ten active Bangladeshi factories in the initiative with an average progress rate of 90%. All of the ten active factories are participating in the Accord’s safety committee training.

In December 2022 it was announced that the program will be expanded to Pakistan. PWT Group will follow the implementation of the program closely.

FOCUS AREA 2

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 63% reduction of styles.

Material production accounts for 93.4% of the Groups GHG emissions, based on this year's climate report. 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 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, Better Cotton, recycled polyester, and better denim production.

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 better solutions, when such make sense on all parameters.

CLIMATE REPORTING

PWT Group is measuring 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 GHG emissions throughout the business.

This year's climate report shows a total emission of 19,166 tons CO2e, with material production accounting for 93.4%, transportation for 3.9%, electricity for 2.0% and company cars for 0.7% of the total emissions.

2021 was a year with reduced sales activities in the first two to three months throughout the business due to COVID-19. 2022, on the other hand, has been a year of normal activity.

Returning to normal activity in 2022 has led to more use of company cars and an increase in fuel consumption by 13% compared to 2021.

In recent years, the Group has invested in replacing light sources with LED lightning in all stores and at Head office. This has resulted in a significant reduction in electricity consumption of 53% from 2019 to 2022. Going forward the Group will investigate implementing other energy-saving activities.

Due to an increased purchase of products in 2022 has led to an increase in tCO_2e, however we see a downward trend in tCO_2e per kilo material of 5.4%. This is due to increased purchasing of more climate-friendly materials such as organic cotton and recycled materials.

In the beginning of 2022, the Group was challenged by delays in deliveries. This meant that shipments had to be transported by air.

This has resulted in an increase in CO_2 emissions from our transport.The full climate report is available on page 25.

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.

PWT Group has certified a range of products to the OEKO-TEX® Standard 100. This process was completed during the spring of 2021. The aim is to expand the range of certified products as we get suppliers on board with this, during the coming years.

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).

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.

WASTE MANAGEMENT

PWT Group focus on handling waste very carefully. The goal is to recycle as much waste as possible.

By implementing targeted waste sorting at PWT Headquarter and Warehouse, will ensure that a large part of the waste is recycled. In 2023, the Group will start collecting data on waste, so that the effect of the efforts can be monitored in our climate accounting.

At the end of 2022, the Group has run a pilot project regarding the sorting and recycling of textile waste with NewRetex. By using robot technology NewRetex sort and processes discarded textiles. This means that the textiles are sorted by quality and color which improves recyclability.

The project resulted in 80% of the textiles that was sent to NewRetex being recyclable. The Group have entered into a collaboration with NewRetex so that in the future it will send textile waste for recycling through them.

By sorting and making sure most of the waste is recycled, we take care of the climate by reducing CO_2 emissions and the need for virgin materials.

FOCUS AREA 3

MORE SUSTAINABLE COTTON IN OUR PRODUCTS

A relatively large share of the groups 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 Better Cotton to improve cotton farming globally. PWT Group have taken this step because the group want to support a large-scale positive change within the cotton industry.

Better Cotton 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.

Better Cotton 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 the groups 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 Better Cotton 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 can not 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 2022

INTRODUCTION

This report provides an overview of the organisation'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.

For scope 1, estimates have been applied, as it was not possible to get data from the car leasing company. In terms of scope 2, the data includes headquarters, warehouse, showrooms and the Group's own stores. Franchise stores are not included, as they are largely independent from the Group.

For scope 3, upstream transportation and distribution, data has been provided by the transport supplier. Some shipments are missing in this report, as the production facilities are allowed to use local truck transportation. Well-to-wheel data has been used.

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				**528.9**	**127.8**	**0.7 %**
Diesel (B5)		44,482.0	liters	471.5	114.4	0.6 %
Petrol (E5)		6,019.0	liters	57.4	13.4	0.1 %
Scope 1 total				**528.9**	**127.8**	**0.7 %**
Electricity total				**2,685.7**	**381.4**	**2.0 %**
Electricity Denmark 125		2,685,683.0	kWh	2,685.7	381.4	2.0 %
Scope 2 total				2,685.7	381.4	2.0 %

REPORTING YEAR MARKET-BASED GHG EMISSIONS

Category	Unit	2022
Electricity market-based	**tCO2e**	**1,103.8**
Scope 2 market-based	**tCO2e**	**1,103.8**
Total market-based	**tCO2e**	**19,838.8**

ANNUAL GHG EMISSIONS

Category	Description	2020	2021	2022	% change from previous year
Transportation total		**146.4**	**112.8**	**127.8**	**13.3 %**
Petrol (E5)		14.6	12.4	13.4	7.6 %
Diesel (B5)		131.8	100.4	114.4	14.0 %
Scope 1 total		**146.4**	**112.8**	**127.8**	**13.3 %**
Electricity total		505.3	360.7	381.4	5.7 %
Electricity Denmark 125		505.3	360.7	381.4	5.7 %
Scope 2 total		**505.3**	**360.7**	**381.4**	**5.7 %**

ANNUAL GHG EMISSIONS

Category	Description	2020	2021	2022	% change from previous year
Purchased goods and services total		**11,761.6**	**12,363.4**	**17,857.2**	**44.4 %**
Acrylic fabric (T1-4)		116.4	162.6	241.5	48.5%
Bamboo fabric (T1-4)		440.8	270.9	451.6	66.7%
Wool, fine (T1-4)		866.7	1,028.7	1,447.5	40.7%
Cotton fabric, conventional (T1-4)		6,506.8	6,483.6	8,912.4	37.5%
Cotton fabric, organic (T1-4)		98.4	211.0	412.7	95.6%
Leather, cow (T1-4)		391.3	188.5	238.9	26.7%
Elastane/Spandex fabric (T1-4)		155.2	153.3	146.3	-4.6%
Linen (flax) fabric (T1-4)		275.2	284.4	565.4	98.8%
Lyocell fabric (T1-4)		9.9	11.0	26.8	143.9%
Modal fabric (T1-4)		5.4	5.4	17.6	229.3%
Nylon fabric (6) (T1-4)		48.0	106.2	311.1	192.9%
Nylon fabric, recycled (T1-4)		7.5	61.4	88.2	43.7%
Nylon/Polyamide (PA) fabric (T1-4)		246.5	423.8	341.7	-19.4%
Polyester fabric (T1-4)		1,950.7	1,899.1	2,682.6	41.3%
Polyester fabric, recycled (T1-4)		18.8	226.1	472.5	109.0%
Viscose/Rayon fabric (T1-4)		617.1	771.2	1,356.0	75.8%
Tencel fabric (T1-4)		4.4	4.5	2.2	-51.4%
Wool, recycled (T1-4)		2.3	16.7	17.4	3.9%
Cotton fabric, recycled (T1-4)		-	4.6	6.3	35.3%
Leather, goat (T1-4)		-	42.2	108.8	158.0%
Polyurethane fabric (T1-4)		-	8.2	9.6	17.7%
Upstream transportation and distribution total*		**-**	**588.0**	**749.9**	**27.5%**
Air Intercontinental freight		-	299.0	434.2	45.2%
Sea Container Avg load		-	141.0	167.2	18.6%
Truck avg.		-	145.0	146.8	1.2%
Rail freight		-	3.0	1.7	-43.3%
Scope 3 total		**11,761.6**	**12,951.4**	**18,607.1**	**43.7%**
Total		**12,413.2**	**13,425.0**	**19,116.3**	**42.4%**
Percentage Change			**8.2%**	**42.4%**	

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

ANNUAL MARKET-BASED GHG EMISSIONS

Category	Unit	2020	2021	2022
Electricity market-based	tCO2e	1,535.8	1,090.9	1,103.8
Scope 2 market-based	tCO2e	1,535.8	1,090.9	1,103.8
Total market-based	tCO2e	13,443.7	14,155.1	19,838.8
Percentage change			5.3%	40.2%

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 inormally 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.

PWT GROUP

STORES

WAGNER

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

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

Established in 1946, Wagner currently has 21 stores in Denmark, 10 in Sweden and 7 in Norway. 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

With 114 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.

Tøjeksperten is the largest omni-channel menswear brand in Denmark.

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

PWT GROUP
BRANDS

LINDBERGH

WHITE LABEL

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

It stands out as the vibrant and fashion-forward 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 fashion-forward 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

BLUE LABEL

The Lindbergh Blue product line emphasizes a rugged and 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.

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

JEANS

The Lindbergh Jeans line is inspired by American denim classics and designed for a modern lifestyle.

We set out to create authentic jeans that are based on solid craftsmanship with a philosophy that great denim lasts forever.

Our collection of men's jeans spans from clean to vintage inspired washes. The many versatile fittings makes them easy to pair with any outfit.

We created Lindbergh jeans as a response to fast fashion, to make timeless jeans that stand the test of time.

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 1972. 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 Executive Board have today discussed and adopted the Annual Report of OKH 63 Holding ApS for 2022.

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

It is the Executive Board 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 2022, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2022 - 31 December 2022.

In the Executive Board 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 Executive Board recommend that the Annual General Meeting approve the Annual Report.

Aalborg, 30 May 2023

Executive Board

Ole Koch Hansen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF OKH 63 HOLDING APS

OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of OKH 63 Holding ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

BASIS FOR OPINION

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aalborg, 30 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

MADS MELDGAARD
State Authorised Public Accountant
mne24826

RASMUS MELLERGAARD STENSKROG
State Authorised Public Accountant
mne34161

INCOME STATEMENT

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Revenue	2	794,189	667,861	0
Cost of sales	5	-331,766	-274,215	0
Other operating income	5	119	27,208	0
Other external costs	6	-138,667	-104,627	-74
Gross profit/loss		323,875	316,227	-74
Staff costs	3	-170,531	-160,448	0
Other operating costs		-97	0	0
Earnings before interest taxes depreciation and amortization (EBITDA)		153,247	155,779	-74
Depreciation/amortisation/impairment	4	-19,099	-17,950	0
Operationg profit/loss (EBIT)		134,148	137,829	-74
Share of net profit of subsidiaries	16	0	0	12,748
Share of net profit of associates	17	0	0	0
Other financial income	5, 7	8,610	27,030	0
Financial expenses	8	-11,579	-11,592	0
Profit/loss before tax (EBT)		131,179	153,267	12,674
Tax on profit/loss for the year	9	-20,300	-17,777	15
Profit/loss for the year		110,879	135,490	12.689

BALANCE SHEET

AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Software	10	20,771	16,571	0
Trademarks	11	391	661	0
Goodwill	12	1,850	0	0
Other intangible assets	13	956	596	0
Total intangible assets		23,968	17,828	0
Fixtures and fittings, tools and equipment	14	17,534	11,890	0
Leasehold improvements	15	14,726	9,816	0
Total plant and equipment		32,260	21,706	0
Investments				
Investments in Group enterprises	16	0	0	61,379
Investments in associates	17	0	0	0
Securities and investments	18	4,732	4,114	0
Deposits	19	18,470	13,476	0
Total investments		23,202	17,590	61,379
Total non-current assets		79,430	57,124	61,379
CURRENT ASSETS				
Inventories	20	256,828	139,072	0
Receivables				
Trade receivables		48,473	39,155	0
Deferred tax assets	24	3,000	3,000	0
Corporation tax		0	793	0p
Amounts owed by Group enterprises		0	50	11,545
Derivative financial instruments	25	0	2,665	0
Other receivables		9,286	5,976	0
Prepayments		6,120	7,662	0
Total receivables		66,879	59,301	15
Other securities and investments	27	35,979	34,131	0
Total securities		35,979	34,131	0
Cash and cash equivalents		55,499	170,556	0
TOTAL CURRENT ASSETS		415,182	403,060	11,545
Total assets		494,612	460,184	72,924

BALANCE SHEET

AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
EQUITY AND LIABILITIES				
EQUITY				
Share capital	21	40	40	40
Reserve for hedging transactions		-314	849	0
Foreign currency translation reserve		119	0	0
Retained earnings		47,675	113,453	47,480
Dividend		13,800	8,500	13,800
Equity attributable to owners of the parent		61,320	122,842	61,320
Non-controlling interests		256,330	125,994	0
Total equity		317,650	248,836	61,320
LIABILITIES				
Provisions				
Provisions	22	7,533	7,372	0
Total provisions		7,533	7,372	0
NON-CURRENT LIABILITIES				
Subordinated loans	23	7,007	8,715	0
Lease debt		0	25	0
Other debts	23	15,319	8,343	0
Total non-current liabilities		22,326	17,083	0
Current liabilities				
Bank loans and overdrafts		0	34,343	0
Trade payables		55,699	55,741	74
Corporation tax		10,877	7,578	11,530
Derivative financial instruments	25	3,737	0	0
Other debts	23	67,567	79,198	0
Deferred income	26	9,223	10,033	0
Total current liabilities		147,103	186,893	11,604
TOTAL LIABILITIES		176,962	211,348	11,604
Total equity and liabilities		494,612	460,184	72,924

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Reserve for hedging transaction	Foreign currency translation reserve	Retained earnings	Dividend	Total owner of the parent	Non-controlling interest	Total
Equity at 1 January 2021	40	-1,113	0	62,342	5,000	66,249	51,319	117,568
Profit for the year	0	0	0	52,244	9,800	62,044	73,445	135,489
Exchange rate adjustment Group enterprises	0	0	0	0	0	0	0	0
Fair value of forward exchange contracts, beginning year	0	1,133	0	-1,133	0	0	0	0
Fair value of forward exchange contracts, end year	0	849	0	0	0	849	1,230	2,079
Ordinary dividend paid	0	0	0	0	-5,000	-5,000	0	-5,000
Extra ordinary dividend paid	0	0	0	0	-1,300	-1,300	0	-1,300
Equity at 31 December 2021	40	849	0	113,453	8,500	122,842	125,994	248,836
Equity at 1 January 2022	40	849	0	113,453	8,500	122,842	125,994	248,836
Other equity movements	0	-625	0	-63,985	0	-64,610	64,568	-42
Paid ordinary dividend	0	0	0	0	-8,500	-8,500	-23,423	-31,923
Profit for the year	0	0	0	-1,111	13,800	12,689	98,190	110,879
Exchange rate adjustment Group enterprises	0	0	119	0	0	119	1,104	1,223
Fair value of forward exchange contracts, beginning year	0	-224	0	0	0	-224	-1,855	-2,079
Fair value of forward exchange contracts, end year	0	-314	0	0	0	-314	-2,601	-2,915
Convertible bonds	0	0	0	-682	0	-682	-5,647	-6,329
Extraordinary dividend	0	0	0	0	0	0	0	0
Proposed Dividend	0	0	0	0	0	0	0	0
Equity at 31 December 2022	40	-314	119	47,675	13,800	61,320	256,330	317,650

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Share Premium	Reserves earnings	Dividend	Total
Opening equity	40	48,472	0	0	48,512
Other equity movements	0	-48,472	48,591	0	119
Profit for the year	0	0	-1,111	13,800	12,689
Equity at 31 December 2022	40	0	47,480	13,800	61,320

CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Profit for the year before tax		131,179	153,267	12,674
Adjustments for non-cash operating items:				
Depreciation/amortisation/impairment and gain/loss on intangible assets and plant and equipment		19,099	17,950	0
Income from Group enterprises		0	0	-12,748
Other non-cash operating items, net		282	-524	0
Financial income		-8,610	-27,030	0
Financial expenses		11,579	11,592	0
Cash generated from operations (operating activities) before changes in working capital		153,529	155,255	-74
Change in working capital:				
Change in receivables		-13,716	1,014	0
Change in inventories		-117,756	30,361	0
Change in current liabilities in general		-4,133	-9,931	74
Cash generated from operations (operating activities)		17,924	176,699	0
Interest income, received		767	44	0
Interest expense, paid		-5,140	-10,169	0
Corporation tax paid		-10,655	-13,459	0
Cash flows from operating activities		2,896	153,115	0
Acquisition of plant, leasehold and equipment		-24,110	-12,133	0
Acquisition of intangible assets		-13,590	-15,324	0
Investment in Group enterprises		0	0	0
Investment in deposits		-4,994	-1,599	0
Acquisition and Disposal of security and investments		-6,951	4,947	
Disposal of plant and equipment		64	0	0
Cash flows from investing activities		-49,581	-24,109	0
Free cash flows		-46,685	129,006	0
Change in bank loans		-34,343	34,292	0
Repayment lease debt		-26	-305	0
Debt composition		0	3,635	0
Paid debt composition		-2,080	-69,077	0
Paid subordinated loan		0	-6,568	0
Cash capital increase		0	0	0
Convertible bonds		0	0	0
Change in intercompany loans		0	0	0
Paid dividend		-31,923	-6,300	0
Cash flows from financing activities		-68,372	-44,323	0
Changes in cash and cash equivalents		-115,057	84,873	0
Cash and cash equivalents 1 January		170,556	85,873	0
Cash and cash equivalents 31 December		55,499	170,556	0

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ACCOUNTING POLICIES

Financial reporting basis

OKH 63 Holding ApS is a limited liability company domiciled in Denmark. The financial information of the annual report for 2022 comprises both the consolidated financial statements of OKH 63 Holding ApS and its subsidiaries (group) as well as the parent company financial statements.

The annual report of OKH 63 Holding ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are unchanged from last year.

The Management have discussed and adopted the annual report of OKH 63 Holding ApS.

The annual report will be presented for adoption by the shareholders of OKH 63 Holding ApS at the annual general meeting on 30 May 2023.

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.

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.

CONSOLIDATION

Consolidated financial statements

The annual report comprises the Parent Company, OKH 63 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.

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.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiary enterprises' market value of net assets and liabilities at the acquisition date.

Positive differences between the acquisition value and market value of acquired and identified assets and liabilities, including a provision for liabilities for restructuring, are recognised as goodwill and amortised in the income statement according to an individual assessment of their useful lives.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of OKH 63 Holding ApS 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.

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method carrying amounts are used, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

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.

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).

<u>B2B:</u>

The Group manufactures and sells a range of clothes in the B2B market. Sales are recognised when control of the products has transferred, being when the products are delivered to the B2B. 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 B2B, and either the B2B 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.

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.

Income from Group enterprises and associates

The proportional share of profit for the year is recognized under the item "Share of net profit of subsidiaries" and "Share of net profit of associate" in the income statement.

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.

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 profit-making and loss-making Danish enterprises by their taxable income (full allocation method).

BALANCE SHEET

Intangible assets

GOODWILL

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated at 20 years. Useful life has been determined taking into account the long-term strategy of establishing a national fashion business.

The carrying amount of goodwill is assessed continuously and written down via the income statement in cases where the carrying amount exceeds expected future net income from the enterprise or activity to which the goodwill is related.

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
Goodwill	20 years
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 (stores) 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.

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.

Investment in subsidiaries and associates

Investment in subsidiaries and associates are recognized and measured according to the equity method. The equity method is used as a consolidation method.

In the balance sheet, under the item Investments in Group enterprises and Investments in associates, the proportional ownership share of the companies' accounting net asset value calculated on the basis of the fair value of the identifiable net assets at the time of acquisition with deductions or additions of unrealized intra-group profits or losses and with the addition of residual value of any surplus values and goodwill calculated at the time of the acquisition of the companies.

The total net revaluation of capital shares in subsidiaries and associated companies is allocated via the allocation of profits to Reserve for net revaluation according to the equity method under equity. The reserve is reduced by dividend distributions to the parent company and regulated by other equity movements in the subsidiaries and associated companies.

Subsidiaries and associated companies with a negative net asset value are recognized at DKK 0. If the parent company has a legal or actual obligation to cover the company's negative balance, a provision for this is recognized.

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.

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.

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. See note 26.

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.

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 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Geographical markets			
Denmark	489,571	467,598	0
Other markets	304,618	200,263	0
Total external revenue	794,189	667,861	0
DKK’000			
Segment revenue			
Retail Denmark	431,609	375,022	0
Wholesale Worldwide	349,160	281,611	0
Other segments	13,420	11,228	0
Total external revenue	794,189	667,861	0

The Group sells menswear and accessories mainly its own brands but also external brands for the retail business including online sales and its own brands 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 Group 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 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Payroll	149,004	141,238	0
Pensions	10,799	9,904	0
Other social security costs	10,728	9,306	0
Total staff costs	170,531	160,448	0
Average number of full-time employees	374	354	0

NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Owned assets:			
Software	5,948	3,688	0
Trademarks	270	282	0
Goodwill	80	0	0
Other intangible assets	190	149	0
Fixtures and fittings, tools and equipment	6,829	7,515	0
Leasehold improvements	5,782	6,316	0
	19,099	17,950	0

NOTE 5 SPECIAL ITEMS

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

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Cost of sales			
Write down of inventories in addition to standard write down due to COVID-19	0	9,900	0
	0	9,900	0
Other operating income			
Government's COVID-19 relief, payroll compensation	0	14,643	0
Government's COVID-19 relief, fixed cost compensation	0	12,429	0
	0	27,072	0
Other financial income			
Debt composition agreement with bondholders	0	3,979	0
Debt composition agreement, other debt	0	1,904	0
Dividend and write off of intercompany balance with WagNo AS	7,129	0	0
	7,129	5,883	0

NOTE 6 OTHER EXTERNAL COSTS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Fees for auditors appointed at the general meeting			
Statutory audit services	625	473	69
Other assurance engagements	112	38	0
Tax advisory services	1,540	550	0
Other services	578	1,265	0
Total fee	2,855	2,326	69
Distributed as follows:			
PwC	2,547	1,894	69
Other firms	308	432	0
	2,855	2,326	69

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the Group of DKK 1,932 thousand consist mainly of tax advisory services and other services.

NOTE 7 OTHER FINANCIAL INCOME

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Interest income, banks	0	1	0
Interest income, Group enterprises	0	0	0
Other financial income	8,610	27,029	0
	8,610	27,030	0

NOTE 8 OTHER FINANCIAL EXPENSES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Interest expense, banks	721	1,749	0
Interest expense, Group enterprises	0	7	0
Foreign exchange adjustment	2,459	1,726	0
Other financial expenses	8,399	8,110	0
	11,579	11,285	0

NOTE 9 TAX

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Tax on profit/loss for the year from continuing operations is specified as follows:			
Estimated 22% tax on results before tax	-28,859	-33,719	-2,788
Adjustment of tax in foreign entities in proportion to 22%	-264	1,528	0
Tax effect of:			
Adjustment deferred tax of prior years	0	-65	0
Non-deductible cost/income	6,758	5,519	2,803
Adjustment of unrecognised tax loss carry forward	0	9,622	0
Adjustment of tax in respect of prior years	2,065	-663	0
	-20,300	-17,777	15
Effective tax rate	-15.5%	-12.7 %	0.0 %

NOTE 10 SOFTWARE

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Opening cost	22,916	7,760	0
Additions for the year	10,148	15,156	0
Closing cost	33,064	22,916	0
Opening amortisation	6,345	2,657	0
Amortisation for the year	5,948	3,688	0
Closing amortisation	12,293	6,345	0
Carrying amount	20,771	16,571	0

NOTE 11 TRADEMARKS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Opening cost	1,119	1,119	0
Closing Cost	1,119	1,119	0
Opening amortisation	458	176	0
Amortisation for the year	270	282	0
Closing amortisation	728	458	0
Carrying amount	391	661	0

NOTE 12 GOODWILL

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Opening costs	0	0	0
Additions for the year	1,930	0	0
Closing cost	1,930	0	0
Opening amortisation	0	0	0
Amortisation for the year	80	0	0
Closing amortisation	80	0	0
Carrying amount	1,850	0	0

NOTE 13 OTHER INTANGIBLE ASSETS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Opening costs	832	832	0
Additions for the year	550	0	0
Closing cost	1,382	832	0
Opening amortisation	236	87	0
Amortisation for the year	190	149	0
Closing amortisation	426	236	0
Carrying amount	956	596	0

NOTE 14 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Opening cost	23,870	17,568	0
Additions for the year	12,563	6,302	0
Disposals for the year	-56	0	0
Closing cost	36,377	23,870	0
Opening depreciation	11,980	4,440	0
Currency translation	106	25	0
Depreciation for the year	6,827	7,515	0
Reversed depreciation for the year on disposals	-70	0	0
Closing depreciation	18.843	11,980	0
Closing carrying amount	17,534	11,890	0
Of which financial leasing assets	0	34	0

NOTE 15 LEASEHOLD IMPROVEMENTS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Opening cost	19,718	13,936	0
Additions for the year	10,847	5,782	0
Disposals for the year	-209	0	0
Closing cost	30,356	19,718	0
Opening depreciation	9,902	3,547	0
Currency translation	77	39	0
Depreciation for the year	5,782	6,316	0
Reversed depreciation for year on disposals	-131	0	0
Closing depreciation	15,630	9,902	0
Closing carrying amount	14,726	9,816	0

NOTE 16 INVESTMENTS IN GROUP ENTERPRISES

	PARENT COMPANY
	Investments in Group enterprises
DKK'000	2022
Cost at January	0
Additions	48,512
Cost at 31 December	48,512
Value adjustments 1 January	0
Foreign currency adjustment	119
Profit for the year	12,748
Value adjustments 31 December	12,867
Carrying amount at 31 December	61,379

	EQUITY TDKK	PROFIT FOR THE YEAR TDKK	COMPANY CAPITAL	VOTING RIGHTS / STAKE
OKH Holding ApS, Hobro Denmark	160,163	45,342	TDKK 125	100,0% / 25,0%
Jetzone ApS, Hobro, Denmark	865	-121	TDKK 40	100,0% / 100,0%
PWT Management ApS, Hobro, Denmark	156,056	60,800	TDKK 40	81,50% / 81,50%
PWT Group A/S, Aalborrg, Denmark	273,099	115,252	TDKK 16,698	52,88% /52,88%
PWT Norway AS, Oslo, Norway	-20,297	7,415	TNOK 400	52,88% /52,88%
PWT Germany GmbH, Maasbüll, Germany	8,579	1,341	TEUR 25	52,88% /52,88%
Wagner China ApS, Aalborg, Denmark	-9,451	29	TDKK 300	52,88% /52,88%
PWT Sweden AB, Bjärred, Sweden	127	-637	TSEK 100	52,88% /52,88%
Wagner Birsta AB, Sundsvall, Sweden	88	-327	TSEK 100	52,88% /52,88%
Wagner Karlstad AB, Karlstad, Sweden	154	-259	TSEK 100	52,88% /52,88%

The Company has bought 40% of Wagner China ApS for DKK 1 at 07.10.2021, thus the Company now controls 100% of Wagner China ApS.

NOTE 17 INVESTMENTS IN ASSOCIATES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Cost at 1 January	0	8	0
Transfer	0	-8	0
Cost at 31 December	0	0	0
Value adjustments 1 January	0	-1	0
Net profit/loss for the year	0	-7	0
Transfer	0	8	0
Value adjustments 31 December	0	0	0
Carrying amount at 31 December	0	0	0

Wagner China ApS has been tranferred to subsidaries as of 07.10.2021.

NOTE 18 SECURITIES AND INVESTMENTS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Cost at 1 January	4,114	3,753	0
Additions	1,030	915	0
Disposals	-412	-554	0
Cost at 31 December	4,732	4,114	0
Carrying amount at 31 December	4,732	4,114	0

NOTE 19 DEPOSITS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Carrying amount at 1 January	13,476	11,877	0
Additions	6,074	2,694	0
Disposals	-1,080	-1,095	0
Carrying amount at 31 December	18,470	13,476	0

NOTE 20 INVENTORIES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Goods for resale	214,116	112,146	0
Prepayments for goods	42,712	26,926	0
Goods for resale, net	256,828	139,072	0

NOTE 21 SHARE CAPITAL

DKK'000	SHARE CAPITAL 31-12-2022
Share capital upon establishment 2022	40
Closing share capital	40

The share capital consists of 40,000 shares, each with a nominal value of DKK 1.

NOTE 22 PROVISIONS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
The Group's total provision obligation broken down on residual terms:			
Within 1 year	1,639	1,444	0
Between 1 and 5 years	4,464	4,428	0
After 5 years	1,430	1,500	0
	7,533	7,372	0
Provision obligation at 1 January	7,372	8,556	0
Additions during the year	44	34	0
Reversals during the year	185	-1,210	0
Effect of change in interest rates	-68	-8	0
Provision obligation at 31 December	7,533	7,372	0

Provisions obligations contains obligation to re-establish leaseholds (DKK 5,894 thousand) and refund liability on sold clothes (DKK 1,639 thousand).

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 9.1% (2021: 2.1%), 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 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Within 1 year	67,567	79,198	0
Between 1 and 5 years	0	1,487	0
Above 5 years	15,319	6,856	0
	82,886	87,540	0

Included in Other Debt is debt composition of DKK 1,136 thousand.

In addition to the debt composition included in other debt, the debt composition agreement concludes an upside of 10%, which have been recognised in the balance sheet as a subordinated loan with DKK 7,007 thousand. The subordinated loan will be paid according to the terms set in the agreement, which all falls due after 5 years.

NOTE 24 DEFERRED INCOME TAX

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022
Deferred tax arises from:			
Intangible assets	-236	-69	0
Plant and equipment	-60	2,747	0
Current assets	1,225	4,670	0
Provisions	1,385	425	0
Other liabilities	868	-1,777	0
Adjustment of deferred tax to carrying value	-182	-2,996	0
	3,000	3,000	0

Included in above, is deferred tax of DKK 259 thousand on equity transaction.

NOTE 25 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into forward contracts of a total of DKK 90,176 thousand for USD purchases until June 2023 for the purpose of hedging future purchases in USD. The average exchange rate is 721.

Cover of currency risks

DKK'000	Residual life	Contract value	Fair value	Fari value on the equity
Consolidated 2022:				
Forward contract, USD	0-6 months	90,176	-3,737	-2,915
Recognized on equity			-3,737	-2,915
Consolidated 2021 :				
Forward contract, USD	0-8 months	124,911	2,665	2,079
Recognized on equity			2,665	2,079

NOTE 26 DEFERRED INCOME

Deferred income compromises mainly obligations in relation to gift cards. Gift cards at DKK 9,135 thousand (2021: DKK 9,960 thousand) are recognized as income as they are used or when they become obsolete after 3 years according to regulations.

NOTE 27 OTHER SECURITIES AND INVESTMENTS

	CONSOLIDATED		PARENT COMPANY
DKK'000	2022	2021	2022
Fair value at 31 December	35,979	34,131	0
Fair value adjustment recognized in the income statement	-5,000	5,841	0

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.

	CONSOLIDATED		PARENT COMPANY
DKK'000	2022	2021	2022
Non-current assets with a carrying amount	31,822	21,706	0
Inventories with a carrying amount	256,356	139,072	0
Trade receivables with a carrying amount	48,473	39,155	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 2022, we have confirmed letters of credit in the amount of DKK 5,797 thousand regarding non-settled purchases of supplies abroad (31 December 2021: DKK 4,878 thousand) and bank guarantees concerning rent and customs at an amount of DKK 5,711 thousand (31 December 2021: DKK 12,953 thousand).

NOTE 29 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Rent obligations and operating lease liabilities

Consolidated DKK'000	**Rent obligation**	**Other operating leases**	**Total**
Within 1 year	62,168	1,375	63,543
Between 1 and 5 years	65,324	364	65,688
Above 5 years	4,610	0	4,610
	132,102	1,739	133,841

Parent company DKK'000	**Rent obligation**	**Other 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.

The Group is liable for the unpaid part of the capital in a limited partnership. The obligation applies per 31 December 2022 a total of TDKK 4,293.

NOTE 30 RELATED PARTY DISCLOSURES AND OWNERSHIP

Control	Basis
Ole Koch Hansen	Majority shareholder of OKH 63 Holding ApS

Significant influence

The CEO of PWT Group A/S, Ole Koch Hansen is deemed to exert significant influence, also exercises control over OKH 63 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	2022	2021
Rent, etc.	4,930	4,745
Rent obligations regarding related parties represent	29,590	31,629

NOTE 31 PROFIT/LOSS ALLOCATION

	CONSOLIDATED		PARENT COMPANY
DKK'000	2022	2021	2022
Profit/loss allocation			
Extraordinary dividend for the financial year	0	1,300	0
Proposed dividend for the financial year	13,800	8,500	13,800
Owners of the parent	-1,111	52,244	-1,111
Non-controlling interests	98,190	73,445	0
Total allocation	110,879	135,489	12,689

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Ole Koch Hansen
Adm. direktør
På vegne af: OKH 63 Holding ApS
Serienummer: 7a4e2f16-409e-400d-b396-967ce3278a4f
IP: 93.165.xxx.xxx
2023-05-30 09:30:13 UTC
Mit ID

Mads Meldgaard
Statsautoriseret revisor
På vegne af: PricewaterhouseCoopers Statsautoriseret...
Serienummer: CVR:33771231-RID:27370017
IP: 208.127.xxx.xxx
2023-05-30 10:44:35 UTC
NEM ID

Rasmus Mellergaard Stenskrog
Statsautoriseret revisor
På vegne af: PwC
Serienummer: CVR:33771231-RID:45291578
IP: 165.1.xxx.xxx
2023-05-31 10:23:16 UTC
NEM ID

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Ole Koch Hansen
Dirigent
På vegne af: OKH 63 Holding ApS
Serienummer: 7a4e2f16-409e-400d-b396-967ce3278a4f
IP: 93.165.xxx.xxx
2023-05-31 10:53:13 UTC

Mit ID