PWT HOLDING

ANNUAL REPORT 2016/17

The annual report has been presented and adopted at the Company's Annual General Meeting on 30 April 2018.

CHAIRMAN
Lotte Fuglsang Duhn

PWT HOLDING A/S | BUSINESS REGISTER NO. 31 07 46 06

PWT GROUP

We dress fashion-conscious men in quality clothing from our wholesale company PWT Brands and our two leading menswear chains Wagner and Tøjeksperten.

With seven well-known menswear brands, 204 stores in Denmark, Norway, Sweden and China and attractive web shops, we stand out and provide fashion at a fair price – anytime and anywhere.

PWT Group has more than 500 employees and is owned by Polaris Private Equity and the company's Management and Board of Directors, among others.

PWT BRANDS

Our seven strong brands are sold by more than 1,100 independent retailers and our own retail chains Tøjeksperten and Wagner.

From our headquarter in Aalborg, PWT Brands markets Lindbergh, Shine Original, JUNK de LUXE, Bison, Jacks Sportswear Intl., Morgan and Huzar in more than 25 countries through stores and web shops alike.

TØJ | eksperten

With 110 stores, Tøjeksperten is Denmark's largest menswear chain, providing quality clothing and strong brands from the PWT Brands portfolio and other external designers for fashion-conscious men of all ages since 1968.

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

WAGNER

A growing and comprehensive store network in Scandinavia and selected locations in China form the foundation for Wagner's offering of menswear – ranging from trendy denim to classic fashion. Established in 1946, Wagner currently has 53 stores in Denmark, 18 in Norway, 5 in Sweden and 18 in China.

The chain offers an outstanding and affordable selection of contemporary fashion and strong brands including Lindbergh, JUNK de LUXE, Shine Original, Bison and Jacks Sportswear Intl.

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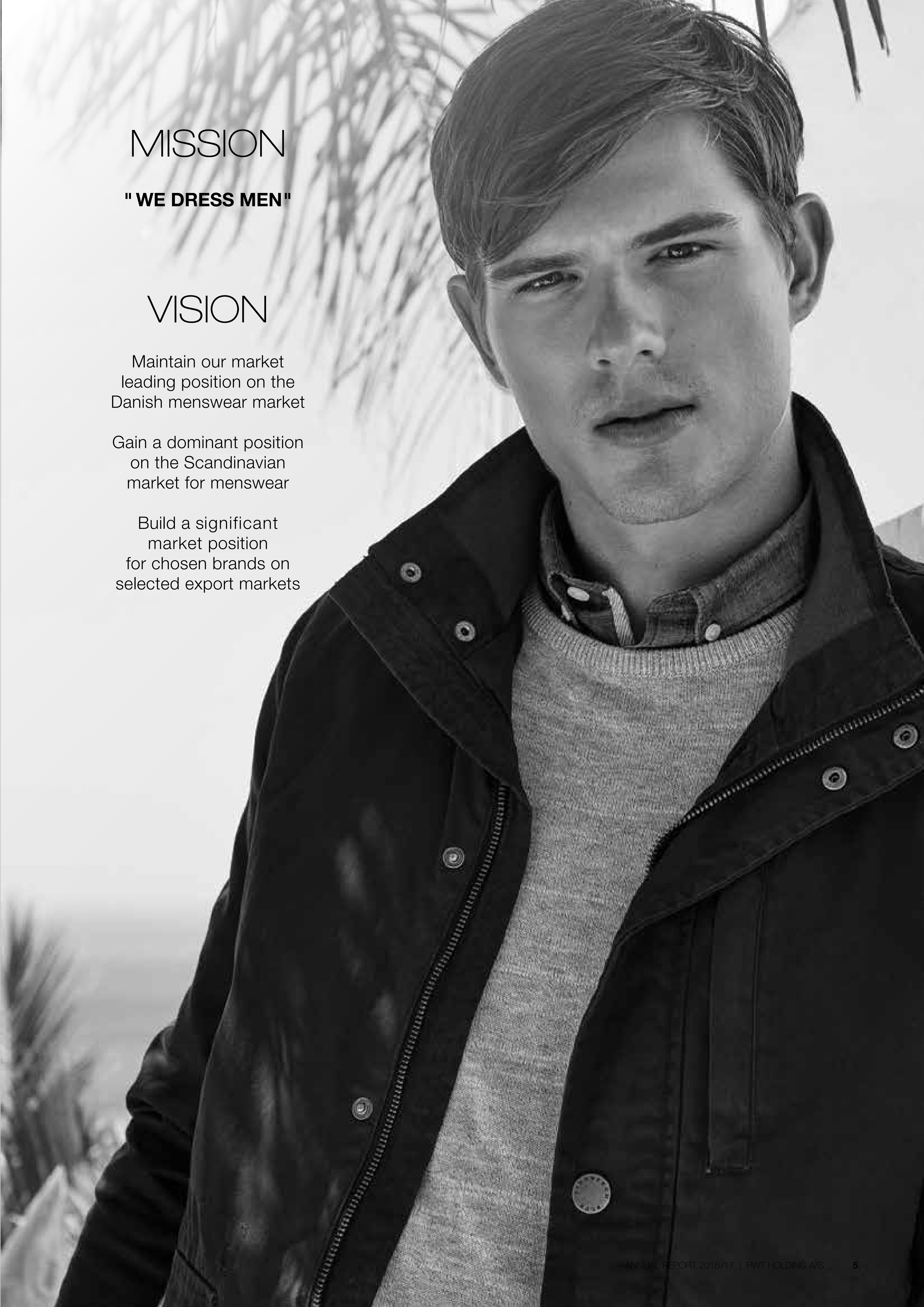
THE COMMENTARY



MISSION

" WE DRESS MEN"

VISION

Maintain our market
leading position on the
Danish menswear market

Gain a dominant position
on the Scandinavian
market for menswear

Build a significant
market position
for chosen brands on
selected export markets

YEAR IN SHORT

Our strategic efforts to optimise PWT Group's business and improve the customer's experience continued during the financial year as we invested in the sales force as well as our online presence and omni-channel approach. We furthermore strengthened our footprint in Norway, Sweden and China, while ensuring a focused retail presence in Denmark.

The Group's financial performance was not satisfactory as our Danish retail chains were not able to maintain the momentum of recent years in a challenging market. Our product mix entailed a shift towards a larger share of products at lower price points, and these developments combined with sizeable investments in the future put pressure on profitability.

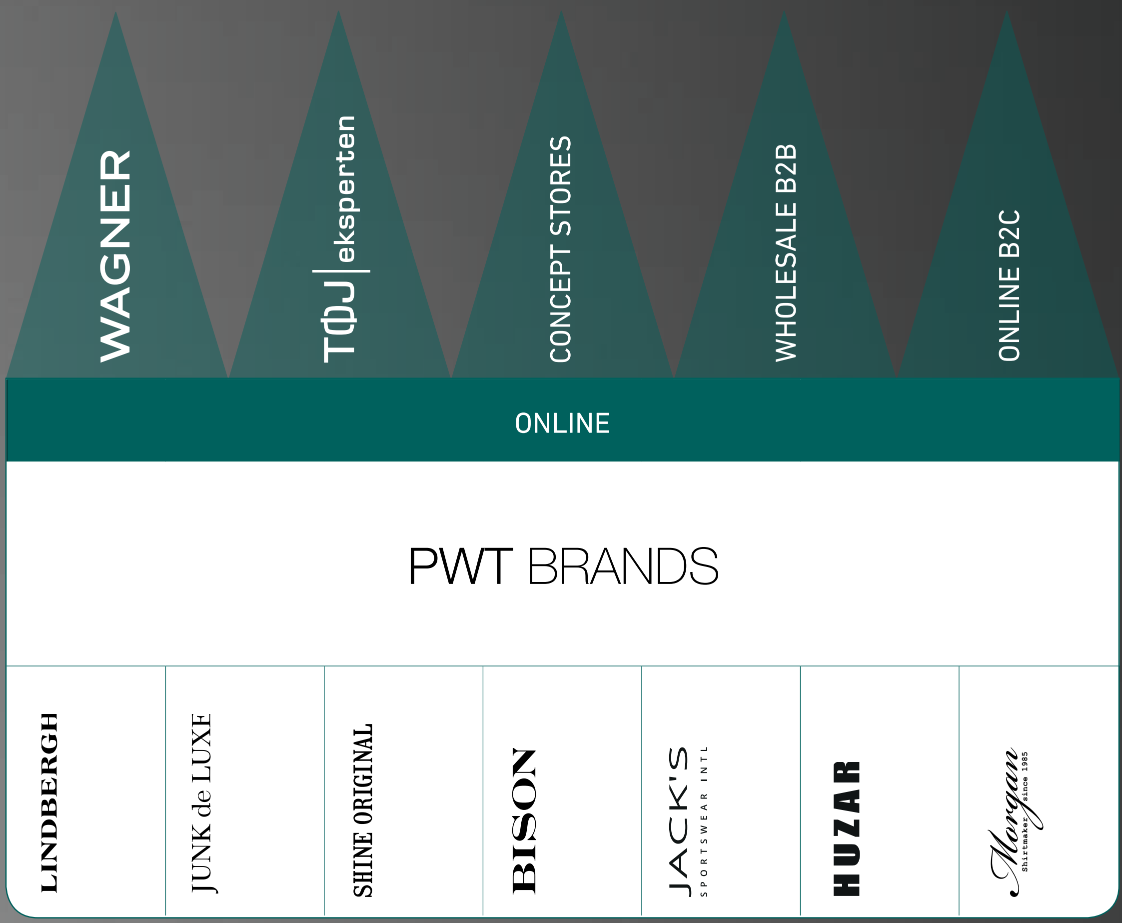
We are committed to re-balancing the Group's product mix to accommodate customer demand across platforms, while simultaneously generating satisfactory profitability in 2018 and beyond.

KEY NUMBERS*

REVENUE	EBITDA	EBITDA MARGIN	SOLVENCY RATIO
1,111 M DKK	**102** M DKK	**9.1** %	**50.9** %
(863 M DKK)	(99 M DKK)	(11.4%)	(48.1 %)

*All 2016/17 figures cover 15 months as PWT Group has changed its accounting year to follow the calendar year. Prior-year figures cover 12 months.

PWT GROUP PLATFORM



FINANCIAL AMBITIONS

- GROUP EBITDA MARGIN OF **15%**
- EXTERNAL REVENUE GROWTH OF **10%** ANNUALLY IN PWT BRANDS
- CONTINUED MARKET SHARE GROWTH IN OUR TWO RETAIL CHAINS

WORD FROM THE CEO
– A BALANCING ACT

The employees of PWT Group continued their dedicated efforts to build a stronger business during the financial year, and we took important steps in the right direction as we invested in the Group's physical presence in Denmark and abroad as well as our omni-channel sales across stores and online platforms. Our strategic work is thus on track, and we remain committed to our overall financial ambitions and PWT Group's vision of maintaining our leading position in Denmark and expanding abroad.

While our strategic efforts progressed well during the year, our financial results were not satisfactory in 2016/17, which covered 15 months due to a change in the Group's accounting year. Our Danish retail chains have historically outperformed competition and won market shares in a challenging Danish retail market, but we were not able to maintain this trend in 2016/17. While we did see negative effects of the bad summer weather and general market developments, the most significant impact on sales and profitability was driven by an unfavourable change in our product mix. In short, we sold more products at lower price points from a product range that had become too broad.

We have set in motion a number of initiatives to re-balance and focus our product range with a view to accommodating customer demand, while simultaneously returning to satisfactory profitability

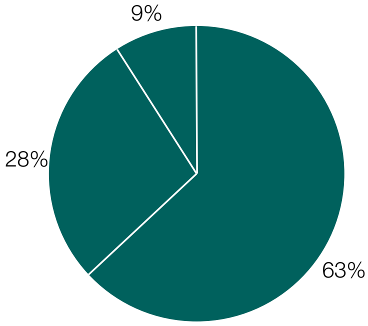
levels. We will reduce the number of designs in our collections to ensure sharpened attention on each product in terms of design and sourcing, and we have established a working group focused on optimisation, simplification and cooperation across the business. The share of entry price products will be reduced to allow for larger shares of medium-range and premium products that better fits market demand and will contribute to improving earnings. Finally, we are accelerating omni sales to further strengthen our competitiveness against other retail chains and dedicated online stores.

We are tailoring our product offering to meet customers' demand, ensure satisfactory profitability and build a stronger business poised for growth and prepared to seize the opportunities of the digital age. That is certainly a balancing act, and while we did encounter a bump on the road during the financial year, we are confident that PWT Group is well-positioned to return to the positive trajectory of previous years.

Ole Koch Hansen
CEO PWT Holding A/S

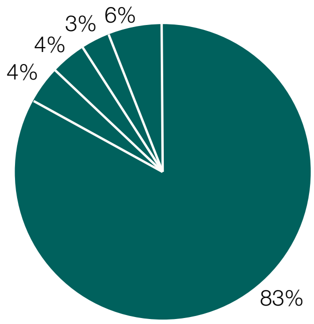
THE NUMBERS

REVENUE
SEGMENTS



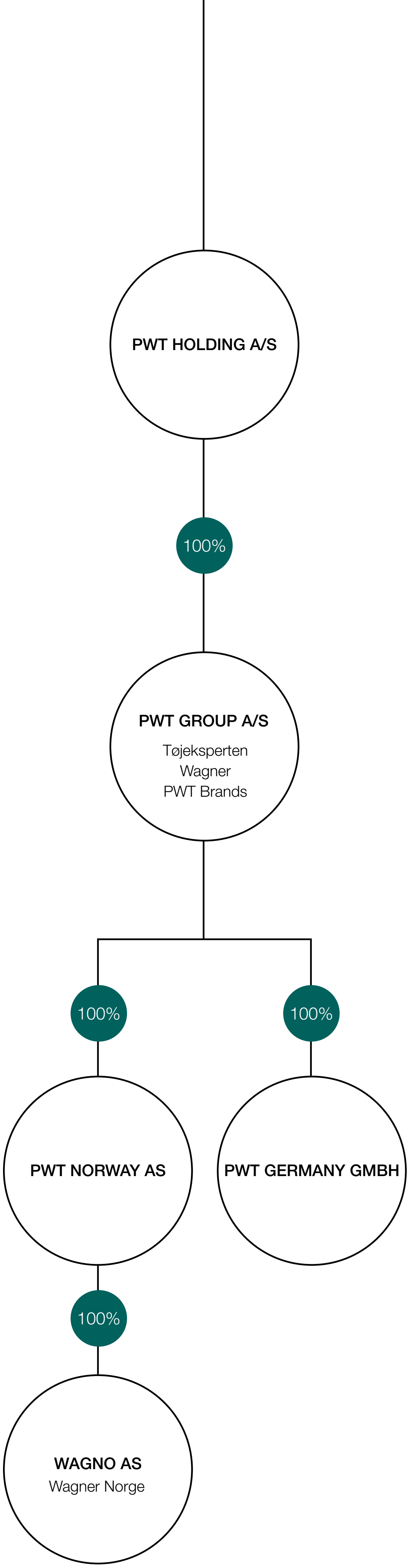
Retail Denmark	**63%**
Wholesale worldwide	**28%**
Other units	**9%**

REVENUE
GEOGRAPHICAL



Denmark	**83%**
Norway	**4%**
Sweden	**4%**
Germany	**3%**
Other	**6%**
Total	**100%**

	REVENUE	COUNTRIES	RETAILERS/ STORES	NUMBER OF EMPLOYEES
PWT BRANDS		**TOTAL** Independent Retailers	**960**	**164** EMP
TØJ | eksperten		**TOTAL** Denmark	**110** 110 (50 franchises)	**249** EMP
WAGNER		**TOTAL** Denmark Norway Sweden China	**94** 53 (26 franchises) 18 (1 franchise) 5 (2 franchises) 18 (Joint venture)	**141** EMP
TOTAL PWT	**1,111** M DKK	**204** STORES	**960** RETAILERS	**554** EMP



MANAGEMENT COMMENTARY

GROUP ACTIVITIES

PWT Group is a leading Scandinavian menswear business, which owns and operates the two menswear chains, Tøjeksperten and Wagner, and the international brand and wholesale company within menswear, PWT Brands.

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

Tøjeksperten is the largest menswear chain in Denmark with 110 shops across the country, of which 60 are owned by the Group, while 50 are franchises. Tøjeksperten focuses on quality clothing for fashion-conscious men of all ages and sells both its own and external brands.

Wagner has 53 shops in Denmark and 18 in Norway. 27 Danish and 17 Norwegian shops are owned by the Group, while 26 Danish shops are franchises. Wagner primarily sells the Group's own brands.

PWT Brands is an international brand and wholesale company offering distinctive brands with a full product range within menswear. PWT Brands develops, produces and sells a wide range of strong brands – Lindbergh, Shine Original, Bison, JUNK de LUXE, Morgan, Jack's Sportswear Intl. and Huzar, which i.a. are sold by the Group's own two retail chains. In addition, the Group's brands are sold by more than 1,100 independent retailers in more than 25 countries.

PERFORMANCE IN THE FINANCIAL YEAR UNDER REVIEW

The Annual Report covers the 15-month period 1 October 2016 - 31 December 2017 as the Company has changed its accounting year to follow the calendar year in connection with a business combination. Because of the Company's nature and scope, including seasonality of the Group's activities, changes in total revenue, operating profit (EBITDA), net profit, equity, cash flows and notes relating hereto for the period 1 October 2016 - 31 December 2017 are not comparable with the 2015/16 financial year figures covering a period of 12 months.

PWT Group's performance in the financial year was not satisfactory as developments in total revenue and operating profit (EBITDA), among other metrics, did not reflect the expanded reporting period of 15 months against the 12 months covered in the 2015/16 Annual Report.

Total revenue came to DKK 1,111 million for the 2016/17 financial year covering 15 months against DKK 863 million in the 12 months of the prior financial year. The Group's wholesale business and retail chains were not able to maintain the momentum of recent years. The Norwegian business grew the number of shops and contributed positively to Group revenue.

Operating profit (EBITDA) was unsatisfactory and came to DKK 102 million corresponding to an EBITDA margin of 9.1% for the 15 months ending on 31 December 2017 against DKK 99 million and 11.4% for the 12 months ending 30 September 2016. The decline in PWT Group's EBITDA margin was driven by the revenue development and negatively impacted by the Group's product mix as sales shifted towards a larger share of products at lower price points compared to recent years. This resulted in a lower contribution margin, which was supplemented by higher costs. Expansion in Norway, investments in our online business and other initiatives were made to maintain turnover under the current market conditions, and these measures put pressure on the EBITDA margin.

The Group's Danish retail chains, Wagner and Tøjeksperten, were challenged by the general market conditions in the Danish retail market during the financial year, and the chains did not maintain the positive momentum from recent financial years. During the 15 months ending on 31 December 2017, the chains generated revenue of DKK 701 million against DKK 549 million for the 12 months ending on 30 September 2016, and operating profit (EBITDA) of DKK 76 million corresponding to an EBITDA margin of 10.8% against DKK 64 million and 11.7%. Despite the slower development in the financial year, the two chains continue to have a strong market position and a solid basis for a substantial earnings increase when market conditions improve.

The brand and wholesale business segment, PWT Brands, saw stable revenue of DKK 614 million against DKK 484 million in the prior financial year, with operating profit (EBITDA) reaching DKK 35 million corresponding to 5.6% in the 15-month period against DKK 39 million and 8.1% for the 12 months ending on 30 September 2016.

The Group's segment 'Other units' comprises online business B2C and retail outside Denmark. The segment's contribution to revenue and operating profit (EBITDA) was DKK 100 million and DKK -9 million, respectively, against DKK 59 million and DKK -5 million in the prior financial year. PWT Group's Norwegian Wagner shops grew revenue following sales growth in existing shops and opening of new shops. The Norwegian business saw a decline in the contribution margin and higher costs from shop openings, among other things, and these developments drove a lower contribution to the Group's EBITDA margin.

The Group's financial expenses increased in 2016/17 due to adjustment of fair value of financial instruments arising from currency hedging in relation to the Group's clothes production, foreign exchange adjustmens and cost of bonds reissued. The profit before tax came to DKK 25 million in the 15 months ended 31 December 2017 against DKK 55 million in the prior financial year.

OPERATIONAL OPTIMISATION

PWT Group continued its strategic efforts to optimise its business and improve the customer's experience with its brands and chains. Operational improvements continued, and the following results were achieved during the year:

- We invested in a strengthening of the sales force and our online presence, and our online sales continued the positive trend on the back of updated websites and new hires.
- Our omni channel approach has seen further progress with touch screens installed in our shops, among other things.
- In Norway, our footprint has increased to 18 shops following steady progress, and the majority of our new stores are seeing a positive development in revenue, whereas there is room for improvement in terms of contribution margin and cost level.
- Wagner's Swedish franchises saw positive developments with 5 new shops opening in 2016/17 and more coming in 2018.
- PWT Group's retail chains' customer club now has more than 600,000 members accounting for around 50% of retail revenue.
- PWT Group's joint venture with a Chinese partner and IFU is progressing, and 3 new Wagner shops opened in China in 2016/17, bringing the total number of shops to 18. Efforts to strengthen the joint venture will continue in 2018.

RETAIL DENMARK

TØJEKSPERTEN

During the year, PWT Group's largest retail chain, Tøjeksperten, opened 3 stores and closed 4 stores. The chain reduced costs and thus protected the strong profitability reached in the prior year despite lower average revenue and contribution margin.

WAGNER

Retail chain Wagner focused the network in Denmark, opening 6 new stores and closing 9 stores. Simultaneously, focused efforts were made to improve profitability in the coming period as revenue and contribution margin were under pressure in 2016/17.

PWT Group's new strategy in Norway has been implemented as the Group has focused the store network by opening 5 Wagner menswear stores in larger cities and closing combined menswear and womenswear stores in other areas. The process has been complex and dragged out, entailing a negative development in earnings in 2016/17 but improved prospects for the coming period.

WHOLESALE WORLDWIDE

PWT Brands recorded stable revenue, but the contribution margin declined and costs increased during 2016/17. The order book remains stable, and PWT Group has retained staff to be able to seize growth opportunities when the Group's product mix has been re-balanced.

EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the financial year-end.

OUTLOOK

In 2018, PWT Group expects operating profit (EBITDA) to develop positively compared to the calender year 2017*, driven by sharpened focus on customer demand and an improved contribution margin and cost reductions in a competitive and challenged market.

In the medium term (3-5 years), PWT Group aims to report annual revenue growth in the range of 2-5% with operating profit (EBITDA) improving around 10% in amount despite a continuation of the challenging market conditions. Growth is expected to be driven by increasing export sales of the Group's brands to independent retailers, our omni-channel sales across stores, online platforms and continued progress by the Group's retail chains, and profitability is expected to increase due to continued focus on operational optimisation.

* Operating profit (EBITDA) for the calender year 2017 was DKK 49.6 million.

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 plan, Management assesses relevant business risks. For the purpose of 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 them becoming reality.

Operating risks

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

The Group operates primarily within retail trading, which is sensitive to market fluctuations, as socio-economic developments and private spending impact revenue and earnings. PWT Group is particularly affected by economic trends in Denmark from where the vast majority of Group revenue derives. Management regularly keeps track of realised and forecast market development to adjust costs and activities.

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

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

Financial risks

The Group manages its financial risks centrally as well as coordinates liquidity management and funding. Together with the Board of Directors, Management annually assesses the Group's most important risks and, by way of regular monthly reporting, reports on aspects which may materially affect the Group's activities and risks. Corporate policy is not to engage in any speculation in financial risks, see note 36.

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.

An audit committee has been established, which, together with the organisational structure and internal guidelines, makes up the control environment together with legislation and other rules applying to the Group. The Group's organisational structure and staff numbers are addressed at board meetings.
In relation to the financial reporting process, Management pays special attention to the following internal controls, supporting a satisfactory financial reporting process:

- Credit rating of debtors
- Assessment of the valuation of USD positions
- Assessment of accrual and valuation of inventories

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

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

Moreover, central persons 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 structure. At 31 December 2017, net interest-bearing debt of the Group had been reduced to DKK 253 million from DKK 366 million on 30 September 2016.

PWT Group has repaid its former senior secured bonds of DKK 300 million and issued new bonds of DKK 275 million listed at Nasdaq Stockholm. The bonds do not come with a fixed repayment schedule and are not subject to specific covenants other than full repayment in October 2022.

Corporate social responsibility

In its capacity as a portfolio company under Polaris Private Equity, PWT Holding complies with the recommendations of the Danish Venture Capital and Private Equity Association (DVCA).

Reference is made to www.DVCA.dk for further information on the guidelines.

CORPORATE SOCIAL RESPONSIBILITY

The global textile industry represents a range of risks towards human and labour rights, the environment, and anti-corruption, and PWT Group is well aware that being one of the large Danish textile companies in this industry comes with a responsibility. The Group continously identifies and addresses negative impacts that it is causing through its own business operations as well as the ones it is contributing to or connected to through its business relationships.

We want to dress men – with care for people and planet. PWT Group is convinced that working strategically with CSR is essential in order to ensure success within the three overall strategic focus areas;

PRODUCTS, CUSTOMERS AND GROWTH:

PRODUCTS	CUSTOMERS	GROWTH
Ensuring a sustainable **PRODUCTION** of textiles	Being able to meet **CUSTOMERS'** demands	Working strategically with CSR as a driver for sustainable **growth**
Responsible buying and design processes	Products without harmful chemicals or substances	Good moral and ethics
Proper working conditions	Sustainable usage of products	Continuously assess and improve
Environmental responsibility	CSR into the brands' storytelling	Cooperation and partnerships
Amfori BSCI and Accord engagement		

POLICY FRAMEWORK

PWT Group's sustainability work is based on the approach set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP's), and PWT Group is committed to comply with internationally recognized principles for sustainability.

The CSR Policy Commitment, which covers social, environmental and economic sustainability, as well as animal welfare, is the general policy framework for the sustainability work. It has been endorsed by management and is included in the supplier manual which all suppliers are obliged to read and comply with. It describes how PWT Group works on developing and implementing due diligence processes in its business and throughout the supply chain.

Tackling global and wide-spread risks and challenges cannot be achieved by one company alone, and PWT Group firmly believes that working in partnerships leads to greater impact. Therefore, the Group is engaged with numerous organizations and initiatives, including:

DANSK MODE & TEXTILE

amfori Trade with purpose

ACCORD on Fire and Building Safety in Bangladesh

DIEH

UN GLOBAL COMPACT WE SUPPORT

DUE DILIGENCE PROCESSES

PWT Group has worked hard to develop and establish processes that enables the Group to identify, prevent, mitigate and remedy any potential or actual adverse impacts. Implementing such processes requires a continuous effort – and a lot of time and capacity building.

Among other things, a self-assessment procedure has been developed– one internally for PWT Group and one for the active factories. The self-assessment documents are based on Global Compact's 'Self-Assessment Tool', covering challenges with regard to business conduct, human and labour rights, environment and anti-corruption, as well as animal welfare. The individual self-assessments are regularly distributed to the factories in order to develop and maintain an open dialogue with factory managers.

PWT Group is working with a risk overview that is used in the monitoring and prioritizing of the suppliers. Some of the most predominant risks of negative impacts within the textile industry are the following[1]:

PLANET

- Water and air pollution
- Energy consumption
- Excessive usage of water
- Usage of hazardous chemicals
- Undignified treatment of animals

PEOPLE

- Child labour
- Discrimination
- Forced labour
- Excessive overtime work
- Unsafe working environment
- Rights to collective bargaining and trade union activity
- Minimum wages below living wage

ANTI-CORRUPTION

- Facilitation money
- Conflict of interests
- Bribery
- Extortion

[1] Based on the OECD's "Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector".

The below tables show our primary due diligence processes in regard to our supply chain.

REQUIREMENTS FOR SUPPLIERS
Sign and comply with CoC
Sign and comply with REACH regulation in regard to no usage of harmful chemicals
Provide valid building and fire safety documents
Work with BSCI (or SA8000 or SEDEX)
Work with the Accord (only Bangladeshi factories)

ON-GOING ACTIONS FOR THE SUPPLIERS
BSCI inspections and remediation work
Accord inspections and remediation work (only Bangladeshi factories)
Self-Assessments
Factory visits
Testing
Continuous dialogue with PWT Group

COMMUNICATION AND REPORTING

PWT Group strives to report and communicate openly about the sustainability work and the risks facing the business.

The Group communicates about the CSR work on different occasions, and all policies are presented on the website.

In 2015, two Danish NGOs filed a complaint to the Danish OECD Contact Point, Mæglings- og Klageinstitutionen (MKI), about PWT Group's due diligence work in regards to a specific sub supplier located at the Rana Plaza building, which tragically collapsed.

In October 2017, PWT Group submitted its report on how it has strengthened its due diligence work - and this resulted in a positive assessment and statement from the MKI, and the case has now been closed

You can find PWT Group's report to MKI, as well as the statement from MKI, http://www.pwt-group.com/?p=2538

GRIEVANCE MECHANISM

Employees at PWT Group can report grievances or suggestions to the working environment committee. On the website, a grievance mechanism has also been set up, and both internal and external stakeholders can report through this. Until now, no complaints have been received through the complaint mechanism. Potential complaints will be handled with care for anonymity.

Through the Accord initiative, workers at factories in Bangladesh who are part of the Accord, have access to an anonymous grievance mechanism which is handled by the Accord administration. This includes a hotline to which workers can call and raise a complaint. On the Accord's website you can read more about the procedure and results[2]. Until now, PWT Group has not received any complaints regarding the Group's active factories.

Through the amfori BSCI system, factories' grievance procedures are assessed – and they are expected to have a complaint/suggestion box.

[2] http://bangladeshaccord.org/safety-complaints-mechanism/

PEOPLE

When it comes to human- and labour rights, the most predominant risk of adverse impacts arises from the production. Accordingly, PWT Group dedicates the vast majority of its CSR efforts to supporting suppliers in identifying, preventing and addressing adverse impacts on workers and the surrounding community.

The Danish context equals less risks, the Group still needs to continuously work on its own internal due diligence system, so that it can address potential and actual adverse impacts in its own business. This area has therefore been divided into ‘internal procedures’ and ‘Supply Chain Management’.

INTERNAL PROCEDURES

Policy

The policy base for the internal work within this area is the Employee Handbook and the Code of Conduct. All new employees receive a copy of the Employee Handbook. The CoC was updated in autumn 2016 and follows the approach set forth in the OECD Guidelines and the UNGPs with focus on establishing a management system and a ‘know and show’ approach.

Actions and results

The most important resources for PWT Group are its employees, and the Group wants to ensure a satisfying and inspiring working environment. The working environment committee continuously assesses the working environment and makes recommendations for improvements. PWT Group generally promotes health and well-being at work and all employees are offered a health insurance scheme. During the year, the staff organization organizes events, seminars and workshops for social and educational purposes.

In 2017, PWT Group conducted a self-assessment, and in regards to human and labour rights, three risks were identified, covering; physical overload, excessive overtime, and lack of diversity. To all three issues, action plans have been set up.

SUPPLY CHAIN MANAGEMENT

Sourcing countries

PWT Group does not own any factories, but we cooperate with a range of suppliers; mainly from Bangladesh, China, Pakistan, Cambodia, Turkey and Portugal.

> The top-50 suppliers account for more than 90% of the annual orders

> PWT Group has worked for more than three years with 70% of the top-50 suppliers

BANGLADESH

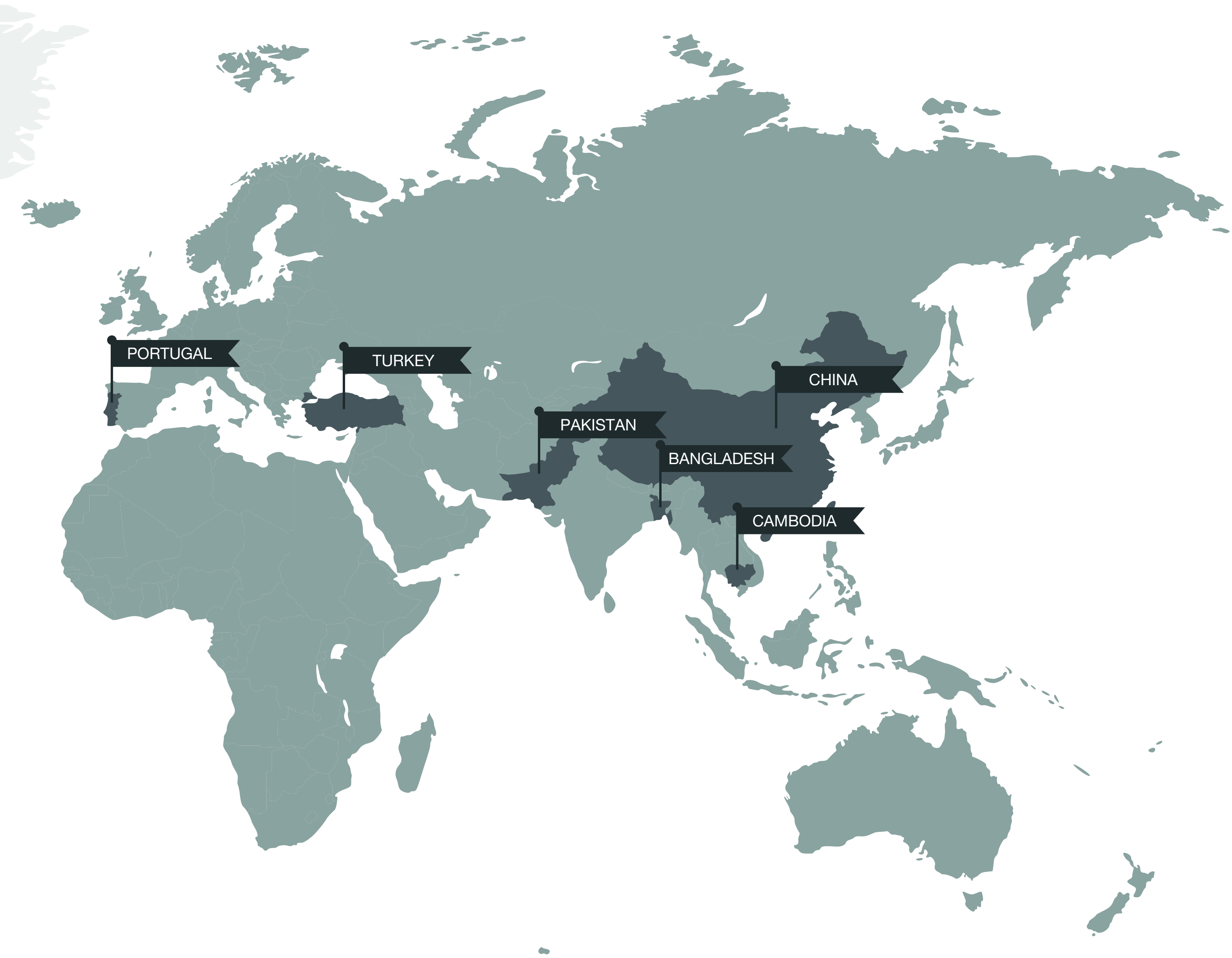
40%

Purchase

CHINA

29%

Purchase



PAKISTAN
9%
Purchase

CAMBODIA
6%
Purchase

TURKEY
5%
Purchase

PORTUGAL
4%
Purchase

OTHER COUNTRIES
7%
Purchase

Policy

PWT Group requires suppliers to sign and comply with the Code of Conduct. Also, all suppliers are expected to send us valid building and fire safety certificates for all active factories[3].

PWT Group has, since 2013, been an active member of the amfori (earlier FTA) and the amfori BSCI platform is actively used as the main certification system. Suppliers are expected to work with the amfori BSCI (or other certification systems as SEDEX, or SA8000), but in cases where the factory has not yet started the BSCI process, PWT Group is willing to enter into a cooperation and then expects them to join over time.

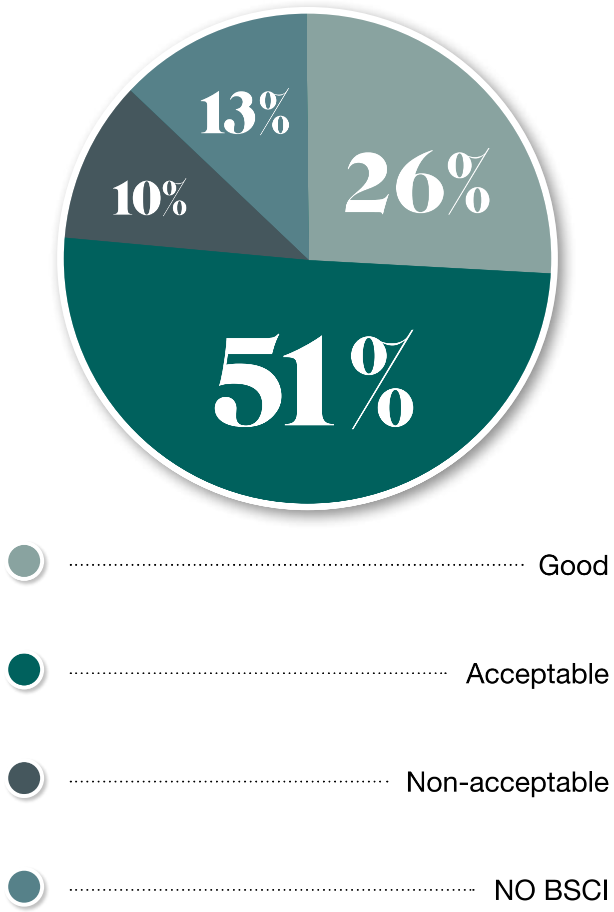
Since 2013, PWT Group has been an active member of the Accord – an initiative aiming to create improvements within fire, building and electricity safety at production factories in Bangladesh. Through the initiative, PWT Group is committed to maintaining our sourcing volume in Bangladesh. PWT Group is also committed to require all active Bangladeshi suppliers to work with the Accord Inspection Programme, help secure remediation, and support worker participation and training programmes at the factories. The current Accord will end in May 2018, and PWT Group has already signed the 'Accord 2.0', which will take over from June 1, 2018.

Actions and results

PWT Group has intensified the daily dialogues with suppliers and factory managers substantially. In regards to collecting building and fire safety certificates, this effort has been intensified, but the aim of 100% for top 50-suppliers has not yet been accomplished.

In regards to the amfori BSCI work, PWT Group is in daily contact with suppliers regarding coming inspections, feedback and support, etc. The yearly third-party assessments of the factories' remediation work are used to promote dialogue and raise awareness with the factory managers.

77% of the top-50 suppliers are at an acceptable level in regards to the BSCI remediation work. However, PWT Group continuously works to support further improvements for these suppliers. 10% of the top-50 suppliers are at a non-acceptable level, and we are regularly in dialogue with them on how to ensure improvements. For the 13% who are not yet working with BSCI, we keep the dialogue open and encourage them to join the initiative.



In regard to the Accord work, inspection reports are received and acted upon on a daily basis. PWT Brands sources from 19 factories in Bangladesh – and PWT Group is 'lead brand' on 11 of these. The Accord also includes an extensive training programme for the factories' safety committees. Currently, 11 active factories and one inactive factory are participating in the programme. PWT Group has asked the Accord to include three additional factories to the programme, and they are expected to start the process during spring 2018. Three factories have completed the training program, and the remaining 12 factories are expected to complete the training program before May 2018. PWT Group encourages

[3] Building and fire safety (as well as electrical safety) is included in the scope of the Accord and amfori BSCI, but PWT Group still asks suppliers to provide these official documents

suppliers to participate in this, as local capacity building is an important tool for advancement within sustainability

PLANET

The textile industry represents some serious adverse impacts on the environment – especially when it comes to the production and extraction of raw materials, as well as manufacturing of the ready-made garments. PWT Group wants to take on its responsibility on these matters by supporting the suppliers in reducing the adverse impacts. Internally, the Group also wants to prevent and mitigate adverse impacts on the environment. Until now, CSR efforts have primarily focused on social sustainability in the supply chain, but PWT Group is committed to strengthening its work in regard to environmental sustainability within the next few years.

Policy

The Group has not yet established a policy for this area, but plans to do so within the next few years. However, the area is covered in both our CSR Policy and CoC. When it comes to the suppliers, they are assessed on their work with environmental issues within the amfori BSCI scope. PWT Group is also exploring the possibility of strengthening the monitoring of its suppliers' work with environmental sustainability, through different systems.

In regards to the use of chemicals, all suppliers are required to sign a REACH declaration – they need to guarantee that their products comply with the REACH EU Directive. For many years now, PWT Group has required its suppliers to guarantee the non-use of AZO dyes.

In regard to animal welfare, all relevant suppliers need to sign and comply with the Animal Welfare Policy, which states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not acceptable, and that no animals are to be skinned or plucked alive.

Actions and results

During PWT Group's self-assessment, issues were identified covering; transport, chemical testing, material use, and usage of our products (wash, recycling, etc.). To all issues, action plans have been set up.

PWT Group has worked diligently with both collecting REACH declarations and oekotex certificates from its suppliers, as well as strengthening the testing program. Until now, 99% of the tested products have passed the chemical testing in first try, and PWT Group is really proud of its suppliers' work in this regard. Going forward, the program will be strengthened by focusing on product groups with high risks (like leather).

Currently, 11 suppliers have a valid oekotex certificate, while 17 factories have provided oekotex certificates from their suppliers.

ANTI-CORRUPTION

PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. The Group is aware that being present in countries like China and Bangladesh, it needs to be very attentive to the risk of corruption.

Indeed PWT Group's sourcing countries represent high-risk of corruptive business conduct:

COUNTRIES	RANKING OUT OF 176
Bangladesh	145
China	79
Pakistan	116
Cambodia	156
Turkey	75
Portugal	29

Source: Transparency International, Corruption Perceptions Index 2017

https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table

Policy

PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by The Executive Board. It is included in the Employee Handbook and Supplier Manual.

Actions and results

The Anti-Corruption Policy was developed and implemented during 2017. Together with the policy, a 'Facilitation and Hospitality Register' was set up. Until now, three gifts have been registered and approved by management. The policy and procedure have been communicated internally, but during the coming years the aim is to communicate more about it in order to ensure integration throughout the business activities. During PWT Group's self-assessment process, one issue was identified concerning lack of training among employees. An action plan has been set for the issue.

CLOSING REMARKS

Across all three CSR areas, PWT Group has a range of future actions that it aims to onboard within the coming years. Among others, to develop more training material/information and conduct more training on CSR matters across the Group, to continue to strengthen the dialogues with suppliers, and to continue cooperating with different stakeholders.

PWT Group acknowledges that sustainability work is a long term and perpetual process requiring resources and time. The Group considers the CSR agenda as a fundamental and decisive factor for operating a sound and sustainable business, and it will continue its intensified engagement within the CSR agenda.

CORPORATE GOVERNANCE

PWT Group is a Group primarily owned by Polaris Private Equity, which holds a 65% stake. Other major shareholders include Ole Koch Hansen (CEO and board member) with a stake of 16%. In addition, the rest of the general management, the Board of Directors and former owners hold a stake of 19%. Reference is made to note 32 on related party disclosures and ownership.

Six members serve on the Board of Directors, with Henrik Theilbjørn as the chairman. The Board members are nominated and elected by the shareholders. Five board meetings were held during the financial year. Additionally, the chairman of the Board of Directors and the Executive Board meet approx. every second month. Extraordinary meetings are convened if mandated by the circumstances.

The duties of the Board of directors and the Executive Board are i.a. set out in PWT Group's Articles of Association, the Danish Companies Act, the Danish Financial Statements Act and good practice for enterprises of a similar size. In addition – in its capacity as a private equity-company – the Group complies with the guidelines for corporate governance.

The Board of Directors oversees that the Executive Board complies with the strategies and objectives laid down. Each month, the Executive Board reports in writing on the Group's position and on movements in profitability and capital resources.

The Board of Directors and the Executive Board are responsible for the Group's risk management and internal controls for the purpose of financial reporting. Organisational structure and internal guidelines make up the control environment together with laws and other rules applying to the Group. The Executive Board regularly assesses the Group's organisational structure as well as sets out and approves overall policies, procedures and controls relating to the financial reporting process.

PWT Holding A/S has developed a formal Group reporting process, comprising monthly reporting, which includes budget follow-up, assessment of performance as well as compliance with strategies adopted and targets laid down.

The Group has set up an audit committee. External auditors participate in board meetings and meetings in the audit committee as required by the circumstances, however, at least once year. The Board of Directors performs the duties set out in section 31.2 of the Danish Act on Approved Auditors and Audit firms.

The General Meeting has not granted any special powers, e.g. to dividend distribution.

REPORT ON THE GENDER COMPOSITION IN MANAGEMENT, CF. SECTION 99 B OF THE DANISH FINANCIAL STATEMENTS AC

Women are underrepresented on both the Board of Directors and in Management. The Board of Directors in PWT Holding A/S and PWT Group A/S has passed a resolution to the effect that the number of women serving on the Board of Directors must account for 20% on or before 1 April 2019. Both reportable entities strives to find suitable female candidates when recruiting board members.

Both reportable entities has still not reached its target regarding the underrepresented gender on the Board as no women are represented and since no new Board members were elected in 2016/17.

Both reportable entities gender diversity policy for the Management Team emphasises diversity in the broadest sense and lays out the principle to always hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. When an opening presents itself on the Management Team, the following recruitment procedures are applied in order to find suitable candidates:

- Candidates of both genders should be on the shortlist for recruitment

- Headhunters are obliged to present candidates of both genders

In 2017 there was no need for changes to the Management Team and consequently, a more equal gender split on the Management Team has not been achieved.

The management positions of the Board of Directors and the Executive Board are disclosed in note 33.

Find out more about Polaris Private Equity at www.polarisequity.dk.

PWT GROUP

STORES


Coca-Cola

WAGNER

WAGNER – A multi brand concept made of brands from the PWT portfolio. A growing and comprehensive store network in Scandinavia and selected locations in China form the foundation for Wagner's offering of menswear – ranging from trendy denim to classic fashion.

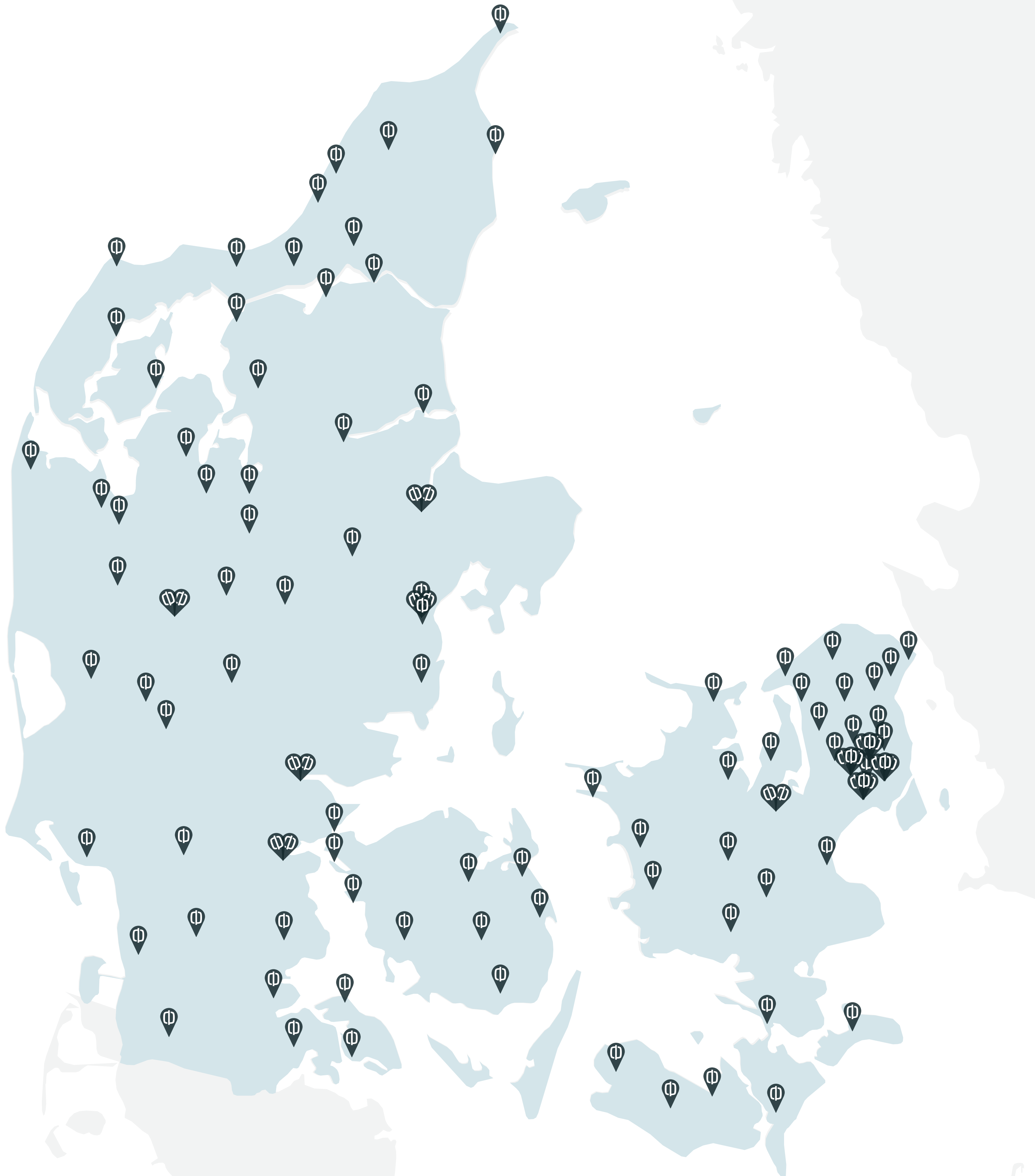
Established in 1946, Wagner currently has 53 stores in Denmark, 18 in Norway, 5 in Sweden and 18 in China. The chain offers an outstanding and affordable selection of contemporary fashion and strong brands including Lindbergh, Shine Original, Bison, Junk de Luxe and Jacks Sportswear Intl.


18 STORES IN CHINA
53 STORES ACROSS DENMARK
18 STORES IN NORWAY
5 STORES IN SWEDEN

TØJ | eksperten

TØJEKSPERTEN – Denmark's largest menswear chain. With 110 stores it is the largest menswear chain in Denmark. Tøjeksperten is providing quality clothing and strong brands from the PWT Brands portfolio and other external designers for fashion-conscious men of all ages since 1968.

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



110 STORES ACROSS DENMARK

PWT GROUP

BRANDS

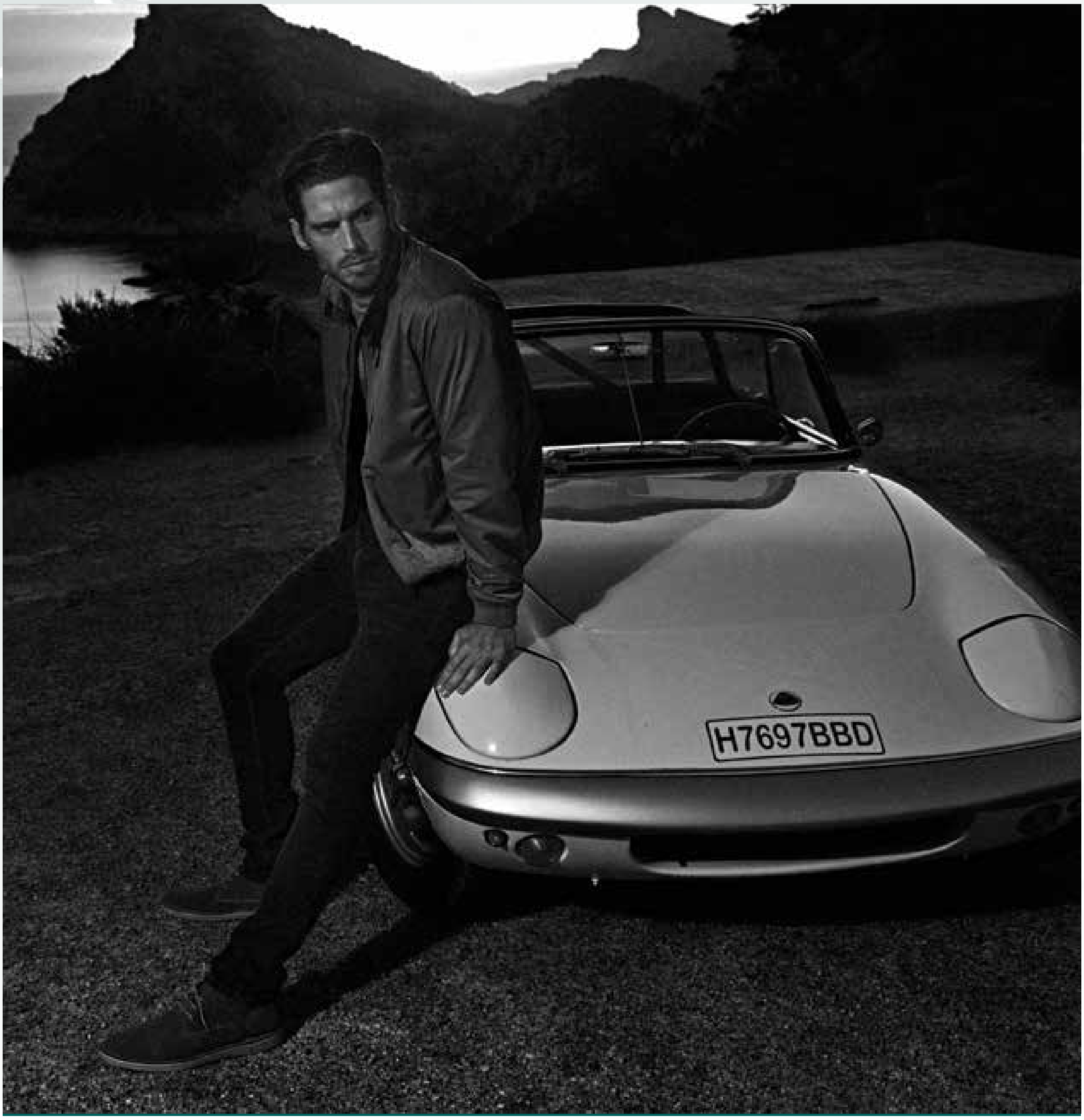
LINDBERGH
BLUE

LINDBERGH - BLUE LABEL - From cool formal to rugged casual - The rugged and casual collection of Lindbergh. The look is signified by the inspiration of americana – sporty and army clothing – combined with a vintage denim identity. Designed with the highest industrial quality available with key emphasis on the working man.

The ambition is to integrate 'fully functioning' utility into the garments. Moreover, the aviation heritage and identity of Charles Lindbergh are strongly incorporated into the blue label collection.

The assortment holds all garment groups, with jeans, casual shirts, t-shirt, jackets, etc., as the most underlining key items. The design and purchasing team of Lindbergh are dedicated to securing a cool and masculine look, based on the highest industrial quality, with respect for the strong heritage of the Lindbergh label. In addition to this, we aim to find a solid balance between design, quality and affordable price.

LINDBERGH
BLACK



LINDBERGH - BLACK LABEL - From cool formal to rugged casual -The preppy and classic formal collection of Lindbergh. A label containing all garment groups where the most essential ones are shirts, suits, jackets and knits. This label also contains a broad range of accessories to include socks, shoes and scarfs.

The fitting is modern and the garments are characterised by the highest quality industrial fit. The look is signified by an authentic, smart and sporty Italian style. The colors are both neutral and fresh, the level of detail is simple and thoughtful, with a strong emphasis on the fashionconscious individual.

The black label contributes to the basic wardrobe, as well as the sustainable luxury look. It is clothing and accessories for today's informed man.

LINDBERGH
WHITE

LINDBERGH - WHITE LABEL The fashion formal collection of Lindbergh, with a look that reflects simplicity and coolness. The most dominating garment groups are shirts, suits, jackets and knits.

The fitting is shaped, tight and comfortable and the design reveals convenience and authenticity. The identity and core of the white label are based upon independence and personal style.

Fundamentals of neutral and colorful tones determine details, clean stitching and fine treatments outline the collection. Being true to the heritage of Charles Lindbergh, the white label is perfect for any and every occasion.

LINDBERGH
RED

LINDBERGH - RED LABEL Collection offers sporty functional clothing, that makes the consumer feel comfortable and confident. The Red line is the newest sub label to the Lindbergh brand and brings about the demand for sporty and functional garments. This line stretches our mission and ambition about creating clothing for men, who are interested in acquiring a wardrobe, based on problem solving and finding something cool, that matches their need for functional sport and casual wear.

The sport collection of Lindbergh will start out offering two annual capsule collections. Our design exudes strength and modern masculinity. This sportswear collection combines a sharp, clean silhouette with innovative performance fabrics, accented by bold pops of colors. Key details add sporty elements to the collections. The garments reflect high quality, innovation and are engineered for active movement, whether you are actively exploring the world, or pushing yourself to the limit through sport activities.

SHINE ORIGINAL

SHINE ORIGINAL - **A hybrid of denim and fashion wear** - Emphasising the diversity of individuality. Style and personality has no rules – no code. Nor do we. Individuality is about creation of oneself. It's all about being in demand and setting the agenda. We know how important individual style and personal image is.

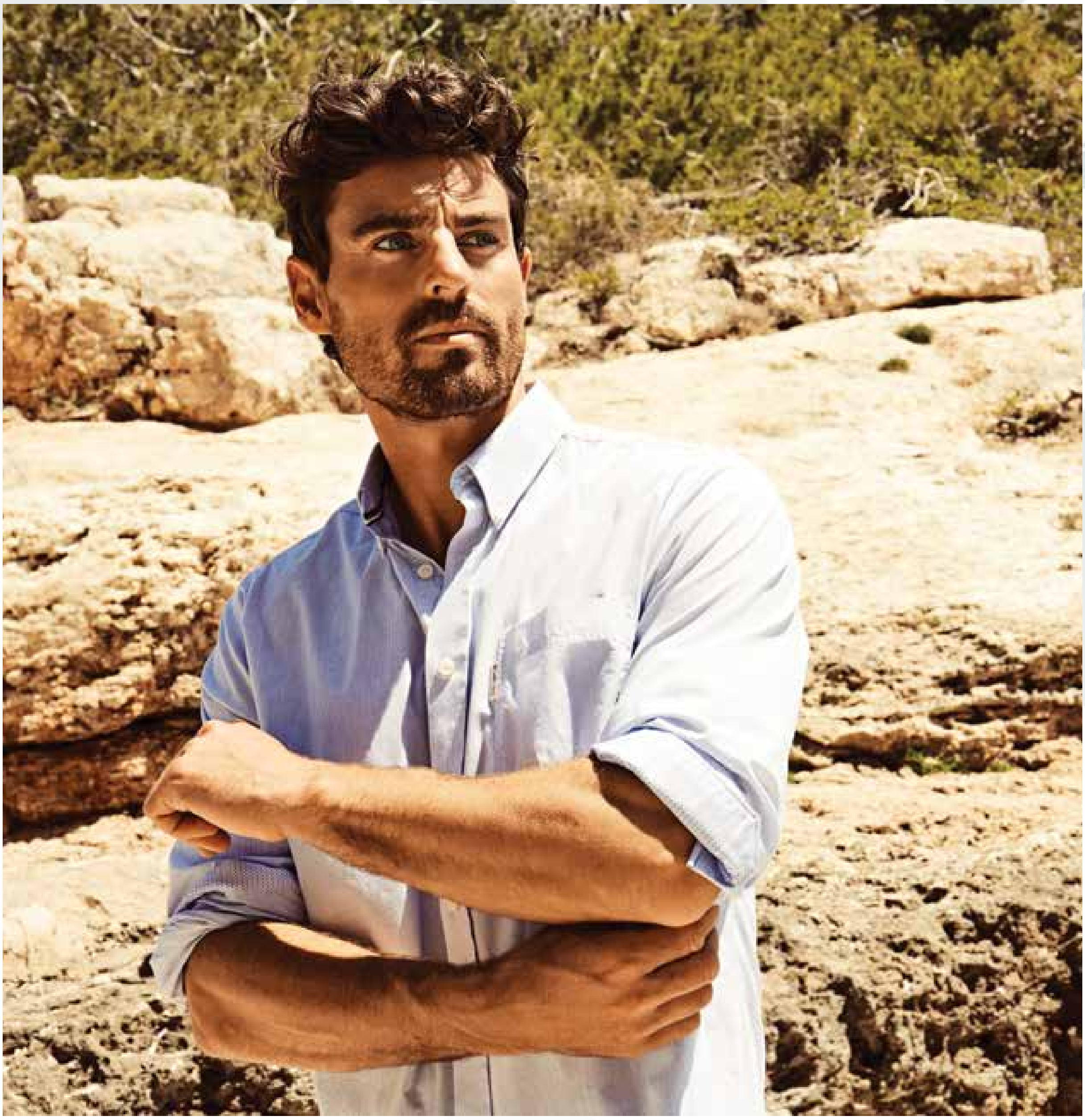
We are enthusiastic original individuals, we travel, explore music, various places, art – basically, we see inspiration in whatever is going on, around us. We strive to continually develop, design and discover new fabrics, trimmings and inspiration to create collections, which holds attitude, aesthetics, coolness and diversity on several levels, yet at an affordable price level.

We encourage our friends to create their own individual style – and be original!

JUNK de LUXE

JUNK de LUXE - Eclectic juggling - First and foremost, about a certain kind of hip, urban attitude. An uncompromisingly cross over style, making its presence felt on the biggest catwalk of them all - the street. The style is an eclectic combination of collectibles and details from many decades of fashion and function wear. We keep up with current trends while not being a slave to fashion.

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

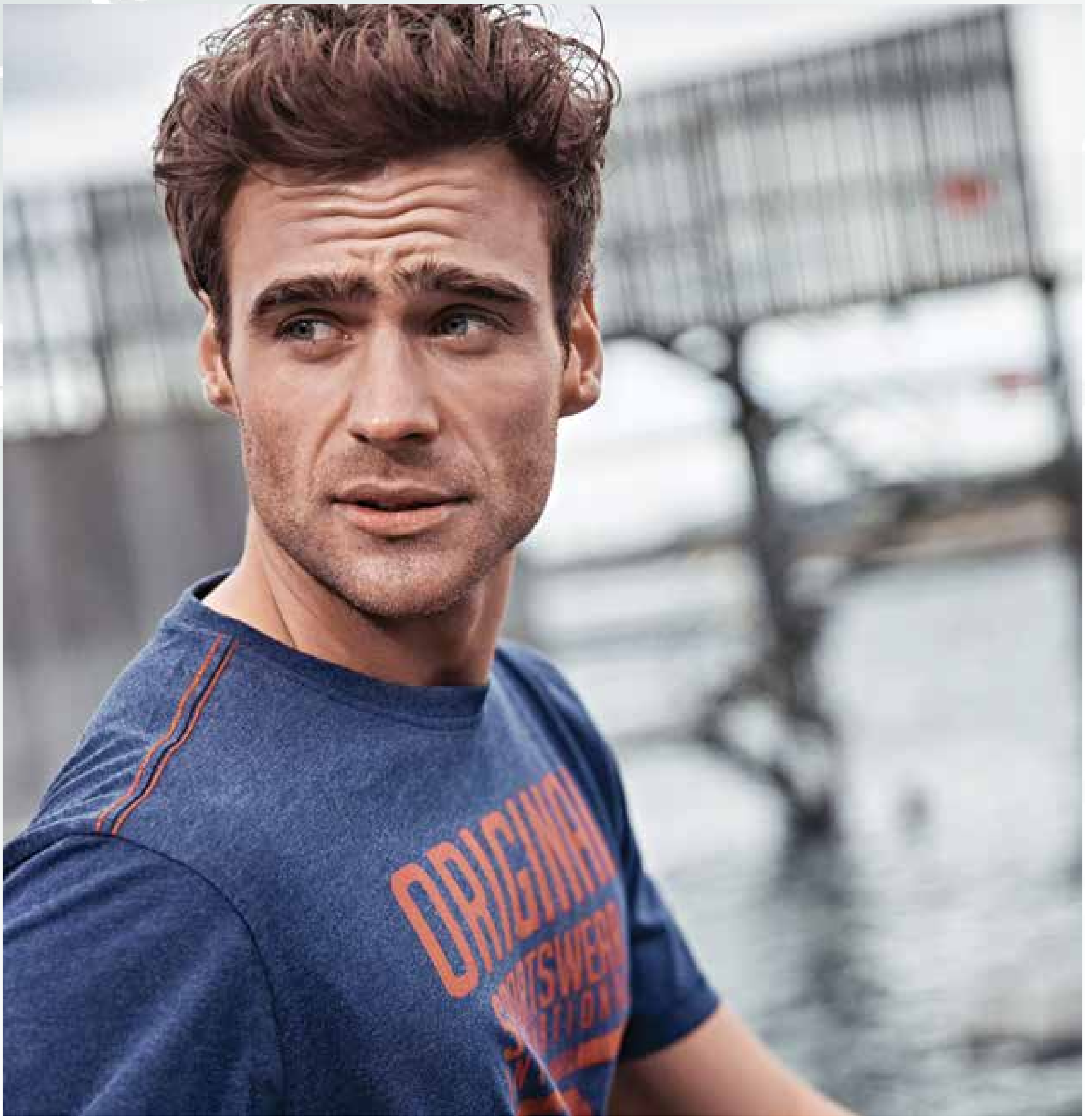


BISON - No nonsense clothing - Made to last - A clothing brand founded in Denmark in 1961. From the beginning characterised as a specialist brand based on the bison, a durable character from which we take inspiration to the soul of our brand and our legacy.

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

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

JACK'S
SPORTSWEAR INTL



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.

STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and adopted the Annual Report of PWT Holding A/S for the period 1 October 2016 - 31 December 2017.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

It is our 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 2017, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2016 - 31 December 2017.

In our opinion, the Management commentary 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.

We recommend that the Annual General Meeting approve the Annual Report.

Aalborg, 20 April 2018

Executive Board

Ole Koch Hansen
CEO

Claus Back Nielsen
CFO

Board of Directors

Henrik Thorup Theilbjørnn
(Chairman)

Jan Johan Kühl

Allan Bach Pedersen

Jan Bøgh

Torben Fog

Ole Koch Hansen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PWT HOLDING A/S

OUR OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2016 to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of PWT Holding A/S for the financial year 1 October 2016 to 31 December 2017 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the bonds of PWT Holding A/S for listing on the Stockholm Exchange, we were first appointed auditors of PWT Holding A/S on 30 January 2015. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 4 years including the financial year 2016/17.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2016/17. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	*HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER*
Valuation of goodwill	
The Group has goodwill of DKK 620 million as at 31 December 2017. The allocation of goodwill follows the groups reporting of segments and must be tested for impairment annually. The segments were redefined in 2017 and hence the goodwill was reallocated to the new CGUs. The determination of the recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires significant judgement from management in identifying and then estimating the recoverable amount for the relevant CGUs. Recoverable amounts are based on management's view of key internal value driver inputs and external market conditions such as future development in revenue growth, operating margins, working capital requirements, and the appropriate discount rate. We focused on valuation of goodwill because the process is complex and requires significant management estimates. Refer to note 15.	We evaluated the appropriateness of management's identification of the Group's CGUs and the reallocation of goodwill. We checked the mathematical accuracy of management's valuation models and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the latest plans and budgets. We assessed the projected future cash flows, operating margins, working capital and requirements used in the models by understanding the process followed by management to determine these forecasts. In order to test the robustness of management's projections and estimates, we compared actual results for 2016/17 to the 2016/17 forecasts included in the prior year forecast. We assessed the sensitivity-analysis regarding the main assumptions included in the valuation model. We ascertained that the sensitivity analysis supported management conclusions reached and that only significant changes in one- or more inputs would incur an impairment. We compared the discount rate used by management in their calculation to our internally developed benchmarks determined using our view of various economic indicators

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 in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial 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 Statements 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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 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 in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 Financia Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

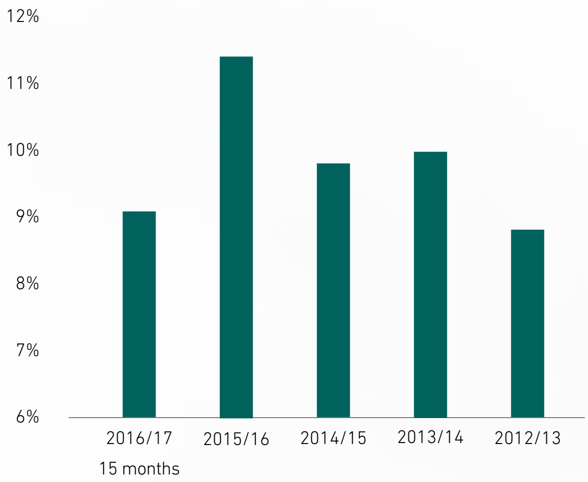
Aalborg, 20 April 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

SØREN KORGAARD-MOLLERUP
State Authorised Public Accountant
mne31477

CONRAD LUNDSGAARD
State Authorised Public Accountant
mne34529

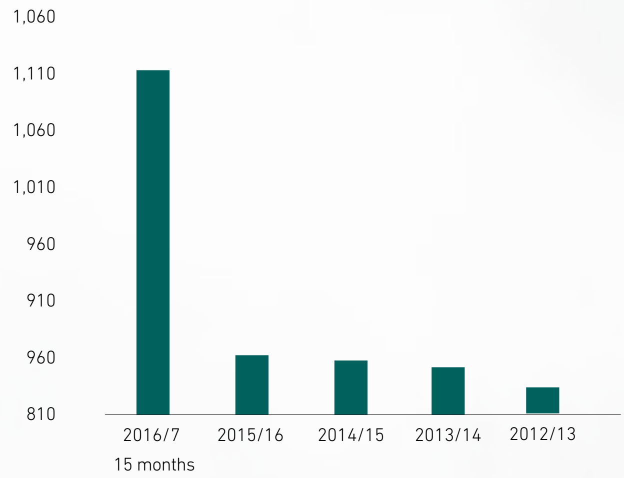
FINANCIAL HIGHLIGHTS

EBITDA MARGIN

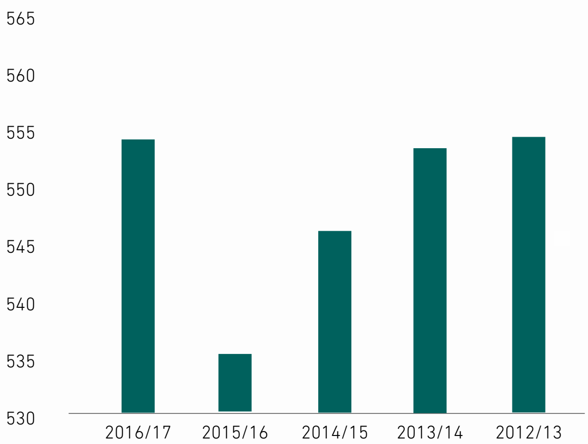


REVENUE

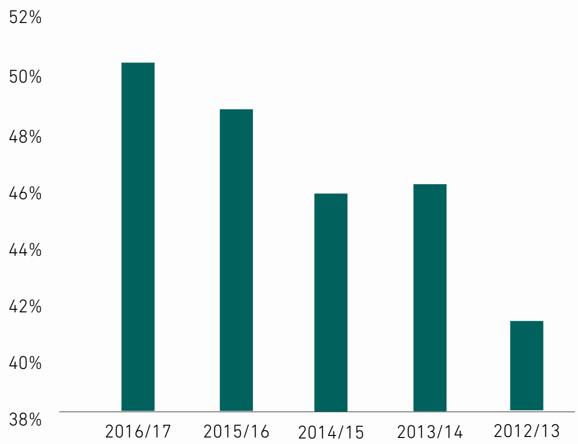
MILLION DKK



EMPLOYEES



SOLVENCY RATIO



FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK MIO.	2016/17 15 months	2015/16	2014/15	2013/14	2012/13
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	1,111	863	858	852	832
Gross profit	377	306	291	287	272
EBITDA	102	99	84	85	73
EBITA	73	78	70	70	55
Profit/loss from ordinary activities	73	78	70	70	55
Profit/loss from financial income and expenses (including associate)	-47	-23	-37	-16	-37
Profit/loss for the year	13	42	24	38	10
Comprehensive income for the year	14	42	24	38	15
BALANCE SHEET					
Total assets	1,014	1,028	998	931	947
Investment in property, plant and equipment	67	57	42	24	23
Equity	508	494	452	428	390
CASH FLOWS					
Cash flows from operating activities	159	48	10	68	31
Cash flows from investing activities, net	-47	-41	-35	-16	-15
Thereof, investment in property, plant and equipment	-19	-12	-11	-13	-8
Cash flows from financing activities	-30	0	1	-15	-21
Total cash flows	82	7	-24	37	-5
EMPLOYEES					
Average number of employees	554	535	546	553	554
FINANCIAL RATIOS STATED AS A PERCENTAGE					
Gross margin	33.9	35.5	33.9	33.7	32.7
EBITDA margin	9.1	11.4	9.8	10.0	8.8
Operating margin (EBIT)	6.5	9.0	8.1	8.2	6.5
Return on invested capital	7.3	7.8	7.3	7.5	5.9
Solvency ratio	50.9	48.5	45.7	45.9	41.2
Return on equity	2.7	8.9	5.5	9.2	2.7

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

For definitions, please see the accounting policies.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 1 OCTOBER 2016 – 31 DECEMBER 2017

		CONSOLIDATED		PARENT COMPANY	
DKK'000	**NOTE**	**2016/17** (15 months)	**2015/16** (12 months)	**2016/17** (15 months)	**2015/16** (12 months)
Revenue	3,4	1,111,232	862,827	0	0
Cost of sales	5	502,885	381,076	0	0
Other operating income	6	75	0	0	0
Other external costs	7	231,244	175,590	363	232
Gross profit/loss		377,178	306,161	-363	-232
Staff costs	8	275,610	207,639	0	0
Profit/loss before depreciation/amortisation and impairment losses (EBITDA)		101,568	98.522	-363	-232
Depreciation/amortisation	9	29,063	20,647	0	0
Operating profit/loss (EBIT)		72,505	77,875	-363	-232
Financial income	10	2,436	7,886	27,989	26,788
Financial expenses	11	41,154	27,535	30,586	24,738
Share of net profit of associates	20	-8,302	-3,049	0	0
Profit before tax		25,485	55,177	-2,960	1,818
Tax on profit/loss for the year	12	12,028	12,894	-1,858	400
Profit for the year		13,457	42,283	-1,102	1,418
Other comprehensive income					
Items available for reclassification into statement of comprehensive income items: Foreign exchange adjustments regarding translation of foreign entities		196	-53	0	0
Other comprehensive income before tax		196	-53	0	0
Tax on other comprehensive income	12	0	0	0	0
Other comprehensive income		196	-53	0	0
Comprehensive income for the year		13,653	42,230	-1,102	1,418

BALANCE SHEET

AT 31 DECEMBER 2017 AND 30 SEPTEMBER 2016

DKK'000	NOTE	CONSOLIDATED 2016/17	CONSOLIDATED 2015/16	PARENT COMPANY 2016/17	PARENT COMPANY 2015/16
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Software	13	7,174	3,749	0	0
Trademarks	14	2,442	3,311	0	0
Goodwill	15	620,534	619,534	0	0
Other intangible assets	16	1,192	1,341	0	0
Total intangible assets		631,342	627,935	0	0
Property, plant and equipment					
Fixtures and fittings, tools and equipment	17	31,753	25,490	0	0
Leasehold improvements	18	35,280	31,978	0	0
Total property, plant and equipment		67,033	57,468	0	0
Investments					
Investments in group enterprises	19	0	0	472,384	472,384
Investments in associates	20	0	7,086	0	0
Deferred tax assets	21	0	0	2,149	292
Deposits	22	15,186	14,743	0	0
Total investments		15,186	21,829	474,533	472,676
Total non-current assets		713,561	707,232	474,533	472,676
CURRENT ASSETS					
Inventories	23	191,076	214,613	0	0
Receivables					
Trade receivables	24	55,758	85,013	0	0
Amounts owed by group enterprises		0	0	245,798	292,874
Amounts owed by associated companies		6,779	648	0	0
Derivative financial instruments	28	0	1,471	0	0
Other receivables		4,724	2,228	0	0
Prepayments		6,785	5,924	30	0
Total receivables		74,046	95,284	245,828	292,874
Cash at bank and in hand		19,874	10,813	8	106
Total current assets		284,996	320,710	245,836	292,980
Total assets		998,557	1,027,942	720,369	765,656

BALANCE SHEET

AT 31 DECEMBER 2017 AND 30 SEPTEMBER 2016

		CONSOLIDATED		PARENT COMPANY	
DKK'000	**NOTE**	**2016/17**	**2015/16**	**2016/17**	**2015/16**
EQUITY AND LIABILITIES					
EQUITY					
Share capital		101,983	101,983	101,938	101,938
Retained earnings		405,655	392,195	363,898	365,000
Foreign currency translation reserve		193	0	0	0
Total equity	25	507,831	494,178	465,836	466,938
LIABILITIES					
Non-current liabilities					
Provisions	26	6,254	6,450	0	0
Bond loans	27	250,856	295,822	250,856	296,011
Lease debt		420	0	0	0
Deferred income tax	21	22,084	10,622	0	0
Total non-current liabilities		279,614	312,894	250,856	296,011
Current liabilities					
Provisions	26	2,727	150	0	0
Bank loans and overdrafts	27	21,833	80,507	0	0
Lease debt		120	171	0	0
Trade payables		93,437	78,353	0	0
Corporation tax		3,055	4,330	0	729
Derivative financial instruments	28	2,171	0	0	0
Other payables		71,101	45,264	3,677	1,978
Deferred income	29	16,668	12,095	0	0
Total current liabilities		211,112	220,870	3,677	2,707
Total liabilities		490,726	533,764	254,533	298,718
Total equity and liabilities		998,557	1,027,942	720,369	765,656

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Reserves earnings	Foreign currency translation reserve	Total
Equity at 1 October 2015	101,983	353,950	50	455,983
Correction of error	0	-4,035	0	-4,035
Restated total equity at the beginning of the financial year	101,983	349,915	50	451,948
Profit for the year	0	42,283	0	42,283
Other comprehensive income	0	0	-53	-53
Equity at 30 September 2016	101,983	392,198	-3	494,178
Equity at 1 October 2016	101,983	392,198	-3	494,178
Profit for the year	0	13,457	0	13,457
Other comprehensive income	0	0	196	196
Equity at 31 December 2017	101,983	405,655	193	507,831

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Reserves earnings	Foreign currency translation reserve	Total
Equity at 1 October 2015	101,983	363,537	0	465,520
Profit for the year	0	1,418	0	1,418
Equity at 30 September 2016	101,983	364,955	0	466,938
Equity at 1 October 2016	101,983	364,955	0	466,938
Profit for the year	0	-1,102	0	-1,102
Equity at 31 December 2017	101,983	363,853	0	465,836

CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Profit for the year before tax		25,484	55,177	-2,960	1,818
Adjustments for non-cash operating items:					
Depreciation/amortisation and gain/loss on intangible assets and property, plant and equipment		28,988	20,647	0	0
Loss from associate		8,302	3,049	0	0
Other non-cash operating items, net		4,021	-928	0	0
Financial income		-2,436	-7,886	-27,989	-26,788
Financial expenses		41,151	27,535	30,586	24,738
Cash generated from operations (operating activities) before changes In working capital		105,510	97,594	-363	-232
Change in working capital:					
Change in receivables		15,120	3,986	47,046	706
Change in inventories		23,537	-19,213	0	0
Change in current liabilities in general		48,209	-9,790	1,699	-105
Cash generated from operations (operating activities)		192,376	72,577	48,382	369
Interest income, received		2,436	2,815	27,989	23,730
Interest expense, paid		-33,853	-25,968	-30,551	-23,242
Corporation tax paid		-1,828	-854	-728	-780
Cash flows from operating activities		159,131	48,570	45,092	77
Acquisition of property, plant, leasehold and equipment		-38,292	-31,809	0	0
Acquisition of intangible assets		-7,915	-2,434	0	0
Acquisition of investments in financial assets		-443	-6,886	0	0
Disposal of property, plant and equipment		75	0	0	0
Cash flows from investing activities		-46,575	-41,129	0	0
Free cash flows		112,556	7,441	0	77
Change in bank loans		369	-25	0	0
Repayment bonds		-153,190	0	-138,190	0
Issue corporate bonds		108,000	0	108,000	0
Cash flows from financing activities	36	-44,821	-25	-30,190	0
Changes in cash and cash equivalents		67,735	7,416	14,902	77
Cash and cash equivalents 1 October 2016		-69,694	-77,110	106	29
Cash and cash equivalents 31 December 2017		-1,959	-69,694	15,008	106

Cash and cash equivalents include bank loans and overdrafts (2016/17: 21,833) recognised as current liabilities less cash at bank and in hand and cash equivalents (2016/17: 19,874).

NOTES

NOTE 1 ACCOUNTING POLICIES

Financial reporting basis

PWT Holding A/S is a limited liability company domiciled in Denmark. The financial part of the annual report for the period 1 October 2016 – 31 December 2017 comprise both the consolidated financial statements of PWT Holding A/S and its subsidiaries (group) as well as the parent company financial statements.

The Annual Report covers the period 1 October 2016 - 31 December 2017, thus covering a 15 month period, as the Company have changed ist its accounting year to follow the calendar year in connection with a business combination. Because of the Company's nature and scope, including seasonality of the Group's activities, changes in net profit, equity, cash flows and notes relating hereto for the period 1 October 2016 - 31 December 2017 is not comparable to a full period of 12 months.

In connection with preparing the annual report for 2016/17, management have identified an errorneous method for accounting of loyalty programmes in previous years. The net impact amounts to DKK 4.0 million and have been restated in the opening balances of assets, liabilities and equity but with no effect on net result in 2015/2016 and 2016/2017. The accounting treatment of loyallty programmes have been amended accordingly, cf. accounting policies for "Revenue" and "Deferred revenue".

The consolidated financial statements and parent company financial statements of PWT Holding A/S are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and disclosure requirements of annual reports of reporting class D enterprises (large), see the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued pursuant to the Danish Financial Statements Act.
The Board of Directors and the Executive Board have discussed and adopted the annual report of PWT Holding A/S. The annual report will be presented for adoption by the shareholders of PWT Holding A/S at the annual general meeting on 20 April 2018.

Basis of preparation

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the reporting currency of the Group's activities and the Parent Company's functional currency. The annual report relies on the historical cost principle except for those instances where International Financial Reporting Standards specifically require a different basis of measurement.

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

ACCOUNTING POLICIES

Implementation of new and revised standards and interpretations

PWT Holding A/S has implemented all relevant new and revised accounting standards issued by IASB and effective at 1 October 2016. The implementation of the new and revised accounting standards did not have any material financial effect on the statement of PWT Holding A/S' results, assets and liabilities as well as equity for the purpose of the financial reporting for the financial years presented. Reference is made to note 35 for new financial reporting regulation.

CONSOLIDATION

Consolidated financial statements

The annual report comprises the Parent Company, PWT Holding A/S, and enterprises under the control of the Parent Company. The Parent Company is deemed to exercise control when the Group controls an entity when the Group is exposed to, or has rights 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 all 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.

The acquisition method of accounting is used to account for business combinations by the group. Det bør beskrives her og ikke under Investment in subdiaries. Upon acquisition of new subsidiaries, the acquisition method is applied, and subsequently the newly acquired enterprises' assets and liabilities are measured at fair value at the date of acquisition. The tax effect of any reassessments is taken into account.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of PWT Holding A/S and its subsidiaries in which similar financial statement items are integrated. On consolidation, intra-group income and expenses, shareholdings, 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.

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 statement of comprehensive income as financial income or financial expenses.

Receivables and 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 statement of comprehensive income as financial income or financial expenses.

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

Foreign exchange differences arising upon translation of foreign subsidiaries' balance sheet items at the beginning of the year to the exchange rates at the balance sheet date and upon translation of statements of comprehensive income from average exchange rates to the exchange rates at the balance sheet date are recognised as other comprehensive income.

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 fair value of derivative financial instruments designated as or qualifying for recognition as an effective hedge of future transactions are recognised as other comprehensive income. The ineffective part is recognised immediately in the statement of comprehensive income. When the hedged transactions are carried out, the accumulated changes are recognised together with the hedged transactions. For derivative financial instruments not qualifying for treatment as hedging instruments, changes are regularly recognised in the statement of comprehensive income as financial income and financial expenses.

Segment disclosures

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

During the year, however, the internal reporting to group management have changed in order to reflect the recent changes in the way that the group organizes and report its operating segments. As the Group has changed the structure of its internal organisation in a manner that have caused the composition of its reportable segments to change, the corresponding information for earlier periods have been restated. Reference is made to note 3 - Segment disclosures.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Income from the sale of goods for resale and finished goods is recognised in the statement of comprehensive income provided that delivery and transfer of risk to the buyer have taken place before the year end and the income may be reliably measured 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 loyaltyprograms (customer club).

Bonus points relating to loyalty programs collected are recognised in the statement of comprehensive income as a reduction in revenue and under the liability "deferred income". The collected bonus points are measured based on the projected utilisation thereof.

Costs of goods for resale

Together with changes in inventories of goods for resale, this item comprises costs in generating revenue. Changes in inventories of goods for resale are recognised as costs of goods for resale.

Other external costs

Other external costs comprise costs of premises, sales 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 property, plant and equipment.

Financial income and expenses

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

Financial income and expenses also comprises fair value adjustments at derivative instruments.

Corporation tax and deferred tax

The Company is jointly taxed with its parent company and the other jointly taxed Danish subsidiaries. Danish corporation tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. The parent company, P-WT 2007 A/S, serves as the management company for the jointly taxed entity and thereby handles the payment of tax, etc. to the Danish tax authorities. Tax for the year comprises current tax for the year and changes in deferred tax and is recognised in the profit for the year, as other comprehensive income or directly in equity all depending on the recognition of the underlying element.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

BALANCE SHEET

Intangible assets

Goodwill

Goodwill acquired are measured at cost less accumulated impairment losses. Upon recognition of goodwill, the goodwill amount is allocated on the activities of the Group's activities generating independent cash inflows (cash-generating units). The determination of cash-generating units follows the managerial structure and internal financial management and reporting in the Group.

Goodwill is not amortised, but subject to impairment testing at least once a year. The carrying amount of goodwill is written down in the statement of comprehensive income in the cases where the carrying amount exceeds projected future net income from the enterprise/activity generating the goodwill.

As the group have reorganised its reporting structure in a way that changes the composition of it's cash-generating units to which goodwill has been allocated, the goodwill have been reallocated to the reorganised units. This reallocation have been performed using an approach where the goodwill is reallocated based on the original business cases from the aquisitions by which the goodwill is allocated to the reorganised cash-generating units according to the business aquired. Corresponding information for earlier periods have been restated accordingly.

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 trademarks marked position.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

Other intangible assets

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

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

Property, plant and equipment

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

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

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

Financially leased assets are recognised on the balance sheet at the lower of fair value and net present value of discounted lease payments. Financially leased assets are depreciated in accordance with the Company's general accounting policies. 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 statement of comprehensive income.

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
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 reassessed annually.

Impairment of property, plant and equipment and intangible assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. If such an indication exist, the recoverable amount of the asset is stated to determine the need for impairment and the scope thereof.

The recoverable amount of goodwill is determined at least once a year irrespective of whether there is any indication of impairment.

If the asset does not generate any cash inflows independently of other assets, the recoverable amount of the smallest cash-generating unit in which the asset is included is determined.

The recoverable amount is the higher of an asset's or the cash-generating unit's fair value less sales costs and its value in use. When the value in use is determined, projected future cash flows are discounted to present value using a discount rate reflecting actual market assessment of the time value of funds and the special risks attributable to the asset and the cash-generating unit and for which no adjustment has been made in projected future cash flows.

If the asset's or the cash-generating unit's recoverable amount is lower than its carrying amount, the carrying amount is written down to the recoverable amount. With regard to cash-generating units, the goodwill amount is initially written down, and subsequently any need for additional impairment is allocated on the residual assets of the unit. However, the individual asset is not written down to a value lower than its fair value less projected sales costs.

Impairment is recognised in results. In case of any subsequent reversal of impairment arising from changes in assumptions of the stated recoverable amount, the asset's or the cash-generating unit's carrying amount is increased to adjusted recoverable amount, however, not exceeding the carrying amount which the asset of the cash-generating unit would have had if no impairment had taken place. Impairment of goodwill is not reversed.

Investments in subsidiaries

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

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

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

Positive differences (goodwill) between cost and the fair value of assets and liabilities taken over are recognised as investments in group enterprises in line with the same principles as acquired goodwill described above in the section on intangible assets.

Investments in associates

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

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

Deposits

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

Inventories

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

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.
Write-downs are calculated as the difference between the carrying amount of receivables and the net present value of forecast cash flows, including the realisable value of any collateral received.

Prepayments
Prepayments are measured at cost.

Financial assets at fair value through profit or loss
Bonds are measured at fair value.

Current tax and deferred tax
Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax is not recognised on temporary differences arising at the date of acquisition without affecting either results or taxable income, e.g. goodwill which is non-deductible for tax purposes.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax assets are reassessed annually and only recognised to the extent that their utilisation is probable.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the statement of comprehensive income.

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 and 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. The liabilities are discounted back to net present value.

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

Financial liabilities, bonds, bankoverdrafts 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 statement of comprehensive income over the term of the loan.

Derivative financial instruments are measured at fair value, corresponding to market price at 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. The capitalised residual lease obligation on finance leases is also recognised as financial liabilities.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are broken down on finance and operating leases for accounting purposes. Finance leases transfer substantially all risks and rewards incident to ownership to the Company. All other leases are classified as operating leases. Payments relating to operating leases and other leases are recognised in the statement of comprehensive income over the term of the lease.

The recognition of finance leases is described under "Property, plant and equipment", "Impairment of property, plant and equipment and intangible assets" and "Financial liabilities".

Staff obligations

Staff obligations comprise the employees' rights to paid holidays after the balance sheet date and the payment of anniversary bonuses.

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 on the balance sheet.

Share option schemes

The value of services received as consideration for options granted is measured at the fair value of the options.

For equity-settled share options, fair value is measured at the date of granting and recognised as staff costs in the statement of comprehensive income during the period when the final right to the options is vested. The counter-item is recognised directly in equity as a transaction among owners.

For the calculation of the fair value of options granted, the terms and conditions relating to the share options granted are taken into account.

Deferred income

Deferred income comprises payments received regarding income in subsequent years, including gift tokens, bonus points relating to loyaltyprograms (customer clubs), etc. Gift tokens payable are recognised at estimated value.

Cash flow statement

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

Cash flows from operating activities are calculated in accordance with the indirect method as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

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

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 and business credits.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

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 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

When financial statement items are recognised and measured, some judgements and estimates will, in certain cases, be required to define assumptions of future events. These estimates and assumptions are based on past experience and other relevant factors deemed reasonable by Management in the given circumstances, but by nature are uncertain or unpredictable. Accordingly, actual outcome may be different from these estimates.

Estimates and judgements as well as their underlying assumptions are regularly reassessed. Changes to the accounting estimates are recognised in the financial reporting period when the changes are made, and in future financial reporting periods if the changes affect these periods.

Estimates import to the financial reporting process are, for instance, required for the impairment of goodwill, valuation of inventories and projected income from gift tokens.

Impairment testing of goodwill

Any need for impairment of goodwill requires values in use to be determined for the cash-generating units on which the goodwill amounts are allocated. The statement of value in use relies on an estimate of projected future cash inflows in the individual cash-generating unit and the determination of a discount rate. These estimates are subject to a certain degree of uncertainty, and any changes may materially affect the annual report.

Reference is made to note 15 for a description of assumptions applied, discount rates, etc. used for defining the value in use of the defined cash-generating units.

Inventories

Any write-down for obsolescence on inventories is specifically assessed based on future marketability. Provision for obsolescence per 31 December 2017 reached DKK 2,725 thousand as against DKK 2,345 thousand per 30 September 2016. Reference is made to note 23.

Reallocating of segments and reallocating of goodwill

Segment information has been prepared in accordance with the Group's applied accounting policies and is consistent with the Group's internal reporting to the Executive Board.

During the year, the internal reporting to group management have changed in order to reflect the recent changes in the way that the group organizes and report its operating segments. As the Group has changed the structure of its internal organisation in a manner that have caused the composition of its reportable segments to change, the corresponding information for earlier periods have been restated.

The allocation of goodwill follows the groups reporting of segments. As the reporting of segments have been changed during the year, the allocation of goodwill have changed accordingly. The allocation is based on the original purchase price allocation.

The re-allocating is subject to significant judgements and estimates.

Reference is made to note 3 Segment disclosures and note 15 Goodwill.

NOTE 3 SEGMENT DISCLOSURES

DKK'000	CONSOLIDATED 2016/17 (15 months)	2015/16 (12 months)
Revenue		
Retail Denmark, external revenue	701,400	549,400
Wholesale worldwide	614,200	484,000
Other units, external revenue	100,332	59,327
Internal revenue from Wholesale Worldwide to Retail Denmark	-260,787	-205,123
Internal revenue from Wholesale Worldwide to other units	-43,913	-24,777
Total external revenue	**1,111,232**	**862,827**
Operating profit/loss (EBITDA)		
Retail Denmark	75,500	64,200
Wholesale worldwide	34,700	39,100
Other units	-8,633	-4,778
Total operating profit/loss (EBITDA)	**101,567**	**98,522**
Non-allocated costs		
Depreciation and amortisation	29,063	20,647
Operating profit/loss	**72,504**	**77,875**
Financial income	2,436	7,886
Financial costs	49,456	30,584
Profit before tax	**25,484**	**55,177**

During the year, the internal reporting to group management have changed in order to reflect the recent changes in the way that the group organizes and report its operating segments. As the Group has changed the structure of its internal organisation in a manner that have caused the composition of its reportable segments to change, the corresponding information for earlier periods have been restated.

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

The Danish retail chains of the Group are under the same organisational structure, have the same customer types and subject to the same internal management of purchase, sales and administration. Management and day-to-day management are handled at an overall level, and the Company has defined the Group's operating segments as the two distribution channels wholesale worldwide and retail Denmark.

Internal sale to its own retail chains is effected on the same terms as for other customers. The vast part of the Group's costs is attributable to the two segments. Costs are allocated on group functions in line with relevant distribution scales.

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

Segment information has been prepared in accordance with the Group's applied accounting policies and is consistent with the Group's internal reporting to the Executive Board.

NOTE 4 REVENUE

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Geographical markets				
Denmark	881,732	692,430	0	0
Foreign markets	229,500	170,397	0	0
	1,111,232	862,827	0	0

NOTE 5 COST OF SALES

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Costs of goods for resale	502,885	381,076	0	0
Write-down of inventories	2,725	2,345	0	0

NOTE 6 OTHER OPERATING INCOME AND COSTS

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Other operating income				
Gain on the disposal of property, plant and equipment	75	0	0	0
	75	0	0	0

NOTE 7 OTHER EXTERNAL COSTS

DKK'000	CONSOLIDATED 2016/17	CONSOLIDATED 2015/16	PARENT COMPANY 2016/17	PARENT COMPANY 2015/16
Fees for auditors appointed at the general meeting				
Statutory audit services	575	526	100	93
Other assurance engagements	41	39	0	0
Tax advisory services	201	178	27	17
Other services	447	282	37	0
Total fee	1,264	1,025	164	110
Distributed as follows:				
PWC	1,079	843	164	110
Other firms	185	182	0	0
	1,264	1,025	164	110

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the group amounts to 316 tDKK and consist mainly of sundry tax and advisory services.

NOTE 8 STAFF COSTS

DKK'000	CONSOLIDATED 2016/17	CONSOLIDATED 2015/16
Payroll	250,373	188,377
Pensions	15,547	11,847
Other social security costs	9,690	7,415
	275,610	207,639
Thereof:		
Payroll Executive Board	3,666	2,900
Pensions Executive Board	122	95
Payroll Board of Directors	687	550
	4,475	3,545
Average number of full-time employees	554	535

6 men and 0 women serve on the Board of Directors.

Share-based remuneration

In 2010, PWT Group set up a share option scheme for its Executive Board, Board of Directors and executive employees. The share option scheme comprised 4,010,104 share options at 31 December 2017. Each share option vests its option holder with a right to buy one share with a face value of DKK 1 in PWT Holding A/S. The outstanding options account for 3.8% of the share capital if all share options are exercised. The share option scheme is in force until December 2019.

NOTE 8 STAFF COSTS (CONTINUED)

The options entitle the holder to subscribe for shares at a subscription price of 6.88 with the addition of 10% p.a. calculated from 8 January 2010. The estimated cost relating to sharebased payment is 0 DKK (2015/16: 0 DKK).

The options may be exercised
- upon sale or listing of the Company, PWT Group A/S, P-WT 2007 A/S or PWT Holding A/S
- upon merger, with the Company as a continuing company
- upon liquidation or demerger of the Company
- upon expiry in December 2019.

Specification of outstanding share options:

Number	BOARD OF DIRECTORS OF THE PARENT COMPANY	OTHER	TOTAL
Outstanding at the beginning of 2015/2016	393,804	3,616,300	4,010,104
Additions/disposals	0	0	0
Outstanding at the end of 2015/2016	393,804	3,616,300	4,010,104
Additions/disposals	0	0	0
Outstanding at the end of 2016/2017	393,804	3,616,300	4,010,104

NOTE 9 DEPRECIATION / AMORTISATION

	CONSOLIDATED	
DKK'000	2016/17 (15 months)	2015/16 (12 months)
Amortisation, software	3,490	2,766
Amortisation, trademarks	869	691
Amortisation, other intangible assets	149	149
Depreciation, fixtures and fittings, tools and equipment	12,688	7,986
Depreciation, leasehold improvements	11,867	9,055
	29,063	20,647

NOTE 10 FINANCIAL INCOME

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Interest income, banks	48	51	0	433
Interest income, group enterprises	0	0	26,292	23,296
Adjustment of fair value of financial instruments	0	5,072	0	3,059
Foreign exchange adjustment	0	1,670	0	0
Other financial income	2,388	1,093	1,697	0
	2,436	7,886	27,989	26,788

NOTE 11 FINANCIAL EXPENSES

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Interest expense, banks	1,570	5,328	67	3,512
Interest expense, bond loans	24,937	19,717	24,937	19,717
Adjustment of fair value, financial instruments	3,642	0	0	0
Foreign exchange adjustment	3,432	29	0	0
Other financial expenses	7,573	2,461	5,582	1,509
	41,154	27,535	30,586	24,738

NOTE 12 TAX

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)	PARENT COMPANY 2016/17 (15 months)	PARENT COMPANY 2015/16 (12 months)
Tax for the year is distributed as follows:				
Tax on profit/loss for the year	12,028	12,894	-1,858	400
Tax on other comprehensive income	0	0	0	0
	12,028	12,894	-1,858	400
Tax on profit/loss for the year is specified as follows:				
Current tax	3,055	4,285	0	729
Deferred tax	8,973	8,312	-1,858	-329
Adjustment of tax in respect of previous years	0	297	0	0
	12,028	12,894	-1,858	400
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22% tax on results before tax	5,607	12,128	-651	400
Adjustment of tax in foreign entities in proportion to 22%	2,745	-355	0	0
Tax effect of:				
Items irrelevant for tax purposes	3,676	824	-1,207	0
Adjustment of tax in respect of prior years	0	297	0	0
	12,028	12,894	-1,858	400
Effective tax rate	35,4%	23,4%	62,7%	22,0%

NOTE 13 SOFTWARE

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)
Opening cost	23,296	21,068
Additions for the year	6,915	2,228
Disposals for the year	0	0
Closing cost	30,211	23,296
Opening amortisation	19,547	16,781
Amortisation for the year	3,490	2,766
Reversed amortisation for the year of disposals	0	0
Closing amortisation	23,037	19,547
Carrying amount	7,174	3,749

NOTE 14 TRADEMARKS

DKK'000	CONSOLIDATED 2016/17 (15 months)	2015/16 (12 months)
Opening cost	7,366	7,159
Additions for the year	0	207
Disposals for the year	0	0
Closing cost	7,366	7,366
Opening amortisation	4,055	3,364
Amortisation for the year	869	691
Reversed amortisation for the year of disposals	0	0
Closing amortisation	4,924	4,055
Carrying amount	2,442	3,311

NOTE 15 GOODWILL

DKK'000	CONSOLIDATED 2016/17 (15 months)	2015/16 (12 months)
Opening cost	702,534	702,534
Additions for the year	1,000	0
Disposals for the year	0	0
Closing cost	703,534	702,534
Opening impairment losses	83,000	83,000
Impairment losses for the year	0	0
Closing impairment losses	83,000	83,000
Carrying amount	620,534	619,534

NOTE 15 GOODWILL (CONTINUED)

Impairment testing
At 31 December 2017, Management carried out a review for impairment of the carrying amount of goodwill based on the effected allocation of cost of goodwill on the cash-generating units:

	CONSOLIDATED	
DKK'000	**2016/17** (15 months)	**2015/16** (12 months)
Retail Denmark	259,191	258,191
Wholesale worldwide	361,307	361,307
Other	36	36
TOTAL	620,534	619,534

The allocation of goodwill follows the groups reporting of segments. As described in note 3, the reporting of segments have changed during the year, thus the allocation of goodwill have changed accordingly. The allocation is based on the original purchase price allocation. The recoverable amount is based on the value in use, which is determined using projected net cash flows on the basis of budgets and estimates for the years 2018 – 2023 approved by Management and at a discount rate of 7,0% after tax (2015/16: 7,0%), corresponding to a discount rate before tax of 9.0% (2015/16: 7,9%). The budget period applied is determined taking into account the company's activities, historic performance, long-term strategy as well as forecast market development.

The most material assumptions for the purpose of impairment testing arise from PWT Group's expected ability to boost earnings, and the growth rates applied rely on Management's forecast based on initiatives taken to boost earnings.

The group expects to enjoy continuous growth on the export markets. As the basis for impairment testing, the business has budgeted for an average revenue increase of 2,1-5,5% for each segment during the budget period (2018 – 2023) and 1,5% during the terminal period. On this basis, the net present value of future cash flows was not less than DKK 300 million up on carrying amount for each segment. However if the growth rates are not realisable as planned, no impairment is needed according to sensitivity analyses.

Management consider that probable changes in basic assumptions will not have the outcome that the carrying amount of goodwill at 31 December 2017 will exceed recoverable amount.

NOTE 16 OTHER INTANGIBLE ASSETS

DKK'000	CONSOLIDATED 2016/17 (15 months)	2015/16 (12 months)
Opening cost	1,490	1,490
Additions for the year	0	0
Disposals for the year	0	0
Closing cost	1,490	1,490
Opening amortisation	149	0
Amortisation for the year	149	149
Closing amortisation losses	298	149
Carrying amount	1,192	1,341

NOTE 17 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

DKK'000	CONSOLIDATED 2016/17 (15 months)	2015/16 (12 months)
Opening cost	72,890	58,504
Currency translation	-877	401
Additions for the year	19,554	14,173
Disposals for the year	0	188
Closing cost	91,567	72,890
Opening depreciation	47,400	39,442
Currency translation	-274	105
Depreciation for the year	12,688	7,986
Reversed depreciation for year on disposals	0	133
Closing depreciation	59,814	47,400
Carrying amount	31,753	25,490
Thereof, assets held under finance leases	545	112

NOTE 18 LEASEHOLD IMPROVEMENTS

DKK'000	CONSOLIDATED 2016/17 (15 months)	CONSOLIDATED 2015/16 (12 months)
Opening cost	78,785	61,855
Currency translation	-1,554	711
Additions for the year	16,080	18,162
Disposals for the year	0	1,943
Closing cost	93,311	78,785
Opening depreciation	46,807	39,392
Currency translation	-642	303
Depreciation for the year	11,866	9,055
Reversed depreciation for the year of disposals	0	1,943
Closing depreciation	58,031	46,807
Carrying amount	35,280	31,978

NOTE 19 INVESTMENTS IN GROUP ENTERPRISES

DKK'000	PARENT COMPANY – Investments in group enterprises 2016/17 (15 months)	PARENT COMPANY – Investments in group enterprises 2015/16 (12 months)
Cost at 1 October	472,384	472,384
Additions	0	0
Cost at 31 December	472,384	472,384
Carrying amount at 31 December	472,384	472,384

DKK'000	EQUITY	PROFIT FOR THE YEAR	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
PWT Group A/S, Aalborg, 100% ownership	511,306	17,559	1,985	100%

The impairment test, prepared by the Management, did not result in a need for impairment. The assumptions for the impairment test are identical to those mentioned in note 15.

Following companies are owned by the group:
PWT Germany GmbH, Germany, owned 100% by PWT Group A/S
PWT Norway AS, Norway, owned 100% by PWT Group A/S
WagNo AS, Norway, owned 100% by PWT Norway AS
V.W. Junior ApS, Denmark, owned 100% by PWT Group A/S

NOTE 20 INVESTMENTS IN ASSOCIATES

DKK'000	CONSOLIDATED 2016/17 (15 months)	2015/16 (12 months)
Cost at 1 October	10,135	3,690
Additions	0	6,445
Cost at 31 December	10,135	10,135
Value adjustments 1 October	-3,049	0
Net profit/loss for the year (1.216 tDKK is classified to write-down receivables)	-7,086	-3,049
Value adjustments 31 December	-10,135	-3,049
Carrying amount at 31 December	0	7,086

The Group holds 60% of the shares in Wagner China ApS, Denmark. Because of the shareholder agreement in Wagner China ApS the investment is treated as an investment in associates.

Comprehensive income 2016/17	Turnover	Profit before tax	Profit for the year	Other comprehensive income	Comprehensive income for the year	Groups share of profit
Wagner China ApS (Aalborg, 60% ownership)	0	-17,844	-17,832	0	-17,832	-7,133

Balance sheet 2016/17	Noncurrent assets	Current assets	Noncurrent liabilities	Current liabilities	Equity	Groups share of equity
Wagner China ApS (Aalborg, 60% ownership)	9,528	83	0	11,017	-1,406	-562

NOTE 21 DEFERRED INCOME TAX

DKK'000	CONSOLIDATED 2016/17	CONSOLIDATED 2015/16	PARENT COMPANY 2016/17	PARENT COMPANY 2015/16
Deferred tax arises from:				
Intangible assets	47,145	46,565	0	0
Property, plant and equipment	1,764	553	0	0
Current assets	-972	-729	0	0
Provisions	-1,526	-1,331	0	0
Other liabilities	-572	-394	-343	-292
Tax loss carryforwards	-23,755	-34,042	-1,806	0
	22,084	10,622	-2,149	-292

All deferred tax assets and tax liabilities are recognised on the balance sheet.

NOTE 22 DEPOSITS

DKK'000	PARENT COMPANY 2016/17	2015/16
Carrying amount at 1 October	14,743	15,691
Additions	1,126	460
Disposals	-683	-1,408
Carrying amount at 31 December	15,186	14,743

NOTE 23 INVENTORIES

DKK'000	CONSOLIDATED 2016/17	2015/16
Goods for resale	193,801	216,958
Provisions for obsolescence	2,725	2,345
Goods for resale, net	191,076	214,613
Specification of provisions for obsolescence:		
Provision at 1 October	2,345	1,922
Adjustment for the year of provision for obsolescence	380	423
Provision at 31 December	2,725	2,345

NOTE 24 TRADE RECEIVABLES

DKK'000	CONSOLIDATED 2016/17	2015/16
Trade receivables	57,621	86,815
Provisions for bad debts	1,863	1,802
Trade receivables, net	55,758	85,013
Specification of provisions for bad debts:		
Provision at 1 October	1,802	1,495
Currency translation	-10	9
Loss for the year	-1,160	-402
Provisions reversed for the year	-42	-56
Provisions for the year	1,273	756
Provisions at 31 December	1,863	1,802
Overdue, receivables not written down fall due as follows:		
Due within 30 days	4,830	3,051
Due within 30 and 90 days	1,333	1,978
Due more than 90 days	1,536	1,725
	7,699	6,754

NOTE 25 SHARE CAPITAL

DKK'000	SHARE CAPITAL
Share capital upon establishment 2007/08	1,309
Addition 2009/10	100,000
Addition 2010/11	131
Addition 2012/13	169
Addition 2014/15	374
Closing share capital	101,983

The share capital is fully paid in and broken down on shares of DKK 1 or multiples thereof.
No shares carry special rights.

NOTE 25 SHARE CAPITAL (CONTINUED)

Treasury shares
PWT Holding A/S has a portfolio of 7,617 treasury shares with a nominal value of DKK 7,617. The portfolio of treasury shares accounts for 0.01% of the total share capital and has remained unchanged during the period 1 October 2011 to 31 December 2017.

Capital management
The Group regularly assesses the need for adjusting its capital structure to weigh the required higher return on equity up against the increased uncertainty surrounding loan capital. Equity's share of total assets (solvency ratio) reached 50.9% at the end of 2016/2017 (2015/2016: 48.5%). Capital management is conducted for the group as a whole.

NOTE 26 PROVISIONS

	CONSOLIDATED	
DKK'000	**2016/17**	**2015/16**
The Group's total provision obligation broken down on residual terms:		
Within 1 year	2,727	150
Between 1 and 5 years	149	41
After 5 years	6,105	6,409
	8,981	6,600
Provision obligation at 1 October	6,600	4,903
Additions during the year	2,460	352
Reversals during the year	-150	-124
Effect of change in interest rates	71	1,469
Provision obligation at 31 December/30 Sept.	8,981	6,600

Provisions obligations contains obligation to re-establish leaseholds and refund liabilities on sold clothes.

Obligation to re-establish leaseholds relates to projected future costs attributable to relocation of leaseholds and is based on projected costs relying on the current interior and condition of the leaseholds.

The obligation is discounted back to net present value using a discount rate of 0.98% (2015/16: 1.03%), equivalent to a risk-free interest rate.

Refund liabilities on sold clothes relates to projected future returns.

NOTE 27 BANK LOANS AND BOND LOANS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2016/17**	**2015/16**	**2016/17**	**2015/16**
Bond loans	250,856	295,822	250,856	296,011
Bank overdrafts	21,833	80,507	0	0
Bank loans and bond loans	272,689	376,329	250,856	296,011
The loans are recognised as follows on the balance sheet:				
Non-current liabilities	250,856	295,822	250,856	296,011
Current liabilities	21,833	80,507	0	0
Carrying amount	272,689	376,329	250,856	296,011
Fair value	262,063	378,257	262,063	297,750
Undrawn credit facilities at 31 December/30 September	48,659	35,306	48,659	35,306

Bond loans fall due in 2022. The fair value of financial liabilities are stated as net present value of future repayments and interest payments (2-level observable inputs in the fair value hierarchy). The Group's current borrowing rate for similar maturities is used as the discount rate.

In October 2017 PWT Holding A/S issued bonds worth a value of DKK 275 million. The Net proceeds from the Bonds was used to fully repay PWT's DKK 300 million existing senior secured bonds. The Bonds are issued with the Nasdaq Strockholm Exchange.The Bonds have been secured with a pledge over the shares in PWT Group A/S, the major operating company generating the majority of the Group's operating profit and additionally, the intercompany loan between PWT Holding A/S and PWT Group A/S has been pledged in favour of the bondholders.

The bonds have a variable interest rate of 3m CIBOR plus a Floating Rate Margin of 5.50% (2015/16: 6.50%) per annum and an effective interest rate of 7.07% (2015/16: 7.07%). The fair value of the bonds issued amounts to DKK 255 million as of 31 December 2017 (2015/16: DKK 298 million) and is calculated as the net present value of future repayments and expected interest payments (2-level observable in-puts in the fair value hierarchy).

The bonds have no fixed repayment schedule other than full repayment 18 October 2022, but with certain acceleration clauses. The bond debt is subject to a negative pledge with a carve out for working capital facilities of DKK 85-105 million. Further, the bond is subject to certain change of control clauses, which could accelerate the repayment. Accelerated repayment is subject to a premium in the range of 100.55 % - 102.75 % depending of the bonds maturity and/or the cause of acceleration.

As the investors of the new issue of bond to a certain extend have been transferred to existing bondholders a corresponding part of the bond debt is treated as a continued bond debt, i.e. the net present value of is within a +/-10 range, wheres the remainder part is treated as new debt.

	Currency	Fixed-interest period	Interest margin to CIBOR	Carrying amount
Floating-rate business credits	DKK	3 mos.	5.50%	265,856

NOTE 28 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into forward contracts of a total of DKK 113,179 thousand for USD purchases of a value during the period until July 2018 for the purpose of hedging future purchases in USD. Forward contracts are not qualifying for treatment as hedging instruments, and changes are regularly recognised in the statement of comprehensive income as financial income and financial expenses.

Cover of interest and currency risks:

DKK'000	Residual life	Contract value	Fair value	Fair value adjustment recognised in the statement of comprehensive income
2016/17:				
Forward contract, USD	0-6 months	113,179	-2,171	-3,642
Recognised in the statement of comprehensive income before tax at a total of			-2,171	-3,642
2015/16:				
Interest swap			0	3,058
Forward contract, USD	0-6 months	108,253	1,471	2,013
Recognised in the statement of comprehensive income before tax at a total of			1,471	5,071

Derivative financial instruments are valued in accordance with generally accepted valuation methods based on relevant observable swap and currency curves. All above-mentioned financial instruments are recognised as 2-level observable inputs in the fair value hierarchy.

NOTE 29 DEFERRED INCOME

Deferred income comprises obligations in relation to gift tokens, estimate are based on several years of historical information.

NOTE 30 CHARGES AND COLLATERAL

Consolidated

As collateral for bank loans, the Group has provided a floating charge of a nominal amount of DKK 100 million secured upon non-current assets and current assets with a book value at 31 December 2017 of DKK 866 million (30 September 2016: DKK 908 million).

At 31 December 2017, the Group has entered into documentary credits of a total of DKK 13,502 thousand regarding non-settled purchase of goods abroad (30 September 2016: DKK 4,748 thousand).

Parent company

The shares in the subsidiary, PWT Group A/S, and the amount owed by PWT Group A/S of DKK 246 million have been provided as collateral for bond debt.

NOTE 31 CONTINGENT ITEMS, ETC.

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 has taken out operating leases for property and operating equipment. The lease period ranges typically between 3 to 10 years. The leaseholds in Denmark may be renewed upon expiry, whereas the Norwegian and Swedish leaseholds are to be renegotiated. A number of lease contracts contain revenue-related rent.

	CONSOLIDATED	
DKK'000	**2016/17**	**2015/16**
Rent obligations		
The Group's total rent obligations broken down on residual terms:		
Within 1 year	75,552	66,173
Between 1 to 5 years	96,853	84,966
After 5 years	27,864	4,602
Total	200,269	155,741
Other operating lease obligations The Group's total operating lease obligations broken down on residual terms:		
Within 1 year	3,335	3,310
Between 1 year to 5 years	5,202	8,703
Total	8,537	12,013
Operating leases expensed	105,568	81,230
Revenue based lease	3,697	3,689

NOTE 32 RELATED PARTY DISCLOSURES AND OWNERSHIP

Control	Basis
Polaris Private Equity II K/S, Copenhagen	Ultimate parent company
P-WT 2007 A/S, Copenhagen	Owner of PWT Holding A/S

Significant influence
The CEO of PWT Holding A/S, Ole Koch Hansen, exercises control over OKH Holding A/S, which is deemed to exert significant influence.

NOTE 32 RELATED PARTY DISCLOSURES AND OWNERSHIP (CONTINUED)

Shareholder mix	SHARES NUMBER	CAPITAL %
P-WT 2007 A/S, Malmøgade 3, Copenhagen Ø	66,716,655	65.4
OKH Holding ApS, Ved Dammen 2, Hobro	16,589,900	16.3
Wagner Holding Aalborg ApS, Bispensgade 9, 1., Aalborg	11,214,459	11.0
TE Geninvest ApS, Hjortevænget 27, Bagsværd	5,498,766	5.4
Other registered shareholders	1,956,241	1.9
Treasury shares	7,617	0.0
TOTAL	101,983,638	100.0

The Company is included in the consolidated financial statements of P-WT 2007 A/S, Copenhagen.

Executive staff members
Executive remuneration and share option schemes have been addressed in note 8.

Transactions with related parties
Transactions with related parties took place on an arm's length basis.

Amounts owed by group enterprises are disclosed on the balance sheet of the parent company financial statements, and interest thereon is disclosed in note 10, Financial income. Executives and Directors remuneration are disclosed in note 8, Staff costs

In addition, during the financial year, the Group engaged in the following transactions with enterprises exerting significant influence:

	CONSOLIDATED	
DKK'000	2016/17	2015/16
Rent, etc	5,852	4,680
Rent obligations regarding related parties represent	48,750	11,113

NOTE 33 MANAGEMENT POSITIONS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Henrik Theilbjørn, Jan Bøgh, Jan Johan Kühl and Allan Bach Pedersen serve on the Board of Directors of Polaris Private Equity. Torben Fog serves on the Board of Directors of TE Geninvest ApS.

Henrik Theilbjørn

Chairman and member of the board of directors since 2011

CEO of:
EMMADS Invest A/S

Member of the Board of Directors of:

Boozt AB

HTM Group ApS

Bygghemma Group AB

Signal Ejendomme ApS

Baum und Pferdgarten A/S

Elka A/S

SAHVA A/S

Newline A/S

Carl Ras A/S

Traede ApS

Jan Bøgh

Member of the board of directors since 2010

CEO of:
Jysk A/S

Member of the Board of Directors of:

Bolia A/S

Sengespecialisten A/S

IDdesign A/S

and a number of companies owned by Jysk Holding A/S

Torben Fog

Member of the board of directors since 2008

CEO of:
TF Invest ApS

Member of the Board of Directors of:

Hubertushuset A/S

Sprit & Co. ApS

TE Geninvest ApS

Mosaikhjørnet A/S

Claus Back Nielsen

Member of the executive board since 2010 (CFO)

Member of the Board of Directors of:

Krogh Andersen A/S

Happydays A/S

Jan Johan Kühl

Member of the board of directors since 2007

Managing partner:
Polaris Management

Member of the Board of Directors of:

Business Synergy Group ApS

Interprimo A/S

Part Unique ApS

Brøndum A/S

Brøndum Holding A/S
and a number of companies owned by Polaris Private Equit

Allan Bach Pedersen

Member of the board of directors since 2007

Partner:
Polaris Management

Member of the Board of Directors of:

Østpeder Holding ApS

and a number of companies owned by Polaris Private Equity

Ole Koch Hansen

Member of the executive board since 2008

Member of the board of directors since 2011

CEO of:
OKH Holding ApS

NOTE 34 EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

NOTE 35 NEW FINANCIAL REPORTING REGULATIONS

The following amended financial reporting standards and interpretations which may be of relevance to the PWT Holding A/S Group have been adopted by the IASB and adopted by the EU. The standards have future effective dates and will therefore be implemented in the Annual Reports as they become effective. The implementation of the standards is not expected to have material impact on the consolidated financial statements.

- IFRS 9 changes the classification and measurement of financial assets and liabilities (replacement of IAS 39). The number of classification categories for financial assets is reduced to three: amortised cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI). Entities taking the fair value option are required under IFRS 9 to present the share of the fair value change for the period which is attributable to changes in the entity's own credit risk in other comprehensive income. Further, the impairment model for financial assets is changed to a model based on expected credit losses under which changes to the credit risk imply changes to the provision for bad debts. The hedge accounting rules are relaxed so as to be aligned with the entity's risk management practices. In PWT Holding A/S' opinion, the standard will not have any major impact on the Group. The standard become mandatory for adoption as from the 2018 financial year.

- IFRS 15 "Revenue from Contracts with Customers" provides detailed framework definitions of revenue recognition. The implementation of IFRS 15 is not expected to have material impact on the consolidated financial statements. The standard become mandatory for adoption as from the 2018 financial year.

In addition to the above, the IASB has issued IFRS 16 "Leases". The standard has not yet been adopted by the EU and will be effective for financial years beginning on or after 1 January 2019. IFRS 16 "Leases" changes the rules on accounting treatment of operating leases by lessees. Going forward, operating leases are therefore to be recognised as an asset and a corresponding lease liability in the balance sheet. PWT Holding A/S Group expects to implement the standard when it become effective. PWT Holding A/S is in the process of assessing the effect of the standard. The implementation of IFRS 16 "Leases" cannot be de-termined at this time. For operating lease obligation and expenses cf. note 31.

NOTE 36 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP

Risk management in general
As a result of its operating, investing and financing activities, PWT Group is exposed to financial risks, including market risks (currency risks and interest risks), credit risks and liquidity risks. Only the most important risks are accounted for in the note.

The Group manages its financial risks centrally as well as coordinates liquidity management and funding. Corporate policy is not to engage in any speculation in financial risks. The overall framework for management of currency risks is laid down in the policy on currency risks adopted by the Board of Directors.

The Group has taken out hedging of its currency and interest risks. The Group however does not use hedge accounting, thus the effect are recognized in comprehensive income.

NOTE 36 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

Currency risks
Sales of the Group are primarily settled in Danish kroner, Norwegian kroner and Euro. The Group has sales companies in Germany and Norway and shops in Norway and thereby incurs costs in the same currency. Currency risks from income-generating activities are thereby limited, as the vast part thereof is invoiced in the Scandinavian currencies or Euro. The Group has chosen not to hedge net income.

Purchases by the wholesale business are primarily settled in USD, and, accordingly, the Group is heavily exposed to currency movements in USD. Hedging is taken out for all purchases in USD in accordance with the group policy on currency risks, and therefore the risk at the balance sheet date is not deemed material to the Group.

Consolidated currency positions at 31 December 2017 set out in Danish kroner:

DKK'000	USD	NOK	SEK	EUR
Receivables	2,440	4,081	3,113	7,827
Cash	0	5,359	2,038	0
Trade payables	191	4,789	308	9,212
Bank loans	247	0	0	3,035
Forward contracts	111,739	0	0	0
	113,741	4,651	4,843	-4,420
Impact on results before tax based on a -10% change in exchange rate	-11,374	-465	-484	442
Impact on equity and results after tax based on a -10% change in exchange rate	-8,872	-363	-378	345

Consolidated currency positions at 30 September 2016 set out in Danish kroner:

DKK'000	USD	NOK	SEK	EUR
Receivables	1,495	4,473	6,565	18,576
Cash	0	1,639	1,479	145
Trade payables	0	6,302	6	1,718
Bank loans	1,920	0	0	0
Forward contracts	110,157	0	0	0
	109,732	-190	8,038	17,003
Impact on results before tax based on a -10% change in exchange rate	-10,973	19	-804	-170
Impact on equity and results after tax based on a -10% change in exchange rate	-8,559	15	-627	-133

The currency risk on USD mainly relate to the Group's forward exchange transactions. A decrease of 10% as mentioned above, would have an opposite effect on signed purchase orders.

Interest risks
As a result of its investing and financing activities, the Group is exposed to fluctuations in the level of interest rates in Denmark.

Group policy is to hedge interest risk on loans to the extent that the interest payments may be hedged at a satisfactory level. Hedging is effected by means of interest swaps from floating-rate loans to fixed-interest loans until July 2016. The expired interest swap were not qualifying for treatment as hedging instrument.

For the purpose of the Group's floating-rate cash and liabilities, an increase of 1% in interest rate level on the actual interest rates at the balance sheet date would hypothetically have a negative impact on consolidated results and equity at year end of DKK 2.2 million (DKK 3.1 million) and the Parent Company's results and equity of DKK 2.0 million (DKK 2.3 million). A similar reduction in interest rate level would have a corresponding positive effect.

The stated sensitivities have been based on recognised financial assets and liabilities at the end of the financial year. Repayment, raising of loans, etc. during the financial year have not been taken into account. The changes applied are considered fairly likely in the present market situation and based on projected movement in interest levels.

Credit risks

As a result of its operations, the Group is exposed to credit risks primarily arising from receivables from customers. The maximum credit risk is equivalent to the carrying amount of these items.

The Group regularly assesses the need for write-down for bad debts and follows up on receivables, and if required write-down is made in accordance with Group's policy for write-down. The Group is not exposed to any material risks posed by an individual customer.

Cash in banks are not deemed to pose any special credit risks. The group is also exposed to credit risk relating to the investment in the corporate bonds of PWT Holding A/S.

Liquidity risks

The Group strives to have a sufficient liquidity reserve comprising cash, fair value trough profit or loss assets and undrawn credit facilities to be able to take proper action in case of unforeseen fluctuations in liquidity. Capital resources are regularly assessed and managed by the Finance Department. Based on the Group's capital resources and projected future cash flows, Management is of the opinion that sufficient capital resources are available.

The Group mainly finances its activities over the open bank business credits and undrawn drawing rights. Due to the seasonal fluctuations, etc., in its activities, the Group's liquidity requirements vary during the financial year. The seasonal variations are taken into account in the form of the availability of a sufficient number of overdraft facilities, etc.

Consolidated bond debt arising from the purchase of activities in 2008. On a regular basis, the Management assesses the market for new financing options when the bond expires in October 2022, these studies has been very positive and with great potential.

Net interest-bearing debt of the Group and the Parent Company is specified as follows:

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2016/17**	**2015/16**	**2016/17**	**2015/16**
Specification of net interest-bearing debt				
Cash at bank and in hand	-19,874	-10,813	-8	-106
Bond loans	250,856	295,822	250,856	296,011
Lease debt	540	171	0	0
Bank loans, current liabilities	21,833	80,507	0	0
Net interest-bearing debt	253,355	365,687	250,848	295,905

NOTE 36 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

The Group's financial liabilities fall due for payment as specified below with the amounts reflecting the non-discounted nominal amount falling due for payment in accordance with agreements concluded, including future interest payments calculated on the basis of the present market situation and concluded interest swaps. Bond debt with expiry on 18 October 2022 represent the vast part of the Group's liabilities.

The repayment schedule is based on non-discounted contracting cash flows including estimated interest payments. The interest payments are estimated based on the current market situation.

DKK'000	01.10.2016	Cash flow, net	Other regulations	31.12.2017
Specification of interest-bearing debt				
Bonds loans, long term	295,856	-44,821	-179	250,856
Bank loans and overdrafts, short term	80,507	-58,674	0	21,833
Lease debt, long and short term	171	259	110	540
Debt from financing activities	376,534	-103,236	-69	273,229

NOTE 36 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

2016/17, Consolidated

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Deposits	0	0	15,186	15,186	15,186
Trade receivables	55,758	0	0	55,758	55,758
Other receivables	4,724	0	0	4,724	4,724
Loans and receivables	60,482	0	15,186	75,668	75,668
Bond loan	16,500	341,956	0	358,456	250,856
Lease debt	120	420	0	540	540
Overdraft facilities	21,833	0	0	21,833	21,833
Trade payables	93,437	0	0	93,437	93,437
Derivative financial instruments	2,171	0	0	2,171	2,171
Other payables	71,101	0	0	71,101	71,101
Financial liabilities are measured at amortised cost	205,162	342,376	0	547,538	439,938

2015/16, Consolidated

Deposits	293	0	14,450	14,743	14,743
Trade receivables	85,013	0	0	85,013	85,013
Derivative financial instruments	1,471	0	0	1.471	1,471
Other receivables	2,228	0	0	2,228	2,228
Loans and receivables	89,005	0	14,450	103,455	103,455
Bond loan	19,500	326,471	0	345,971	295,822
Lease debt	175	0	0	175	171
Overdraft facilities	80,507	0	0	80,507	80,507
Trade payables	78,353	0	0	78,353	78,353
Other payables	45,264	0	0	45,264	45,264
Financial liabilities are measured at amortised cost	223,799	326,471	0	550,270	500,117

NOTE 36 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

2016/17, Parent Company

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Amounts owed by group enterprises	245,798	0	0	245,798	245,798
Loans and receivables	245,798	0	0	245,798	245,798
Loans	16,500	341,956	0	358,456	250,856
Other payables	3,677	0	0	3,677	3,677
Financial liabilities measure at amortised cost	20,177	341,956	0	362,133	254,533

2015/16, Parent Company

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Amounts owed by group enterprises	292,874	0	0	292,874	292,874
Loans and receivables	292,874	0	0	292,874	292,874
Loans	19,500	326,471	0	345,971	296,011
Other payables	1,978	0	0	1,978	1,978
Financial liabilities measured at amortised cost	21,478	326,471	0	347,949	297,989

On the basis of the Parent Company's and the Group's forecast future operations and the Group's current liquidity, no material liquidity risks have been identified. Please also refer to the description of liquidity risks above.

COMPANY DETAILS

COMPANY	PWT Holding A/S Gøteborgvej 15 9200 Aalborg SV Denmark CVR No.: 31 07 46 06 Established: 30 November 2007 Registered office: Aalborg Financial year: 1 October 2016 - 31 December 2017 (10th financial year)
WWW	pwt-group.com pwtbrands.com lindbergh.dk shineoriginal.com bison.dk jackssportswear.com junkdeluxe.dk wagner.dk tøjeksperten.dk
BOARD OF DIRECTORS	Henrik Thorup Theilbjørnn (Chairman) Jan Bøgh Torben Fog Jan Johan Kühl Allan Bach Pedersen Ole Koch Hansen
EXECUTIVE BOARD	Ole Koch Hansen, CEO Claus Back Nielsen, CFO
AUDITORS	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark

PWT BRANDS

TØJ eksperten

WAGNER

LINDBERGH

BISON

JACK'S SPORTSWEAR INTL

SHINE ORIGINAL

JUNK de LUXE

PWT GROUP

GØTEBORGVEJ 15-17

9200 AALBORG SV

DENMARK

(+45) 7245 4545

PWT-GROUP.COM

PWTBRANDS.COM