PWT GROUP

ANNUAL REPORT 2019

PWT GROUP A/S | BUSINESS REGISTER NO. 31 08 16 10

PWT GROUP 2019

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

With six well-known menswear brands, 202 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 during 2019 owned by Polaris Private Equity and the company's Management and Board of Directors, among others.

PWT BRANDS

Our six strong brands are sold by more than 900 independent retailers and our own retail chains Tøjeksperten, Wagner and Brandstad.

From our headquarter in Aalborg, PWT Brands markets Lindbergh, Shine Original, JUNK de LUXE, Bison, Jacks Sportswear Intl. and Morgan in more than 30 countries through stores and web shops alike.

TØJ|eksperten

With 115 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 36 stores in Denmark, 18 in Norway, 8 in Sweden and 10 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.

BRANDSTAD

Premium brand menswear chain Brandstad has 15 shops in Norway and features high-quality and well-known brands as well as good service in-store and through the chain's web shop.

Brandstad is always first with the newest styles and trends in the jeans category, and stores boast high-quality jeans-brands such as Diesel, Lindbergh, Replay and Junk de Luxe.

CONTENTS

THE COMMENTARY

MISSION

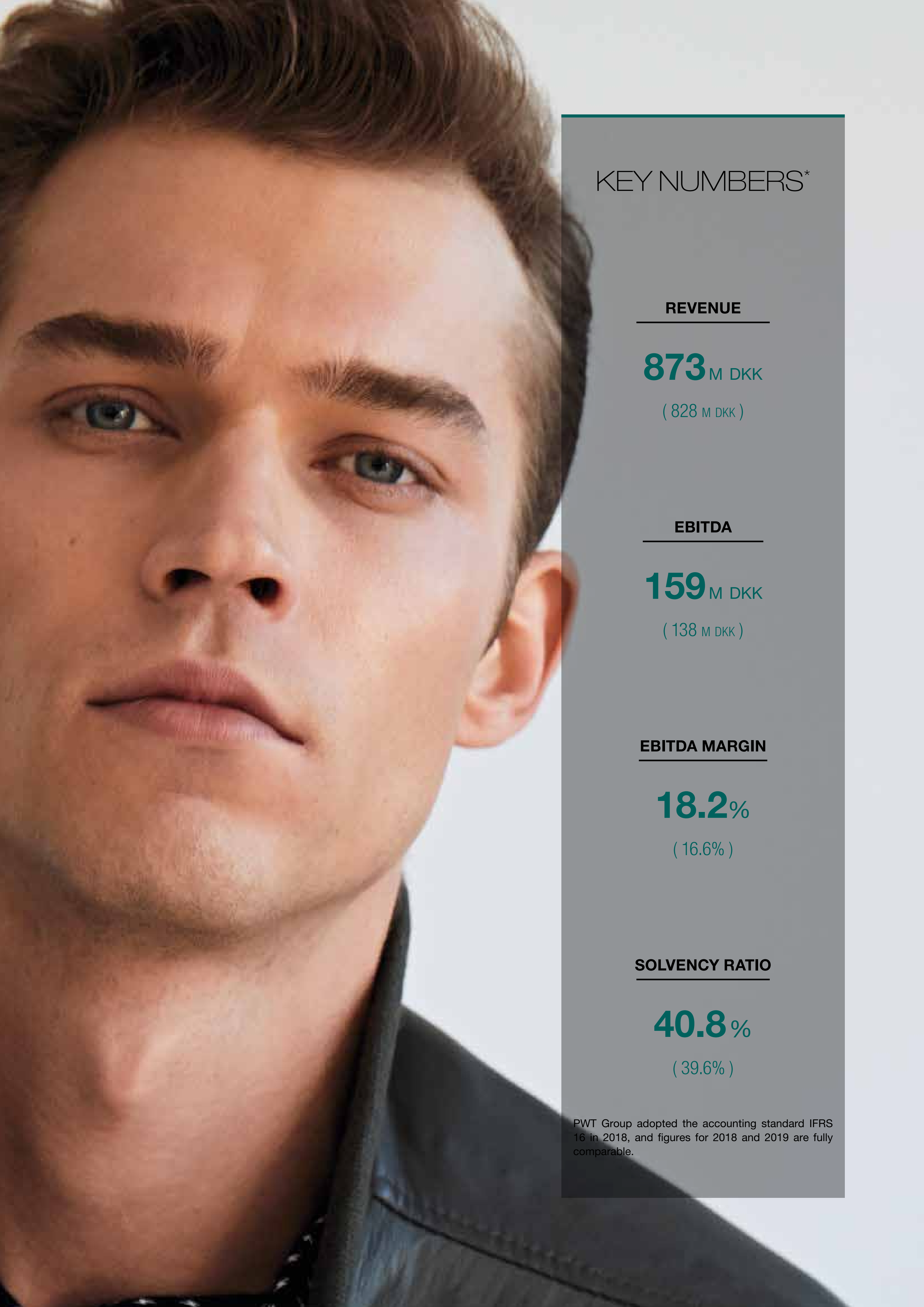
" WE DRESS MEN"

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



KEY NUMBERS*

REVENUE

873 M DKK

(828 M DKK)

EBITDA

159 M DKK

(138 M DKK)

EBITDA MARGIN

18.2%

(16.6%)

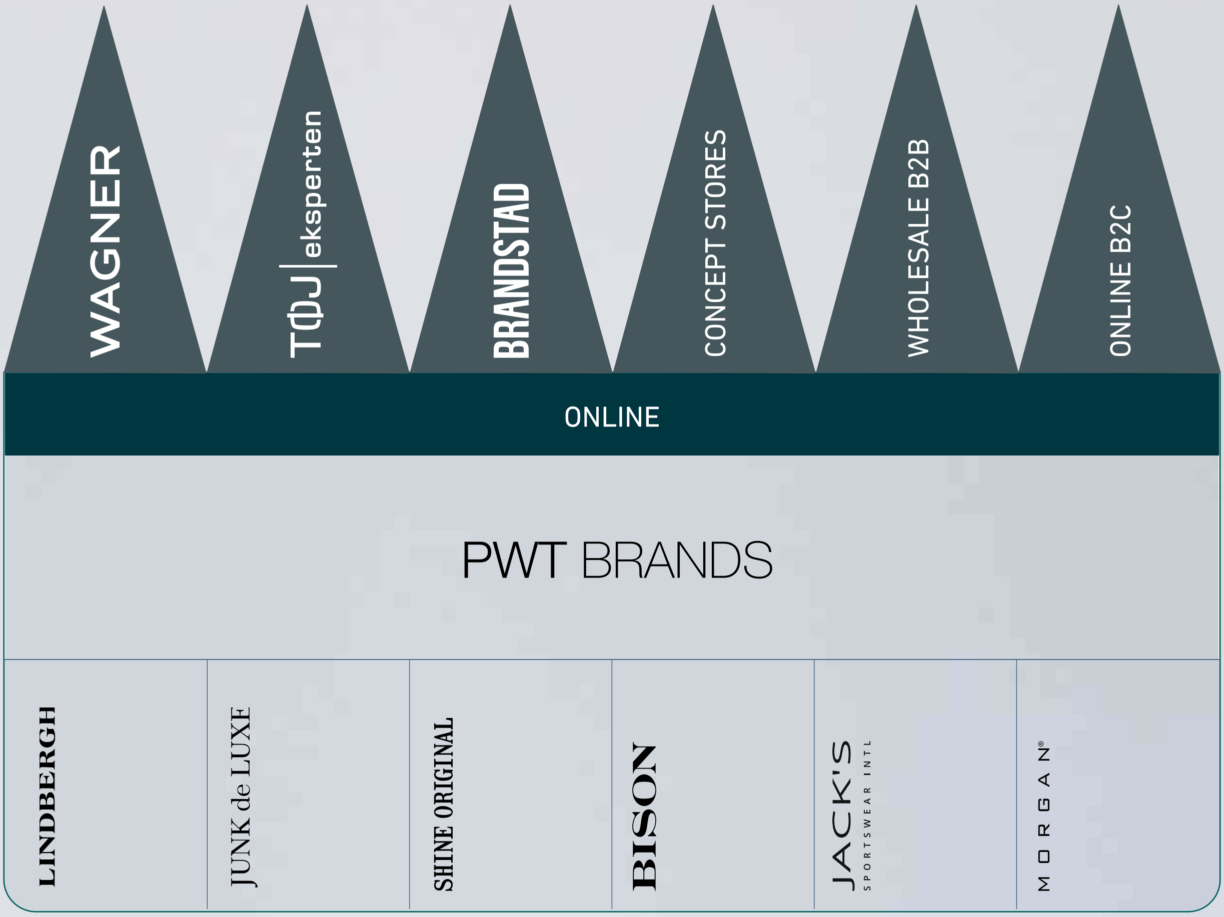
SOLVENCY RATIO

40.8 %

(39.6%)

PWT Group adopted the accounting standard IFRS 16 in 2018, and figures for 2018 and 2019 are fully comparable.

PWT GROUP PLATFORM



LONGTERM FINANCIAL AMBITIONS

- GROUP EBITDA MARGIN OF **22%**
- EXTERNAL REVENUE GROWTH OF **10%** ANNUALLY IN PWT BRANDS
- CONTINUED MARKET SHARE GROWTH IN OUR RETAIL CHAINS

WORD FROM THE CEO
– SOLID PERFORMANCE IN 2019

PWT Group delivered solid operational and financial performance in 2019 as we maintained a sharp focus on improving our product portfolio, strengthening our value proposition towards customers and establishing a truly integrated physical and digital business. We grew the business with the addition of 15 Brandstad stores in Norway, which contributed to ensuring profitable growth in 2019. In short, we met the expectations set out for our business despite a continuation of the challenging market conditions for our retail chains.

Our customer-centric approach and sharp focus on day-to-day cost reductions were supplemented by organisational changes in early 2019 as we anchored all production-related activities in one department responsible for development, sourcing, communication and merchandising. We also reorganised the Group's sales activities in three distribution channels focused on retail, wholesale and online after the acquisition of the Brandstad business as of March 2019.

The new structure was established to strengthen alignment between design, sourcing and sales activities to accommodate customer demand and ensure a satisfactory level of profitability. We have seen positive results of these initiatives already, and we expect further improvements to materialise in the coming period.

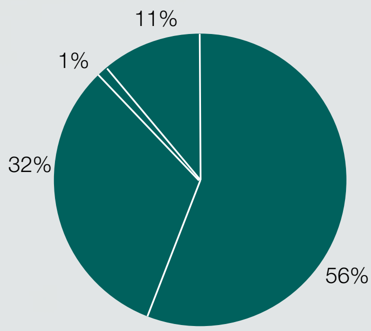
Our strengthened organisation will improve the Group's omni-channel and online sales setup, and our digitalisation agenda is progressing to plan. This is underlined by the fact that our omni-channel and online sales grew at a satisfactory pace and made up 10% of Group revenue in 2019.

While we saw a continued positive development in our business in January and February 2020, the global outbreak of COVID-19 and subsequent store closures will have a severe negative impact on our operational and financial performance for the full-year. We are not in a position to provide financial guidance for the year, but we have launched a number of initiatives to ensuring the safety of our employees, customers and partners while protecting PWT Group's business under challenging conditions in 2020. For a more detailed description of subsequent event, see note 2.

Ole Koch Hansen
CEO

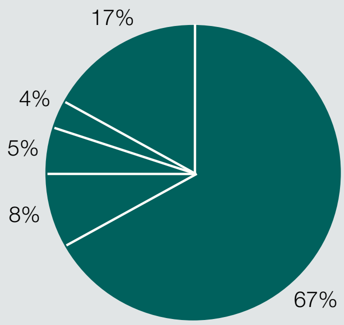
THE NUMBERS 2019

REVENUE
SEGMENTS



Retail Denmark	**56%**
Retail Norway	**11%**
Wholesale worldwide	**32%**
Other units	**1%**
Total	**100%**

REVENUE
GEOGRAPHICAL

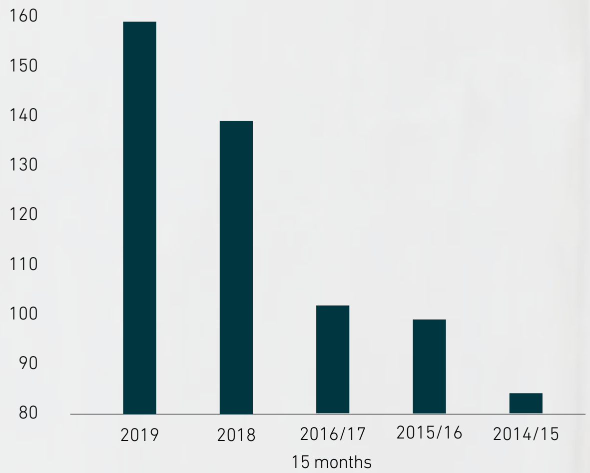


Denmark	**67%**
Norway	**17%**
Sweden	**8%**
Germany	**5%**
Other	**4%**
Total	**100%**

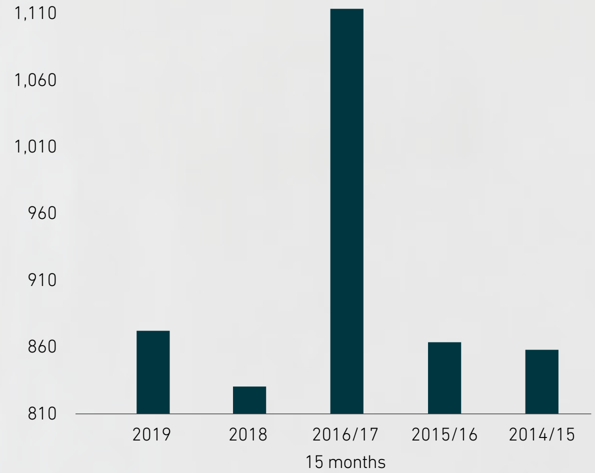
	REVENUE	COUNTRIES	RETAILERS/ STORES	NUMBER OF EMPLOYEES
PWT BRANDS		**TOTAL** Independent Retailers	**900**	**153** EMP
TØJ eksperten		**TOTAL** Denmark	**115** 115 (53 franchises)	**251** EMP
WAGNER		**TOTAL** Denmark Norway Sweden China	**72** 36 (16 franchises) 18 (3 franchise) 8 (5 franchises) 10 (Joint venture)	**126** EMP
BRANDSTAD		**TOTAL** Norway	**15** 15 (0 franchises	**22** EMP
TOTAL PWT	**873** M DKK	**202** STORES	**900** RETAILERS	**552** EMP

FINANCIAL HIGHLIGHTS

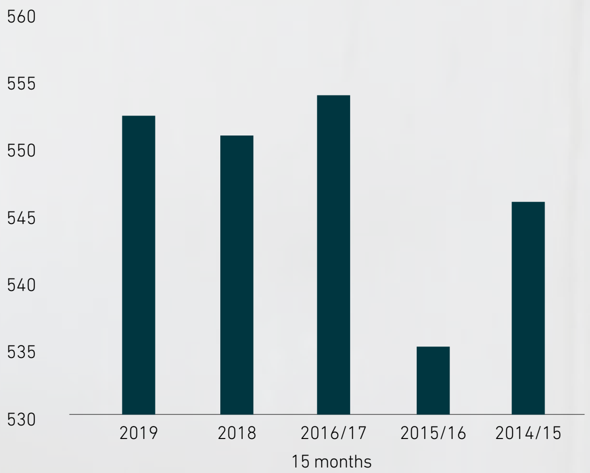
EBITDA
MILLION DKK



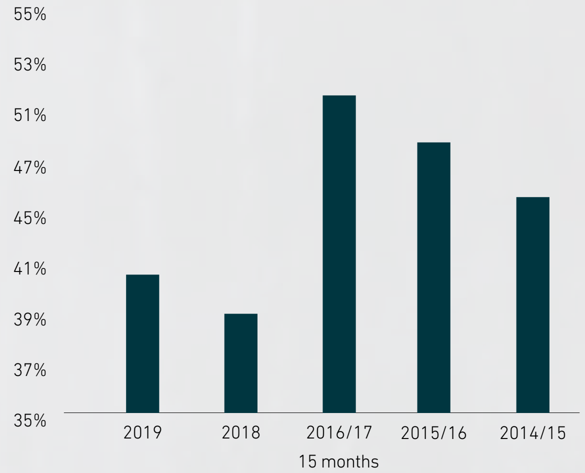
REVENUE
MILLION DKK



EMPLOYEES



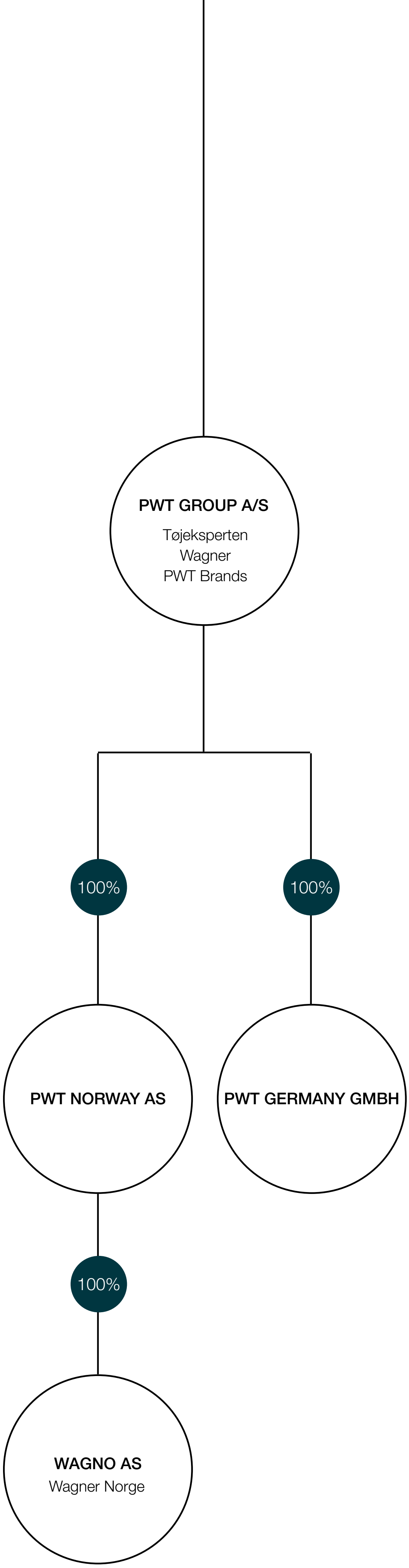
SOLVENCY RATIO



FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK MILLION	2019	2018	2016/17 15 months	2015/16	2014/15
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	873	828	1,111	863	858
Gross profit	392	367	378	306	291
EBITDA	159	138	102	99	85
EBITA	31	14	73	78	70
Profit/loss from financial income and expenses (including associate)	-58	-35	44	25	-38
Profit/loss for the year	2	-19	15	41	23
Comprehensive income for the year	2	-19	15	41	23
BALANCE SHEET					
Total assets	1,204	1,233	992	1,022	990
Investment in property, plant and equipment , excluding leased assets	241	304	67	57	42
Equity	492	489	508	494	457
CASH FLOWS					
Cash flows from operating activities	111	119	161	49	11
Cash flows from investing activities, net	-14	-30	-47	-41	-35
Thereof, investment in property, plant and equipment	-6	-23	-39	-12	-10
Cash flows from financing activities	-76	-91	-47	-1	0
Total cash flows	21	-3	68	7	-24
EMPLOYEES					
Average number of employees	552	551	554	535	546
FINANCIAL RATIOS STATED AS A PERCENTAGE					
Gross margin	45.0	44.4	34.0	35.5	33.9
EBITDA margin	18.2	16.7	9.2	11.4	9.8
Operating margin (EBIT)	3.5	1.7	6.6	9.1	8.1
Return on invested capital	2.6	1.3	7.3	7.9	7.4
Solvency ratio	40.8	39.7	51.2	48.3	46.2
Return on equity	0.5	0.0	2.9	8.6	5.3

For definitions, please see the accounting policies.



MANAGEMENT COMMENTARY

GROUP ACTIVITIES

PWT Group is a leading Scandinavian menswear business, which in 2019 owned and operated the three menswear chains, Tøjeksperten, Wagner and Brandstad, and the international brand and wholesale company within menswear, PWT Brands.

PWT Group's three retail chains are operated under separate names and 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 115 shops across the country, of which 61 are owned by the Group, while 53 are franchises. Tøjeksperten focuses on quality clothing for fashion-conscious men of all ages and sells both its own and external brands.

Wagner has 36 shops in Denmark, 18 in Norway and 8 in Sweden. 20 Danish, 15 Norwegian and 3 Swedish shops are owned by the Group, while 16 Danish shops, 3 Norwegian and 5 Swedish are franchises. Wagner primarily sells the Group's own brands.

Brandstad has 15 shops in Norway, which all are owned by the Group. Brandstad is a premium menswear chain focused on delivering good service, high quality and well-known brands through a modern store network.

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 and Jack's Sportswear Intl., which are sold by the Group's own three retail chains. In addition, the Group's brands are sold by more than 900 independent retailers in 30 countries.

PERFORMANCE IN THE FINANCIAL YEAR UNDER REVIEW

PWT Group delivered satisfactory business performance in 2019 and met the Group's expectations for the year as operating profit (EBITDA) improved by 15%. While the Danish retail activities generated lower revenue in a competitive and challenged market, the Group's sharp focus on cost reductions entailed lower expenses, driving improved profitability, which was further supported by higher revenue and lower expenses in the wholesale business.

Total revenue increased to DKK 873 million in 2019 from DKK 828 million in 2018. Progress was driven by the increase in wholesale revenue and the acquisition of Brandstad effective as of 1 March 2019, which more than offset the revenue decline in the Danish business.

The Group improved operating profit (EBITDA) to DKK 159 million corresponding to an EBITDA margin of 18.2% in 2019 against EBITDA of DKK 138 million and an EBITDA margin of 16.6% in 2018. The positive development in earnings and profitability was attributable to the increase in revenue and successful cost reductions. Profitability was adversely impacted by an unsatisfactory product mix with a larger share of products at lower price points compared to historic levels, but product mix changes during the year had a positive effect towards the end of 2019, and further steps have been taken to recalibrate the product mix. Due to cost saving initiatives completed during 2019, the number of full time employees was stable at 551 against 552 in 2018 despite the expansion in Norway with the acquisition of 15 Brandstad stores.

The 'Retail Denmark' segment – comprised of retail chains Tøjeksperten and Wagner – generated revenue of DKK 485 million in 2019 against DKK 512 million in 2018. Performance was relatively stable in Tøjeksperten, whereas Wagner's contribution to Group revenue was further impeded by changes in the store network, including conversion of Wagner stores to Tøjeksperten stores. Despite the decline in revenue, the two Danish retail chains increased operating profit (EBITDA) slightly to DKK 87 million and realised an improved EBITDA margin of 17.9% in 2019 against EBITDA of DKK 85 million and an EBITDA margin of 16.6% in 2018. The profitability improvement was realised through optimisation efforts and strict cost control initiatives. The two chains maintained a strong market position in 2019, and additional optimisation initiatives will be completed in 2020.

The Group's 'Wholesale Worldwide' segment, PWT Brands, reported an increase in revenue to DKK 561 million in 2019 from DKK 507 million in 2018. Operating profit (EBITDA) increased to DKK 43 million corresponding to a slightly improved EBITDA margin of 7.7% in 2019 against an EBITDA of DKK 36 million and an EBITDA margin of 7.1% in 2018. The increase in revenue was driven by an improvement of the product mix and sales to the new Brandstad stores.

The 'Retail Norway' segment was established following the acquisition of 15 Brandstad stores effective on 1 March 2019 and is comprised of retail chains Wagner and Brandstad. The segment delivered good business performance and generated revenue of DKK 95 million and operating profit (EBITDA) of DKK 24 million corresponding to an EBITDA margin of 24.9%.

The 'Other units' segment comprises online business, including B2C and omni-channel sales, retail activities in Sweden and Group eliminations. The segment's external revenue was DKK 7 million in 2019, and operating profit (EBITDA) was DKK 5 million.

The Group's depreciation charges increased to DKK 128 million in 2019 from DKK 124 million in 2018, driven mainly by the acquisition of Brandstad.
Financial expenses came to DKK 29 million in 2019 against DKK 32 million in 2018 with both years being impacted by adjustments of USD hedging instruments.

The Group's result before tax came to a profit of DKK 1 million in 2019 against a loss of DKK 18 million in 2018.

OPERATIONAL OPTIMISATION

The ongoing efforts to optimise PWT Group's business and reduce costs while constantly improving customers' experience with the Group's brands and retail chains continued in 2019 and included:

- Cost savings leading to streamlining of the organisation and a lower cost level during the year with increased savings in the second half.

- Continued investments in the Group's online business including B2C, B2B and omni-channel sales, which generated solid growth rates during the year.

- Expansion of our footprint with the acquisition of 15 Brandstad stores effective as of 1 March 2019.

- Increased focus on improving the product mix towards a higher share of mid and premium price products.

TØJEKSPERTEN

The Group's largest retail chain, Tøjeksperten, maintained a store network of 115 stores following 2 Wagner store conversions to Tøjeksperten in selected locations. The chain performed as expected before COVID19, delivering slightly lower sales and profitability in 2019.

WAGNER

Retail chain Wagner reduced its network to 62 stores in Denmark, Norway and Sweden and did not perform as expected during 2019. Strategic changes initiated towards the end of 2019 to improve the product mix and store network are expected before COVID19 to contribute to a positive development in 2020 and beyond.

BRANDSTAD

The Group acquired Norwegian retail chain Brandstad as of March 2019, and the performance of the chain's 15 stores exceeded expectations before COVID19.

WHOLESALE

2019 sales met expectations and enabled higher gross profit, which was further supported by an improved product mix and lower expenses realised on the back of cost saving initiatives. These strategic initiatives contributed to ensuring higher profitability in 2019. The improvement of the product mix was partially implemented in 2019 and is expected to contribute positively to sales and the gross margin in 2020. Following full implementation of the cost saving initiatives, profitability is expected to be positively affected in 2020 and the coming years.

EVENTS AFTER THE BALANCE SHEET DATE

2020 started off well, being ahead on both revenue and EBITDA. Then COVID-19 started in March, which closed off most of the world. As a consequence, PWT Group A/S was forced to close all stores in the centers and voluntarilyclosed the remaining stores. This has had major consequences due to the lack of turnover and increased inventory.

The above had such a huge financial impact on the company that the management saw the need to go into restructuring on April 17, 2020. The restructuring ended with the group having to close its 30 stores in Norway and another 20 stores in Denmark. In addition, a large savings plan were implemented, with 20% of the staff being laid off.

The reconstruction ended on June 2, 2020, by the creditors agreeing to a chord of 20% + a possible upside of 10%. In connection with the restructering, the immediate parent PWT Holding A/S have filed for bankrupty, and subsequent a new controlling ultimate owner have taken over control the Group.

Apart from the negative impact of the outbreak of COVID-19, no material events have occurred after the financial year-end. Refer to note 2 in the financial statement.

OUTLOOK

While PWT Group delivered positive business performance in January and February 2020, the global outbreak of COVID-19 and subsequent store closures will have a severe negative impact on operational and financial performance for the full-year. Due to the prevailing uncertainty, management is not in a position to provide financial guidance for the year.

In the medium term (3-5 years), PWT Group remains committed to report annual revenue growth in the range of 3-6% with operating profit margin (EBITDA) improving significantly to 22% 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 as well as progress by On-line and Omni channel sales. Profitability is furthermore expected to increase due to continued focus on operational optimisation

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 market position on the Danish market for menswear.

The Group operates primarily within retail trading, which is sensitive to market fluctuations, as socioeconomic developments and private spending impact revenue and earnings. PWT Group is particularly affected by economic trends in 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 41.

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 net interest-bearing debt, which declined to DKK 453 million at year-end (2018: DKK 504 million) due to lower lease debt.

PWT Group's senior secured bonds of DKK 275 million listed on Nasdaq Stockholm have a life of five years (17 October 2022). The bonds do not come with a fixed repayment schedule and are not subject to specific covenants. There are two covenants which are fulfilled in relation to the senior secured bond.

Refer to Note 2 regarding subsequent events disclosure

CORPORATE SOCIAL RESPONSIBILITY

In its capacity as PWT Group throughout 2019 has been a portfolio company under Polaris Private Equity, PWT Group 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 FRAMEWORK

POLICIES

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

VALUE CHAIN

PWT Group develops and markets its seven brands that are sold by more than 900 independent retailers and the Group's own retail chains Tøjeksperten, Wagner and Brandstad (around 200 stores in Denmark, Norway, Sweden and China).

The production takes place in several countries across the globe. PWT Group does not own any factories but cooperate with a range of suppliers, both directly with production facilities and via sourcing houses. The top-50 factories represent 90% of all orders.

PARTNERSHIPS

PWT Group collaborates with several organizations and initiatives in order to create as much positive impact as possible.

CSR

MISSION

We dress men
with care for
people and the planet

VISION

- Decent work & economic growth
- Responsible consumption and production

CONCEPT DESCRIPTIONS

CSR AREAS

Human & Labour Rights

The Environment

Animal Welfare

Anticorruption

PROCESS REQUIREMENTS

- Policy
- Due Diligence
  - Identify
  - Prevent & mitigate
  - Remediate
- Accounting

PARTNERSHIPS

MUST WIN BATTLES

PRODUCTS

- Sustainable materials and design
- Responsible buying processes
- Proper working conditions
- Environmental responsibility

CUSTOMERS

- Products without harmful chemicals
- Sustainable use of products
- CSR into the brands' storytelling

GROWTH

- Good moral and ethics
- CSR as part of the DNA
- National and international partnerships

SOURCING COUNTRIES

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

BANGLADESH

34%

14 FACTORIES

CHINA

31%

40 FACTORIES

PAKISTAN

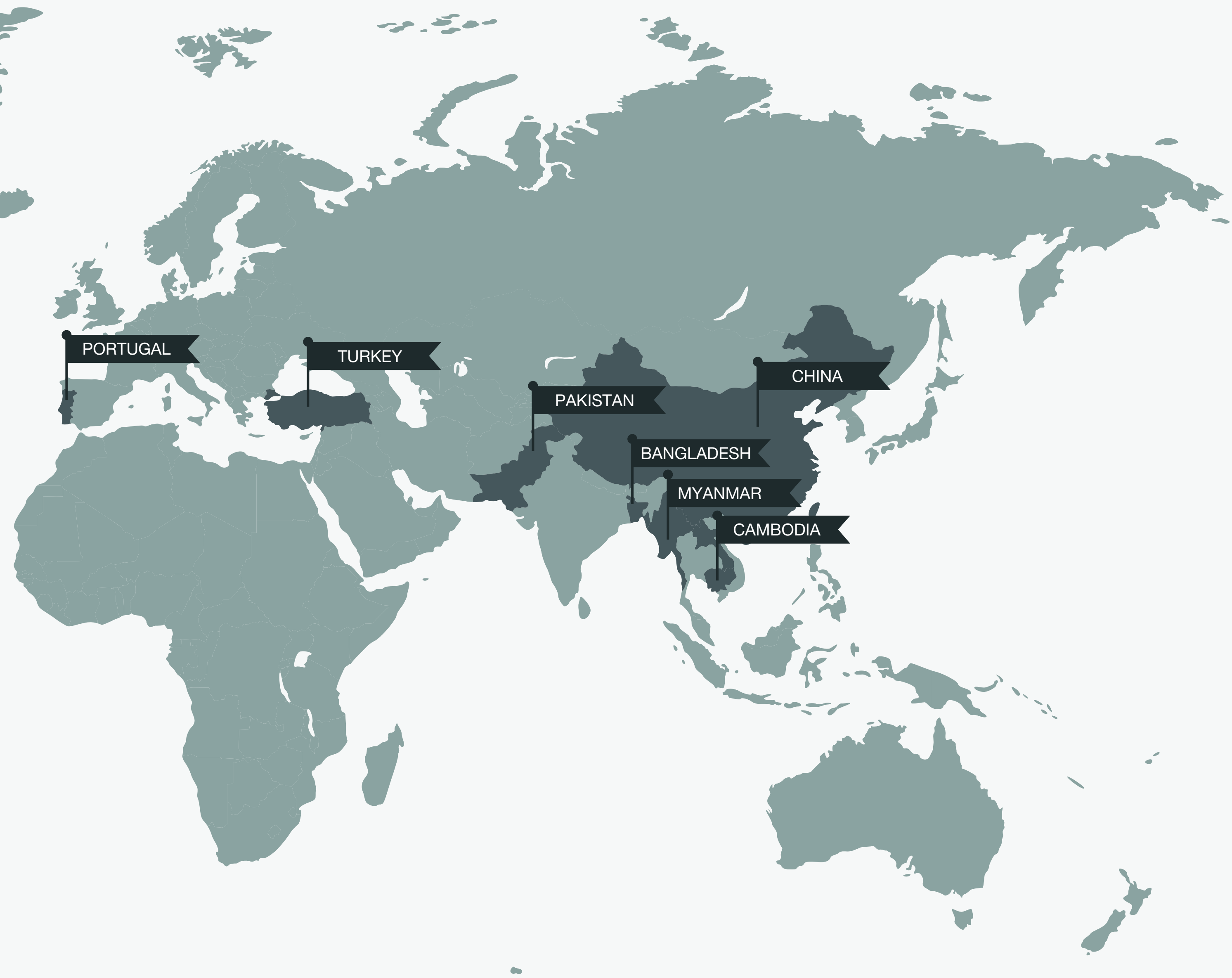
10%

4 FACTORIES

TURKEY

7%

8 FACTORIES



PORTUGAL

6%

5 FACTORIES

CAMBODIA

4%

2 FACTORIES

MYANMAR

4%

2 FACTORIES

OTHER COUNTRIES

4%

25 FACTORIES

HUMAN AND LABOUR RIGHTS

Quite a lot of people are involved throughout the entire value chain, from the cotton farmer, to the workers in the sewing factory, to the sales assistants, etc. PWT Group has a substantial impact on many people's lives and the Group continuously works to ensure that the respect for human- and labour rights is upheld throughout its activities.

PWT GROUP

The Group is continuously assessing its own working conditions and culture in order to ensure a safe and satisfying working environment for all its employees. PWT Group generally promotes health and well-being at work, and all employees are offered a complimentary health insurance scheme. The Group's staff association organizes events, seminars and workshops for social and educational purposes and employees are offered relevant courses.

HUMAN AND LABOUR RIGHTS IN THE SUPPLY CHAIN

It is of great importance to ensure that human and labour rights are respected throughout the Group's supply chain. PWT Group dedicates significant resources to support suppliers in handling their due diligence work. It is a long road, and the Group does not expect suppliers to improve all issues over night, but it is expected that they make an effort to identify, prevent, remediate and mitigate negative impacts.

All suppliers are required to sign and comply with the Group's Code of Conduct. The content and structure of the Code is based on the UNGPs and the OECD Guidelines for Multinational Enterprises.

The Group focuses its efforts on the top-50 factories (90 % of the annual orders) and requests that they provide annual self-assessments, enable factory visits, and participate in amfori BSCI (or Sedex or SA8000) and, if in Bangladesh, the Accord on Fire and Building Safety in Bangladesh.

BELOW ARE THE IDENTIFIED CHALLENGES AND LINKED ACTION PLANS:

RISKS	ACTION PLANS
Risk of occupational hazards and injuries	A working environment committee continuously assesses the working environment and makes recommendations for improvements. In the recent APV-report, a few numbers of occupational accidents were reported, and measures have been taken to prevent such accidents from reoccurring.
Risk of overtime work on a regular basis	Regular overtime is a common challenge for the industry, but the Group is continuously working to prevent excessive overtime. The team managers are constantly improving working processes in order to ensure a more efficient flow and hence avoid excessive overtime.
No female members on the management board	Statement in accordance with section 99b of the Danish Financial Statements Act Women are underrepresented on both the Board of Directors and in other Management levels. Earlier set target of 20% women serving on the Board of Directors has not been met in 2019. This is due to the fact that the General Assembly made no changes to the Board of Directors in 2019. In the most-recent change in board members june 2020 no female candidates were on the short-list. However, the Board strives to find suitable female candidates when recruiting board members and a new target of 20% has been set with deadline 1 April 2022. PWT is committed to building a workforce through the entire company that is represented equally by both genders across both our management team and other managerial positions. However, due to the fact we are a menswear company there was an average of 79% male and 21% female employees throughout the Group in 2019. At the Management level the average was 89 % male managers and 11% female managers in 2019. Also in 2019, qualified women were encouraged to apply for managerial positions within the Group and gender diversity is an area of focus in our development and succession planning initiatives. Our staff policies and HR processes are directed at retaining qualified female employees by addressing the work/ life balance in order to create a desirable working environment as well as supporting personal development through performance reviews, feedback and leadership training. We will continue to work towards increasing gender diversity throughout our organization as well as in other management levels.
Risk of harmful chemicals	In order to ensure safe products for the customers, the Group has implemented chemical restrictions and a test program. PWT Group does not accept any products that contain harmful chemicals. All suppliers are required to sign PWT Group's Restricted Substances List (RSL), which is based on the Regulation (EC) No. 1907/2006 of the European Parliament, also known as the REACH regulation. The RSL has been developed in collaboration with Bureau Veritas and is updated on a regular basis. The Group has set up a thorough test program to ensure that styles from every collection is selected to undergo testing, based on a risk analysis.

SELF-ASSESSMENTS & FACTORY VISITS

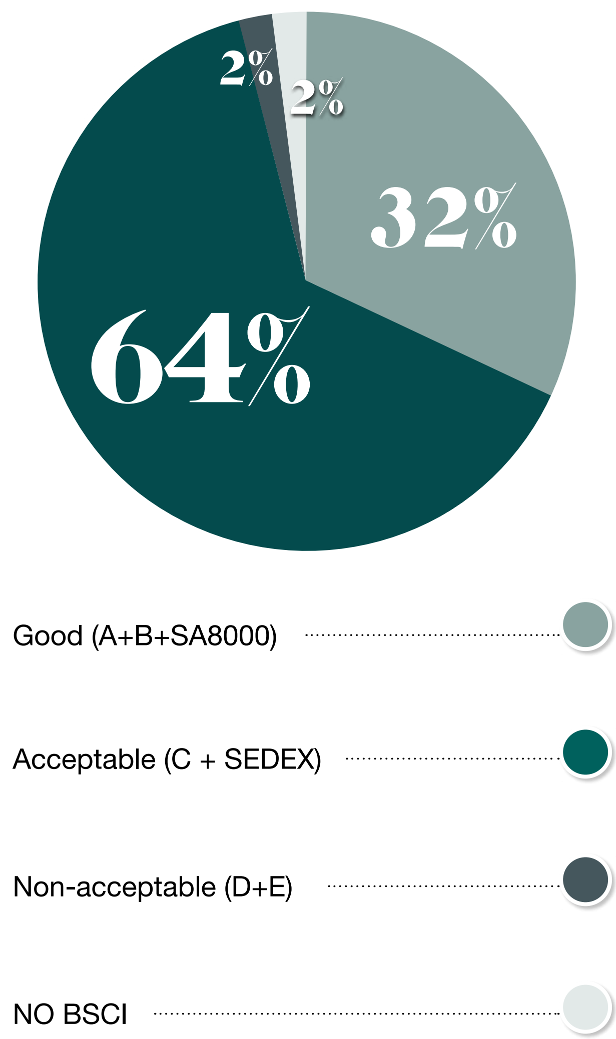
During 2019, the Group conducted a self-assessment survey with more than 120 participants (factories and agents). The response rate was relatively high and so was the average score. Individual reports for each factory and agent show highlighted good examples and challenges, and the Group uses these in the dialogues with suppliers. The focus for 2020 will be to develop corrective action plans (CAPs) for strategic factories in the Factlines platform and build up a structured approach to this area.

The CSR manager conducted two rounds of factory visits, one in Bangladesh and one in China. During 2019, the Group developed an audit program with the aim to ensure a systematic approach on how to assess the suppliers' performances on the different sustainability parameters. The audit program follows a step-by-step approach, allowing the visitor to focus its attention and dialogues with the factory management on specific challenges during each audit.

AMFORI BSCI

PWT Group has been a member of the amfori since 2013, and the amfori BSCI platform is actively used as the main social certification system. BSCI suppliers are audited annually by third party auditors, and the Group uses the audit reports to promote dialogue on necessary improvements.

96% of top-50 factories are at an acceptable BSCI level , 2% at a non-acceptable level (one factory), and 2% has not yet started working with the BSCI (one factory). The Group's CSR Manager maintains regular dialogue with these factories on how to improve from their current level of compliance.




TAPERED FIT
LINDBERGH

BANGLADESH ACCORD

PWT Group has been a signatory member of the Accord since 2013. PWT Group is committed to require all active Bangladeshi suppliers to work with the Accord Inspection Programme, help secure remediation and support worker participation and training programmes on the factories. Accord engineers continuously conduct inspections covering fire, building and electricity safety at the participating factories. Currently, the Group has 14 active Bangladeshi factories in the initiative with an average progress rate of 90%. 12 out of 14 active factories are participating in the Accord's safety committee training.

As the Accord is to leave Bangladesh as per May 31, 2020, there is a lot of uncertainty towards how the inspection and training programme will continue. The Group follows the developments closely, and will take a decision on how to proceed once a final agreement is decided.

BELOW ARE THE IDENTIFIED CHALLENGES AND LINKED ACTION PLANS:

RISKS	ACTION PLANS
Unsafe working conditions	PWT Group's suppliers must provide safe working conditions. Being a signatory member of the Accord, the Group is supporting to ensure safer production buildings in a country, where it is a fact that building, electrical and fire safety is a major concern. It is a requirement to all suppliers that they can provide valid permits of building safety.
Excessive working hours	PWT Group works to ensure that its own buying practices does not contribute to excessive working hours. Orders are placed well in advance, and the Group ensures that changes are not made shortly before deadlines. The Group assesses suppliers' practices; overtime should be voluntary and limited, management should develop a contingency plan and is encouraged to set up electronic time systems, etc.
Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include proper sanitary facilities, clean drinking water, full-time medical staff, regular health check-ups, free or low-cost medicine, proper conditions for pregnant employees, etc. Whenever possible, the Group promotes and invites suppliers to relevant trainings, such as the OSH course in Dhaka, facilitated by the Danish Embassy, where participating factories were instructed by Danish OSH experts.
Unfair remuneration	PWT Group does not own factories and cannot manage salaries paid to suppliers' workers. However, the Group does negotiate realistic prices in order not to contribute to unfair remuneration. PWT Group requires that all suppliers comply with national regulation, and the Group assesses suppliers' ability to support workers financially in other ways, e.g. by providing free transportation, low-cost canteens, and kiosks with low-cost provisions.
Discrimination	Suppliers' ability to provide equal rights and payment for everyone is assessed on an ongoing basis. Indicators include recruitment and salary procedures, respectful behavior from managers towards workers, etc.
Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for worker associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, WP committees learn about their rights and responsibilities, which is of great value. PWT Group continuously stresses to suppliers that dismissal of workers due to rightful activi-ties connected to worker association is unacceptable.
Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour as a substantial risk within the entire supply chain. The Group became a member of BCI in 2019, an initiative that in addition to reducing the environmental footprint, works to improve working conditions and abolish child labour. Among other things, the BCI trains participating farmers in the importance of education.

ENVIRONMENT AND CLIMATE

Being a textile company with over 200 shops, two offices, and production in many countries, PWT Group has a substantial environmental footprint. The Group is committed to reduce its impact on the environment and climate by continuously improving its own routines and processes, and by supporting suppliers to produce more environmental friendly.

Focus on more sustainable products

An obvious place to start changing old routines is in the design process. Within recent years, the Group has put a lot of focus on implementing more sustainable materials and products. The approach is to cooperate with suppliers on finding the best solution that makes sense on all parameters. This intensified focus has resulted in several initiatives.

First of all, the Group is committed to reduce the number of styles produced every year. Since 2017, the number of styles have been reduced with 28%, and the aim is to reduce with 47% in total. By doing so, the Group wants to strengthen the quality of the products and at the same reduce its environmental footprint.

The predominant material used in the Group's products is cotton. Therefore, PWT Group decided to join the Better Cotton Initiative in 2019. The aim is to source minimum 50 % of the Group's cotton as Better Cotton within 2025. BCI is the largest cotton sustainability programme in the world and tackles the environmental and societal challenges at field level by training farmers to care for the environment and respect workers' rights and wellbeing. Further to the BCI membership, the Group has scaled up its use of organic cotton, and the aim is to continue this priority.

The Group has intensified its collaboration, the Sustainable Wash, with its denim supplier in Turkey. The Sustainable Wash is achieved through a use of the innovative Wiser Wash © treatment, in which laser and ozone technology replaces pumice stones and toxic chemicals. This washing process reduces water consumption by at least 90% to only a cup of water.

Polyester, being the second most used fiber, is also of concern, and the Group is continuously looking to replace virgin polyester with recycled polyester. In recent years, the buying team has experienced a substantial increase in suppliers able to provide this, and the range of products containing recycled polyester will continue to expand.

Overleaf are the main challenges, and linked action plans, when talking about the Groups environmental footprint:

BELOW ARE THE IDENTIFIED CHALLENGES AND LINKED ACTION PLANS:

RISKS	ACTION PLANS
Production	It is a well-known fact that production facilities have a substantial negative impact on local environment and climate. Many risks exist: discharge of contaminated water and air, poor waste management, extensive water consumption, etc. Regulatory regimes and enforcement of regulation vary across the production countries, but PWT Group supports suppliers in building up capacity and knowledge on how to reduce their environmental footprint. The Group's RSL aims to ensure that suppliers avoid specific harmful chemicals. The RSL includes guidance on implementation and request that suppliers communicate the RSL to sub-suppliers, only purchase compliant chemicals, request MSDS from chemical suppliers, train staff, and conduct in-ternal inspections. In the coming years, the Group will focus on embedding top-suppliers into the amfori environmental program, BEPI. Through BEPI, the factories' environmental performances are assessed, targets are set, and management and workers receive training. PWT Group requires all leather suppliers only to use tanneries that are member of the Leather Working Group; an initiative focusing on reducing the consumption of water, energy and chemicals. PWT Group requires all relevant supplier to sign and comply with the Group's Animal Welfare Policy, which is based on the Five Freedoms. The Group is considering setting certification requirements to suppliers of down and wool.
Transport	PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimized. PWT Group aims to develop an overview of GHG emissions and energy consumption from transport activities in collaboration with the shipping supplier, which will enable an improved assessment and progress within the area.
Packaging	In order to protect the quality of the products, different kind of packaging material surrounds the products during the different stages of the value chain. Such packaging includes polybags, tissue paper, carton boxes, plastic bags, etc. During 2019, PWT Group replaced all packaging materials in the shops (physical and online) with ones made of recycled plastic and recycled carton. Furthermore, the Group took the decision that in order to reduce plastic usage, plastic bags will no longer be provided for free, starting from Jan 1 2020. All surplus made from this initiative is donated to the Danish environmental organisation, Plastic Change. In all parts of the organisation, The Group is looking into how to reduce and/or replace existing packaging materials with more sustainable materials. In general, this is about revalidating old routines and processes, and the Group is committed to go with smarter and greener solutions, when such makes sense on all parameters.
Energy and water use, waste management, etc.	With around 200 stores and 2 offices, it makes sense to look at the locations' usage of energy, waste management systems, cleaning products, etc. The Group will look more into this area in the coming years. The Group ensures that only cut up development samples are being disposed as waste, whereas everything else is sold or donated to third parties.

ANTI-CORRUPTION

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

BELOW ARE THE
IDENTIFIED CHALLENGES AND LINKED ACTION PLANS:

RISKS	ACTION PLANS
Sourcing from countries with high corruption risks	PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by the top management. It is included in the Employee Handbook and Supplier Manual. Together with the policy, a 'Facilitation and Hospitality Register' has been set up where employees register gift. The policy and procedure is communicating internally on an annual basis. Through the BSCI system, suppliers are audited on their anticorruption policies and procedures.


TAPERED FIT

PWT GROUP

STORES

WAGNER

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

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

Established in 1946, Wagner currently has 36 stores in Denmark, 18 in Norway, 8 in Sweden and 10 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.

WAGNER

10 STORES IN CHINA*

36 STORES ACROSS DENMARK*

18 STORES IN NORWAY*

8 STORES IN SWEDEN*

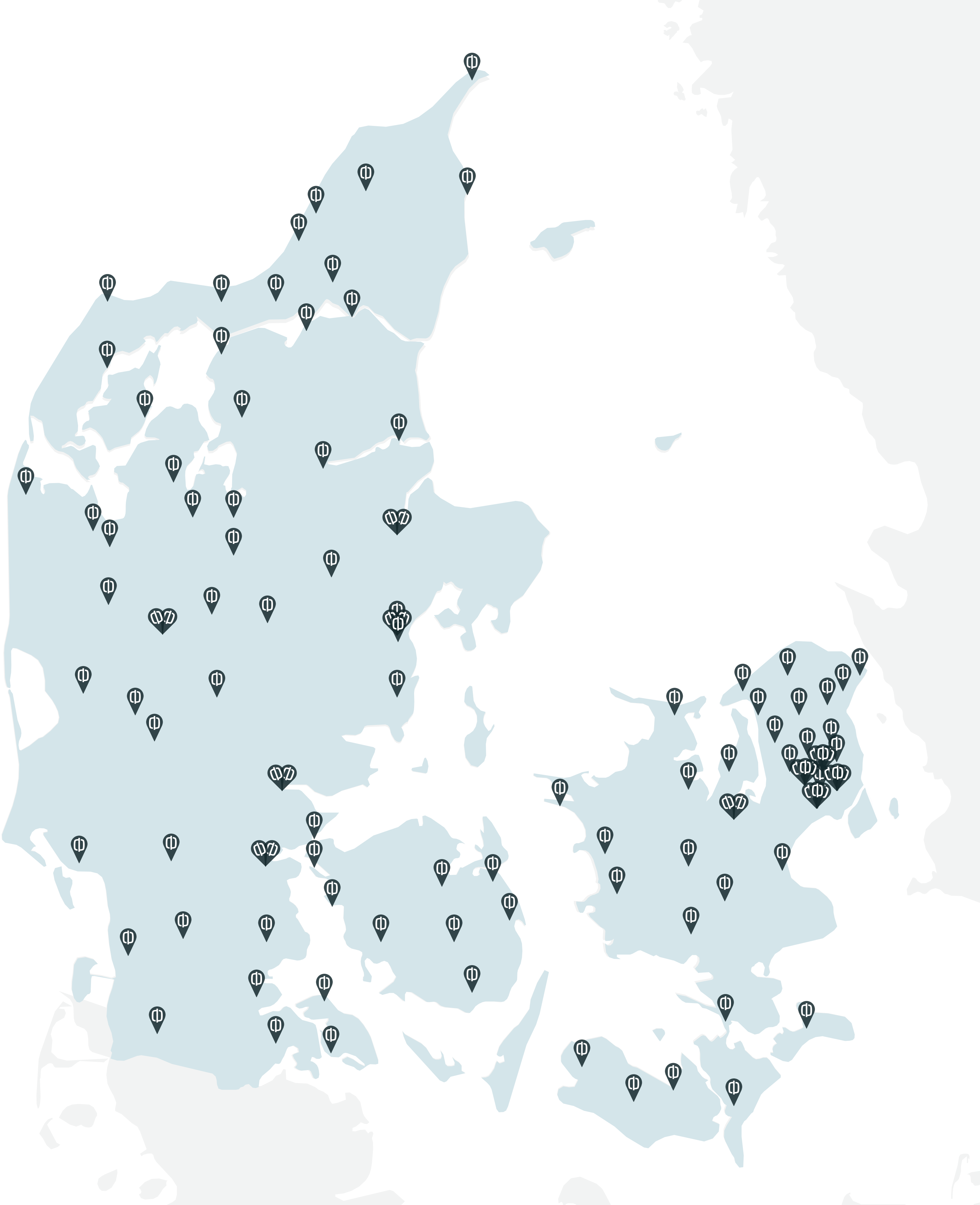
BASED ON FIGURES FROM 31 DECEMBER 2019

TØJEKSPERTEN

Denmark's largest menswear chain.
With 115 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.

TØJ | eksperten



115 STORES ACROSS DENMARK*

BASED ON FIGURES FROM 31 DECEMBER 2019

PWT GROUP

BRANDS

LINDBERGH
WHITE LABEL

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

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

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

LINDBERGH

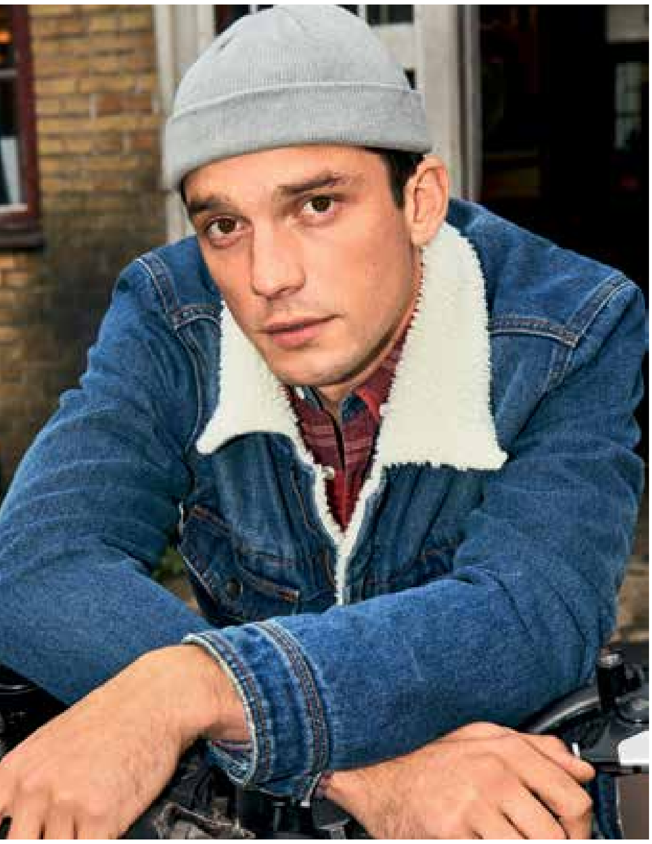
BLUE LABEL

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



SHINE ORIGINAL

A hybrid of denim and fashion wear

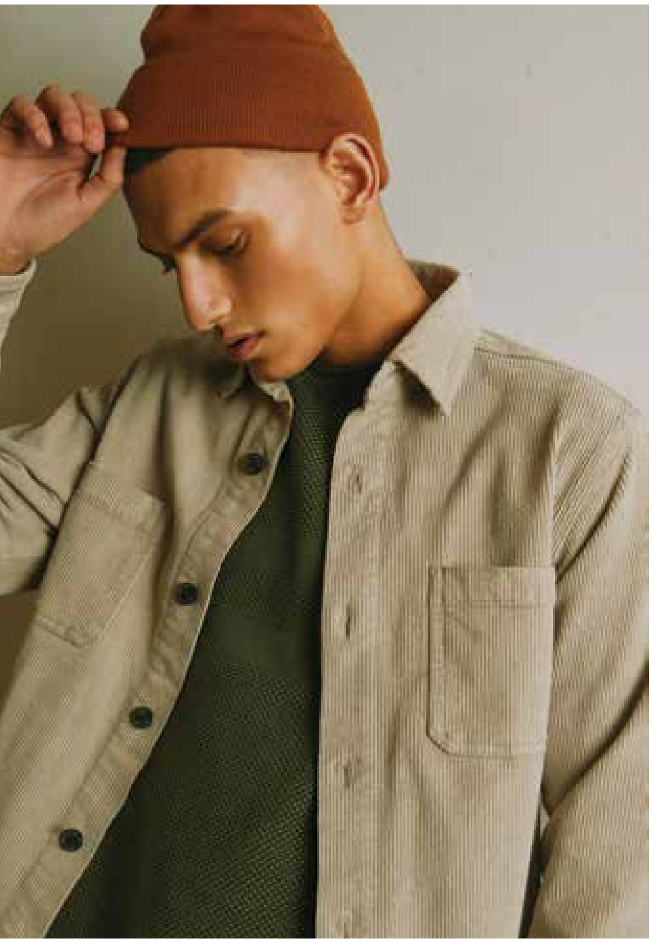
Emphasising the diversity of individuality. Style and personality has no rules – no code. Nor do we. Individuality is about creation of oneself.

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!

SHINE ORIGINAL



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.

JUNK de LUXE

BISON

No nonsense clothing - Made to last

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

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

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

JACK'S SPORTSWEAR INTL

Sharp sporty casual style

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

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

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

JACK'S
SPORTSWEAR INTL

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 Group A/S for 2019.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements of the Danish Financial Stetements 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 2019, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2019 - 31 December 2019.

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, 21 August 2020

Executive Board

Ole Koch Hansen
CEO

Board of Directors

Lars Johansson
(Chairman)

Michael Kjær

Ole Koch Hansen

Claus Back Nielsen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PWT GROUP A/S

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 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of PWT Group A/S for the financial year 1 January - 31 December 2019, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

BASIS FOR OPINION

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish 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 Statement Act. We did not identify any material misstatement in Management's Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with 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 Par-ent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- 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 ef-fectiveness of the Group's and the Parent Company's internal control.

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

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

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

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

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

Aalborg, 21. August 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

MADS MELDGAARD
State Authorised Public Accountant
mne24826

CONRAD LUNDSGAARD
State Authorised Public Accountant
mne34529


WAGNER
OPENING
40%

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	NOTE	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Revenue	4,5	872,825	827,881	773,341	774,539
Cost of sales	6	402,334	379,640	386,532	369,697
Other operating income	7	149	525	126	500
Other external costs	8	77,763	81,375	63,608	71,917
Gross profit/loss		392,877	367,391	323,327	333,425
Other operating costs	7	73	731	55	261
Staff costs	9	233,562	228,685	204,166	207,945
Profit/loss before depreciation/amortisation and impairment losses (EBITDA)		159,242	137,975	119,106	125,219
Depreciation/amortisation	10	128,471	123,532	104,372	107,071
Operating profit/loss (EBIT)		30,771	14,443	14,734	18,148
Financial income	11	1,079	4,159	1,985	4,798
Financial expenses	12	32,337	31,231	29,752	29,607
Share of net profit of associates	23	-43	-8,099	-43	-8,345
Profit/loss before tax		-530	-20,728	-13,076	-15,006
Tax on profit/loss for the year	13	-2,933	-1,448	-2,682	-1,423
Profit/loss for the year		2,403	-19,280	-10,394	-13,583
Other comprehensive income Items available for reclassification into profit and loss: Foreign exchange adjustments regarding translation of foreign entities		-41	211	0	0
Other comprehensive income before tax		-41	211	0	0
Tax on other comprehensive income	13	0	0	0	0
Other comprehensive income		-41	211	0	0
Comprehensive income for the year		2,362	-19,069	-10,394	-13,583

BALANCE SHEET
AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Software	14	7,619	8,294	7,236	8,214
Trademarks	15	1,556	1,736	1,246	1,736
Goodwill	16	614,461	614,461	614,461	614,461
Other intangible assets	17	894	1,043	894	1,043
Total intangible assets		624,530	625,534	623,837	625,454
Property - Right of use assets	18	183,038	233,697	134,279	209,297
Fixtures and fittings, tools and equipment	19	25,405	31,685	19,042	25,888
Fixtures and fittings, tools and equipment - Right of use assets	20	4,782	5,115	4,631	4,497
Leasehold improvements	21	27,404	33,658	19,288	26,690
Total property, plant and equipment		240,629	304,155	177,240	266,372
Investments					
Investments in Group enterprises	22	0	0	7,577	7,577
Investments in associates	23	0	0	0	0
Deferred tax assets	25	0	0	0	0
Deposits	26	12,196	14,496	11,955	14,281
Total investments		12,196	14,496	19,532	21,858
Total non-current assets		877,355	944,185	820,609	913,684
CURRENT ASSETS					
Inventories	27	203,210	198,111	183,409	187,113
Receivables					
Trade receivables	28	74,332	57,833	57,603	47,422
Amounts owed by Group enterprises		0	0	39,701	37,546
Amounts owed by associated companies		0	0	0	0
Derivative financial instruments	32	204	1,292	204	1,292
Other receivables		4,416	7,769	4,264	7,703
Prepayments		6,221	6,593	5,440	6,100
Total receivables		85,173	73,487	107,212	100,063
Cash at bank and in hand		38,422	17,241	23,924	12,438
Total current assets		326,805	288,839	314,545	299,614
Total assets		1,204,160	1,233,024	1,135,154	1,213,298

BALANCE SHEET

AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
EQUITY AND LIABILITIES					
EQUITY					
Share capital		1,985	1,985	1,985	1,985
Retained earnings		489,417	487,014	490,510	500,904
Foreign currency translation reserve		197	238	0	0
Total equity	29	491,599	489,237	492,495	502,889
LIABILITIES					
Non-current liabilities					
Provisions	30	8,222	7,519	6,492	6,814
Lease debt		94.974	149,285	63,985	134,824
Deferred income tax	25	19,678	22,615	20,602	23,289
Other payables		5,884	0	2,603	0
Total non-current liabilities		128,758	179,419	93,682	164,927
Current liabilities					
Provisions	30	2,612	2,678	2,245	2,471
Bank loans and overdrafts	31	46,393	25,788	46,393	25,788
Lease debt		98,496	94,984	79,936	84,031
Trade payables		98,520	109,348	94,856	108,341
Loans from group enterprises		250,301	248,044	250,301	248,044
Corporation tax		0	0	0	0
Derivative financial instruments	32	0	0	0	0
Other payables	33	72,608	67,552	60,973	61,231
Deferred income	34	14,873	15,974	14,273	15,576
Total current liabilities		583,803	564,368	548,977	545,482
Total liabilities		712,561	743,787	642,659	710,409
Total equity and liabilities		1,204,160	1,233,024	1,135,154	1,213,298

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Reserves earnings	Foreign currency translation reserve	Total
Equity at 1 January 2018	1,985	506,294	27	508,306
Profit for the year	0	-19,280	0	-19,280
Other comprehensive income	0	0	211	211
Equity at 31 December 2018	1,985	487,014	238	489,237
Equity at 1 January 2019	1,985	487,014	238	489,237
Profit for the year	0	2,403	0	2,403
Other comprehensive income	0	0	-41	-41
Equity at 31 December 2019	1,985	489,417	197	491,599

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Reserves earnings	Foreign currency translation reserve	Total
Equity at 1 January 2018	1,985	514,487	0	516,472
Profit for the year	0	-13,583	0	-13,583
Equity at 31 December 2018	1,985	500,904	0	502,889
Equity at 1 January 2019	1,985	500,904	0	502,889
Profit for the year	0	-10,394	0	-10,394
Equity at 31 December 2019	1,985	490,510	0	492,495

CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Profit for the year before tax		-530	-20,728	-13,076	-15,005
Adjustments for non-cash operating items:					
Depreciation/amortisation and gain/loss on intangible assets and property, plant and equipment		128,395	123,698	104,301	106,832
Loss from associate		43	8,099	43	8,099
Other non-cash operating items, net		-205	161	-92	205
Financial income		-1,079	-4,159	-1,985	-4,798
Financial expenses		32,337	31,231	29,752	29,607
Cash generated from operations (operating activities) before changes In working capital		158,961	138,303	118,943	124,940
Change in working capital:					
Change in receivables		-12,774	-4,237	-8,237	-781
Change in inventories		-5,099	-7,035	3,704	-8,243
Change in current liabilities in general		284	16,555	-7,927	12,481
Cash generated from operations (operating activities)		141,372	143,585	106,483	128,397
Interest income, received		1,079	696	1,985	1,335
Interest expense, paid		-31,249	-22,062	-28,664	-21,479
Corporation tax paid		-101	-3,189	-101	-3,214
Cash flows from operating activities		111,101	119,030	79,703	105,039
Acquisition of property, plant, leasehold and equipment		-6,418	-22,677	-7,896	-20,824
Acquisition of intangible assets		-4,439	-7,774	-4,049	-7,693
Investment in deposits and associates		2,257	-1,349	2,283	-1,348
Disposal of property, plant and equipment		83	1,606	83	1,563
Business combination	24	-5,320	0	0	0
Cash flows from investing activities		-13,837	-30,195	-9,579	-28,302
Free cash flows		97,264	88,835	70,124	76,737
Change in bank loans		20,605	4,229	20,605	4,232
Repayment lease debt		-96,688	-97,935	-79,243	-85,988
Repayment bonds		0	2,246	0	2,246
Issue corporate bonds		0	0	0	0
Cash flows from financing activities	37	-76,083	-91,460	-58,638	-79,510
Changes in cash and cash equivalents		21,181	-2,625	11,486	-2,773
Cash and cash equivalents 1 January		17,241	19,866	12,438	14,235
Merging with VW Junior ApS		0	0	0	976
Cash and cash equivalents 31 December		38,422	17,241	23,924	12,438

NOTES

NOTE 1 ACCOUNTING POLICIES

Financial reporting basis

PWT Group A/S is a limited liability company domiciled in Denmark. The financial part of the annual report for 2019 comprise both the consolidated financial statements of PWT Group A/S and its subsidiaries (group) as well as the parent company financial statements.

The consolidated financial statements and parent company financial statements of PWT Group 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 Group A/S. The annual report will be presented for adoption by the shareholders of PWT Group A/S at the annual general meeting on 21 August 2020.

Basis of preparation

The consolidated financial statements and the parent company financial statements are presented in thousand Danish kroner (DKK'000), 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 Group A/S has implemented all relevant new and revised accounting standards issued by IASB and effective at 1 january 2019. The implementation of the new and revised accounting standards did not have any material monetary effect on the statement of PWT Group A/S' results, assets and liabilities as well as equity for the purpose of the financial reporting for the financial years presented. In 2018, PWT Group has early adopted the accounting standard IFRS 16.

CONSOLIDATION

Consolidated financial statements

The annual report comprises the Parent Company, PWT Group 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 influense 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. 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 Group A/Sand its subsidiaries in which similar financial statement items are integrated. On consolidation, intra-group income and expenses, shareGroups, dividends, intra-group balances as well as realised and unrealised internal gains and losses on intra-group transactions are eliminated.

The annual reports used for preparing the consolidated financial statements have been recognised in accordance with the accounting policies of the Group.

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 $ 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 recognized 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 the statement of comprehensive income. When the hedged transactions are carried out, the accumulated changesare recognised together with the hedged transactions.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes are regularly recognized 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.

STATEMENT OF COMPREHENSIVE INCOME

Revenue
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).

WHOLESALE:
The Group manufactures and sells a range of clothes in the wholesale market. Sales are recognised when control of

the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A financing element is not included in net revenue, as payment is made upon delivery or within a shorter credit period that is typically 30-60 days.

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

Bonus points relating to loyalty programs collected are recognised in the statement of comprehensive income as a reduction in revenue and liabilities (contract liabilities), see note 33. The collected bonus points are measured based on the projected utilisation thereof, which are based of historical figures.

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 on-account 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 as of 31 December 2019, 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.

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 re-assessed annually and only recognised to the extent that their utilisation is probable.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

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.

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 cashgenerating units to which goodwill has been allocated, the goodwill has been reallocated to the reorganised units. This reallocation has 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.

Other intangible assets

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

	Useful life
Software	3-5 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.

Right-of-use assets are recognised on the balance sheet at the net present value of discounted lease payments. Right-of-use assets are depreciated over the term of the lease term plus options for renewal. 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. Se separate section "Leases" for further details.

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
Property	1-10 years
Leasehold improvements	5-7 years

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

Impairment of 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 exists, 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 see acounting estimates note 3.

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

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

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

Investments in associates
Investments in associates are 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 seling price.

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period.

Prepayments
Prepayments are measured at cost.

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

Provisions comprise refund liabilities forecast costs arising from leasehold improvements upon relocation and are based on projected costs determined on the basis of the leasehold's current interior and condition. 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 recognized 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 leases is also recognised as financial liabilities.

Leases
The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to compehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straightline basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise IT-equipment and small items of office furniture.

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.

Deferred income

Deferred income comprises payments received regarding income in subsequent years, including mainly gift tokens (contract liabilities). Gift tokens payable are recognised at estimated value. See note 34.

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.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

Definition of financial ratios:

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

NOTE 2 SUBSEQUENT EVENTS

2020 started off well, being ahead on both revenue and EBITDA. Then COVID-19 started in March, which closed off most of the world. As a consequence, PWT Group A/S was forced to close all stores in shopping centers and voluntarily closed the remaining stores. This has had major consequences due to the lack of turnover and increased inventory.

The above had such a huge financial impact on the company that the management saw the need to go into restructuring on April 17, 2020. The restructuring ended with the group having to close its 30 stores in Norway and another 20 stores in Denmark. In addition, a large savings plan were implemented, with 20% of the staff being laid off.

The reconstruction ended on June 2, 2020, by the creditors agreeing to a chord of 20% + a possible upside of 10%. In connection with the restructering, the immediate parent PWT Holding A/S have filed for bankrupty, and subsequent a new controlling ultimate owner have taken over control the Group.

In connection with the restructuring financing have been layed out securing the Group most importaint and sustainable activities, including new and long-term financing. In collaboration with Spar Nord, PWT Group has raised a 6-year serial loan of DKK 100 million. The loan is based on an EKF government guarantee of 70% of the total loan amount. Based on the recent restructering management assess that there is no significant doubt of the Groups ability to continue as a going concern.

Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. Effects of the covid-19 impact are therefore not adjusted in the figures for 2019 in the financial statements.

In connection with the drastic reduction of the Group's activity, as well as the major uncertainties with the future, management has subsequently noted material changes in the valuation of assets and liabilities in 2020 after ending of the reconstruction. The expected write-downs and re-valuations will be described in broad terms below. The write-downs are based on managements best assumptions as the time of adopting the financial statements, and is expected to be reflected in the financial statements for 2020.

Below is presented an overview of the identified needs for adjusting the valuation of the groups assets and liabilities in 1 half of 2020 and thereafter. As COVID-19 impact is treated as an non-adjusting event these changes in valuations is not reflected in the financial statements of 2019:

	Consolidated	Group
Intangibles, write down adjustment in percent	100%	100%
Inventories, write down adjustment in percent	18%	18%
Receivables, write down adjustment in percent	17%	17%
Non-current and current liabilites, value adjustment in percent	70%	70%

Managements expects that the above adjustments are being booked in 1 half of 2020 and thereafter.

NOTE 2 SUBSEQUENT EVENTS (CONTINUED)

Management descriptions of the identified and expected impacts in the various categories are presented below:

Intangible assets
Due to the uncertain future, as well as the de-scaling of the company, management has seen the need to write down goodwill to DKK 0 million, corresponding to a write-down of DKK 614.5 million.

No other intangible assets (other than those related to the Norwegian entities included in the consolidated figures, DKK 0.4 million. relating to trademarks) have been written down subsequently.

Property, plant and equipment excl. Leases
As the Norwegian activites have closed down in the first half of 2020, all assets and liabilities relating to the closed activites have been impaired. This entails that DKK 13.8 million. of PPE are written down in the first half of 2020 in the consolidated accounts.

For those shops that are closed the Leasehold improvements, and other tangible assets have been written down to DKK 0, which has a negative effect on the parent company of DKK 6.3 million.

Leases
Subsequent renegotiations of leased assets in connection with the covid-19 impacts and the following restructering have resulted in that several leases have been renegotiated on terms that accounting-wise are seen as a new lease. Following this, several leases in existence as of 31.12.2019 have been deregocnsed in the first half of 2020 and new leases have been recognised (eventhough the underlying asset are the same). The net effect of this results in an accounting gain in the first half of 2020 and af net lower total balance sheet of approx DKK 187.8 mio.

Investments
As the group have closed down all of it's 30 retail shops in Norway, the parents net carrying value of DKK 6.4 mio DKK investment in the Nowegian entity WagNo AS, have been written down in the first half of 2020.

The group and parent company have significant deposits recognised on the balance sheet related to the leaseholds that activites are conducted from. In connection with the closing down of activities shops etc., managements assesses that deposits of DKK 1.7 million is written down both in the consolidated account and in the parent in the first half of 2020.

Inventory
Due to the closing of stores during the COVID-19 period, older inventory has been stocking up. As well as the uncertain future and the expected decline in both Wholesale and Retail, Management expect to make a write-down of 18% of the inventory at hand 31 December 2019 in the financial statements for 2020.

Receivables
Management expect to write down receivables from sales existing at 31 December 2019 with 17% in 2020. This write-down are assessed as a direct consequense of debtors dubiuty casused by the economic slow-down, especially in the retail industry due to COVID-19.

Amounts owed by group comapanies as of 31. December 2019 relate to receivables from the German and Norwegian entities. The Norwegian part of the receivables of DKK 29.3 million have subsequently in 2020 been written down in connection with closing down the Norwegian entities.

Non-current and current liabilites, value adjustment
At the end of the reconstruction on June 2, 2020, the loan from PWT Holding, which amounted to DKK 250.3 million, also got a chord of 20% + a possible upside og 10%, along with Trade payables and other payables (that were not related to employees). These corrections are also going to be made in 2020.

Tax
The tax implications of the above valuations are currently not calculated, but it is expected that significantly adjustments to deferred tax are going to be made in 2020.

NOTE 3 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 re-assessed. 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.

Leases

Leasing assets are distributed among properties, equipment and cars. Properties are divided into categories according to how significant the properties are to the Group. These categories are used to estimate the expected length of the lease. This assessment also takes into account non-cancellations and extension options. The expected length of equipment and cars is the same as the length of the contracts.

Fixed minimum payments are used to calculate the net present value.

Lease payments are discounted using incremental borrowing rate for similar assets, refer to note 35.

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 16 for a description of assumptions applied, discount rates, etc. used for defining the value in use of the defined cash-generating units.

NOTE 4 SEGMENT DISCLOSURES

DKK'000	Retail Denmark	Retail Norway	Wholesale Worldwide	Other units	Internal revenue from wholesale worldwide	Total
2019, Consolidated						
Revenue	485,081	95,159	561,343	6,894	-275,651	872,826
Operating profit/loss (EBITDA)	86,920	23,669	43,213	5,441	0	159,243
Non-allocated costs						
Depreciation and amortisation						128,471
Operating profit/loss						30,772
Financial income						1,079
Financial costs						32,380
Profit before tax						**-530**

DKK'000	Retail Denmark	Retail Norway	Wholesale Worldwide	Other units	Internal revenue from wholesale worldwide	Total
2018, Consolidated						
Revenue	511,605	51,172	506,645	6,372	-247,913	827,881
Operating profit/loss (EBITDA)	84,586	5,637	36,456	11,296	0	137,975
Non-allocated costs						
Depreciation and amortisation						123,532
Operating profit/loss						14,443
Financial income						4,159
Financial costs						39,330
Profit before tax						**-20,728**

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 except IFRS 16.

The bridging from the internal report to the annual report is shown below:

NOTE 4 SEGMENT DISCLOSURES (CONTINUED)

Bridge between segment reporting externally and internally

DKK'000	Retail Denmark	Retail Norway	Wholesale Worldwide	Other units	Internal revenue from wholesale worldwide	Total internal reporting
2019, Consolidated						
Internally reporting						
Revenue	485,081	95,159	561,343	6,894	-275,651	872,826
Operating profit/loss (EBITDA)	21,697	5,718	27,634	565	0	55,614
Non-allocated costs						
Depreciation and amortisation						31,494
Operating profit/loss						24,120
Financial income						1,079
Financial costs						24,887
Profit before tax						**311**

Bridge:

DKK'000	Total from above	Regulations *	Total external reporting
2019, Consolidated			
Revenue	872,826	0	872,826
Operating profit/loss (EBITDA)	55,614	103,629	159,243
Non-allocated costs			
Depreciation and amortisation	31,494	96,977	128,471
Operating profit/loss	24,120	6,652	30,772
Financial income	1,079	0	1,079
Financial costs	24,887	7,493	32,380
Profit before tax	**311**	**-841**	**-530**

*The difference between internal reporting and the annual report consists mainly of regulations related to IFRS 16 as the internally reporting have not adopted IFRS 16. See note 35 regarding further details of the recognition of IFRS 16 in the annual report.

Bridge between segment reporting externally and internally

DKK'000	Retail Denmark	Retail Norway	Wholesale Worldwide	Other units	Internal revenue from wholesale worldwide	Total internal reporting
2018, Consolidated						
Internally reporting						
Revenue	511,605	51,172	506,645	6,372	-247,913	827,881
Operating profit/loss (EBITDA)	17,399	-4,006	18,704	7,942	0	40,039
Non-allocated costs						
Depreciation and amortisation						29,969
Operating profit/loss						10,070
Financial income						5,170
Financial costs						28,574
Profit before tax						**-13,334**

Bridge:

DKK'000	Total from above	Regulations *	Total external reporting
2018, Consolidated			
Revenue	827,881	0	827,881
Operating profit/loss (EBITDA)	40,039	97,936	137,975
Non-allocated costs			
Depreciation and amortisation	29,969	93,563	123,532
Operating profit/loss	10,070	4,373	14,443
Financial income	5,170	-1,011	4,159
Financial costs	28,574	10,756	39,330
Profit before tax	**-13,334**	**-7,394**	**-20,728**

*The difference between internal reporting and the annual report consists mainly of regulations related to IFRS 16 as the internally reporting have not adobted IFRS 16. See note 35 regarding further details of the recognition of IFRS 16 in the annual report.

NOTE 4 SEGMENT DISCLOSURES (CONTINUED)

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Geographical markets				
Denmark	586,518	633,740	586,518	633,740
Norway	144,102	84,738	0	0
Other markets	142,205	109,403	186,823	194,141
Total external revenue	872,825	827,881	773,341	827,881
Geographical markets				
Denmark	794,307	890,638	801,884	903,382
Norway	62,401	38,535	0	
Other markets	20,646	21,085	18,726	10,303
Total non-current assets	877,354	950,258	820,609	913,685

The Group sells 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 three distribution channels wholesale worldwide, retail Denmark and Retail Norway.

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 'other segments' category separately. The sources of the revenue included in the other segments' category relates to online B2C sales and retail outside Denmark and Norway. PWT has three reportable segments selling menswear to wholesalers worldwide and through retailers in Denmark and Norway. The Group primarily operates in Denmark and Norway and has, to a minor extent, activities in Sweden and Germany.

The presentation above does not take into account the significant subsequent events stemming from the Covid-19 situation. In the first half of 2020 the Nowegian retail shops have closed down impacting the groups segments. Please refer to note 2 regarding further disclosure of subsequent events.

NOTE 5 REVENUE

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Segment revenue				
Retail Denmark	485,081	511,605	485,081	511,605
Retail Norway	95,159	51,172	0	0
Wholesale Worldwide	561,343	506,645	468,400	441,340
Other units	6,894	6,372	6,894	6,372
Internal revenue between segments	-275,651	-247,913	-187,034	-184,778
	872,825	827,881	773,341	774,539

All timing of revenue is at a point in time.

NOTE 6 COST OF SALES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Costs of goods for resale	402,334	379,640	386,532	369,697
Write-down of inventories	3,370	3,162	3,028	2,904

NOTE 7 OTHER OPERATING INCOME AND COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Other operating income				
Gain on the disposal of property, plant and equipment:				
Owned assets	41	369	41	368
Right-of-use-assets	108	156	85	132
	149	525	126	500
Loss on the disposal of property, plant and equipment:				
Owned assets	73	731	55	261
Right-of-use-assets	0	0	0	0
	73	731	55	261

The above gains and losses reported relates to 2019. No gain and or losses relevant to the subsequent event described in note 2 are included in the figures above.

NOTE 8 OTHER EXTERNAL COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Fees for auditors appointed at the general meeting				
Statutory audit services	499	462	358	343
Other assurance engagements	10	13	0	13
Tax advisory services	129	160	36	75
Other services	286	160	143	20
Total fee	924	795	538	451
Distributed as follows:				
PwC	696	663	474	430
Other firms	228	132	64	21
	924	795	538	451

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the Group 165 tDKK and consist mainly of sundry tax and advisory services.

NOTE 9 STAFF COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Payroll	210,550	205,809	182,431	186,219
Pensions	12,777	12,914	12,451	12,697
Other social security costs	10,235	9,962	9,283	9,029
	233,562	228,685	204,166	207,945
Thereof:				
Payroll Executive Board	2,909	3,003	2,909	3,003
Pensions Executive Board	105	103	105	103
Payroll Board of Directors	550	550	550	550
	3,564	3,656	3,564	3,656
Average number of full-time employees	552	551	480	502

The above payroll cost reported relates to 2019 and comparative figures. No personell cost relevant to the subsequent event described in note 2, including changes in board members subsequent to the balance sheet date, are included in the figures above.

NOTE 10 DEPRECIATION/AMORTISATION

DKK'000	CONSOLIDATED 2019	CONSOLIDATED 2018	CONSOLIDATED 2019	CONSOLIDATED 2018
Owned assets:				
Amortisation, software	5,384	4,143	5,294	4,143
Amortisation, trademarks	559	706	490	706
Amortisation, other intangible assets	149	149	149	149
Depreciation, fixtures and fittings, tools and equipment	12,434	12,708	12,308	10,536
Depreciation, leasehold improvements	12,968	12,262	9,402	9,300
	31,494	29,968	27,643	24,834
Right-of-use assets:				
Depreciation, property	94,177	90,281	76,729	79,593
Depreciation, fixtures and fittings, tools and equipment	2,800	3,283	0	2,644
	96,977	93,564	76,729	82,237
	128,471	123,532	104,372	107,071

NOTE 11 FINANCIAL INCOME

DKK'000	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Interest income, banks	4	5	1	4
Interest income, group enterprises	0	0	960	790
Adjustment of fair value of financial instruments	0	3,463	0	0
Other financial income	1,075	691	1,024	4,004
	1,079	4,159	1,985	4,798

NOTE 12 FINANCIAL EXPENSES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Interest expense, banks	3,826	2,503	3,818	2,494
Interest expense, bond loans	17,685	17,685	17,685	17,685
Interest expense, leasing debt	7,493	9,169	5,759	8,128
Adjustment of fair value, financial instruments Foreign exchange adjustment	1,088	0	1,088	0
Other financial expenses	22	681	-1	601
Other financial expenses	2,223	1,193	1,403	699
	32,337	31,231	29,752	29,607

NOTE 13 TAX

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Tax for the year is distributed as follows:				
Tax on profit/loss for the year	-2,933	-1,448	-2,682	-1,423
Tax on other comprehensive income	0	0	0	0
	-2,933	-1,448	-2,682	-1,423
Tax on profit/loss for the year is specified as follows:				
Current tax	-278	38	-278	38
Deferred tax	-2,539	-1,534	-2,366	-1,461
Adjustment of tax in respect of previous years	-116	48	-38	0
	-2,933	-1,448	-2,682	-1,423
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22% tax on results before tax	-117	-4,560	-2,876	-3,301
Adjustment of tax in foreign entities in proportion to 22%	-3,073	1,240	0	0
Tax effect of:				
Adjustment deferred tax of prior years	146	0	0	0
Non-deductible cost/income	227	1,824	227	1,878
Adjustment of tax in respect of prior years	-116	48	-38	0
	-2,933	-1,448	-2,687	-1,423
Effective tax rate	553.5%	7.0%	20.6%	9.5%

NOTE 14 SOFTWARE

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Opening cost	35,474	30,211	35,394	30,211
Additions for the year	4,709	5,263	4,316	5,183
Disposals for the year	0	0	0	0
Closing cost	40,183	35,474	39,710	35,394
Opening amortisation	27,180	23,037	27,180	23,037
Amortisation for the year	5,384	4,143	5,294	4,143
Reversed amortisation for the year of disposals	0	0	0	0
Closing amortisation	32,564	27,180	32,474	27,180
Carrying amount	7,619	8,294	7,236	8,214

NOTE 15 TRADEMARKS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Opening cost	7,366	7,366	7,366	7,366
Additions for the year	0	0	1	0
Additions for the year, Business Acquisition	379	0	-1	0
Disposals for the year	0	0	0	0
Closing Cost	7,745	7,366	7,366	7,366
Opening amortisation	5,630	4,924	5,630	4,924
Amortisation for the year	559	706	490	706
Reversed amortisation for the year of disposals	0	0	0	0
Closing amortisation	6,189	5,630	6,120	5,630
Carrying amount	1,556	1,736	1,246	1,736

NOTE 16 GOODWILL

DKK'000	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Opening cost	697,461	697,461	697,461	697,461
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Closing cost	697,461	697,461	697,461	697,461
Opening impairment losses	83,000	83,000	83,000	83,000
Impairment losses for the year	0	0	0	0
Closing impairment losses	83,000	83,000	83,000	83,000
Carrying amount	614,461	614,461	614,461	614,461

Impairment testing

The impairment test made by Management at 31 December 2019 is based on the future cash flows expected by Management at 31 December 2019, which significantly differ from the cash flows expected by Management at the time of adoption of the Annual Report, see further in note 2 regarding subsequent events.

At 31 December 2019, 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:

DKK'000	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Retail Denmark	256,661	256,661	256,661	256,661
Wholesale worldwide	357,766	357,766	357,766	357,766
Other	34	34	34	34
Total goodwill	614,461	614,461	614,461	614,461

The allocation of goodwill follows the Groups reporting of segments. 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 2020 – 2025 approved by Management and at a discount rate of 9.0% after tax (2018: 9.0%), corresponding to a discount rate before tax of 12.5% (2018: 12.5%). 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, including the growth rates applied, which rely on Management's forecast based on initiatives taken to boost earnings, which mainly stems from a combination of revenue increases during the budget and forecast period as well as an marginal lower increase in costs than the increase in revenue.

REVENUE DEVELOPMENT:
Revenue development is based on expected sales of collections to Wholesale customers as well as the expected LFL development and growth in distribution channels. The assessment is made on the basis of historical experience, internal and external benchmarking and statistics, management's expectation of market development, market trends and other initiatives initiated.

GROSS MARGIN:
The expected gross margin is based on both efficiency improvements and margin shifts as a result of changes in distribution channels' sales mix.

COST RATIO:
The cost ratio is in al materiality based on the current cost basis levels and cost percentages.

WHOLESALE:
The Group expects to enjoy continuous growth on the export markets. As the basis for impairment testing, the business has budgeted for a compound annual revenue increase of 5 % for the CGU during the budget and forecast period (2020 – 2025), following the realized figures for the segment, and 1.5% during the terminal period. EBITDA margin in the terminal period is projected at 12.6 % implying an annualized growth rate at 14.2% compared to the EBITDA margin of 5.7 % realized in 2019. On this basis, the value in use exceeds carrying amount with 64 million. However, sensitivity analysis shows that if key assumptions are not realizable as forecasted, impairment might be needed according to sensitivity analyses, cf. below.

RETAIL DENMARK:
As the basis for impairment testing, the business has budgeted for a compound annual revenue increase of 1% for the CGU during the budget and forecasting period (2020 – 2025) and 0.8% during the terminal period. EBITDA level in the terminal period is projected at 7.6 % implying an annualized growth rate at 9.1% compared to the EBITDA margin of 4.5 % realized in 2019. On this basis, the net present value of future cash flows was not less than DKK 98 million up on carrying amount for the CGU. However, sensitivity analysis shows that if key assumptions are not realizable as forecasted, impairment might be needed according to sensitivity analyses, cf. below.

SENSITIVITY ANALYSIS:
Sensitivity analysis shows that if key assumptions are not realizable as forecasted, impairment might be needed according to sensitivity analyses. The following illustrates the sensitivity to the need for impairment of goodwill through a change in one of the key assumptions of the impairment test. The figures express how much a key assumption can change without the need for impairment:

Cash-generating unit	PERCENTAGE DECREASE IN ANNUALISED GROWTH RATE, REVENUE	PERCENTAGE DECREASE IN ANNUALISED GROWTH RATE, EBITDA	PERCENTAGE INCREASE IN WACC
Retail Denmark	1%	6%	3%
Wholesale	2%	2%	1%

NOTE 17 OTHER INTANGIBLE ASSETS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Opening cost	1,490	1,490	1,490	1,490
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Closing cost	1,490	1,490	1,490	1,490
Opening amortisation	447	298	447	298
Amortisation for the year	149	149	149	149
Closing amortisation losses	596	447	596	447
Carrying amount at	894	1,043	894	1,043

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of right of intangible assets.

NOTE 18 PROPERTY - RIGHT OF USE ASSETS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Opening cost	319,514	0	285,094	0
Additions from implementing IFRS 16	0	299,026	0	261,861
New opening cost	319,514	299,026	285,094	261,861
Currency translation	0	0	0	0
Additions for the year	5,748	31,377	3,606	31,377
Additions for the year, Business Acquisition	40,371	0		
Disposals for the year	7,076	10,889	5,198	8,144
Closing cost	358,557	319,514	283,502	285,094
Opening depreciation	85,817	0	75,797	0
Currency translation	0	0	0	0
Depreciation for the year	94,177	90,282	76,729	79,593
Reversed depreciation for the year on disposals	4,475	4,465	3,303	3,796
Closing depreciation	175,519	85,817	149,223	75,797
Closing carrying amount	183,038	233,697	134,279	209,297

Refer to Note 2 regarding subsequent events dsiclosure relating to the subsequent valuation of other use assets.

NOTE 19 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Opening cost	103,090	91,568	91,095	78,722
Additions due to merger	0		0	894
Currency translation	0	-104	0	0
Additions for the year	4,216	13,107	3,012	12,259
Additions for the year, Business Acquisition	1,976	0	0	0
Disposals for the year	4,005	1,481	3,857	780
Closing cost	105,277	103,090	90,250	91,095
Opening depreciation	71,405	59,815	65,208	54,941
Depreciation due to merger	0	0	0	45
Currency translation	-65	-110	0	0
Depreciation for the year	12,434	12,704	9,772	10,536
Reversed depreciation for the year of disposals	3,902	1,004	3,772	315
Closing depreciation	79,872	71,405	71,208	65,207
Closing carrying amount	25,405	31,685	19,042	25,888

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of fixtures and fitting, tools and equipment.

NOTE 20 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT - RIGHT OF USE ASSETS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Additions from implementing IFRS 16	8,095	0	6,846	0
New opening cost	0	8,209	0	6,955
Currency translation	8,095	8,209	6,846	6,955
Additions for the year	0	0	0	0
Disposals for the year	3,168	718	3,029	717
Closing cost	2,644	832	1,593	826
Closing cost	8,619	8,095	8,282	6,846
Opening depreciation	2,980	0	2,349	0
Currency translation	0	0	0	0
Depreciation for the year	2,800	3,281	2,536	2,646
Reversed depreciation for year on disposals	1,941	301	1,234	297
Closing depreciation	3,838	2,980	3,651	2,349
Closing carrying amount	4,782	5,115	4,631	4,497

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of right of use assets - fixtures and fitting, tools and equipment.

NOTE 21 LEASEHOLD IMPROVEMENTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Opening cost	103,048	93,311	85,366	73,954
Additions due to merger	0	0	0	1,488
Currency translation	0	-187	0	0
Additions for the year	3,673	12,146	2,010	11,101
Additions for the year, Business Acquisition	2,964	0	0	0
Disposals for the year	3,484	2,222	2,774	1,177
Closing cost	106,201	103,048	84,602	85,366
Opening depreciation	69,390	58,031	58,676	49,482
Depreciation due to merger	0	0	0	77
Currency translation	-90	-196	0	0
Depreciation for the year	12,968	12,267	9,402	9,300
Reversed depreciation for the year of disposals	3,471	712	2,763	183
Closing depreciation	78,797	69,390	65,314	58,676
Closing carrying amount	27,404	33,658	19,288	26,690

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of leasehold improvements.

NOTE 22 INVESTMENTS IN GROUP ENTERPRISES

	CONSOLIDATED		PARENT COMPANY	
	Investments in group enterprises		Investments in group enterprises	
DKK'000	2019	2018	2019	2018
Cost at January 2019	0	0	7,577	8,908
Additions	0	0	0	0
Disposals	0	0	0	1,331
Cost at 31 December	0	0	7,577	7,577
Carrying amount at 31 December	0	0	21,577	21,577

DKK'000	EQUITY	PROFIT FOR THE YEAR	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
PWT Norway AS, Oslo Norway	1,357	7,646	TNOK 400	100%
PWT Germany GmbH, Maasbüll, Germany	7,426	7,308	TEUR 25	100%

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of Investments in group enterprises.

NOTE 23 INVESTMENTS IN ASSOCIATES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2019	2018	2019	2018
Cost at 1 January 2019	10,135	10,135	10,135	10,135
Additions	0	0	0	0
Cost at 31 December	10,135	10,135	10,135	10,135
Value adjustments 1 January 2019	-10,135	-10,135	-10,135	-10,135
Net profit/loss for the year	0	0	0	0
Value adjustments 31 December	-10,135	-10,135	-10,135	-10,135
Carrying amount at 31 December	0	0	0	0

NOTE 23 INVESTMENTS IN ASSOCIATES (CONTINUED)

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 2019	Turnover	Profit before tax	Profit for the year	Other comprehen-sive income	Comprehen-sive income for the year	Groups share of profit
Wagner China ApS (Aalborg, 60% ownership)	0	-44	-90	0	-90	-54

Balance sheet 2019	Noncurrent assets	Current assets	Noncurrent liabilities	Current liabilities	Equity	Groups share of equity
Wagner China ApS (Aalborg, 60% ownership)	0	2	0	12,843	-12,841	-7,705

NOTE 24 ACQUISITION OF ACTIVITIES

On the 1. March 2019 PWT Group acquired Brandstad retail stores. Brandstad is a premium men's clothing store chain with 15 stores and the webshop brandstad.no. Brandstad delivers good service, high quality and well known brands in modern, light and nice stores. Which were a perfect fit for PWT Group.

Brandstad is included in the annual report for 2019 with a revenue of 51,677 TDKK and with a profit before tax of 6,631 TDKK.

Deferred purchase price is expected to be paid by March 2022.

Fair value of acquired assets, liabilities and contingent liabilities and acquisition price has been calculated and can be allocated as followed:

DKK'000	2019
Trademarks	380
Leasehold improvements	2,964
Fixtures and fittings, tools and equipment Property right of use assets	1,976
Lease debt	40,371
Acquired assets	-40,371
Goodwill	5,320
Acquisition price	0
Deferred acquisition price	5,320
Cash acquisition price	3,800
Cash acquisition price	1,520

The above purchase price discosure is not taking into effekt the subsequent events in 1st half of 2020, where the Brandstad retail shops have been closed due to the Covid-19 impact. Please refer to note 2 for further subsequent events disclosures.

NOTE 25 DEFERRED INCOME TAX

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Deferred tax arises from:				
Intangible assets	47,913	47,473	47,913	47,473
Property, plant and equipment	-5,794	-1,555	-5,794	-1,468
Current assets	-1,210	-864	-286	-277
Provisions	-1,587	-1,683	-1,587	-1,683
Other liabilities	728	-202	728	-202
Tax loss carryforwards	-20,372	-20,554	-20,372	-20,554
	19,678	22,615	20,602	23,289

At 31 December 2019, the Group has an unrecognised tax loss carry-forward of DKK 22.7 million (2018: DKK 29.8 million) related to the Norwegian entities within the Group and DKK 4 million (2018: DKK 4 million) related to the Danish Company, which may be carried forward indefinitely. The portion of carry forward losses recognised are based on the expected utilization of future taxable income over the next 3-5 years, which is expected based on the same assumptions as described the goodwill impairment test, cf. note 15.

Also refer to note 2 regarding subsequent events, which will impact deferred tax significant in 2020.

NOTE 26 DEPOSITS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Carrying amount at 1 January	14,496	15,187	14,281	14,910
Additions	1,477	1,662	1,406	1,724
Disposals	-3,778	-2,353	-3,732	-2,353
Carrying amount at 31 December	12,196	14,496	11,955	14,281

NOTE 27 INVENTORIES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Goods for resale	206,580	201,273	186,437	190,017
Provisions for obsolescence	3,370	3,162	3,028	2,904
Goods for resale, net	203,210	198,111	183,409	187,113
Specification of provisions for obsolescence:				
Provision at 1 January	3,162	2,725	2,904	2,614
Adjustment for the year of provision for obsolescence	208	437	124	290
Provision at 31 December	3,370	3,162	3,028	2,904

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of Inventories.

NOTE 28 TRADE RECEIVABLES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Trade receivables, gross	76,128	59,253	59,251	48,681
Allowances	1,796	1,420	1,648	1,259
Trade receivables, net	74,332	57,833	57,603	47,422
Distribution of receivables				
Not due	55,235	50,912	51,119	41,507
Under 30 days	4,662	4,703	2,806	3,664
Between 30 and 60 days	8,762	512	1,383	480
Between 60 and 90 days	4,429	845	1,689	709
Over 90 days	3,040	2,281	2,254	2,221
Trade receivables	76,128	59,253	59,251	48,581
Write-downs, expected loss rate				
Not due, 0,7% (0,6%)	360	303	316	164
Under 30 days, 0,9% (1,5%)	41	70	37	60
Between 30 and 60 days, 0,9% (4,7%)	77	24	68	22
Between 60 and 90 days, 7% (14,4%)	309	121	251	101
Over 90 days, 33,2% (39,5%)	1,008	902	976	911
Trade receivables	1,796	1,420	1,648	1,258
Changes in allowances for trade receivables:				
Allowances at 1 January 2019 calculated under IFRS 9	-	1,863	-	1,684
Amounts restated though opening retained earnings	-	0	-	0
Allowances at 1 January 2019	1,420	1,863	1,259	1,684
Currency translation	0	9	0	0
Loss for the year	-330	-539	-287	-493
Reversed allowances for the year	-267	-27	-252	-27
Allowances for the year	972	114	928	95
Allowances at 31 December	1,796	1,420	1,648	1,259

As of 31 december 2019 PWT Group has collateral held as security for trade receivables of 22 million, which consist of bank guarantee, deposit and personal guarantees.

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent valuation of trade receivables.

NOTE 29 SHARE CAPITAL

DKK'000	SHARE CAPITAL 31-12-2019
Share capital upon establishment 2007/08	1,985
Closing share capital	1,985

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

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent restructering and ownership of the Company.

Capital management
The group's objectives when managing capital are to:
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the solvency ratio and nebt bearing debt.

The Group regularly assesses the need for adjusting its capital structure to weigh the required higher return on equity up against loan capital. Equity's share of total assets (solvency ratio) reached 40.8% at the end of 2019 (2018: 39.6%). Capital management is conducted for the Group as a whole.

The company's management continuously assesses whether the Group's capital structure is in line with the interests of the company and its shareholders. The overall goal is to secure a capital structure that supports long-term economic growth and at the same time maximizes the return to the Group's stakeholders by optimizing the ratio between equity and debt. The Group's capital structure consists of debt, which comprises financial liabilities in the form of bank debt, lease debt, cash and cash equivalents, including share capital, other reserves and transferred profit.

In order to maintain the greatest possible flexibility in the future and thus best support the Group's strategies, the Group aims to have an acceptable solvency ratio of around 30 - 50%. The Group's credit facilities are primarily used to finance seasonal fluctuations in working capital. Net interest-bearing debt was per December 31, 2019 451.7 million DKK (refer to note 41).

The Board of Directors recommends to the General Meeting that no ordinary dividend be distributed for 2019.

NOTE 30 PROVISIONS

DKK'000	CONSOLIDATED 2019	CONSOLIDATED 2018	CONSOLIDATED 2019	CONSOLIDATED 2018
The Group's total provision obligation broken down on residual terms:				
Within 1 year	2,612	2,679	2,245	2,471
Between 1 and 5 years	6,906	5,983	5,213	5,315
After 5 years	1,316	1,536	1,279	1,499
	10,835	10,198	8,737	9,285
Provision obligation at 1 January 2019	10,198	8,981	9,285	8,091
Additions during the year	3,400	3,485	2,119	3,387
Reversals during the year	-2,763	-3,071	-2,668	-2,892
Effect of change in interest rates	0	98	0	89
Effect of change in years	0	705	0	610
Provision obligation at 31 December	10,835	10,198	8,737	9,285

Provisions obligations contains obligation to re-establish leaseholds (8,675) and refund liability on sold clothes (2,160).

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 1% (2018: 1.3%), equivalent to a risk-free interest rate. Refund liabilities on sold clothes relates to projected future returns.

NOTE 31 BANK LOANS AND BOND LOANS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Bank overdrafts	46,393	25,788	46,393	25,788
Bank loans	46,393	25,788	46,393	25,788
The loans are recognised as follows on the balance sheet:				
Current liabilities	46,393	25,788	46,393	25,788
Carrying amount	46,393	25,788	46,393	25,788
Fair value	46,393	25,788	46,393	25,788
Undrawn credit facilities at 31 December	44,468	50,492	44,468	50,492

Refer to Note 2 regarding subsequent events disclosure relating to the subsequent events.

NOTE 32 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into forward contracts of a total of DKK 117,167 thousand for USD purchases of a value during the period until July 2019 for the purpose of hedging future purchases in USD. The average exchange rate is 662. Forward contracts are not qualifying for treatment as hedging instruments, and changes are regularly recognised in the profit and loss statement before tax at a total of as financial income and financial expenses. The Group does not apply hedge accounting.

Reference is made to note 41 for further details.

Cover of currency risks:

Consolidated 2019:

DKK'000	**Residual life**	**Contract value**	**Fair value**	**Fair value adjustment recognised in the statement of comprehensive income**
Forward contract, USD	0-7 months	117,167	204	-1,088
Recognised in finacials income/expense in the profit and loss statement			204	-1,088

Consolidated 2018:

Forward contract, USD	0-6 months	90,722	1,292	3,463
Recognised in finacials income/expense in the profit and loss statemen			1,292	3,463

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

NOTE 33 OTHER DEBTS

Carrying amount of bonus points (contract liabilities) at 31. December 2019 at TDKK 7,597 (2018 7,187). Changes in current year consits of; earned points TDKK 3,708, cashed points TDKK 1,436 and expired TDKK 1,862.

NOTE 34 DEFERRED INCOME

Deferred income compromises mainly obligations in relation to gift cards (contract liabilities). Gift cards at TDKK 12,448 (2018 TDKK 14,179) are recognized as income as they are used or when the become obsolete after 3 years according to regulations.

NOTE 35 LEASING

Below is an overview of information about leasing

Depreciations regarding leases is shown in note 10
Financial expenses regarding leases is shown in note 12
All contracts have been recognized as assets and debt, except short-term and low value contracts, recognised as an expense in profit and loss with TDKK 197 (2018: 138)
There has been income from subleasing TDKK 4,691 (2018: 1,936)
During the year there have been variable payments of TDKK 2,180 (2018: 18,973)
Cash-outflow from leasing amounts to TDKK 96,688 (2018: 97,935)
Acquisitions and carrying amount is shown in note 18 and 20
Profit and loss from right-of use assets is shown in note 7

NOTE 36 CHARGES AND COLLATERAL

Consolidated
As collateral for bank loans, the group has provided a floating charge of a nominal amont of DKK 130 million secured upon non-current assets and current assets with a book value at 31 December 2019 of DKK 915 million (31 December 2018: DKK 927 million).

Current year is allocated (DKK Million):	
Intagible assets	636
Inventories	183
Trade receivables	58
Property, plant and equipment	38
	915

At 31 December 2019, the Group has entered into documentary credits of a total of DKK 1,268 thousand regarding non-settled purchase of goods abroad (31 December 2018: DKK 9,913 thousand).

The above disclosure about colleteral above is presented without taking into effect the significant development in charges and collateral after the balance sheet date. Please refer to note 2 disclosures regarding subsequent events regarding the effect of theese collaterals in connection with the restructering in the first half of 2020.

NOTE 37 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 dis putes will not have a significant effect on the Group's financial position.

The parent company as of 31. December 2019 and the company have guaranteed payments of leases for property on behalf of the Group company WagNo AS. Because WagNo AS went into bankruptcy the guarantees have been claimed. The management expects it will amount to 1.0 mio. DKK

NOTE 38 RELATED PARTY DISCLOSURES AND OWNERSHIP

Control as of adoption of the annual report	Basis
OKH Holding ApS	Ultimate parent company
PWT Management ApS	Owner of PWT Group A/S

At 31. december 2019 the company was owned by PWT Holding A/S and the ultimate controlling company was P-WT 2007 ApS

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

Executive staff members
Executive remuneration have been addressed in note 9.

Transactions with related parties
Amounts owned by group enterprises are disclosed on the balance sheet of the parent company financial statements, and interest thereon is disclosed in note 11, Financial income. Executives and Directors remuneration are disclosed in note 9, Staff costs.

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

	CONSOLIDATED	
DKK'000	**2019**	**2018**
Rent, etc	5,056	4,606
Rent obligations regarding related parties represent	39,847	44,489

NOTE 39 MANAGEMENT POSIOTIONS OF BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Ole Koch Hansen, Lars Johansson and Claus Back Nielsen serves on the Board of Directors on behalf of PWT Management ApS. Michael Kjær serves on the Board of Directors on behalf of the bond holders.

Lars Johansson

Chairman and member of the board of directors since 2020

Member of the Board of:

Center For Ledelse (CFL)

Thortrans A/S

EPN (Erhvervs politisk netværk)

Michael Kjær

Member of the board of directors since 2020

CEO of:

Invest Group A/S

Chairman of the Board of:

Artha Holding A/S

Kraks Fond

CORE Leasing A/S

Realfiction AB

Telecenteret A/S

Member of the Board of:

Brødrene A. & O. Johansen A/S

Dansk Erhverv

Dansk Arbejdsgiverforening (DA)

Jacobsgaard Investment Advisory ApS

MenuPay AB

Ole Koch Hansen

Member of the executive board since 2008

Member of the board of directors since 2011

CEO of:

OKH Holding ApS

Claus Back Nielsen

Member of the board of directors since 2020

Member of the Board of Directors of: :

Happydays A/S

Krogh Andersen A/S

NOTE 40 NEW FINANCIAL REPORTING REGULATIONS

IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemneted in the consolidated financial statements for 2019. PWT Group expects to adopt the accounting standards and interpretations when they become mandatory.

None of the new or amended accounting standards and interpretations for 2019 have had significant impact on the financial statements. IFRS 16 was adopted already for the financial statement 2018.

NOTE 41 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP

The impact of the subsequent event described in note 2 are not taken into account in the disclosures below (unless otherwise stated).

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 this 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.

Currency risks

Sales of the Group are primarily settled in Danish kroner, Norwegian kroner, Swedish kroner and Euro. The Group has sales companies in Germany and Norway, a sales department in Sweden and shops in Norway and Sweden 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 2019 set out in Danish kroner:

DKK'000	USD	NOK	SEK	EUR
Receivables	2,140	1,477	5,883	29,213
Cash	0	19,254	2,480	0
Trade payables	1,896	20,273	1,589	8,762
Bank loans	10,408	0	0	5,811
Forward contracts	118,163	0	0	0
	107,999	458	6,774	14,640
Impact on results before tax based on a -10% change in exchange rate	10,800	46	677	1,464
Impact on equity and results after tax based on a -10% change in exchange rate	8,424	36	528	1,142

Consolidated currency positions at 31 December 2018 set out in Danish kroner:

DKK'000	USD	NOK	SEK	EUR
Receivables	1,376	990	4,721	11,662
Cash	0	6,645	1,042	0
Trade payables	1,001	7,842	1,191	2,492
Bank loans	5,604	0	0	20,765
Forward contracts	92,602	0	0	0
	87,373	-207	4,572	-11,595
Impact on results before tax based on a -10% change in exchange rate	8,737	-21	457	-1,160
Impact on equity and results after tax based on a -10% change in exchange rate	6,815	-16	357	-904

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.

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 3.8 million (DKK 4.0 million) and the Parent Company's results and equity of DKK 3.4 million (DKK 3.8 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 write-down policy is calculated at expected credit loss, which uses a lifetime expected loss allowance for all trade receivables and contract assets. 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.

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.

NOTE 41 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

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

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2019**	**2018**	**2019**	**2018**
Specification of net interest-bearing debt				
Cash at bank and in hand	-38,422	-17,245	-23,924	-12,438
Amounts borrowed from group enterprises	250,301	248,044	250,301	248,044
Lease debt	193,470	244,269	143,921	218,855
Bank loans, current liabilities	46,393	25,788	46,393	25,788
Net interest-bearing debt	451,743	500,857	416,692	480,249

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.

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	**31.12.2018**	**Cash flow**	**Other regulations**	**31.12.2019**
Amounts borrowed from group enterprises	248,044	0	2,257	250,301
Bank loans and overdrafts, short term	25,788	20,605	0	46,393
Lease debt, long and short term	244,269	-96,688	45,889	193,470
Debt from financing activities	518,101	-76,083	48,146	490,165

NOTE 41 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

2019, Consolidated

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Derivative financial instruments	204	0	0	204	204
Financial instruments measured at fair value through profit and loss	204	0	0	204	204

2019, Consolidated

Deposits	0	0	12,196	12,196	12,196
Trade receivables	74,332	0	0	74,332	74,332
Other receivables	4,416	0	0	4,416	4,416
Financial instruments measured at amortised cost	78,748	0	12,196	90,944	90,944
Amounts borrowed from group enterprises	250,301	0	0	250,301	250,301
Lease debt	105,852	85,600	16,248	207,700	193,470
Overdraft facilities	46,393	0	0	46,393	46,393
Trade payables	98,520	0	0	98,520	98,520
Financial liabilities are measured at amortised cost	501,066	85,600	16,248	602,914	588,685

2018, Consolidated

Derivative financial instruments	1,292	0	0	1,292	1,292
Financial instruments measured at fair value through profit and loss	1,292	0	0	1,292	1,292

2018, Consolidated

Deposits	0	0	14,496	14,496	14,496
Trade receivables	57,833	0	0	57,833	57,833
Other receivables	7,769	0	0	7,769	7,769
Financial instruments measured at amortised cost	65,602	0	14,496	80,098	80,098
Amounts borrowed from group enterprises	248,044	0	0	248,044	248,044
Lease debt	94,713	141,675	20,728	257,116	244,269
Overdraft facilities	25,788	0	0	25,788	25,788
Trade payables	109,348	0	0	109,348	109,348
Financial liabilities are measured at amortised cost	477,893	141,675	20,728	640,296	627,449

NOTE 41 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP (CONTINUED)

2019, Parent Company

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Derivative financial instruments	204	0	0	204	204
Financieal instruments mesured at fair value through profit and loss	204	0	0	204	204
Deposits	0	0	11,955	11,955	11,955
Trade receivables	57,603	0	0	57,603	57,603
Other receivables	4,264	0	0	4,264	4,264
Financial instruments measured at amortised cost	61,867	0	11,955	73,822	73,822
Amounts borrowed from group enterprises	250,301	0	0	250,301	250,301
Lease debt	84,949	52,651	16,248	153,848	143,921
Overdraft facilities	46,393	0	0	46,393	46,393
Trade payables	94,856	0	0	94,856	94,856
Financial liabilities are measured at amortised cost	476,499	52,651	16,248	545,398	535,472

2018, Parent Company

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Derivative financial instruments	1,292	0	0	1,292	1,292
Financieal instruments mesured at fair value through profit and loss	1,292	0	0	1,292	1,292
Deposits	0	0	14,281	14,281	14,281
Trade receivables	47,422	0	0	47,422	47,422
Other receivables	7,703	0	0	7,703	7,703
Financial instruments measured at amortised cost	55,125	0	14,281	69,406	69,406
Amounts borrowed from group enterprises	248,044	0	0	248,044	248,044
Lease debt	85,896	129,562	20,728	236,186	218,855
Overdraft facilities	25,788	0	0	25,788	25,788
Trade payables	108,341	0	0	108,341	108,341
Financial liabilities are measured at amortised cost	468,069	129,562	20,728	618,359	601,028

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 as of 31 December 2019 before the impact of Covid-19, refer to Note 2 for disclosure regarding subsequent events. Please also refer to the description of liquidity risks above.

COMPANY DETAILS

COMPANY	PWT Group A/S Gøteborgvej 15 9200 Aalborg SV Denmark CVR No.: 31 08 16 06 Established: 30. November 2007 Registered office: Aalborg Financial year: 1 January 2019 - 31 December 2019 (12th financial year)
WWW	pwt-group.com pwtbrands.com lindbergh.dk shineoriginal.com bison.dk junkdeluxe.dk wagner.dk tøjeksperten.dk
BOARD OF DIRECTORS	Lars Johansson (Chairman) Michael Kjær Ole Koch Hansen Claus Back Nielsen
EXECUTIVE BOARD	Ole Koch Hansen, CEO
AUDITORS	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark

PWT GROUP
GØTEBORGVEJ 15-17
9200 AALBORG SV
DENMARK
(+45) 7245 4545
PWT-GROUP.COM
PWTBRANDS.COM