PWT GROUP

FINANCIAL YEAR 2022

PWT GROUP

PWT Group is a leading Nordic brand house in men's fashion, serving both B2B, B2C, and D2C markets.

We offer high-quality men's fashion products from a variety of top brands, designed, sourced, and sold throughout of various distribution channels.

Overall, extensive distribution through both physical stores and online sales, combined with our outstanding omnichannel approach, positions PWT Group as a leading provider of quality men's fashion products.

PWT BRANDS

Our five strong brands are sold by +700 independent retailers and own retail chains, Tøjeksperten and Wagner.

From the headquarter in Aalborg, PWT Brands markets Lindbergh, JUNK de LUXE, Bison, Jacks Sportswear Intl., and Morgan to more than 27 countries through both physical retail stores and online shops.

TØJ | eksperten

Tøjeksperten, with 114 stores, is Denmark's largest omni-channel men's wear chain, providing quality clothing for fashion-conscious men of all ages since 1968.

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

Tøjeksperten Erhverv is a part of Tøjeksperten, and spezializes in providing high-quality profile clothing for the Danish businessman through its B2B services.

WAGNER

Wagner, established in 1946, has a growing and comprehensive store network in Scandinavia. The chain offers a fantastic selection of contemporary fashion and strong brands, including Lindbergh, JUNK de LUXE, Bison, and Jacks Sportswear Intl. Wagner currently operates 21 stores in Denmark, 10 in Sweden, and 7 in Norway.

ONLINE & OMNI-CHANNEL SHOPPING

In addition to the physical stores, PWT Group has a strong presence in online sales.

Our products are available through own e-commerce sites (D2C) as well as through partnerships with major online retailers and marketplaces. This extensive distribution allows us to reach a wider audience and provide convenient shopping options for all of our customers.

The retail chains, Tøjeksperten and Wagner, offer a superior omnichannel shopping experience. This omnichannel approach helps cater to the diverse shopping preferences of our customers and provides an outstanding seamless shopping experience across all channels.

CONTENTS

COMPANY DETAILS

COMPANY	PWT Group A/S Gøteborgvej 15-17 9200 Aalborg SV Denmark CVR No.: 31 08 16 10 Established: 30. November 2007 Registered office: Aalborg Financial year: 1 January 2022 - 31 December 2022 (15th financial year)
WWW	pwt-group.com pwtbrands.com lindberghfashion.com bison.dk junkdeluxe.dk wagner.dk tøjeksperten.dk erhverv.tøjeksperten.dk
BOARD OF DIRECTORS	Lars Johansson (Chairman) Dorte Eg Signe Trock Hilstrøm Michael Kjær Ole Koch Hansen
EXECUTIVE BOARD	Ole Koch Hansen, CEO Claus Back Nielsen, CFO
AUDITORS	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark

MISSION

" WE DRESS MEN"

KEY NUMBERS

REVENUE

794 **M DKK**

(668 M DKK)

EBITDA

154 **M DKK**

(156 M DKK)

EBITDA MARGIN

19.4 **%**

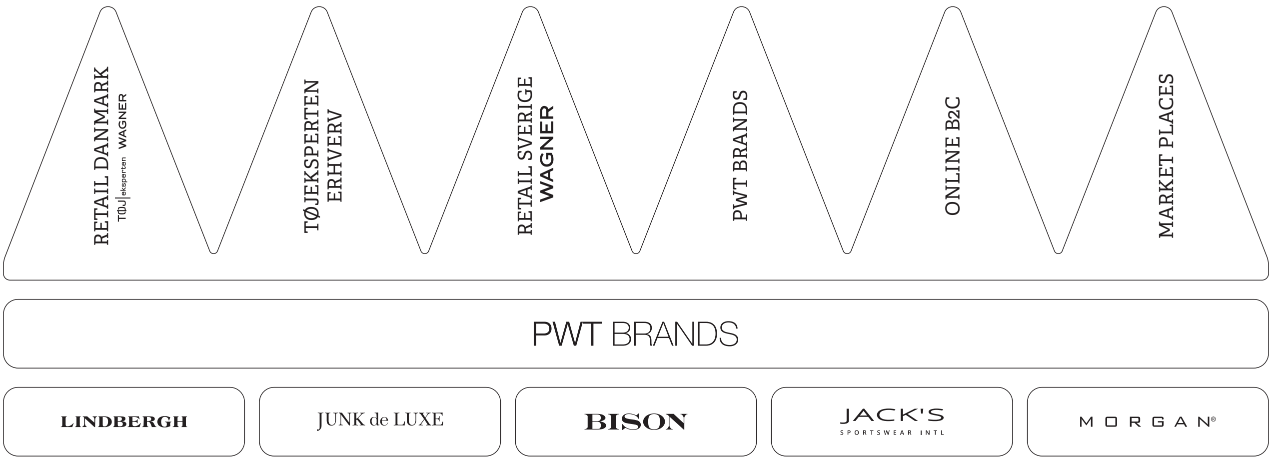
(23.3%)

SOLVENCY RATIO

60.5 **%**

(50.6%)

PWT GROUP PLATFORM



	REVENUE	COUNTRIES	RETAILERS/ STORES	NUMBER OF EMPLOYEES
PWT BRANDS		**TOTAL** Independent Retailers	+700	**118** EMP
TØJ eksperten		**TOTAL** Denmark	114 114 (60 franchises)	**207** EMP
WAGNER		**TOTAL** Denmark Norway Sweden	38 21 (13 franchise) 7 (7 franchise) 10 (5 franchise)	**49** EMP
TOTAL	**794** M DKK	**152** STORES	**+700** RETAILERS	**374** EMP

WORD FROM THE CEO

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

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

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

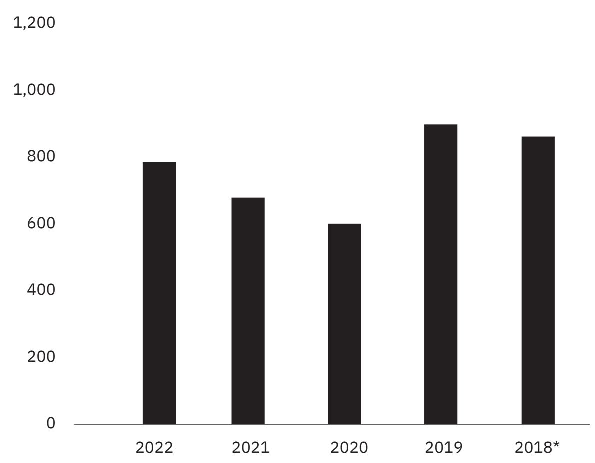
"The acceleration of our digital presence has been a key factor in our success, and we will continue to invest in this area, and we are dedicated to adapt and innovate to meet the constantly changing needs of our customers."

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

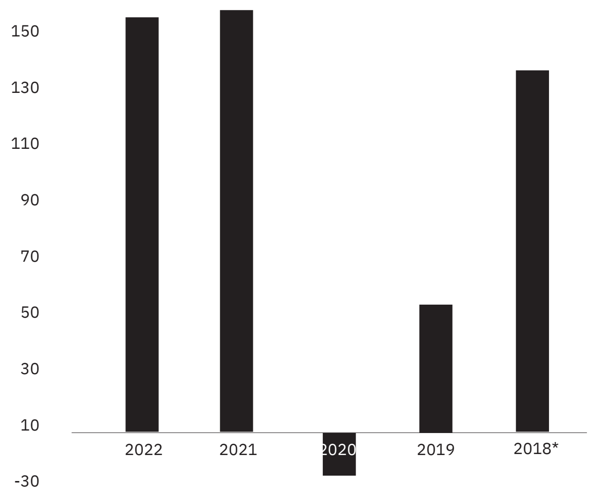
Ole Koch Hansen
CEO

FINANCIAL HIGHLIGHTS

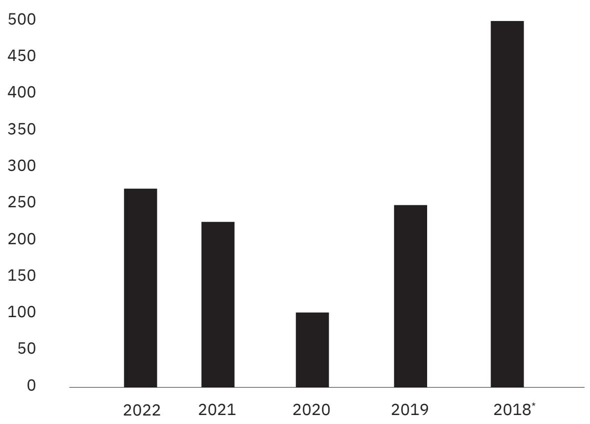
REVENUE
MILLION DKK



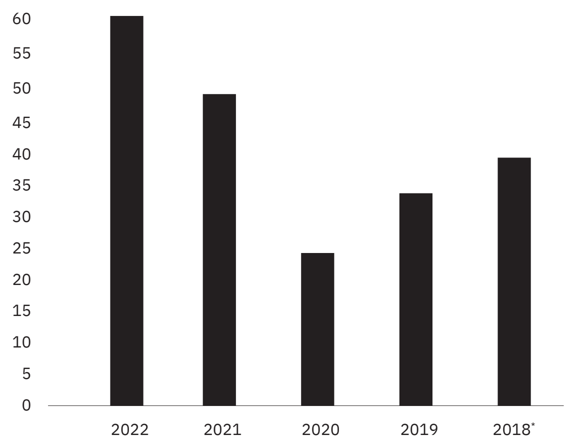
EBITDA
MILLION DKK



EQUITY
MILLION DKK



SOLVENCY RATIO
STATED AS A PERCENTAGE



For definitions, please see the accounting policies.
**The comparative figures for 2018 were prepared in accordance with IFRS and have not been restated.*

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK IN MILLION	2022	2021	2020	2019	2018*
INCOME STATEMENT					
Revenue	794	668	596	873	828
Gross profit	324	316	165	289	367
EBITDA	154	156	-21	55	138
EBIT	135	138	-388	-18	14
Profit/loss from financial income and expenses (including associate)	3	3	242	-23	-35
Profit/loss for the year	115	126	-200	-33	-19
BALANCE SHEET					
Total assets	451	421	355	769	1,233
Investment in plant and equipment	32	22	24	53	304
Equity	273	213	87	269	489
CASH FLOWS					
Cash flows from operating activities	6	153	60	111	119
Cash flows from investing activities, net	-42	-29	-8	-14	-30
Thereof, investment in plant and equipment	-24	-12	-10	-6	-23
Cash flows from financing activities	-81	-38	-6	-76	-91
Total cash flows	-118	86	46	21	-3
EMPLOYEES					
Average number of employees	374	354	444	552	551
FINANCIAL RATIOS STATED AS A PERCENTAGE					
Gross margin	40.8	47.3	27.7	33.1	44.4
EBITDA margin	19.4	23.3	-3.5	6.3	16.7
Operating margin (EBIT)	17.0	20.7	-65.2	-2.1	1.7
Return on invested capital	31.9	36.8	-70.7	-1.9	1.3
Solvency ratio	60.5	50.6	24.5	35.0	39.7
Return on equity	47.4	83.9	-112.3	-8. 6	0.0

For definitions, please see the accounting policies..
**The comparative figures for 2018 were prepared in accordance with IFRS and have not been restated.*
***The Company has changed its accounting policy for investments in subsidiaries in the financial year. Figures for 2020, 2019 and 2018 have not been adjusted.*

MANAGEMENT'S REVIEW

THE BUSINESS PLATFORM - THE BRAND HOUSE

PWT Group is a leading Nordic brand house within men's fashion – operating in both the B2B, B2C and D2C markets.
PWT Brands is offering distinctive brands with a full product range within menswear. PWT Brands develops, produces and sells a wide range of strong brands

- Lindbergh
- Bison
- Junk de Luxe
- Morgan
- Jacks Sportswear intl.

Which are sold to +700 independent retailers in 27 countries, as well as to Tøjeksperten & Wagner.

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

Tøjeksperten is the largest menswear omni-channel retailer in Denmark with 114 stores across the country, of which 54 are owned by the Group, while 60 are franchises. Tøjeksperten focusses on quality clothing to fashion-conscious men of all ages and sells both its own and external brands.

Wagner is a Scandinavian menswear omni-channel retailer, which has 21 stores in Denmark, 7 in Norway and 10 in Sweden. Of these, the Group owns 8 Danish and 5 Swedish stores, while 13 Danish stores, 7 Norwegian and 5 Swedish stores are franchises. Wagner primarily sells the Group's own brands.

PERFORMANCE IN THE FINANCIALYEAR UNDER REVIEW

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

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

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

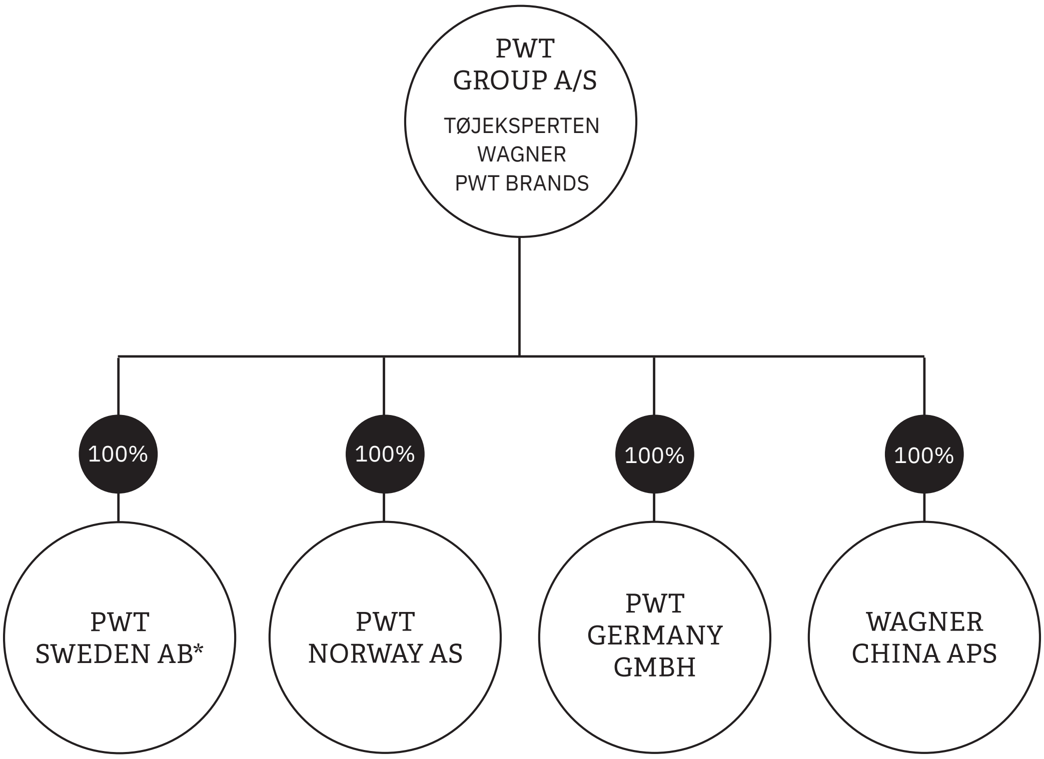
The Group's EBITDA was DKK 154 million in 2022, which is satisfactory and on a par with 2021. Corrected for special items the Group's EBITDA was higher in 2022 compared to 2021.

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

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

Profit for the year was DKK 115 million.

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



*100% Wagner Birsta AB
100% Wagner Karlstad AB

2022. Net cash and cash equivalents at 31 December 2022 constituted DKK 52 million, which is considered satisfactory.

The Company has changed its accounting policy for investments in subsidiaries in the financial year. Investments in subsidiaries in the Annual Report for 2022 are recognized and measured under the equity method, whereas investments in subsidiaries previously were measured at cost in the Annual Report.

OPERATIONAL OPTIMISATION

The ongoing efforts to optimise PWT Group's business and constantly improve our customers' experience with the Group's brands and retail chains continued in 2022 and included:

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

EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the balance sheet date.

OUTLOOK

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

These include:

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

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

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

RISK MANAGEMENT

Risk management is an integrated part of the managerial process in PWT Group to limit uncertainties and risks in relation to the financial and strategic targets defined for the Group. As part of the annual update and approval of the strategy, Management assesses relevant business risks. For the purpose of the risk assessment, Management considers, when required, the policy on currency risks adopted by the Board of Directors.

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

OPERATING RISKS

The Group's primary operating risks relate to the Group's ability to maintain a market share on the Danish market for menswear.
The Group operates primarily within trading, which is sensitive to market fluctuations, as socioeconomic developments and private spending impact revenue and earnings. PWT Group is particularly affected by economic trends in Europe from where most of the Group revenue is derived. Management regularly keeps track of realised and forecast market development to adjust costs and activities.

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

FINANCIAL RISKS

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR FINANCIAL REPORTING PURPOSES

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

to the following internal controls, supporting a satisfactory financial reporting process

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

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

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

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

CAPITAL RESOURCES

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

Based on net cash and cash equivalents of DKK 52 million at 31 December 2022 and the credit facilities made available by Spar Nord, the cash resources are expected to be sufficient in 2023.

DATA ETHICS (SECTION 99D)

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

PWT Group is committed to reducing its negative impacts and increase the positive impacts on basic principles for social, environmental and economic sustainability. It is a long journey, and the Group continuously improves policies and procedures in order to be able to identify and manage risks throughout the business and the supply chain. For a description of The Group's business model, please see page 7 and 12.

The Group has developed a 2021-2025 CSR Strategy, focussing on four strategic CSR areas:

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

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

POLICIES

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

INTERNAL PROCESSES

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

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

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

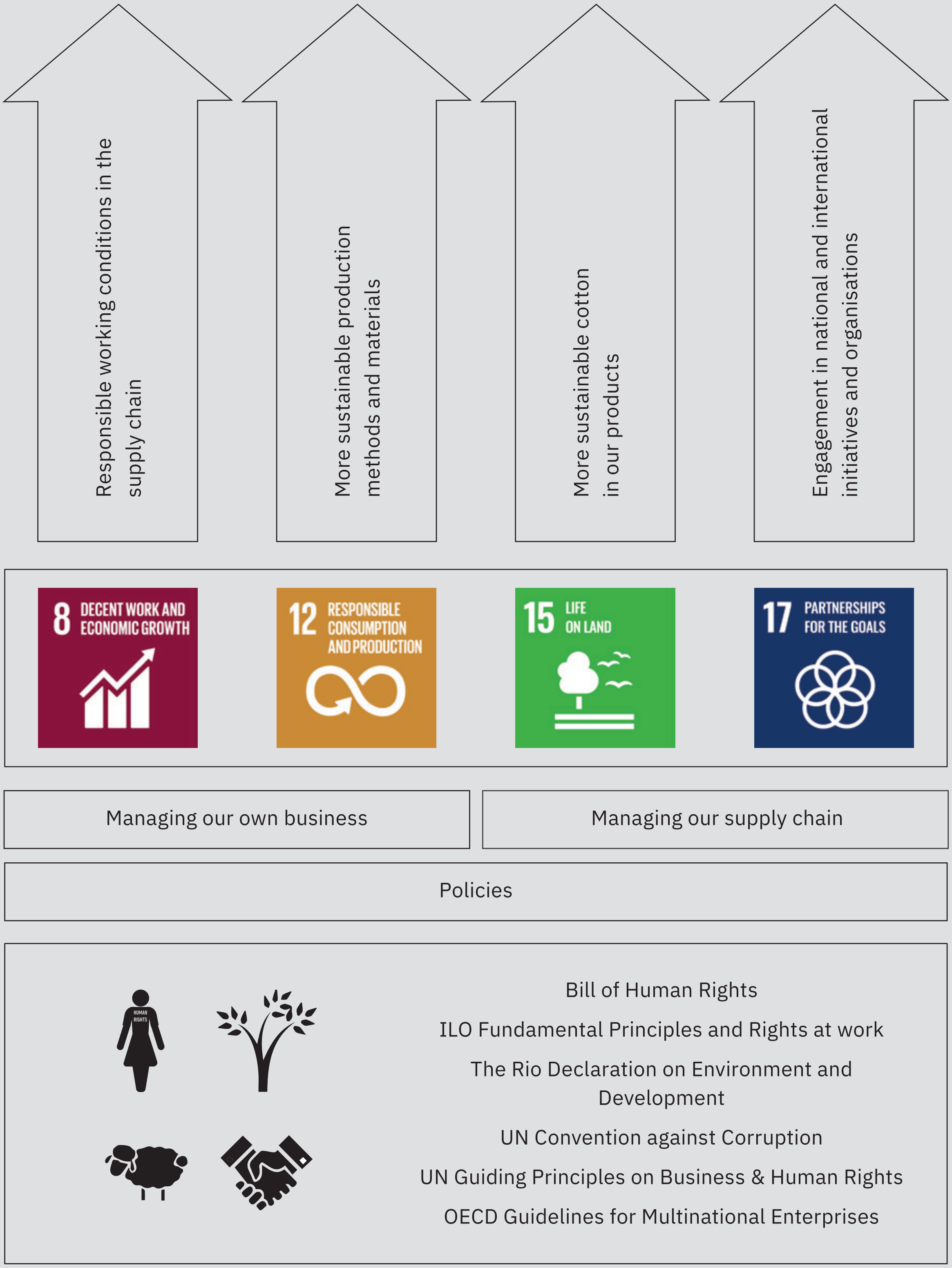
In order to implement the CSR Strategy throughout the company, CSR is integrated into all departments, such as Design, Purchase, Sales, Marketing, and Retail, through info meetings, communication material, etc. On a quarterly basis, CSR meetings are held with the management group.

A grievance mechanism has been set up on the Group's website, which ensures that stakeholders can report any concern relating to PWT Group anonymously. Until now, no grievances have been received.

PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by the top management. It is included in the Employee Handbook and Supplier Manual. Together with the policy, a 'Facilitation and Hospitality Register' has

CSR STRATEGY

2021-2025



been set up in which employees register gifts. The policy is communicated internally and the facilitation and hospitality register is monitored on an annual basis as well. During 2022, five items were registered on the Facilitation and Hospitality List. The Group will continue to keep awareness on this subject.

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

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

PWT is committed to build a workforce through the entire company, that is represented equally by both genders across both the management team and other managerial positions. However, due to the fact that PWT is a menswear company there is an average of 79% male and 21% female employees throughout the Group. At the management level the average is 88% male managers and 12% female managers in 2022. The staff policies and HR processes are directed at retaining qualified female employees by addressing the work/life balance in order to create a desirable working environment as well as supporting personal development through performance reviews, feedback and leadership training.

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

Furthermore, the policy for the Management Team emphasises diversity in the broadest sense and lays down the principle always to hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. PWT will continue to work toward increasing diversity throughout the organisation as well as in management levels.

RISK ASSESSMENT

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


PIZZA
PIZZA
9AM - 5PM
MON THRU FRI
ONE WAY
BIKE ROUTE
SHARED LANE
LOTTO
ATM

HUMAN- AND LABOUR RIGHTS

Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)

Risks in our own business	Risks in our supply chain	Action plan
Risk of occupational hazards and injuries		A working environment committee continuously assesses the working environment and makes recommendations for improvements.
Risk of overtime work on a regular basis		Regular overtime is a common challenge for the industry, but the Group is continuously working to prevent excessive overtime. The team managers are constantly improving working processes in order to ensure a more efficient flow and hence avoid excessive overtime.
Health of employees		All employees are covered by a health insurance which includes eg. minor operations, psychological treatments, and is a supplement to the public health service. A health insurance ensures quick investigation, treatment and helps our employees to get well and return to work.
		The Group conduct first aid trainings with CPR in collaboration with Falck. Once a year all employees will be offered trainings. For all our store assistant trainees attending first aid trainings will be mandatory. In addition, a defibrillator has been installed at the main office.
	Unsafe working conditions	Suppliers to PWT Group must provide safe working conditions for their employees. As a member of the amfori BSCI the Group expects its suppliers to ensure safe working conditions by complying with amfori requirements and being part of the audit program. As a signatory member of the International Accord for Health and Saftey in the Textile and Garment Industry, the Group is supporting safer production buildings for suppliers in Bangladesh. It is a requirement to all suppliers that they can provide valid permets of building safety.
	Excessive working hours	PWT Group works to ensure that its own buying practices does not contribute to excessive working hours. Orders are placed well in advance, and the Group ensures that changes are not made shortly before deadlines. The Group assesses suppliers' practices; overtime should be voluntary and limited, management should develop a contingency plan and is encouraged to set up electronic time systems, etc.
	Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include proper sanitary facilities, clean drinking water, medical staff, regular health check-ups, access to medicine, proper conditions for pregnant employees, etc. Whenever possible, the Group promote and invite suppliers to relevant trainings, such as the OSH course in Dhaka where participating factories were instructed by Danish OSH experts.

HUMAN- AND LABOUR RIGHTS

Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)

Risks in our own business	Risks in our supply chain	Action plan
	Unfair remuneration	PWT Group does not own factories and cannot manage salaries paid to suppliers' workers. However, the Group does negotiate realistic prices in order not to contribute to unfair remuneration. PWT Group requires that all suppliers comply with national regulation, and the Group assesses suppliers' ability to support workers financially in other ways, e.g. by providing free transportation, low-cost canteens, and kiosks with low-cost provisions.
	Discrimination	Suppliers' ability to provide equal rights and payment for everyone is assessed on an ongoing basis. Indicators include recruitment and salary procedures, respectful behavior from managers towards workers, etc.
	Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
	Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for worker associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, all Bangladeshi suppliers are required to establish Health and Safety committees, and they receive training on their rights and responsibilities in regard to committee practices.
	Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour as a substantial risk within the supply chain. The Group became a member of amfori BSCI in 2013, an initiative that works to improve working conditions on factories. Factories are audited on yearly basis and preventing child labour is an essential issue. However, the Group still considers child labour as a substantial risk within the supply chain.

ENVIRONMENT AND CLIMATE

Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy

Risks in our own business	Risks in our supply chain	Action plan
CO_2-emissions		Since 2020, PWT Group is working with the Cemasys system to calculate and monitor CO_2 emissions in a structured way, based on the GHG Protocol. Please read more in the section "More sustainable production methods and materials".
Use of textile materials		PWT Group is reducing the number of styles and focusing on quality over quantity. Through the years, more organic and recycled styles have been introduced as well. Since 2019, the Group has been a member of Better Cotton. In the coming years, more sustainable materials will be introduced.
Plastic use, and packaging in general		PWT Group has replaced all packaging materials in the stores with ones made of recycled materials. Bags are no longer provided for free, and the surplus made from this, is donated to the Danish environmental organisation, Plastic Change. In the coming years, the Group will look into how to reduce the amount of packaging material, such as poly bags, tissue paper, carbon boxes, etc., and how to replace virgin material with recycled ones.
Transport		PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimized.
Textile waste		In collaboration with extern partner we collect all our textile waste, sort it and make sure most of our textile waste is recycled.
Animal welfare		All relevant suppliers are required to sign and comply with the Animal Welfare Policy. It states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not accepted, and that live plucking of birds is a unacceptable practice.
	Risk of use of harmful chemicals, and of insufficient chemical management at production sites.	All suppliers are obliged to comply with the Group's RSL, which is aligned with the EU regulation, REACH. Styles from each collection are selected for testing at Bureau Veritas, based on a risk assessment. In 2021, PWT Group accomplished to get an OEKO-TEX® certification for a range of products.

ENVIRONMENT AND CLIMATE

Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy

Risks in our own business	Risks in our supply chain	Action plan
	In general, poor environmental management at production facilities.	In the coming years, the Group will engage with strategic suppliers about the amfori BEPI programme, in order to support them in setting up sufficient policies and processes in regard to environmental management. This includes looking at chemical handling, waste management, water and energy use, etc.

ANTI-CORRUPTION

Relevant policies: CSR Policy Commitment, Code of Conduct, Anti-Corruption Policy

Risks in our own business	Risks in our supply chain	Action plan
Sourcing from countries with high corruption risks		Together with the policy, a 'Facilitation and Hospitality Register' has been set up where employees register gifts. This register is monitored on an annual basis as well. The aim of this is to increase the awareness level internally.

THE SUPPLY CHAIN

Production takes place in several countries across the globe. PWT Group does not own any factories but cooperates with a range of suppliers, both directly at production facilities and via sourcing houses. The top-30 factories represent approx. 94% of all orders, and focus is primarily given to these.

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

PWT Group does not expect suppliers to overcome challenges over night, but focuses on their ability and willingness to demonstrate continuous improvements. As a part of the collaboration with suppliers and garment factories, facilities are visited regularly.

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

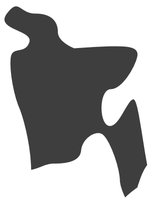
PWT Group requires all leather suppliers only to use tanneries that are member of the Leather Working Group; an initiative focussing on reducing the consumption of water, energy and chemicals.

SOURCING COUNTRIES

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

CHINA

33%



BANGLADESH

30%

OTHER COUNTRIES

11%

PAKISTAN

12%

TURKEY

7%

PORTUGAL

7 %

FOCUS AREA 1

RESPONSIBLE WORKING CONDITIONS IN THE SUPPLY CHAIN

8 DECENT WORK AND ECONOMIC GROWTH

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

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

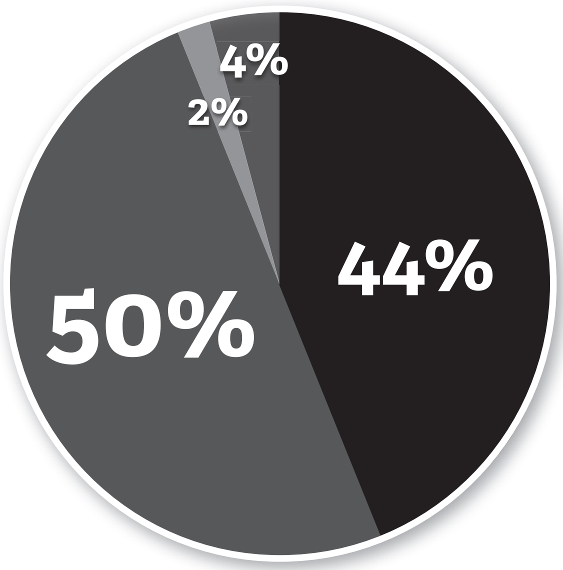
Due to the situation in Myanmar though, the Group has decided to stop its activities until the situation changes.

AMFORI BSCI

PWT Group has been a member of the amfori since 2013 and has used the amfori BSCI as the main social certification system for suppliers. Suppliers are expected to work with the amfori BSCI (or other system as SEDEX,or SA8000), and in cases where a factory has not yet initiated the BSCI process, they are expected to join within reasonably time. Suppliers are audited annually by third-party auditors, and audit reports are used to promote dialogue on necessary improvements.

In 2021, the amfori moved the BSCI to a new platform, and joined the BSCI and BEPI systems. This "relocation" process as well as understanding the new interface has required a lot of support work towards the suppliers. Now suppliers are well migrated to the platform, and we can continue the ongoing work on improvements. Bearing in mind the challenges of COVID-19, the Group has not been able to uphold as a continuously follow-up process as normally. Audits have been canceled or impossible to conduct due to imposed restrictions during the pandemic.

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



Good (A+B+SA8000)

Acceptable (C + SEDEX)

Non-acceptable (D+E)

Audit expired/ audit in progress

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

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

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

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

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

FOCUS AREA 2

MORE SUSTAINABLE PRODUCTION METHODS AND MATERIALS

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

MORE SUSTAINABLE PRODUCTS

The most sustainable garments are quality products that will last for many years. PWT Group has worked in recent years to reduce the number of styles and gain a better quality and durability for each garment. Until now, the Group has reached a 63% reduction of styles.

Material production accounts for 93.4% of the Groups GHG emissions, based on this year's climate report. Therefore, in order to reduce the Group's environmental footprint, it is essential to look at how to shift from conventional materials and production processes to ones that leave a smaller footprint.

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

PACKAGING

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

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

CLIMATE REPORTING

PWT Group is measuring its carbon footprint through an online reporting system provided by Cemasys. The reporting system follows the GHG Protocol and ISO 14064, and the aim is to map the Group's emissions and track the progress on reducing GHG emissions throughout the business.

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

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

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

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

Due to an increased purchase of products in 2022 has led to an increase in tCO2e, however we see a downward trend in tCO2e per kilo material of 5.4%. This is due to increased purchasing of more climate-friendly materials such as organic cotton and recycled materials.

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

This has resulted in an increase in CO2 emissions from our transport.The full climate report is available on page 32.

NO HARMFUL CHEMICALS

PWT Group is aware of the risk of using harmful chemicals during production, and the Group is actively working to avoid them, for the sake of both local biodiversity and the environment and the health of the people working in production.

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

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

Suppliers receive support on their chemical management systems, through online webinars and local trainings through third parties (e.g. amfori).

ANIMAL WELFARE POLICY

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

INTRODUCTION OF AMFORI BEPI PROGRAM FOR SUPPLIERS

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

WASTE MANAGEMENT

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

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

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

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

By sorting and making sure most of the waste is recycled, we take care of the climate by reducing Co2 emissions and the need for virgin materials.

FOCUS AREA 3

MORE SUSTAINABLE COTTON IN OUR PRODUCTS

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

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

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

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

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

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

See bettercotton.org/massbalance for details.

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

FOCUS AREA 4

ENGAGEMENT IN NATIONAL AND INTERNATIONAL INITIATIVES

17 PARTNERSHIPS FOR THE GOALS

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

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

CLIMATE REPORT

CARBON ACCOUNTING REPORT 2022

INTRODUCTION

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

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

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

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

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

The intention for the coming years is to include more and more parameters as the data becomes available.

REPORTING YEAR ENERGY AND GHG EMISSIONS

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO2e	% share
Transportation total				**528.9**	**127.8**	**0.7 %**
Diesel (B5)		44,482.0	liters	471.5	114.4	0.6 %
Petrol (E5)		6,019.0	liters	57.4	13.4	0.1 %
Scope 1 total				**528.9**	**127.8**	**0.7 %**
Electricity total				**2,685.7**	**381.4**	**2.0 %**
Electricity Denmark 125		2,685,683.0	kWh	2,685.7	381.4	2.0 %
Scope 2 total				2,685.7	381.4	2.0 %

REPORTING YEAR MARKET-BASED GHG EMISSIONS

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

ANNUAL GHG EMISSIONS

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

ANNUAL GHG EMISSIONS

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

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

ANNUAL MARKET-BASED GHG EMISSIONS

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

METHODOLOGY AND SOURCES

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

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

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

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

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

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

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

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

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

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

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

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

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

PWT GROUP
STORES


PAUL
JONES

WAGNER

WAGNER

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

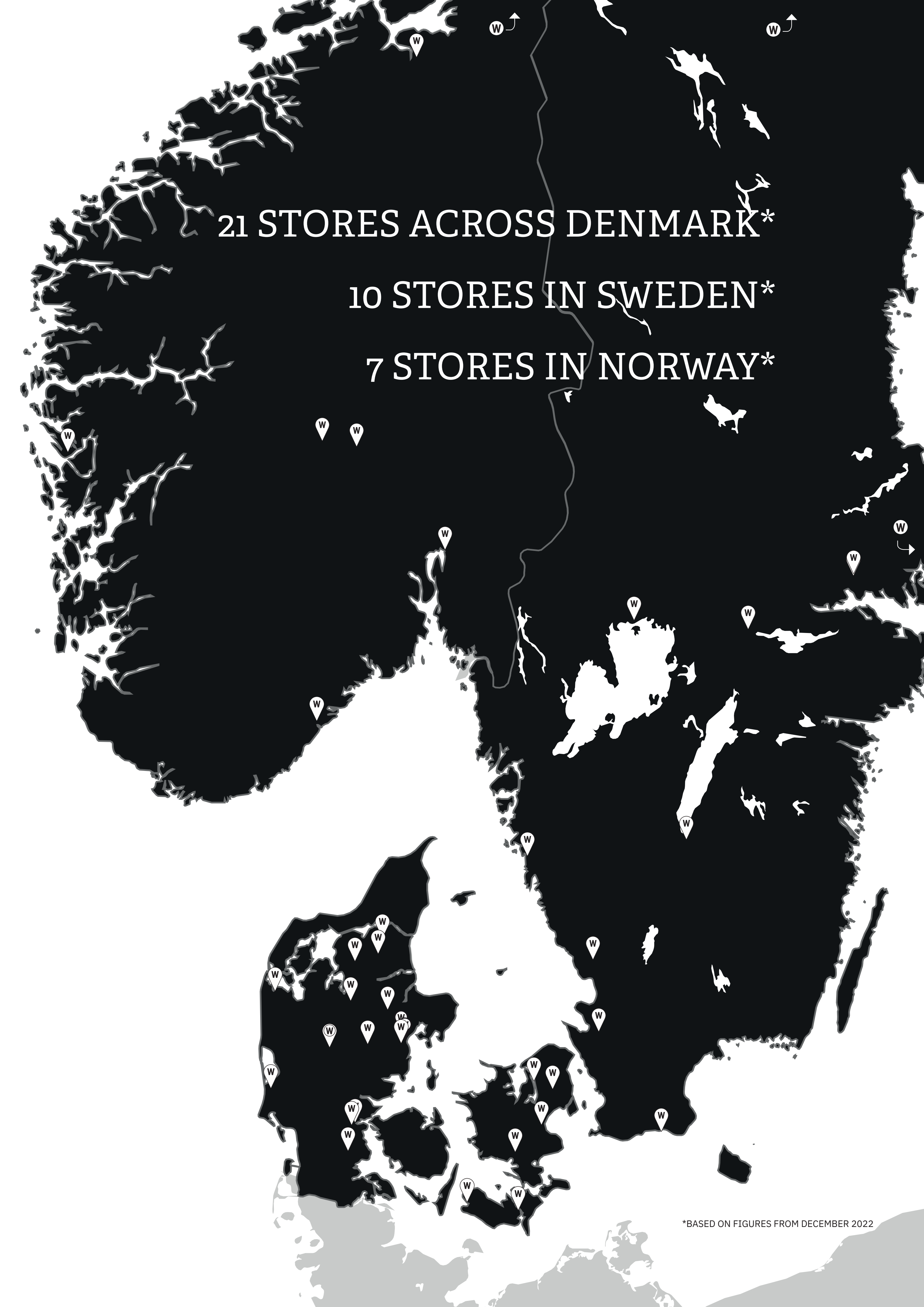
A growing and comprehensive store network in Scandinavia form the foundation for Wagner's offering of menswear - ranging from trendy to classic fashion.

Established in 1946, Wagner currently has 21 stores in Denmark, 10 in Sweden and 7 in Norway. The chain offers an outstanding and affordable selection of contemporary fashion and strong brands including Lindbergh, Bison, Junk de Luxe and Jacks Sportswear Intl.

21 STORES ACROSS DENMARK*

10 STORES IN SWEDEN*

7 STORES IN NORWAY*



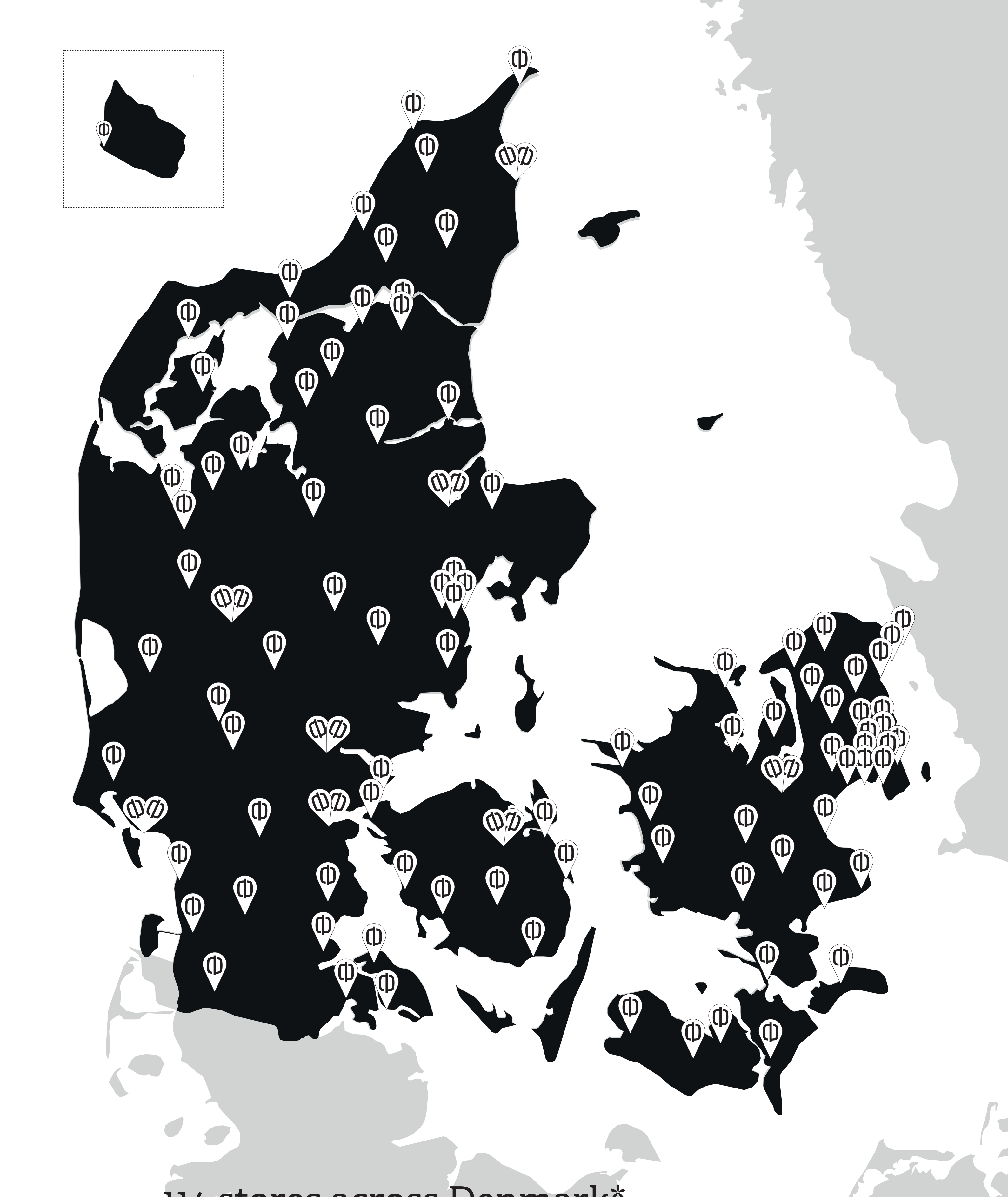
*BASED ON FIGURES FROM DECEMBER 2022

TØJEKSPERTEN

With 114 stores it is the largest menswear chain in Denmark. Tøjeksperten is providing quality clothing and strong brands from the PWT Brands portfolio and other external designers for fashion-conscious men of all ages since 1968.

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

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



114 stores across Denmark*

*BASED ON FIGURES FROM DECEMBER 2022

PWT GROUP
BRANDS

LINDBERGH
WHITE LABEL

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

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

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

The collections have a base of classic neutral tones for easy everyday styling that is accompanied by fashion-forward splashes of colour. This makes the White line stay ahead in trends.

Intricate stitching and refined treatments work as a red thread throughout the collection and gives it its modern signature style.

LINDBERGH

LINDBERGH
BLUE LABEL

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

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

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

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

LINDBERGH

LINDBERGH
BLACK LABEL

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

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

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

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

LINDBERGH

LINDBERGH
JEANS

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

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

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

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

LINDBERGH

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

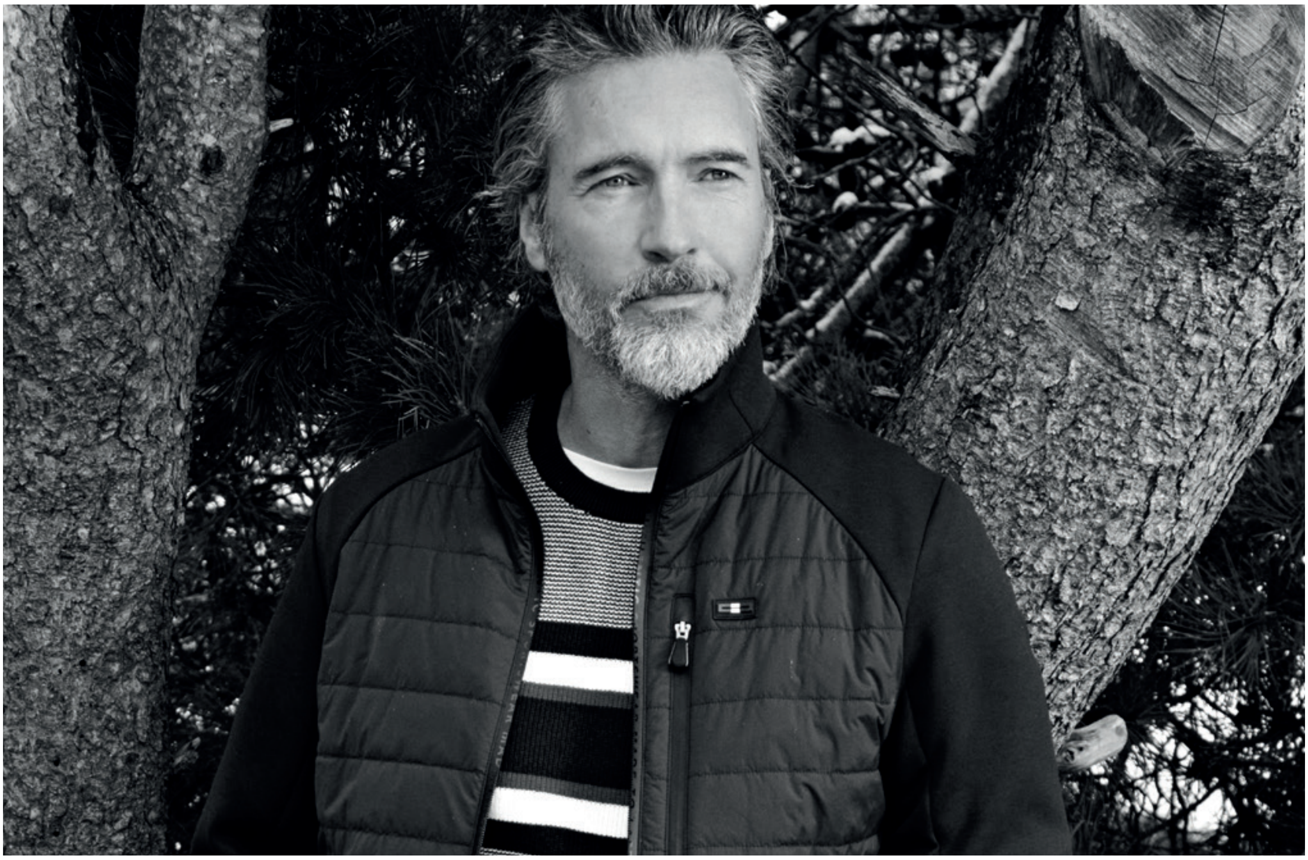
No nonsense clothing - Made to last

A clothing brand founded in Denmark in 1972. From the beginning characterised as a specialist brand based on the bison, a durable character from which we take inspiration to the soul of our brand and our legacy.

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

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

BISON



JACK'S SPORTSWEAR INTL

Sharp sporty casual style

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

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

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

MORGAN

A classic modern brand

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

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

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

STATEMENT

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 2022.

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

It is our opinion that the financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2022 - 31 December 2022.

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

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

Aalborg, 27. April 2023

Executive Board

Ole Koch Hansen
CEO

Claus Back Nielsen
CFO

Board of Directors

Lars Johansson
(Chairman)

Dorte Eg

Signe Trock Hilstrøm

Michael Kjær

Ole Koch Hansen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER 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 financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

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

BASIS FOR OPINION

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

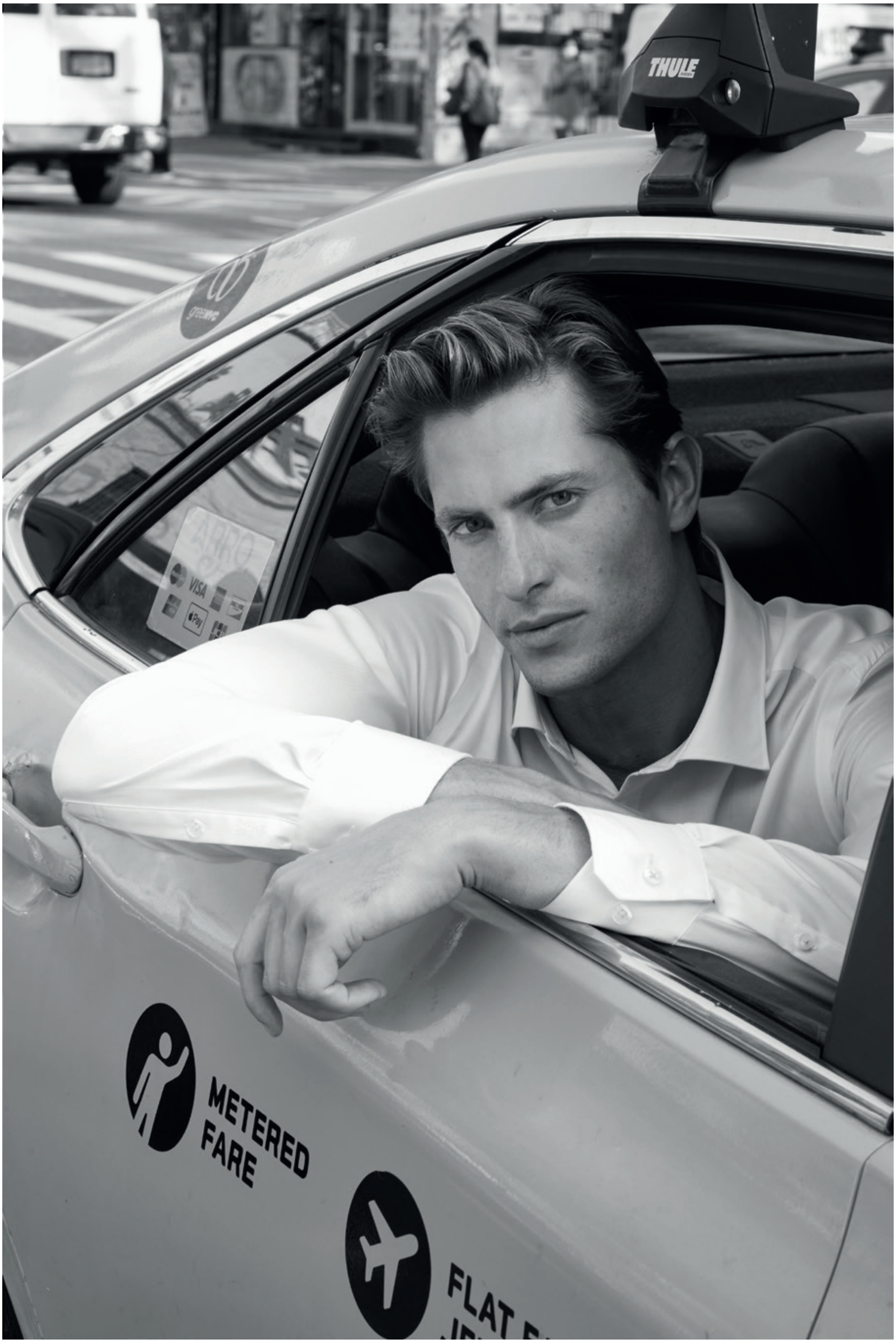
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit fin dings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, 27 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

MADS MELDGAARD
State Authorised Public Accountant
mne24826

RASMUS MELLERGAARD STENSKROG
State Authorised Public Accountant
mne34161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STATEMENT

INCOME STATEMENT

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Revenue	2	794,180	667,861	782,573	652,448
Cost of sales	5	-331,766	-274,141	-332,581	-271,602
Other operating income	5	119	27,208	30	27,207
Other external costs	6	-138,280	-104,556	-131,229	-99,071
Gross profit/loss		324,253	316,372	318,793	308,982
Staff costs	3	-170,392	-160,448	-167,047	-157,409
Other operating costs		-97	0	-97	0
Earnings before interest taxes depreciation and amortization (EBITDA)		153,764	155,924	151,649	151,573
Depreciation/amortisation/impairment	4	-19,084	-17,950	-18,780	-17,839
Operationg profit/loss (EBIT)		134,680	137,974	132,869	133,734
Share of net profit of subsidiaries	16	0	0	8,119	4,492
Share of net profit of associates	17	0	0	0	0
Other financial income	5, 7	7,707	12,790	1,004	8,231
Financial expenses	8	-4,740	-11,285	-4,603	-9,016
Profit/loss before tax (EBT)		137,647	139,479	137,389	137,441
Tax on profit/loss for the year	9	-22,395	-15,350	-22,137	-13,312
Profit/loss for the year		115,252	124,129	115,252	124,129

BALANCE SHEET

AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Software	10	20,771	16,571	20,771	16,571
Trademarks	11	391	661	391	661
Goodwill	12	1,850	0	1,850	0
Other intangible assets	13	956	596	956	596
Total intangible assets		23,968	17,828	23,968	17,828
Fixtures and fittings, tools and equipment	14	17,096	11,890	15,555	11,545
Leasehold improvements	15	14,726	9,816	13,033	9,816
Total plant and equipment		31,822	21,706	28,588	21,361
Investments					
Investments in Group enterprises	16	0	0	8,706	7,577
Investments in associates	17	0	0	0	0
Amounts owed by Group enterprises		0	0	24,824	36,414
Deposits	18	18,470	13,476	18,245	13,250
Total investments		18,470	13,476	51,775	57,241
Total non-current assets		74,260	53,010	104,331	96,430
CURRENT ASSETS					
Inventories	19	256,356	139,072	254,831	139,072
Receivables					
Trade receivables		48,473	39,155	44,818	36,761
Deferred tax assets	23	3,000	3,000	3,000	3,000
Corporation tax		0	793	0	0
Amounts owed by Group enterprises		2,703	0	8,687	0
Derivative financial instruments	24	0	2,665	0	2,665
Other receivables		8,295	5,658	4,663	5,658
Prepayments		6,120	7,662	5,817	7,600
Total receivables		68,591	58,933	66,985	55,684
Cash and cash equivalents		52,027	170,170	49,088	157,683
TOTAL CURRENT ASSETS		376,974	368,175	370,904	352,439
Total assets		451,234	421,185	475,235	448,869

BALANCE SHEET

AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	16,698	10,394	16,698	10,394
Share premium		0	1,985	0	1,985
Reserve for hedging transactions		-2,915	2,079	-2,915	2,079
Foreign currency translation reserve		-888	-2,111	-888	-2,111
Reserve for development expenses		0	0	511	0
Other reserves	20	2,287	9,646	2,287	9,646
Retained earnings		182,917	145,954	182,406	145,954
Dividend		75,000	45,000	75,000	45,000
TOTAL EQUITY		273,099	212,947	273,099	212,947
LIABILITIES					
Provisions					
Provisions	21	7,533	7,372	7,533	7,372
Provisions relating to investment in Group enterprises		0	0	20,297	29,246
Total provisions		7,533	7,372	27,830	36,618
NON-CURRENT LIABILITIES					
Subordinated loans	22	7,007	8,715	7,007	8,715
Lease debt		0	26	0	26
Other debts	22	15,319	8,343	15,319	8,343
Total non-current liabilities		22,326	17,084	22,326	17,084
Current liabilities					
Bank loans and overdrafts		0	34,343	0	34,343
Trade payables		55,556	55,721	55,340	55,639
Loans from Group enterprises		0	0	4,769	2,780
Corporation tax		12,391	4,542	12,372	4,542
Derivative financial instruments	24	3,737	0	3,737	0
Other debts	22	67,369	79,144	66,545	74,884
Deferred income	25	9,223	10,033	9,217	10,033
Total current liabilities		148,276	183,783	151,980	182,221
TOTAL LIABILITIES		170,602	200,866	174,306	199,304
Total equity and liabilities		451,234	421,185	475,235	448,869

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Share Premium	Reserve for hedging transactions	Foreign currency translation reserve	Other Reserves	Retained earnings	Dividend	Total
Equity at 1 January 2021	10,040	1,985	-2,775	238	10,000	67,251	0	86,737
Profit for the year	0	0	0	-667	0	124,796	0	124,129
Exchange rate adjustment Group enterprises	0	0	0	-1,682	0	1,682	0	0
Fair value of forward exchange contracts, beginning year	0	0	2,775	0	0	-2,775	0	0
Fair value of forward exchange contracts, end year	0	0	2,079	0	0	0	0	2,079
Convertible bonds	354	0	0	0	-354	0	0	0
Proposed Dividend	0	0	0	0	0	-45,000	45,000	0
Equity at 31 December 2021	10,394	1,985	2,079	-2,111	9,646	145,954	45,000	212,947
Equity at 1 January 2022	10,394	1,985	2,079	-2,111	9,646	145,954	45,000	212,947
Capital contributions	0	-1,985	0	0	0	1,985	0	0
Paid ordinary dividend	0	0	0	0	0	0	-45,000	-45,000
Profit for the year	0	0	0	0	0	115,252	0	115,252
Exchange rate adjustment Group enterprises	0	0	0	1,223	0	0	0	1,223
Fair value of forward exchange contracts, beginning year	0	0	-2,079	0	0	0	0	-2,079
Fair value of forward exchange contracts, end year	0	0	-2,915	0	0	0	0	-2,915
Convertible bonds	6,304	0	0	0	-7,359	-5,274	0	-6,329
Extraordinary dividend	0	0	0	0	0	-30,000	30,000	0
Proposed Dividend	0	0	0	0	0	-45,000	45,000	0
Equity at 31 December 2022	16,698	0	-2,915	-888	2,287	182,917	75,000	273,099

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Share Premium	Reserve for hedging transactions	Foreign currency translation reserve	Reserve for development expenses	Other Reserves	Retained earnings	Dividend	Total
Equity at 1 January 2021	10,040	1,985	-2,775	0	0	10,000	98,168	0	117,418
Effect of change in accounting policies	0	0	0	-429	0	0	-28,568	0	-28,997
Adjusted equity at 1 January 2021	10,040	1,985	-2,775	-429	0	10,000	69,600	0	88,421
Profit for the year	0	0	0	0	0	0	124,129	0	124,129
Exchange rate adjustment Group enterprises	0	0	0	-1,682	0	0	0	0	-1,682
Fair value of forward exchange contracts, beginning year	0	0	2,775	0	0	0	-2,775	0	0
Fair value of forward exchange contracts, end year	0	0	2,079	0	0	0	0	0	2,079
Convertible bonds	354	0	0	0	0	-354	0	0	0
Proposed Dividend	0	0	0	0	0	0	-45,000	45,000	0
Equity at 31 December 2021	10,394	1,985	2,079	-2,111	0	9,646	145,954	45,000	212,947
Equity at 1 January 2022	10,394	1,985	2,079	-2,111	0	9,646	145,954	45,000	212,947
Capital contributions	0	-1,985	0	0	0	0	1,985	0	0
Paid ordinary dividend	0	0	0	0	0	0	0	-45,000	-45,000
Profit for the year	0	0	0	0	0	0	115,252	0	115,252
Exchange rate adjustment Group enterprises	0	0	0	1,223	0	0	0	0	1,223
Capitalized development expenses	0	0	0	0	511	0	-511	0	0
Fair value of forward exchange contracts, beginning year	0	0	-2,079	0	0	0	0	0	-2,079
Fair value of forward exchange contracts, end year	0	0	-2,915	0	0	0	0	0	-2,915
Convertible bonds	6,304	0	0	0	0	-7,359	-5,274	0	-6,329
Extraordinary dividend	0	0	0	0	0	0	-30,000	30,000	0
Proposed Dividend	0	0	0	0	0	0	-45,000	45,000	0
Equity at 31 December 2022	16,698	0	-2,915	-888	511	2,287	182,406	75,000	273,099

CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Profit for the year before tax		137,647	139,479	137,389	137,441
Adjustments for non-cash operating items:					
Depreciation/amortisation/impairment and gain/loss on intangible assets and plant and equipment		19,084	17,950	18,780	17,839
Income from Group enterprises		0	0	-8,119	-4,492
Other non-cash operating items, net		315	-524	303	-525
Financial income		-7,707	-12,790	-1,004	-8,231
Financial expenses		4,740	11,285	4,603	9,016
Cash generated from operations (operating activities) before changes in working capital		154,079	155,400	151,952	151,048
Change in working capital:					
Change in receivables		-13,116	984	-2,376	4,809
Change in inventories		-117,284	30,361	-115,759	30,361
Change in current liabilities in general		-4,404	-10,827	-1,044	-8,302
Cash generated from operations (operating activities)		19,275	175,918	32,772	177,916
Interest income, received		288	2	524	0
Interest expense, paid		-3,390	-9,862	-12,600	-9,842
Corporation tax paid		-10,655	-13,459	-10,088	-10,089
Cash flows from operating activities		5,518	152,599	10,608	157,985
Acquisition of plant, leasehold and equipment		-23,658	-12,133	-20,474	-12,133
Acquisition of intangible assets		-13,590	-15,324	-13,590	-15,324
Investment in Group enterprises		0	0	-735	0
Investment in deposits		-4,994	-1,599	-4,995	-1,599
Disposal of plant and equipment		30	0	51	0
Cash flows from investing activities		-42,212	-29,056	-39,743	-29,056
Free cash flows		-36,694	123,543	-29,135	128,929
Change in bank loans		-34,343	34,343	-34,343	34,343
Repayment lease debt		-26	-305	-26	-305
Debt composition		0	3,635	0	3,635
Paid debt composition		-2,080	-69,077	-2,080	-69,077
Paid subordinated loan		0	-6,568	0	-6,568
Cash capital increase		6,304	354	6,304	354
Convertible bonds		-6,304	-354	-6,304	-354
Change in intercompany loans		0	0	1,989	2,780
Paid dividend		-45,000	0	-45,000	0
Cash flows from financing activities		-81,449	-37,972	-79,460	-35,192
Changes in cash and cash equivalents		-118,143	85,571	-108,595	93,737
Cash and cash equivalents 1 January		170,170	84,599	157,683	63,946
Cash and cash equivalents 31 December		52,027	170,170	49,088	157,683

NOTES

ACCOUNTING POLICIES

Financial reporting basis

PWT Group A/S is a limited liability company domiciled in Denmark. The financial information of the annual report for 2022 comprises both the consolidated financial statements of PWT Group A/S and its subsidiaries (group) as well as the parent company financial statements.

The annual report of PWT Group A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The 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 27 April 2023.

Basis of preparation

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

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

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

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

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

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

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

Change in accounting policies

The Company has changed its accounting policy for investments in subsidiaries in the financial year. Investments in subsidiaries in the Annual Report for 2022 are recognized and measured under the equity method, whereas investments in subsidiaries previously were measured at cost in the Annual Report. The comparative figures for 2021 have been adjusted accordingly.

The accounting policy has been changed as a result of the management’s assessment that it will show a more accurate value of the company’s subsidiaries.

The effect of the changed accounting policy has resulted in an increase in profit/loss for the year of DKK 8,119 thousand in 2022 and DKK 4,492 thousand in 2021 for the parent company.

Investments in Group enterprises has increased with DKK 1,129 thousand in 2022 and DKK 0 in 2021 for the parent company.

Total balance sheet has increased with DKK 1,129 thousand in 2022 and DKK 0 in 2021. Furthermore, provisions relating to investment in Group enterprises has increased with DKK 20,297 thousand in 2022 and DKK 29,246 thousand in 2021.

The equity for the parent company has decreased with DKK 20,297 thousand in 2022 and with DKK 29,246 thousand in 2021.

The change in accounting policies has had no effect on cash flows.

Except for the above, the accounting policies applied remain unchanged from last year.

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 and the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

Consolidation principles

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

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

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

Derivative financial instruments

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

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

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

Segment disclosures

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

Special items

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

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

INCOME STATEMENT

Revenue

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

B2B:

The Group manufactures and sells a range of clothes in the B2B market. Sales are recognised when control of the products has transferred, being when the products are delivered to the B2B. The wholesaler has full discretion over the channel and price at which to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the B2B, and either the B2B has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered.

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

RETAIL:

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

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

Cost of goods for resale

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

Other external costs

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

Staff costs

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

Other operating income and costs

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

Income from Group enterprises and associates

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

Financial income and expenses

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

Tax on profit for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the amount that can be attributed to the profit for the year and directly in equity by the amount attributable to entries made directly to equity.

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

BALANCE SHEET

Intangible assets

GOODWILL

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

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

SOFTWARE

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

TRADEMARKS

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

OTHER INTANGIBLE ASSETS

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

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

	Useful life
Goodwill	20 years
Software	3-5 years
Trademarks	5-10 years
Other intangible assets	10 years

Development projects

Costs on development projects include wages, depreciation and other costs that can be directly and indirectly attributed to the company's development activities.

Development projects that are clearly defined and identifiable, where the degree of technical utilization, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where the intention is to manufacture, market or use the project, are recognized as intangible fixed assets if there is sufficient assurance that the capital value of the future earnings can cover production, sales and administration costs as well as the development costs themselves.

Development projects that do not meet the criteria for inclusion in the balance sheet are recognized as costs in the income statement as the costs are incurred.

Capitalized development costs are measured at cost less accumulated depreciation and write-downs or recoverable amount, if this is lower. An amount corresponding to the recognized development costs is reserved in the item Reserve for development expenses under equity. The reserve is continuously reduced with depreciation and write-downs on the development projects.

Capitalized development costs are depreciated from the time of completion on a straight-line basis over the period in which the development work is expected to generate economic benefits.

Plant and equipment

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

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

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

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

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

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

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

Impairment of plant and equipment and intangible assets

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

Lease agreement

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

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

Investment in subsidiaries and associates

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

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

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

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

Deposits

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

Inventories

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

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

Receivables

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

Prepayments

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

Tax payable and deferred tax

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

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

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

Provisions

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

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

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

Financial liabilities, bank overdrafts, etc.

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

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

Staff obligations

Staff obligations comprise the employees' rights to paid holidays after the balance sheet date.

The Group has only entered into pension arrangements for defined-contribution pension plans under which regular pension contributions are paid to independent pension providers as the contributions are earned. The Group has not taken out any defined-benefit pension plans.

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

Deferred income

Deferred income comprises payments received regarding income in subsequent years, including mainly gift cards (contract liabilities). Gift cards payable are recognised at estimated value. See note 25.

Cash flow statement

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

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

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

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

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

Definition of financial ratios:

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

NOTE 2 SEGMENT DISCLOSURES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Geographical markets				
Denmark	489,562	467,598	489,562	467,598
Other markets	304,618	200,263	293,011	184,850
Total external revenue	794,180	667,861	782,573	652,448

DKK'000				
Segment revenue				
Retail Denmark	431,609	375,022	431,609	375,022
Wholesale Worldwide	349,160	281,611	337,553	266,198
Other segments	13,411	11,228	13,411	11,228
Total external revenue	794,180	667,861	782,573	652,448

The Group sells menswear and accessories mainly its own brands but also external brands for the retail business including online sales and its own brands for wholesalers.

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

NOTE 3 STAFF COSTS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Payroll	148,865	141,238	146,024	138,692
Pensions	10,799	9,904	10,779	9,882
Other social security costs	10,728	9,306	10,244	8,835
	170,392	160,448	167,047	157,409
Thereof:				
Payroll Executive Board	4,119	2,870	4,119	2,870
Pensions Executive Board	111	36	111	36
Payroll Board of Directors	900	1,818	900	1,818
	5,130	4,724	5,130	4,724
Average number of full-time employees	374	354	368	350

NOTE 4 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2022**	**2021**	**2022**	**2021**
Owned assets:				
Software	5,948	3,688	5,948	3,688
Trademarks	270	282	270	282
Goodwill	80	0	80	0
Other intangible assets	190	149	190	149
Fixtures and fittings, tools and equipment	6,814	7,515	6,614	7,404
Leasehold improvements	5,782	6,316	5,678	6,316
	19,084	17,950	18,780	17,839

NOTE 5 SPECIAL ITEMS

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

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2022**	**2021**	**2022**	**2021**
Cost of sales				
Write down of inventories in addition to standard write down due to COVID-19	0	9,900	0	9,900
	0	9,900	0	9,900
Other operating income				
Government's COVID-19 relief, payroll compensation	0	14,643	0	14,643
Government's COVID-19 relief, fixed cost compensation	0	12,429	0	12,429
	0	27,072	0	27,072
Other financial income				
Debt composition agreement with bondholders	0	3,979	0	3,979
Debt composition agreement, other debt	0	1,904	0	1,904
Dividend and write off of intercompany balance with WagNo AS	7,129	0	190	0
	7,129	5,883	190	5,883

NOTE 6 OTHER EXTERNAL COSTS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Fees for auditors appointed at the general meeting				
Statutory audit services	522	403	348	327
Other assurance engagements	81	38	81	38
Tax advisory services	1,499	550	1,423	535
Other services	541	1,265	265	996
Total fee	2,643	2,256	2,117	1,896
Distributed as follows:				
PwC	2,371	1,824	2,100	1,694
Other firms	272	432	17	202
	2,643	2,256	2,117	1,896

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the Group of DKK 1,861 thousand consist mainly of tax advisory services and other services.

NOTE 7 OTHER FINANCIAL INCOME

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Interest income, banks	0	1	0	0
Interest income, Group enterprises	0	0	297	0
Other financial income	7,707	12,789	707	8,231
	7,707	12,790	1,004	8,231

NOTE 8 FINANCIAL EXPENSES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2022	2021	2022	2021
Interest expense, banks	721	1,749	721	1,749
Interest expense, Group enterprises	0	12	0	12
Foreign exchange adjustment	2,459	1,726	3,135	44
Other financial expenses	1,560	7,798	747	7,211
	4,740	11,285	4,603	9,016

NOTE 9 TAX

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2022	2021	2022	2021
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22% tax on results before tax	-30,282	-30,685	-30,226	-29,922
Adjustment of tax in foreign entities in proportion to 22%	-264	1,528	464	765
Tax effect of:				
Adjustment deferred tax of prior years	0	-65	0	1,310
Non-deductible cost/income	6,086	4,913	6,086	4,913
Adjustment of unrecognised tax loss carry forward	0	9,622	0	9,622
Adjustment of tax in respect of prior years	2,065	-663	1,539	0
	-22,395	-15,350	-22,137	-13,312
Effective tax rate	-16.3%	-11.0 %	-16.1 %	-9.8 %

NOTE 10 SOFTWARE

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2022**	**2021**	**2022**	**2021**
Opening cost	57,860	42,704	57,763	42,607
Additions for the year	10,148	15,156	10,148	15,156
Disposals for the year	-3,671	0	-3,671	0
Closing cost	64,337	57,860	64,240	57,763
Opening amortisation	41,289	37,601	41,192	37,504
Amortisation for the year	5,948	3,688	5,948	3,688
Reversed amortisation for the year of disposals	-3,671	0	-3,671	0
Closing amortisation	43,566	41,289	43,469	41,192
Carrying amount	20,771	16,571	20,771	16,571

NOTE 11 TRADEMARKS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2022**	**2021**	**2022**	**2021**
Opening cost	7,366	7,366	7,366	7,366
Closing Cost	7,366	7,366	7,366	7,366
Opening amortisation	6,705	6,423	6,705	6,423
Amortisation for the year	270	282	270	282
Closing amortisation	6,975	6,705	6,975	6,705
Carrying amount	391	661	391	661

NOTE 12 GOODWILL

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Opening costs	905,714	905,714	905,714	905,714
Additions for the year	1,930	0	1,930	0
Closing cost	907,644	905,714	907,644	905,714
Opening amortisation	905,714	905,714	905,714	905,714
Amortisation for the year	80	0	80	0
Closing amortisation	905,794	905,714	905,794	905,714
Carrying amount	1,850	0	1,850	0

NOTE 13 OTHER INTANGIBLE ASSETS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Opening costs	1,490	1,490	1,490	1,490
Additions for the year	550	0	550	0
Closing cost	2,040	1,490	2,040	1,490
Opening amortisation	894	745	894	745
Amortisation for the year	190	149	190	149
Closing amortisation	1,084	894	1,084	894
Carrying amount	956	596	956	596

NOTE 14 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2022	2021	2022	2021
Opening cost	95,361	89,059	94,011	87,709
Additions for the year	12,111	6,302	10,719	6,302
Disposals for the year	-34,734	0	-34,279	0
Closing cost	72,738	95,361	70,451	94,011
Opening depreciation	83,471	75,931	82,466	75,038
Currency translation	113	25	115	24
Depreciation for the year	6,814	7,515	6,614	7,404
Reversed depreciation for the year on disposals	-34,756	0	-34,299	0
Closing depreciation	55,642	83,471	54,896	82,466
Closing carrying amount	17,096	11,890	15,555	11,545
Of which financial leasing assets	0	34	0	34

NOTE 15 LEASEHOLD IMPROVEMENTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2022	2021	2022	2021
Opening cost	84,790	79,008	84,316	78,534
Additions for the year	10,847	5,782	9,055	5,782
Disposals for the year	-30,314	0	-29,867	0
Closing cost	65,323	84,790	63,504	84,316
Opening depreciation	74,974	68,619	74,500	68,145
Currency translation	103	39	89	39
Depreciation for the year	5,782	6,316	5,678	6,316
Reversed depreciation for year on disposals	-30,262	0	-29,796	0
Closing depreciation	50,597	74,974	50,471	74,500
Closing carrying amount	14,726	9,816	13,033	9,816

NOTE 16 INVESTMENTS IN GROUP ENTERPRISES

	PARENT COMPANY	
	Investments in Group enterprises	
DKK'000	**2022**	**2021**
Cost at January	17,711	7,576
Additions	735	0
Transfer	0	10,135
Cost at 31 December	18,446	17,711
Value adjustments 1 January	-39,379	-32,054
Foreign currency adjustment	1,223	-1,682
Profit for the year	8,119	4,492
Transfer	0	-10,135
Value adjustments 31 December	-30,037	-39,379
Provisions relating to capital shares in Group enterprises	20,297	29,246
Carrying amount at 31 December	8,706	7,577

	EQUITY	**PROFIT FOR THE YEAR**	**COMPANY CAPITAL**	**VOTING RIGHTS AND STAKE**
	TDKK	TDKK		
PWT Norway AS, Oslo, Norway	-20,297	7,415	TNOK 400	100 %
PWT Germany GmbH, Maasbüll, Germany	8,579	1,341	TEUR 25	100 %
Wagner China ApS, Aalborg, Denmark	-9,451	29	TDKK 300	100 %
PWT Sweden AB, Bjärred, Sweden	127	-637	TSEK 100	100 %
Wagner Birsta AB, Sundsvall, Sweden	88	-327	TSEK 100	100 %
Wagner Karlstad AB, Karlstad, Sweden	154	-259	TSEK 100	100 %

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

NOTE 17 INVESTMENTS IN ASSOCIATES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Cost at 1 January	0	10,135	0	10,135
Transfer	0	-10,135	0	-10,135
Cost at 31 December	0	0	0	0
Value adjustments 1 January	0	-10,135	0	-10,135
Transfer	0	10,135	0	10,135
Value adjustments 31 December	0	0	0	0
Carrying amount at 31 December	0	0	0	0

	EQUITY	PROFIT FOR THE YEAR	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
	TDKK	TDKK		
Wagner (Yantai), Ltd., Yantai, China	5,541	-1,040	CNY 58.199	49 %

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

NOTE 18 DEPOSITS

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Carrying amount at 1 January	13,476	11,877	13,250	11,651
Additions	6,074	2,694	6,075	2,694
Disposals	-1,080	-1,095	-1,080	-1,095
Carrying amount at 31 December	18,470	13,476	18,245	13,250

NOTE 19 INVENTORIES

DKK'000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Goods for resale	213,644	112,146	212,119	112,146
Prepayments for goods	42,712	26,926	42,712	26,926
Goods for resale, net	256,356	139,072	254,831	139,072

NOTE 20 SHARE CAPITAL

DKK'000	SHARE CAPITAL 31-12-2022
Share capital upon establishment 2007/08	1,985
Capital contributions 2020	8,055
Convertible bonds converted to shares 2021	354
Convertible bonds converted to shares 2022	6,304
Closing share capital	16,698

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

The capital contribution of DKK 8 million was paid with a premium of 124.14, corresponding to a cash payment of DKK 10 million.

In addition, the company has issued convertible bonds for DKK 10 million. Any owner of a convertible bonds may at any time demand their bonds be converted into new shares in the company pursuant to the terms set in the investment agreement. By the end of 2022, the Company has convertible bonds for DKK 2.3 million.

Bonds will be converted to DKK 1 per shares, and there is no expire date of the bonds.

NOTE 21 PROVISIONS

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

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

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

The obligation is discounted back to net present value using a discount rate of 9.1% (2021: 2.1%), equivalent to a risk-free interest rate. Refund liabilities on sold clothes relates to projected future returns.

NOTE 22 OTHER DEBT / SUBORDINATED LOAN

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2022	2021	2022	2021
Within 1 year	67,369	79,144	66,545	74,884
Between 1 and 5 years	0	1,487	0	1,487
Above 5 years	15,319	6,856	15,319	6,856
	82,688	87,486	81,864	83,226

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

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

NOTE 23 DEFERRED INCOME TAX

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

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

NOTE 24 DERIVATIVE FINANCIAL INSTRUMENTS

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

Cover of currency risks

Consolidated 2022:

DKK'000	Residual life	Contract value	Fair value	Fari value on the equity
Forward contract, USD	0-6 months	90,176	-3,737	-2,915
Recognised on equity			-3,737	-2,915

Consolidated 2021 :

DKK'000	Residual life	Contract value	Fair value	Fari value on the equity
Forward contract, USD	0-8 months	124,911	2,665	2,079
Recognised on equity			2,665	2,079

NOTE 25 DEFERRED INCOME

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

NOTE 26 CHARGES AND SECURITY

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

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2022**	**2021**	**2022**	**2021**
Non-current assets with a carrying amount	31,822	21,706	28,588	21,361
Inventories with a carrying amount	256,356	139,072	254,831	139,072
Trade receivables with a carrying amount	48,473	39,155	44,818	36,761

As security for debt payable to Spar Nord Bank A/S, equity investments have been pledged at a nominal NOK 400.000 in PWT Norway AS and a nominal EUR 25.000 in PWT Germany GmbH.

Equity investment with a carrying amount	0	0	8,579	7,577

At 31 December 2022, we have confirmed letters of credit in the amount of DKK 5,797 thousand regarding non-settled purchases of supplies abroad (31 December 2021: DKK 4,878 thousand) and bank guarantees concerning rent and customs at an amount of DKK 5,711 thousand (31 December 2021: DKK 12,953 thousand).

NOTE 27 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Rent obligations and operating lease liabilities

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

Parent company DKK'000	**Rent obligation**	**Other operating leases**	**Total**
Within 1 year	61,953	1,106	63,059
Between 1 and 5 years	65,324	218	65,542
Above 5 years	4,610	0	4,610
	131,887	1,324	133,211

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

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

NOTE 28 RELATED PARTY DISCLOSURES AND OWNERSHIP

Control	Basis
OKH 63 Holding ApS, Teglværkssvinget 17, 9500 Hobro	Ultimate parent company
OKH Holding ApS, Teglværkssvinget 17, 9500 Hobro	Parent company's owner
PWT Management ApS, Teglværkssvinget 17, 9500 Hobro	Owner of PWT Group A/S

Significant influence
The CEO of PWT Group A/S, Ole Koch Hansen is deemed to exert significant influence, also exercises control over OKH 63 Holding ApS.

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 7, Financial income and note 8, Financial expenses.

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

	CONSOLIDATED	
DKK'000	**2022**	**2021**
Rent, etc.	4,930	4,745
Rent obligations regarding related parties represent	29,590	31,629

NOTE 29 PROFIT/LOSS ALLOCATION

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2022**	**2021**	**2022**	**2021**
Profit/loss allocation				
Extraordinary dividend for the financial year	30,000	0	30,000	0
Proposed dividend for the financial year	45,000	45,000	45,000	45,000
Transferred to equity	40,252	80,812	40,252	80,812
Total allocation	115,252	125,812	115,252	125,812

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