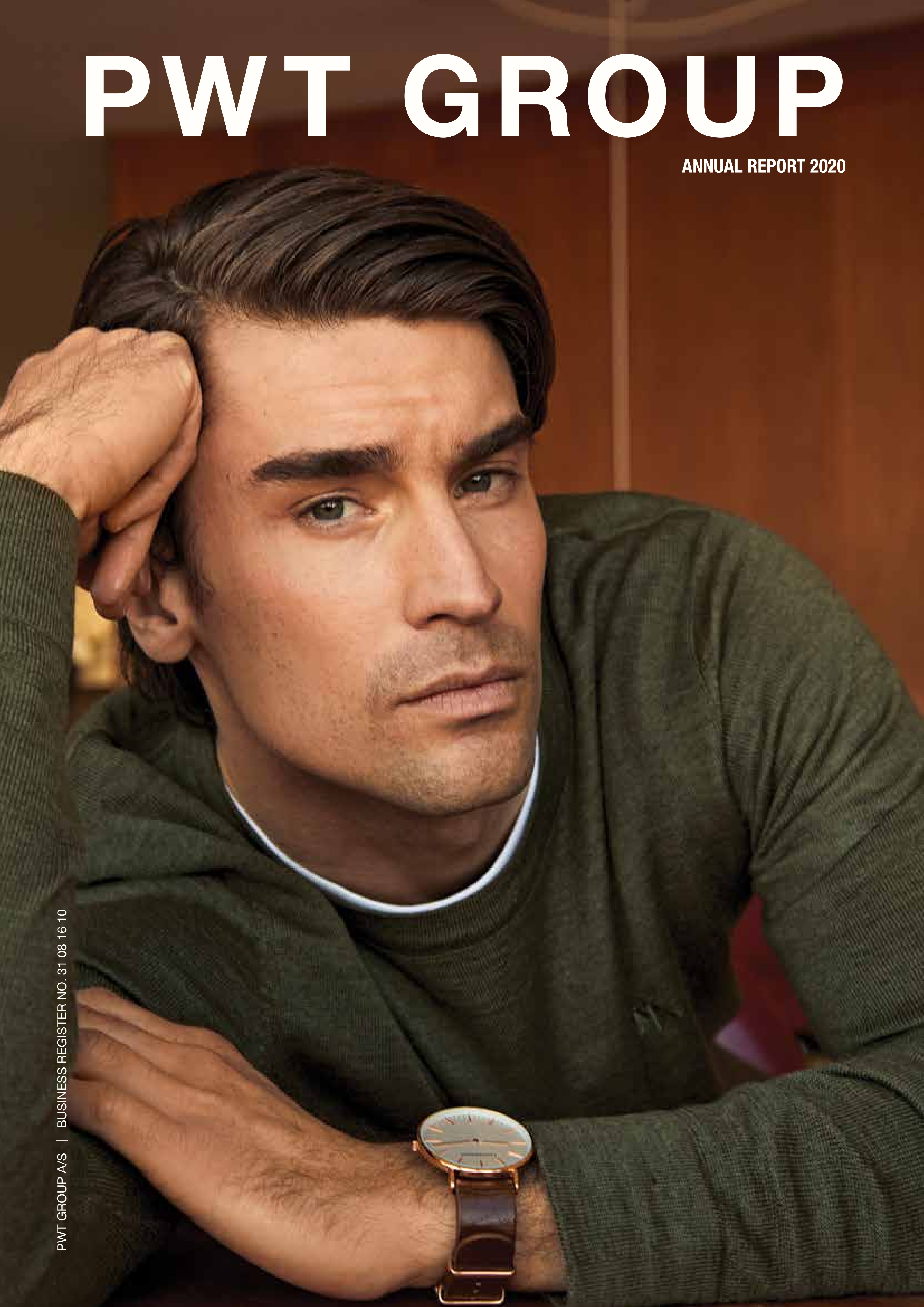
PWT GROUP

ANNUAL REPORT 2020



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

PWT GROUP 2020

We dress fashion-conscious men in quality clothing from our international brand-house PWT Brands and our two menswear chains Wagner and Tøjeksperten.

With five well-known menswear brands, 135 stores in Denmark, Sweden and attractive web shops and more than 350 employees end of December 2020, we stand out and provide fashion at a fair price – anytime and anywhere.

PWT BRANDS

Our five strong brands are sold by more than 800 independent retailers and our own retail chains Tøjeksperten and Wagner.

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

TØJ eksperten

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

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

WAGNER

A growing and comprehensive store network in Scandinavia and selected locations in China form the foundation for Wagner's offering of menswear – ranging from trendy denim to classic fashion. Established in 1946, Wagner currently has 24 stores in Denmark, 7 in Sweden, 5 in Norway and 3 in China.

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

CONTENTS

COMPANY DETAILS

COMPANY	PWT Group A/S Gøteborgvej 15 9200 Aalborg SV Denmark CVR No.: 31 08 16 10 Established: 30. November 2007 Registered office: Aalborg Financial year: 1 January 2020 - 31 December 2020 (13th financial year)
WWW	pwt-group.com pwtbrands.com lindbergh.dk bison.dk junkdeluxe.dk wagner.dk tøjeksperten.dk
BOARD OF DIRECTORS	Lars Johansson (Chairman) Dorte Eg Michael Kjær Ole Koch Hansen Claus Back Nielsen
EXECUTIVE BOARD	Ole Koch Hansen, CEO
AUDITORS	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark

MISSION

" WE DRESS MEN"

VISION

Maintain our market leading position on the Danish menswear market

Gain a dominant position on the Scandinavian market for menswear

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

KEY NUMBERS*

REVENUE

596 M DKK

(873 M DKK)

EBITDA

-21 M DKK

(55 M DKK)

EBITDA MARGIN

-3.5%

(6.3%)

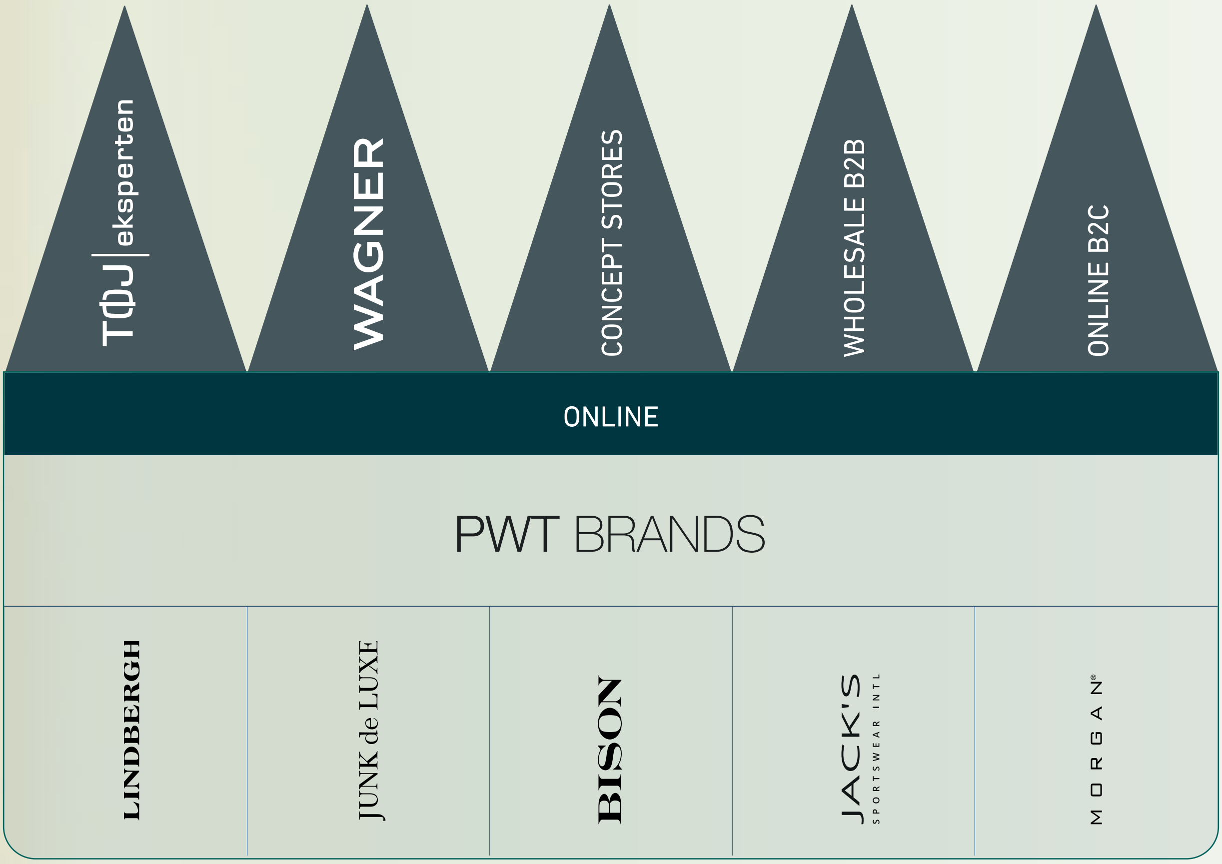
SOLVENCY RATIO

24.5 %

(35.0%)

PWT Group has with effect as from 1 January 2020, chosen to prepare financial statements with the provisions of the Danish Financial Statements Act. The comparative figures for 2019 have been adjusted accordingly to the Danish Financial Statements Act.

PWT GROUP PLATFORM



	REVENUE	COUNTRIES	RETAILERS/ STORES	NUMBER OF EMPLOYEES
PWT BRANDS		**TOTAL** Independent Retailers	**826**	**139** EMP
TØJ eksperten		**TOTAL** Denmark	**111** 111 (60 franchises)	**222** EMP
WAGNER		**TOTAL** Denmark Norway Sweden China	**39** 24 (15 franchise) 5 (5 franchise) 7 (4 franchise) 3 (Joint venture)	**83** EMP
TOTAL	**596** M DKK	**150** STORES	**826** RETAILERS	**444** EMP*

*358 employees at 31 December 2020

WORD FROM THE CEO
2020 - THE YEAR OF COVID-19

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

However, the global outbreak of COVID-19 and the subsequent shutdown of shops in mid-March had a severe, negative impact on our operational and financial performance, and the unfortunate situation led to a restructuring of the company. The restructuring plan was adopted by the creditors beginning of June.

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

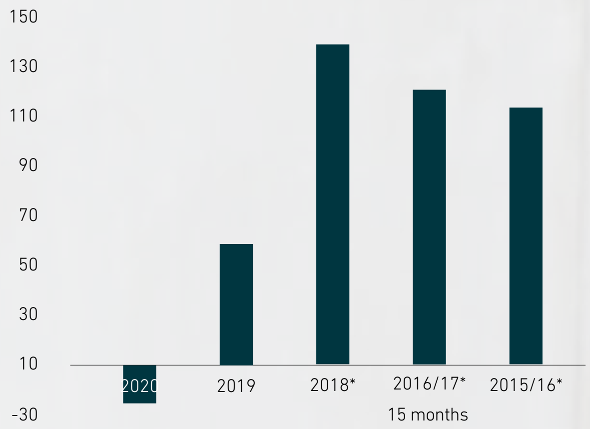
Furthermore, our accelerated focus on improving the Group's omni-channel and online sales set-up as well as the digitalisation agenda is progressing as planned. We managed to drive a clear and significant acceleration of online sales through our own channels in 2020, at the same time as the presence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

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

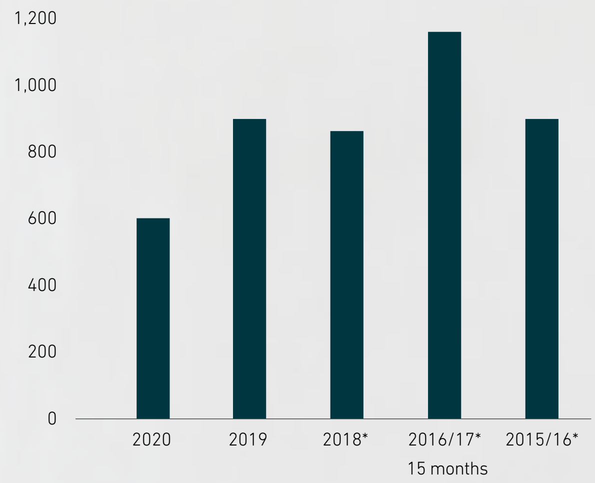
Ole Koch Hansen
CEO

FINANCIAL HIGHLIGHTS

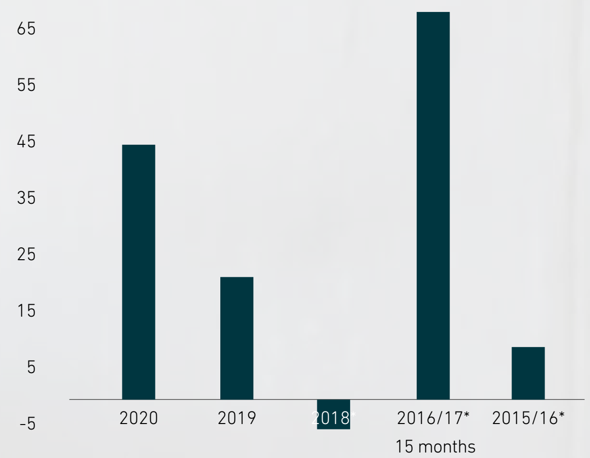
EBITDA
MILLION DKK



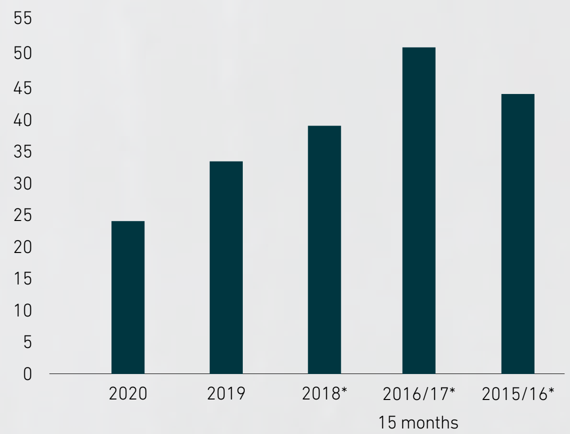
REVENUE
MILLION DKK



CASH FLOWS



SOLVENCY RATIO

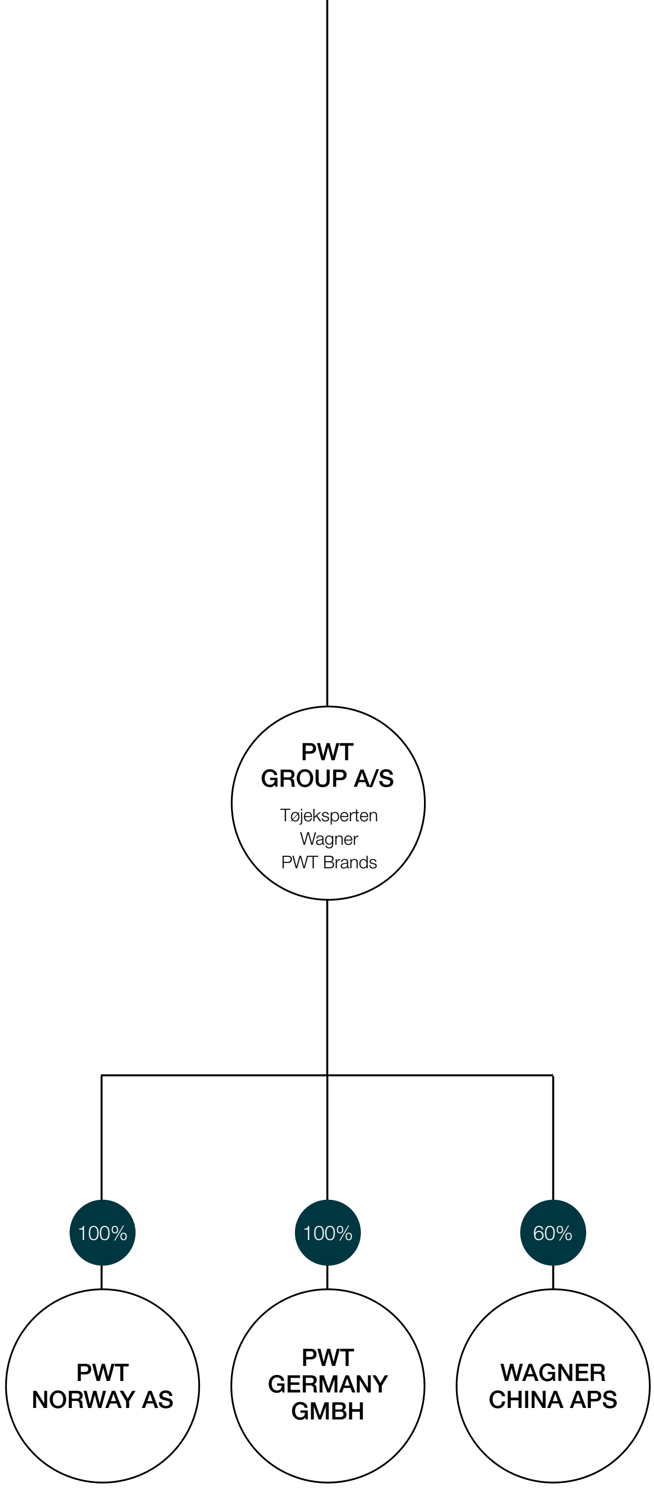


For definitions, please see the accounting policies.
*The comparative figures for 2018 and earlier were prepared in accordance with IFRS and have not been restated.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK MILLION	2020	2019	2018*	2016/17* 15 months	2016/15*
INCOME STATEMENT					
Revenue	596	873	828	1,111	863
Gross profit	165	289	367	378	306
EBITDA	-21	55	138	102	99
EBIT	-388	-18	14	73	78
Profit/loss from financial income and expenses (including associate)	242	-23	-35	44	25
Profit/loss for the year	-200	-33	-19	15	41
BALANCE SHEET					
Total assets	355	769	1,233	992	1,022
Investment in plant and equipment	24	53	304	67	57
Equity	87	269	489	508	494
CASH FLOWS					
Cash flows from operating activities	60	111	119	161	49
Cash flows from investing activities, net	-8	-14	-30	-47	-41
Thereof, investment in plant and equipment	-10	-6	-23	-39	-12
Cash flows from financing activities	-6	-76	-91	-47	-1
Total cash flows	46	21	-3	68	7
EMPLOYEES					
Average number of employees	444	552	551	554	535
Number of emplyees at 31 December 2020	358				
FINANCIAL RATIOS STATED AS A PERCENTAGE					
Gross margin	27.7	33.1	44.4	34.0	35.5
EBITDA margin	-3.5	6.3	16.7	9.2	11.4
Operating margin (EBIT)	-65,2	-2.1	1.7	6.6	9.1
Return on invested capital	-70.7	-1.9	1.3	7.3	7.9
Solvency ratio	24.5	35.0	39.7	51.2	48.3
Return on equity	-112,3	-8,6	0.0	2.9	8.6

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



MANAGEMENT'S REVIEW

DANISH GAAP

This year, the balance sheet is prepared in accordance with Danish GAAP as opposed to previously, when it was prepared in accordance with International Financial Reporting Standards (IFRS). See note 1.

We have chosen to apply Danish GAAP because we believe that recognising leases as a cost provides a more fair presentation than IFRS 16, according to which leases are recognised in the balance sheet.

RESTRUCTURING - COVID-19

The year got off to a good start, but then came the COVID-19 outbreak which led to an entirely unexpected lockdown of major parts of society, implying that most of our own shops, and many of our B2B customers' shops, were forced to shut down.

The very sudden decline in revenue, at a time when major quantities of products had already been shipped by our suppliers, caused such cash flow issues that, following negotiations with the bank and owners, the Board of Directors and Management had to file a petition for restructuring proceedings with the Bankruptcy Court of Aalborg on 17 April 2020, as the Company was unable to meet its financial obligations as they fell due.

An extensive restructuring plan was prepared, which, for example, included:

- Implementation of a comprehensive cost saving plan involving the shutdown of more than 50 shops and termination of the employment contracts of approx. 200 employees.
- Renegotiation with suppliers and lessors
- To achieve the required commitment from Spar Nord, additional capital of DKK 20 million (DKK 10 million in shares and DKK 10 million in convertible bonds) and a government-backed guarantee through EKF Denmark's Export Credit Agency of 70% of credit facility of DKK 100 million were provided.

The proposed restructuring plan was approved by the Bankruptcy Court of Aalborg on 2 June 2020.

The most significant accounting consequences of the restructuring appear from note 5.

The restructuring plan has been completed, and the reopening of society following the first wave of COVID-19, in the late summer and autumn of 2020, showed better results than expected. The second wave of COVID-19 hit us in late December, but we were better prepared, which meant that, all in all, 2020 showed somewhat better results than expected after the restructuring.

GROUP ACTIVITIES

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

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

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

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

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

PERFORMANCE IN THE FINANCIAL YEAR UNDER REVIEW

The figures are heavily impacted by the restructuring of PWT Group in 2020, and the change from IFRS to Danish accounting legislation, which makes a comparison to last year's figures quite irrelevant. Consequently, our comments will primarily focus on PWT Group's development after the restructuring on 2 June 2020.

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

The Group's operating profit (EBITDA) decreased to a loss of DKK 21 million in 2020 against EBITDA of DKK 55 million in 2019.

Total revenue decreased to DKK 596 million in 2020 from DKK 873 million in 2019. Both retail sales through our own chains in Denmark and wholesale were higher than expected after the restructuring.

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

Goodwill has been written down to DKK 0 (note 13), which has had a negative impact on profit/loss for the year by DKK 256 million (note 5).

In connection with the restructuring, our Norwegian subsidiary, Wagno Norge AS, went bankrupt, which resulted in a loss of DKK 38 million, see note 10.

Other financial income includes debt composition agreements with creditors of DKK 256 million in connection with the restructuring. See note 5.

Results for the year constituted a loss of DKK 200 million.
The company had a positive cash flow of DKK 46 million in 2020, and cash and cash equivalents at 31 December 2020 were DKK 85 million, which is better than expected.

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

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

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

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

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

Based on:

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

We do not believe that the poor beginning of 2021 will have a major effect on the year and we thus expect to make a profit in 2021.
The continuous improvement of the cash flow based on higher earnings, acceptable inventories, reduced debtors and better credit from our suppliers which began after the restructuring in 2020 has continued in 2021. This implies that even if, in future, we were to be subjected to additional restrictions or changed customer behaviour due to COVID-19, we assess the credit facilities made available to us, covered by a government-backed guarantee on 70% of DKK 100 million from EKF, to be sufficient.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Based on cash and cash equivalents of DKK 85 million at 31 December 2020 and the credit facilities made available by Spar Nord, covered by a government-backed guarantee from EKF on 70% of DKK 100 million, we expect to have sufficient cash resources in 2021.

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

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

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

CSR STRATEGY
2021-2025

Responsible working conditions in the supply chain

More sustainable production methods and materials

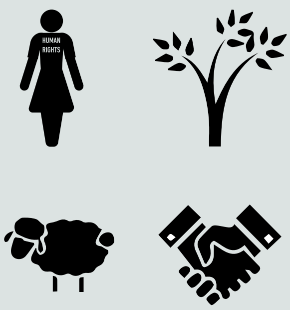
More sustainable cotton in our products

Engagement in national and international initiatives and organisations

Managing our own business

Managing our supply chain

Policies



Bill of Human Rights

ILO Fundamental Principles and Rights at work

The Rio Declaration on Environment and Development

UN Convention against Corruption

UN Guiding Principles on Business & Human Rights

OECD Guidelines for Multinational Enterprises

POLICIES

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

INTERNAL PROCESSES

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

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

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

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

A grievance mechanism has been set up on the Group's website, which ensures anonymity. Until now, no grievances have been received.

PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by the top management. It is included in the Employee Handbook and Supplier Manual. Together with the policy, a 'Facilitation and Hospitality Register' has been set up in which employees register gifts. The policy is communicated internally on an annual basis, and the facilitation and hospitality register is monitored on an annual basis as well.

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


TAPERED FIT

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

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

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 behaviour by managers towards workers, etc.
	Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
	Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for workers associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, WP committees learn about their rights and responsibilities, which is of great value. PWT Group continuously stresses to suppliers that dismissal of workers due to rightful activities connected to workers associations is unacceptable.
	Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour a substantial risk within the entire supply chain. The Group became a member of BCI in 2019, an initiative that, in addition to reducing the environmental footprint, works to improve working conditions and abolish child labour. Among other things, the BCI trains participating farmers in the importance of education.

ENVIRONMENT AND CLIMATE		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy		
Risks in our own business	**Risks in our supply chain**	**Action plan**
CO_2-emissions		Until recently, we have not calculated our CO_2 emissions. However, from 2021, we are working with the Cemasys system, which allows us to calculate our emission in a structured way, based on the GHG Protocol. Once we have made baseline studies, we can start to prioritise our actions.
Use of textile materials		We are reducing the number of styles and focussing on quality over quantity. Through the years, we have implemented more and more organic or recycled styles. Since 2019, we have been a member of BCI and therefore sourced BCI cotton. In the coming years, we will focus on introducing more sustainable materials.
Plastic use, and packaging in general		During 2019, PWT Group replaced all packaging materials in the shops (physical and online) with ones made of recycled plastic and recycled carton. Furthermore, the Group took the decision that, in order to reduce plastic usage, plastic bags will no longer be provided free of charge, starting from Jan 1 2020. Surplus made from this initiative is donated to the Danish environmental organisation Plastic Change. In the coming years, we will look into how to reduce the amount of packaging material, such as poly bags, tissue paper, carbon boxes, etc., and how to replace virgin material with recycled ones.
Transport		PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimised. From 2021, emission reports from our transport supplier will be included in our climate reporting.
Textile waste		We do not have much textile waste, mostly scraps and cut samples. In 2020 , we started a dialogue with a Danish start-up that would take all our textile waste and reuse it for making new kids clothing. However, the project has still not been commenced. Nevertheless, we are very much open to collaboration with other stakeholders on this matter.
Animal welfare		All relevant suppliers are required to sign and comply with our Animal Welfare Policy. It states, among other things, that we only accept leather from animals bred for the food industry, that mulesing is not accepted, and that we do not accept live plucking of birds.
	Risk of use of harmful chemicals and of insufficient chemical management at production sites.	All supplier are obliged to comply with our RSL, which is aligned with the EU REACH regulation. We have set up a test programme with Bureau Veritas, which means that styles from each collection will be selected for testing, based on a risk assessment. Further to this, we are working on getting an Oekotex certification on a range of products so that we can provide customers with Oekotex-certified products.

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

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

THE SUPPLY CHAIN

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

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 (during COVID-19, this has not been possible).

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

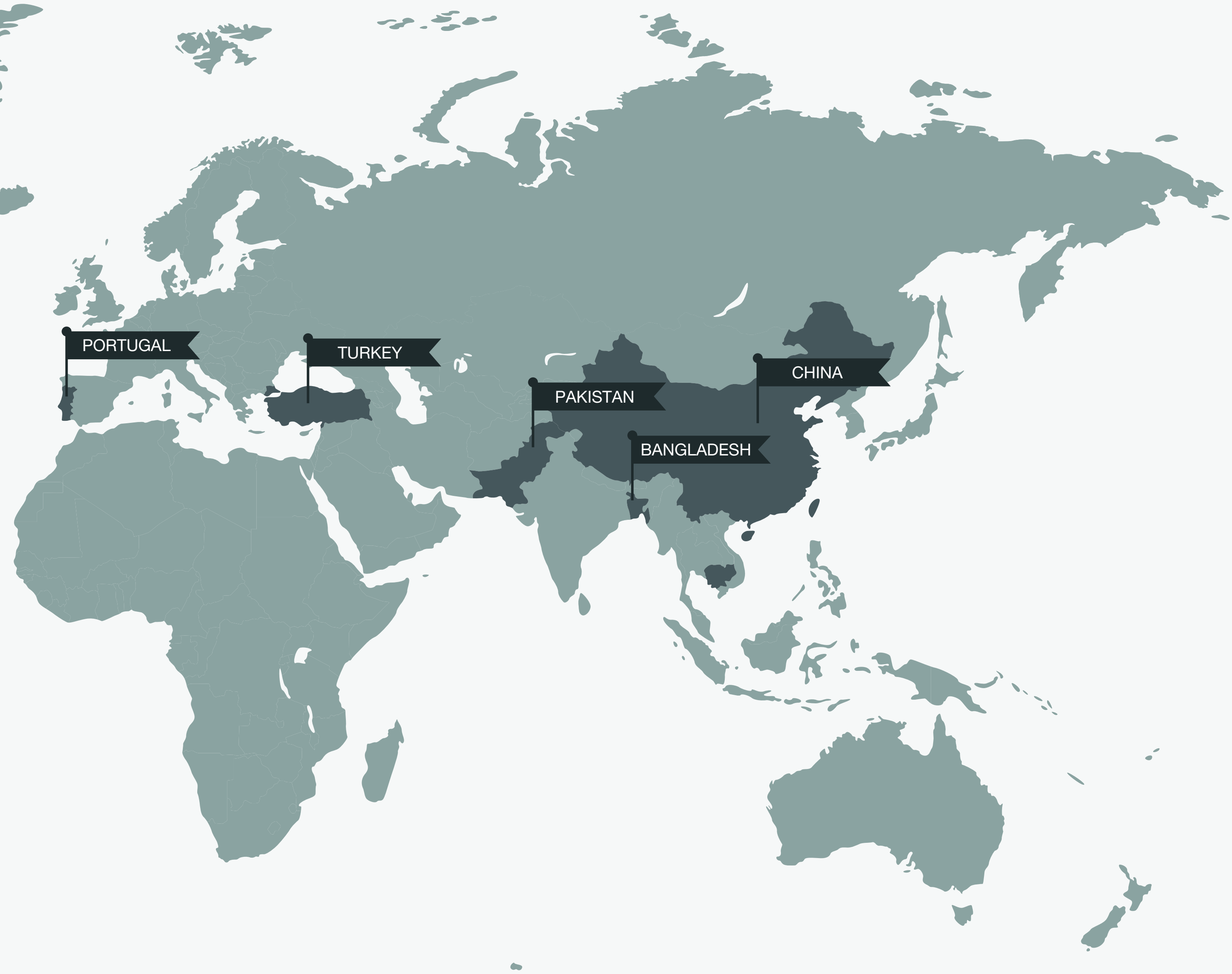
SOURCING
COUNTRIES

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

BANGLADESH
30%

CHINA
28%

TURKEY
11%



PAKISTAN

10%

PORTUGAL

7%

OTHER COUNTRIES

14%

FOCUS AREA 1

RESPONSIBLE WORKING CONDITIONS IN THE SUPPLY CHAIN

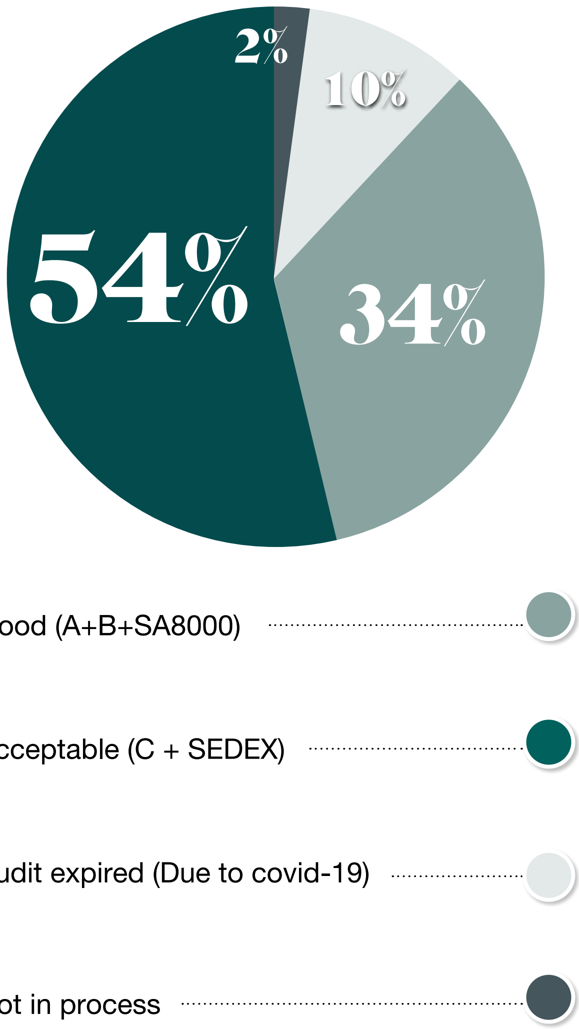
It is of utmost importance that textiles are produced at factories with decent working conditions. As the Group does not own any of the facilities, many resources are spent on following up with suppliers on their work on adhering to the Code of Conduct.

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

AMFORI BSCI

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

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



THE ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

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

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

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

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

FOCUS AREA 2

MORE SUSTAINABLE PRODUCTION METHODS AND MATERIALS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

MORE SUSTAINABLE PRODUCTS

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

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

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

GREENER PACKAGING

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

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

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

CLIMATE REPORTING

From 2021, PWT Group will measure its carbon

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

NO HARMFUL CHEMICALS

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

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

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

PWT Group has decided to certify a range of its products to the Oekotex Standard 100. This is done to be able to provide our customers with chemically safe products, with only certified materials having been used in the production. The Group is completing its Oekotex approval process in the spring of 2021.

ANIMAL WELFARE POLICY

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

INTRODUCTION OF AMFORI BEPI PROGRAM FOR SUPPLIERS

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

FOCUS AREA 3

MORE SUSTAINABLE COTTON IN OUR PRODUCTS

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

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

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

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

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

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

See bettercotton.org/massbalance for details.

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

FOCUS AREA 4

ENGAGEMENT IN NATIONAL AND INTERNATIONAL INITIATIVES

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.

amfori Trade with purpose

UN GLOBAL COMPACT

ACCORD on Fire and Building Safety in Bangladesh

DIEH Dansk Initiativ for Etisk Handel

DANSK MODE & TEXTILE

BCI Better Cotton Initiative BetterCotton.org

plastic change

CLIMATE REPORT

CARBON ACCOUNTING REPORT 2020

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.

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

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

Some of the 2020 data was not possible to obtain for different reasons; for scope 1, it was not possible to get data from the car leasing company, and therefore estimates have been applied. For scope 2, it was not possible to get data from the Group's transport supplier. In all cases, the aim is to get back on the data track for 2021.

This is the Group's first climate report, and the intention for the coming years is to include more and more parameters as the data becomes available.

REPORTING YEAR ENERGY AND GHG EMISSIONS

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

REPORTING YEAR MARKET-BASED GHG EMISSIONS

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

ANNUAL GHG EMISSIONS

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

ANNUAL GHG EMISSIONS

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

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

ANNUAL MARKET-BASED GHG EMISSIONS

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

METHODOLOGY AND SOURCES

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

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

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

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

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

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

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

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

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

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

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

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

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

PWT GROUP

STORES

WAGNER

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

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

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

WAGNER

24 STORES ACROSS DENMARK*

7 STORES IN SWEDEN*

5 STORES IN NORWAY*

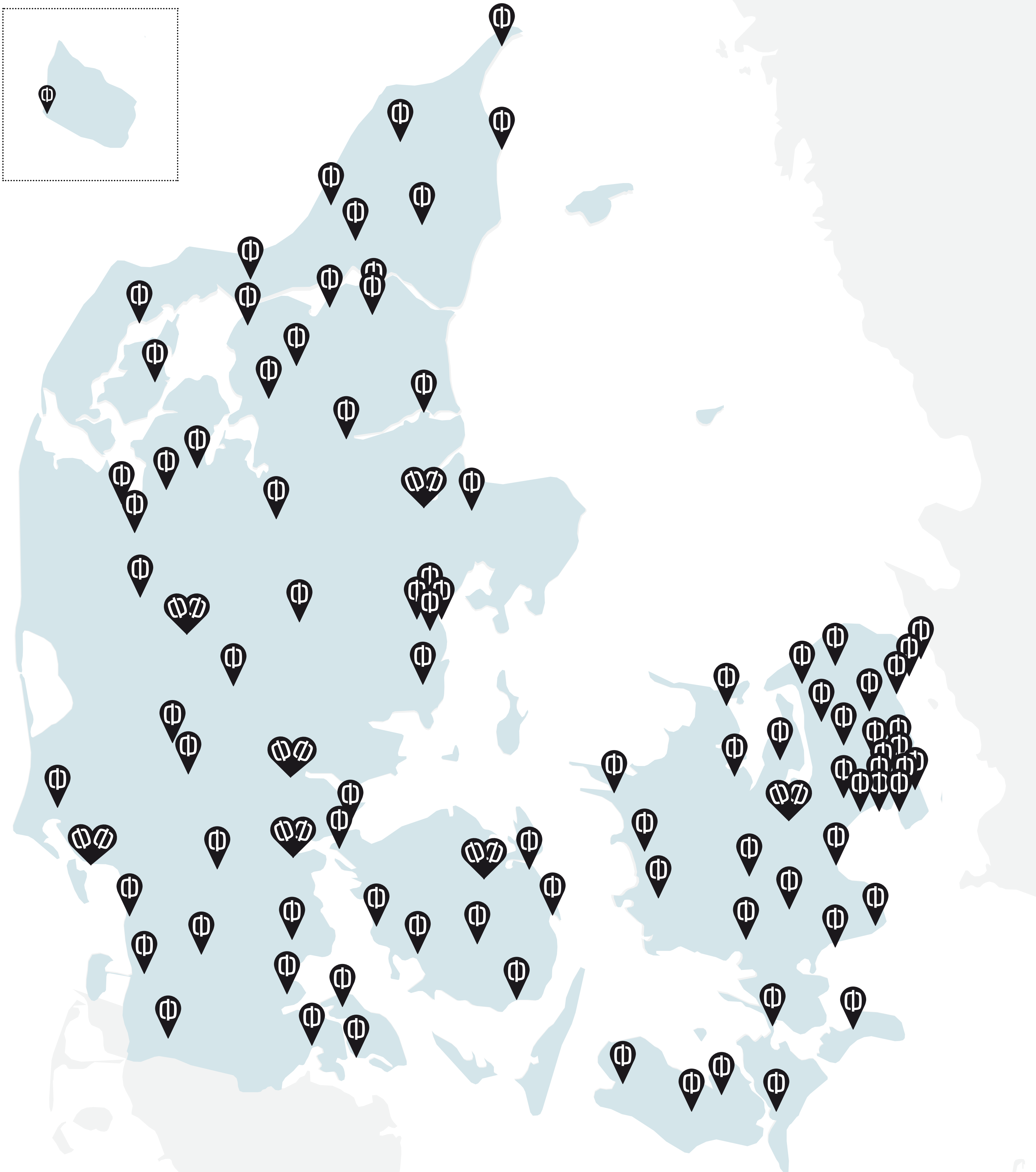
*BASED ON FIGURES FROM JANUAR 2021

TØJEKSPERTEN

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

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

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



111 STORES ACROSS DENMARK*

BASED ON FIGURES FROM JANUAR 2021

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
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
BLUE LABEL

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

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

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

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

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

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

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

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.

JACK'S
SPORTSWEAR INTL

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.

MORGAN®

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 2020.

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 2020, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2020 - 31 December 2020.

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, 28 April 2021

Executive Board

Ole Koch Hansen
CEO

Board of Directors

Lars Johansson
(Chairman)

Michael Kjær

Ole Koch Hansen

Claus Back Nielsen

Dorte Eg

Dorte Eg

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PWT GROUP A/S

OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2020 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 2020, 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 consolidated 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. 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 au-dit 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 findings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, 28 April 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

MADS MELDGAARD
State Authorised Public Accountant
mne24826

CONRAD LUNDSGAARD
State Authorised Public Accountant
mne34529

INCOME STATEMENT

DKK'000	NOTE	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Revenue	2,5	596,026	872,825	595,368	773,341
Cost of sales	5	-296,366	-402,334	-309,985	-386,532
Other operating income	5	28,226	41	28,226	41
Other external costs	6,5	-163,068	-181,672	-155,837	-148,338
Gross profit/loss		164,818	288,860	157,772	238,512
Staff costs	3,5	-181,431	-233,562	-178,201	-204,165
Other operating costs	5	-4,096	-73	-4,096	-55
Earnings before interest taxes depreciation and amortization (EBITDA)		-20,709	55,225	-24,525	34,292
Depreciation/amortisation/impairment	4,5	-367,699	-73,695	-367,476	-67,308
Operationg profit/loss (EBIT)		-388,408	-18,470	-392,001	-33,016
Share of net profit of subsidiaries	17	0	0	0	0
Share of net profit of associates	18	-1	-43	-1	-43
Other financial income	7,5	256,650	1,079	256,649	1,985
Financial expenses	8	-14,386	-23,858	-12,788	-22,875
Profit/loss before tax		-146,145	-41,292	-148,141	-53,949
Tax on profit/loss for the year	9	-15,348	8,652	-14,600	8,314
Profit/loss for the year for continued operations		-161,493	-32,640	-162,741	-45,635
Profit/loss for the year for discontinued operations	10	-38,429	0	-6,849	0
Profit/loss for the year		-199,922	-32,640	-169,590	-45,635

Profit/loss allocation				
Transferred to equity	-199,922	-32,640	-169,590	-45,635
Total allocation	-199,922	-32,640	-169,590	-45,635

BALANCE SHEET
AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Software	11	5,103	7,619	5,103	7,237
Trademarks	12	943	1,556	943	1,246
Goodwill	13	0	346,995	0	346,995
Other intangible assets	14	745	894	745	894
Total intangible assets		6,791	357,064	6,791	356,372
Fixtures and fittings, tools and equipment	15	13,128	25,405	12,671	19,042
Leasehold improvements	16	10,389	27,404	10,389	19,287
Total plant and equipment		23,517	52,809	23,060	38,329
Investments					
Investments in Group enterprises	17	0	0	7,577	7,577
Investments in associates	18	0	0	0	0
Amounts owed by Group enterprises		0	0	38,822	0
Deposits	19	11,877	12,196	11,651	11,955
Total investments		11,877	12,196	58,050	19,532
Total non-current assets		42,185	422,069	87,901	414,233
CURRENT ASSETS					
Inventories	20	169,433	203,210	169,433	183,409
Receivables					
Trade receivables		27,741	74,332	23,897	57,603
Deferred tax assets	24	5,000	20,006	5,000	19,149
Amounts owed by Group enterprises		0	0	2,929	39,701
Derivative financial instruments	25	0	204	0	204
Other receivables		18,210	4,416	18,210	4,264
Prepayments		7,485	6,221	7,361	5,440
Total receivables		58,436	105,179	57,397	126,361
Cash and cash equivalents		84,599	38,422	63,946	23,924
Total current assets		312,468	346,811	290,776	333,694
Total assets		354,653	768,880	378,677	747,927

BALANCE SHEET
AT 31 DECEMBER

		CONSOLIDATED		PARENT COMPANY	
DKK'000	**NOTE**	**2020**	**2019**	**2020**	**2019**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	10,040	1,985	10,040	1,985
Share premium		1,985	0	1,985	0
Reserve for hedging transactions		-2,775	-4,551	-2,775	-4,551
Foreign currency translation reserve		238	238	0	0
Other reserves	21	10,000	0	10,000	0
Retained earnings		67,250	271,723	98,168	272,309
Total equity		86,738	269,395	117,418	269,743
LIABILITIES					
Provisions					
Provisions	22	8,556	10,834	8,556	8,737
Total provisions		8,556	10,834	8,556	8,737
NON-CURRENT LIABILITIES					
Subordinated loans	23	21,459	0	21,459	0
Lease debt		331	571	331	571
Other debts	23	73,503	5,884	73,502	2,603
Total non-current liabilities		95,293	6,455	95,292	3,174
Current liabilities					
Bank loans and overdrafts		0	46,393	0	46,393
Trade payables		62,336	98,520	60,093	94,856
Loans from Group enterprises		0	250,301	0	250,301
Derivative financial instruments	25	3,558	0	3,558	0
Other debts	23	88,101	72,109	83,689	60,450
Deferred income	26	10,071	14,873	10,071	14,273
Total current liabilities		164,066	482,196	157,411	466,273
Total liabilities		259.359	488,651	252,703	469,447
Total equity and liabilities		354,653	768,880	378,677	747,927

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Share Premium	Reserve for hedging transactions	Foreign currency translation reserve	Other Reserves	Reserves earnings	Total
Equity at 1 January 2019	1,985	0	0	238	0	487,014	489,237
Effect of change in accounting policies	0	0	0	0	0	-186,114	-186,114
Fair value of forward exchange contracts	0	0	-3,463	0	0	3,463	0
Adjusted equity at 1 January 2019	1,985	0	-3,463	238	0	304,363	303,123
Profit/loss for the year	0	0	0	0	0	-33,728	-33,728
Fair value of forward exchange contracts	0	0	-1,088	0	0	1,088	0
Equity at 31 December 2019	1,985	0	-4,551	238	0	271,723	269,395
Equity at 1 January 2020	1,985	0	-4,551	238	0	271,723	269,395
Capital contributions	8,055	1,985	0	0	0	0	10,040
Profit for the year	0	0	0	0	0	-199,922	-199,922
Fair value of forward exchange contracts, beginning year	0	0	4,551	0	0	-4,551	0
Fair value of forward exchange contracts, end year	0	0	-2,775	0	0	0	-2,775
Convertible bonds	0	0	0	0	10,000	0	10,000
Equity at 31 December 2020	10,040	1,985	-2,775	238	10,000	67,250	86,738

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Share Premium	Reserve for hedging transactions	Foreign currency translation reserve	Other Reserves	Reserves earnings	Total
Equity at 1 January 2019	1,985	0	0	0	0	500,904	502,889
Effect of change in accounting policies	0	0	0	0	0	-186,423	-186,423
Fair value of forward exchange contracts	0	0	-3,463	0	0	3,463	0
Adjusted equity at 1 January 2019	1,985	0	-3,463	0	0	317,944	316,466
Profit/loss for the year	0	0	0	0	0	-46,723	-46,723
Fair value of forward exchange contracts	0	0	-1,088	0	0	1,088	0
Equity at 31 December 2019	1,985	0	-4,551	0	0	272,309	269,743
Equity at 1 January 2020	1,985	0	-4,551	0	0	272,309	269,743
Capital contributions	8,055	1,985	0	0	0	0	10,040
Profit for the year	0	0	0	0	0	-169,590	-169,590
Fair value of forward exchange contracts, beginning year	0	0	4,551	0	0	-4,551	0
Fair value of forward exchange contracts, end year	0	0	-2,775	0	0	0	-2,775
Convertible bonds	0	0	0	0	10,000	0	10,000
Equity at 31 December 2020	10,040	1,985	-2,775	0	10,000	98,168	117,418

CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Profit for the year before tax		-146,145	-41,292	-148,141	-53,949
Adjustments for non-cash operating items:					
Depreciation/amortisation/impairmen and gain/loss on intangible assets and plant and equipment		367,699	170,596	367,476	146,502
Loss from associate		1	43	1	43
Other non-cash operating items, net		13,784	-205	8,734	-92
Financial income		-256,650	-1,079	-256,649	-1,985
Financial expenses		14,386	31,337	12,788	28,620
Cash generated from operations (operating activities) before changes In working capital		-6,925	159,400	-15,791	119,139
Change in working capital:					
Change in receivables		31,608	-12,774	15,864	-8,237
Change in inventories		33,777	-5,099	13,976	3,704
Change in current liabilities in general		10,960	-155	23,579	-8,123
Cash generated from operations (operating activities)		69,420	141,372	37,628	106,483
Interest income, received		17	1,079	16	1,985
Interest expense, paid		-13,027	-31,249	-11,428	-28,664
Corporation tax paid		-30	-101	-30	-101
Discontinued operations	10	3,564	0	0	0
Cash flows from operating activities		59,944	111,101	26,186	79,703
Acquisition of plant, leasehold and equipment		-10,295	-6,418	-6,429	-7,896
Acquisition of intangible assets		-3,745	-4,439	-3,745	-4,049
Investment in deposits and associates		243	2,257	228	2,283
Disposal of plant and equipment		6,158	83	5,865	83
Business combination		0	-5,320	0	0
Cash flows from investing activities		-7,639	-13,837	-4,081	-9,579
Free cash flows		52,305	97,264	22,105	70,124
Change in bank loans		-46,393	20,605	-46,393	20,605
Repayment lease debt		-240	-96,688	-240	-79,243
Debt composition		44,510	0	44,510	0
Cash capital increase		10,040	0	10,040	0
Convertible bonds		10,000	0	10,000	0
Discontinued operations	10	-24,045	0	0	0
Cash flows from financing activities		-6,218	-76,083	17,917	-58,638
Changes in cash and cash equivalents		46,177	21,181	40,022	11,486
Cash and cash equivalents 1 January		38,422	17,241	23,924	12,438
Cash and cash equivalents 31 December		84,599	38,422	63,946	23,924

NOTES

NOTE 1 ACCOUNTING POLICIES

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 2020 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 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C. Previously, the annual report was prepared in accordance with the International Financial Reporting Standards, IFRS. See section below regarding “Change in accounting policies”.

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 28 April 2021.

Basis of preparation

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

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

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

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

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

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

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

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

- Recognition of goodwill
- Use of IFRS 16
- Recognition of forward exchange contracts

Change in accounting policies

With effect as from 1 January 2020, the Group has chosen to prepare parent company financial statements and consolidated financial statements in accordance with the provisions of the Danish Financial Statements Act. Previously, the parent company financial statements and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards, IFRS. The comparative figures for 2019 have been adjusted accordingly to the Danish Financial Statements Act.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

The transition to presentation of parent company financial statements and consolidated financial statements in accordance with the Danish Financial Statements Act has resulted in the following changes to the accounting policies:

- Goodwill is measured at cost less amortisation and impairment losses. Goodwill is amortised over the estimated useful life determined on the basis of Management's experience with the individual areas. So far, goodwill has not been amortised under IFRS. Amortisation of goodwill has commenced from the historical, actual acquisition date.
- IFRS 16 is no longer applied in the preparation of the financial statements. Operating leases are recognised as expenses in the income statement and determined as a contingent liability based on contractual notice periods.
- A few minor classification adjustments have been made.
- In accordance with the Danish Financial Statements Act, forward exchange contracts are recognised in equity which is contrary to previous practice where the contracts were recognised in the income statement.

The effect of the changed accounting policies has resulted in the following changes in equity at 1 January 2019:

Reconcilation of change in equity, Consolidated DKK '000	**Share capital**	**Reserve for hedging transactions**	**Reserves earnings**	**Foreign currency translation reserve**	**Total**
Equity at 1 January 2019 according to IFRS (i.e. 31.12.2018)	1,985	0	487,014	238	489,237
Goodwill	0	0	-225,264	0	-225,264
IFRS 16	0	0	4,553	0	4,553
Anniversary bonus	0	0	500	0	500
Deferred tax effect	0	0	34,097	0	34,097
Fair value of forward exchange contracts 31.12.2018	0	-3,463	3,463	0	0
Equity at 1 January 2019 according to the Danish Financial Statements Act (i.e. 31.12.2018)	1,985	-3,463	304,363	238	303,123
Profit/loss for the year IFRS	0	0	2,362	0	2,362
Profit for the year, adjusted	0	0	-36,090	0	-36,090
Fair value of forward exchange contracts	0	-1088	1,088	0	0
Equity at 31 December 2019	1,985	-4,551	271,723	238	269,395

Reconciliation of profit/loss for the year, Consolidated		
Profit/loss for the year 2019 according to IFRS	2,362	2,362
Currency hedging	1,088	1,088
IFRS 16	439	
Goodwill amortisation	-42,201	
Tax	5,672	
Profit for the year, adjusted		-36,090
Profit/loss for the year 2019 according to the Danish Financial Statements Act		-32,640

Reconcilation of change in equity, Parent Company DKK '000	**Share capital**	**Reserve for hedging transactions**	**Reserves earnings**	**Foreign currency translation reserve**	**Total**
Equity at 1 January 2019 according to IFRS (i.e. 31.12.2018)	1,985	0	500,904	0	502,889
Goodwill	0	0	-225,264	0	-225,264
IFRS 16	0	0	4,244	0	4,244
Anniversary bonus	0	0	500	0	500
Deferred tax effect	0	0	34,097	0	34,097
Fair value of forward exchange contracts 31.12.2018	0	-3,463	3,463	0	0
Equity at 1 January 2019 according to the Danish Financial Statements Act (i.e. 31.12.2018)	1,985	-3,463	317,944	0	316,466
Profit/loss for the year IFRS	0	0	-10,391	0	-10,391
Profit for the year, adjusted	0	0	-36,332	0	-36,332
Fair value of forward exchange contracts	0	-1088	1,088	0	0
Equity at 31 December 2019	1,985	-4,551	272,309	0	269,743

Reconciliation of profit/loss for the year, Parent Company		
Profit/loss for the year 2019 according to IFRS	-10,391	-10,391
Currency hedging	1,088	1,088
IFRS 16	195	
Goodwill amortisation	-42,201	
Tax	5,674	
Profit for the year, adjusted		-36,332
Profit/loss for the year 2019 according to the Danish Financial Statements Act		-45,635

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).

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

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

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

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

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

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

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

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

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

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

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

BALANCE SHEET

Intangible assets

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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.

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.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

Definition of financial ratios:

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

NOTE 2 SEGMENT DISCLOSURES

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Geographical markets				
Denmark	426,242	586,518	426,242	586,518
Other markets	169,784	286,307	169,126	186,823
Total external revenue	596,026	872,825	595,368	773,341

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Segment revenue				
Retail Denmark	342,605	485,081	342,605	485,081
Wholesale Worldwide	436,835	561,343	395,783	468,400
Other units	9,025	102,052	9,025	6,894
Internal revenue from wholesale worldwide segments	-192,439	-275,651	-152,045	-187,034
Total external revenue	596,026	872,825	595,368	773,341

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

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2020**	**2019**	**2020**	**2019**
Payroll	160,949	210,550	158,262	182,431
Pensions	11,478	12,777	11,457	12,451
Other social security costs	9,004	10,235	8,482	9,283
	181,431	233,562	178,201	204,165
Thereof:				
Payroll Executive Board	2,037	2,909	2,037	2,909
Pensions Executive Board	45	105	45	105
Payroll Board of Directors	641	550	641	550
	2,723	3,564	2,723	3,564
Average number of full-time employees	444*	552	427	480

*Number of emplyees at 31 December 2020: 358

Remuneration to Executive Board presented above consists of both current and previous executive board members throughout 2020.

NOTE 4 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Owned assets:				
Software	5,031	5,384	5,031	5,294
Trademarks	303	559	303	490
Goodwill	346,995	42,201	346,995	42,201
Other intangible assets	149	149	149	149
Fixtures and fittings, tools and equipment	8,106	12,434	7,965	9,772
Leasehold improvements	7,115	12,968	7,033	9,402
	367,699	73,695	367,476	67,308

NOTE 5 SPECIAL ITEMS

Special items comprise cost, which is special due to their size or nature.
2020 saw a restructuring for PWT Group A/S, which in that connection gained new owners and, as a result, changed its accounting policies. In addition, PWT Group A/S has been severely impacted by COVID-19. These events have brought about a number of special items in 2020, which is described here.
The accounting effect on equity ensuing from the change in accounting policies is described in Note 1 Accounting policies.

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2020**	**2019**	**2020**	**2019**
Cost of sales				
Write down of inventories in addition to standard write down due to COVID-19	-9,900	0	-9,900	0
	-9,900	0	-9,900	0
Other operating income				
Gain on the disposal of plant and equipment	5	41	5	41
Government's COVID-19 relief, payroll compensation	15,473	0	15,473	0
Government's COVID-19 relief, fixed cost compensation	12,748	0	12,748	0
	28,226	41	28,226	41
Other external costs				
Provisions for bad debts in addition to standard, due to COVID-19	-3,233	0	-3,233	0
Legal fees and provisions for settlements arising out of PWT Group A/S' restructuring in 2020	-19,983	0	-19,983	0
	-23,216	0	-23,216	0
Other operating cost				
Loss on the disposal of plant and equipment, sold in connection with termination of stores	-4,096	-73	-4,096	-55
	-4,096	-73	-4,096	-55
Depreciation/amortisation/impairment				
Loss on impairment of goodwill	-336,573	0	-336,573	0
	-336,573	0	-336,573	0
Staff costs				
Extraordinary salary refunds to apprentices as a result of COVID-19	3,497	0	3,497	0
Employees released from their duty to work as a result of PWT Group A/S's restructuring in 2020	-2,160	0	-2,160	0
	1,337	0	1,337	0
Other financial income				
Debt composition agreement with bondholders	184,221	0	169,142	0
Debt composition agreement, other debt	72,204	0	72,204	0
	256,425	0	241,346	0

NOTE 6 OTHER EXTERNAL COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Fees for auditors appointed at the general meeting				
Statutory audit services	402	499	353	358
Other assurance engagements	200	10	200	0
Tax advisory services	104	129	36	36
Other services	1,069	286	877	144
Total fee	1,776	924	1,466	538
Distributed as follows:				
PwC	800	696	693	474
Other firms	976	228	773	64
	1,776	924	1,466	538

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the Group of 398 tDKK consist mainly of other assurance engagements, tax and advisory services.

NOTE 7 OTHER FINANCIAL INCOME

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Interest income, banks	0	4	0	1
Interest income, Group enterprises	0	0	16	960
Other financial income	256,650	1,075	256,633	1,024
	256,650	1,079	256,649	1,985

NOTE 8 FINANCIAL EXPENSES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Interest expense, banks	2,290	3,826	2,290	3,818
Interest expense, Group enterprises	5,895	17,685	5,640	17,685
Interest expense, leasing debt	14	14	14	14
Foreign exchange adjustment	2,147	63	1,635	-1
Other financial expenses	4,040	2,270	3,209	1,359
	14,386	23,858	12,788	22,875

NOTE 9 TAX

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22% tax on results before tax	32,152	5,836	32,591	8,509
Adjustment of tax in foreign entities in proportion to 22%	-1,001	3,073	-1,440	0
Tax effect of:				
Adjustment deferred tax of prior years	-1,554	-146	-794	0
Non-deductible cost/income	-37,316	-227	-37,316	-233
Adjustment of unrecognised tax loss carry forward	-8,047	0	-8,047	0
Adjustment of tax in respect of prior years	418	116	406	38
	-15,348	8,652	-14,600	8,314
Effective tax rateww	10.5 %	-21.0 %	9.9 %	-15.4 %

Non-deductible cost/income mainly relates to cost/income relating to the restructuring of PWT Group A/S

NOTE 10 DISCONTINUED OPERATION

Income statement DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Revenue	18,423	94,401	0	0
Cost of sales	-10,642	-38,702	0	0
Other external costs	-13,737	-24,580	-4,525	0
Gross profit/loss	-5,956	31,119	-4,525	0
Staff costs	-7,223	-25,994	0	0
Depreciation/amortisation	-1,449	-6,055	0	0
Other operating costs	-3,031	0	-2,741	0
Operationg profit/loss (EBIT)	-17,659	-930	-7,266	0
Financial income	500	2	500	0
Financial expenses	-90	-37	-83	0
Share of net profit of associates	-21,181	0	0	0
Profit/loss before tax of discontinued operations	-38,429	-965	-6,849	0
Tax on profit/loss for the year	0	0	0	0
Profit/loss for the year of discontinued operations	-38,429	-965	-6,849	0
Cash flow statement				
Cash flows from operating activities	3,564	6,545	0	0
Cash flow from investing activities	0	-5,900	0	0
Cash flows from financing activities	-24,045	7,813	0	0
Cashflow for discontinued operations	-20,481	8,458	0	0
Cash	0	0	0	0

It was chosen not to restate the comparative figures of the annual report for 2019.

Special items	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Other operating cost				
Debt composition agreement made concerning the purchase price payable by Brandstad	-2,741	0	-2,741	0
	-2,741	0	-2,741	0

Discontinued operations concerns WagNo AS in Norway, which went bankrupt on 29 April 2020.

NOTE 11 SOFTWARE

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Opening cost	40,182	35,474	39,710	35,394
Additions for the year	2,897	4,708	2,897	4,316
Disposals for the year	-293	0	0	0
Disposals for the year, discontinued operation	-82	0	0	0
Closing cost	42,704	40,182	42,607	39,710
Opening amortisation	32,563	27,179	32,473	27,179
Currency translation	21	0	0	0
Amortisation for the year	5,031	5,384	5,031	5,294
Reversed amortisation for the year of disposals	0	0	0	0
Reversed amortisation for the year of disposals, discontinued operations	-14	0	0	0
Closing amortisation	37,601	32,563	37,504	32,473
Carrying amount	5,103	7,619	5,103	7,237

NOTE 12 TRADEMARKS

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Opening cost	7,745	7,366	7,366	7,366
Additions for the year	0	0	0	1
Additions for the year, Business Acquisition	0	379	0	-1
Disposals for the year, discontinued operation	-379	0	0	0
Closing Cost	7,366	7,745	7,366	7,366
Opening amortisation	6,189	5,630	6,120	5,630
Amortisation for the year	303	559	303	490
Reversed amortisation for the year of disposals, discontinued operations	-69	0	0	0
Closing amortisation	6,423	6,189	6,423	6,120
Carrying amount	943	1,556	943	1,246

NOTE 13 GOODWILL

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Opening costs	905,714	905,714	905,714	905,714
Closing cost	905,714	905,714	905,714	905,714
Opening amortisation	558,719	516,518	558,719	516,518
Impairment for the year	336,573	0	336,573	0
Amortisation for the year	10,422	42,201	10,422	42,201
Closing amortisation losses	905,714	558,719	905,714	558,719
Carrying amount at	0	346,995	0	346,995

NOTE 14 OTHER INTANGIBLE ASSETS

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Opening costs	1,490	1,490	1,490	1,490
Closing cost	1,490	1,490	1,490	1,490
Opening amortisation	596	447	596	447
Amortisation for the year	149	149	149	149
Closing amortisation losses	745	596	745	596
Carrying amount at	745	894	745	894

NOTE 15 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Opening cost	105,277	103,090	90,250	91,095
Additions for the year	3,915	4,216	3,915	3,012
Additions for the year, Business Acquisition	0	1,976	0	0
Disposals for the year	-6,456	-4,005	-6,456	-3,857
Disposals for the year, discontinued operation	-13,677	0	0	0
Closing cost	89,059	105,277	87,709	90,250
Opening depreciation	79,872	71,405	71,208	65,208
Currency translation	-42	-65	-45	0
Depreciation for the year	8,106	12,434	7,965	9,772
Reversed depreciation for year on disposals	-4,090	-3,902	-4,090	-3,772
Reversed depreciation for year on disposals, discontinued operation	-7,915	0	0	0
Closing depreciation	75,931	79,872	75,038	71,208
Closing carrying amount	13,128	25,405	12,671	19,042
Of which financial leasing assets	162	290	162	290

NOTE 16 LEASEHOLD IMPROVEMENTS

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Opening cost	106,201	103,048	84,602	85,366
Additions for the year	1,560	3,673	1,560	2,010
Additions for the year, Business Acquisition	0	2,964	0	0
Disposals for the year	-7,628	-3,484	-7,628	-2,774
Disposals for the year, discontinued operation	-21,125	0	0	0
Closing cost	79,008	106,201	78,534	84,602
Opening depreciation	78,797	69,390	65,315	58,676
Currency translation	-66	-90	-74	0
Depreciation for the year	7,115	12,968	7,033	9,402
Reversed depreciation for year on disposals	-4,129	-3,471	-4,129	-2,763
Reversed depreciation for year on disposals, discontinued operation	-13,098	0	0	0
Closing depreciation	68,619	78,797	68,145	65,315
Closing carrying amount	10,389	27,404	10,389	19,287

NOTE 17 INVESTMENTS IN GROUP ENTERPRISES

DKK'000	CONSOLIDATED Investments in Group enterprises 2020	CONSOLIDATED Investments in Group enterprises 2019	PARENT COMPANY Investments in Group enterprises 2020	PARENT COMPANY Investments in Group enterprises 2019
Cost at January 2020	0	0	7,577	7,577
Cost at 31 December	0	0	7,577	7,577
Carrying amount at 31 December	0	0	7,577	7,577

	EQUITY TDKK	PROFIT FOR THE YEAR TDKK	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
PWT Norway AS, Oslo, Norway	-30,157	-31,419	TNOK 400	100 %
PWT Germany GmbH, Maasbüll, Germany	5,679	-1,716	TEUR 25	100 %

NOTE 18 INVESTMENTS IN ASSOCIATES

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Cost at January 2020	10,135	10,135	10,135	10,135
Cost at 31 December	10,135	10,135	10,135	10,135
Value adjustments 1 January 2020	-10,135	-10,135	-10,135	-10,135
Value adjustments 31 December	-10,135	-10,135	-10,135	-10,135
Carrying amount at 31 December	0	0	0	0

	EQUITY TDKK	PROFIT FOR THE YEAR TDKK	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
Wagner China ApS, Aalborg, Denmark	-12,868	-27	TDKK 300	60 %

NOTE 19 DEPOSITS

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Carrying amount at 1 January	12,188	14,496	11,955	14,281
Additions	2,038	1,478	2,039	1,406
Disposals	-2,349	-3,778	-2,343	-3,732
Carrying amount at 31 December	11,877	12,196	11,651	11,955

NOTE 20 INVENTORIES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2020**	**2019**	**2020**	**2019**
Goods for resale	110,302	171,725	110,302	151,924
Prepayments for goods	59,131	31,485	59,131	31,485
Goods for resale, net	169,433	203,210	169,433	183,409

NOTE 21 SHARE CAPITAL

DKK'000	**SHARE CAPITAL 31-12-2020**
Share capital upon establishment 2007/08	1,985
Capital contributions 2020	8,055
Closing share capital	10,040

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 8,055 mDKK was paid with a premium of 124.14, corresponding to a cash payment of 10,040 mDKK

In addition, the company has issued convertible bonds for 10 mDKK. 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.

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

NOTE 22 PROVISIONS

DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
The Group's total provision obligation broken down on residual terms:				
Within 1 year	2,620	2,612	2,620	2,245
Between 1 and 5 years	4,434	6,906	4,434	5,213
After 5 years	1,502	1,316	1,502	1,279
	8,556	10,834	8,556	8,737
Provision obligation at 1 January 2020	10,835	10,198	8,737	9,285
Additions during the year	2,620	3,400	2,620	2,119
Reversals during the year	-4,899	-2,764	-2,801	-2,667
Provision obligation at 31 December	8,556	10,834	8,556	8,737

Provisions obligations contains obligation to re-establish leaseholds (5,936 tDKK) and refund liability on sold clothes (2,620 tDKK).

Obligation to re-establish leaseholds relates to projected future costs attributable to relocation of leaseholds and is based on projected costs relying on the current interior and condition of the leaseholds. The obligation is discounted back to net present value using a discount rate of 0.6% (2019: 1%), equivalent to a risk-free interest rate. Refund liabilities on sold clothes relates to projected future returns.

NOTE 23 OTHER DEBT / SUBORDINATED LOAN

Other debt DKK'000	CONSOLIDATED 2020	CONSOLIDATED 2019	PARENT COMPANY 2020	PARENT COMPANY 2019
Within 1 year	88,101	72,109	83,689	60,450
Between 1 and 5 years	60,779	5,884	60,778	2,603
Above 5 years	12,724	0	12,724	0
	161,604	77,993	157,191	63,053

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

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 21,459. The subordinated loan will be paid according to the terms set in the agreement, which all falls due after 5 years.

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

NOTE 24 DEFERRED INCOME TAX

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2020**	**2019**	**2020**	**2019**
Deferred tax arises from:				
Intangible assets	-759	-9,358	-759	-9,358
Pplant and equipment	7,375	6,183	7,375	6,183
Current assets	162	363	162	363
Provisions	1,498	1,587	1,498	1,587
Other liabilities	-3,276	20	-3,276	20
Tax loss carryforwards	8,047	21,211	8,047	20,354
Adjustment of deferred tax to carrying value	-8,047	0	-8,047	0
	5,000	20,006	5,000	19,149

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

At 31 December 2020, the Group has an unrecognised tax loss carry-forward of 8 mDKK (2019: 21,2 mDKK) related to the entities within the Group, which may be carried forward indefinitely. The portion of carry forward losses recognised are based on the expected utilization of future taxable income over the next 3-5 years.

NOTE 25 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into forward contracts of a total of 91,161 TDKK for USD purchases of a value during the period until July 2021 for the purpose of hedging future purchases in USD. The average exchange rate is 629.

Cover of currency risks:

Consolidated 2020:

DKK'000	Residual life	Contract value	Fair value	Fari value on the equity
Forward contract, USD	0-7 months	91,161	-3,558	-2,775
Recognised on equity			-3,558	-2,775
Consolidated 2019:				
Forward contract, USD	0-7 months	117,167	204	-1,088
Recognisedon equity			204	-1,088

NOTE 26 DEFERRED INCOME

Deferred income compromises mainly obligations in relation to gift cards (contract liabilities). Gift cards at TDKK 10,071 (2019 TDKK 12,448) are recognised as income as they are used or when the become obsolete after 3 years according to regulations.

NOTE 27 CHARGES AND SECURITY

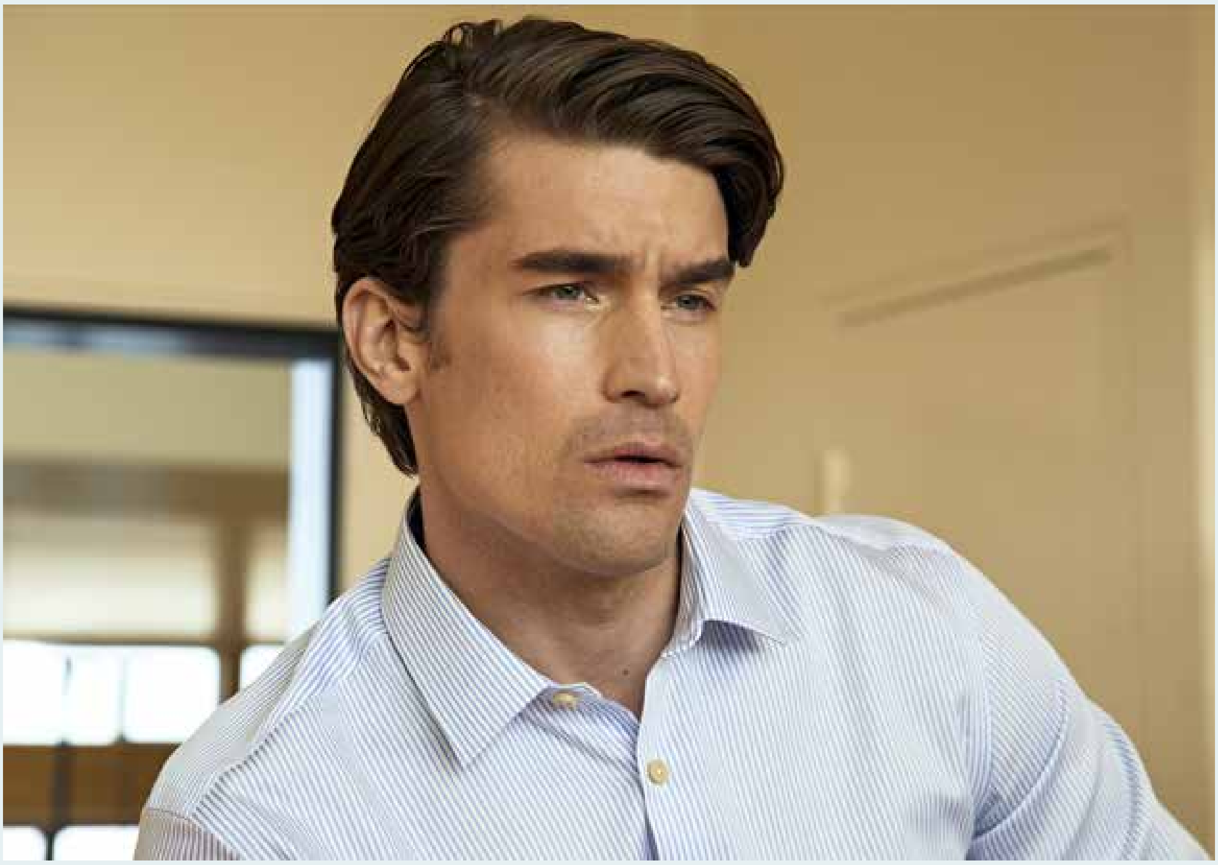
As security for debt payable to Spar Nord Bank A/S, a company charge at a nominal 145 mDKK has been provided in non-current assets and current assets

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2020	2019	2020	2019
Non-current assets with a carrying amount	23,516	39,019	23,060	38,330
Inventories with a carrying amount	169,433	203,210	169,433	183,409
Trade receivables with a carrying amount	27,741	74,332	23,897	57,603

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	7,577	7,577

At 31 December 2020, we have confirmed letters of credit in the amount of 6,116 TDKK regarding non-settled purchases of supplies abroad (31 December 2019: 1,280 TDKK) and bank guarantees concerning rent and customs at an amount of 13,685 TDKK (31 December 2019: 11,447 TDKK).



NOTE 28 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Rent obligations and operating lease liabilities

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

Parent company **DKK'000**	Rent obligation	Other operating leases	Total
Within 1 year	50,808	1,506	52,314
Between 1 and 5 years	41,373	1,250	42,623
Above 5 years	12,097	0	12,097
	104,278	2,756	107,034

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

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

The parent company as of 31. December 2019 and the company have guaranteed payments of leases for property on behalf of the Group company WagNo AS. Because WagNo AS went into bankruptcy the guarantees have been claimed in 2020. The management expects it will amount in a dividend payout of 0.5 mDKK once bankruptcy estate has been settled.

NOTE 29 RELATED PARTY DISCLOSURES AND OWNERSHIP

Control	Basis
KH20 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 Holding A/S.

Executive staff members
Executive remuneration have been addressed in note 3.

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. Executives and Directors remuneration are disclosed in note 3, Staff costs

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

	CONSOLIDATED	
DKK'000	**2020**	**2019**
Rent, etc.	4,886	5,056
Rent obligations regarding related parties represent	40,195	39,847

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