PWT GROUP

FINANCIAL YEAR 2021

PWT GROUP

PWT Group is a leading Nordic brand house, within mens fashion – operating in both the B2B, B2C & D2C markets.

We provide quality products, in mens wear fashion, from and through, a range of great brands. Working with large online & offline retailers, across borders – efficient and valuable cooperation.

This is our passion – We dress men !

PWT BRANDS

The five strong brands are sold by 696 independent retailers and our own retail chains Tøjeksperten and Wagner.

From the headquarter in Aalborg, PWT Brands markets Lindbergh, JUNK de LUXE, Bison, Jacks Sportswear Intl. and Morgan in more than 32 countries through stores and web shops.

TØJ | eksperten

With 112 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 to classic fashion. Established in 1946, Wagner currently has 21 stores in Denmark, 7 in Sweden, 8 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 15-17 9200 Aalborg SV Denmark CVR No.: 31 08 16 10 Established: 30. November 2007 Registered office: Aalborg Financial year: 1 January 2021 - 31 December 2021 (14th 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 Signe Trock Hilstrøm Michael Kjær Ole Koch Hansen
EXECUTIVE BOARD	Ole Koch Hansen, CEO Claus Back Nielsen, CFO
AUDITORS	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark

MISSION

" WE DRESS MEN"

VISION

Maintain our market leading position on the Danish menswear market

Gain a dominant position on the Nordic market for menswear

Build a significant online position

KEY NUMBERS

REVENUE

668 **M DKK**

(596 M DKK)

EBITDA

156 **M DKK**

(-21 M DKK)

EBITDA MARGIN

23.3%

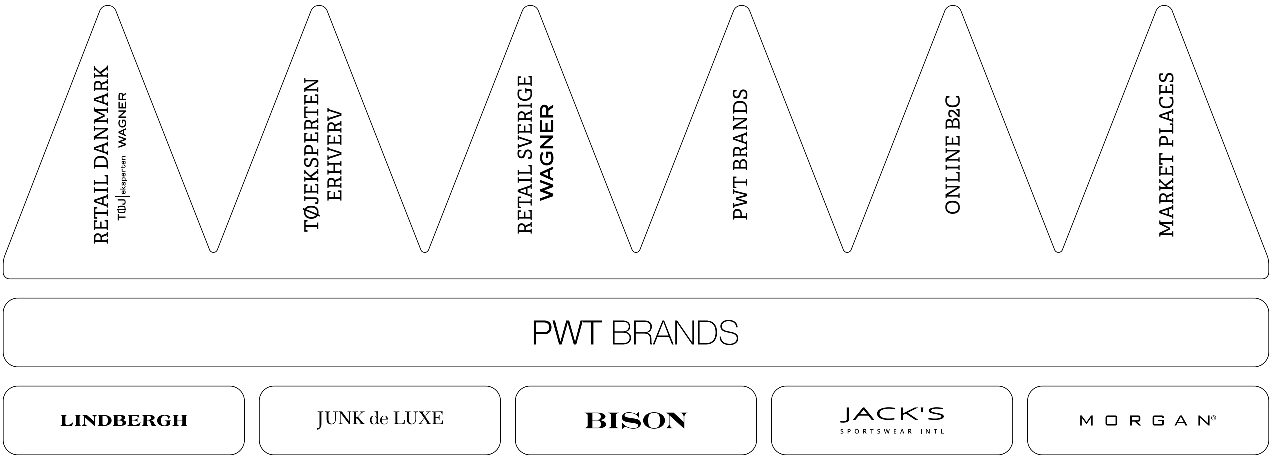
(-3.5%)

SOLVENCY RATIO

50.6%

(24.5%)

PWT GROUP PLATFORM



	REVENUE	COUNTRIES	RETAILERS/ STORES	NUMBER OF EMPLOYEES
PWT BRANDS		**TOTAL** Independent Retailers	696	**110** EMP
TØJ eksperten		**TOTAL** Denmark	112 112 (61 franchises)	**198** EMP
WAGNER		**TOTAL** Denmark Norway Sweden China	44 21 (13 franchise) 8 (8 franchise) 7 (4 franchise) 3 (Joint venture)	**46** EMP
TOTAL	**668** M DKK	**151** STORES	**696** RETAILERS	**354** EMP

WORD FROM THE CEO

PWT Group got off to a slow start in 2021 due to the COVID-19 lockdowns. But after the gradual reopening of the markets during spring, the rest of 2021 went very well.

"We maintained sharp focus on improving our product portfolio, strengthening our value proposition to customers and establishing a truly integrated physical and digital business".

PWT Group's performance was satisfactory over the summer and autumn of 2021. We continued our customercentric 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 a great success.

Furthermore, our accelerated focus on products and customers, including the improvement of 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 2021, at the same time as the presence of PWT Brands on the external online platforms continued to be at an all-time high.

"We saw our business develop positively in the summer and autumn of 2021".

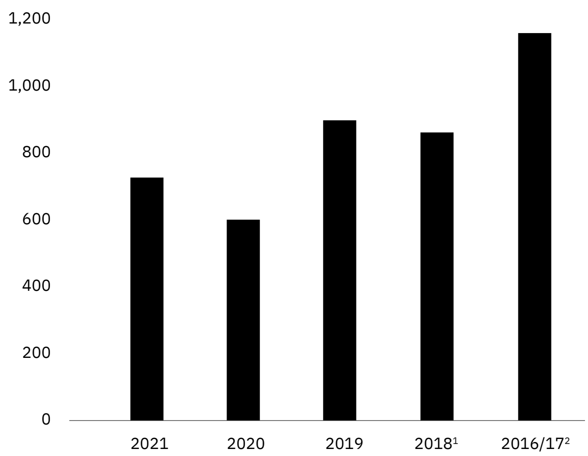
Despite logistical challenges and increased prices on raw materials/energy supplies, we remain positive for 2022.

Ole Koch Hansen
CEO

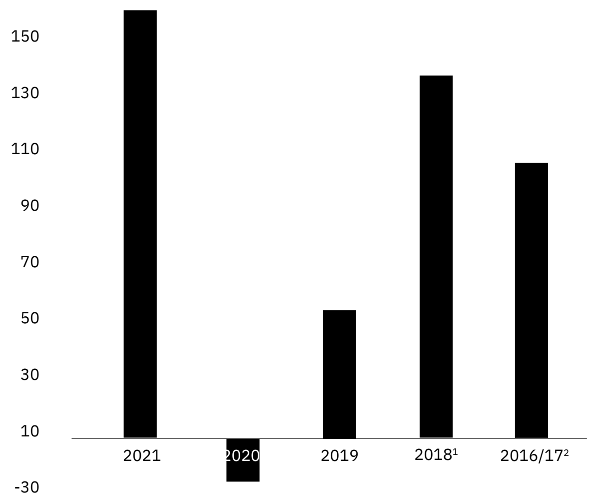

Wilson

FINANCIAL HIGHLIGHTS

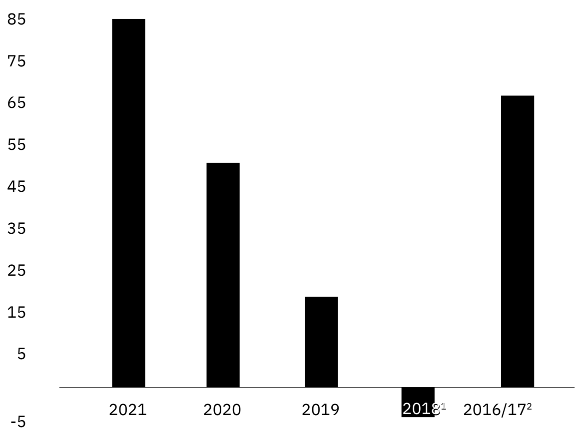
REVENUE
MILLION DKK



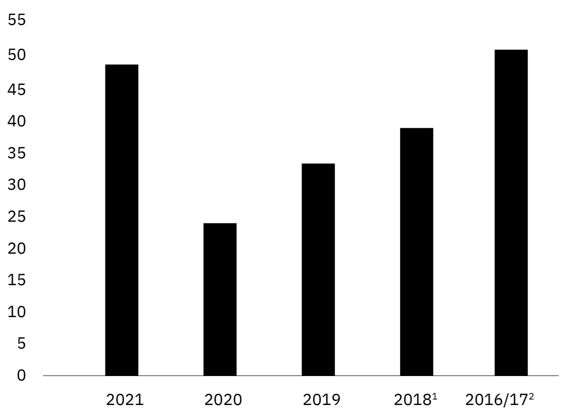
EBITDA
MILLION DKK



CASH FLOWS
MILLION DKK



SOLVENCY RATIO
STATED AS A PERCENTAGE



For definitions, please see the accounting policies.

[1] The comparative figures for 2018 and earlier were prepared in accordance with IFRS and have not been restated.

[2] 15 months

FINANCIAL HIGHLIGHTS AND KEY RATIOS

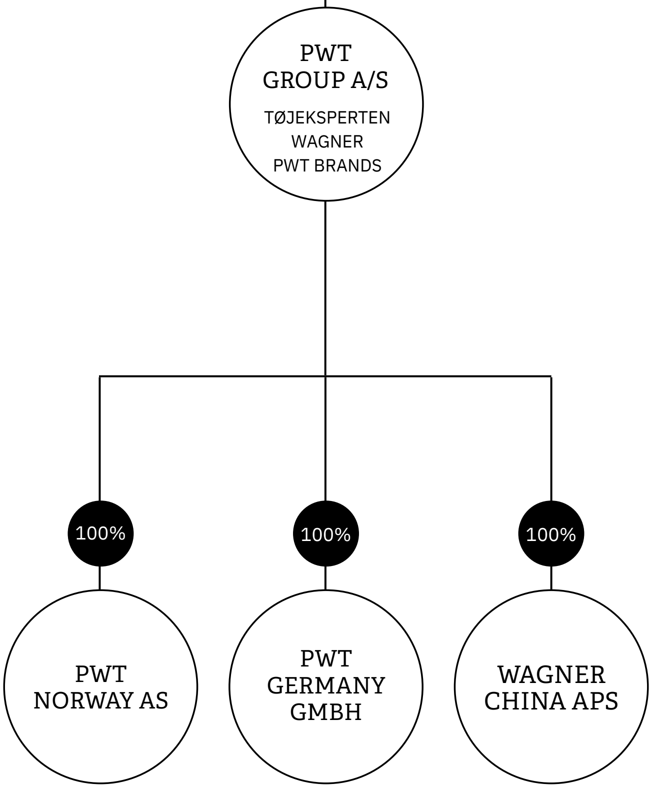
DKK IN MILLION	2021	2020	2019	2018[1]	2016/17[2]
INCOME STATEMENT					
Revenue	668	596	873	828	1,111
Gross profit	316	165	289	367	378
EBITDA	156	-21	55	138	102
EBIT	138	-388	-18	14	73
Profit/loss from financial income and expenses (including associate)	2	242	-23	-35	44
Profit/loss for the year	124	-200	-33	-19	15
BALANCE SHEET					
Total assets	421	355	769	1,233	992
Investment in plant and equipment	22	24	53	304	67
Equity	213	87	269	489	508
CASH FLOWS					
Cash flows from operating activities	153	60	111	119	161
Cash flows from investing activities, net	-29	-8	-14	-30	-47
Thereof, investment in plant and equipment	-12	-10	-6	-23	-39
Cash flows from financing activities	-38	-6	-76	-91	-47
Total cash flows	86	46	21	-3	68
EMPLOYEES					
Average number of employees	354	444	552	551	554
FINANCIAL RATIOS STATED AS A PERCENTAGE					
Gross margin	47.3	27.7	33.1	44.4	34.0
EBITDA margin	23.3	-3.5	6.3	16.7	9.2
Operating margin (EBIT)	20.7	-65.2	-2.1	1.7	6.6
Return on invested capital	36.8	-70.7	-1.9	1.3	7.3
Solvency ratio	50.6	24.5	35.0	39.7	51.2
Return on equity	82.8	-112.3	-8. 6	0.0	2.9

For definitions, please see the accounting policies.

[1]The comparative figures for 2018 and earlier were prepared in accordance with IFRS and have not been restated.

[2] 15 months

MANAGEMENT'S REVIEW



GROUP ACTIVITIES

PWT Group is a leading Nordic brand house, within mens fashion – operating in both the B2B, B2C & D2C markets.

PWT Brands is offering distinctive brands with a full product range within menswear. PWT Brands develops, produces and sells a wide range of strong brands – Lindbergh, Bison, JUNK de LUXE, Morgan and Jack's Sportswear Intl. – which are sold to approx. 700 independent retailers in 32 countries, as well as to Tøjeks–perten & 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 112 stores across the country, of which 51 are owned by the Group, while 61 are franchises. Tøjeksperten focusses on quality clothing to fashion-conscious men of all ages and sells both its own and external brands.

Wagner is a Scandinavian menswear omni-channel retailer, which has 21 stores in Denmark, 8 in Norway and 7 in Sweden. Of these, the Group owns 8 Danish and 3 Swedish stores, while 13 Danish stores, 8 Norwegian and 4 Swedish stores are franchises. Wagner primarily sells the Group's own brands.

PERFORMANCE IN THE FINANCIAL YEAR UNDER REVIEW

Retail B2C offline has impacted the results for 2021 positively. After the lockdowns at the beginning of the year, revenue rose markedly from May and onwards.

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

The retail BTC online business has likewise had a successful year – its development contrasted with that of the physical stores as the beginning of the year saw considerable growth.

The Group's EBITDA increased to DKK 156 million in 2021, which is very satisfactory.

Total revenue increased to DKK 668 million in 2021 from DKK 596 million in 2020.

The gross margin was realized 47.3% and is a result of lower markdown and high share of revenue through own channels.

Strong cost control was successfully implemented during 2021 and remains part of the ongoing focus across the business.

Profit for the year is DKK 124 million.

A significant part of the results has been spent on offering all creditors a settlement of any compounded debt. The company had a positive cash flow of DKK 86 million in 2021, and net cash and cash equivalents at 31 December 2021 constituted DKK 170 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 2021 and included:

- Increased focus on the product mix and merchandising in the stores.
- 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 retail focusing on securing earnings in each store, renewing the stores and building bigger stores on attractive locations.
- Proactive supply chain management in a very challenging market.

EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the balance sheet date.

OUTLOOK

Naturally, the outlook for 2022 will depend on parameters which impact consumer behavior and disposable amounts.

These include:

- The war in Ukraine and the impact on the economy.
- High inflation rates and increased production costs, cost of raw materials and energy prices.
- Eventual new COVID-19 development during the autumn and winter.
- People will probably start travelling again and thereby spend more money abroad.
- The volume of orders placed by the B2B customers for the rest of 2022 is satisfactory.
- Strong cost control and improved supply chain management.

In general, 2022 is expected to be a positive year, although the year may be affected by the above uncertain conditions. Profit before tax (EBT) expected to be at the level of 2021, however, adjustment must be made for the special items that 2021 has been affected by.

Going forward, PWT is considered a stable company with a healthy financial set-up.

PREPAYMENT OF COMPOUNDED DEBT

The good results and consequently significant improvement of cash position have enabled us to offer all creditors, both those with balances outstanding and ordinary creditors covered by the compulsory composition affirmed on 2 June 2020, prepayment of the total composition dividends.

A significant number of the creditors have accepted this offer, and outstanding balances at a total amount of DKK 76 million, have been repaid.

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 market-related risks, the Group has, in recent years, invested heavily in developing the Group's brands and sale on the primary export markets by the B2B 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. The corporate policy is not to engage in speculation in financial risks.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR FINANCIAL REPORTING PURPOSES

The Board of Directors and the Executive Board are overall responsible for risk management and internal controls in the Group for financial reporting purposes.

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

- Credit rating of debtors
- Assessment of the valuation of USD positions
- Assessment of 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.

The government-backed guarantee from EKF of DKK 100 million, has been terminated.

Based on net cash and cash equivalents of DKK 170 million at 31 December 2021 and the credit facilities made available by Spar Nord, is expected to be sufficient cash resources in 2022.

DATA ETHICS

Highly responsible handling of data ethics constitutes a fundamental value of PWT Group.

In general, PWT Group has great respect for data relating to its customers as well as those relating to its employees.

Data-ethical considerations extend beyond the law and are a constant focus area of our employees.

At present, PWT Group has not written down a specific data ethics policy. Following a restructuring in 2020 and a period with COVID-19, PWT Group has kept the focus on restructuring the company in 2021. The existing data ethics are considered to be on an acceptable level, which is why in 2021 no resources have been allocated for further documentation.

During 2022, it is planned to start a process of doing so in a number of areas, for instance in relation to documenting, making visible and implementing clear policies covering the whole area of data ethics, in addition to the procedures already implemented in the company in a wide variety of areas.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

POLICIES

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

INTERNAL PROCESSES

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

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

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

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

A grievance mechanism has been set up on the Group's website, which ensures 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 pol-

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

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

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 icy is communicated internally and the facilitation and hospitality register is monitored on an annual basis as well. During 2021, only one item was registered on the Facilitation and Hospitality List. The Group will continue to keep awareness on this subject.

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

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

PWT is committed to build a workforce through the entire company, that is represented equally by both genders across both the management team and other managerial positions. However, due to the fact that PWT are a menswear company there is an average of 83% male and 17% female employees throughout the Group. At the management level the average is 94% male managers and 6% female managers in 2021. The staff policies and HR processes are directed at retaining qualified female employees by addressing the work/life balance in order to create a desirable working environment as well as supporting personal development through performance reviews, feedback and leadership training.

In 2021, PWT have had a special focus on the gender distribution in the individual department when recruiting, just as PWT have focused on this in our student recruitment.

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

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


BUS LANE
BUSES ONLY
ZARA
Newsstand

HUMAN- AND LABOUR RIGHTS

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

Risks in our own business	Risks in our supply chain	Action plan
Risk of occupational hazards and injuries		A working environment committee continuously assesses the working environment and makes recommendations for improvements.
Risk of overtime work on a regular basis		Regular overtime is a common challenge for the industry, but the Group is continuously working to prevent excessive overtime. The team managers are constantly improving working processes in order to ensure a more efficient flow and hence avoid excessive overtime.
Health of employees		COVID-19: Management has followed the restrictions and guidelines imposed by the Danish government, in order to prevent the virus from spreading among employees.
		During 2021, the Group conducted first aid trainings in collaboration with Falck. A defibrillator has been installed at the main office as well. From now on, first aid training will be mandatory for all store assistant trainees, and for all employees it will be possible to renew training on a continuously basis
	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, PWT work with the BSCI certification system to ensure safe working conditions.
	Excessive working hours	PWT Group works to ensure that its own buying practices does not contribute to excessive working hours. Orders are placed well in advance, and the Group ensures that changes are not made shortly before deadlines. The Group assesses suppliers' practices; overtime should be voluntary and limited, management should develop a contingency plan and is encouraged to set up electronic time systems, etc.
	Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include proper sanitary facilities, clean drinking water, medical staff, regular health check-ups, access to medicine, proper conditions for pregnant employees, etc. Whenever possible, the Group promote and invite suppliers to relevant trainings, such as the OSH course in Dhaka where participating factories were instructed by Danish OSH experts. COVID-19: Most facilities have been temporarily closed down, and PWT Group 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 behavior from managers towards workers, etc.
	Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
	Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for worker associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, all Bangladeshi suppliers are required to establish Health and Safety committees, and they receive training on their rights and responsibilities in regard to committee practices.
	Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour as a substantial risk within the supply chain. The Group became a member of BCI in 2019, an initiative that in addition to reducing the environmental footprint, works to improve working conditions and abolish child labour within cotton production. Among other things, the BCI trains participating farmers in the importance of children's 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
CO2-emissions		Since 2020, PWT Group is working with the Cemasys system to calculate CO2 emissions in a structured way, based on the GHG Protocol. Please read more in the section "More sustainable production methods and materials".
Use of textile materials		PWT Group is reducing the number of styles and focusing on quality over quantity. Through the years, more and more organic or recycled styles have been introduced as well. Since 2019, the Group has been a member of Better Cotton. In the coming years, more sustainable materials will be introduced.
Plastic use, and packaging in general		During 2019, PWT Group replaced all packaging materials in the stores with ones made of recycled plastic and recycled carton. Plastic bags are no longer provided for free, and the surplus made from this, is donated to the Danish environmental organisation, Plastic Change. In the coming years, the Group will look into how to reduce the amount of packaging material, such as poly bags, tissue paper, carbon boxes, etc., and how to replace virgin material with recycled ones.
Transport		PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimized.
Textile waste		The Group does not have much textile waste, mostly scraps and cut samples. In 2019, a dialogue was started with a Danish start-up that would take all textile waste, and reuse it for making new kids clothing. However, the project has still not started. But the Group continues tobe very much open to collaborations with other stakeholders on this matter.
Animal welfare		All relevant suppliers are required to sign and comply with the Animal Welfare Policy. It states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not accepted, and that live plucking of birds is a unacceptable practice.
	Risk of use of harmful chemicals, and of insufficient chemical management at production sites.	All suppliers are obliged to comply with the Group's RSL, which is aligned with the EU regulation, REACH. Styles from each collection are selected for testing at Bureau Veritas, based on a risk assessment. In 2021, PWT Group accomplished to get an Oekotex certification for a range of products.

ENVIRONMENT AND CLIMATE

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

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

ANTI-CORRUPTION

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

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

THE SUPPLY CHAIN

Production takes place in several countries across the globe. PWT Group does not own any factories but cooperates with a range of suppliers, both directly at production facilities and via sourcing houses. The top-30 factories represent approx. 90% of all orders, and focus is primarily given to these.

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

PWT Group does not expect suppliers to overcome challenges over night, but focuses on their ability and willingness to demonstrate continuous improvements. As a part of the collaboration with suppliers and garment factories, facilities are visited regularly (during COVID-19, this has not been possible).

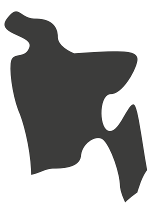
The Group makes use of third-party audit reports, mainly through the amfori BSCI system. Considerable resources are spent on following up with suppliers on their improvement work. For Bangladesh factories, the Group conti nuously receives and acts upon inspection reports on the factories' building safety,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

SOURCING COUNTRIES

The top-30 factories account for 88% of annual orders

CHINA

34%

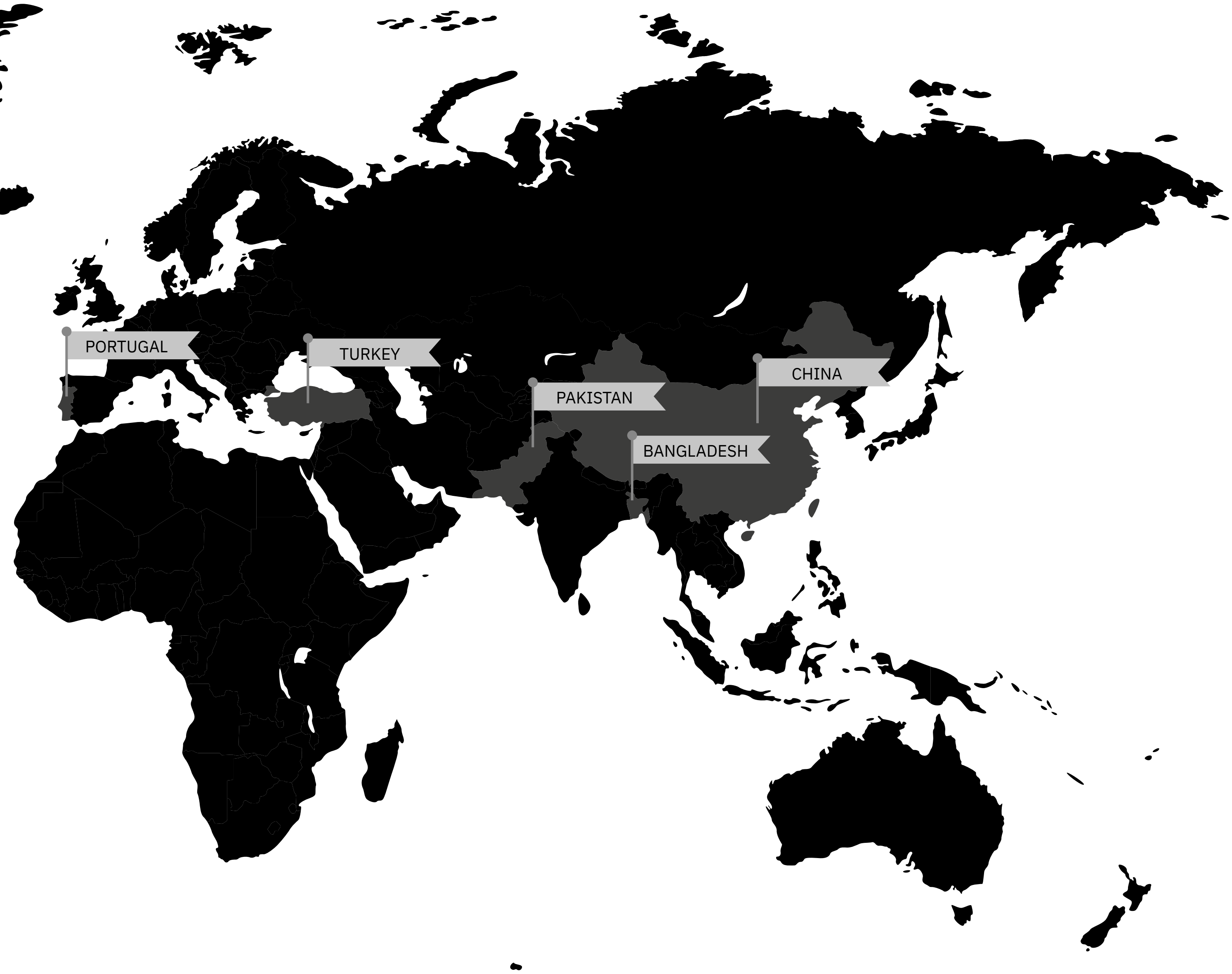


BANGLADESH

31%

OTHER COUNTRIES

12%



PAKISTAN

11%

TURKEY

7%

PORTUGAL

5%

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.

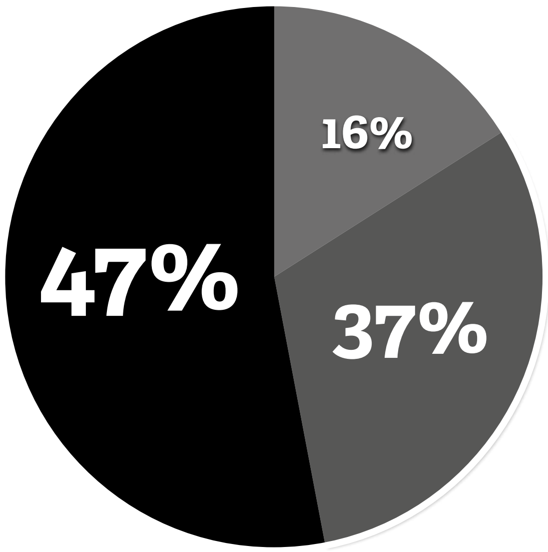
It is a fact that some production countries represent considerable risks of unsafe working conditions and challenged labour rights. At the same time, the textile industry creates millions of jobs, and the Group does not see it as an option to cut out countries from the sourcing loop. Instead, focus is 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 has used the amfori BSCI as the main social certification system for suppliers. Suppliers are expected to work with the amfori BSCI (or other system as SEDEX, or SA8000), and in cases where a factory has not yet initiated the BSCI process, they are expected to join within reasonably time. Suppliers are audited annually by third-party auditors, and audit reports are used to promote dialogue on necessary improvements.

In 2021, the amfori decided to move the BSCI to a new platform, and to join the BSCI and BEPI systems. This "relocation" process as well as understanding the new interface has required a lot of support work towards the suppliers, and still to this date, not all suppliers have managed to relocate successfully. Bearing in mind the challenges of COVID-19 as well, the Group has not been able to uphold as a continuously follow-up process as normally. Many audits have been canceled or impossible to conduct due to imposed restrictions during the pandemic.

PWT Group expects to get back on track with its regular follow-up procedures in the coming years, in collaboration with its suppliers.



Good (A+B+SA8000)

Acceptable (C + SEDEX)

Audit expired (Due to COVID -19)

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

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

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

Currently, the Group has nine active Bangladeshi factories in the initiative with an average progress rate of 85 %. All of the nine active factories are participating in the Accord's safety committee training.

FOCUS AREA 2

MORE SUSTAINABLE PRODUCTION METHODS AND MATERIALS

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

MORE SUSTAINABLE PRODUCTS

The most sustainable garments are quality products that will last for many years. PWT Group has worked in recent years to reduce the number of styles and gain a better quality and durability for each garment. Until now, the Group has reached a 67% reduction of styles.

Material production accounts for 92.1% of the Groups GHG emissions, based on this year's climate report. Therefore, in order to reduce the Group's environmental footprint, it is essential to look at how to shift from conventional materials and production processes to ones that leave a 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, Better 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

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

This year's climate report shows a total emission of 13,425 tons CO2e, with material production accounting for 92.1%, transportation for 4.4 %, electricity for 2.7 % and company cars for 0.8 % of the total emissions. Bearing in mind that 2020 was a turbulent year with unusual conditions (low production and closed stores), it is more relevant to look at the total progress from 2019 (baseline year) to 2021; a reduction in emissions of 23% for material use and 32% for transportation. The over-all reduction in CO2-emissions until now is approximately 25%. .The full climate report is available on page 32.

NO HARMFUL CHEMICALS

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

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

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

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

ANIMAL WELFARE POLICY

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

INTRODUCTION OF AMFORI BEPI PROGRAM FOR SUPPLIERS

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

Due to COVID-19 as well as the virtual relocation of the amfori platform, this work has been paused during 2021. The aim is to get back on track in 2022.

FOCUS AREA 3

MORE SUSTAINABLE COTTON IN OUR PRODUCTS

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

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

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

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

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

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

See bettercotton.org/massbalance for details.

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

FOCUS AREA 4

ENGAGEMENT IN NATIONAL AND INTERNATIONAL INITIATIVES

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

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

CLIMATE REPORT

CARBON ACCOUNTING REPORT 2021

INTRODUCTION

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

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

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

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

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

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

REPORTING YEAR ENERGY AND GHG EMISSIONS

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO2e	% share
Transportation total				466.8	112.8	0.8 %
Diesel (B5)		38,939.0	liters	413.5	100.4	0.7 %
Petrol (E5)		5,593.0	liters	53.3	12.4	0.1 %
Scope 1 total				**466.8**	**112.8**	**0.8 %**
Electricity total				**2,885.9**	**360.7**	**2.7 %**
Electricity Denmark 125		2,885,891.0	kWh	2,885.9	360.7	2.7 %
Scope 2 total				2,885.9	360.7	2.7 %
Purchased goods and services total				-	**12,363.4**	**92.1 %**
Acrylic fabric (T1-4)		15,358.0	kg	-	162.6	1.2 %
Lyocell fabric (T1-4)		794.0	kg	-	11.0	0.1 %
Bamboo fabric (T1-4)		19,265.0	kg	-	270.9	2.0 %
Tencel fabric (T1-4)		454.0	kg	-	4.5	-
Modal fabric (T1-4)		308.0	kg	-	5.4	-
Nylon fabric (6) (T1-4)		6,285.0	kg	-	106.2	0.8 %
Cotton fabric, conventional (T1-4)		697,913.0	kg	-	6,483.6	48.3 %
Nylon fabric, recycled (T1-4)		6,767.0	kg	-	61.4	0.5 %
Cotton fabric, recycled (T1-4)		599.0	kg	-	4.6	-
Nylon/Polyamide (PA) fabric (T1-4)		32,929.0	kg	-	423.8	3.2 %
Leather, cow (T1-4)		5,131.0	kg	-	188.5	1.4 %
Polyester fabric (T1-4)		180,351.0	kg	-	1,899.1	14.1 %
Elastane/Spandex fabric (T1-4)		14,316.0	kg	-	153.3	1.1 %
Polyester fabric, recycled (T1-4)		26,196.0	kg	-	226.1	1.7 %
Leather, goat (T1-4)		1,471.0	kg	-	42.2	0.3 %
Polyurethane fabric (T1-4)		856.0	kg	-	8.2	0.1 %
Wool, fine (T1-4)		25,420	kg	-	1,028.7	7.7 %
Viscose/Rayon fabric (T 1-4)		53,005.0	kg	-	771.2	5.7 %
Wool, recycled (T1-4)		2,150.0	kg	-	16.7	0.1 %
Linen (flax) fabric (T1-4)		15,177.0	kg	-	284.4	2.1 %
Upstream transportation and distribution total				-	**588.0**	**4.4 %**
Sea Container Avg load		141.0	tCO2e	-	141	1.1 %
Air freight intercontinental		299.0	tCO2e	-	299	2.2 %
Rail freight		3.0	tCO2e	-	3	-
Truck avg.		145.0	tCO2e	-	145	1.1 %
Scope 3 total				-	12,951.4	96.5 %
Total				3,352.7	13,425.0	100.0 %
KJ				12,069,808,092.0		

REPORTING YEAR MARKET-BASED GHG EMISSIONS

Category	Unit	2021
Electricity market-based	**tCO2e**	**1,090.9**
Scope 2 market-based	**tCO2e**	**1,090.9**
Total market-based	**tCO2e**	**14,155.1**

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	2021	% change from previous year
Transportation total		**184.1**	**146.4**	**112.8**	**-22.9 %**
Petrol (E5)		16.9	14.6	12.4	-14.9 %
Diesel (B5)		167.2	131.8	100.4	-23.8 %
Scope 1 total		**184.1**	**146.4**	**112.8**	**-22.9 %**
Electricity total		818.1	505.3	360.7	-28.6 %
Electricity Denmark 125		818.1	505.3	360.7	-28.6 %
Scope 2 total		**818.1**	**505.3**	**360.7**	**-28.6 %**

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	2021	% change from previous year
Purchased goods and services total		**16,138.4**	**11,761.6**	**12,363.4**	**5.1%**
Acrylic fabric (T1-4)		263.6	116.4	162.6	39.8
Alpaca fabric (T1-4)		0.3	-	-	-
Bamboo fabric (T1-4)		269.2	440.8	270.9	-38.6 %
Cotton fabric, conventional (T1-4)		8,913.2	6,506.8	6,483.6	-0.4 %
Cotton fabric, organic (T1-4)		50.4	98.4	211.0	114.4 %
Polyester fabric (T1-4)		2,641.3	1,950.7	1,899.1	-2.6 %
Leather, cow (T1-4)		507.6	391.3	188.5	-51.8 %
Elastane/Spandex fabric (T1-4)		178.6	155.2	153.3	-1.2 %
Wool, fine (T1-4)		1,495.5	866.7	1,028.7	18.7 %
Linen (flax) fabric (T1-4)		192.1	275.2	284.4	3.4 %
Lyocell fabric (T1-4)		9.6	9.9	11.0	10.6 %
Modal fabric (T1-4)		20.1	5.4	5.4	-0.3 %
Nylon fabric (6) (T1-4)		410.4	48.0	106.2	121.1 %
Nylon/Polyamide (PA) fabric (T1-4)		190.2	246.5	423.8	71.9 %
Viscose/Rayon fabric (T 1-4)		970.6	617.1	771.2	25.0 %
Polyester fabric, recycled (T1-4)		1.5	18.8	226.1	1,102.8 %
Silk fabric (T1-4)		22.3	-	-	-
Tencel fabric (T1-4)		1.8	4.4	4.5	1.1 %
Nylon fabric, recycled (T1-4)		-	7.5	61.4	715.3 %
Wool, recycled (T1-4)		-	2.3	16.7	616.7 %
Cotton fabric, recycled (T1-4)		-	-	4.6	100.0 %
Leather, goat (T1-4)		-	-	42.2	100.0 %
Polyurethane fabric (T1-4)		-	-	8.2	100.0 %
Upstream transportation and distribution total*		**868.9**	**-**	**588.0**	**-32.3 %**
Air Intercontinental freight		519.6	-	299.0	-42.5%
Sea Container Avg load		254.0	-	141.0	-44.5%
Truck avg.		88.6	-	145.0	63.7%
Rail freight		4.0	-	3.0	-25.0%
RoRo-ferry avg.		2.6	-	-	-
Scope 3 total		**17,007.3**	**11,761.6**	**12,951.4**	**10.1 %**
Total		**18,009.5**	**12,413.2**	**13,425.0**	**8.2 %**

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

ANNUAL MARKET-BASED GHG EMISSIONS

Category	Unit	2019	2020	2021
Electricity market-based	tCO_2e	2,320.6	1,535.8	1,090.9
Scope 2 market-based	tCO_2e	2,320.6	1,535.8	1,090.9
Total market-based	tCO_2e	19,512.0	13,443.7	14,155.1
Percentage change		100.0 %	-31.1 %	5.3 %

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 CO_2-equivalents: CO_2, CH_4 (methane), N_2O (laughing gas), SF_6, HFCs, PFCs and NF_3.

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


PAUL
REY

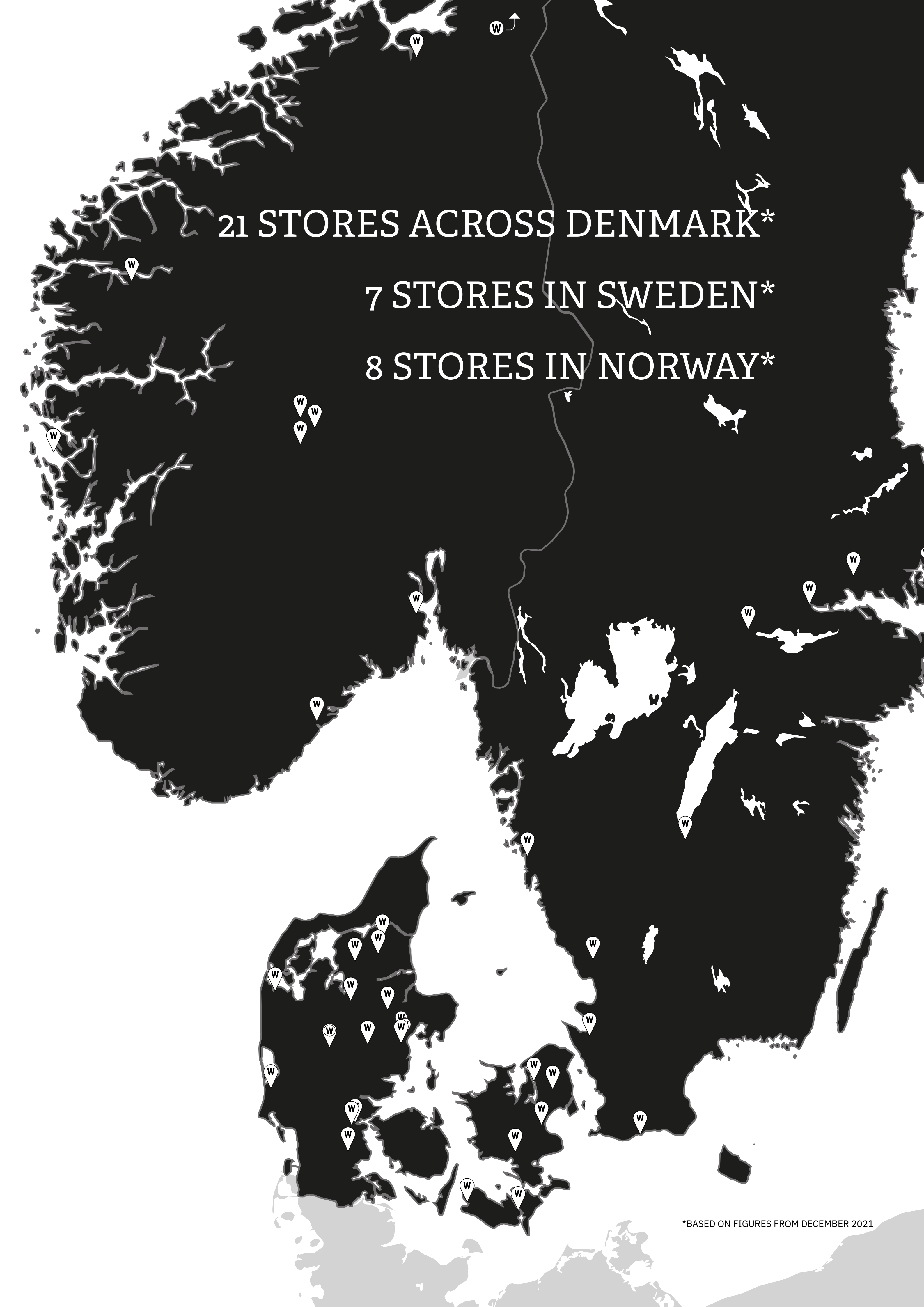
WAGNER

WAGNER

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

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

Established in 1946, Wagner currently has 21 stores in Denmark, 7 in Sweden, 8 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.


21 STORES ACROSS DENMARK*
7 STORES IN SWEDEN*
8 STORES IN NORWAY*
*BASED ON FIGURES FROM DECEMBER 2021

TØJEKSPERTEN

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

With 112 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.

112 stores across Denmark*

*BASED ON FIGURES FROM DECEMBER 2021

PWT GROUP
BRANDS


Wilson

LINDBERGH
WHITE LABEL

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

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

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

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

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

LINDBERGH

LINDBERGH
BLUE LABEL

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

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

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

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

LINDBERGH

LINDBERGH
BLACK LABEL

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

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

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

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

LINDBERGH

LINDBERGH
JEANS

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

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

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

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

LINDBERGH

JUNK DE LUXE

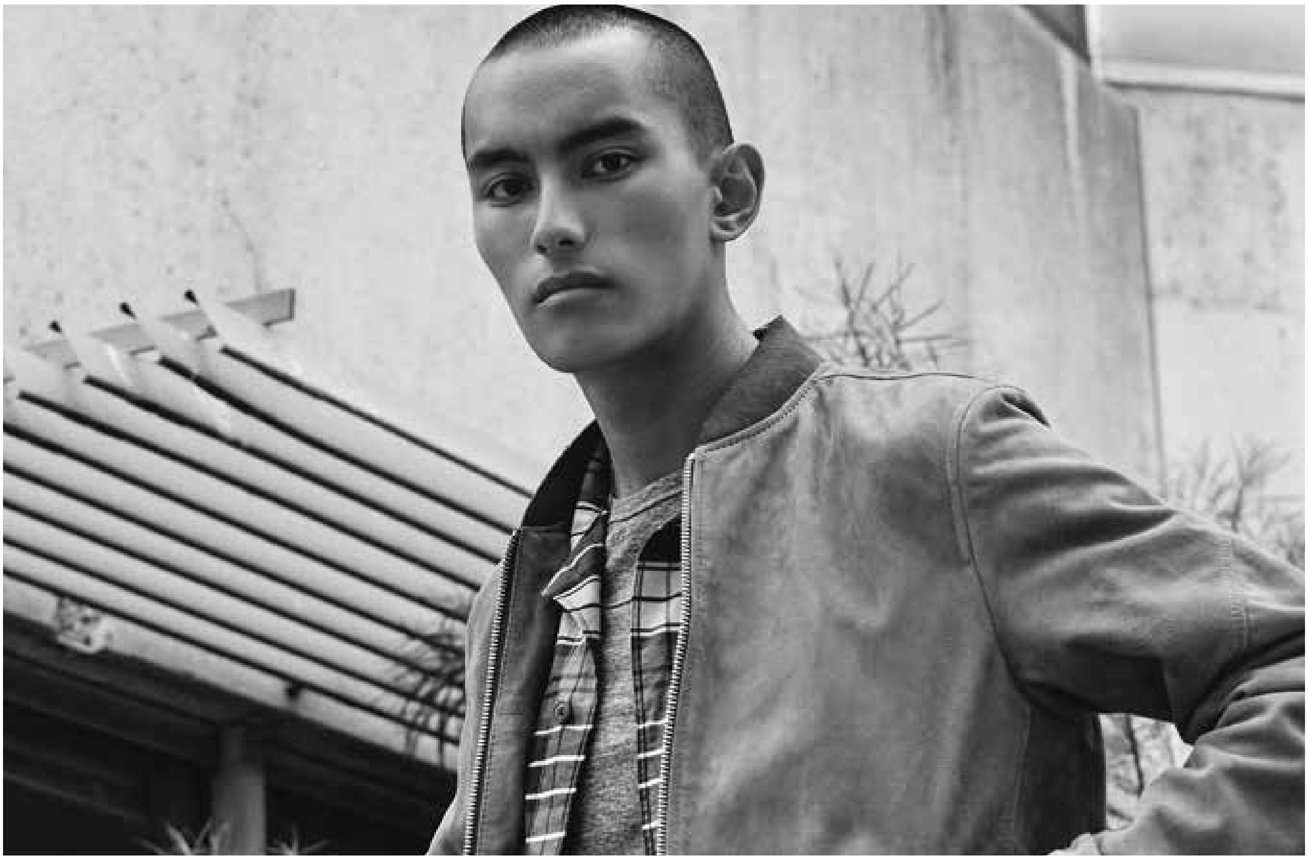
Eclectic juggling - First and foremost, about a certain kind of hip, urban attitude.

An uncompromisingly cross over style, making its presence felt on the biggest catwalk of them all - the street.

The style is an eclectic combination of collectibles and details from many decades of fashion and function wear. We keep up with current trends while not being a slave to fashion.

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

JUNK de LUXE



BISON

No nonsense clothing - Made to last

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

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

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

BISON

JACK’S SPORTSWEAR INTL

Sharp sporty casual style

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

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

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

MORGAN

A classic modern brand

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

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

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

STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and adopted the Annual Report of PWT Group A/S for 2021.

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 2021, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2021 - 31 December 2021.

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, 9 May 2022

Executive Board

Ole Koch Hansen
CEO

Claus Back Nielsen
CFO

Board of Directors

Lars Johansson
(Chairman)

Dorte Eg

Signe Trock Hilstrøm

Michael Kjær

Ole Koch Hansen

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF PWT GROUP A/S

OPINION
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, 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 2021 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 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of cash flows ("financial statements").

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

STATEMENT ON MANAGEMENT'S REVIEW
Management is responsible for Management's Review.

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS
Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

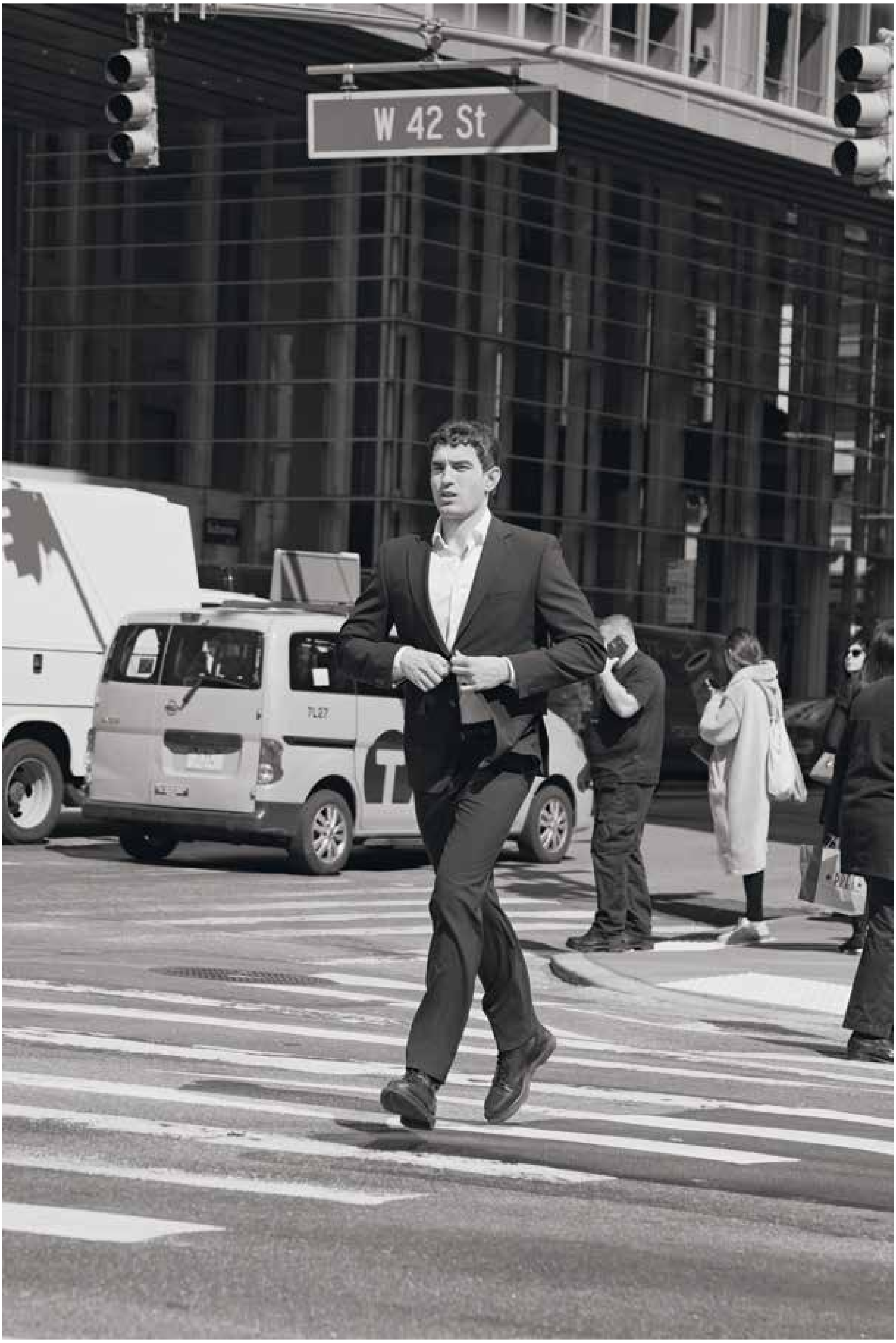
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit fin dings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, 9 May 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

MADS MELDGAARD
State Authorised Public Accountant
mne24826

RASMUS MELLERGAARD STENSKROG
State Authorised Public Accountant
mne34161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STATEMENT

INCOME STATEMENT

DKK'000	NOTE	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Revenue	2	667,861	596,026	652,448	595,368
Cost of sales	5	-274,141	-296,366	-271,602	-309,985
Other operating income	5	27,208	28,226	27,207	28,226
Other external costs	6,5	-104,556	-163,068	-99,071	-155,837
Gross profit/loss		316,372	164,818	308,982	157,772
Staff costs	3,5	-160,448	-181,431	-157,409	-178,201
Other operating costs	5	0	-4,096	0	-4,096
Earnings before interest taxes depreciation and amortization (EBITDA)		155,924	-20,709	151,573	-24,525
Depreciation/amortisation/impairment	4,5	-17,950	-367,699	-17,839	-367,476
Operationg profit/loss (EBIT)		137,974	-388,408	133,734	-392,001
Share of net profit of associates	18	0	-1	0	-1
Other financial income	7,5	12,790	256,650	11,291	256,649
Financial expenses	8	-11,285	-14,386	-9,016	-12,788
Profit/loss before tax (EBT)		139,479	-146,145	136,009	-148,141
Tax on profit/loss for the year	9	-15,350	-15,348	-13,312	-14,600
Profit/loss for the year for continued operations		124,129	-161,493	122,697	-162,741
Profit/loss for the year for discontinued operations	10	0	-38,429	0	-6,849
Profit/loss for the year		124,129	-199,922	122,697	-169,590

BALANCE SHEET

AT 31 DECEMBER

		CONSOLIDATED		PARENT COMPANY	
DKK'000	**NOTE**	**2021**	**2020**	**2021**	**2020**
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Software	11	16,571	5,103	16,571	5,103
Trademarks	12	661	943	661	943
Goodwill	13	0	0	0	0
Other intangible assets	14	596	745	596	745
Total intangible assets		17,828	6,791	17,828	6,791
Fixtures and fittings, tools and equipment	15	11,890	13,128	11,545	12,671
Leasehold improvements	16	9,816	10,389	9,816	10,389
Total plant and equipment		21,706	23,517	21,361	23,060
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	36,414	38,822
Deposits	19	13,476	11,877	13,250	11,651
Total investments		13,476	11,877	57,241	58,050
Total non-current assets		53,010	42,185	96,430	87,901
CURRENT ASSETS					
Inventories	20	139,072	169,433	139,072	169,433
Receivables					
Trade receivables		39,155	27,741	36,761	23,897
Deferred tax assets	24	3,000	5,000	3,000	5,000
Corporation tax		793	0	0	0
Amounts owed by Group enterprises		0	0	0	2,929
Derivative financial instruments	25	2,665	0	2,665	0
Other receivables		5,658	18,210	5,658	18,210
Prepayments		7,662	7,485	7,600	7,361
Total receivables		58,933	58,436	55,684	57,397
Cash and cash equivalents		170,170	84,599	157,683	63,946
TOTAL CURRENT ASSETS		368,175	312,468	352,439	290,776
Total assets		421,185	354,653	448,869	378,677

BALANCE SHEET
AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	10,394	10,040	10,394	10,040
Share premium		1,985	1,985	1,985	1,985
Reserve for hedging transactions		2,079	-2,775	2,079	-2,775
Foreign currency translation reserve		238	238	0	0
Other reserves	21	9,646	10,000	9,646	10,000
Retained earnings		143,605	67,250	173,089	98,168
Dividend		45,000	0	45,000	0
TOTAL EQUITY		212,947	86,738	242,193	117,418
LIABILITIES					
Provisions					
Provisions	22	7,372	8,556	7,372	8,556
Total provisions		7,372	8,556	7,372	8,556
NON-CURRENT LIABILITIES					
Subordinated loans	23	8,715	21,459	8,715	21,459
Lease debt		26	331	26	331
Other debts	23	8,343	73,503	8,343	73,502
Total non-current liabilities		17,084	95,293	17,084	95,292
Current liabilities					
Bank loans and overdrafts		34,343	0	34,343	0
Trade payables		55,721	62,336	55,639	60,093
Loans from Group enterprises		0	0	2,780	0
Corporation tax		4,542	0	4,542	0
Derivative financial instruments	25	0	3,558	0	3,558
Other debts	23	79,144	88,101	74,884	83,689
Deferred income	26	10,033	10,071	10,033	10,071
Total current liabilities		183,783	164,066	182,221	157,411
Total liabilities		200,866	259,359	199,304	252,703
Total equity and liabilities		421,185	354,653	448,869	378,677

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Share Premium	Reserve for hedging transactions	Foreign currency translation reserve	Other Reserves	Reserves earnings	Dividend	Total
Equity at 1 January 2020	1,985	0	-4,551	238	0	271,723	0	269,395
Capital contributions	8,055	1,985	0	0	0	0	0	10,040
Profit for the year	0	0	0	0	0	-199,922	0	-199,922
Fair value of forward exchange contracts, beginning year	0	0	4,551	0	0	-4,551	0	0
Fair value of forward exchange contracts, end year	0	0	-2,775	0	0	0	0	-2,775
Convertible bonds	0	0	0	0	10,000	0	0	10,000
Equity at 31 December 2020	10,040	1,985	-2,775	238	10,000	67,250	0	86,738
Equity at 1 January 2021	10,040	1,985	-2,775	238	10,000	67,250	0	86,738
Capital contributions	0	0	0	0	0	0	0	0
Profit for the year	0	0	0	0	0	124,130	0	124,130
Fair value of forward exchange contracts, beginning year	0	0	2,775	0	0	-2,775	0	0
Fair value of forward exchange contracts, end year	0	0	2,079	0	0	0	0	2,079
Convertible Bonds	354	0	0	0	-354	0	0	0
Proposed Dividend	0	0	0	0	0	-45,000	45,000	0
Equity at 31 December 2021	10,394	1,985	2,079	238	9,646	143,605	45,000	212,947

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	Dividend	Total
Equity at 1 January 2020	1,985	0	-4,551	0	0	272,309	0	269,743
Capital contributions	8,055	1,985	0	0	0	0	0	10,040
Profit for the year	0	0	0	0	0	-169,590	0	-169,590
Fair value of forward exchange contracts, beginning year	0	0	4,551	0	0	-4,551	0	0
Fair value of forward exchange contracts, end year	0	0	-2,775	0	0	0	0	-2,775
Convertible bonds	0	0	0	0	10,000	0	0	10,000
Equity at 31 December 2020	10,040	1,985	-2,775	0	10,000	98,168	0	117,418
Equity at 1 January 2021	10,040	1,985	-2,775	0	10,000	98,168	0	117,418
Capital contributions	0	0	0	0	0	0	0	0
Profit for the year	0	0	0	0	0	122,696	0	122,696
Fair value of forward exchange contracts, beginning year	0	0	2,775	0	0	-2,775	0	0
Fair value of forward exchange contracts, end year	0	0	2,079	0	0	0	0	2,079
Convertible bonds	354	0	0	0	-354	0	0	0
Proposed Dividend	0	0	0	0	0	-45,000	45,000	0
Equity at 31 December 2021	10,394	1,985	2,079	0	9,646	173,089	45,000	242,193

CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Profit for the year before tax		139,479	-146,145	136,009	-148,141
Adjustments for non-cash operating items:					
Depreciation/amortisation/impairment and gain/loss on intangible assets and plant and equipment		17,950	367,699	17,839	367,476
Loss from associate		0	1	0	1
Other non-cash operating items, net		-524	13,784	-525	8,734
Financial income		-12,790	-256,650	-11,291	-256,649
Financial expenses		11,285	14,386	9,016	12,788
Cash generated from operations (operating activities) before changes in working capital		155,400	-6,925	151,048	-15,791
Change in working capital:					
Change in receivables		984	31,608	4,809	15,864
Change in inventories		30,361	33,777	30,361	13,976
Change in current liabilities in general		-10,827	10,960	-8,302	23,579
Cash generated from operations (operating activities)		175,918	69,420	177,916	37,628
Interest income, received		2	17	0	16
Interest expense, paid		-9,862	-13,027	-9,842	-11,428
Corporation tax paid		-13,459	-30	-10,089	-30
Discontinued operations	10	0	3,564	0	0
Cash flows from operating activities		152,599	59,944	157,985	26,186
Acquisition of plant, leasehold and equipment		-12,133	-10,295	-12,133	-6,429
Acquisition of intangible assets		-15,324	-3,745	-15,324	-3,745
Investment in deposits and associates		-1,599	243	-1,599	228
Disposal of plant and equipment		0	6,158	0	5,865
Business combination		0	0	0	0
Cash flows from investing activities		-29,056	-7,639	-29,056	-4,081
Free cash flows		123,543	52,305	128,929	22,105
Change in bank loans		34,343	-46,393	34,343	-46,393
Repayment lease debt		-305	-240	-305	-240
Debt composition		3,635	44,510	3,635	44,510
Paid debt composition		-69,077	0	-69,077	0
Paid subordinated loan		-6,568	0	-6,568	0
Cash capital increase		354	10,040	354	10,040
Convertible bonds		-354	10,000	-354	10,000
Change in intercompany loans		0	0	2,780	0
Discontinued operations	10	0	-24,045	0	0
Cash flows from financing activities		-37,972	-6,128	-35,192	17,917
Changes in cash and cash equivalents		85,571	46,177	93,737	40,022
Cash and cash equivalents 1 January		84,599	38,422	63,946	23,924
Cash and cash equivalents 31 December		170,170	84,599	157,683	63,946

NOTES

GENERAL MATTERS

NOTES TO THE INCOME STATEMENT

NOTES TO THE BALANCE SHEET

NOTES WITHOUT REFERENCE

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 2021 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 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Board of Directors and the Executive Board have discussed and adopted the annual report of PWT Group A/S. The annual report will be presented for adoption by the shareholders of PWT Group A/S at the annual general meeting on 9 May 2022.

Basis of preparation

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

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

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

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

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

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

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

CONSOLIDATION

Consolidated financial statements

The annual report comprises the Parent Company, 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).

<u>B2B:</u>

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

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

<u>RETAIL:</u>

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 (stores) are measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

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

Impairment of plant and equipment and intangible assets

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

Lease agreement

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

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

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. See note 26.

Cash flow statement

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

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

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

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

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

Definition of financial ratios:

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

NOTE 2 SEGMENT DISCLOSURES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Geographical markets				
Denmark	467,598	426,242	467,598	426,242
Other markets	200,263	169,784	184,850	169,126
Total external revenue	667,861	596,026	652,448	595,368

DKK'000				
Segment revenue				
Retail Denmark	375,022	342,605	375,022	342,605
B2B Worldwide	462,352	436,835	428,574	395,783
Other units	11,228	9,025	11,228	9,025
Internal revenue	-180,741	-192,439	-162,376	-152,045
Total external revenue	667,861	596,026	652,448	595,368

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 B2B.

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 B2B worldwide and one through retailers. The Group operates in Denmark and 32 other different countries.

NOTE 3 STAFF COSTS

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Payroll	141,238	160,949	138,692	158,262
Pensions	9,904	11,478	9,882	11,457
Other social security costs	9,306	9,004	8,835	8,482
	160,448	181,431	157,409	178,201
Thereof:				
Payroll Executive Board	2,870	2,037	2,870	2,037
Pensions Executive Board	36	45	36	45
Payroll Board of Directors	1,818	641	1,818	641
	4,724	2,723	4,724	2,723
Average number of full-time employees	354	444*	350	427*

* Number of employees at 31 December 2020: Consolidated 358 and Parent 341

NOTE 4 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Owned assets:				
Software	3,688	5,031	3,688	5,031
Trademarks	282	303	282	303
Goodwill	0	346,995	0	346,995
Other intangible assets	149	149	149	149
Fixtures and fittings, tools and equipment	7,515	8,106	7,404	7,965
Leasehold improvements	6,316	7,115	6,316	7,033
	17,950	367,699	17,839	367,476

NOTE 5 SPECIAL ITEMS

Special items comprise cost, which is special due to their size or nature. Due to COVID-19 and a restructuring in 2020, the Annual Report for both 2021 and 2020 has been affected by a number of special items, which is specified below.

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Cost of sales				
Write down of inventories in addition to standard write down due to COVID-19	9,900	-9,900	9,900	-9,900
	9,900	-9,900	9,900	-9,900
Other operating income				
Government's COVID-19 relief, payroll compensation	14,643	15,473	14,643	15,473
Government's COVID-19 relief, fixed cost compensation	12,429	12,748	12,429	12,748
	27,072	28,221	27,072	28,221
Other external costs				
Provisions for bad debts in addition to standard, due to COVID-19	0	-3,233	0	-3,233
Legal fees and provisions for settlements arising out of PWT Group A/S' restructuring in 2020	0	-19,983	0	-19,983
	0	-23,216	0	-23,216
Other operating cost				
Loss on the disposal of plant and equipment, sold in connection with termination of stores	0	-4,096	0	-4,096
	0	-4,096	0	-4,096
Depreciation/amortisation/impairment				
Loss on impairment of goodwill	0	-336,573	0	-336,573
	0	-336,573	0	-336,573
Staff costs				
Extraordinary salary refunds to apprentices as a result of COVID-19	0	3,497	0	3,497
Employees released from their duty to work as a result of PWT Group A/S's restructuring in 2020	0	-2,160	0	-2,160
	0	1,337	0	1,337
Other financial income				
Debt composition agreement with bondholders	3,979	184,221	3,979	169,142
Debt composition agreement, other debt	1,904	72,204	1,904	72,204
	5,883	256,425	5,883	241,346

NOTE 6 OTHER EXTERNAL COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Fees for auditors appointed at the general meeting				
Statutory audit services	403	402	327	353
Other assurance engagements	38	200	38	200
Tax advisory services	550	104	535	36
Other services	1,265	1,069	996	877
Total fee	2,256	1,776	1,896	1,466
Distributed as follows:				
PwC	1,824	800	1,694	693
Other firms	432	976	202	773
	2,256	1,776	1,896	1,466

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the Group of DKK 1,412 thousand consist mainly of tax advisory services and other services.

NOTE 7 OTHER FINANCIAL INCOME

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Interest income, banks	1	0	0	0
Interest income, Group enterprises	0	0	0	16
Other financial income	12,789	256,650	11,291	256,633
	12,790	256,650	11,291	256,649

NOTE 8 FINANCIAL EXPENSES

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Interest expense, banks	1,749	2,290	1,749	2,290
Interest expense, Group enterprises	12	5,895	12	5,640
Interest expense, leasing debt	0	14	0	14
Foreign exchange adjustment	1,726	2,147	44	1,635
Other financial expenses	7,798	4,040	7,211	3,209
	11,285	14,386	9,016	12,788

NOTE 9 TAX

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22% tax on results before tax	-30,685	32,152	-29,922	32,591
Adjustment of tax in foreign entities in proportion to 22%	1,528	-1,001	765	-1,440
Tax effect of:				
Adjustment deferred tax of prior years	-65	-1,554	1,310	-794
Non-deductible cost/income	4,913	-37,316	4,913	-37,316
Adjustment of unrecognised tax loss carry forward	9,622	-8,047	9,622	-8,047
Adjustment of tax in respect of prior years	-663	418	0	406
	-15,350	-15,348	-13,312	-14,600
Effective tax rate	-11.0 %	10.5 %	-9.8 %	9.9 %

Last year, non-deductible cost/income mainly relates to cost/income relating to the restructuring of PWT Group A/S.

NOTE 10 DISCONTINUED OPERATION

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Income statement				
Revenue	0	18,423	0	0
Cost of sales	0	-10,642	0	0
Other external costs	0	-13,737	0	-4,525
Gross profit/loss	0	-5,956	0	-4,525
Staff costs	0	-7,223	0	0
Depreciation/amortisation	0	-1,449	0	0
Other operating costs	0	-3,031	0	-2,741
Operationg profit/loss (EBIT)	0	-17,659	0	-7,266
Financial income	0	500	0	500
Financial expenses	0	-90	0	-83
Share of net profit of associates	0	-21,181	0	0
Profit/loss before tax of discontinued operations	0	-38,429	0	-6,849
Tax on profit/loss for the year	0	0	0	0
Profit/loss for the year of discontinued operations	0	-38,429	0	-6,849
Cash flow statement				
Cash flows from operating activities	0	3,564	0	0
Cash flow from investing activities	0	0	0	0
Cash flows from financing activities	0	-24,045	0	0
Cashflow for discontinued operations	0	-20,481	0	0
Cash	0	0	0	0

	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Other operating cost				
Debt composition agreement made concerning the purchase price payable by Brandstad	0	-2,741	0	-2,741
	0	-2,741	0	-2,741

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

NOTE 11 SOFTWARE

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Opening cost	42,704	40,182	42,607	39,710
Additions for the year	15,156	2,897	15,156	2,897
Disposals for the year	0	-293	0	0
Disposals for the year, discontinued operation	0	-82	0	0
Closing cost	57,860	42,704	57,763	42,607
Opening amortisation	37,601	32,563	37,504	32,473
Currency translation	0	21	0	0
Amortisation for the year	3,688	5,031	3,688	5,031
Reversed amortisation for the year of disposals, discontinued operations	0	-14	0	0
Closing amortisation	41,289	37,601	41,192	37,504
Carrying amount	16,571	5,103	16,571	5,103

NOTE 12 TRADEMARKS

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Opening cost	7,366	7,745	7,366	7,366
Disposals for the year, discontinued operation	0	-379	0	0
Closing Cost	7,366	7,366	7,366	7,366
Opening amortisation	6,423	6,189	6,423	6,120
Amortisation for the year	282	303	282	303
Reversed amortisation for the year of disposals, discontinued operations	0	-69	0	0
Closing amortisation	6,705	6,423	6,705	6,423
Carrying amount	661	943	661	943

NOTE 13 GOODWILL

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2021	2020	2021	2020
Opening costs	905,714	905,714	905,714	905,714
Closing cost	905,714	905,714	905,714	905,714
Opening amortisation	905,714	558,719	905,714	558,719
Impairment for the year	0	336,573	0	336,573
Amortisation for the year	0	10,422	0	10,422
Closing amortisation	905,714	905,714	905,714	905,714
Carrying amount	0	0	0	0

NOTE 14 OTHER INTANGIBLE ASSETS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2021	2020	2021	2020
Opening costs	1,490	1,490	1,490	1,490
Closing cost	1,490	1,490	1,490	1,490
Opening amortisation	745	596	745	596
Amortisation for the year	149	149	149	149
Closing amortisation	894	745	894	745
Carrying amount	596	745	596	745

NOTE 15 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2021	2020	2021	2020
Opening cost	89,059	105,277	87,709	90,250
Additions for the year	6,302	3,915	6,302	3,915
Disposals for the year	0	-6,456	0	-6,456
Disposals for the year, discontinued operation	0	-13,677	0	0
Closing cost	95,361	89,059	94,011	87,709
Opening depreciation	75,931	79,872	75,038	71,208
Currency translation	25	-42	24	-45
Depreciation for the year	7,515	8,106	7,404	7,965
Reversed depreciation for year on disposals	0	-4,090	0	-4,090
Reversed depreciation for year on disposals, discontinued operation	0	-7,915	0	0
Closing depreciation	83,471	75,931	82,466	75,038
Closing carrying amount	11,890	13,128	11,545	12,671
Of which financial leasing assets	34	162	34	162

NOTE 16 LEASEHOLD IMPROVEMENTS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	2021	2020	2021	2020
Opening cost	79,008	106,201	78,534	84,602
Additions for the year	5,782	1,560	5,782	1,560
Disposals for the year	0	-7,628	0	-7,628
Disposals for the year, discontinued operation	0	-21,125	0	0
Closing cost	84,790	79,008	84,316	78,534
Opening depreciation	68,619	78,797	68,145	65,315
Currency translation	39	-66	39	-74
Depreciation for the year	6,316	7,115	6,316	7,033
Reversed depreciation for year on disposals	0	-4,129	0	-4,129
Reversed depreciation for year on disposals, discontinued operation	0	-13,098	0	0
Closing depreciation	74,974	68,619	74,500	68,145
Closing carrying amount	9,816	10,389	9,816	10,389

NOTE 17 INVESTMENTS IN GROUP ENTERPRISES

	CONSOLIDATED		PARENT COMPANY	
	Investments in Group enterprises		Investments in Group enterprises	
DKK'000	**2021**	**2020**	**2021**	**2020**
Cost at January	0	0	7,577	7,577
Transfer	0	0	10,135	0
Cost at 31 December	0	0	17,712	7,577
Value adjustments 1 January	0	0	0	0
Transfer	0	0	-10,135	0
Value adjustments 31 December	0	0	-10,135	0
Carrying amount at 31 December	0	0	7,577	7,577

	EQUITY	**PROFIT FOR THE YEAR**	**COMPANY CAPITAL**	**VOTING RIGHTS AND STAKE**
	TDKK	TDKK		
PWT Norway AS, Oslo, Norway	-28,910	2,983	TNOK 400	100 %
PWT Germany GmbH, Maasbüll, Germany	7,239	1,562	TEUR 25	100 %
Wagner China ApS, Aalborg, Denmark	-9,480	3,387	TDKK 300	100 %

The Company has bought 40% of Wagner China ApS for DKK 1 at 7 October 2021, thus the Company now controls 100% of Wagner China ApS.

NOTE 18 INVESTMENTS IN ASSOCIATES

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Cost at 1 January	10,135	10,135	10,135	10,135
Transfer	-10,135	0	-10,135	0
Cost at 31 December	0	10,135	0	10,135
Value adjustments 1 January	-10,135	-10,135	-10,135	-10,135
Transfer	10,135	0	10,135	0
Value adjustments 31 December	0	-10,135	0	-10,135
Carrying amount at 31 December	0	0	0	0

	EQUITY	PROFIT FOR THE YEAR	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
	TDKK	TDKK		
Wagner (Yantai), Ltd., Yantai, China	5,645	-1,059	CNY 58,199	49 %

Wagner China ApS has been tranferred to subsidaries as of 7 October 2021 .

NOTE 19 DEPOSITS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Carrying amount at 1 January	11,877	12,188	11,651	11,955
Additions	2,694	2,038	2,694	2,039
Disposals	-1,095	-2,349	-1,095	-2,343
Carrying amount at 31 December	13,476	11,877	13,250	11,651

NOTE 20 INVENTORIES

DKK'000	CONSOLIDATED 2021	CONSOLIDATED 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Goods for resale	112,146	110,302	112,146	110,302
Prepayments for goods	26,926	59,131	26,926	59,131
Goods for resale, net	139,072	169,433	139,072	169,433

NOTE 21 SHARE CAPITAL

DKK'000	SHARE CAPITAL 31-12-2021
Share capital upon establishment 2007/08	1,985
Capital contributions 2020	8,055
Convertible bonds converted to shares	354
Closing share capital	10,394

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

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

In addition, the company has issued convertible bonds for DKK 10 million. Any owner of a convertible bonds may at any time demand their bonds be converted into new shares in the company pursuant to the terms set in the investment agreement. In 2021, the Company has convertible bonds for DKK 9.6 million.

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

NOTE 22 PROVISIONS

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
The Group's total provision obligation broken down on residual terms:				
Within 1 year	1,444	2,620	1,444	2,620
Between 1 and 5 years	4,428	4,434	4,428	4,434
After 5 years	1,500	1,502	1,500	1,502
	7,372	8,556	7,372	8,556
Provision obligation at 1 January	8,556	10,835	8,556	8,737
Additions during the year	34	2,620	34	2,620
Reversals during the year	-1,210	-4,899	-1,210	-2,801
Effect of change in interest rates	-8	0	-8	0
Provision obligation at 31 December	7,372	8,556	7,372	8,556

Provisions obligations contains obligation to re-establish leaseholds DKK 5,928 thousand and refund liability on sold clothes DKK 1,444 thousand.

Obligation to re-establish leaseholds relates to projected future costs attributable to relocation of leaseholds and is based on projected costs relying on the current interior and condition of the leaseholds. The obligation is discounted back to net present value using a discount rate of 2.1% (2020: 0.6%), equivalent to a risk-free interest rate. Refund liabilities on sold clothes relates to projected future returns.

NOTE 23 OTHER DEBT / SUBORDINATED LOAN

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Within 1 year	79,144	88,101	74,884	83,689
Between 1 and 5 years	1,487	60,779	1,487	60,778
Above 5 years	6,856	12,724	6,856	12,724
	87,486	161,604	83,226	157,191

Included in Other Debt is debt composition of DKK 2,975 thousand.

In addition to the debt composition included in other debt, the debt composition agreement concludes an upside of 10%, which have been recognised in the balance sheet as a subordinated loan with DKK 8,715 thousand. The subordinated loan will be paid according to the terms set in the agreement, which all falls due after 5 years.

Further, long term finanance lease debt amounts to DKK 26 thousand which falls due within 1-5 years.

NOTE 24 DEFERRED INCOME TAX

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Deferred tax arises from:				
Intangible assets	-69	-759	-69	-759
Plant and equipment	2,747	7,375	2,747	7,375
Current assets	4,670	162	4,670	162
Provisions	425	1,498	425	1,498
Other liabilities	-1,777	-3,276	-1,777	-3,276
Tax loss carryforwards	0	8,047	0	8,047
Adjustment of deferred tax to carrying value	-2,996	-8,047	-2,996	-8,047
	3,000	5,000	3,000	5,000

Included in above, is deferred tax of DKK 586 thousand on equity transaction.

NOTE 25 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into forward contracts of a total of DKK 124,911 thousand for USD purchases until August 2022 for the purpose of hedging future purchases in USD. The average exchange rate is 641.

Cover of currency risks:

Consolidated 2021:

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

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
Recognisedon equity			-3,558	-2,775

NOTE 26 DEFERRED INCOME

Deferred income compromises mainly obligations in relation to gift cards. Gift cards at DKK 9,960 thousand (2020: DKK 10,071 thousand) are recognised as income as they are used or when they 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 DKK 145 million has been provided in non-current assets and current assets.

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Non-current assets with a carrying amount	21,706	23,516	21,361	23,060
Inventories with a carrying amount	139,072	169,433	139,072	169,433
Trade receivables with a carrying amount	39,155	27,741	36,761	23,897

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 2021, PWT Group have confirmed letters of credit in the amount of DKK 4,878 thousand regarding non-settled purchases of supplies abroad (31 December 2020: DKK 6,116 thousand) and bank guarantees concerning rent and customs at an amount of DKK 12,953 thousand (31 December 2020: DKK 13,685 thousand).

NOTE 28 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Rent obligations and operating lease liabilities

Consolidated DKK'000	**Rent obligation**	**Other operating leases**	**Total**
Within 1 year	54,186	1,757	55,943
Between 1 and 5 years	40,779	1,351	42,130
Above 5 years	7,753	0	7,753
	102,718	3,108	105,826

Parent company DKK'000	**Rent obligation**	**Other operating leases**	**Total**
Within 1 year	53,312	1,492	54,804
Between 1 and 5 years	40,779	1,024	41,803
Above 5 years	7,753	0	7,753
	101,844	2,516	104,360

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 3.2 mDKK once bankruptcy estate has been settled.

The Company has recognized DKK 27,072 thousand for Government COVID-19 relief as other income in the financial year, specified under note 5, Special Items. As the Danish Business Authority has not yet carried out the final inspection of the basis for the subsidies, it cannot be ruled out that a share of the recognized subsidies will be rejected. If this, against the management's expectations, happens, it will result in a cost in the following financial year. Furthermore, DKK 3,674 thousand has been recognised in December 2020, but not yet been finalized by the Danish Business Authority.

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 KH20 Holding ApS.

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	**2021**	**2020**
Rent, etc.	4,745	4,886
Rent obligations regarding related parties represent	31,629	40,195

NOTE 30 PROFIT/LOSS ALLOCATION

	CONSOLIDATED		PARENT COMPANY	
DKK'000	**2021**	**2020**	**2021**	**2020**
Profit/loss allocation				
Proposed dividend for the financial year	45,000	0	45,000	0
Transferred to equity	79,129	-199,922	77,697	-169,590
Total allocation	124,129	-199,922	122,697	-169,590

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