

1. maj 2020

Creditor information letter no. 1**under section 11b of the Danish Bankruptcy Act****PWT HOLDING A/S IN THE PROCESS OF RESTRUCTURING**

Name:	PWT Holding A/S in the process of restructuring
Address:	Gøteborgvej 15, DK-9200 Aalborg SV
CVR-no.:	31074606
VAT registration:	
Board of directors:	Henrik Thorup Theilbjørnn Ole Koch Hansen Jan Bøgh Torben Fog Allan Bach Pedersen Jan Johan Küh
Executive board_	Claus Back Nielsen Ole Koch Hansen
Ownership:	TE Geninvest ApS Wagner Holding Aalborg Aps P-WT Holding 2007 A/S OKH Holding ApS
Latest annual report:	1 January 2018 – 31 December 2018
Auditors:	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Restructuring administrators:	Attorney Andreas Kærsgaard Mylin, Accura Advokatpartnerselskab Attorney Christian Jul Madsen, Kromann Reumert Attorney Kristian Gustav Andersson, Lundgrens
Restructuring accountant:	State-authorised public accountant Michael Bach, Beierholm
Reference date:	24 April 2020
Commencement of restructuring proceedings:	24 April 2020
Bankruptcy Court case no.:	SKS 31-244/2020
Court file no.:	The court of Aalborg, SKS-31-244/2020
Published:	Notice of the restructuring was published in the Danish Official Gazette (Statstidende) on 29 April 2020

1. maj 2020

1 RESTRUCTURING, RESTRUCTURING ADMINISTRATOR AND REFERENCE DATE

On 24 April 2020, the Bankruptcy Court of Aalborg commenced restructuring proceedings against PWT Holding A/S based on the company's petition for restructuring.

The bankruptcy court appointed attorney Andreas Kærsgaard Mylin of Accura Advokatpartnerselskab, attorney Christian Jul Madsen of Kromann Reumert and attorney Kristian Gustav Andersson of Lundgrens as restructuring administrators and accountant Michael Bach of Beierholm as the restructuring accountant.

We hereby give notice of the commencement of restructuring proceedings against PWT Holding A/S, see section 11 b of the Danish Bankruptcy Act, to all known creditors and the bankruptcy court.

2 REASONS FOR AND PURPOSE OF RESTRUCTURING PROCEEDINGS

PWT Holding A/S is the sole owner of PWT Group A/S, which went in to restructuring on 17 April 2020. PWT Group A/S carries on retail and wholesale business within the clothing industry and owns brands such as Bison Shine Original, Jacks Sportswear Intl., Morgan, Lindbergh and Junk De Luxe. Moreover, PWT Group A/S owns the clothing chains Tøjeksperten and Wagner divided into 166 shops in Denmark, Norway, Sweden and China, of which PWT Group A/S owns half and the other half is owned by franchisees, just as there are premises for showrooms in selected countries and on several web sales platforms. In addition, PWT Group A/S owns subsidiaries in Norway (Brandstad), Germany and China.

Both companies are operated from leased business premises located at Gøteborgvej 15-17, DK-9200 Aalborg SV. PWT Holding A/S has no employees.

The company's management filed a petition for restructuring proceedings with the Bankruptcy Court of Aalborg on 24 April 2020 due to protection of an amount of claims against the company based on the restructuring proceedings in PWT Group A/S and the wish to the extent possible maintain the value of the company's assets including the shares in PWT Group A/S and the intra-group loan.

The reason for the company's financial challenges are the financial problems in the wholly owned PWT Group A/S and the commencement of restructuring proceedings against PWT Holding A/S.

The purpose of the restructuring proceedings against PWT Holding A/S is to identify the possibilities of making an overall arrangement with the company's creditors in the form of a restructuring model. At this stage it is not possible to define such models as this depends on matters related to PWT group A/S.

1. maj 2020

We are currently working on the basis for an overall solution for the restructuring plan to be presented to the creditors before and at the meeting with the creditors before the bankruptcy court, see paragraph 5 below for further information.

* * *

The following material is enclosed in this creditor information letter:

1. Annual report 2018
2. Excerpt of figures in draft annual report 2019
3. List of creditors, preliminary

3 ASSETS AND LIABILITIES

On the basis of the company's latest financial statements, current bookkeeping records and information from the company's management, we hereby present the following provisional balance sheet as at the date of the commencement of restructuring proceedings in respect of the company's most important assets and liabilities.

3.1.1 Shares

The company owns the shares in PWT Group A/S at a book value of DKK 466,311,000 and DKK 250.302,000 draft annual report 2019.

Due to the restructuring process in PWT Group A/S and the bond holders pledge in the shares, the value of the shares in the company is uncertain, only the following amount will be capitalized at present

DKK	0.00
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3.1.2 Deferred tax

Deferred tax amount to 656,000 draft annual report 2019, having regard to the financial situation therefore

DKK	0.00
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3.1.3 Outstanding claims

Intra-group, in the amount of DKK 250,302.00, having regard to inter alia the financial situation in PWT Group A/S in restructuring proceedings and the bond holders' pledge

DKK	0.00
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1. maj 2020

3.1.4 Cash and cash equivalents

The company's cash and cash equivalents in banks with only deposit accounts amount to SEK 202,000 and are therefore capitalized at

DKK 146,000.00

Total assets (preliminary amount)**DKK 146.000.00**

3.2 Liabilities

Section 95 of Danish Bankruptcy Act – Salary, pensions and holiday pay according to the bookkeeping records before other obligations such as notices of termination etc.

DKK 0.00

Section 97 of the Danish Bankruptcy Act – intercompany loans

DKK 252,455,000.00

Section 97 of the Danish Bankruptcy Act – claims arising out of the holding company's letters of comfort, parent company guarantees or other guarantees are currently expected at

DKK 20,000,000.00

Section 97 of the Danish Bankruptcy Act – other debt

DKK 3,025,000.00

Total liabilities (preliminary amount)**DKK 275,480,000.00**

Other comments to the list of assets and liabilities:

A more detailed measurement of the value of the assets will take place during the restructuring process by the restructuring accountant in connection with a future presentation of a detailed restructuring plan, see paragraph 5 below.

PWT Holding A/S has issued senior secured bonds, ISIN DK0030405188, traded on Nasdaq Stockholm under the ticker PWT02. Due to the restructuring proceedings the bonds are on the surveillance list. More information may be found on:

<http://www.nasdaqomxnordic.com/bonds/denmark/microsite?Instrument=XSSEPWT02&name=PWT%20Senior%20Secured%20Bonds>

The bond holders have a pledge in the intra-group loan and the shares in PWT Group A/S at the date of the restructuring.

At present, the costs for the restructuring process under section 94 of the Danish Bankruptcy Act cannot be determined.

1. maj 2020

4 ACCOUNTING

The company presented its latest annual report for the period from 1 January 2018 to 31 December 2018, and the annual report was approved at the annual general meeting of the company on 30 April 2019.

Furthermore, draft figures for 2019 as of 31 December 2019 are available. The company's operating profit was DKK 711,000. As of 31 December 2019, the company's equity was then determined at DKK 468,322,000.

The company's finance and accounts department has done the bookkeeping themselves. The bookkeeping records have been updated as of 24 April 2020 and will be updated on a regular basis concurrently with reconciliation etc. 2 controllers are part of the finance and accounts department.

5 MEETING WITH CREDITORS CONCERNING RESTRUCTURING PLAN

Under section 11 a(2) of the Danish Bankruptcy Act, the bankruptcy court has scheduled a meeting with all creditors to be held at the Bankruptcy Court of Aalborg, Badehusvej 17, waiting room, 1st floor, DK - 9000 Aalborg, (SKS 31-244/2020) on:

Friday 15 May 2020 at 10:00 a.m.

We expect that one week immediately prior to the meeting, a detailed restructuring plan will be sent to all creditors, which will also include the following material:

- A detailed restructuring plan and information about whether there are material aspects that may prevent the completion of the plan and an account of the most important steps intended to be taken during the restructuring proceedings, all of which will have been accepted by the company's management.
- Detailed information about the company's balance sheet as at the date of commencement of the restructuring proceedings, specifying any variances as a consequence of subsequent changes.
- Information from the restructuring accountant about whether, in his opinion, the company's latest annual report is incomplete.
- The restructuring accountant's valuation of the company's assets and a statement from the restructuring administrators and the restructuring accountant as to whether the plan is feasible.

1. maj 2020

6 PROOF OF CLAIM

If you have a claim against the company, please file proof of such claim determined as of 24 April 2020.

Please notify me immediately if you have a right of ownership in any assets being under the company's control or if you have retained title to such assets. Your notice must be accompanied by documentation for your right of ownership or retention of title.

Please notify me immediately if your claim against the company is secured by way of legal charge, guarantee, right of set-off or any other security right. Your notice must be accompanied by the relevant security documents etc.

Any communications concerning proofs of claim during the restructuring process must be directed to Secretary Bettina Beck, Accura Advokatpartnerselskab, Tuborg Boulevard 1, 2900 Hellerup, Denmark, by phone to +45 39 45 29 00 or by email to bbe@accura.dk.

On 1 May 2020

Andreas Kærsgaard Mylin
Partner, Attorney-at-Law (entitled to appear
before the Danish Supreme Court)
Accura

Christian Jul Madsen
Partner, Attorney-at-Law (entitled to appear
before the Danish High Court)
Kromann Reumert

Kristian Gustav Andersson
Partner, Attorney-at-Law
Lundgrens

PWT HOLDING

Bilag 1

ANNUAL REPORT 2018



The annual report has been presented and adopted at the Company's Annual General Meeting on 30 April 2019.

A handwritten signature in blue ink, reading "Mark Jensen".

CHAIRMAN
Mark Jensen

PWT GROUP

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

With seven well-known menswear brands, 197 stores in Denmark, Norway, Sweden and China and attractive web shops, we stand out and provide fashion at a fair price – anytime and anywhere.

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

PWT BRANDS

Our seven strong brands are sold by more than 1,000 independent retailers and our own retail chains Tøjeksperten and Wagner.

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

TØJ|eksperten

With 115 stores, Tøjeksperten is Denmark's largest menswear chain, providing quality clothing and strong brands from the PWT Brands portfolio and other external designers for fashion-conscious men of all ages since 1968.

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

WAGNER

A growing and comprehensive store network in Scandinavia and selected locations in China form the foundation for Wagner's offering of menswear – ranging from trendy denim to classic fashion. Established in 1946, Wagner currently has 41 stores in Denmark, 17 in Norway, 6 in Sweden and 10 in China.

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



CONTENTS

4	THE COMMENTARY
5	MISSION / VISION
6	YEAR IN SHORT
8	WORD FROM THE CEO
10	THE NUMBERS
11	MANAGEMENT COMMENTARY
16	CORPORATE SOCIAL RESPONSIBILITY
26	CORPORATE GOVERNANCE
28	PWT GROUP - STORES
39	PWT GROUP - BRANDS
45	STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD
46	INDEPENDENT AUDITORS' REPORT
50	FINANCIAL HIGHLIGHTS
51	FINANCIAL HIGHLIGHTS AND KEY RATIOS
53	STATEMENT OF COMPREHENSIVE INCOME
54	BALANCE SHEET
56	STATEMENT OF CHANGES IN EQUITY
58	CASH FLOW STATEMENT
61	NOTES

THE COMMENTARY



MISSION

"WE DRESS MEN"

VISION

Maintain our market
leading position on the
Danish menswear market

Gain a dominant position
on the Scandinavian
market for menswear

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



KEY NUMBERS*

REVENUE

828 M DKK

(1,111 M DKK)

EBITDA

138 M DKK

(102 M DKK)

EBITDA MARGIN

16.6%

(9.1%)

SOLVENCY RATIO

39.6%

(50.9 %)

* PWT Group has in 2018 adapted the accounting standard IFRS 16. Prior-year figures cover 15 months as PWT Group has changed its accounting year to follow the calendar year.

PWT GROUP PLATFORM



FINANCIAL AMBITIONS

- GROUP EBITDA MARGIN OF **22%** (INCL. IFRS 16)
- EXTERNAL REVENUE GROWTH OF **10%** ANNUALLY IN PWT BRANDS
- CONTINUED MARKET SHARE GROWTH IN OUR RETAIL CHAINS

WORD FROM THE CEO

– A YEAR OF CHANGE AT PWT GROUP

2018 was a busy year at PWT Group as we worked hard to re-calibrate our product offering, strengthen our customer focus and establish a physical and digital platform poised for profitable growth in the coming years. We did not achieve the targets set out for our business during the year as we faced headwinds in the retail chains and our brand and wholesale business, PWT Brands.

In short, revenue growth did not materialise as we had expected. This took its toll on underlying profitability* as the organisation's production and sales capabilities were scaled for continued growth in the first half of the year. We adjusted operating costs during the year and completed two savings plans, which reduced the cost level towards the turn of the year and were followed by a third savings initiative launched in the first quarter of 2019.

These cost reduction initiatives were combined with organisational changes implemented in early 2019, anchoring all production-related activities in one department responsible for development, sourcing, communication and merchandising. In addition, we acquired the Norwegian retail chain Brandstad with 15 stores effective 1 March 2019 and reorganised the Group's sales activities in three distribution channels focused on retail, wholesale and online.

The new structure strengthens alignment between design, sourcing and sales activities to accommodate customer demand and ensure a satisfactory level of profitability. The changes were implemented following targeted efforts during 2018 to lower the share of entry price products and reduce the

overall number of designs in our collections, while focusing on optimisation, simplification and improved cooperation across the business.

Our strengthened organisation will build on these efforts and investments made in 2018 to improve the Group's omni-channel and online sales setup. We completed the installation of touch screens in all retail stores to provide customers with instant access to a much wider product catalogue and enable online sales from the physical stores with direct delivery from our central warehouse. The digitalisation of PWT Group is progressing to plan, and our omni-channel and online sales grew at a satisfactory pace in 2018. We invested in a new and highly automated central logistics center and warehouse management system to support the digital development by improving flexibility and service level while simultaneously enabling flawless day-to-day deliveries to our customers.

While we did not meet our targets for 2018, we are seeing the initial results of the re-calibration of our product range, investments in digitalisation and the strengthening of our organisation. Based on a strong order book, the sharpened focus on customer demand, an improved contribution margin and completed cost reductions, we expect to improve profitability and maintain our leading position in Denmark in 2019.

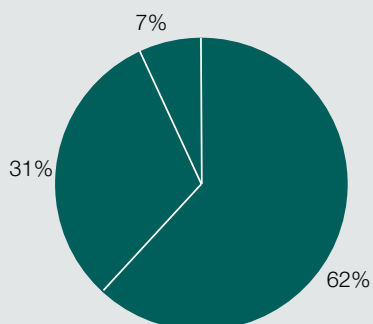
Ole Koch Hansen
CEO

*Excluding IFRS 16 adjustments, cf. note 1 page 63.



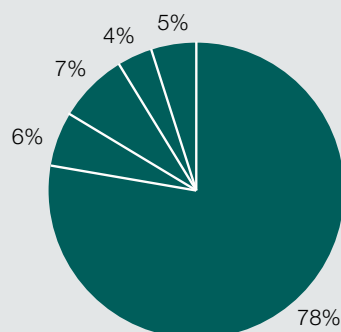
THE NUMBERS

REVENUE SEGMENTS



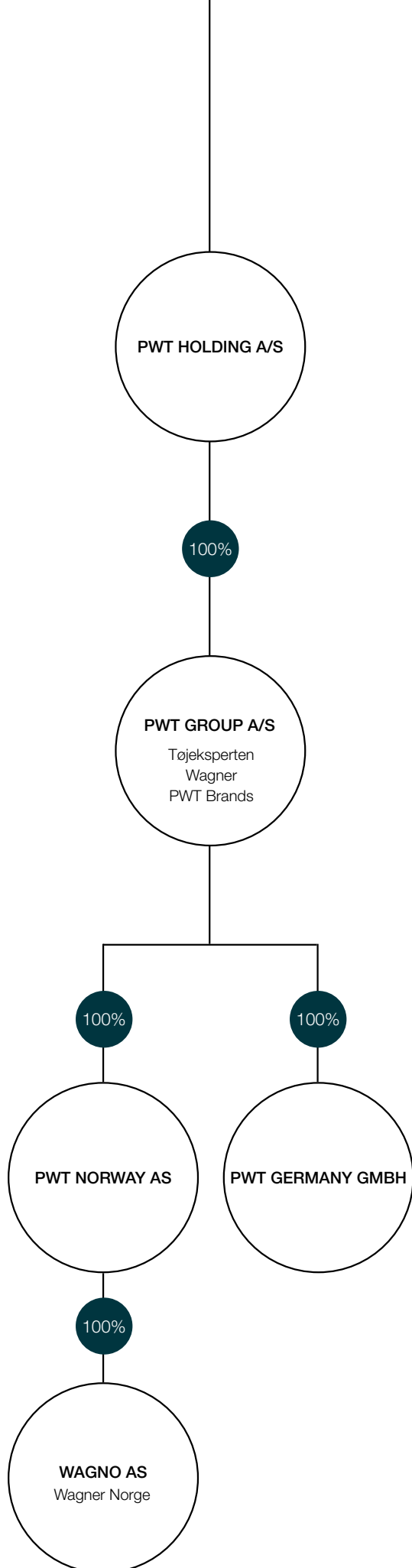
Retail Denmark	62%
Wholesale worldwide	31%
Other units	7%

REVENUE GEOGRAPHICAL



Denmark	78%
Norway	7%
Sweden	6%
Germany	4%
Other	5%
Total	100%

	REVENUE	COUNTRIES	RETAILERS/ STORES	NUMBER OF EMPLOYEES
PWT BRANDS		TOTAL Independent Retailers	900	162 EMP
TØJ eksperter		TOTAL Denmark	115 115 (53 franchises)	254 EMP
WAGNER		TOTAL Denmark Norway Sweden China	82 41 (19 franchises) 17 (1 franchise) 6 (4 franchises) 10 (Joint venture)	135 EMP
TOTAL PWT	828 M DKK	197 STORES	900 RETAILERS	551 EMP



MANAGEMENT COMMENTARY

GROUP ACTIVITIES

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

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

Tøjeksperten is the largest menswear chain in Denmark with 115 shops across the country, of which 62 are owned by the Group, while 53 are franchises. Tøjeksperten focuses on quality clothing for fashion-conscious men of all ages and sells both its own and external brands.

Wagner has 41 shops in Denmark, 17 in Norway and 6 in Sweden. 22 Danish, 16 Norwegian and 2 Swedish shops are owned by the Group, while 19 Danish shops, 1 Norwegian and 4 Swedish are franchises. Wagner primarily sells the Group's own brands.

PWT Brands is an international brand and wholesale company offering distinctive brands with a full product range within menswear. PWT Brands develops, produces and sells a wide range of strong brands – Lindbergh, Shine Original, Bison, JUNK de LUXE, Morgan and Jack's Sportswear Intl., which i.a. are sold by the Group's own two retail chains. In addition, the Group's brands are sold by more than 900 independent retailers in 30 countries.

Important notices on comparison figures and implementation of IFRS 16

The Annual Report covers 1 January – 31 December 2018, whereas comparison figures for the 2016/17 financial year cover a period of 15 months (1 October 2016 – 31 December 2017) and include two peak seasons.

PWT Group has adopted the accounting standard IFRS 16 Leases, which supersedes IAS 17 Leases, in the Annual Report 2018. IFRS 16 eliminates the classification of leases as either finance leases or operating leases, which were not reported on the balance sheet (so-called 'off balance sheet leases').

Under IFRS 16, these leases are 'capitalised' by recognising the present value of the lease payments as a financial liability. PWT Group's statement of comprehensive income and balance sheet are significantly affected by the implementation of IFRS 16:

- Operating costs are reduced as leasing expenses to premises, among other things, are recognised as depreciation charges and financial expenses, entailing increases of EBITDA by DKK 98 million and EBIT by DKK 4 million.
- This effect is outweighed by a DKK 94 million increase in depreciation and a DKK 12 million rise in financial expenses, entailing a reduction of the Group's profit before tax by DKK 8 million.
- The Group's total assets and liabilities increase by DKK 324 million driven by former 'off balance sheet leases' (mainly rent obligations with duration of more than 12 months) being recognised as an asset and a corresponding lease liability.

For a more detailed overview of the effects of IFRS 16 implementation, please see note 1/ p. 63.

Performance in the financial year under review

PWT Group's business performance was unsatisfactory in 2018 as the retail chains and wholesale business posted lower revenue and gross profit. Despite this reduced contribution, the Group's operating profit (EBITDA) saw a strong increase

as operating costs declined sharply due to the implementation of IFRS 16, entailing reclassification of rental payments as depreciation charges and financial expenses.

Total revenue declined to DKK 828 million in 2018 from DKK 1,111 million in the 15-month comparison period, which included two peak seasons. Revenue was further impeded by a significantly lower contribution from the Group's wholesale business and slightly slower performance in the retail chains, while the online business accelerated its positive development and accounted for a larger share of Group revenue in 2018.

The Group's operating profit (EBITDA) increased strongly to DKK 138 million corresponding to an EBITDA margin of 16.6% in 2018 against EBITDA of DKK 102 million and an EBITDA margin of 9.1% in the 15-month comparison period. The earnings and profitability progress was driven solely by the adoption of IFRS 16 and reclassification of rent payments to depreciation and financial expenses, entailing a DKK 98 million improvement of EBITDA as illustrated in note 1 on page 63. The business' underlying profitability was lower due to the decline in revenue and gross profit as operating cost were largely unchanged in 2018 following increasing costs levels in the first half of the year and completion of cost savings that had initial effects in the second half with no detrimental impact on the Group's production or sales capabilities. In addition, PWT Group saw continued effects of an unsatisfactory product mix with a larger share of products at lower price points compared to recent years. The cost saving initiatives completed during 2018 entailed a reduction of the number of full time employees from 594 to 558 at the end of the year, and further steps have been taken to recalibrate the product mix.

The 'Retail Denmark' segment – comprised of retail chains Tøjeksperten and Wagner – generated revenue of DKK 511 million in 2018 against DKK 701 million in the 15-month comparison period, which included two peak seasons. Performance was relatively stable in Tøjeksperten, whereas Wagner's contribution to Group revenue was further impeded by changes in the store network, including conversion of Wagner stores to Tøjeksperten stores. Following a significant positive effect of implementation of IFRS

16, the two Danish retail chains delivered operating profit (EBITDA) of DKK 85 million and an EBITDA margin of 16.6% in 2018 against EBITDA of DKK 76 million in the 15-month financial year 2016/17 corresponding to an EBITDA margin of 10.8%. While the retail chains' underlying business development and profitability was unsatisfactory in 2018, the two chains maintained a strong market position and a solid basis for a substantial earnings increase when the effects of cost savings completed in 2018 and early 2019 materialise.

The Group's 'Wholesale Worldwide' segment, PWT Brands, reported a decline in revenue to DKK 506 million in 2018 from DKK 614 million in the 2016/17 financial year covering 15 months and two peak seasons. Operating profit (EBITDA) increased slightly to DKK 36 million corresponding to an EBITDA margin of 7.2% in 2018 from an EBITDA of DKK 35 million corresponding to an EBITDA margin of 5.6% in the 15-month comparison period. The progress was driven by implementation of IFRS 16, and the Group's underlying profitability was unsatisfactory due to lower revenue and gross profit as well as a moderate increase in operating costs as the organisation was geared for higher sales.

The 'Other units' segment comprises online business B2C, retail outside Denmark and Group eliminations. The segment's external revenue declined to DKK 58 million in the shorter 2018 financial year from DKK 100 million 2016/17, while operating profit (EBITDA) increased to DKK 16 million due to IFRS 16 adoption in 2018 against DKK -9 million in the comparison year.

The Group's depreciation charges increased significantly to DKK 124 million in 2018 from DKK 29 million, predominantly driven by a DKK 94 million effect of implementation of IFRS 16.

Financial expenses came to DKK 32 million in 2018 against DKK 41 million in the 15-month comparison period, which was impacted by costs related to the Group's bond issue. Interest expenses declined significantly in 2018 as a consequence of the improved bond loan, and this positive effect outweighed a DKK 9 million increase in other financial expenses caused by IFRS 16 implementation.

The Group's result before tax came to a loss of DKK 18 million in 2018 against a profit of DKK 14 million in 2016/17. IFRS 16 restatement had a negative impact on the result before tax of DKK 5 million in 2018.

Operational optimisation

The ongoing efforts to optimise PWT Group's business and reduce costs while constantly improving customers' experience with the Group's brands and retail chains continued in 2018 and included:

- Cost savings leading to streamlining of the organisation and a lower cost level in the second half of the year.
- Continued investments in the Group's online and omni-channel sales, which generated solid growth rates during the year.
- Expansion of our footprint in Norway in late 2018 with the acquisition of the Brandstad chain's 15 stores, which opened on 1 March 2019 where control was transferred to PWT Group.
- Replacement of four logistics locations with one newly established semi-automatic logistics center of 8,000 square meters in Aalborg ensuring greater flexibility, high service level and flawless day-to-day deliveries based on pick-by-voice technology and a new WMS.

Tøjeksperten

The Group's largest retail chain, Tøjeksperten, grew its store network as 5 Wagner stores were converted to Tøjeksperten in selected locations. The chain performed as expected, delivering stable sales and slightly lower profitability in 2018.

Wagner

During the year, retail chain Wagner transformed its store network with the conversion of 5 stores to Tøjeksperten, opening of 1 store and closure of 1 store. The changes put pressure on sales and earnings in 2018, but are expected to contribute to a positive development in 2019 and beyond.

Wholesale

Sales did not meet expectations in PWT Brands, which generated lower external revenue and gross profit in 2018 than expected. The re-calibration of PWT Group's product range has contributed to a significant strengthening of PWT Brands' order book for 2019, and cost saving initiatives in 2018 and early 2019 will contribute to a safeguarding of profitability.

Events after the balance sheet date

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

Outlook

In 2019, PWT Group expects operating profit (EBITDA) to increase compared to 2018, driven by sharpened focus on customer demand and an improved contribution margin as well as cost reductions in a competitive and challenged market.

In the medium term (3-5 years), PWT Group aims to report annual revenue growth in the range of 3-6% with operating profit margin (EBITDA) improving significantly to 22% despite a continuation of the challenging market conditions. Growth is expected to be driven by increasing export sales of the Group's brands to independent retailers as well as progress by On-line and Omni channel sales. While profitability is expected to increase due to continued focus on operational optimisation.

Risk management

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

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

Operating risks

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

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

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

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

Financial risks

The Group manages its financial risks centrally as well as coordinates liquidity management and funding. Together with the Board of Directors, Management annually assesses the Group's most important risks and, by way of regular monthly reporting, reports on aspects which may materially affect the Group's activities and risks. Corporate policy is not to engage in any speculation in financial risks, see note 37.

Internal control and risk management systems for financial reporting purposes

The Board of Directors and the Executive Board are overall responsible for risk management and internal controls in the Group for financial reporting purposes. An audit committee has been established, which, together with the organisational structure and internal guidelines, makes up the control environment together with legislation and other rules applying to the Group. The Group's organisational structure and staff numbers are addressed at board meetings.



In relation to the financial reporting process, Management pays special attention to the following internal controls, supporting a satisfactory financial reporting process:

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

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

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

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

Capital resources

Management regularly assesses the appropriateness of the Group's net interest-bearing debt which has changed to DKK 504 million (2016/17: DKK253 million), of which DKK 243 million was due to change in lease debt as a result of implementation IFRS 16, otherwise net interest-bearing debt was largely unchanged.

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

Corporate social responsibility

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

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

CORPORATE SOCIAL RESPONSIBILITY

PWT Group acts responsibly and with integrity as one of the largest Danish companies in the textile industry. The Group's broad geographical coverage represents both possibilities and challenges in terms of societal impacts, and the Group aims to minimize its negative social, environmental and economic impacts while supporting and enhancing positive societal development.

PWT Group's work with sustainability

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).

In accordance with its CSR Policy Commitment, the Group pledges to develop and implement due diligence processes in its business and throughout its supply chain on social, environmental and economic sustainability. These internal and supply chain-related processes are continuously improved in order to be able to identify, prevent, mitigate and remedy any potential or actual adverse impacts.

PWT Group aims to ensure greater impact through partnerships and is therefore collaborating with numerous organizations and engaged in several initiatives. The Group thus takes part in a range of diverse stakeholder meetings where knowledge and practices are shared. PWT Group strives to communicate openly about the risks facing the business as well as measures taken to meet the challenges. The Group encourages all stakeholders to reach out with suggestions or grievances through direct dialogue or the grievance mechanism available on the Group's website.

CSR

MISSION

We dress men
with care for
people and the planet

VISION

- Decent work & economic growth
- Responsible consumption and production



CONCEPT DESCRIPTIONS

CSR AREAS



Human & Labour Rights



The Environment



Animal Welfare



Anticorruption

PROCESS REQUIREMENTS

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

PARTNERSHIPS



MUST WIN BATTLES

PRODUCTS

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

CUSTOMERS

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

GROWTH

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

Sourcing countries

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

The Group works directly with production facilities and via sourcing houses. Standard procedures have been set up to assess and manage all suppliers' performance concerning social, environmental and anticorruption practices. The Group's top-50 suppliers represent 93% of all orders, and focus is primarily given to these top-50 suppliers.

The top-50 suppliers account for 93 % of the annual orders

PWT Group has worked for more than five years with 64 % of the top-50 suppliers



CHINA

31%



BANGLADESH

30%



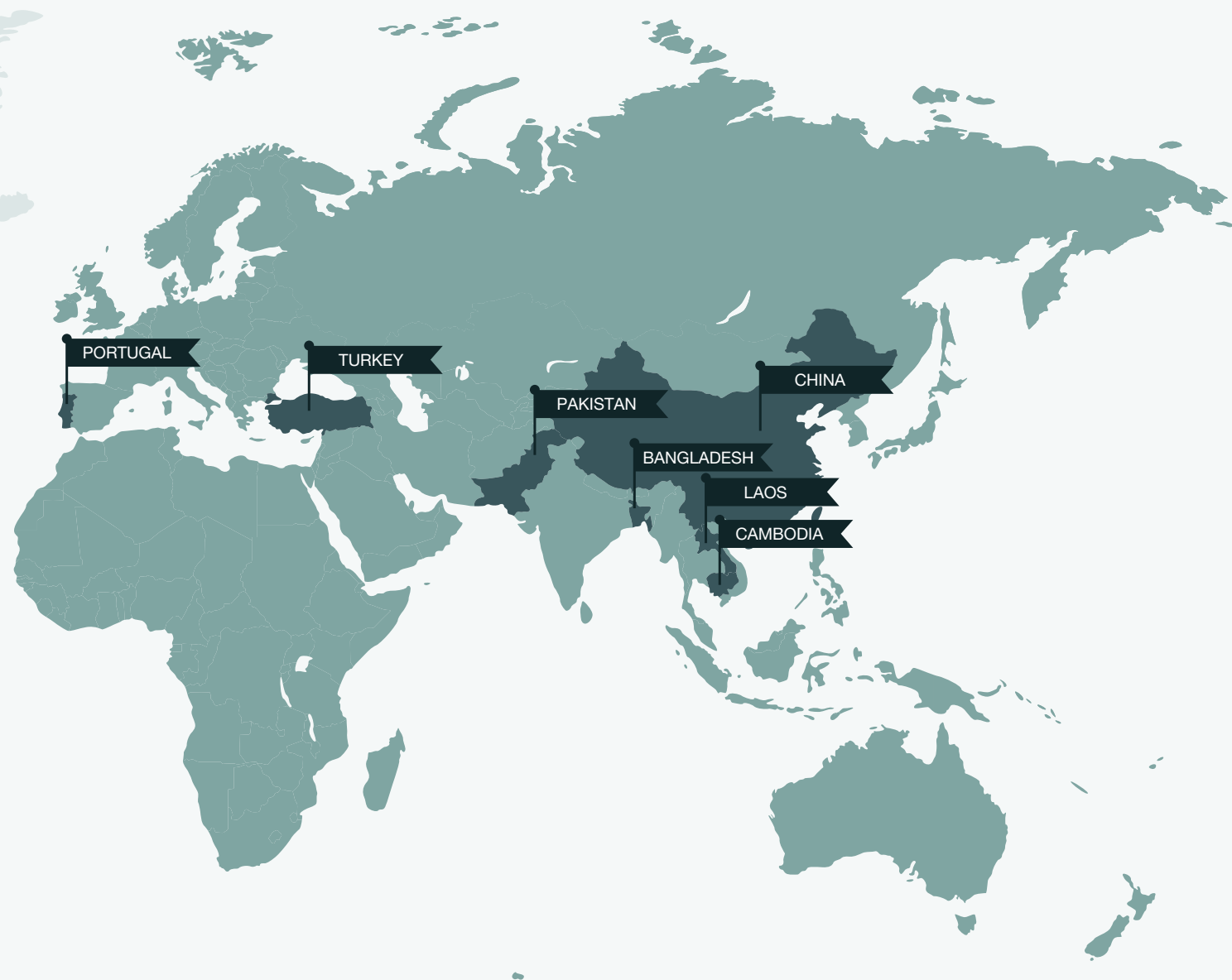
PAKISTAN

9%



PORTUGAL

8%



CAMBODIA

7%



TURKEY

5%



LAOS

3%



OTHER COUNTRIES

7%

REQUIREMENTS FOR SUPPLIERS	ON-GOING ACTIONS AT SUPPLIER LEVEL
Sign and comply with CoC	BSCI inspections and remediation work
Sign and comply with PWT Group's Restricted Substances List	Accord inspections and remediation work (only Bangladeshi factories)
Provide valid building and fire safety documents	Self-assessments
Work with BSCI (or SA8000 or SEDEX)	Factory visits
Work with the Accord (only Bangladeshi factories)	Testing
	Continuous dialogue with PWT Group

Actions and results

During 2018, PWT Group has maintained dialogue with suppliers and factory managers, including the arrangement of biannual factory visits by PWT Group's CSR Manager, resulting in strengthened dialogue on sustainability issues.

PWT Group has initiated a new partnership with Factlines, providing a web-based solution on supply chain management. In cooperation with Factlines, PWT Group has developed a new self-assessment questionnaire, which was distributed to all suppliers in January 2019. The aim of this partnership is to strengthen the monitoring of suppliers, including systematic processes for self-assessments, risk analysis, and hence stronger prioritization of CSR efforts, as well as stronger reporting on supplier performance.

To ensure that external products available in Tøjeksperten and Wagner stores live up to PWT Group's CSR requirements, the external brands have been requested to sign and comply with the Group's Code of Conduct, Animal Welfare Policy and Restricted Substances List.

Challenges

PWT Group considers the general buying practices within the industry a potential risk, which is described and assessed in the table below, which also presents the Group's preventative action plans.

BUYING PRACTICE	CHALLENGE	ACTION PLAN
Sourcing through agents	Potential lack of transparency and direct dialogue with factory management	In 2018, PWT Group sharpened focus on communicating directly with factory management and conducting factory visits. The Group demands exact factory details and contact info from agents.
PWT Group cooperates with numerous suppliers and has a relatively high change ratio among the smallest suppliers	Risk of incompliance increases with the number of suppliers	PWT Group aims to maintain long-lasting and good relations with its suppliers and has consolidated the number of suppliers in recent years in an ongoing process.
PWT Group is the largest buyer at a few factories, whereas the Group places small orders with numerous factories	Small order volumes entails low level of influence	Continued efforts are made to consolidate the number of production facilities and cooperate with other brands to ensure a higher level of influence.
Implementation of responsible business practices is challenged in an industry mainly focused on price and lead times	Price competition and focus may entail compromises in terms of responsible business practices among some suppliers	While PWT Group has introduced standard requirements for all new suppliers (Accord and BSCI), price and lead times remain decisive parameters. The Group works to improve buying practices and create a balance between compliance, price and lead times.
PWT Group sources from countries with high corruption risks	High level of attention needed to ensure that corruptive practices are not supported in supplier dealings	PWT Group has established an Anti-Corruption Policy and a 'Facilitation and Hospitality Register'. The policy and register have been communicated internally, and the policy is included in the Group's supplier manual. Through the BSCI system, suppliers are audited on their anticorruption policies and procedures.

PWT Group continuously assesses and improves its practices to mitigate risks and challenges.

FOCUS AREA 1:

Human and labour rights

PWT Group works to ensure a satisfying and inspiring working environment, and the Group has established a working environment committee, which continuously assesses the working environment and makes recommendations for improvements. PWT Group generally promotes health and well-being at work, and all employees are offered a complimentary health insurance scheme. The Group's staff association organizes events, seminars and workshops for social and educational purposes, and employees are offered relevant courses.

The most predominant risk of adverse impacts within the focus area arises in the production process. Accordingly, PWT Group dedicates significant resources to support suppliers in identifying, preventing and addressing adverse impacts on workers and the surrounding community.

POLICY

The Group has not implemented a specific Human and Labour Rights Policy. However, the area is covered in the general CSR Policy, which refers to The International Bill of Human Rights, including the core labour rights from the ILO declaration on Fundamental Principles and Rights at Work.

All suppliers are required to sign and comply with PWT Group's Code of Conduct, which focuses on establishing adequate management systems and a 'know and show' approach.

PWT Group has been a member of the amfori since 2013, and the amfori BSCI platform is actively used as the main social certification system. Suppliers are expected to work with the amfori BSCI (or other social certification systems as SEDEX, or SA8000), and in cases where a factory has not yet initiated the BSCI process, PWT Group expects them to join. Suppliers are audited annually against the amfori BSCI CoC by third party auditors, and the Group uses the audit reports to promote dialogue on necessary improvements.

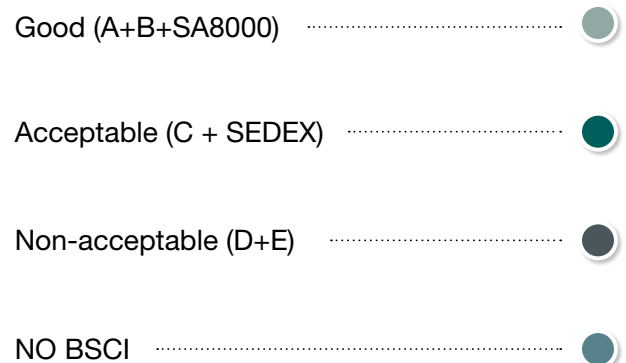
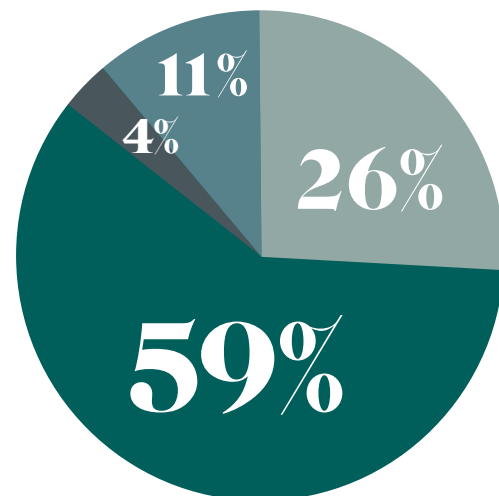
PWT Group has been a member of the Accord since 2013 and is a signatory member of the Transition Accord, which came into force on 1 June 2018. PWT Group is committed to require all active Bangladeshi suppliers to work with the Accord Inspection Programme, help secure remediation and support worker participation and training programmes on the factories. Accord engineers continuously conduct inspections covering fire, building and electricity safety at participating factories. The inspection reports are shared with all active brands, which are obliged to

support suppliers on creating improvements based on inspection findings.

ACTIONS AND RESULTS

85% of the Group's top-50 suppliers are at an acceptable BSCI level compared to last year's 77%. The number of top-50 suppliers at a non-acceptable level has decreased from 10% to 4%. PWT Group continues to encourage the 11% of suppliers not yet working with BSCI to join the initiative, and the Group's CSR Manager maintains regular dialogue with the suppliers at a non-acceptable level to provide guidance on potential improvement measures.

Accord inspection reports are received and acted upon on a daily basis. The Accord also includes an extensive training programme for the factories' safety committees. Currently, 13 out of 16 active factories are participating in the programme. Two factories have completed the training program, and the remaining 11 factories are expected to complete the training program within 2019. PWT Group encourages suppliers to participate in the training program.



¹In the amfori BSCI system, a supplier can get the result A-E. Acceptable level is A, B or C, or SEDEX or SA8000 certificates.

RISK OVERVIEW

RISKS	ACTION PLANS
Lack of sufficient management systems	PWT Group encourages suppliers to participate in relevant trainings through the amfori Academy and the Accord as well as other relevant trainings and workshops.
Unsafe working conditions	PWT Group's suppliers must provide safe working conditions, The Group is a signatory member of the Bangladesh Accord, which promotes change by focusing on building, electrical and fire safety; areas which are known to represent the most significant risks.
Excessive working hours	PWT Group works to ensure that its own buying practices are not creating or contributing 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 has to be voluntary and restricted, management should develop a contingency plan and is encouraged to set up electronic time systems in order to keep proper records.
Unfair Remuneration	PWT Group does not own factories and cannot manage salaries paid to suppliers' workers. The Group does, however, 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.
Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include if suppliers provide proper sanitary facilities and clean drinking water, have full-time medical staff hired, conduct regular health check-up for all employees, provide free or low-cost medicine, ensure proper working conditions for pregnant employees, etc. Based on factory visits and follow-up on audit reports, the Group continuously promote improvements, invite suppliers to participate in relevant training sessions and request increased prioritisation of the OSH area.
Discrimination	Suppliers' ability to provide equal rights and payment for everyone is assessed on an on-going basis. Indicators include recruitment procedures, proper systems for service benefits and encashment of earned leaves, respectful behavior from managers towards workers, installation of an electronic time system, 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 through health and safety committees and worker participation committees. The Group stresses to its suppliers that such committees can be very valuable if established and conducted properly and support suppliers in establishing proper committee practices. Through the Accord, WP committees learn about their rights and responsibilities, which is of great value. PWT Group continuously stresses to suppliers that dismissal of workers due to rightful activities connected to worker association is unacceptable.
Child labour and the lack of protection for young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour as a substantial risk within the entire supply chain- The Group is currently considering the mitigation of risks relating to cotton production, including potential collaboration with initiatives aiming to improve working conditions and abolishing child labour, while simultaneously managing the negative environmental impact.



FOCUS AREA 2:

Environment, climate and animal welfare

The textile industry has a substantial impact on the environment and climate – particularly in terms of production and extraction of raw materials as well as manufacturing of ready-made garments. Regulatory regimes and enforcement of regulation vary across countries. PWT Group supports suppliers in building up capacity and knowledge concerning reduction of the negative impact.

POLICY

Through the general CSR Policy, the Group commits to seek to prevent, address and mitigate adverse impacts on environmental sustainability. The Group is considering to implement a specific policy for this area within the next years.

All suppliers are required to sign PWT Group's Restricted Substances List (RSL), which was updated in 2018. The RSL is based on the Regulation (EC) No.1907/2006 of the European Parliament, also known as the REACH regulation, with some voluntary commitments added as well.

All relevant suppliers are furthermore required to sign and comply with the Group's Animal Welfare Policy, which states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not acceptable, and that no animals are to be skinned or plucked alive.

ACTIONS AND RESULTS

In 2018, PWT Group developed and implemented the updated RSL, which is more comprehensive and informative. The RSL has been developed in collaboration with chemical experts at Bureau Veritas and will be updated continuously as regulation changes.

Furthermore, PWT Group has significantly improved its test program, including strengthening the risk analysis and systematic procedures regarding random checks in collaboration with Bureau Veritas. In the coming years, the Group aims to increase the number of tests for selected products.

During 2018, PWT Group began working with the amfori BEPI platform, which focuses on suppliers' performance on environmental and climate issues. The platform represents a range of possibilities to help suppliers improve their environmental performance, including a range of training sessions, which the Group encourages suppliers to participate in.

RISK OVERVIEW

RISKS	ACTION PLANS
Waste management	PWT Group assesses suppliers on whether they have entered into waste agreements with local companies, whether they segregate their waste, and how they are managing this issue. The Group focuses in particular on suppliers managing toxic waste as proper systems have to be in place to handle this.
Water use and wastewater	During raw material production and finishing processes, such as washing and dyeing, water consumption is quite intensive, and the risk of contaminated wastewater is high. Some suppliers have effluent treatment plants (ETP), but not all, and some are not using them correctly. Leather production produces a lot of contaminated wastewater, and PWT Group requests of all leather tanneries to be members of the Leather Working Group, which focuses on reducing the consumption of water, energy and chemicals. The Group will continue to promote improvements within this area through training sessions, BEPI, etc. in the coming years.
Use of chemicals	The Group's recently updated RSL aims to ensure that suppliers avoid specific chemicals. The RSL includes guidance on implementation and request that suppliers communicate the RSL to sub-suppliers, only purchase compliant chemicals, request MSDS from chemical suppliers, train staff, and conduct internal inspections.
Soil use and biodiversity	Production and harvesting of cotton impacts the soil and surrounding environment, and PWT Group has increased its focus on the issue with a view to potentially join initiatives mitigating the risk. The Group has introduced styles with organic cotton within one of its brands, and the aim is to increase the numbers.
Animal welfare	PWT Group requests all relevant suppliers to sign and comply with the Group's Animal Welfare Policy, which is based on the Five Freedoms. Implementation of certification requirements for suppliers, such as RDS and RWS, is being considered.
Emissions and energy consumption during transportation	PWT Groups specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimised. PWT Group aims to develop an overview of GHG emissions and energy consumption from transport activities in collaboration with the Group's shipping supplier, which will enable an improved assessment and progress within the area.
Packing materials	During 2018, PWT Group decided to replace all plastic bags used in stores and online with bags made from recycled plastic, which will be fully implemented during 2019. The Group maintains the focus on replacing existing packing materials with more sustainable material.
Handling and disposal of over-stock items	The Group has local arrangements ensuring that only cut up development samples are being disposed as waste, whereas everything else is sold or donated to third parties. The Group is currently researching opportunities to dispose cut up development samples in a more sustainable way.

FOCUS AREA 3:

Anti-Corruption

The textile industry has a substantial impact on the PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. The company is very much aware that being present in countries as China and Bangladesh, it needs to be very attentive to the risk of corruption.

POLICY

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.

ACTIONS AND RESULTS

The Anti-Corruption Policy was developed and implemented during 2017. Together with the policy, a 'Facilitation and Hospitality Register' was set up. Until now, seven gifts have been registered and approved by the management. The policy and procedure have been communicated through the company's internal system, but during the coming years, the aim is to communicate more about it and conduct trainings on the subject.





PWT GROUP

STORES





WAGNER

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

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

Established in 1946, Wagner currently has 41 stores in Denmark, 17 in Norway, 6 in Sweden and 10 in China. The chain offers an outstanding and affordable selection of contemporary fashion and strong brands including Lindbergh, Shine Original, Bison, Junk de Luxe and Jacks Sportswear Intl.

WAGNER





10 STORES IN CHINA

41 STORES ACROSS DENMARK

17 STORES IN NORWAY

6 STORES IN SWEDEN

TØJEKSPERTEN

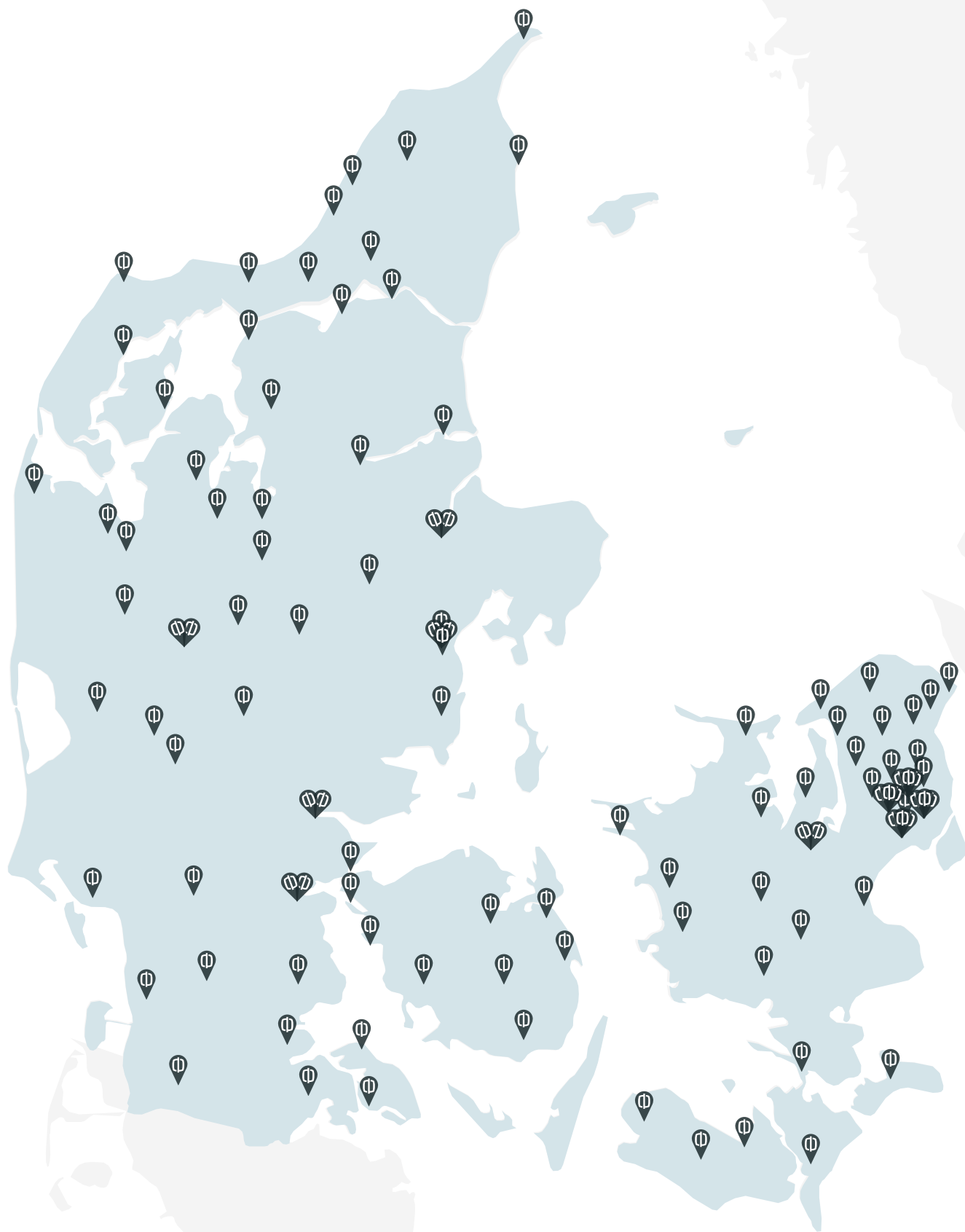
Denmark's largest menswear chain.

With 115 stores it is the largest menswear chain in Denmark. Tøjeksperten is providing quality clothing and strong brands from the PWT Brands portfolio and other external designers for fashion-conscious men of all ages since 1968.

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

TØJ | eksperten





115 STORES ACROSS DENMARK



PWT GROUP

BRANDS



LINDBERGH

WHITE LABEL

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

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

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

LINDBERGH



LINDBERGH

BLACK LABEL

From cool formal to rugged casual

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

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

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

LINDBERGH



LINDBERGH

BLUE LABEL

From cool formal to rugged casual

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

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

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

LINDBERGH





SHINE ORIGINAL

A hybrid of denim and fashion wear

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

It's all about being in demand and setting the agenda. We know how important individual style and personal image is.

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

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

SHINE ORIGINAL



JUNK DE LUXE

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

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

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

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



JUNK de LUXE



BISON

No nonsense clothing - Made to last

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

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

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

BISON

AUTHENTIC SPORTSWEAR SINCE 1961



JACK'S SPORTSWEAR INTL

Sharp sporty casual style

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

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

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

JACK'S
SPORTSWEAR INTL



STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and adopted the Annual Report of PWT Holding A/S for 2018.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements of the Danish Financial 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 2018, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2018 - 31 December 2018.

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

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

Aalborg, 30 April 2019

Executive Board

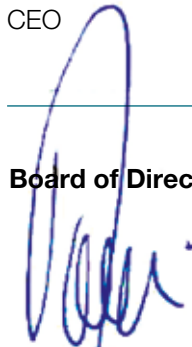


Ole Koch Hansen
CEO



Claus Back Nielsen
CFO

Board of Directors




Henrik Thorup Theilbjørn
(Chairman)



Jan Bøgh



Torben Fog



Jan Johan Kühl



Allan Bach Pedersen



Ole Koch Hansen

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PWT HOLDING A/S

OUR OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2018 to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of PWT Holding A/S for the financial year 1 January 2018 to 31 December 2018 comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Appointment

Following the admission of the bonds of PWT Holding A/S for listing on the Stockholm Exchange, we were first appointed auditors of PWT Holding A/S on 30 January 2015. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 5 years including the financial year 2018.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER**HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER****Valuation of goodwill**

The Group has goodwill of DKK 621 million as at 31 December 2018.

The allocation of goodwill follows the groups reporting of segments and must be tested for impairment annually.

The determination of the recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires significant judgement from management in estimating the recoverable amount for the relevant CGUs.

Recoverable amounts are based on management's view of key assumption driver inputs and external market conditions such as future development in revenue growth, operating margins and the appropriate discount rate.

We focused on valuation of goodwill because the process is complex and requires significant management estimates.

Refer to note 15.

We evaluated the appropriateness of management's identification of the Group's CGUs and the allocation of goodwill.

We checked the mathematical accuracy of management's valuation models and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the latest budgets.

We assessed the projected future cash flows, operating margins, working capital and requirements used in the models by understanding the process followed by management to determine these forecasts.

In order to test the robustness of management's projections and estimates, we compared actual results for 2018 to the 2018 forecasts included in the prior year forecast.

We assessed the sensitivity-analysis regarding the main assumptions included in the valuation model. We ascertained that the sensitivity analysis supported management conclusions reached and the descriptions provided in note 15 relating sensitivity.

We compared the discount rate used by management in their calculation to our internally developed benchmarks determined using our view of various economic indicators.

Implementation of IFRS 16 “Leases”

The Group has elected to apply IFRS 16 “Leases”. In accordance with the transition provisions in IFRS 16 the new rules are adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2018.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2017.

The leases mainly relates to 129 rental agreements regarding retail stores and warehouses with different terms including options to extend or terminate the lease. Secondary leases include leasing of automobiles and other equipment.

We focused on the implementation of IFRS 16 because the calculation of the lease liability and right-of-use asset involves new complex rules, new processes for collecting data and significant management judgement related to the terms in the individual contracts.

Refer to note 1, note 17 and note 31.

We obtained our understanding of management’s implementation plan through interactions with management, including review of project plans and supporting documentation.

We evaluated the accounting policies applied including the use of practical expedients permitted by the standard.

As part of the risk assessment procedures related to management’s implementation process we evaluated the design and implementation of internal controls including management’s process to review the terms and conditions of lease contracts and the use of it to support the calculation of the lease liability, etc.

We verified on a sample basis the calculations, tested a sample of lease contracts and challenged management on significant judgements made on options to extend or terminate the lease and discount rates applied.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

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

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Aalborg, 30 April 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231



MADS MELDGAARD

State Authorised Public Accountant

mne24826



CONRAD LUNDGAARD

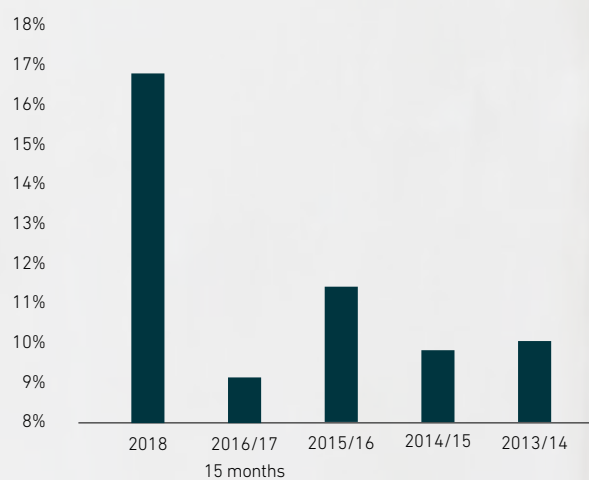
State Authorised Public Accountant

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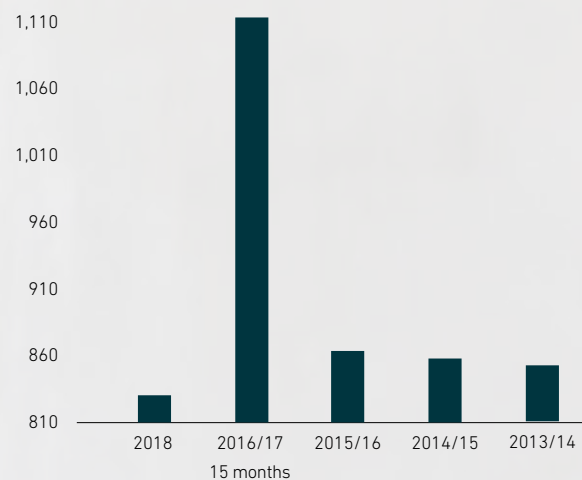
FINANCIAL HIGHLIGHTS

EBITDA MARGIN

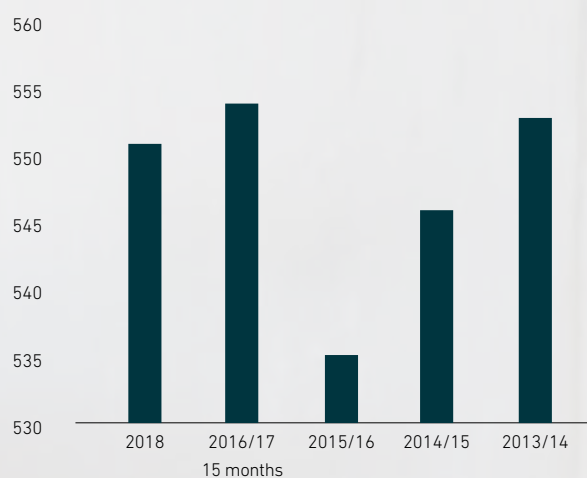


REVENUE

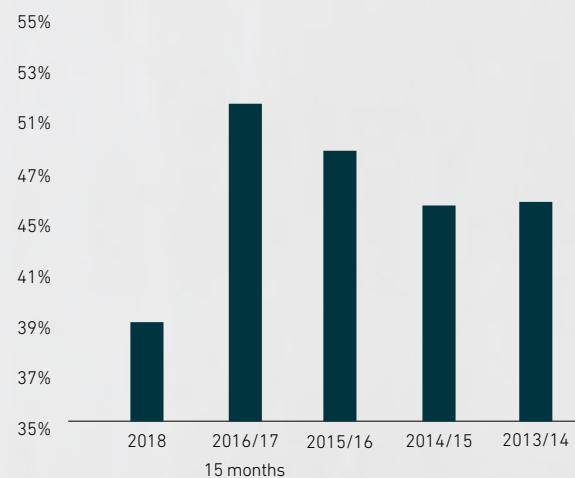
MILLION DKK



EMPLOYEES



SOLVENCY RATIO



FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK MILLION	2018	2016/17 15 months	2015/16	2014/15	2013/14
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	828	1,111	863	858	852
Gross profit	367	377	306	291	287
EBITDA	138	102	99	84	85
EBITA	14	73	78	70	70
Profit/loss from ordinary activities	14	73	78	70	70
Profit/loss from financial income and expenses (including associate)	-33	-47	-23	-37	-16
Profit/loss for the year	-18	13	42	24	38
Comprehensive income for the year	-18	14	42	24	38
BALANCE SHEET					
Total assets	1,239	1,014	1,028	998	931
Investment in property, plant and equipment	304	67	57	42	24
Equity	491	508	494	452	428
CASH FLOWS					
Cash flows from operating activities	121	159	48	10	68
Cash flows from investing activities, net	-30	-47	-41	-35	-16
Thereof, investment in property, plant and equipment	-23	-19	-12	-11	-13
Cash flows from financing activities	-94	-103	0	1	-15
Total cash flows	-3	9	7	-24	37
EMPLOYEES					
Average number of employees	551	554	535	546	553
FINANCIAL RATIOS STATED AS A PERCENTAGE					
Gross margin	44.3	33.9	35.5	33.9	33.7
EBITDA margin	16.6	9.1	11.4	9.8	10.0
Operating margin (EBIT)	1.7	6.5	9.0	8.1	8.2
Return on invested capital	1.2	7.3	7.8	7.3	7.5
Solvency ratio	39.6	50.9	48.5	45.7	45.9
Return on equity	-	2.7	8.9	5.5	9.2

For definitions, please see the accounting policies.



STATEMENT OF COMPREHENSIVE INCOME

DKK'000	NOTE	CONSOLIDATED		PARENT COMPANY	
		2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Revenue	3,4	827,881	1,111,232	0	0
Cost of sales	5	379,640	502,885	0	0
Other operating income	6	525	75	0	0
Other external costs	7	81,691	231,244	316	363
Gross profit/loss		367,075	377,178	-316	-363
Other operating costs	6	731	0	0	0
Staff costs	8	228,685	275,610	0	0
Profit/loss before depreciation/amortisation and impairment losses (EBITDA)		137,659	101,568	-316	-363
Depreciation/amortisation	9	123,532	29,063	0	0
Operating profit/loss (EBIT)		14,127	72,505	-316	-363
Financial income	10	5,170	2,436	18,696	27,989
Financial expenses	11	29,650	41,154	16,104	30,586
Share of net profit of associates	20	-8,099	-8,302	0	0
Profit/loss before tax		-18,452	25,485	2,276	-2,960
Tax on profit/loss for the year	12	947	12,028	501	-1,858
Profit/loss for the year		-17,505	13,457	1,775	-1,102
Other comprehensive income					
Items available for reclassification into profit and loss:					
Foreign exchange adjustments regarding translation of foreign entities		211	196	0	0
Other comprehensive income before tax		211	196	0	0
Tax on other comprehensive income	12	0	0	0	0
Other comprehensive income		211	196	0	0
Comprehensive income for the year		-17,294	13,653	1,775	-1,102

BALANCE SHEET

AT 31 DECEMBER

DKK'000	NOTE	CONSOLIDATED		PARENT COMPANY	
		2018	2017	2018	2017
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Software	13	8,294	7,174	0	0
Trademarks	14	1,736	2,442	0	0
Goodwill	15	620,534	620,534	0	0
Other intangible assets	16	1,043	1,192	0	0
Total intangible assets		631,607	631,342	0	0
Property	17	233,697	0	0	0
Fixtures and fittings, tools and equipment	18	36,800	31,753	0	0
Leasehold improvements	19	33,658	35,280	0	0
Total property, plant and equipment		304,155	67,033	0	0
Investments					
Investments in Group enterprises	20	0	0	472,384	472,384
Investments in associates	21	0	0	0	0
Deferred tax assets	22	0	0	1,649	2,149
Deposits	23	14,496	15,186	0	0
Total investments		14,496	15,186	474,033	474,533
Total non-current assets		950,258	713,561	474,033	474,533
CURRENT ASSETS					
Inventories	24	198,111	191,076	0	0
Receivables					
Trade receivables	25	57,833	55,758	0	0
Amounts owed by Group enterprises		0	0	248,044	245,798
Amounts owed by associated companies		0	6,779	0	0
Derivative financial instruments	29	1,292	0	0	0
Other receivables		7,786	4,724	0	0
Prepayments		6,593	6,785	17	30
Total receivables		73,504	74,046	248,061	245,828
Cash at bank and in hand		17,245	19,874	4	8
Total current assets		288,860	284,996	248,065	245,836
Total assets		1,239,118	998,557	722,098	720,369

BALANCE SHEET

AT 31 DECEMBER

		CONSOLIDATED		PARENT COMPANY	
DKK'000	NOTE	2018	2017	2018	2017
EQUITY AND LIABILITIES					
EQUITY					
Share capital		101,983	101,983	101,983	101,938
Retained earnings		388,150	405,655	365,628	363,898
Foreign currency translation reserve		404	193	0	0
Total equity	26	490,537	507,831	467,611	465,836
LIABILITIES					
Non-current liabilities					
Provisions	27	7,519	6,254	0	0
Bond loans	28	251,567	250,856	251,567	250,856
Lease debt		149,285	420	0	0
Deferred income tax	22	20,966	22,084	0	0
Total non-current liabilities		429,337	279,614	251,567	250,856
Current liabilities					
Provisions	27	2,678	2,727	0	0
Bank loans and overdrafts	28	25,788	21,833	0	0
Lease debt		94,984	120	0	0
Trade payables		109,349	93,437	0	0
Corporation tax		0	3,055	0	0
Derivative financial instruments	29	0	2,171	0	0
Other payables		70,471	71,101	2,920	3,677
Deferred income	30	15,974	16,668	0	0
Total current liabilities		319,244	211,112	2,920	3,677
Total liabilities		748,582	490,726	254,487	254,533
Total equity and liabilities		1,239,118	998,557	722,098	720,369

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

DKK'000	Share capital	Reserves earnings	Foreign currency translation reserve	Total
Equity at 1 October 2016	101,983	392,198	-3	494,178
Profit for the year	0	13,457	0	13,457
Other comprehensive income	0	0	196	196
Equity at 31 December 2017	101,983	405,655	193	507,831
Equity at 1 January 2018	101,983	405,655	193	507,831
Profit for the year	0	-17,505	0	-17,505
Other comprehensive income	0	0	211	211
Equity at 31 December 2018	101,983	388,150	404	490,537

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Reserves earnings	Foreign currency translation reserve	Total
Equity at 1 October 2016	101,983	364,955	0	466,938
Profit for the year	0	1,102	0	1,102
Equity at 31 December 2017	101,983	363,853	0	465,836
Equity at 1 January 2018	101,983	363,853	0	465,836
Profit for the year	0	1,775	0	1,775
Equity at 31 December 2018	101,983	365,628	0	467,611



CASH FLOW STATEMENT

DKK'000	NOTE	CONSOLIDATED		PARENT COMPANY	
		2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Profit for the year before tax		-18,452	25,484	2,276	-2,960
Adjustments for non-cash operating items:					
Depreciation/amortisation and gain/loss on intangible assets and property, plant and equipment		123,698	28,988	0	0
Loss from associate		8,099	8,302	0	0
Other non-cash operating items, net		161	4,021	0	0
Financial income		-5,170	-2,436	-18,696	-27,989
Financial expenses		29,650	41,151	16,104	30,586
Cash generated from operations (operating activities) before changes in working capital		137,986	105,510	-316	-363
Change in working capital:					
Change in receivables		-4,266	15,120	-2,233	47,046
Change in inventories		-7,035	23,537	0	0
Change in current liabilities in general		15,798	48,209	-757	1,699
Cash generated from operations (operating activities)		142,523	192,376	-3,306	48,382
Interest income, received		1,707	2,436	18,696	27,989
Interest expense, paid		-19,770	-33,853	-15,394	-30,551
Corporation tax paid		-3,189	-1,828	0	-728
Cash flows from operating activities		121,271	159,131	-4	45,092
Acquisition of property, plant, leasehold and equipment		-22,677	-38,292	0	0
Acquisition of intangible assets		-7,774	-7,915	0	0
Investment in deposits and associates		-1,349	-443	0	0
Disposal of property, plant and equipment		1,605	75	0	0
Cash flows from investing activities		-30,195	-46,575	0	0
Free cash flows		91,076	112,556	0	0
Change in bank loans		4,231	-58,305	0	0
Repayment lease debt		-97,936	0	0	0
Repayment bonds		0	-153,190	0	-138,190
Issue corporate bonds		0	108,000	0	108,000
Cash flows from financing activities	37	-93,705	-103,495	0	-30,190
Changes in cash and cash equivalents		-2,629	9,061	-4	14,902
Cash and cash equivalents 1 January 2018		19,874	10,813	15,008	106
Cash and cash equivalents 31 December 2018		17,245	19,874	15,004	15,008

Cash and cash equivalents include cash at bank and in hand and cash equivalents (2018: 17,245). Non-cash transactions relating to the implementation of IFRS 16, in the balance it amounts to 307,235 in regulati on to the opening balance, 32,095 ind acquisitions and 11, 720 in disposals , refer to note 17 and 18.





NOTES

GENERAL MATTERS

- 1 Accounting policies
- 2 Significant accounting estimates and judgements
- 3 Segment disclosures

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

- 4 Revenue
- 5 Cost of sales
- 6 Other operating income and costs
- 7 Other external costs
- 8 Staff costs
- 9 Depreciation/amortisation
- 10 Financial income
- 11 Financial expenses
- 12 Tax

NOTES TO THE BALANCE SHEET

- 13 Software
- 14 Trademarks
- 15 Goodwill
- 16 Property
- 17 Other intangible assets
- 18 Fixtures and fittings, tools and equipment
- 19 Leasehold improvements
- 20 Investments in group enterprises
- 21 Investments in associates
- 22 Deferred income tax
- 23 Deposits
- 24 Inventories
- 25 Trade receivables
- 26 Share capital
- 27 Provisions
- 28 Bank loans and bond loans
- 29 Derivative financial instruments
- 30 Deferred income

NOTES WITHOUT REFERENCE

- 31 Leasing
- 32 Chargers and collateral
- 33 Contingent items, etc.
- 34 Related party disclosures and ownership
- 35 Management positions of the Board of Directors and the Executive Board
- 36 Events after the balance sheet date
- 37 New financial reporting regulations
- 38 Financial risks and financial instruments

Financial reporting basis

PWT Holding A/S is a limited liability company domiciled in Denmark. The financial part of the annual report for 2018 comprise both the consolidated financial statements of PWT Holding A/S and its subsidiaries (group) as well as the parent company financial statements.

The consolidated financial statements and parent company financial statements of PWT Holding A/S are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and disclosure requirements of annual reports of reporting class D enterprises (large), see the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued pursuant to the Danish Financial Statements Act.

The Board of Directors and the Executive Board have discussed and adopted the annual report of PWT Holding A/S. The annual report will be presented for adoption by the shareholders of PWT Holding A/S at the annual general meeting on 30 April 2019.

Basis of preparation

The consolidated financial statements and the parent company financial statements are presented in thousand Danish kroner (DKK'000), which is the reporting currency of the Group's activities and the Parent Company's functional currency. The annual report relies on the historical cost principle except for those instances where International Financial Reporting Standards specifically require a different basis of measurement.

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

ACCOUNTING POLICIES**Implementation of new and revised standards and interpretations**

PWT Holding A/S has implemented all relevant new and revised accounting standards issued by IASB and effective at 1 January 2018.

IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies but not significant amounts recognised in the financial statements. The new accounting policies are set out in accounting policies below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The adoption did not have any impact on the retained earning at 1 January 2018 or 1 January 2017.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life-time expected loss allowance for all trade receivables and contract assets. This did not result in any significant changes in the loss allowance on 1 January 2018.

IFRS 15 Revenue from contracts with customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies but did not have significant effect to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively for the 2017 financial year.

IFRS 16 Leases

The Group has elected to apply IFRS 16 Leases. In accordance with the transition provisions in IFRS 16 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018. Comparatives for the 2017 financial year have not been restated.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2018. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2018 was 3.2%.

DKK'000	2018
Operating lease at 31 December 2017	208,806
Discounted using borrowing rate of 3.2 %	-11,417
Finance lease liabilities at 31 December 2017	540
Adjustments as a result of a different treatment of extension and termination options	109,306
Lease liability recognised at 1 January 2018	307,235

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2017.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases.
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The implementation of IFRS 16 has had an effect on EBITDA for 2018, which has increased by TDKK 97,935, depreciations has increased by TDKK 93,407, financial expenses has increased by TDKK 9,169, Profit/loss before tax has decreased by TDKK 4,641, profit/loss for the year have decreased by TDKK 3,620. Assets have increased by TDKK 238,812 at year end. Equity has decreased by TDKK 3,620, deferred income tax has decreased by TDKK 1,021 and lease debt has increased by TDKK 243,453 at year end. Cash flow from operating activities has increased by TDKK 97,936 and financing activities has decreased by TDKK 107,816.

Reference is made to note 36 for new financial reporting regulation.

CONSOLIDATION**Consolidated financial statements**

The annual report comprises the Parent Company, PWT Holding A/S, and enterprises under the control of the Parent Company. The Parent Company is deemed to exercise control when the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

The acquisition method of accounting is used to account for business combinations by the Group. Upon acquisition of new subsidiaries, the acquisition method is applied, and subsequently the newly acquired enterprises' assets and liabilities are measured at fair value at the date of acquisition. The tax effect of any reassessments is taken into account.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements of PWT Hold-ing A/S and its subsidiaries in which similar financial statement items are integrated. On consolidation, intra-group income and expenses, shareholdings, dividends, intra-group balances as well as realised and unrealised internal gains and losses on intra-group transactions are eliminated.

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

Foreign currency translation

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

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

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

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

Derivative financial instruments

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

Changes in fair value of derivative financial instruments designated as or qualifying for recognition as an effective hedge of future transactions are recognised as other comprehensive income. The ineffective part is recognised immediately in the statement of comprehensive income. When the hedged transactions are carried out, the accumulated changes are recognised together with the hedged transactions.

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

Segment disclosures

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

STATEMENT OF COMPREHENSIVE INCOME**Revenue**

Revenue is measured excluding VAT and duties, less discounts in relation to the sale and less discounts and bonus points relating to loyalty programs (customer club).

WHOLESALE:

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

RETAIL:

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

Bonus points relating to loyalty programs collected are recognised in the statement of comprehensive income as a reduction in revenue and liabilities (contract liabilities), see note 25. The collected bonus points are measured based on the projected utilisation thereof, which are based on historical figures. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Costs of goods for resale

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

Other external costs

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

Staff costs

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

Other operating income and costs

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

Financial income and expenses

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

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

Corporation tax and deferred tax

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

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

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

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

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

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

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

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

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

BALANCE SHEET

Intangible assets

Goodwill

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

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

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

Software

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

Trademarks

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

Other intangible assets

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

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

Property, plant and equipment

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

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

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

Right-of-use assets are recognised on the balance sheet at the net present value of discounted lease payments. Right-of-use assets are depreciated over the term of the lease term plus options for renewal. The capitalised value of the lease obligation is recognised as a liability on the balance sheet, and the interest element of the lease payment is recognised as an expense in the statement of comprehensive income.

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

	Useful life
Fixtures and fittings, tools and equipment	3-5 years
Property	1-10 years
Leasehold improvements	5-7 years

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

Impairment of property, plant and equipment and intangible assets

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

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

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

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

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

Impairment is recognised in results. In case of any subsequent reversal of impairment arising from changes in assumptions of the stated recoverable amount, the asset's or the cash-generating unit's carrying amount is increased to adjusted recoverable amount, however, not exceeding the carrying amount which the asset of the cash-generating unit would have had if no impairment had taken place. Impairment of goodwill is not reversed see accounting estimates note 2.

Investments in subsidiaries

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

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

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

Investments in associates

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

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

Deposits

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

Inventories

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

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

Receivables

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period

Prepayments

Prepayments are measured at cost.

Current tax and deferred tax

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

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

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

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

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

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

Provisions

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

Provisions comprise refund liabilities forecast costs arising from leasehold improvements upon relocation and are based on projected costs determined on the basis of the leasehold's current interior and condition. The liabilities are discounted back to net present value.

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

Financial liabilities, bonds, bankoverdrafts etc.

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

Derivative financial instruments are measured at fair value, corresponding to market price at balance sheet date.

Other liabilities, which usually comprise trade payables, amounts owed to Group enterprises and other payables, are measured at amortised cost, which usually corresponds to nominal value. The capitalised residual lease obligation on finance leases is also recognised as financial liabilities.

Leases

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

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

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

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

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

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

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

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

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

Staff obligations

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

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

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

Share option schemes

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

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

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

Deferred income

Deferred income comprises payments received regarding income in subsequent years, including mainly gift tokens (contract liabilities). Gift tokens payable are recognised at estimated value. See note 30.

Cash flow statement

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

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

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

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

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

Definition of financial ratios:

EBITDA Earnings before restructuring costs, depreciation, amortisation, interest and tax

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
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Operating margin (EBIT margin)	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
---------------------------------------	--

Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$
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Solvency ratio	$\frac{\text{Closing equity} \times 100}{\text{Total equity and liabilities at year end}}$
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Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
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When financial statement items are recognised and measured, some judgements and estimates will, in certain cases, be required to define assumptions of future events. These estimates and assumptions are based on past experience and other relevant factors deemed reasonable by Management in the given circumstances, but by nature are uncertain or unpredictable. Accordingly, actual outcome may be different from these estimates.

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

Leases

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

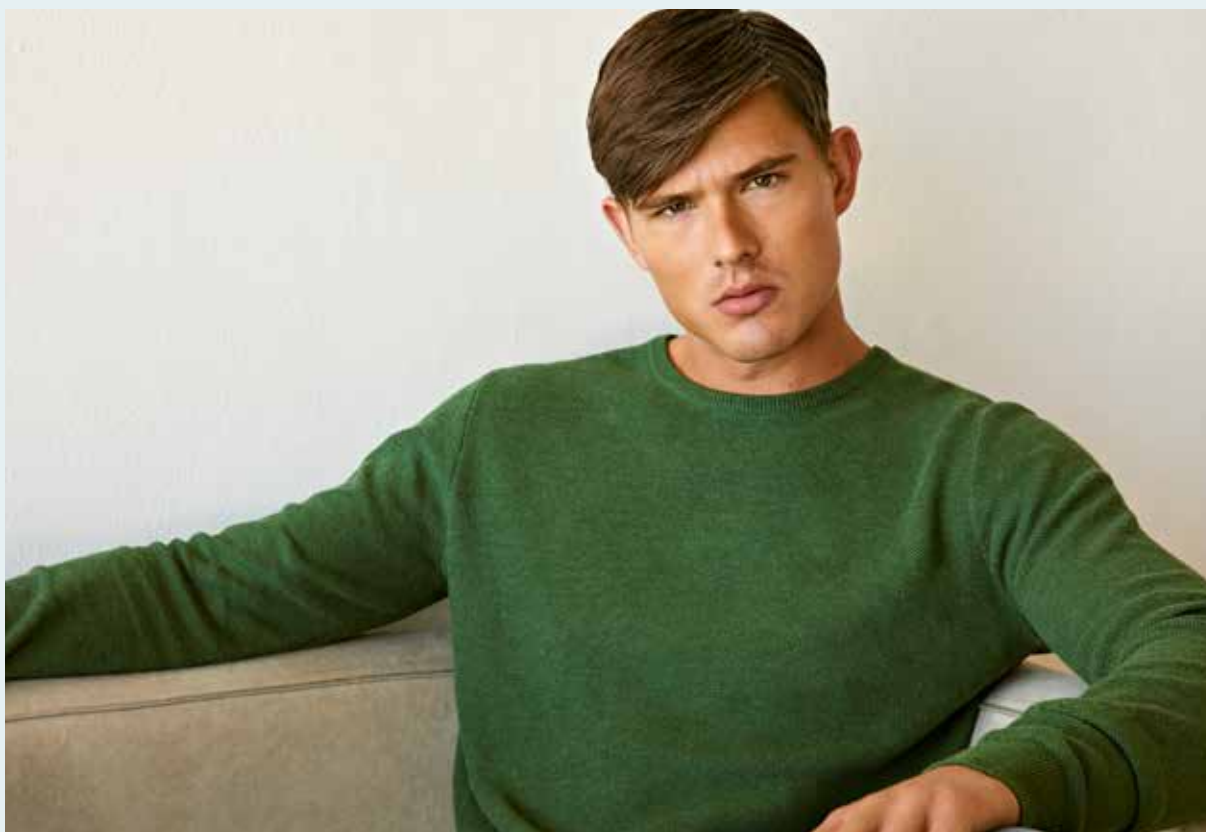
Fixed minimum payments are used to calculate the net present value.

Lease payments are discounted using incremental borrowing rate for similar assets, refer to note 31.

Impairment testing of goodwill

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

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



DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Revenue		
Retail Denmark, external revenue	511,605	701,400
Wholesale Worldwide	506,645	614,200
Other units, external revenue	57,544	100,332
Internal revenue from Wholesale Worldwide to Retail Denmark	-184,778	-260,787
Internal revenue from Wholesale Worldwide to other units	-63,135	-43,913
Total external revenue	827,881	1,111,232
Operating profit/loss (EBITDA)		
Retail Denmark	84,586	75,500
Wholesale worldwide	36,456	34,700
Other units	16,617	-8,633
Total operating profit/loss (EBITDA)	137,659	101,567
Non-allocated costs		
Depreciation and amortisation	123,532	29,063
Operating profit/loss	14,127	72,504
Financial income	5,170	2,436
Financial costs	37,749	49,456
Profit before tax	-18,452	25,484
Geographical markets		
Denmark	633,740	881,732
Foreign markets	194,141	229,500
Total operating profit/loss (EBITDA)	137,659	1,111,232

The Group sells menswear and accessories of its own brands partly for the retail business including on-line sales and partly for wholesalers.

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

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

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

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

NOTE 4 REVENUE

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Segment revenue		
Retail Denmark	511,605	701,400
Wholesale Worldwide	506,645	614,200
Other units	57,544	100,332
Internal revenue between segments	-247,913	-304,700
	<u>827,881</u>	<u>1,111,232</u>

All timing of revenue is at a point in time.

NOTE 5 COST OF SALES

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Costs of goods for resale	<u>379,640</u>	<u>502,885</u>
Write-down of inventories	<u>3,162</u>	<u>2,725</u>

NOTE 6 OTHER OPERATING INCOME AND COSTS

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Other operating income		
Gain on the disposal of property, plant and equipment:		
Owned assets	156	75
Right-of-use-assets	<u>369</u>	<u>0</u>
	<u>525</u>	<u>75</u>
Loss on the disposal of property, plant and equipment:		
Owned assets	731	0
Right-of-use-assets	<u>0</u>	<u>0</u>
	<u>731</u>	<u>0</u>

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Fees for auditors appointed at the general meeting				
Statutory audit services	553	575	90	100
Other assurance engagements	13	41	0	0
Tax advisory services	168	201	8	27
Other services	230	447	71	37
Total fee	964	1,264	169	164
Distributed as follows:				
PwC	832	1,079	169	164
Other firms	132	185	0	0
	964	1,264	169	164

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, to the Group 184 tDKK and consist mainly of sundry tax and advisory services.



DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Payroll	205,809	250,373
Pensions	12,914	15,547
Other social security costs	9,962	9,690
	<u>228,685</u>	<u>275,610</u>
Thereof:		
Payroll Executive Board	3,003	3,666
Pensions Executive Board	103	122
Payroll Board of Directors	550	687
	<u>3,656</u>	<u>4,475</u>
Average number of full-time employees	<u>551</u>	<u>554</u>

Share-based remuneration

In 2010, PWT Group set up a share option scheme for its Executive Board, Board of Directors and executive employees. The share option scheme comprised 4,010,104 share options at 31 December 2018. Each share option vests its option holder with a right to buy one share with a face value of DKK 1 in PWT Holding A/S. The outstanding options account for 3.8% of the share capital if all share options are exercised. If they are terminated the option is kept. The share option scheme is in force until December 2019.

The options entitle the holder to subscribe for shares at a subscription price of 6.88 with the addition of 10% p.a. calculated from 8 January 2010. The estimated cost relating to sharebased payment is 0 DKK (2016/17: 0 DKK).

The options may be exercised

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

Specification of outstanding share options:

Number	BOARD OF DIRECTORS OF THE PARENT COMPANY	OTHER	TOTAL
Outstanding at the beginning of 2016/2017	393,804	3,616,300	4,010,104
Additions/disposals	0	0	0
Outstanding at the end of 2016/2017	393,804	3,616,300	4,010,104
Additions/disposals	0	0	0
Outstanding at the end of 2018	393,804	3,616,300	4,010,104

NOTE 9 DEPRECIATION/AMORTISATION

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Owned assets:		
Amortisation, software	4,143	3,490
Amortisation, trademarks	706	869
Amortisation, other intangible assets	149	149
Depreciation, fixtures and fittings, tools and equipment	12,704	12,688
Depreciation, leasehold improvements	12,267	11,867
	<u>29,969</u>	<u>29,063</u>
Right-of-use assets:		
Depreciation, property	90,281	0
Depreciation, fixtures and fittings, tools and equipment	<u>3,282</u>	<u>0</u>
	<u>93,563</u>	<u>0</u>
	<u>123,532</u>	<u>29,063</u>

NOTE 10 FINANCIAL INCOME

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Interest income, banks	5	48	0	0
Interest income, group enterprises	0	0	17,685	26,292
Adjustment of fair value of financial instruments	3,463	0	0	0
Other financial income	<u>1,702</u>	<u>2,388</u>	<u>1,011</u>	<u>1,697</u>
	<u>5,170</u>	<u>2,436</u>	<u>18,696</u>	<u>27,989</u>

NOTE 11 FINANCIAL EXPENSES

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Interest expense, banks	2,503	1,570	0	67
Interest expense, bond loans	15,335	24,937	15,335	24,937
Interest expense, leasing debt	9,169	0	0	0
Adjustment of fair value, financial instruments	0	3,642	0	0
Foreign exchange adjustment	681	3,432	0	0
Other financial expenses	1,962	7,573	769	5,582
	29,650	41,154	16,104	30,586

NOTE 12 TAX

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Tax for the year is distributed as follows:				
Tax on profit/loss for the year	947	12,028	501	-1,858
Tax on other comprehensive income	0	0	0	0
	947	12,028	501	-1,858
Tax on profit/loss for the year is specified as follows:				
Current tax	0	3,055	0	0
Deferred tax	899	8,973	501	-1,858
Adjustment of tax in respect of previous years	48	0	0	0
	947	12,028	501	-1,858
Tax on profit/loss for the year from continuing operations is specified as follows:				
Estimated 22% tax on results before tax	-4,059	5,607	501	-651
Adjustment of tax in foreign entities in proportion to 22%	1,240	2,745	0	0
Tax effect of:				
Non-deductible cost/income	1,824	3,676	0	-1,207
Adjustment of tax in respect of prior years	48	0	0	0
	-947	12,028	501	1,858
Effective tax rate	5,1%	35,4%	22,0%	62,7%

Non-deductible cost/income mainly relates to cost/income relating to investment in Joint venture.

NOTE 13 SOFTWARE

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	30,211	23,296
Additions for the year	5,263	6,915
Disposals for the year	0	0
Closing cost	35,474	30,211
Opening amortisation	23,037	19,547
Amortisation for the year	4,143	3,490
Reversed amortisation for the year of disposals	0	0
Closing amortisation	27,180	23,037
Carrying amount	8,294	7,174

NOTE 14 TRADEMARKS

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	7,366	7,366
Additions for the year	0	0
Disposals for the year	0	0
Closing cost	7,366	7,366
Opening amortisation	4,924	4,055
Amortisation for the year	706	869
Reversed amortisation for the year of disposals	0	0
Closing amortisation	5,630	4,924
Carrying amount	1,736	2,442

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	703,534	702,534
Additions for the year	0	1,000
Disposals for the year	0	0
Closing cost	703,534	703,534
Opening impairment losses	83,000	83,000
Impairment losses for the year	0	0
Closing impairment losses	83,000	83,000
Carrying amount	620,534	620,534

Impairment testing

At 31 December 2018, Management carried out a review for impairment of the carrying amount of goodwill based on the effected allocation of cost of goodwill on the cash-generating units:

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Retail Denmark	259,191	259,191
Wholesale worldwide	361,307	361,307
Other	36	36
TOTAL	620,534	620,534

The allocation of goodwill follows the Groups reporting of segments. The recoverable amount is based on the value in use, which is determined using projected net cash flows on the basis of budgets and estimates for the years 2019 – 2024 approved by Management and at a discount rate of 9.0% after tax (2016/17: 9.0%), corresponding to a discount rate before tax of 12.5% (2016/17: 12.5%). The budget period applied is determined taking into account the company's activities, historic performance, long-term strategy as well as forecast market development.

The most material assumptions for the purpose of impairment testing arise from PWT Group's expected ability to boost earnings, herunder the growth rates applied, which rely on Management's forecast based on initiatives taken to boost earnings, which mainly stems from a combination of revenue increases during the budget and forecast period as well as an marginal lower increase in costs than the increase in revenue.

WHOLESALE:

The Group expects to enjoy continuous growth on the export markets. As the basis for impairment test-ing, the business has budgeted for an compound annual revenue increase of 6 % for the CGU during the budget and forecast period (2019 – 2024) and 1,5% during the terminal period. On this basis, the value in use exceeds carrying amount with DKK 9 million. However, sensitivity analysis shows that if growth rates are not realisable as forecasted, impairment might be needed according to sensitivity analyses, i.e. if the compound annual growth is reduced by more than 3%. Other sensitivity analysis suggest that if the Gross margin is reduced by more than by 0.3 % point in the forecast period, the recoverable amount will exceeds the carrying amount.

RETAIL DENMARK:

As the basis for impairment testing, the business has budgeted for an compound annual revenue increase of 1% for the CGU during the budget and forecasting period (2019 – 2024) and 1,5% during the terminal period. On this basis, the net present value of future cash flows was not less than DKK 153 million up on carrying amount for the CGU. Management have prepared sensitivity analysis regarding reasonably possible change in the key assumption of boosting earnings where no impairment indicators are revealed.

NOTE 16 **OTHER INTANGIBLE ASSETS**

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	1,490	1,490
Additions for the year	0	0
Disposals for the year	0	0
Closing cost	1,490	1,490
Opening amortisation	298	149
Amortisation for the year	149	149
Closing amortisation losses	447	298
Carrying amount at	1,043	1,192

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	0	0
Additions from implementing IFRS 16	299,026	0
New opening cost	299,026	0
Currency translation	0	0
Additions for the year (Right-of-use assets 31,377)	31,377	0
Disposals for the year	10,889	0
Closing cost	319,514	0
Opening depreciation	0	0
Currency translation	0	0
Depreciation for the year	90,282	0
Reversed depreciation for year on disposals	4,465	0
Closing depreciation	85,817	0
Closing carrying amount	233,697	0
Thereof, assets held under leases	233,697	0



NOTE 18 **FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT**

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	91,567	0
Additions from implementing IFRS 16	8,209	0
New opening cost	99,776	72,890
Currency translation	-104	-877
Additions for the year (Right-of-use assets 718)	13,825	19,554
Disposals for the year (Right- of-use assets 831)	2,312	0
Closing cost	111,185	91,567
Opening depreciation	59,815	47,400
Currency translation	-109	-274
Depreciation for the year (Right- of-use assets 3,281)	15,986	12,688
Reversed depreciation for the year of disposals	1,307	0
Closing depreciation	74,385	59,814
Closing carrying amount	36,800	31,753
Thereof, assets held under leases	5,928	545

NOTE 19 **LEASEHOLD IMPROVEMENTS**

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Opening cost	93,311	78,785
Currency translation	-187	-1,554
Additions for the year	12,146	16,080
Disposals for the year	2,222	0
Closing cost	103,048	93,311
Opening depreciation	58,031	46,807
Currency translation	-196	-642
Depreciation for the year	12,267	11,866
Reversed depreciation for the year of disposals	712	0
Closing depreciation	69,390	58,031
Closing carrying amount	33,658	35,280

NOTE 20 INVESTMENTS IN GROUP ENTERPRISES

DKK'000	PARENT COMPANY	
	Investments in group enterprises	
	2018 (12 months)	2016/17 (15 months)
Cost at January 2018/ 1 October 2016	472,384	472,384
Additions	0	0
Cost at 31 December	472,384	472,384
Carrying amount at 31 December	472,384	472,384

DKK'000	EQUITY	PROFIT FOR THE YEAR	COMPANY CAPITAL	VOTING RIGHTS AND STAKE
PWT Group A/S, Aalborg, 100% ownership	502,889	-13,583	1,985	100%

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

Following companies are owned by the Group:
PWT Germany GmbH, Germany, owned 100% by PWT Group A/S
PWT Norway AS, Norway, owned 100% by PWT Group A/S
WagNo AS, Norway, owned 100% by PWT Norway AS

NOTE 21 INVESTMENTS IN ASSOCIATES

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Cost at 1 January 2018/ 1 October 2016	10,135	10,135
Additions	0	0
Cost at 31 December	10,135	10,135
Value adjustments 1 January 2018/ 1 October 2016	-10,135	-3,049
Net profit/loss for the year	0	-7,086
Value adjustments 31 December	-10,135	-10,135
Carrying amount at 31 December	0	0

NOTE 21 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

Comprehensive income 2018	Turnover	Profit before tax	Profit for the year	Other comprehensive income	Comprehensive income for the year	Groups share of profit
Wagner China ApS (Aalborg, 60% ownership)	0	-11,362	-11,345	0	-11,345	-6,807

Balance sheet 2018	Noncurrent assets	Current assets	Noncurrent liabilities	Current liabilities	Equity	Groups share of equity
Wagner China ApS (Aalborg, 60% ownership)	46	2	0	12,799	-12,751	-7,651



NOTE 22 DEFERRED INCOME TAX

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Deferred tax arises from:				
Intangible assets	47,473	47,145	0	0
Property, plant and equipment	-1,555	1,764	0	0
Current assets	-864	-972	0	0
Provisions	-1,683	-1,526	0	0
Other liabilities	-702	-572	-500	-343
Tax loss carryforwards	-21,703	-23,755	-1,149	-1,806
	20,966	22,084	-1,649	-2,149

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

NOTE 23 DEPOSITS

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Carrying amount at 1 January 2018/ 1 October 2016	15,186	14,743
Additions	1,662	1,126
Disposals	-2,352	-683
Carrying amount at 31 December	14,496	15,186

NOTE 24 INVENTORIES

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Goods for resale	201,273	193,801
Provisions for obsolescence	3,162	2,725
Goods for resale, net	198,111	191,076
Specification of provisions for obsolescence:		
Provision at 1 January 2018/ 1 October 2016	2,725	2,345
Adjustment for the year of provision for obsolescence	437	380
Provision at 31 December	3,162	2,725

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Trade receivables, gross	59,253	57,621
Allowances	1,420	1,863
Trade receivables, net	57,833	55,758
Distribution of receivables		
Not due	50,912	48,336
Under 30 days	4,703	3,547
Between 30 and 60 days	512	791
Between 60 and 90 days	845	576
Over 90 days	2,281	2,508
Trade receivables	59,253	55,758
Write-downs, expected loss rate		
Not due, 0.6 % (1.3 %)	303	645
Under 30 days, 1.5 % (1.8 %)	70	63
Between 30 and 60 days, 4.7 % (4.7 %)	24	37
Between 60 and 90 days 14.4 % (17.7 %)	121	102
Over 90 days 39.5 % (40.5 %)	902	1,016
Trade receivables	1,420	1,863
Changes in allowances for trade receivables:		
Allowances at 1 January 2018/ 1 October 2016	1,863	1,802
Amounts restated through opening retained earnings	0	0
Allowances at 1 January 2018/ 1 October 2016 calculated under IFRS 9	1,863	1,802
Currency translation	10	-10
Loss for the year	-539	-1,160
Reversed allowances for the year	-27	-42
Allowances for the year	113	1,273
Allowances at 31 December	1,420	1,863

In 2018, allowances have been recognised according to the lifetime expected credit loss method, whereas the allowances in 2018 were recognised according to the incurred loss method. The transition to lifetime expected credit losses has not had any impact on allowances as of 1 January 2018. PWT Holding Group has collateral held as security for trade receivables of 21.6 million, which consist of bank guarantee, deposit and personal guarantee.

Carrying amount of bonus points (contract liabilities) at 31. December 2018 at TDKK 7.187 (2016/17: 7.578). Changes in current year consists of; earned points TDKK 3,483, cashed points TDKK 1,360 and expired TDKK 2,514.

NOTE 26 SHARE CAPITAL

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

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

Treasury shares

PWT Holding A/S has a portfolio of 7,617 treasury shares with a nominal value of DKK 7,617. The portfolio of treasury shares accounts for 0.01% of the total share capital and has remained unchanged during 2018.

Capital management

The Group regularly assesses the need for adjusting its capital structure to weigh the required higher return on equity up against loan capital. Equity's share of total assets (solvency ratio) reached 39.6% at the end of 2018 (2016/2017: 50.9%). Capital management is conducted for the Group as a whole.

NOTE 27 PROVISIONS

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
The Group's total provision obligation broken down on residual terms:		
Within 1 year	2,678	2,727
Between 1 and 5 years	5,983	149
After 5 years	1,536	6,105
	10,197	8,981
Provision obligation at 1 Jan 2018/ 1 Oct 2016	8,981	6,600
Additions during the year	3,485	2,460
Reversals during the year	-3,071	-150
Effect of change in interest rates	98	71
Effect of change in years	704	0
Provision obligation at 31 December	10,197	8,981

Provisions obligations contains obligation to re-establish leaseholds (7,868) and refund liability on sold clothes (2,329). Obligation to re-establish leaseholds relates to projected future costs attributable to relocation of leaseholds and is based on projected costs relying on the current interior and condition of the leaseholds. The obligation is discounted back to net present value using a discount rate of 1.3% (2016/17: 0.98%), equivalent to a risk-free interest rate. Refund liabilities on sold clothes relates to projected future returns.

NOTE 28 BANK LOANS AND BOND LOANS

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018 (12 months)	2016/17 (15 months)	2018 (12 months)	2016/17 (15 months)
Bond loans	251,567	250,856	250,856	250,856
Bank overdrafts	25,788	21,833	0	0
Bank loans and bond loans	277,355	272,689	250,856	250,856
The loans are recognised as follows on the balance sheet:				
Non-current liabilities	251,567	250,856	250,856	250,856
Current liabilities	25,788	21,833	0	0
Carrying amount	277,355	272,689	250,856	250,856
Fair value	285,788	283,896	260,000	262,063
Undrawn credit facilities at 31 December	50,492	48,659	50,492	48,695

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

The bonds have a variable interest rate of 3m CIBOR plus a Floating Rate Margin of 5.50% (2016/17: 5.50%) per annum and an effective interest rate of 6.09% (2016/17: 7.07%). The fair value of the bonds issued amounts to DKK 260 million as of 31 December 2018 (2016/17: DKK 262 million) and is calculated as the net present value of future repayments and expected interest payments (2-level observable inputs in the fair value hierarchy).

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

	Currency	Fixed-interest period	Interest margin to CIBOR	Carrying amount
Floating-rate bond loans	DKK	3 mos.	5.50%	251,567

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into forward contracts of a total of DKK 90,722 thousand for USD purchases of a value during the period until June 2019 for the purpose of hedging future purchases in USD. The average exchange rate is 639. Forward contracts are not qualifying for treatment as hedging instruments, and changes are regularly recognised in the profit and loss statement before tax at a total of as financial income and financial expenses. The Group does not apply hedge accounting.

Reference is made to note 38 for further details.

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cover of currency risks:

2018 :

DKK'000	Residual life	Contract value	Fair value	Fair value adjustment recognised in the statement of comprehensive income
Forward contract, USD	0-6 months	90,722	1,292	3,463
Recognised in financial income/expense in the profit and loss statement			1,292	3,463

2016/17:

Forward contract, USD	0-6 months	113,179	-2,171	-3,642
Recognised in financial income/expense in the profit and loss statement			-2,171	-3,642

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

NOTE 30 DEFERRED INCOME

Deferred income comprises obligations in relation to gift cards(contract liabilities). Gift cards are recognized as income as they are used or when they become obsolete after 3 years according to regulations.

NOTE 31 LEASING

Below is an overview of information about leasing

Depreciations regarding leases is shown in note 9
 Financial expenses regarding leases is shown in note 11
 All contracts have been recognized as assets and debt.
 There has been income from subleasing 1,936
 During the year there have been variable payments of 18.973.
 Cash-flow from leasing is shown in the cash-flow statement
 Acquisitions and carrying amount is shown in note 17 and 18
 Profit and loss from right-of-use assets is shown in note 6

NOTE 32 CHARGES AND COLLATERAL

Consolidated

As collateral for bank loans, the Group has provided a floating charge of a nominal amount of DKK 100 million secured upon non-current assets and current assets with a book value at 31 December 2018 of DKK 927 million (31 December 2017: DKK 866 million).

Current year is allocated (DKK Million):

Intangible assets	640
Inventories	187
Trade receivables	47
Property, plant and equipment	53
	<hr/>
	927

At 31 December 2018, the Group has entered into documentary credits of a total of DKK 9,913 thousand regarding non-settled purchase of goods abroad (31 December 2017: DKK 13,502 thousand).

Parent company

The shares in the subsidiary, PWT Group A/S, and the amount owed by PWT Group A/S of DKK 248 million have been provided as collateral for bond debt.

NOTE 33 CONTINGENT ITEMS, ETC.

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

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

The parent company and the Group company PWT Group A/S have guaranteed payments of leases for property on behalf of the Group company WagNo AS.

Control

Polaris Private Equity II K/S, Copenhagen
P-WT 2007 A/S, Copenhagen

Basis

Ultimate parent company
Owner of PWT Holding A/S

Significant influence

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

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

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

Executive staff members

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

Transactions with related parties

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

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

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

DKK'000	CONSOLIDATED	
	2018 (12 months)	2016/17 (15 months)
Rent, etc	4,606	5,852
Rent obligations regarding related parties represent	44,489	48,750

Henrik Theilbjørn, Jan Bøgh, Jan Johan Kühl and Allan Bach Pedersen serve on the Board of Directors on behalf of Polaris Private Equity. Torben Fog serves on the Board of Directors on behalf of TE Geninvest ApS. Ole Kock Hansen serves on the board of Directors on behalf of OKH Holding ApS and Wagner Holding Aalborg ApS.

Henrik Theilbjørn

Chairman and member of the board of directors since 2011

CEO of:

EMMADS Invest A/S

Chairman of the Board of:

Boozt AB

Bygghemma Group AB

Baum und Pferdgarten A/S

Scandinavian Designers A/S

Rabens Saloner A/S

Traede ApS

ELKA A/S

Kelly Invest A/S

Member of the Board of:

Signal A/S

Signal Ejendomme A/S

Sahva A/S

Jan Bøgh

Member of the board of directors since 2010

CEO of:

Jysk A/S

Chairman of the Board of:

IDdesign A/S

Sengespecialisten A/S

Member of the Board of:

Bolia A/S

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

Torben Fog

Member of the board of directors since 2008

CEO of:

TF Invest ApS

Chairman of the Board of:

Hubertushuset A/S

Sprit & Co. ApS

TE Geninvest ApS

Member of the Board of:

Mosaikhjørnet A/S

Claus Back Nielsen

Member of the executive board since 2010 (CFO)

Member of the Board of Directors of:

Krogh Andersen A/S

Happydays A/S

Jan Johan Kühl

Member of the board of directors since 2007

Managing partner:

Polaris Management

Member of the Board of Directors of:

Business Synergy Group ApS

Interprimo A/S

Part Unique ApS

Brøndum A/S

Brøndum Holding A/S

and a number of companies owned by Polaris Private Equity

Allan Bach Pedersen

Member of the board of directors since 2007

Partner:

Polaris Management

Member of the Board of Directors of:

Østpeder Holding ApS

and a number of companies owned by Polaris Private Equity

Ole Koch Hansen

Member of the executive board since 2008

Member of the board of directors since 2011

CEO of:

OKH Holding ApS

NOTE 36 EVENTS AFTER THE BALANCE SHEET DATE

At 1. March 2019, the Group has acquired 15 retail stores in Norway under the Brandstad brand name, which amounts of TNOK 7,000, that have not yet been allocated.

No other significant events have occurred after the balance sheet date.

NOTE 37 NEW FINANCIAL REPORTING REGULATIONS

IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2018. PWT Holding Group expects to adopt the accounting standards and interpretations when they become mandatory.

NOTE 38 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS – PARENT COMPANY AND GROUP

Risk management in general

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

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

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

Currency risks

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

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

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

DKK'000	USD	NOK	SEK	EUR
Receivables	1,376	990	4,721	11,662
Cash	0	6,645	1,042	0
Trade payables	1,001	7,842	1,191	2,492
Bank loans	5,604	0	0	20,765
Forward contracts	92,602	0	0	0
	<u>87,374</u>	<u>-207</u>	<u>4,572</u>	<u>-11,594</u>
Impact on results before tax based on a -10% change in exchange rate	<u>8,737</u>	<u>-21</u>	<u>457</u>	<u>-1,159</u>
Impact on equity and results after tax based on a -10% change in exchange rate	<u>6,815</u>	<u>-16</u>	<u>356</u>	<u>-904</u>

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

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

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

Interest risks

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

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

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

Credit risks

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

The Group regularly assesses the need for write-down for bad debts and follows up on receivables, and if required write-down is made in accordance with Group's policy for write-down. The write-down policy is calculated at expected credit loss, which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group is not exposed to any material risks posed by an individual customer.

Cash in banks are not deemed to pose any special credit risks.

Liquidity risks

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

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

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

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

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2018	2016/17	2018	2016/17
Specification of net interest-bearing debt				
Cash at bank and in hand	-17,245	-19,874	-4	-8
Bonds	0	0	0	0
Bond loans	251,567	250,856	251,567	250,856
Lease debt	244,269	540	0	0
Bank loans, current liabilities	25,788	21,833	0	0
Net interest-bearing debt	504,379	253,355	251,567	250,848

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

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

DKK'000	31.12.2017	Cash flow	Other regulations	31.12.2018
Specification of interest-bearing debt				
Bonds loans, long term	250,856	0	711	251,567
Bank loans and overdrafts, short term	21,833	3,955	0	25,788
Lease debt, long and short term	540	-97,936	341,665*	244,269
Debt from financing activities	273,229	-93,981	342,376	521,624

*The regulation comes from implementing IFRS 16

2018, Consolidated

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Derivative financial instruments	1,292	0	0	1,292	1,292
Financial instruments measured at fair value through profit and loss	1,292	0	0	1,292	1,292

2018, Consolidated

Deposits	0	0	14,496	14,496	14,496
Trade receivables	58,553	0	0	58,553	58,553
Other receivables	7,786	0	0	7,786	7,786
Financial instruments measured at amortised cost	66,339	0	14,496	80,835	80,835
Bond loan	15,125	317,350	0	332,475	251,567
Lease debt	94,713	141,675	20,728	257,116	244,269
Overdraft facilities	25,788	0	0	25,788	25,788
Trade payables	109,348	0	0	109,348	109,348
Other payables	70,473	0	0	70,473	70,473
Financial liabilities are measured at amortised cost	315,447	459,025	20,728	795,197	701,445

The implementation of IFRS 9, has not had any significant impact on the figures.

2016/17, Consolidated

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

2018, Parent Company

DKK'000	0-1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	CARRYING AMOUNT
Amounts owed by group enterprises	265,732	0	0	265,732	248,044
Financial instruments measured at mortised cost	265,732	0	0	265,732	248,044
Loans	15,125	317,350	0	332,475	251,567
Other payables	2,920	0	0	2,920	2,920
Financial liabilities measure at amortised cost	18,045	317,350	0	335,395	254,487

2016/17, Parent Company

Amounts owed by group enterprises	263,483	0	0	263,483	245,798
Loans and receivables	263,483	0	0	263,483	245,798
Loans	16,500	341,956	0	358,456	250,856
Other payables	3,677	0	0	3,677	3,677
Financial liabilities measured at amortised cost	20,177	341,956	0	362,133	254,533

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





COMPANY DETAILS

COMPANY	<p>PWT Holding A/S Gøteborgvej 15 9200 Aalborg SV Denmark</p> <p>CVR No.: 31 07 46 06 Established: 29 November 2007 Registered office: Aalborg Financial year: 1 January 2018 - 31 December 2018 (11th financial year)</p>
WWW	<p>pwt-group.com pwtbrands.com lindbergh.dk shineoriginal.com bison.dk junkdeluxe.dk wagner.dk tøjeksperten.dk</p>
BOARD OF DIRECTORS	<p>Henrik Thorup Theilbjørnn (Chairman) Jan Bøgh Torben Fog Jan Johan Kühl Allan Bach Pedersen Ole Koch Hansen</p>
EXECUTIVE BOARD	<p>Ole Koch Hansen, CEO Claus Back Nielsen, CFO</p>
AUDITORS	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg Denmark</p>

PWT GROUP

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PWT BRANDS

TΦJ|
eksperter

WAGNER

LINDBERGH

BISON

JACK'S
SPORTSWEAR INTL

SHINE ORIGINAL

JUNK de LUXE

Uddrag af udkast til årsrapport for PWT Holding A/S for 2019

Resultatopgørelse	PWT Holding Total
Administrationsomkostninger	-589.588
Andre eksterne omkostninger	-589.588
EBITDA	-589.588
Finansielle indtægter	18.521.458
Finansielle udgifter	-16.086.991
Resultat før skat	1.844.879
Skat	-1.134.000
Årets resultat	710.879

Aktiver	PWT Holding Total
Kapitalandele	
Datterselskab, PWT Group A/S	472.384.645
Udskudt skat	656.000
Anlægsaktiver i alt	473.040.645
Tilgodehavender	
Tilgodehavender, tilknyttede selskaber	250.301.440
Periodeafgrænsningsposter	10.800
Likvide beholdninger	202.888
Omsætningsakt. i alt	250.515.128
AKTIVER	723.555.773

Passiver	PWT Holding Total
Egenkapital i alt	468.322.480
Langfristet gæld	
Bond lån	252.277.734
Langfristet gæld i alt	252.277.734
Kortfristet gæld	
Anden gæld	2.814.559
Selskabsskat	141.000
Kortfristet gæld i alt	2.955.559
PASSIVER	723.555.773

KREDITORLISTE (foreløbig)

Gældsstyrelsen
SparNord
Vossasenteret AS
Amfi Bygg Moa AS
Coop Raufoss Kjøpesenter
ANS Vågen 33
Storebrand Kjøpesenter Kvadrat AS
Byporten ANS
Gulskogen Senter ANS
Farmandstredet Eiendom AS
OTE Eiendom AS
Vats AS
Storebrand Kjøpesenter Kvadrat AS
Thon Storo ANS
Hvaltorvet Senter
Harald Kværner Eiendom AS
SBN Ejendomme ApS
Udlejningsejendommen Østergade ApS
Direktør Svend Larsen
Danske Shoppingcentre PS
Claus Lorentzen Development ApS
Torvet 2, Grenaa Aps
Wagner Ejendomme
Scandinavian Shopping Center Partners ApS (SSCP)
Ejendomsselskabet af 19/11-1998 ApS
Rosetum II K/S (datter af ECE Fonden, Tyskland)
Ejd. Slotsgade 21/Kongensgade 27
Esbjerg Storcenter A/S
Thomas Rasmussen
Waves ApS
Ejendomsselskabet Skibby Hovedgade A/S
Dades Center Øst ApS
TF Invest ApS
Danske Shoppingcentre PS
Rosetum II K/S (datter af ECE Fonden, Tyskland)
Wagner Ejendomme
KTD Ejendomsselskab ApS
Juhls Bolighus A/S
Cama Invest A/S
Fastighetsbolaget Es Örebro AB
IKEA Centres Västerås AB
Wilders Plads Ejendomme A/S
Fastighetsbolagen Augustendal KB