PWT GROUP

PWT Holding A/S

Financial statement 2nd half year of the financial year 2019
1 July – 31 December 2019

CONTENT

PWT GROUP – QUARTERLY FIGURES

1 JULY – 31 DECEMBER 2019

SUMMARY OF KEY FINANCIALS

In second half of 2019, EBITDA was realized higher than second half of 2018 due to higher revenue, which compensated for the lower gross margin.

Year to date EBITDA has increased to DKK 158.6 million, compared to DKK 137.5 million the year before.

At the start of March 2019 PWT Group acquired the Brandstad retail stores in Norway. The acquisition is performing as expected and has contributed with a positive effect on EBITDA in 2019.

Realized financial costs for both years are affected by adjustments on USD hedging instruments.

Year to date the Group delivers results in line with management's expectations.

Net debt at 31 december 2019 is DKKm 452 (31 december 2018 501 DKKm).

As earlier communicated, PWT Group has implemented IFRS 16 for the fiscal year of 2018, which has had an impact on the figures compared to previously reported figures. Please see the appendix for financial statements excluding the IFRS 16 impact, for comparison to previous quarterly figures.

PWT Group's management team continue to see improvement potential both in the operations and in the product range offered to customers.

HIGHLIGHTS AND KEY FOCUS AREAS

Continuing tough market conditions remain a challenge to retail sales, but PWT has managed to improve earnings during 2019, as a result of positive performance in the wholesale division, a cost savings program and a positive contribution from the Brandstad stores in Norway.

The wholesale division ended H2 ahead of last year. This is driven by both higher internal and external sales, with the internal sales being positively affected by the Brandstad stores in Norway.

Online sales continue to grow by c. 39%, including both B2C, Omni and B2B. Online sales now account for 10.2 % of the total sales in 2019 (7.6% in 2018)

Key focus for the retail divisions in 2020 continues to be to increase like-for-like sales. Significant efforts are continuously put into the product portfolio, with more focused collections and fewer units.

Omnichannel were further improved, developed and implemented in stores and with staff. The omnichannel is experiencing growth and positive development.

PWT also continuously realign and prune the Danish retail network, to maintain a portfolio of cash positive and healthy stores.

The Brandstad stores in Norway, acquired in 2018, came into the portfolio in March 2019 and is being integrated into the Norwegian operations.

The new WMS (warehouse management system) increased efficiency and accuracy in delivery during 2019.

INCOME STATEMENT

Income statement	**01.07 - 31.12**		**01.01 - 31.12**	
DKK millions	**2019**	**2018**	**2019**	**2018**
Sales	**479,2**	**444,7**	**872,8**	**827,9**
Cost of goods	222,5	203,0	402,3	379,6
Gross profit	**256,7**	**241,7**	**470,5**	**448,3**
Margin %	*53,6%*	*54,4%*	*53,9%*	*54,1%*
Expenses	157,7	157,0	311,9	310,6
EBITDA	**99,1**	**84,7**	**158,6**	**137,7**
Margin %	*20,7%*	*19,0%*	*18,2%*	*16,6%*
Depreciation	63,5	61,8	128,4	123,5
EBIT	**35,6**	**22,9**	**30,2**	**14,2**
Net financial items	-13,4	-22,7	-29,0	-32,6
Taxes	-1,3	-3,2	2,5	0,9
Profit	**20,9**	**-2,9**	**3,8**	**-17,5**
Comprehensive income	**20,9**	**-2,9**	**3,8**	**-17,5**

Net Debt	452,7	502,0
EBITDA - recurring - Last 12 months	158,6	137,5
Equity % of Total assets	*40,9%*	*39,6%*

BALANCE SHEET

Balance sheet ***DKK millions***	**31.12.2019**	**31.12.2018**
Goodwill	620,5	620,5
Deposits	12,2	14,5
Other non-current assets	250,7	315,2
Inventories	203,2	198,1
Accounts receivable	74,3	57,8
Other receivables	10,9	15,8
Cash	38,6	17,2
Total assets	**1.210,4**	**1.239,1**
Equity	494,6	490,5
Provisions	10,8	10,2
Bonds / Long term loan	252,3	251,6
Lease debt (non-current)	94,4	149,3
Deferred income tax	18,4	21,0
Bank loans	46,4	25,8
Lease debt (current)	98,5	94,9
Accounts payable	98,5	109,4
Corporation tax	0,0	0,0
Other non-interest-bearing debt	96,5	86,4
Total debt & equity	**1.210,4**	**1.239,1**

Cash flow *DKK millions*	01.07 - 31.12 2019	 2018	01.01 - 31.12 2019	 2018
EBITDA	**99,1**	**84,7**	**158,6**	**138,0**
Net working capital change	18,8	28,4	-20,0	5,0
Taxes	0,0	-3,1	-0,1	-3,2
Operational cash flow	**117,9**	**110,0**	**138,5**	**139,8**
Cash investments	-4,1	-11,1	-13,8	-30,2
Net investments	**-4,1**	**-11,1**	**-13,8**	**-30,2**
Cash flow before financing	**113,7**	**98,9**	**124,7**	**109,6**
Net financial items	-9,8	-9,3	-20,0	-17,8
Repayment lease debt	-51,8	-48,0	-103,9	-98,4
Debt service	**-61,7**	**-57,3**	**-123,9**	**-116,2**
Cash flow after debt service	**52,1**	**41,6**	**0,8**	**-6,6**

APPENDIX – FINANCIEAL STATEMENT WITHOUT IMPLEMENTATION OF IFRS 16

Income statement - without IFRS 16	**01.07 - 31.12**		**01.01 - 31.12**	
DKK millions	**2019**	**2018**	**2019**	**2018**
Sales	**479,2**	**444,7**	**872,8**	**827,9**
Cost of goods	222,5	203,0	402,3	379,3
Gross profit	**256,7**	**241,7**	**470,5**	**448,6**
Margin %	*53,6%*	*54,4%*	*53,9%*	*54,2%*
Expenses	209,5	205,0	415,8	409,0
EBITDA	**47,2**	**36,7**	**54,7**	**39,6**
Margin %	*9,9%*	*8,3%*	*6,3%*	*4,8%*
Depreciation	15,7	16,1	31,5	30,0
EBIT	**31,5**	**20,6**	**23,2**	**9,6**
Net financial items	-10,0	-18,4	-21,5	-23,4
Taxes	-1,1	-3,6	2,4	-0,1
Profit	**20,3**	**-1,4**	**4,1**	**-13,9**
Comprehensive income	**20,3**	**-1,4**	**4,1**	**-13,9**

Net Debt	259,8	257,7
EBITDA - recurring - Last 12 months	54,7	39,6
Equity % of Total assets	*48,8%*	*49,4%*

APPENDIX – FINANCIEAL STATEMENT WITHOUT IMPLEMENTATION OF IFRS 16

Balance sheet - without IFRS 16 ***DKK millions***	**31.12.2019**	**31.12.2018**
Goodwill	620,5	620,5
Deposits	12,2	14,5
Other non-current assets	62,9	76,4
Inventories	203,2	198,1
Accounts receivable	74,3	58,6
Other receivables	10,9	15,0
Cash	38,6	17,2
Total assets	**1.022,6**	**1.000,3**
Equity	498,6	494,2
Provisions	10,8	10,2
Bonds / Long term loan	252,3	251,6
Deferred income tax	19,5	22,0
Bank loans	46,4	25,8
Accounts payable	98,5	109,4
Corporation tax	0,0	0,0
Other non-interest-bearing debt	96,5	87,1
Total debt & equity	**1.022,6**	**1.000,3**

Cash flow - without IFRS 16	**01.07 - 31.12**		**01.01 - 31.12**	
DKK millions	**2019**	**2018**	**2019**	**2018**
EBITDA	**47,2**	**36,7**	**54,7**	**39,6**
Net working capital change	18,8	28,4	-20,0	5,0
Taxes	0,0	-3,1	-0,1	-3,2
Operational cash flow	**66,0**	**62,0**	**34,6**	**41,4**
Cash investments	-4,1	-11,1	-13,8	-30,2
Net investments	**-4,1**	**-11,1**	**-13,8**	**-30,2**
Cash flow before financing	**61,9**	**50,9**	**20,8**	**11,2**
Net financial items	-9,8	-9,3	-20,0	-17,8
Repurchase bonds /repayment bank loan	0,0	0,0	0,0	0,0
Cash capital increase	0,0	0,0	0,0	0,0
Debt service	**-9,8**	**-9,3**	**-20,0**	**-17,8**
Cash flow after debt service	**52,1**	**41,6**	**0,8**	**-6,6**