



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	976 502 132
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	WENAAS WORKWEAR AS
Forretningsadresse:	Bruasetvegen 122 6386 MÅNDALEN

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	hans Faeste
Dato for fastsettelse av årsregnskapet:	02.04.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.08.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,3	852 786 807	691 142 732
Sum inntekter		852 786 807	691 142 732
Kostnader			
Varekostnad	3	569 825 258	476 044 311
Lønnskostnad	4	121 404 676	106 786 318
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	4 231 537	3 059 143
Annen driftskostnad	4,3,6	80 525 077	66 114 081
Sum kostnader		775 986 548	652 003 853
Driftsresultat		76 800 259	39 138 879
Finansinntekter og finanskostnader			
Annen renteinntekt	7	860 718	371 141
Annen finansinntekt	7	27 686 124	30 481 260
Sum finansinntekter		28 546 842	30 852 401
Annen rentekostnad	3	4 050 338	899 715
Annen finanskostnad	7	25 375 435	17 993 939
Sum finanskostnader		29 425 773	18 893 654
Netto finans		-878 931	11 958 747
Ordinært resultat før skattekostnad		75 921 328	51 097 626
Skattekostnad på ordinært resultat	8	16 561 308	11 127 617
Ordinært resultat etter skattekostnad		59 360 020	39 970 009
Årsresultat		59 360 020	39 970 009
Overføringer og disponeringer			
Ordinært utbytte	9	59 360 020	
Overføringer til/fra annen egenkapital			39 970 009
Sum overføringer og disponeringer		59 360 020	39 970 009



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	10 123 032	21 883 279
Sum immaterielle eiendeler		10 123 032	21 883 279
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	17 386 549	22 470 577
Maskiner og anlegg	5	59 486 049	1 782 368
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	3 573 096	220 073
Sum varige driftsmidler		80 445 694	24 473 018
Finansielle anleggsmidler			
Investering i datterselskap	10	574 398	574 398
Sum finansielle anleggsmidler		574 398	574 398
Sum anleggsmidler		91 143 124	46 930 695
Omløpsmidler			
Varer			
Varer	11	290 133 078	236 964 773
Sum varer		290 133 078	236 964 773
Fordringer			
Kundefordringer	3	149 512 464	121 729 315
Andre fordringer		1 924 600	2 463 775
Konsernfordringer	3,12	71 343 386	27 344 566
Sum fordringer		222 780 450	151 537 656
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12,13	4 756 401	4 037 534
Sum bankinnskudd, kontanter og lignende		4 756 401	4 037 534
Sum omløpsmidler		517 669 929	392 539 963
SUM EIENDELER		608 813 053	439 470 658



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	9	72 963 084	72 963 084
Sum innskutt egenkapital		72 963 084	72 963 084
Opptjent egenkapital			
Annen egenkapital	9	240 893 264	241 169 724
Sum opptjent egenkapital		240 893 264	241 169 724
Sum egenkapital		313 856 348	314 132 808
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	3	85 199 283	73 979 544
Skyldige offentlige avgifter		26 647 904	20 661 491
Utbytte		59 360 020	
Kortsiktig konserngjeld	3	99 311 930	418 011
Annen kortsiktig gjeld		24 437 568	30 278 804
Sum kortsiktig gjeld		294 956 705	125 337 850
Sum gjeld		294 956 705	125 337 850
SUM EGENKAPITAL OG GJELD		608 813 053	439 470 658



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 460081

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Organisasjonsform: Aksjeselskap
Foretaksnavn: WENAAS WORKWEAR AS
Forretningsadresse: Bruasetvegen 122
6386 MÅNDALEN

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Brønnøysundregistrene, 30.05.2024



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WENAAS WORKWEAR AS

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Egenkapital



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WENAAS WORKWEAR AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

Overordnede prinsipper for årsregnskapet 2023 Årsregnskapet er utarbeidet av selskapets styre og daglig leder. Årsregnskapet er utarbeidet og presentert i norske kroner. Med mindre det er spesifisert i den enkelte note er beløpene i tusen, herunder TNOK. Årsregnskapet er utarbeidet i samsvar med regnskapsloven og god regnskapsskikk. Årsregnskapet består av følgende: - Resultatregnskap inndelt etter art - Balanseoppstilling oppstilt etter stigende likviditet. Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler, og øvrige eiendeler er klassifisert som omløpsmidler. Omløpsmidler omfatter eiendeler direkte knyttet til varekretsløpet eller eiendeler som har forfall innen ett år etter at transaksjonen er gjennomført. Gjeld som forfaller til betaling innen ett år fra balansedato er klassifisert som kortsiktig gjeld. Omløpsmidler vurderes normalt til det laveste av anskaffelseskost og virkelig verdi, mens anleggsmidler normalt vurderes til anskaffelseskost, eventuelt fratrukket av- og nedskrivninger. - Kontantstrømoppstilling utarbeidet etter den indirekte metoden i samsvar med NRS(F). - Noter Salgsinntekter Selskapets virksomhet består av salg av arbeidsklær og verneutstyr. Det er leveringsbetingelsene som avgjør tidspunktet for overføring av risiko og kontroll, og dermed inntektsføringstidspunktet. Selskapet har ulike leveringsbetingelser med ulike kunder. De vanligste leveringsbetingelsene innebærer at risiko og kontroll går over på kunden når varen går ut av selskapets lokaler eller at risiko og kontroll går over på kunden når varen er levert hos kunden. Transaksjoner og regnskapsposter i utenlandsk valuta Transaksjoner i utenlandsk valuta regnskapsføres til valutakursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til valutakursen på balansedagen. Valutakursdifferanser resultatføres løpende i den perioden de oppstår under regnskapspostene annen finansinntekt og annen finanskostnad. Selskapets presentasjonsvaluta og funksjonell valuta er norske kroner. Fordringer Kundefordringer er oppført til pålydende med fradrag for avsetning til forventede tap. Andre fordringer er vurdert til det laveste av virkelig verdi og pålydende beløp. Bankinnskudd / konsernkonto avtaler Selskapet er med i en konsernkonto-ordning. Kassekreditt og bankkonti som omfattes av ordningen er presentert netto og klassifisert som fordring / gjeld til konsernselskap i regnskapet. Varelager og varer Varer klassifiseres som omløpsmidler og vurderes til det laveste av anskaffelseskost og virkelig verdi (laveste verdis prinsipp). Virkelig verdi er i denne sammenheng definert som antatt fremtidig salgspris redusert med forventede salgskostnader. Varige driftsmidler Varige driftsmidler er oppført i balansen til anskaffelseskost, fratrukket akkumulerte av- og nedskrivninger. Et driftsmiddel anses som varig dersom det har en viss økonomisk levetid og en betydelig kostpris. Utgifter forbundet med periodisk vedlikehold og reparasjoner balanseføres og avskrives over perioden frem til neste planlagte vedlikehold. Utgifter ved normalt vedlikehold og reparasjoner kostnadsføres løpende. Bruk av Estimer Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk Avskrivninger Ordinære avskrivninger er beregnet lineært over driftsmidlenes økonomiske levetid med utgangspunkt i anskaffelseskost fratrukket estimert utranteringsverdi. Avskrivninger klassifiseres som ordinære driftskostnader. Investering i datterselskap Med datterselskap menes et selskap der Wenaas Workwear AS har



bestemmende innflytelse. Normalt innebærer dette en eierandel på over 50 % hvor investeringen er av langvarig og strategisk karakter. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger blir reversert når grunnlaget for nedskrivning ikke lenger er til stede. Innskuddsbaserte pensjonsordringer Selskapets forpliktelse ovenfor de ansatte består i å yte et avtalt tilskudd til den enkeltes pensjonssparing. Dette gjøres ved innskudd til et forsikringsselskap. Selskapet har ikke noen ytterligere betalingsforpliktelse eller risiko etter at innskuddene er betalt. Pensjonskostnaden tilsvare periodens innskudd. Utsatt skatt og skattekostnad Utsatt skatt beregnes på bakgrunn av midlertidige forskjeller mellom regnskapsmessige og skattemessige verdier ved utgangen av regnskapsåret samt skattemessig underskudd til fremføring. Ved beregningen benyttes nominell skattesats. Positive og negative forskjeller vurderes mot hverandre innenfor samme tidsintervall. Utsatt skattefordel oppstår dersom en har midlertidige forskjeller som gir opphav til skattemessige fradrag i fremtiden. Utsatt skattefordel knyttet til underskudd til fremføring balanseføres i den utstrekning det forventes fremtidig inntjening som vil gjøre det mulig å utnytte fordelene. Det er lagt til grunn en skattesats på 22 % for utsatt skatt. Årets skattekostnad består av endringer i utsatt skatt og utsatt skattefordel, sammen med betalbar skatt for inntektsåret, korrigeret for feil i tidligere års beregninger. Betalbar skatt beregnes ut fra skattbart resultat for året, inkludert inntekter og kostnader som periodiseres til andre perioder skattemessig enn regnskapsmessig. Skatteeffekten av transaksjoner som føres mot egenkapitalen føres også mot egenkapitalen. Transaksjoner med nærstående parter Kjøps- og salgstransaksjoner med nærstående selskaper både i Norge og utlandet er gjennomført til vanlige forretningsmessige vilkår og prinsipper. Regnskapsføring og klassifisering med mer følger regnskapslovens generelle prinsipper. Transaksjoner med nærstående er spesifisert i note 3. Leieavtaler Leieavtaler klassifiseres som finansiell eller operasjonell leasing i samsvar med avtalens reelle innhold ved kontraktsinngåelse. Driftsmidler som leies på betingelser som i det vesentlige overfører økonomiske rettigheter og forpliktelser til selskapet (finansielle leieavtaler), oppføres i balansen under varige driftsmidler og medtas samtidig som forpliktelse under posten øvrig langsiktig gjeld. Eiendelen avskrives i samsvar med prinsippene for eide driftsmidler, og forpliktelsen reduseres med betalt leie etter fradrag for beregnet rentekostnad. Ved operasjonelle leieavtaler kostnadsføres leiebeløpet løpende og klassifiseres som ordinær driftskostnad. Konserntilknytning Det er for 2023 ikke utarbeidet konsernregnskap for underkonsernet Wenaas Workwear AS med den begrunnelse at det inngår i konsernregnskapet for The Cotton Group A/S. Wenaas Workwear AS er et datterselskap av The Cotton Group A/S. Konsernregnskapet er tilgjengelig i det Danske virksomhetsregisteret.

Note
4

Antall årsverk i regnskapsåret
142.00

Note

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	98232.00	87133.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>



	13655.00	11454.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	6471.00	5809.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	3047.00	2391.00

Note

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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Note

5

Varige driftsmidler og immaterielle eiendeler

<u>Anskaffelseskost 01.01.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	182444.00	
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	60205.00	
<u>Anskaffelseskost 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	242649.00	
<u>Samlede av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	162204.00	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	80446.00	
<u>Årets av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	4232.00	

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet



Begrunnelse for at datterselskap er utelatt fra konsolideringen

Morselskap som ikke utarbeider konsernregnskap

Transaksjoner med datterselskaper
43117

Internegevinst på transaksjonene
1724

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	71343.00	40877.00

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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Kortsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	99311930.00	418011.00

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Note

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



Wenaas Workwear AS

Årsregnskap 2023



Wenaas Workwear AS

Årsberetning for 2023

Virksomhetsart og -sted

Wenaas Workwear AS er en ledende leverandør av arbeidsklær i Norge. Selskapet har også en betydelig internasjonal tilstedeværelse. Selskapet selger produkter som inkluderer arbeidsklær, uniformer, profilkjør og personlig verneutstyr.

Wenaas Workwear AS er en del av The Cotton Group konsernet med hovedkontor i København, Danmark. Konsernet har en omsetning på 3,3 milliarder kroner og sysselsetter 431 ansatte.

Wenaas Workwear AS har hovedkontor i Måndalen, samt salgskontorer i Ålesund, Haugesund, Bergen, Fredrikstad, Oslo og Stavanger. Selskapet har datterselskaper i Nederland, Singapore, Danmark og Sverige. I tillegg er det en avdeling i Skottland.

Redegjørelse for årsregnskapet

Selskapet hadde i 2023 en vekst på 23% fra 2022. Driftsresultatet viser også en solid vekst og endte på 9% av omsetning.

I siste halvdel av 2023 ble lageret i Måndalen bygd om, ett av to automatiske pallelager ble byttet med en Autostore installasjon. Det er investert 60 millioner kr i oppgradering av lageret. Ved utgangen av året var Autostore installasjonen fullt gjennomført, og bedriften er klar for videre vekst.

Kostnadene i selskapet øker med internasjonal satsning, men også på grunn av fordyrende tiltak vi har gjort for å opprettholde en god servicegrad til både nye og eksisterende kunder.

Varelageret ble i 2023 økt med 53 millioner kroner for å serve den voksende kundeporteføljen vår. Wenaas Workwear har de siste årene hatt en betydelig vekst. 2023 ble brukt til å investere for å fortsette den positive utviklingen. Det gir ett godt grunnlag for fremtidige muligheter og utvikling. Året avsluttes og lukkes med høyt aktivitetsnivå og optimisme i hele organisasjonen.

Netto kontantstrøm fra operasjonelle aktiviteter er positiv med 6 millioner kroner i 2023.

Likestilling

Ved utgangen av året var det 142 ansatte i selskapet, hvorav 70 menn og 72 kvinner. Gjennomsnittsalderen var 46,4 år, noe som tilsier en akseptabel spredning i alder og kjønn.

Ved årsskiftet var det 20% kvinner i selskapets ledergruppe. I forbindelse med ansettelser vurderes kvinner og menn på samme grunnlag. Styret består av to menn og en kvinne. Det er styrets oppfatning at det er full likestilling blant de ansatte i selskapet.

Bedriften har identifisert to grupper der lønnsnivå kan sammenlignes. I den ene gruppen har kvinner 2,4% lavere lønn, i den andre er det lik lønn. Andelen kvinner som er midlertidig ansatt er 5%, menn 4%. Ingen kvinner og en mann hadde foreldrepermisjon i 2023, for begge kjønn er andelen 0%. Andelen kvinner med deltid er 4%, menn 1%. Det er ingen med ufrivillig deltid.

Arbeidsmiljø

Arbeidsmiljøet i Wenaas Workwear AS betraktes som godt, det jobbes aktivt for å ytterligere forbedre arbeidsmiljøet. Eksempler på dette er månedlige allmøter, årlige medarbeidersamtaler, samt AMU møter.

Sykefraværet hos Wenaas Workwear AS har vært 4,3% i 2023, opp fra 3,8% i 2022.

Diskriminering

Det jobbes for at det ikke skal forekomme forskjellsbehandling grunnet funksjonsevne, legning eller etnisitet i saker som omfatter rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter eller beskyttelse mot trakassering.

Ytre miljø

Selskapet kjøper og selger ferdigvare, og har ingen egenproduksjon av varer.

Siden 2017 kvalifiserte Wenaas seg til NS-EN ISO 14001:2015 - standard for



miljøstyringssystem. Et system som bidrar til at selskapet jobber med kontinuerlig forbedringer på miljø.

Wenaas Workwear tar ansvar og har i sin ESG strategi KPI'er som er definert ned på produktnivå for å bevisstgjøre og redusere miljøpåvirkningen allerede i utviklings fasen.

Gjennom våre leverandør kontrakter og retningslinjer stiller vi krav i verdikjeden til våre leverandører. Listen er ikke uttømmende, men i dag har vi følgende krav i vårt ESG-program:

- *Wenaas Code of Conduct.*
- *Wenaas Sustainability & Corporate Responsibility Policy.*
- *Wenaas Minimum Criteria for Suppliers.*
- *Wenaas Restricted Substances List.*
- *Wenaas Corruption & Anti-Bribery Policy.*
- *Wenaas Code RED process.*
- *Wenaas Supplier Compliance Guidelines.*

Alle våre leverandører må forholde seg til reguleringene gjennom REACH (kjemikaliereregulering i Europa). Her foretar vi uavhengig testing på at vi er innenfor regelverket på utvalgte kjemikalier.

Selskapet har tatt et bevisst miljøansvar i forhold til avfall. Wenaas Workwear er medlem av Grønt Punkt Norge (Standard og Control) og tar vårt lovpålagte produsentansvar for innsamling, kildesortering og gjenvinning av emballasje. I tillegg er vi medlem av RENAS som ivaretar miljøvennlig avfallshåndtering for EE-produkter. Wenaas har avtale for henting av avfall. I Måndalen er det J.O Moen, og i Oslo er det Norsk Gjenvinning.

98% av vår metervare er OEKO-TEX®STANDARD 100 godkjent. Flere prosjekter på utvalgte produktkategorier er igangsatt i 2023;

- OEKO-TEX® STANDARD 100,
- OEKO-TEX® LEATHER STANDARD
- OEKO-TEX® MADE IN GREEN.

Sertifikater som sikrer miljømessige og sosiale forhold i verdikjeden. Våren 2023 fikk vi produkter godkjent etter «The FAIRTRADE Cotton Mark». Høsten 2023 ble Wenaas Workwear medlem i Better Cotton Initiative -

et medlemskap som bidrar til å forbedre den globale bomullsproduksjonen.

Åpenhetsloven trådte i kraft 1. juli 2022. Wenaas Workwear AS har etablerte systemer og rutiner for å gjennomføre aktsomhetsvurderinger iht. OECDs retningslinjer og håndtering av informasjonsforespørsler pålagt av Åpenhetsloven. Selskapets redegjørelse kommuniseres i en rapport på vår offisielle nettside samt på [Etisk Handel Norge](#); [Våre medlemmer – Etisk Handel](#).

Fremtidig utvikling

Wenaas Workwear AS har produkter våre kunder etterspør. Organisasjonen sørger for effektive leveranser til kunder i store deler av verden i tillegg til i Norge.

I Norge er det fremdeles et godt marked, spesielt shipping og energibransjen har gode tider. Til tross for økt rente og inflasjon merkes det ikke reduksjon i kjøp fra våre kunder.

Vekst vil komme både i Norge samt i avdelinger og datterselskap utenfor Norge. Rotterdam, Aberdeen, Sverige og Singapore viser alle god vekst. I tillegg øker salg til resten av verden. Selskapet er nå rustet til å være en komplett leverandør til internasjonale kunder.

Selskapet er solid med en egenkapitalgrad på 52% per 31. desember 2023.

Finansiell Risiko

Markedsrisiko:

Konjunktorene i de forskjellige markedene vil til enhver tid kunne påvirke etterspørselen. Vi selger til flere segmenter, markedsrisikoen blir dermed redusert.

For shipping og energisektoren, som er viktige segmenter for Wenaas Workwear AS er det for tiden høy aktivitet.

For landbasert industri og uniform er variasjonen i antall ansatte lavere, og dermed er etterspørselen etter arbeidsklær mer stabil.

Ved inngangen til 2024 har Wenaas Workwear en sunn drift, og ser seg nå godt rustet for å befeste posisjonen som den ledende aktøren i våre segment.

**Finansiell risiko og valutarisiko:**

Selskapet er utsatt for kredittrisiko og valutarisiko i dens ordinære forretningsvirksomhet, og styrer mot å ha en akseptabel risiko innenfor disse områdene.

Valutarisikoen reduseres ved å balansere inntekter og kostnader i de ulike valutaene. I tillegg kjøpes det terminkontrakter. De store svingningene i valutakurser, spesielt USD og EUR gjør det krevende å opprettholde stabile marginer. Alle lån er i NOK.

Bedriften har ikke eksterne lån, ref note 3. Det er ingen gjeld i valuta i selskapet ut over kortsiktig leverandørgjeld, noe som reduserer valutarisiko.

Likviditetsrisiko:

Selskapet inngår i en konsernkontoordning, og det vises til note i regnskapet.

Styreforsikring

Det er tegnet styreforsikring for styrets medlemmer og daglig leder, begrenset til 50 millioner SEK.

Fortsatt drift

Styret og daglig leder mener det er riktig å legge forutsetningen om fortsatt drift til grunn ved avleggelse av årsregnskapet. Selskapet har i 2023 et positivt resultat på 59,4 millioner kr. Egenkapitalandelen er på 52% per 31. desember 2023. Samlet har selskapet alle forutsetninger for å kunne videreføre en positiv utvikling.

Årets overskudd blir utbetalt som utbytte.

Forutsetningen om fortsatt drift er til stede, og årsregnskapet for 2023 er satt opp under denne forutsetning.

Det er styrets oppfatning at det fremlagte årsregnskapet gir tilfredsstillende informasjon for å bedømme selskapets stilling og resultat. Det er heller ikke inntrådt forhold etter regnskapsårets slutt som påvirker dette.

Måndalen, 2. april 2024

I styret for Wenaas Workwear AS

Christian Peder Dyvig
Styreformann

Michael Hauge Sørensen
Styremedlem

Katrine Wold Deunk
Daglig leder /
Styremedlem



Wenaas Workwear AS

Årsregnskap 2023

Resultatregnskap

	Note	2023	2022
Driftsinntekter og driftskostnader			
Salgsinntekt	2,3	852 786 807	691 142 732
Sum driftsinntekter		852 786 807	691 142 732
Varekostnad	3	569 825 258	476 044 311
Lønnskostnad	4	121 404 676	106 786 318
Avskrivning på varige driftsmidler	5	4 231 537	3 059 143
Annen driftskostnad	4,3,6	80 525 077	66 114 081
Sum Driftskostnader		775 986 548	652 003 853
Driftsresultat		76 800 258	39 138 879
Finansinntekter og finanskostnader			
Annen renteinntekt		860 718	371 141
Annen finansinntekt	7	27 686 124	30 481 260
Annen rentekostnad	3	4 050 338	899 715
Annen finanskostnad	7	25 375 435	17 993 939
Resultat av finansposter		- 878 931	11 958 746
Ordinært resultat før skattekostnad		75 921 328	51 097 626
Skattekostnad på ordinært resultat	8	16 561 308	11 127 617
Årsresultat		59 360 020	39 970 009
Anvendelse			
Utbytte	9	59 360 020	-
Avsatt til annen egenkapital	9	-	39 970 009
Sum anvendelse		59 360 020	39 970 009



Wenaas Workwear AS

Årsregnskap 2023


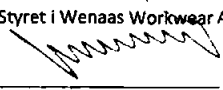
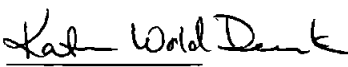
Balanse			
	Note	2023	2022
Eiendeler			
Anleggsmidler			
Utsatt skattefordel	8	10 123 032	21 883 279
Sum immaterielle eiendeler		10 123 032	21 883 279
Varige driftsmidler			
Tomter, bygninger o.a. fast eiendom	5	17 386 549	22 470 577
Maskiner og anlegg	5	59 486 049	1 782 368
Driftsløsøre, inventar o.a. utstyr	5	3 573 096	220 073
Sum varige driftsmidler		80 445 694	24 473 018
Finansielle anleggsmidler			
Aksjer i datterselskap	10	574 398	574 398
Investeringer i datterselskap		574 398	574 398
Sum anleggsmidler		91 143 125	46 930 695
Omløpsmidler			
Varelager	11	290 133 078	236 964 773
Fordringer			
Kundefordringer	3	149 512 464	121 729 315
Fordring på selskap i samme konsern	3,12	71 343 386	27 344 566
Andre kortsiktige fordringer		1 924 600	2 463 775
Sum fordringer		222 780 450	151 537 657
Investeringer			
Bankinnskudd, kontanter o.l.	12,13	4 756 400	4 037 533
Sum omløpsmidler		517 669 928	392 539 963
Sum eiendeler		608 813 053	439 470 658

**Wenaas Workwear AS**

Årsregnskap 2023

Balanse

	Note	2023	2022
Egenkapital og gjeld			
Innskutt egenkapital			
Aksjekapital	9	72 963 084	72 963 084
Sum innskutt egenkapital		72 963 084	72 963 084
Opptjent egenkapital			
Annen egenkapital	9	240 893 264	241 169 724
Sum opptjent egenkapital		240 893 264	241 169 724
Sum egenkapital		313 856 348	314 132 808
Gjeld			
Kortsiktig gjeld			
Leverandørgjeld	3	85 199 283	73 979 544
Gjeld til selskap i samme konser	3	99 311 930	418 011
Skyldige offentlige avgifter		26 647 904	20 661 491
Skyldig utbytte		59 360 020	-
Annen kortsiktig gjeld		24 437 568	30 278 805
Sum kortsiktig gjeld		294 956 706	125 337 850
Sum gjeld		294 956 706	125 337 850
Sum egenkapital og gjeld		608 813 053	439 470 658


Christian Peder Dyvig
StyreformannMåndalen, 2. april 2024
Styret i Wenaas Workwear AS

Michael Hauge Sørensen
Styremedlem
Katrine Wold Deunk
Daglig leder /
Styremedlem



Wenaas Workwear AS Årsregnskap 2023

KONTANTSTRØMOPPSTILLING

(etter den indirekte metoden)

tall i TNOK	2023	2022
Kontantstrømmer fra operasjonelle aktiviteter		
Resultat før skattekostnad	75 921	51 098
Ordinære avskrivninger	4 232	3 059
Endring i varelager	-53 168	-50 413
Endring i kundefordringer, m.v.	-27 783	-19 885
Endring i leverandørgjeld m.v.	11 220	11 687
Endring i andre tidsavgr.poster	-4 363	5 445
Netto kontantstrøm fra operasjonelle aktiviteter	6 058	991
Kontantstrømmer fra investeringsaktiviteter		
Utbetalinger ved kjøp av varige driftsmidler m.v.	-60 234	-11 996
Utbetalinger ved kjøp av aksjer	0	-528
Netto kontantstrøm fra investeringsaktiviteter	-60 234	-12 524
Kontantstrømmer fra finansieringsaktiviteter		
Netto endring i kortsiktig gjeld til kredittinstitusjoner	0	0
Netto endring fordring/gjeld til konsernselskap	54 895	11 743
Netto kontantstrøm fra finansieringsaktiviteter	54 895	11 743
Netto endring i kontanter og kontantekvivalenter	719	209
Beholdning av kontanter og kontantekvivalenter 01.01	4 037	3 828
Beholdning av kontanter og kontantekvivalenter 31.12.	4 757	4 037



Wenaas Workwear AS Årsregnskap 2023

Note 1 Regnskapsprinsipper

Overordnede prinsipper for årsregnskapet 2023

Årsregnskapet er utarbeidet av selskapets styre og daglig leder. Årsregnskapet er utarbeidet og presentert i norske kroner. Med mindre det er spesifisert i den enkelte note er beløpene i tusen, herunder TNOK. Årsregnskapet er utarbeidet i samsvar med regnskapsloven og god regnskapsskikk.

Årsregnskapet består av følgende:

- **Resultatregnskap** inndelt etter art
- **Balanseoppstilling** oppstilt etter stigende likviditet. Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler, og øvrige eiendeler er klassifisert som omløpsmidler. Omløpsmidler omfatter eiendeler direkte knyttet til varekretsløpet eller eiendeler som har forfall innen ett år etter at transaksjonen er gjennomført. Gjeld som forfaller til betaling innen ett år fra balansedato er klassifisert som kortsiktig gjeld. Omløpsmidler vurderes normalt til det laveste av anskaffelseskost og virkelig verdi, mens anleggsmidler normalt vurderes til anskaffelseskost, eventuelt fratrukket av- og nedskrivninger.
- **Kontantstrømoppstilling** utarbeidet etter den indirekte metoden i samsvar med NRS(F).
- **Noter**

Salgsinntekter

Selskapets virksomhet består av salg av arbeidsklær og verneutstyr. Det er leveringsbetingelsene som avgjør tidspunktet for overføring av risiko og kontroll, og dermed inntektsføringstidspunktet. Selskapet har ulike leveringsbetingelser med ulike kunder. De vanligste leveringsbetingelsene innebærer at risiko og kontroll går over på kunden når varen går ut av selskapets lokaler eller at risiko og kontroll går over på kunden når varen er levert hos kunden.

Transaksjoner og regnskapsposter i utenlandsk valuta

Transaksjoner i utenlandsk valuta regnskapsføres til valutakursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til valutakursen på balansedagen.

Valutakursdifferanser resultatføres løpende i den perioden de oppstår under regnskapspostene annen finansinntekt og annen finanskostnad.

Selskapets presentasjonsvaluta og funksjonell valuta er norske kroner

Fordringer

Kundefordringer er oppført til pålydende med fradrag for avsetning til forventede tap. Andre fordringer er vurdert til det laveste av virkelig verdi og pålydende beløp.

Bankinnskudd / konsernkonto avtaler

Selskapet er med i en konsernkonto-ordning. Kassekredit og bankkonti som omfattes av ordningen er presentert netto og klassifisert som fordring / gjeld til konsernselskap i regnskapet.

Varelager og varer

Varer klassifiseres som omløpsmidler og vurderes til det laveste av anskaffelseskost og virkelig verdi (laveste verdis prinsipp). Virkelig verdi er i denne sammenheng definert som antatt fremtidig salgspris redusert med forventede salgskostnader.

Varige driftsmidler

Varige driftsmidler er oppført i balansen til anskaffelseskost, fratrukket akkumulerte av- og nedskrivninger. Et driftsmiddel anses som varig dersom det har en viss økonomisk levetid og en betydelig kostpris.

Utgifter forbundet med periodisk vedlikehold og reparasjoner balanseføres og avskrives over perioden frem til neste planlagte vedlikehold. Utgifter ved normalt vedlikehold og reparasjoner kostnadsføres løpende.

Bruk av Estimer

Ledelsen har brukt estimer og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk

Avskrivninger

Ordinære avskrivninger er beregnet lineært over driftsmidlenes økonomiske levetid med utgangspunkt i anskaffelseskost fratrukket estimert utrangeringsverdi. Avskrivninger klassifiseres som ordinære driftskostnader.



Investering i datterselskap

Med datterselskap menes et selskap der Wenaas Workwear AS har bestemmende innflytelse. Normalt innebærer dette en eierandel på over 50 % hvor investeringen er av langvarig og strategisk karakter.

Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapskikk. Nedskrivninger blir reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Innskuddsbaserte pensjonsordninger

Selskapets forpliktelse ovenfor de ansatte består i å yte et avtalt tilskudd til den enkeltes pensjonssparing. Dette gjøres ved innskudd til et forsikringsselskap. Selskapet har ikke noen ytterligere betalingsforpliktelse eller risiko etter at innskuddene er betalt. Pensjonskostnaden tilsvarer periodens innskudd.

Utsatt skatt og skattekostnad

Utsatt skatt beregnes på bakgrunn av midlertidige forskjeller mellom regnskapsmessige og skattemessige verdier ved utgangen av regnskapsåret samt skattemessig underskudd til fremføring. Ved beregningen benyttes nominell skattesats. Positive og negative forskjeller vurderes mot hverandre innenfor samme tidsintervall. Utsatt skattefordel oppstår dersom en har midlertidige forskjeller som gir opphav til skattemessige fradrag i fremtiden. Utsatt skattefordel knyttet til underskudd til fremføring balanseføres i den utstrekning det forventes fremtidig inntjening som vil gjøre det mulig å utnytte fordelen. Det er lagt til grunn en skattesats på 22 % for utsatt skatt.

Årets skattekostnad består av endringer i utsatt skatt og utsatt skattefordel, sammen med betalbar skatt for inntektsåret, korigert for feil i tidligere års beregninger.

Betalbar skatt beregnes ut fra skattbart resultat for året, inkludert inntekter og kostnader som periodiseres til andre perioder skattemessig enn regnskapsmessig.

Skatteeffekten av transaksjoner som føres mot egenkapitalen føres også mot egenkapitalen.

Transaksjoner med nærstående parter

Kjøps- og salgstransaksjoner med nærstående selskaper både i Norge og utlandet er gjennomført til vanlige forretningsmessige vilkår og prinsipper. Regnskapsføring og klassifisering med mer følger regnskapslovens generelle prinsipper. Transaksjoner med nærstående er spesifisert i note 3.

Leieavtaler

Leieavtaler klassifiseres som finansiell eller operasjonell leasing i samsvar med avtalens reelle innhold ved kontraktsinngåelse. Driftsmidler som leies på betingelser som i det vesentlige overfører økonomiske rettigheter og forpliktelser til selskapet (finansielle leieavtaler), oppføres i balansen under varige driftsmidler og medtas samtidig som forpliktelse under posten øvrig langsiktig gjeld. Eiendelen avskrives i samsvar med prinsippene for eide driftsmidler, og forpliktelsen reduseres med betalt løn etter fradrag for beregnet rentekostnad.

Ved operasjonelle leieavtaler kostnadsføres leiebeløpet løpende og klassifiseres som ordinær driftskostnad.

Konserntilknytning

Det er for 2023 ikke utarbeidet konsernregnskap for underkonsernet Wenaas Workwear AS med den begrunnelse at det inngår i konsernregnskapet for The Cotton Group A/S. Wenaas Workwear AS er et datterselskap av The Cotton Group A/S.

Konsernregnskapet er tilgjengelig i det Danske virksomhetsregisteret.

Note 2 Salgsinntekter

Salgsinntekter pr virksomhetsområde	2023	2022
Arbeidsklær og varmeutstyr	852 787	691 143
Salgsinntekter pr geografisk fordeling:		
Norge	745 686	643 247
UK	33 522	10 491
Andre land	73 579	37 405
Sum salgsinntekter	852 787	691 143



Note 3 Mellomværende og transaksjoner med konsernselskaper og nærstående parter

	2023	2022
Transaksjoner med konsernselskaper		
Varesalg	43 117	31 808
Varekjøp	2 543	4 591
Salg av tjenester	2 626	3 470
Kjøp av tjenester	1 096	960
TNMM Fee inntekt	2 688	426
Rentekostnader	3 371	827
Mellomværende med konsernselskaper		
Fordring på selskap i samme konsern	2023	2022
The Cotton Group A/S	0	26 467
Kundefordringer	71 343	40 877
Gjeld til selskap i samme konsern	2023	2022
Leverandørgjeld	4 420	418
The Cotton Group AB	40 000	40 000
The Cotton Group A/S	50 091	0
Sverre W. Monsen AS	4 801	0

Alle selskaper i konsernet The Cotton Group A/S regnes som nærstående parter.
Transaksjoner med nærstående parter skjer på vanlige forretningsmessige vilkår

Note 4 Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte, pensjoner mm.

	2023	2022
Lønnskostnader		
Lønninger	98 232	87 133
Arbeidsgiveravgift	13 655	11 454
Pensjonskostnader	6 471	5 809
Andre ytelser	3 047	2 391
Sum	121 405	106 786

Gjennomsnittlig antall årsverk 142 138

Godtgjørelser

Daglig leder har en årslønn på 1,8 mnok. Firmabil og andre ytelser 0,3 mnok. Bonus er 2,5% av justert resultat før skatt, for 2023 ble bonus 1,5 mnok. Pensjon er 4,7% fra 0-7,1 G, 8% fra 7,1-12G. Oppsigelsestid er 3 måneder dersom daglig leder sier opp, og 6 måneder dersom bedriften avslutter arbeidsforholdet. Daglig leder har fraskrevet seg sitt stillingsvern.

Det er ikke utbetalt honorar til styret.

Revisor

	2023	2022
Lovpålagt revisjon	366	363
Andre attestasjonstjenester	0	25
Skatterådgivning	41	59
Andre tjenester	49	0
Sum kostnadsført revisjonshonorar ekskl mva	456	447

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon og foretaket har pensjonsordning som oppfyller kravene i loven.



Note 5 Varige driftsmidler

Varige driftsmidler

	Tomter og Bygninger	Maskiner og anlegg	Driftsløsøre, verktøy, inventar etc	Sum 2023	Sum 2022
Anskaffelseskost pr 01.01	111 194	48 728	22 522	182 444	170 448
Tilgang kjøpte driftsmidler		54 988	5 246	60 234	11 996
Omregningsdifferanse		-29		-29	
Omklassifisering	-3 498	5 310	-1 812	-	
Anskaffelseskost 31.12	107 696	108 997	25 956	242 649	182 444
Akkumulerte avskrivninger 1 1	88 723	46 946	22 302	157 972	154 913
Årets avskrivninger	1 586	2 565	81	4 232	3 059
Akkumulerte avskrivninger 31 12	90 309	49 511	22 383	162 204	157 972
Balanseført verdi pr. 31.12	17 387	59 486	3 573	80 446	24 473

Økonomisk levetid
Avskrivningsplan

25 år

5 -10 år

3 -5 år

Lineær

Lineær

Lineær

I perioden 2022 til 2024 investerer bedriften i oppgradert lager inkludert Autostore.
99% av tilganger i 2023 er knyttet til dette prosjektet.

Note 6 Leasing- og leieavtaler

Selskapet leaser firmabiler og diverse utstyr. Leieavtalenes løpetid er 3-7 år. Leieavtalene er ikke balanseført, da leieavtalene i henhold til god regnskapsskikk ikke er å anse som finansiell leasing.

Resultatført leasingkostnad utgjør:

	2023	2022
Leasing kostnad bil	1 010	1 018
Diverse utstyr	778	552
Leieavtaler bygg	5 231	5 285
Sum	7 020	6 855

Note 7 Finansinntekt

Resultatregnskapet – Annen finansinntekt:

	2023	2022
Renteinntekt fra kunder	158	206
Agio	27 528	30 275
Sum annen finansinntekt	27 686	30 481

Resultatregnskapet – Annen finanskostnad:

	2023	2022
Rente fra leverandører	16	18
Disagio	25 360	17 976
Sum annen finanskostnad	25 376	17 994



Note 8 Årets skattekostnad fremkommer slik

	31.12.2023	31.12.2022
Utsatt skatt	11 780	11 219
Betalbar skatt	0	0
Skatt på konsernbidrag	4 801	0
Endring ikke balanseført utsatt skattefordel	0	-91
Årets totale skattekostnad på ordinært resultat	16 581	11 128

Betalbar skatt i årets skattekostnad fremkommer slik

	31.12.2023	31.12.2022
Resultat før skattekostnad	75 921	51 098
Permanente forskjeller	396	311
Endringer i midlertidige forskjeller	-4 342	8 349
Mottatt konsernbidrag	-21 823	0
Endring fremførbart underskudd	-50 152	-59 758
Grunnlag betalbar skatt	0	0

Skatt 22 % som utgjør sum betalbar skatt på årets resultat

0	0
---	---

Betalbar skatt i balansen

0	0
---	---

Betalbar skatt på årets resultat

0	0
---	---

Betalbar skatt grunnet rentebegrensning

0	0
---	---

Årets betalbare skatt i balansen

0	0
---	---

Oversikt over midlertidige forskjeller:

	31.12.2023	31.12.2022
Anleggsmidler	-5 133	-16 017
Omløpsmidler	-42 058	-36 789
Gevinst og tapskonto	4 166	5 208
Regnskapsmessige avsetninger	-2 990	-2 757
Fremførbart rentefradrag	-9 641	-11 090
Underskudd til fremføring	0	-49 114
Ikke balanseført utsatt skattefordel	9 641	11 090
Sum	-46 015	-99 469

Utsatt skattefordel

-10 123	-21 883
---------	---------

Selskapets ledelse og styre foretar en løpende vurdering av hvilke beløp man anser som forsvarlig å føre opp i selskapets balanse som utsatt skattefordel, basert på forventet framtidig inntekt og realistisk skatteilpasning.

Note 9 Egenkapital og aksjonærinformasjon

	Aksjekapital	Annen opptjent EK	Sum
Egenkapital per 31.12.22	72 963	241 170	314 133
Utbytte		-59 360	-59 360
Omregnings differanse	0	-277	-277
Årets resultat	0	59 360	59 360
Egenkapital pr 31.12.23	72 963	240 893	313 856

Omregningsdifferansen er relatert til selskapets filialer i Skottland og omregning av denne aktiviteten fra GBP til NOK. Aksjekapitalen i Wenaas Workwear AS består av 145 926 168 aksjer á NOK 0,50

Eierstruktur

Aksjonærene i Wenaas Workwear AS pr 31.12.23 var:

	Antall	Eierandel	Stemmeandel
The Cotton Group AB	143 007 644	98,0 %	96,0 %
Sønstevoll Holding AS	2 188 893	1,5 %	1,5 %
Andre	729 831	0,5 %	0,5 %
Totalt	145 926 168	100,0 %	100,0 %



Note 10 Aksjer i datterselskaper

Datterselskap

Selskaps navn:

Selskaps navn:	Forretnings- kontor	Eierandel	Egenkapital	Resultat	
			31.12.23	2023	Verdi i balanse
Wenaas Workwear AB	SWE	100 %	1 347	680	46
Wenaas Workwear Singapore PTE.LTD	USD	100 %	2 340	997	0
Wenaas Workwear NL B.V.	EUR	100 %	4 103	2 394	0
Wenaas Danmark A/S	DKK	100 %	606	232	526
Totalt			8 396	4 303	574

Eierandelen er lik stemmeandelen for alle selskapene. For de selskapene som er morselskap i underkonsern er det resultatet og egenkapitalen i underkonsernet som er tatt inn. Beløp på egenkapital og resultat er i TNOK. Selskapaet i Singapore er et 3.parslagslag, i Rotterdam og Aberdeen har Wenaas eget lager. Det er kun Aberdeen som er en filial og regnskapsføres som en avdeling i GBP og omregnes til NOK iht. beskrevne regnskapsprinsipp for omregning. Aktiviteten fra filialene inngår i selskapsregnskapet og er skattepliktig for tilhørende aktivitet i Skottland

Note 11 Varelager

	2023	2022
Varer i transit	45 085	32 395
Innkjøpte handelsvarer	245 048	204 570
Sum varelager	290 133	236 965

Varelager er vurdert til anskaffelseskost minus nedskrivninger

Note 12 Pantstillelser/garantier/kausjonsansvar

Selskapet har ikke langsiktige lån, men kortsiktig lån som er inkludert i konsernkonto ordningen og rapportert samlet som fordring / gjeld på selskap i samme konsern.

Wenaas Workwear AS har fått en rett til å benytte en arbeidskapitalgaranti stilt til disposisjon for The Cotton Group. Garantien vedrører en fasilitet på EURm 70, og eies av The Cotton Group A/S. Per 31. desember 2023 var det totale utestående beløpet under denne fasiliteten EURm 41,6. Wenaas Workwear AS har garantert fasilitetene som en primær debitor, begrenset i den grad det er nødvendig for å overholde obligatorisk lov.

Note 13 - Bundne midler

I posten bankinnskudd inngår konto for bundne skatetreksmidler med 4 756 TNOK pr 31.12.2023. Skyldig skatetrekk pr 31.12.2023 utgjorde 4 756 TNOK



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Ernst & Young
Medlemmer av Den norske Revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Wenaas Workwear AS

Konklusjon

Vi har revidert årsregnskapet for Wenaas Workwear AS som består av balanse per 31. desember 2023, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening oppfylder årsregnskapet gjeldende lovkrav og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2023 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjon

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og *International Code of Ethics for Professional Accountants* (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår konklusjon om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere om årsberetningen inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav og hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon eller ikke inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav, er vi pålagt å rapportere det.

Vi har ingenting å rapportere i så henseende, og vi mener at årsberetningen er konsistent med årsregnskapet og inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens bestemmelser og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller virksomheten, eller ikke har noe annet realistisk alternativ.



Building a better
working world

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoen, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimaterne og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av og tidspunktet for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom revisjonen.

Bergen, 3. april 2024
ERNST & YOUNG AS

Revisjonsberetningen er signert elektronisk

Trine Hansen Bjerkvik
statsautorisert revisor

Uavhengig revisors beretning - Wenaas Workwear AS 2023

A member firm of Ernst & Young Global Limited



PEÑNEO

TRINE HANSEN BJERKVIK

Statsautorisert revisor

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The Cotton Group A/S

CVR-no. 42169447

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Annual Report

1 January - 31 December 2023

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DUJ100

The Annual Report has been presented and approved on the company's annual general meeting

5 April 2024

Chairman of the General Meeting
Søren Bremerskov Vuust



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The Cotton Group A/S

Annual Report 1 January – 31 December 2023

MANAGEMENT REVIEW

Activities of the Group

The Cotton Group started its operations in March 2021 by acquiring a portfolio of leading businesses in the European professional wear market.

- B&C, the market leader within promotional wear in Continental Europe with products sold across 30 European countries. The company is headquartered in Waterloo, Belgium.
- Wenaas, the Norwegian market leader in heavy workwear, expanding across Northern Europe. The company is also the European market leader in offshore and shipping expanding outside Europe. The company is headquartered in Måndalen, Norway.
- Clinic Dress, a healthcare apparel company selling directly to clinics and individual care workers across Central Europe. The company is headquartered in Bramsche, Germany.
- Sverre W. Monsen, the market leader in garments and textiles to the healthcare and leisure industry in Norway, expanding across the Nordic region. The company is headquartered in Bergen, Norway.
- Hejco, designs, develops and manufactures workwear for employees in the care industry across the Nordic region. The company is headquartered in Borås, Sweden.
- Martinson, the market leader in Sweden within garments for hospitals. The company is headquartered in Borås, Sweden.

Performance in 2023

The revenue for the Group was DKK 2,159.6 million and the earnings before financial items (EBIT) and tax was DKK 249.0 million. The performance in 2023 was in line with management's expectations as stated in the annual report for 2022.

Financial outlook 2024

The Cotton Group expects earnings before financial items and tax (EBIT) in 2024 around the level of the 2023 earnings before financial items and tax (EBIT).

Forward-looking statements

Certain statements in this financial review are forward-looking statements. Such statements are based on current expectations and are, by their nature, subject to several uncertainties that could cause actual results and performance to differ materially from expected results or performance, expressed or implied, in the forward-looking statements.

Events after the balance sheet date

No significant events have occurred after 31 December 2023.

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The Cotton Group A/S

Annual Report 1 January – 31 December 2023

KEY FIGURES

DKK million	2023	2022	2021*)
Income statement			
Revenue	2,159.6	2,265.7	1,511.8
Gross profit	690.9	697.0	518.8
Operating profit before special items (EBIT)	249.0	255.3	190.4
Financial items	(22.1)	7.0	(1.5)
Net profit	167.4	196.8	243.9
Statement of financial position			
Non-current assets	175.5	153.8	212.4
Current assets	1,090.8	1,168.4	909.8
Total assets	1,266.3	1,322.2	1,122.2
Total equity	607.0	541.3	567.8
Non-current liabilities	67.3	62.7	47.3
Current liabilities	592.0	718.2	507.1
Cash flows			
Cash flow for operating activities	168.9	(36.8)	139.7
Cash flow from investing activities	(29.4)	40.1	(87.6)
- of which investment in property, plant and equipment	(38.5)	(20.7)	(17.5)
Cash flow from financing activities	(136.0)	(53.4)	25.9
Total cash flow	3.5	(50.1)	78.0
Key figures			
Gross margin	32.0%	30.8%	34.3%
Operating margin	11.5%	11.3%	12.6%
Equity ratio	47.9%	40.9%	50.6%
Return on equity	29.2%	35.5%	43.0%
Average number of employees	431	441	467

*) The income statement and cash flows for 2021 cover operations from the acquired activities from 31 March to 31 December 2021.

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FINANCIAL REVIEW

Income Statement

Revenue

The revenue was DKK 2,159.6 million, which was a slight decrease compared to DKK 2,265.7 million in 2022, due a general stagnation in the market and from wholesale customers reducing their stock levels.

Gross margin

Costs of goods sold was DKK 1,468.7 million, which resulted in a gross profit of DKK 690.9 million compared to DKK 697.0 million in 2022. The gross margin increased to 32.0% from 30.8% originating from lower transportation costs.

Earnings before interests and tax

Earnings before interest and tax was DKK 249.0 million compared to DKK 255.3 million in 2022. The operating margin was 11.5% compared to 11.3% in 2022.

Financial items

Financial items, net was a cost of DKK 22.1 million compared to a net income of DKK 7.0 million in 2022. Excluding the change in net foreign exchange rate gains financial items net was DKK 22.1 million compared to a cost of DKK 10.0 million in 2022. The increase originated from a higher market interest rate.

Income tax

The effective tax rate for the year was 26.2% (2022 25.0%). The effective tax rate in 2023 was impacted by tax losses not capitalised.

Net profit

The net profit for the period was DKK 167.4 million compared to DKK 196.8 million in 2022. The decrease originated from the development in net financial items.

Statement of financial position

Total assets

Total assets amounted to DKK 1,266.3 million compared to DKK 1,322.2 million in 2022. The decrease in total assets originated primarily from a decrease in inventories of DKK 58.1 million.

Shareholders' equity

The total equity of the Group on 31 December 2023 was DKK 607.0 million (2022 DKK 541.3 million), of which DKK 8.3 million (2022 DKK 8.9 million) was attributable to non-controlling interests in subsidiaries. The equity ratio was 47.9% compared to 40.9% in 2022. The increase in equity ratio mainly originated from the higher total equity.

The equity of the parent company, The Cotton Group A/S, was DKK 269.4 million (2022 DKK 113.0 million). The increase originated from dividends from subsidiaries.



The Cotton Group A/S
Annual Report 1 January– 31 December 2023

FINANCIAL REVIEW

Cash flow statement

Cash flow from operating activities was DKK 168.9 million (2022 a cash outflow of DKK 36.8 million), negatively impacted by a decrease in trade payables more than offsetting the positive effect from a decrease in inventories and trade receivables.

Cash flow from investing activities was a cash outflow of DKK 29.4 million (2022 a cash inflow of DKK 40.1 million). Investments in intangible assets and property, plant and equipment were DKK 45.2 million (2022 DKK 30.2 million). The investments made during 2022 and 2023 mainly related to the implementation of an automated warehouse in Wenaas.

Cash flow from financing activities was a cash outflow of DKK 136.0 million (2022 a cash outflow of DKK 53.4 million). The cash outflow in 2023 originated mainly from dividend paid to shareholders and payment of interest.

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SUSTAINABILITY

The following constitutes The Cotton Group's statutory statement regarding corporate responsibility of section 99a of the Danish Financial Statements act.

The Cotton Group owns 6 brands within promotional wear and workwear. Within these brands The Cotton Group cooperates with third party suppliers to produce garments that are sold via the entities in the Group. The key focus continues to be on analysing areas where our environmental impact can be reduced the most and preparing the compliance structure in respect of sustainability. The work with sustainability follows a decentralized structure to ensure that decisions are taken at the same level as business decisions to realize the highest possible effect from initiatives, rather than following a generic set of actions.

The sustainability approach applied for the individual business segments is based on an overall vision for conducting our business, which sets out a high ethical standard with a focus on minimizing the environmental footprint and being a fair and equitable company respecting everybody's rights. As a cornerstone of our sustainability commitment, we follow the UN Global Compact and its guiding principles for Corporate Responsibility on human rights, labour, environment, and anti-corruption.

During 2023 the code of conducts established within each brand have been integrated into a group wide code of conduct & business ethics, and training programs have been established to train employees in how business in The Cotton Group is required to be conducted. It is our ambition that all employees conduct the training once a year. In connection with the implementation of the group wide code of conduct & business ethics, a groupwide whistleblower system has been established where employees, suppliers and other stakeholders can report potential breaches.

Most of our impact on society comes from the suppliers we work with, which continues to be a focus for our sustainability work. We have a high focus on ensuring that all of our suppliers are subject to audits either through certifications or through a membership of Amfori-BSCI or similar organisations. It is our aim that 100% of our key suppliers and 95% of our tier one suppliers are subject to compliance audits by third party organisations. Currently 90% of all tier one suppliers are subject to sustainability audits.

By conducting audits via associations and certification agencies, we strengthen our leverage thanks to cooperation with other member brands in risk prevention and remediation.

Further to requiring certifications or compliance audits from our suppliers, we seek to create continuous improvements by establishing long-lasting relationships with our suppliers and treating them with respect and dignity to create business relationships that are mutually beneficial. Together with our suppliers we follow up on audits performed trying to improve the way our suppliers work.

During 2024 we will continue our work in respect of the Corporate Sustainability Reporting Directive adopted by the EU in 2022, to be prepared for complying with and reporting in accordance with the requirements, which will become mandatory for The Cotton Group in 2025.

Environment and climate

We acknowledge that activities associated with the production, the consumption and the end-of-life disposal of clothing has an impact on the environment. As an apparel brand, we are committed to contributing to continuous environmental improvements, within the sphere of our influence. Therefore, we support initiatives to promote greater environmental responsibility and encourage environmentally friendly technologies, and continuously seek to improve environmental performance, by reducing use of energy, water and material resources, and by minimizing emissions and waste.

We have in 2023 continued our work in several different ways to reduce our environmental impact. The most significant initiative was within promotional wear, where we, for our key products, in future will only use recycled polyester, organic cotton, in conversion cotton and better cotton, which all reduces our environmental footprint. To reach the highest possible effect, we implemented this change without increasing our prices.

Another significant way of reducing our environmental impact is to produce and develop high quality clothing, which can be used for a long time. We developed reusable surgical garments, which can be washed at a high temperature, making it possible to reuse the garments instead of the current disposable garments used by the hospitals. In addition, we are launching reusable bags to hold garments to be used by laundries.

Further to the development and use of more sustainable garments and textiles throughout our organisation, we focus on optimising the production process to reduce the waste in respect of fabrics.



SUSTAINABILITY

The Cotton Group has obtained recognised environmental certificates i.e., ISO 14001 or from Miljøfyrtårn together with several product label certificates.

In The Cotton Group we have an overall strategy, to limit our impact on the climate. Our CO2 footprint mainly originates from material choices, supply chain production, transport, travel, company cars together with office and warehouse management. It is thus within these areas we seek to reduce our footprint by selecting climate friendly solutions and raising awareness amongst our suppliers do the same. Further to the initiatives described above focusing on our material choices and supply chain production, we have at two of our warehouses installed solar panels and are in Belgium transporting goods from the harbour to our warehouse via barges instead of trucks.

Human rights

In The Cotton Group, we are committed to respecting and supporting internationally declared human rights, and not to be complicit in any human rights abuses. To ensure that we uphold high standards, our policies are based on the Code of Conduct for Amfori-BSCI and similar organisations, the standards of the International Labour Organisation (ILO) and the United Nations Universal Declaration of Human Rights, in relation to forced labour, child labour, freedom of association, compensation, working hours, occupational health and safety, and a legally binding employment relationship. Due to the breaches of human rights in Uyghur we have implemented a decision not to use cotton originating from this region.

Our main challenges and risks in terms of human rights is in our global supply chain. To manage these risks, the Group has developed a set of Supplier code of conducts, which all suppliers must commit to and sign. The compliance with these guidelines is tested through audits conducted by Amfori-BSCI or other certification agencies as described earlier.

Social- and employee conditions

As with human rights, the Group's primary risks regarding the fundamental labour standards are in our supply chain. During 2023 the share of tier one suppliers being audited has remained around 90%, and our audit partners have in 2023, through on-site audits continued to test, that our suppliers are not using for example: child labour, forced labour or prohibiting the right to association and collective bargaining. Suppliers are typically audited every second year.

We aim at establishing strong long-lasting relationships with our supplies, where we through cooperation and support maintain high social standards, which include improving working and living conditions for workers and communities, paying decent wages, promoting gender equality, eliminating child labour, discrimination, and harassment.

For the Group's own activities, we aim to make sure that we provide our employees with a safe working environment for both warehouse and office workers through training and analysing best practices.

Anti-corruption

The Cotton Group recognises corruption and bribery as barriers to sustainable development and free trade, especially in the supply chain. We believe that business should always be conducted with integrity, treating all business partners fairly and equitably. Any form of corruption destroys confidence in the marketplace and business relationships, weakens democracy, changes economic and social development, and damages transparency in the transaction of businesses. Business should be based on the quality of products and fairness.

The Cotton Group follows a policy of zero tolerance for all forms of corruption, including extortion and bribery. We do not permit any undue payments, nor do we engage in any political activity or contribution contrary to the laws in countries, where we do business. The acceptance of any kind of kickbacks, rebates, or other values to obtain an advantage or personal benefit in relation to our business is prohibited and is a breach of our policies.



SUSTAINABILITY

Gender diversity in management

The following constitutes The Cotton Group's statutory statement regarding corporate responsibility of section 99b of the Danish Financial Statements act.

The global gender distribution by the end of 2023 was 43% men and 57% women. Other levels of management consist of 28 persons of which 11 are women representing 39%. It is the intention of the Board of Directors to ensure that the percentage of the underrepresented gender in other levels of management does not fall below 40% and expect to be at that level in 2026 at the latest. Other levels of management include the CEO's of the Brands and the CEO of the Group, together with the persons being part of the Brand management teams.

The Board of Directors consists of 4 members, all being men.

It is the goal to have 25% representation of women in the Board of Directors within the next 3 years. The Members of the Board of Directors have been elected amongst the shareholders of the Cotton Group A/S, who are all men, and it has therefore not been possible to meet this goal in 2023. The Cotton Group will assess possibilities to add female members to The Board of Directors, when changes are made to the Board of Directors.

To maintain and enhance the gender diversity in leadership positions, The Cotton Group has established a policy for the underrepresented gender.

Statutory statement on data ethics

The data utilised by The Cotton Group mainly relates to business-to-business information. However, we do have some data, generated by the Group, in respect of private customers and employees. For private customers, we utilise analytical tools like Google to analyse consumption patterns, but do not store this data in respect of individuals, all in accordance with data protection laws.

The Group has established a policy in respect of data ethics. This requires data ethics and security to be considered when implementing new technologies and requires us to act according to applicable law, ethically and transparent in respect of persons providing data.

	2023
Board of Directors	
Number of members	4
Underrepresented gender in %	0%
Target representation in %	25%
Goal to reach target in	2028
Other levels of management	
Number of members	28
Underrepresented gender	39%
Target representation in %	40%
Goal to reach target in	2028



The Cotton Group A/S
Annual Report 1 January – 31 December 2023

COMPANY INFORMATION

Name	The Cotton Group A/S
Address	Amaliegade 47 1256 Copenhagen K Denmark
CVR-no.	42 16 94 47
Incorporated	25 February 2021
Municipality of domicile	Copenhagen
Accounting period	1 January – 31 December
Board of Directors	Christian Peter Dyvig (Chairman) Michael Hauge Sørensen Anders Daniel Davidsson Ulf Peter Segerström
Executive Board	Søren Bremerskov Vuust
Auditor	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU100



The Cotton Group A/S
Annual Report 1 January – 31 December 2023

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

Note	DKK million	2023	2022
3	Revenue	2,159.6	2,265.7
4,5,6	Costs of goods sold	(1,468.7)	(1,568.7)
	Gross profit	690.9	697.0
5,6	Sale- and distribution costs	(278.1)	(269.0)
5,6,7	Administrative expenses	(163.8)	(172.7)
	Earnings before financial items and tax	249.0	255.3
8	Financial income	11.2	19.5
9	Financial expenses	(33.3)	(12.5)
	Profit before tax	226.9	262.3
10	Income tax	(59.5)	(65.5)
	Net profit	167.4	196.8
	<i>Allocation of net profit</i>		
	Owners of The cotton Group A/S	165.3	194.5
	Non-controlling interests	2.1	2.3
	Net profit	167.4	196.8

Statement of comprehensive income

Note	DKK million	2023	2022
	Net profit	167.4	196.8
	Other comprehensive income		
	<i>Items that may be reclassified to the income statement</i>		
	Foreign currency adjustments on investment in subsidiaries and non-controlling interests	(11.5)	(25.5)
	<i>Items that will not be reclassified to the income statement</i>		
	Actuarial adjustment of defined benefit plans	(0.5)	2.7
10	Income tax	(0.8)	0.0
	Other comprehensive income after tax	(12.8)	(22.8)
	Total comprehensive income	154.7	174.0
	<i>Allocation of total comprehensive income</i>		
	Owners of The Cotton Group A/S	152.9	172.0
	Non-controlling interests	1.8	2.0
	Total comprehensive income	154.7	174.0

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The Cotton Group A/S

Annual Report 1 January – 31 December 2023

CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

Note	DKK million	2023	2022
Assets			
11	Intangible assets	18.3	18.7
12	Property, plant and equipment	72.5	41.6
13	Right of use assets	67.3	62.0
15	Other receivables	0.3	0.3
10	Deferred tax assets	17.1	31.2
	Non-current assets	175.5	153.8
14	Inventories	758.5	816.6
15	Trade receivables	263.7	275.8
15	Other receivables	11.9	31.2
16	Prepayments	12.1	8.4
	Income tax receivable	11.5	6.0
27	Cash and cash equivalents	33.1	30.4
	Current assets	1,090.8	1,168.4
	Total Assets	1,266.3	1,322.2

Note	DKK million	2023	2022
Equity and liabilities			
	Share capital	26.3	26.3
	Retained earnings	391.1	450.6
	Currency translation reserve	(42.2)	(31.0)
	Proposed dividends	223.5	86.5
17	Equity attributable to owners of The Cotton Group A/S	598.7	532.4
18	Non-controlling interests	8.3	8.9
	Total equity	607.0	541.3
19	Pensions and similar obligations	7.7	7.6
10	Deferred tax liabilities	0.3	0.2
20	Provisions	6.6	4.0
22	Other payables	0.0	2.1
13	Lease liabilities	52.7	48.8
	Non-current liabilities	67.3	62.7
21	Interest-bearing loans and borrowings	310.0	321.7
13	Lease liabilities	17.0	15.7
	Trade payables	176.2	283.0
22	Other payables	56.2	56.6
23	Contract liabilities	21.1	32.8
	Income tax payable	10.6	4.9
19	Pensions and similar obligations	0.8	0.6
20	Provisions	0.1	2.9
	Current liabilities	592.0	718.2
	Total liabilities	659.3	780.9
	Total equity and liabilities	1,266.3	1,322.2

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The Cotton Group A/S
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CONSOLIDATED FINANCIAL STATEMENTS

Cash flow statement

Note	DKK million	2023	2022
	Earnings before financial items and tax	249.0	255.3
6	Depreciation and amortisation	32.5	36.2
19,20	Provisions	(0.4)	(0.5)
	Cash flow from operating activities prior to movements in working capital	281.1	291.0
25	Change in operating assets	49.9	(315.7)
25	Change in operating liabilities	(116.0)	45.0
	Cash flow from operating activities, excl. tax	215.0	20.3
	Income tax paid	(46.1)	(57.1)
	Cash flow from operating activities	168.9	(36.8)
11	Purchase of intangible assets	(6.7)	(9.5)
13	Purchase of property, plant and equipment	(38.5)	(20.7)
26	Proceeds from sale of companies	15.8	70.3
	Cash flow from investing activities	(29.4)	40.1
26	Repayment of lease liabilities	(18.2)	(21.6)
26	Proceeds from bank overdraft facility	0.0	201.9
26	Change in bank overdraft facilities	(6.8)	(23.2)
8	Interests received	0.4	0.6
9	Interests paid	(22.5)	(10.6)
	Capital reduction	0.0	(127.9)
	Transactions with non-controlling interests	0.0	2.1
	Dividend paid to shareholders	(86.5)	(74.0)
	Dividend paid to non-controlling interests	(2.4)	(0.7)
	Cash flow from financing activities	(136.0)	(53.4)
	Total Cash flow	3.5	(50.1)
	Cash and cash equivalents at 1 January	30.4	78.4
	Foreign currency adjustments	(0.8)	2.1
27	Cash and cash equivalents at 31 December	33.1	30.4

Cash flows cannot be extracted directly from the statement of financial position.

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The Cotton Group A/S
Annual Report 1 January – 31 December 2023

CONSOLIDATED FINANCIAL STATEMENTS

Statement of equity

DKK million	Currency				Total	Non-controlling interests	Total equity
	Share capital	Retained earnings	translation reserve	Proposed dividend			
2022							
Equity at 1 January 2022	43.0	450.2	(5.8)	74.0	561.4	6.4	567.8
Net profit		108.0		86.5	194.5	2.3	196.8
Other comprehensive income		2.7	(25.2)		(22.5)	(0.3)	(22.8)
Total comprehensive income	0.0	110.7	(25.2)	86.5	172.0	2.0	174.0
Capital reduction	(16.7)	(111.2)			(127.9)		(127.9)
Dividends paid to shareholders				(74.0)	(74.0)	(0.7)	(74.7)
Sale to non-controlling interests		0.9			0.9	1.2	2.1
Transactions with owners	(16.7)	(110.3)	0.0	(74.0)	(201.0)	0.5	(200.5)
Total equity at 31 December 2022	26.3	450.6	(31.0)	86.5	532.4	8.9	541.3
2023							
Equity at 1 January 2023	26.3	450.6	(31.0)	86.5	532.4	8.9	541.3
Net profit		(58.2)		223.5	165.3	2.1	167.4
Other comprehensive income		(1.3)	(11.2)		(12.5)	(0.3)	(12.8)
Total comprehensive income	0.0	(59.5)	(11.2)	223.5	152.8	1.8	154.6
Dividends paid to shareholders				(86.5)	(86.5)	(2.4)	(88.9)
Transactions with owners	0.0	0.0	0.0	(86.5)	(86.5)	(2.4)	(88.9)
Total equity at 31. december 2023	26.3	391.1	(42.2)	223.5	598.7	8.3	607.0

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The Cotton Group A/S

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1	Accounting policies
2	Significant accounting estimates and management judgements
3	Revenue
4	Costs of goods sold
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7	Fee to auditors
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10	Income tax
11	Intangible assets
12	Property, plant and equipment
13	Right of use assets
14	Inventories
15	Receivables
16	Prepayments
17	Shareholders' equity
18	Non-controlling interest
19	Pensions and similar obligations
20	Provisions
21	Interest-bearing loans and borrowings
22	Other payables
23	Contract liabilities
24	Contingent liabilities
25	Change in working capital
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28	Financial risks and financial instruments
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30	Significant events after the balance sheet date
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The Cotton Group A/S

Annual Report 1 January – 31 December 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

The Cotton Group A/S is a limited company incorporated and domiciled in Denmark. The financial statements for the year ended 31 December 2023 include the consolidated financial statements for The Cotton Group A/S and its subsidiaries (collectively, the Group) and the financial statements for The Cotton Group A/S.

The financial statements cover the period for the 1 January to 31 December 2023.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as approved by the EU and the announcement of the implementation of IFRS in accordance with the Danish Financial Statements Act. The Board of Directors has adopted the Annual Report for The Cotton Group A/S for the year ended the 31 December 2023 on 3 April 2024. The Annual Report for the year ended 31 December 2023, is presented for the shareholders' approval at the annual general meeting 5 April 2024.

Basis for preparation

The consolidated financial statements have been prepared in DKK.

The accounting policies of the Group have been prepared on a historical cost basis.

The shares of The Cotton Group A/S are not publicly traded, and The Cotton Group has chosen not to implement IFRS 8, why the financial statements do not include information on operating segments.

Statement on going concern

The Board of Directors and the Management Board have during the preparation of the consolidated financial statements of the Group assessed the going concern assumption. The Board and the Management Board believe that no events or conditions give rise to doubt about the Group's ability to continue as a going concern (within the next reporting period). The conclusion is made based on knowledge of the Group, the estimated economic outlook and identified risks and uncertainties in relation here-to. Further, the conclusion is based on review of budgets, including expected development in available liquidity and capital, current credit facilities and their contractual and expected maturities. Consequently, it has been concluded that it is reasonable to apply the going concern concept as underlying assumption for the consolidated financial statements of the Group.

Changes in accounting policies

Effective 1 January 2023, the Group has implemented the following amended standards and interpretations:

- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The changes have not had any impact on recognition and measurement in the annual report.

Basis of consolidation

The consolidated financial statements comprise The Cotton Group A/S and entities controlled by The Cotton Group A/S. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is usually achieved by directly or indirectly holding or controlling more than 50% of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements used for consolidation have been prepared in accordance with The Cotton Group's accounting policies. On consolidation intra-group transactions, balances, income and expenses are eliminated. Unrealised gains arising from Group entities are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

The non-controlling interest's share of net profit and equity of subsidiaries, which are not wholly owned, are included in the Group's net profit and equity, respectively, but disclosed separately.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in the income statement.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

The acquisition date is the date when The Cotton Group A/S obtains control of the acquired business.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is tested for impairment at a minimum once a year. The first impairment test is performed before the end of the acquisition year.

If there at the time of acquisition is uncertainties around the identification or measurement of assets, liabilities, contingent liabilities or the cost of acquisition, then the initial recognition is based on provisional values. If changes related to the identified or the valuation of the costs of acquisition or acquired assets, liabilities or contingent liabilities are detected which 12 months of the acquisition date, such changes are recognised with retro-active effect to the acquisition date and comparative figures are adjusted to that effect. After 12 months goodwill is no longer adjusted.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Foreign currency translation

The functional currency of the parent company is DKK.

A functional currency is determined for each of the reporting entities of The Cotton Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rate at the transaction date and at the date of payment have been recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

The difference between the exchange rate at the reporting date and at the date of which the receivable or payable arose or the exchange rate applied in the most recent financial statements has been recognised in the income statement under financial income or financial expenses.

On recognition in the consolidated financial statements in other subsidiaries with another functional currency than DKK, the income statement is translated at the exchange rates at the transaction date and the statement of financial position is translated at the exchange rates at the reporting date. Average exchange rates for the month are used as the exchange rate at the transaction date to the extent that this does not significantly change the presentation of the underlying transactions.

Exchange rate differences arising on the translation of the equity of these subsidiaries at the beginning of the year to the exchange rates at the reporting date; and on the translation of the income statement from the exchange rate at the transaction date to the exchange rate at the reporting date are recognised directly in other comprehensive income and classified in equity in a separate currency translation reserve. Exchange rate differences are allocated between the parent company's and the non-controlling interests' shares of equity.

Exchange rate differences from inter-group balances in another functional currency, that are considered to be an integrated part of the net investment in a group company, is recognised in other comprehensive income and classified in equity in a separate currency translation reserve.

On full or partial divestment of foreign subsidiaries, where The Cotton Group ceases to have control, foreign exchange adjustments accumulated in equity through other comprehensive income and which can be attributed to entities are recirculated from the "Currency translation reserve" to the income statement together with any gain or loss from the divestment.

A repayment of an inter-group balance considered to be an integrated part of the investment in a group company is not considered to be a partial divestment of a foreign subsidiary.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables or other payables in the balance sheet.

Fair value hedges

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Hedging of future cash flow

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Other derivative financial instruments

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

Revenue

The Group's revenue consists of sale of different types of workwear and promotional wear.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be estimated reliably and when each individual sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Revenue from the sale of goods

Income from the sale of goods for resale and finished goods, including sold workwear, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably, and payment is expected to be received.

Costs of goods sold

Costs of goods sold comprise costs incurred in generating revenue for the year. Such costs include direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on inventories.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs related to sales staff, advertising, exhibitions as well as amortisation and depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses comprise expenses paid in the year to manage and administer the Company, including expenses related to administrative staff, office premises, office expenses and amortisation and depreciation.

Special items

Special items include significant non-recurring income or expenses that are not considered to be part of the ordinary activities of the group. Such income and expenses include restructuring costs, adjustments related to business combinations and negative goodwill.

Financial items

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, fair value adjustments on derivative financial instruments that does not classify for hedge accounting, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Corporation tax

Tax for the year

The Cotton Group A/S is part of a joint taxation with Dyvig Holdings A/S (Administrator of the joint taxation) and the Danish subsidiaries of Dyvig Holdings A/S. The income tax is allocated among the joint taxed companies based on the taxable income of these companies.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Payable and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and 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 base of assets and liabilities. However, deferred tax is not recognised on temporary



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

differences relating to non-deductible goodwill and on office premises and other items where temporary differences – other than from business combinations - arise at the acquisition date without affecting either profit/loss for the year or taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively. Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; 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 and jurisdiction.

Deferred tax assets and deferred tax liabilities are netted, if the group has a legal right to net current tax assets and liabilities or if it is the intention to settle current tax assets and liabilities on a net basis or realise these simultaneously.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the applicable tax rates are recognised in other comprehensive income.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Software, licenses and patents are measured at cost less accumulated amortisation and impairment losses. Software, licenses and patents are amortised on a straight-line basis over the term of the patent, licence or expected utilisation period normally between 3 and 10 years.

Development projects, software, patents and licenses etc

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets, provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Property, plant and equipment

Land and buildings, plant and machinery and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	25-40 years
Plant and machinery	3-10 years
Other equipment	3-10 years



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1 Accounting policies

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively. Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of non-current assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



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The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit or group of cash generating units to which the goodwill relates. When the recoverable amount of the cash generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price, duties and delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to affect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

A right-of-return asset is recognised in inventories for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Receivables

Receivables are measured at amortised cost.

The Group recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its



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1 Accounting policies

historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Prepaid costs

Prepayments comprise costs incurred concerning subsequent financial years.

Pension obligations

The Group contributes to pension plans which cover employees in various companies of the Group. The pension plans are typically defined contribution plans.

The Group holds unfunded defined benefit pension plan in Germany and Sweden, which has been closed, but requires pension payments to be made to former members and a funded plan in Belgium containing characteristics of a defined benefit plan, by guaranteeing a certain return on savings.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under administrative expenses in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date, and it is probable that an outflow of the Company's resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value based on management's best estimate of the costs to be incurred. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contract liabilities

Refund liabilities are recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period.



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1 Accounting policies

Liabilities other than provisions

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

Short term financial liabilities and other liabilities are measured at net realisable value.

Fair value

Fair value is determined based on the principal market. If no principal market exists, the fair value is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

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 as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid. Interest received is classified as cash flows from operating activities. Furthermore, dividends received are classified as operating activity.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are subject to only minor risks of changes in value.

Key figures

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin	Gross profit / Revenue
Operating margin	Operating profit before special items (EBIT) / Revenue
Equity ratio	Total equity / Total assets
Return on equity	Net profit / Average total equity



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2 Significant accounting estimates and management judgements

In preparing the consolidated financial statements, Management makes a number of accounting estimates and judgements on complex areas of accounting. The assessments are based on assumptions concerning future developments and may have a significant effect on recognised assets and liabilities, as well as income and expenses. As a consequence of their complex nature and their effect on the consolidated financial statements, these assessments receive close attention from Management throughout the year. Thus, all estimates and judgement assumptions are regularly reassessed as more detailed information based on historical data, experience, the financial situation, market situation and other external factors become available.

The most significant accounting estimates for The Cotton Group are related to Right of use assets, trade receivables and inventories.

Right of use assets

In accounting for lease contracts, various estimations are applied in determining right-of-use assets and lease liabilities. Estimates include assessment of lease periods, utilisation of extension options and applicable discount rates. Please refer to note 13 for a description of right of use assets.

Trade receivables

Estimates are applied when assessing input to the expected credit loss model. Management evaluates the expected losses and the nature of the receivables. Judgements are applied in determining credit risk characteristics of the customer category.

Please refer to note 28 for an aging analysis of trade receivables and a description of credit risks.

Inventories

Estimates are applied with assessing the net realisable value of inventories.

Inventories are written down based on the impairment practices applied by the Group. This includes an individual assessment of inventories in respect of obsolete goods, quality of goods and relevance of goods.

Please refer to note 14 for an analysis of inventories carried at net realisable value.

Climate change

The group has in preparing the consolidated financial statements, considered climate change in terms of the physical risk on our locations and the transition risk on solutions including climate change scenarios on estimates and judgement.

The following were assessed:

- The impact of climate change on the residual values and usefulness of assets were considered when determining the carrying value of non-current assets. Refer to note 11-13.
- The impact of climate change in relation to indications of impairment and the forecast of cashflows used in the impairment assessment of non-current assets. Refer to note 11-13.
- The impact of climate change was considered in relation to the recognition and measurement of provisions and contingencies. Refer to note 20 and 23.

No material impact arising from climate changes has been identified in the financial reporting judgments and estimates for the year ended 31 December 2023. The valuation of assets and liabilities has therefore not been significantly impacted by the climate change risk.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Please refer to note 10 for a description of deferred tax assets.



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DKK million	2023	2022
3 Revenue		
Sale of goods	2,159.6	2,265.7
Total revenue	2,159.6	2,265.7
Revenue by geography		
Nordic	774.9	801.9
Rest of Europe	1,302.4	1,393.8
Rest of World	82.3	70.0
Total revenue	2,159.6	2,265.7
4 Costs of goods sold		
Costs of goods sold	1,461.4	1,558.0
Impairment of inventories	7.3	10.7
Total costs of goods sold	1,468.7	1,568.7
5 Staff costs		
Wages and salaries	203.8	207.7
Pension costs	9.8	9.6
Other social security costs	30.7	31.4
Total staff costs	244.3	248.7
Average number of employees	431.0	441.0
Staff costs are included in the following line items in the income statement:		
Costs of goods sold	37.0	41.5
Sale- and distribution costs	134.6	128.7
Administrative expenses	72.7	78.5
Total staff costs	244.3	248.7

Remuneration to members of the Board of Directors and Management members in the Group

DKK million	2023		2022	
	Board of directors	Management	Board of directors	Management
Wages and fees	0.3	13.6	0.2	14.3
Defined contribution pension plans	0.0	0.3	0.0	0.4
Other social security costs	0.1	0.7	0.0	0.8
	0.4	14.6	0.2	15.5

Management consist of 6 persons (2022: 6 persons) including the CEOs of the group and the key subsidiaries, who have a bonus based on the economic profit in their respective subsidiary.

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DKK million	2023	2022
6 Depreciation, amortisation and impairment		
Amortisation of intangible assets	6.9	6.1
Depreciation of property, plant and equipment	6.8	6.4
Depreciation of right of use assets	18.8	23.7
Total depreciation, amortisation and impairment	32.5	36.2
Depreciation, amortisation and impairment are related to the following line items in the income statement:		
Costs of goods sold	0.2	0.3
Sale- and distribution costs	28.8	32.7
Administrative expenses	3.5	3.2
Total depreciation, amortisation and impairment	32.5	36.2
7 Fees to auditors		
Statutory audit	1.6	1.4
Tax and VAT advisory services	0.6	0.9
Other services	0.3	0.7
Total fees to auditors	2.5	3.0
Fees to auditors can be specified as follows:		
Total fee to EY	1.8	2.0
Total fee to other auditors	0.7	1.0
Total fees to auditors	2.5	3.0
8 Financial income		
Interest income on cash and cash equivalents	0.4	0.6
Foreign exchange gains	10.8	18.9
Total financial income	11.2	19.5
Interest on financial assets measured at amortised cost	0.4	0.6
9 Financial expenses		
Interest expenses on loans and borrowings	17.5	4.7
Interest expenses on lease liabilities	2.6	1.6
Foreign exchange losses	10.1	0.0
Value adjustment of foreign currency hedges	0.7	1.9
Other financial items	2.4	4.3
Total financial expenses	33.3	12.5
Interest on financial liabilities measured at amortised cost	20.1	6.3

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DKK million	2023	2022
10 Income tax		
Tax recognised in the income statement		
Income tax on net profit	59.5	65.5
Income tax on other comprehensive income	0.8	0.0
Total income tax	60.3	65.5
Income tax can be specified as follows:		
Current tax	48.4	55.6
Deferred tax	11.9	9.9
Total income tax	60.3	65.5

	2023		2022	
The effective tax rate can be specified as follows:				
Income tax based on Danish tax rate	50.7	22.0%	57.7	22.0%
Foreign income tax rate relative to the Danish income tax rate	5.7	2.5%	5.7	2.2%
Tax effect from changes in not recognised deferred tax assets	2.8	1.2%	0.6	0.2%
	59.2	25.7%	64.0	24.4%
Tax effect of:				
Not taxable income	0.0	0.0%	(1.9)	(0.7%)
Non-deductible costs	1.4	0.6%	4.2	1.6%
Prior year adjustments	(0.3)	(0.1%)	(0.8)	(0.3%)
Total income tax	60.3	26.2%	65.5	25.0%
Effective tax rate		26.2%		25.0%

	2023			2022		
	Other comprehensive income					
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Income tax on other comprehensive income						
Foreign currency adjustments on investment in subsidiaries and non-controlling interests	(11.5)	0.8	(10.7)	(25.5)	0.0	(25.5)
Actuarial adjustment of defined benefit plans	(0.5)	0.0	(0.5)	2.7	0.0	2.7
Total	(12.0)	0.8	(11.2)	(22.8)	0.0	(22.8)

	2023	2022
Deferred tax		
Deferred tax at 1 January	31.0	42.4
Foreign exchange rate adjustments	(2.3)	(1.5)
Deferred tax recognised in the income statement	(11.9)	(9.9)
Deferred tax at 31 December	16.8	31.0
Deferred tax has been recognised as follows in the statement of financial position:		
Deferred tax assets	17.1	31.2
Deferred tax liabilities	(0.3)	(0.2)
Deferred tax at 31 December	16.8	31.0

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DKK million	2023	2022
10 Income tax (continued)		
Deferred tax specification		
Property, plant and equipment and right of use assets	1.0	3.0
Receivables	2.0	1.9
Inventories	8.3	7.7
Other liabilities	(0.2)	0.4
Tax losses carried forward	5.7	18.0
Deferred tax at 31 December	16.8	31.0

Tax losses recognised in the statement of financial position are related to the Group's activities in Norway. These entities are showing taxable profits and it is expected that taxable profits will be available going forward against which the tax losses can be utilised.

Deferred tax assets not recognised in the statement of financial position		
Tax losses carried forward	14.3	11.4
Total	14.3	11.4

The deferred tax assets not recognised in the statement of financial position, since there are significant uncertainties as to the utilisation of the assets. During 2023 DKK 0.0 million of the not recognised tax losses carried forward were utilised (2022 DKK 7.2 million).

The not recognised deferred tax assets do not expire.

All Deferred tax liabilities have been recognised in the statement of financial position.

DKK million	Software	
	2023	2022
11 Intangible assets		
Cost at 1 January	27.7	18.7
Foreign exchange rate adjustments	(0.1)	(0.5)
Additions	6.7	9.5
Cost at 31 December	34.3	27.7
Amortisation at 1 January	9.0	3.1
Foreign exchange rate adjustments	0.1	(0.2)
Amortisation	6.9	6.1
Amortisation at 31 December	16.0	9.0
Carrying amount at 31 December	18.3	18.7

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12 Property, plant and equipment

DKK million	Land and buildings	Plant and mach- inery	Other equip- ment	Total
Cost at 1 January 2022	16.7	9.1	5.6	31.4
Foreign exchange rate adjustments	(0.5)	(0.7)	(0.1)	(1.3)
Additions	8.1	10.2	4.1	22.4
Disposals	(1.7)	(0.7)	(0.3)	(2.7)
Cost at 31 December 2022	22.6	17.9	9.3	49.8
Depreciation at 1 January 2023	1.2	1.0	0.6	2.8
Foreign exchange rate adjustments	0.0	0.0	0.0	0.0
Depreciation	1.9	2.0	2.5	6.4
Disposals	(0.8)	(0.1)	(0.1)	(1.0)
Depreciation at 31 December 2022	2.3	2.9	3.0	8.2
Carrying amount at 31 December 2022	20.3	15.0	6.3	41.6
Cost at 1 January 2023	22.6	17.9	9.3	49.8
Foreign exchange rate adjustments	(0.4)	(0.4)	0.0	(0.8)
Additions	4.9	31.8	1.9	38.6
Disposals	0.0	(0.1)	(0.1)	(0.2)
Cost at 31 December 2023	27.1	49.2	11.1	87.4
Depreciation at 1 January 2023	2.3	2.9	3.0	8.2
Foreign exchange rate adjustments	0.0	(0.1)	0.0	(0.1)
Depreciation	2.1	2.5	2.2	6.8
Disposals	0.0	0.0	0.0	0.0
Depreciation at 31 December 2023	4.4	5.3	5.2	14.9
Carrying amount at 31 December 2023	22.7	43.9	5.9	72.5

Out of the carrying amount of land and buildings DKK 7.3 million (DKK 8.7 million) is related to fitting of rented premises.

Assets under construction of DKK 0.0 million (DKK 8.2 million) not yet in use, are included in plant and machinery.



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13 Right of use assets

DKK million	Land and buildings	Other equipment	Total
Cost at 1 January 2022	51.7	8.8	60.5
Foreign exchange rate adjustments	(1.0)	(0.2)	(1.2)
Additions	39.5	3.8	43.3
Disposals	(16.5)	(2.6)	(19.1)
Cost at 31 December 2022	73.7	9.8	83.5
Depreciation at 1 January 2022	14.7	2.7	17.4
Foreign exchange rate adjustments	(0.4)	(0.1)	(0.5)
Depreciation	19.7	4.0	23.7
Disposals	(16.5)	(2.6)	(19.1)
Depreciation at 31 December 2022	17.5	4.0	21.5
Carrying amount at 31 December 2022	56.2	5.8	62.0
Average discount rates	3.1%	3.1%	
Cost at 1 January 2023	73.7	9.8	83.5
Foreign exchange rate adjustments	(1.2)	(0.1)	(1.3)
Additions	16.2	8.8	25.0
Disposals	(9.8)	(2.2)	(12.0)
Cost at 31 December 2023	78.9	16.3	95.2
Depreciation at 1 January 2023	17.5	4.0	21.5
Foreign exchange rate adjustments	(0.3)	(0.1)	(0.4)
Depreciation	14.4	4.4	18.8
Disposals	(9.8)	(2.2)	(12.0)
Depreciation at 31 December 2023	21.8	6.1	27.9
Carrying amount at 31 December 2023	57.1	10.2	67.3
Average discount rates	4.3%	3.9%	

Land and buildings

The group leases offices and warehouses, used in the sale- and distribution activities of the group.

Warehouses are the main part of the group's property leases.

Rental contracts are typically made for fixed periods of three to five years. In 2023 the rental contract for an office facility in Belgium has been extended by 9 years. Rental contracts may have extension options, which are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Other equipment

Other equipment mainly consist of leased vehicles, which are primarily used by the group's management and salespersons. The group currently leases around 80-90 vehicles. Rental contracts for vehicles are typically made for fixed periods of three to four years. The group also leases printer and other equipment with a typical rental period of two to three years.

The group has not provided any considerable residual value guarantees in relation to equipment leases.

Short-term leases and low value assets

The group has expensed DKK 3.3 million (2022 DKK 2.1 million) in the income statement related to rental agreements for short-term leases and low value assets.

Leases not yet commenced to which the group is committed

The group has prolonged a rental agreement for a warehouse and office facility in Norway, which will commence on 1 January 2024. The rental agreement has a fixed term of 5 years with an annual rent of DKK 4.0 million.

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DKK million	2023	2022
13 Right of use assets (continued)		
Leasing liabilities		
Current leasing liabilities	17.0	15.7
Non-current liabilities	52.7	48.8
Total leasing liabilities	69.7	64.5
In 2023 the group has paid DKK 20.8 million (2022 DKK 23.3 million) in respect of leasing liabilities. Reference is made to note 28 in respect of the maturity of leasing liabilities.		
Interest on leasing liabilities		
Interest on leasing liabilities is disclosed in note 9.		
14 Inventories		
Raw materials and consumables	39.1	43.2
Finished goods and commodities	809.3	861.8
Impairments	(89.9)	(88.4)
Total inventories	758.5	816.6
Change in impairments of inventories		
Impairments at 1 January	88.4	86.0
Foreign exchange rate adjustments	(1.9)	0.0
Impairments for the year	19.3	24.3
Reversal of impairment from sale of goods	(12.6)	(14.2)
Reversal of impairment from discarded goods	(3.3)	(7.7)
Impairments at 31 December	89.9	88.4
Carrying value of impaired inventories recognised at the net realisable value		
	60.7	46.1
15 Receivables		
Trade receivables	263.7	275.8
Receivable from sale of companies	0.0	15.8
Other receivables	12.2	15.7
Total receivables	275.9	307.3
Due after 12 months		
Other receivables	0.3	0.3
Receivables due after 12 months	0.3	0.3
Credit risks related to receivables are described in note 28.		
Impairment of trade receivables		
Impairment at 1 January	8.6	8.8
Impairment adjustments for the year	(0.2)	1.2
Losses recognised	(0.3)	(1.4)
Impairment at 31 December	8.1	8.6

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16 Prepayments

Prepayments include prepayments made to suppliers and prepaid services.

17 Shareholders equity

Management of the capital structure

The group continuously monitors and adjusts the capital structure to balance the return on equity with the cost and risk related to third party financing. The equity ratio of the Group at the end of 2023 was 47.9% (2022 40.9%).

The return on equity in 2023 was 29.2% (2022 35.5%)

Payment of dividends are to be declared, only after due consideration of the strength of the capital structure and assurance that the group continues to have sufficient funds to grow the business. It is proposed to declare DKK 223.5 million as dividend for 2023 (2022 DKK 86.5 million).

Share capital

	Issued shares	
	Number of shares	Nominal value DKK million
Capital at incorporation	0.4	0.4
Capital reduction	(0.4)	(0.4)
Capital increase	43.0	43.0
Share capital at 31 December 2021	43.0	43.0
Capital reduction	(16.7)	(16.7)
Share capital at 31 December 2022	26.3	26.3
Share capital at 31 December 2023	26.3	26.3

The share capital at the end of 2023 comprised 26,311,150 shares. A capital reduction was carried out in February 2022 resulting in a payment of DKK 127.9 million to cancel all 16,719,537 A-shares.

Reserves

Dividend

Dividend is recognised as a liability, at the time the declaration of dividend has been adopted by the general assembly. Dividend proposed for the year is shown as a separate item under the shareholders equity, until adopted by the general assembly. It is proposed to declare DKK 223.5 million as dividend for 2023 (2022 DKK 86.5 million).

Currency translation reserve

Currency translation reserves, which at 31 December 2023 was negative by DKK 42.7 million (2022 negative by DKK 31.0 million), includes the parent company's share of exchange rate fluctuations from converting the net assets in subsidiaries reporting in other functional currencies than DKK into DKK.

The currency translation reserve is dissolved if a subsidiary is sold.

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18 Non-controlling interest

Non-controlling interest share in the statement of financial position can be specified as follows:

Non-current assets	121.5	99.2
Current assets	999.5	1,068.9
Non-current liabilities	(121.6)	(101.4)
Current liabilities	(424.8)	(404.9)
Owners of The Cotton Group A/S	566.3	652.9
Non-controlling interests	8.3	8.9

Non-controlling interest are related to Wenaas Workwear AS, The Cotton Group SA/NV, Sverre W Monsen AS and Hejmar AB. A profit of DKK 2.1 million was allocated to non-controlling interests in 2023 (2022 DKK 2.3 million).

19 Pensions and similar obligations

In a defined benefit plan, the company holds the risk related to the development in interest, inflation and mortality, and the company has committed to make a certain payment to the employees. In a defined contribution plan, the risk related to fluctuations are solely born by the employees. The Cotton Group mainly has defined contribution plans. However, The Group holds unfunded defined benefit pension plans in Germany and Sweden, which has been closed new participants, but requires pension payments to be made to former members. In Belgium The Cotton Group holds a pension plan containing characteristics of a defined benefit plan, by guaranteeing a certain return on savings. This plan is still open and payments continue to be made to the pension plan.

The future payments under the defined benefit plans are mainly dependent on the salaries at the time of retirement and the seniority of the employees. The group expects to pay out DKK 0.8 million under the defined benefit plans in 2024 (2023 DKK 0.6 million).

The most significant actuarial assumptions are as follows:

DKK million	2023	2022
Discount rate	3.2-3.5%	3.9%
Inflation	1.4%	1.2%

Development in the net present value of defined benefit plans

Net liability 1 January	8.2	11.5
Pension costs for the current financial year	0.3	0.0
Benefits paid	(0.6)	(0.6)
Change in actuarial assumptions	0.6	(2.7)
Present value of net liability 31 December	8.5	8.2

Maturity analysis of defined benefit plan obligations

Due within one year	0.8	0.6
Due within on to five years	3.2	2.6
Due after five years	4.5	5.0
Present value 31 December	8.5	8.2

Pension costs recognised in the income statement from pension plans

Defined benefit plans	0.3	0.0
Defined contribution plans	9.5	9.6
Total pension costs	9.8	9.6

Pension costs has been recognised in the following line items

Costs of goods sold	1.5	1.8
Sale- and distribution costs	5.9	5.5
Administration costs	2.4	2.3
Total pension costs	9.8	9.6

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DKK million	2023	2022
20 Provisions		
Provisions 1 January	6.9	6.8
Additional provisions during the year	4.9	6.3
Provisions used during the year	(4.4)	(3.6)
Provisions reversed during the year	(0.7)	(2.6)
Provisions 31 December	6.7	6.9
Shown as follows in the statement of financial position:		
Non-current liabilities	6.6	4.0
Current liabilities	0.1	2.9
Provisions 31 December	6.7	6.9

Provisions are mainly related to obligations to re-establish leased buildings and committed restructuring costs. Of the non-current liabilities DKK 2.6 million are expected to be utilised after 5 years (2022 DKK 2.5 million).

21 Interest-bearing loans and borrowings		
Non-current liabilities	0.0	0.0
Current liabilities	310.0	321.7
Carrying amount of interest-bearing loans and borrowings	310.0	321.7
Nominal value	310.0	321.7

	Average nominal interest	Average effective interest	Currency	Interest fixing period	Carrying amount DKK million
2022					
Interest-bearing loans and borrowings from banks					
Variable interest	1.51%	1.51%	EUR	Daily	321.7
Interest-bearing loans and borrowings from banks in total					321.7

The present value of expected future instalments and interest payments are in line with the carrying amount of the loans.

	Average nominal interest	Average effective interest	Currency	Interest fixing period	Carrying amount DKK million
2023					
Interest-bearing loans and borrowings from banks					
Variable interest	4.50%	4.50%	EUR	Daily	310.0
Interest-bearing loans and borrowings from banks in total					310.0

The present value of expected future instalments and interest payments are in line with the carrying amount of the loans.

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DKK million	2023	2022
22 Other payables		
Accrued wages, pensions, holiday allowance etc.	36.2	33.1
Tax withholdings, VAT etc	18.8	19.8
Other liabilities	1.2	5.8
Total other payables	56.2	58.7
Non-current liabilities	0.0	2.1
Current liabilities	56.2	56.6
Total other payables	56.2	58.7

23 Contract liabilities		
Liabilities related to goods delivered to customers	21.1	32.8

Contract liabilities comprises liabilities related to customer loyalty programmes and right of return liabilities towards customers.

24 Contingent liabilities	
The Cotton Group is party to a few legal disputes. It is not expected that the outcome from these cases, will have a significant impact on the Group. In connection with the acquisition made in 2021, The Cotton Group took over guarantees related to the former owners' sale of its other subsidiaries. As security for the guarantees issue, The Cotton Group has issued a bank guarantee of DKK 14.9 million.	

The Cotton Group A/S is jointly taxed with all Danish resident affiliated companies of Dyvig Holdings A/S, who is the administration company for the joint taxation. Pursuant to the Danish Corporation Tax Act, the companies are liable for income taxes etc. for the jointly taxed companies and for any obligations to withhold tax at source on interest, royalties and dividends from the jointly taxed companies.

DKK million	2023	2022
25 Change in working capital		
Change in inventories	44.8	(255.8)
Change in receivables	5.6	(60.9)
Change in prepayments	(0.5)	1.0
Change in trade payables and other liabilities	(104.3)	45.5
Change in contract liabilities	(11.7)	(0.5)
Total change in working capital	(66.1)	(270.7)

26 Non cash transactions

DKK million	2023			2022		
	Non-cash changes	Cash flow	Closing	Non-cash changes	Cash flow	Closing
Receivable from sale of companies	0.0	15.8	0.0	0.0	70.3	15.8
Bank overdraft facility	(4.9)	(6.8)	310.0	(7.0)	178.7	321.7
Lease liabilities	23.4	(18.2)	69.7	42.5	(21.6)	64.5
Liabilities from financing activities	18.5	(25.0)	379.7	35.5	157.1	386.2

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27 Cash and cash equivalents

DKK million	2023	2022
Cash and cash equivalents in the cash flow statement as at 31 December includes:		
Cash in bank and in hand	33.1	30.4
Cash and cash equivalents in the cash flow statement	33.1	30.4

The Cotton Group has a not utilised credit facility under the bank overdraft of DKK 187.0 million (2022 DKK 99.3 million).

28 Financial risks and financial instruments

The Cotton Group is exposed to a number of risks arising from its operational and financial activities. This covers operational risk, currency risk, interest rate risk, liquidity risk and credit risk.

Financial risks are managed centrally by the Group. It is on an ongoing basis considered, if the financial risk management approach appropriately addresses the risk exposures. Operational risks are addressed by management of the individual business segments.

The most significant risks for The Cotton Group are specified in the following:

Operational risk

The main operational risks, that would affect The Cotton Group, are risks related to the supply chain, including price increases and lack of inbound transport capacity. Also, the group would be impacted by changes in demand for the garments in inventory.

Risk of price increases

If The Cotton Group is not able to pass on increases in purchase prices to customers, this will have a negative effect on the profitability of the Group. Historically, The Cotton Group has been able to pass on a significant part of such price increases to the customers, as the majority of the revenue is based on prices, which can be adjusted.

Risk related to inbound logistic services

The Cotton Group would be negatively impacted if products can not be transported efficiently from the factories, mainly in Asia, to the warehouses in Europe. The negative impact would either result in lower revenues (from lack of products) or in higher freight costs (from more expensive transportation). The Group mitigates the effects of this risk by establishing partnerships and long-term agreements with carriers and freight forwarders. Furthermore, alternative transportation methods are used from time to time.

Inventories

The Cotton Group has inventories at a carrying amount of DKK 758.5 million (2022 DKK 816.6 million). The Group's gross profit would be negatively impacted by a decrease in the demand for the garments in inventories leading to impairment losses. The valuation of the inventories is assessed on a monthly basis, and inventories are closely monitored, where slow moving or obsolete inventories are identified and dealt with on a regular basis. Being in the workwear and promotional wear market, the inventories are generally not impacted by changes in fashion. For inventories acquired on behalf of specific customers, the customers generally have an obligation to buy out remaining garments at the end of the contract.

Currency risk

Currency risk is the risk that arises from changes in exchange rates, that affects The Cotton Group's result, investments or value of financial instruments.

Currency exposure from operational activities

The Cotton Group has activities in several different countries, resulting in a cash inflow in several different currencies, mainly comprising EUR, NOK and SEK. However, costs related to the purchase of goods are mainly incurred in USD and EUR. This results in net cash inflows in EUR, NOK and SEK and net cash outflow in USD, with related currency exposure in respect of future cash flows. The Group monitors this exposure on a continuous basis, and enters into foreign currency hedges when it is considered to be advantageous to mitigate the risk.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Financial risks and financial instruments (continued)

The exposure and sensitivity for a theoretical change in the foreign exchange rates, can be illustrated as follows:

	2023			2022		
	Change in foreign exchange rates	Effect on revenue	Effect on EBITDA	Change in foreign exchange rates	Effect on revenue	Effect on EBITDA
EUR/DKK	-1%	-0.6%	-2.3%	-1%	-0.6%	-1.8%
USD/DKK	-10%	-0.1%	-36.9%	-10%	-0.1%	-31.9%
NOK/DKK	-10%	-3.0%	-17.1%	-10%	-2.9%	-15.7%
SEK/DKK	-10%	-0.6%	-2.8%	-10%	-0.8%	-4.7%

A corresponding positive change in the foreign currency exchange rates will have the opposite effect on revenue and EBITDA.

Currency exposure from financial activities

Currency exposure from financing activities include risks of having internal and external loans (receivables and payables), in currencies other than the functional currency of the legal entity. It also covers the conversion of the income statements and balance sheets, and dividends from subsidiaries in currencies other than the parent company's functional currency.

Most of The Cotton Group's external loans as of 31 December 2023 are in EUR. Given the liabilities in EUR that existed at the balance sheet date, a 1% change in the EUR foreign exchange rate, would have affected the Group's profit before tax by +/- DKK 3.1 million (2022 DKK 3.2 million).

The loan in EUR is to a degree hedged by net the inflow of EUR. The Cotton Group does not normally hedge currency exposures from financing activities.

Hedges entered into to hedge future cash flows:

DKK million	2022			
	Amounts hedged	¹⁾ Fair value adj. incl. in income statement	Fair value	Maturity in months
<i>Currency forward contracts</i>				
EUR to USD	118.6	(0.9)	(0.3)	0-2
NOK to USD	2.8	(1.9)	0.3	0-2
NOK to EUR	0.0	0.3	0.0	
GBP to EUR	0.0	0.6	0.0	
	121.4	(1.9)	0.0	
<i>Currency forward contracts</i>				
EUR to USD	106.2	(0.3)	(0.6)	0-3
SEK to USD	2.7	(0.1)	(0.1)	0-1
NOK to USD	0.0	(0.3)	0.0	
	108.9	(0.7)	(0.7)	

* Gain/(loss) are recognised as financial items in the income statement

Currency forward contracts for The Cotton Group, do not meet the criteria's for hedge accounting in accordance with International Financial Reporting Standards.

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28 Financial risks and financial instruments (continued)

Interest rate risk

The interest rate risk comprises the risk that a change in market interest rates, will have a negative impact on profits. The Cotton Group pays variable interest on its interest-bearing liabilities. Changes in the market interest rates, therefore affect the Group's interest costs. The Group does not normally hedge its interest risk.

An increase in relevant interest rates of 1%-point would, disregarding cash and cash equivalents, decrease the profit before tax by DKK 4.1 million (2022 DKK 2.9 million).

Liquidity risk

Liquidity risk results from the Group's potential inability or difficulty to meet the contractual obligations associated with its liabilities due to insufficient liquidity.

The Cotton Group aims to, at all times, have sufficient available liquidity to meet all its obligations and has established a short-term bank overdraft facility of DKK 521.7 million, which expires 31 December 2024. DKK 334.7 million of the overdraft facility was utilised 31 December 2023 (2022 DKK 346.9 million). Net interest bearing debt 31 December 2023 decreased to DKK 276.9 million (2022 DKK 291.4 million) via cash flow from operations, partly off-set by investments in property, plant and equipment and distribution to shareholders. The leverage in The Cotton Group remains low. The Group continuously monitors its liquidity risk and risks related to renewing or obtaining new credit facilities.

The bank overdraft facility is subject to a change of control clause for the ultimate beneficial owner and key subsidiaries. Furthermore, The Cotton Group A/S may not pay out dividends in case the equity ratio, calculated as agreed with the banks, falls below 25%.

Maturity analysis

The Cotton Group's financial liabilities mature as follows:

	Contractual cash flow	Due within 1 year	Due from 1 - 5 years	Due after 5 years
2022 (DKK million)				
Interest-bearing loans and borrowings	334.7	334.7	0.0	0.0
Lease liabilities	71.3	17.8	34.8	18.7
Trade payables	283.0	283.0	0.0	0.0
Other payables	58.7	56.6	2.1	0.0
31 December 2022	747.7	692.1	36.9	18.7
2023 (DKK million)				
Interest-bearing loans and borrowings	325.9	325.9	0.0	0.0
Lease liabilities	77.9	17.0	40.0	20.9
Trade payables	176.2	176.2	0.0	0.0
Other payables	56.2	56.2	0.0	0.0
31 December 2023	636.2	575.3	40.0	20.9

Basis for the maturity analysis

The maturity analysis is based on all undiscounted cashflows including estimated interest payments. Interest payments are estimated based on the current market conditions.

The undiscounted cashflows from financial liabilities are presented gross, unless the parties have a right to settle the balances net.

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28 Financial risks and financial instruments (continued)

Credit risks

The credit risk related to customers are, based on historic experience, considered to be low. Also, receivables are distributed on a significant number of customers located across Europe and within several different industries, including public customers and small private customers. However, within individual business segments, there is a concentration of receivables from individual customers. The credit risk is mitigated through inhouse assessments of customers' creditworthiness.

Aging analysis trade receivables as at 31 December (DKK million)

	Accrual	Receivable	Expected loss	Trade receivable
2022				
Not due	0.5%	231.1	1.2	229.9
Less than 30 days overdue	1.0%	24.0	0.2	23.8
Between 30 and 60 days overdue	2.0%	9.2	0.2	9.0
Between 60 and 90 days overdue	10.0%	3.9	0.4	3.5
Above 90 days overdue	40.0%	16.2	6.6	9.6
Trade receivables		284.4	8.6	275.8
2023				
Not due	0.5%	210.6	1.1	209.5
Less than 30 days overdue	1.0%	38.1	0.4	37.7
Between 30 and 60 days overdue	2.0%	6.2	0.1	6.1
Between 60 and 90 days overdue	10.0%	3.0	0.3	2.7
Above 90 days overdue	45.0%	13.9	6.2	7.7
Trade receivables		271.8	8.1	263.7

The Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The maximum credit risk from financial assets are reflected in the carrying amounts included in the financial position.

The credit losses realised during the financial year ending 31 December 2023 was DKK 0.3 million (2022 DKK 1.4 million).

DKK million	2023	2022
Categories of financial instruments	Carrying amount	
Receivables, cash and cash equivalents	309.0	337.7
Financial liabilities measured at fair value via the income statement	0.7	0.0
Financial liabilities measured at amortised cost	541.7	661.3

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Financial risks and financial instruments (continued)

Fair value hierarchy for financial instruments measured at fair value in the financial position or where fair value is disclosed:

DKK million	Market price (level 1)	Observable input (level 2)	Unobservable input (level 3)	Total
2022				
Derivative financial instruments	0.0	0.0	0.0	0.0
Financial assets measured at fair value at 31 December 2022	0.0	0.0	0.0	0.0
2023				
Derivative financial instruments	(0.7)	0.0	0.0	(0.7)
Financial assets measured at fair value at 31 December 2023	(0.7)	0.0	0.0	(0.7)

Derivative financial instruments

Currency forward contracts are measured applying generally accepted valuation methods based on relevant observable foreign exchange rates.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are valued at nominal value.

Receivables and cash and cash equivalents

Receivables, cash and cash equivalents with a short maturity are measured at fair value, which is equal to the carrying amount.

Other financial liabilities

Other financial liabilities with a short maturity are measured at fair value, which is equal to the carrying amount.

29 Related parties

The Cotton Group A/S has registered the following shareholders owning more than 5% of the shares or votes in the company:

- Selskabet af 31.12.2020 ApS, Amaliegade 47, 1256 Copenhagen K, Denmark
- Michaso Holding ApS, Amaliegade 47, 1256 Copenhagen K, Denmark

The Cotton Group A/S is part of a group of companies owned by Dyvig Holdings A/S, whose subsidiaries are related parties to The Cotton Group A/S.

The Cotton Group is ultimately controlled by Christian Peter Dyvig, Stockholmsgade 43, 2100 København Ø, who also controls C.P. Dyvig & Co. A/S, Amaliegade 47, 1256 Copenhagen K, Denmark

Transactions with related parties include participation in the joint taxations, payment of rent, costs for the head office in Copenhagen and interest on loans from the shareholders in total DKK 2.4 million (2022 DKK 1.2 million).

Management

Other related parties comprise the of the Executive Board and the Board of Directors of The Cotton Group A/S and their close relatives. Remuneration of the Executive Management and the Board of Directors of The Cotton Group A/S has been disclosed in note 5. In addition, payments have been made to companies controlled by board members covering:

- rent and related costs for the head office in Copenhagen of DKK 0.3 million (2022 DKK 0.3 million) has been paid to C.P. Dyvig & Co. A/S,
- payment received from Dyvig Holdings A/S from joint taxation of DKK 1.1 million (2022 DKK 0.6 million),
- interest on a loan from Selskabet af 31.12.2020 ApS of DKK 1.0 million (2022 DKK 0.2 million), and
- interest on a loan from Michaso Holding ApS of DKK 0.0 million (2022 DKK 0.1 million)
- interest on a loan from board members of DKK 0.0 million (2022 DKK 0.0 million)

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30 Significant events after the balance sheet date

No significant events have occurred after the 31 December 2023.

31 New accounting standards, amendments and interpretations

At the time of publication of this annual report, the IASB has issued the following new accounting standards and interpretations that are not mandatory for The Cotton Group A/S' preparation of the 2023 annual report:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current when subject to covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IAS 21: Limitation in currency exchanges

Not all of the above standards and interpretations are approved by the EU. The approved standards and interpretations not in force will be implemented as they become mandatory for The Cotton Group A/S.

None of the new or amended standards or interpretations are expected to have an impact on the consolidated financial statements for The Cotton Group A/S.

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PARENT COMPANY FINANCIAL STATEMENTS

Income statement

Note	DKK million	2023	2022
2	Other income	3.0	2.9
3,4	Administrative expenses	(5.6)	(4.9)
	Earnings before financial items and tax	(2.6)	(2.0)
	Dividend from subsidiaries	251.9	0.0
5	Financial income	3.6	2.6
6	Financial expenses	(12.5)	(5.1)
	Profit before tax	240.4	(4.5)
7	Income tax	2.5	1.0
	Net profit	242.9	(3.5)

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PARENT COMPANY FINANCIAL STATEMENTS

Statement of Financial position

Note	DKK million	2023	2022
Assets			
8	Investment in subsidiaries	571.5	320.5
	Non-current assets	571.5	320.5
	Receivables from subsidiaries	226.1	151.1
	Other receivables	0.4	0.2
	Joint taxation receivable	2.5	1.0
	Current assets	229.0	152.3
	Total Assets	800.5	472.8

Note	DKK million	2023	2022
Equity and liabilities			
	Share capital	26.3	26.3
	Retained earnings	19.6	0.2
	Proposed dividend	223.5	86.5
9	Total equity	269.4	113.0
7	Deferred tax liabilities	0.1	0.0
	Non-current liabilities	0.1	0.0
10	Interest-bearing loans and borrowings	310.0	321.8
	Payables to subsidiaries	218.9	37.1
	Trade payables	0.9	0.4
	Other liabilities	1.2	0.5
	Current liabilities	531.0	359.8
	Total liabilities	531.1	359.8
	Total equity and liabilities	800.5	472.8

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The Cotton Group A/S
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PARENT COMPANY FINANCIAL STATEMENTS

Statement of equity

DKK million	Share capital	Retained earnings	Proposed dividend	Total
2022				
Capital at incorporation	43.0	201.4	74.0	318.4
Net profit		(90.0)	86.5	(3.5)
Capital reduction	(16.7)	(111.2)		(127.9)
Dividends paid to shareholders			(74.0)	(74.0)
Total equity at 31 December 2022	26.3	0.2	86.5	113.0
2023				
Total equity at 1 January 2023	26.3	0.2	86.5	113.0
Net profit		19.4	223.5	242.9
Dividends paid to shareholders			(86.5)	(86.5)
Total equity at 31 December 2023	26.3	19.6	223.5	269.4

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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11	Contingent liabilities
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13	Significant events after the balance sheet date

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 Accounting policies

The financial statements for The Cotton Group A/S are presented in accordance with the Danish Financial Statement Act of large reporting class C companies.

The parent company applies the same accounting policies for recognition and measurement as the Group, except from the following:

- Shares in subsidiaries are measured at cost.
- Dividend from subsidiaries is recognised as income in the income statement in the year when the dividend is declared. If dividend received from subsidiaries exceeds the profit for the year, investments in subsidiaries are tested for impairment.

DKK million	2023	2022
2 Other income		
Management fee	3.0	2.9
Total other income	3.0	2.9
3 Staff costs		
Wages and salaries	3.5	3.1
Defined contribution pension plans	0.2	0.2
Other social security costs	0.1	0.0
Total staff costs	3.8	3.3
Average number of employees	2.0	2.0
Staff costs are included in the following line items in the income statement:		
Administrative expenses	3.8	3.3
Total staff costs	3.8	3.3
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
4 Fees to auditors		
Statutory audit	0.3	0.3
Total fees to auditors	0.3	0.3
Fees to auditors can be specified as follows:		
Total fee to EY	0.3	0.3
Total fees to auditors	0.3	0.3
5 Financial income		
Interest income from group companies	1.5	2.5
Foreign exchange gains	2.1	0.1
Total financial income	3.6	2.6
6 Financial expenses		
Interest expenses on loans and borrowings	6.4	3.9
Interest expenses to group companies and related parties	5.5	0.3
Other financial items	0.6	0.9
Total financial expenses	12.5	5.1

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

7 Income tax

Tax recognised in the income statement		
Income tax on net profit	(2.5)	(1.0)
Total income tax	(2.5)	(1.0)

Income tax can be specified as follows:

Current tax	(2.4)	(1.0)
Deferred tax	(0.1)	0.0
Total income tax	(2.5)	(1.0)

The effective tax rate can be specified as follows:

	2023		2022	
Income tax based on Danish tax rate	(2.5)	22.0%	(1.0)	22.0%
Total income tax	(2.5)	22.0%	(1.0)	22.0%
Effective tax rate		22.0%		22.0%

Deferred tax

	2023	2022
Deferred tax at 1 January	0.0	0.0
Deferred tax recognised in the income statement	0.1	0.0
Deferred tax at 31 December	0.1	0.0

Deferred tax specification

Receivables	0.1	0.0
Deferred tax at 31 December	0.1	0.0

8 Investment in subsidiaries

	2023	2022
Cost at 1 January	320.5	320.5
Additions	251.0	0.0
Cost at 31 December	571.5	320.5
Carrying amount at 31 December	571.5	320.5

Subsidiaries

	Place of registered office	Ownership
The Cotton Group Holding AB	Sweden	100%
Wenaas Workwear AS	Norway	98%



The Cotton Group A/S
Annual Report 1 January – 31 December 2023

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

DKK million	2023	2022
10 Interest-bearing loans and borrowings		
Current liabilities	310.0	321.8
Carrying amount of interest-bearing loans and borrowings	310.0	150.0
Nominal value	310.0	150.0

11 Contingent liabilities

The Cotton Group A/S is jointly taxed with all Danish resident affiliated companies of Dyvig Holdings A/S, who is the administration company for the joint taxation. Pursuant to the Danish Corporation Tax Act, the companies are liable for income taxes etc. for the jointly taxed companies and for any obligations to withhold tax at source on interest, royalties and dividends from the jointly taxed companies.

The Cotton Group A/S has as principal obligor guaranteed the obligations of its subsidiaries towards the groups primary bank. The outstanding under these guarantees at 31 December 2023 was DKK 24.7 million.

12 Related parties

Controlling interest

Controlling shareholder

Selskabet af 31.12.2020 ApS, Amaliegade 47, 1256 København K, 1256 København K, Denmark

Ultimate parent company

Dyvig Holdings A/S, C.F. Tietgens Boulevard 32C, 5220 Odense SØ, Denmark

The Cotton Group A/S is included in the consolidated financial statements of Dyvig Holdings A/S.

Affiliated companies

The Cotton Group A/S' balances with affiliated companies are shown in the statement of the financial position

The Cotton Group A/S has since 25 February 2021 been part of the joint taxation with Dyvig Holdings A/S and its Danish subsidiaries.

Other related parties

Other related parties comprise the Board of Management and the Board of Directors of The Cotton Group A/S and their close relatives.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with related parties in the year that have not been made on normal market conditions.

13 Significant events after the balance sheet date

No significant events have occurred after the 31 December 2023.

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The Cotton Group A/S
Annual Report 1 January – 31 December 2023

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today discussed and approved the annual report of The Cotton Group A/S for the financial year 1 January – 31 December 2023.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 3 April 2024

Executive Board:

.....
Søren Bremerskov Vuust

Board of Directors:

.....
Christian Peter Dyvig
(Chairman)

.....
Michael Hauge Sørensen

.....
Anders Daniel Davidsson

.....
Ulf Peter Segerström

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of The Cotton Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of The Cotton Group A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion, the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.



INDEPENDENT AUDITOR'S REPORT

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

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



The Cotton Group A/S
Annual Report 1 January – 31 December 2023

INDEPENDENT AUDITOR'S REPORT

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

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

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

Copenhagen, 3 April 2024
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Brian Skovhus Jakobsen
statsaut. revisor
mne27701

Anders Flou
stataut. Revisor
mne32777

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The Cotton Group A/S
Annual Report 1 January – 31 December 2023

GROUP COMPANIES

Name of subsidiaries	Country	Ownership
The Cotton Group A/S	Denmark	
The Cotton Group Holding AB	Sweden	100.0%
The Cotton Group AB	Sweden	100.0%
Sverre W Monsen AS	Norway	99.0%
Sverre W Monsen DK A/S	Denmark	100.0%
UAB Neo Textile	Lithuania	100.0%
HejMar AB	Sweden	99.0%
Clinic & Job Dress GmbH	Germany	100.0%
Clinic & Job Dress AG	Switzerland	100.0%
Clinic & Job Dress Austria GmbH	Austria	100.0%
Clinic & Job Dress BV	The Netherlands	100.0%
Belskand SA	Belgium	100.0%
The Cotton Group SA/NV	Belgium	99.0%
Wenaas GmbH	Germany	100.0%
OOO Scanworkwear *)	Russia	100.0%
Wenaas Workwear AS	Norway	98.0%
Wenaas Workwear AB	Sweden	100.0%
Wenaas Workwear Singapore PTE Ltd.	Singapore	100.0%
Wenaas Workwear NL BV	The Netherlands	100.0%
Wenaas Workwear Denmark A/S	Denmark	100.0%

*) An agreement has been made to transfer the shares to management, and the company is thus not consolidated.

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Brian Skovhus Jakobsen

EY Godkendt Revisionspartnerselskab CVR: 30700228

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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2024-04-07 09:12:41 UTC



Søren Bremerskov Vuust

Chair

På vegne af: The Cotton Group A/S

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