20240702203145

Styrelsen och verkställande direktören för

The Cotton Group Holding AB

Org nr 559220-4969

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2023

Innehåll:	sida
Förvaltningsberättelse	1
Resultaträkning	2
Balansräkning	3
Noter med redovisningsprinciper och bokslutskommentarer	4
Underskrifter	5

Fastställelseintyg

Undertecknad styrelseledamot i The Cotton Group Holding AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 28/6-2024
Årsstämman beslutade att godkänna styrelsens förslag till hur årets resultat ska fördelas.

Jag intygar också att innehållet i årsredovisningen stämmer överens med originalen.

Borås 28/6-2024

Søren Vuust
Verkställande direktör

20240702201337

Styrelsen och verkställande direktören för

The Cotton Group Holding AB

Org nr 559220-4969

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2023

Innehåll:	sida
Förvaltningsberättelse	2
Resultaträkning	3
Balansräkning	4
Noter med redovisningsprinciper och bokslutskommentarer	5
Underskrifter	7

20240702201138

The Cotton Group Holding AB
org nr 559220-4969

Förvaltningsberättelse

Allmänt om verksamheten
The Cotton Group Holding AB ägs av The Cotton Group A/S till 100%.
Styrelsens säte: Borås

Utveckling av företagets verksamhet, resultat och ställning
Bolaget förvaltar andelar i dotterföretag. Ingen förändring har skett under året.

Väsentliga händelser under och efter räkenskapsåret
Inga väsentliga händelser har inträffat under eller efter räkenskapsåret

Flerårsöversikt	**2023**	**2022**
Nettoomsättning (kkr)	–	–
Resultat efter finansiella poster (kkr)	475.000	600.020
Soliditet %	100%	100%

Förväntad framtida utveckling
Bolaget skall fortsätta förvalta aktier i dotterföretag.

Eget kapital

2023-12-31	**Bundet eget kapital**	**Fritt eget kapital**	
Belopp i kkr	*Aktiekapital*	*Balanserat resultat*	*Summa eget kapital*
Ingående balans	50	1.039.208	1.039.258
Utbetalda utdelningar		-375.000	-375.000
Årets resultat		475.000	475.000
Vid årets utgång	50	1.139.208	1.139.258

Förslag till disposition av företagets vinst eller förlust
Styrelsen föreslår att fritt eget kapital, kronor 439.207.784 disponeras enligt följande:

Ansamlad vinst		1.039.207.784
Utbetalda utdelningar		-375.000.000
Årets resultat		474.999.951
Balanseras i ny räkning	Summa	1.139.207.735

disponeras så att

I ny räkning överföres	1.139.207.735
	1.139.207.735

Förtagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

20240702100139

Resultaträkning

Belopp i kkr	*Not*	*2023*	*2022*
Rörelsens kostnader			
Övriga externa kostnader	2	-103	-98
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	4	475.000	600.000
Ränteintäkter och liknande resultatposter	5	14.803	–
Räntekostnader och liknande resultatposter	6	-4	–
Summa finansiella poster		489.799	600.000
Resultat efter finansiella poster		489.696	599.902
Erhållna koncernbidrag		–	118
Lämnade koncernbidrag		-14.696	
Summa bokslutsdispositioner		-14.696	118
Resultat före skatt		475.000	600.020
Årets resultat		475.000	600.020

20240702201140

Balansräkning

Belopp i kkr	*Not*	*2023-12-31*	*2022-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	7	439.278	439.278
		439.278	439.278
Summa anläggningstillgångar		439.278	439.278
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		715.000	600.049
Övriga fordringar		–	9
Summa omsättningstillgångar		715.000	600.058
SUMMA TILLGÅNGAR		1.154.278	1.039.336

Balansräkning

Belopp i kkr	*Not*	*2023-12-31*	*2022-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital (50 000 aktier)		50	50
		50	50
Fritt eget kapital			
Balanserat resultat		664.208	439.188
Årets resultat		475.000	600.020
		1.139.208	1.039.208
		1.139.258	1.039.258
Kortfristiga skulder			
Leverantörsskulder		6	–
Skulder till koncernföretag		14.964	38
Upplupna kostnader och förutbetalda intäkter		50	40
		15.020	78
SUMMA EGET KAPITAL OCH SKULDER		1.154.278	1.039.336

20240702201441

Noter

Belopp i kkr om inget annat anges

Not 1 Redovisningsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2016:10 Årsredovisning i mindre aktiebolag (K2).

Not 2 Arvode och kostnadsersättning till revisorer

Revisisonarvode erläggs av annat företag inom koncernen.

Noter

Belopp i kkr om inget annat anges

Not 3 Personal

Medelantalet anställda

	2023	2022

Bolaget har ej haft några anställda under verksamhetsåret. Ersättning till styrelse har ej utgått.

Not 4 Resultat från andelar i koncernföretag

	0	0
Utdelning	475.000	600.000
	475.000	600.000

Not 5 Ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter, koncernföretag	14.803	–
	14.803	–

Not 6 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader, koncernföretag	-4	–
	-4	–

Not 7 Andelar i koncernföretag

	2023	2022
Ingående anskaffningsvärden	439.278	439.278
Anskaffningar	–	–
Utgående anskaffningsvärden	439.278	439.278

Not 8 **Ställda säkerheter och eventualförpliktelser**

Eventualförpliktelser

Borgensförbindelser till förmån för koncernföretag:

Bolaget har möjligheten att utnyttja en del av gruppens kreditfacilitet avseende rörelsekapital på EUR 70 miljoner som är tillgänglig för The Cotton Group koncernen. Kreditfaciliteten har ingåtts mellan The Cotton Group A/S som huvudgäldenär och Danske Bank A/S som långivare. Per den 31 december 2023 var det totala utestående beloppet under denna facilitet EUR 42 miljoner.

Bolaget har garanterat kreditfaciliteten som en primär gäldenär. Bolagets förpligtelser under garantien är begränsade till den omfattning som gäller för at uppfylla gällanda lag.

Not 9 **Koncernuppgifter**

Företaget är helägt dotterföretag till The Cotton Group A/S, org. nr. 42169447 med säte i Köpenhamn.

Koncernredovsning upprättas för den minsta koncernen i The Cotton Group A/S, org. nr. 42169447 med säte i Köpenhamn, Danmark.

The Cotton Group Holding AB upprättar ingen koncernredovisning med hänvisning till ÅRL 7 kap 2§.

Noter

Belopp i kkr om inget annat anges

Not 10 **Nyckeltalsdefinitioner**

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader, men före bokslutsdispositioner och skatt.

Soliditet (%)
Justerat eget kapital i procent av balansomslutningen.

Borås, 25/6 2024

Christian Dyvig
Ordförande

Michael Hauge Sørensen
Styrelseledamot

Søren Vuust
Styrelsesledamot och verkställande direktör

Vår revisionsberättelse har lämnats den 28/6 -2024
Ernst & Young AB

Peter Emanuelsson
Auktoriserad revisor

EY

Revisionsberättelse

Till bolagsstämman i The Cotton Group Holding AB, org.nr 559220-4969

Rapport om årsredovisningen

Vi har utfört en revision av årsredovisningen för The Cotton Group Holding AB för räkenskapsåret 2023-01-01 – 2023-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av The Cotton Group Holding ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Vi har utfört revisionen enligt *International Standards on Auditing (ISA)* och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till The Cotton Group Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

20240702201444

EY

Rapport om andra krav enligt lagar och andra författningar

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning av The Cotton Group Holding AB för räkenskapsåret 2023-01-01 – 2023-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till The Cotton Group Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisioner av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Borås den 28 juni 2024
Ernst & Young AB

Peter Emanuelsson
Auktoriserad revisor

20240702201 46

The Cotton Group A/S

CVR-no. 42169447

Amaliegade 47

1256 Copenhagen K

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

Annual Report

1 January - 31 December 2023

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

TABLE OF CONTENT

	Page
Management review	**2**
Key figures	3
Financial review	4
Sustainability	6
Company information	9
Consolidated financial statements	**10**
Income statement	10
Statement of comprehensive income	10
Statement of financial position	11
Cash flow statement	12
Statement of equity	13
Notes to the consolidated financial statements	14
Parent company financial statements	**42**
Income statement	42
Statement of financial position	43
Statement of equity	44
Notes to the parent company financial statements	45
Statement by management	**49**
Independent auditor's report	**50**
Group Companies	**53**

20240702201447

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

30240702203148

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

20240702-0149

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702201530

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702013

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702201522

SUSTAINABILITY

The following constitutes The Cotton Group's statutory statement regarding corporate responsibility cf. 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 beaches.

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1OG

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.

2024070220153

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 trough 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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

20240702-0154

SUSTAINABILITY

Gender diversity in management

The following constitutes The Cotton Group's statutory statement regarding corporate responsibility cf. 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.

	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 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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

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

20240702-0155
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702015

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**
	Allocation of net profit		
	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		
	Items that may be reclassified to the income statement		
	Foreign currency adjustments on investment in subsidiaries and non-controlling interests	(11.5)	(25.5)
	Items that will not be reclassified to the income statement		
	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**
	Allocation of total comprehensive income		
	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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702201557

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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

30240702301538

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702201559

CONSOLIDATED FINANCIAL STATEMENTS

Statement of equity

DKK million	Share capital	Retained earnings	Currency translation reserve	Proposed dividend	Total	Non-controlling interests	Total equity
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 equtiy at 31. december 2023	**26.3**	**391.1**	**(42.2)**	**223.5**	**598.7**	**8.3**	**607.0**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201600

Note	
1	Accounting policies
2	Significant accounting estimates and management judgements
3	Revenue
4	Costs of goods sold
5	Staff costs
6	Depreciation, amortisation and impairment
7	Fee to auditors
8	Financial income
9	Financial expenses
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
26	Non-cash transactions
27	Cash and cash equivalents
28	Financial risks and financial instruments
29	Related parties
30	Significant events after the balance sheet date
31	New accounting standards, amendments and interpretations

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

2024070220161

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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 retroactive 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.

20240702201 62

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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.

20240702291363
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702201 64

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

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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

20240702016S
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 assets 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.

20240702-0166
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

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

20240702201167
Penneo dokumentnøgle: 1KE7E-5C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

20240702201 68
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

20240702201169
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2024070220178

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2023		2022	
DKK million	**Board of directors**	**Manage-ment**	**Board of directors**	**Manage-ment**
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.

20240702201725
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702017 2

	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

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201173

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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702-0174

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.

11 Intangible assets

	Software	
DKK million	2023	2022
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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DUTO0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2024070220175

12 Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Other equipment	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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201756

13 Right of use assets

DKK million	Land and buildings	Other equip-ment	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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201777

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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201738

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2024070220179

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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201800

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**

2022	Average nominal interest	Average effective interest	Currency	Interest fixing period	Carrying amount DKK million
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.

2023	Average nominal interest	Average effective interest	Currency	Interest fixing period	Carrying amount DKK million
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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201837

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

	2023			2022		
DKK million	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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201822

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.

Penneo dokumentnøgle: 1KE7E-5C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2024070220183

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:

	2022			
DKK million	Amounts hedged	*) Fair value adj. incl. in income statement	Fair value	Maturity in months
Currency forward contracts				
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**	
	2023			
Currency forward contracts				
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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201824

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:

2022 (DKK million)	Contractual cash flow	Due within 1 year	Due from 1 - 5 years	Due after 5 years
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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201935

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)

2022	Accrual	Receiv-able	Expected loss	Trade receiv-able
Not due	0.5%	231.1	1.2	229.9
Less that 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 that 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

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702201886

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)	Observ-able input (level 2)	Unobserv-able 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 that 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)

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20240702-187

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DUTO0

PARENT COMPANY FINANCIAL STATEMENTS

20240702201888

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)**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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**

20240702-0189
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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**

20240702-1150 CET
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note	
1	Accounting policies
2	Other income
3	Staff costs
4	Fees to auditors
5	Financial income
6	Financial expenses
7	Income tax
8	Investments in subsidiaries
9	Shareholders' equity
10	Interest-bearing loans and borrowings
11	Contingent liabilities
12	Related parties
13	Significant events after the balance sheet date

20240702091
Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

20240702301927

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**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

20240702201933

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)**

	2023		2022	
The effective tax rate can be specified as follows:				
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%

	2023	2022
Deferred tax		
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%

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPE8-4KFJ0-DU1O0

20240227-064

20240702013S

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

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

INDEPENDENT AUDITOR'S REPORT

20240702301965

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

INDEPENDENT AUDITOR'S REPORT

20240702130197

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

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

20240702301198

Penneo dokumentnøgle: 1KEJ0-DU1O0-7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702030139

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.

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Søren Bremerskov Vuust
Executive Board
På vegne af: The Cotton Group A/S
Serienummer: 63704314-5e4b-4f1f-99f6-9b342725676d
IP: 152.115.xxx.xxx
2024-04-03 13:05:51 UTC
MitID

Christian Peter Dyvig
Chairman
På vegne af: The Cotton Group A/S
Serienummer: 5f0f3645-f388-48bd-a368-d88f4b738064
IP: 152.115.xxx.xxx
2024-04-03 13:17:36 UTC
MitID

Michael Hauge Sørensen
Board of directors
På vegne af: The Cotton Group A/S
Serienummer: 26a200ea-bb39-4d5b-8e51-d5a02b539b55
IP: 147.161.xxx.xxx
2024-04-03 13:19:08 UTC
MitID

ULF SEGERSTRÖM
Board of directors
På vegne af: The Cotton Group A/S
Serienummer: 83ce7dcfe9d0c8fd81b66eb98ec02006ba3xxxx
IP: 94.234.xxx.xxx
2024-04-03 14:55:09 UTC
BankID

Anders Daniel Davidsson
Board of directors
På vegne af: The Cotton Group A/S
Serienummer: 8ea2705c4ea50d8b339bea1e298207490db8xxxx
IP: 217.208.xxx.xxx
2024-04-03 17:58:12 UTC
BankID

Anders Flou
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: b182fb0e-bb6a-4bd3-bb28-f0a8b0d5f948
IP: 147.161.xxx.xxx
2024-04-04 05:36:45 UTC
MitID

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt
Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service <penneo@penneo.com>**. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: **https://penneo.com/validator**

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Brian Skovhus Jakobsen
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: f4e2f440-6b05-4190-bd8b-9ed44fd2f32e
IP: 165.225.xxx.xxx
2024-04-07 09:12:41 UTC

Søren Bremerskov Vuust
Chair
På vegne af: The Cotton Group A/S
Serienummer: 63704314-5e4b-4f1f-99f6-9b342725676d
IP: 77.241.xxx.xxx
2024-04-07 13:20:02 UTC

Penneo dokumentnøgle: 1KE7E-6C4QJ-3U84E-VWPEB-4KFJ0-DU1O0

20240702020201

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt
Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service <penneo@penneo.com>.** Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: **https://penneo.com/validator**