Annual Report 2015

Zebra A/S


BALLOONS
DKK 15

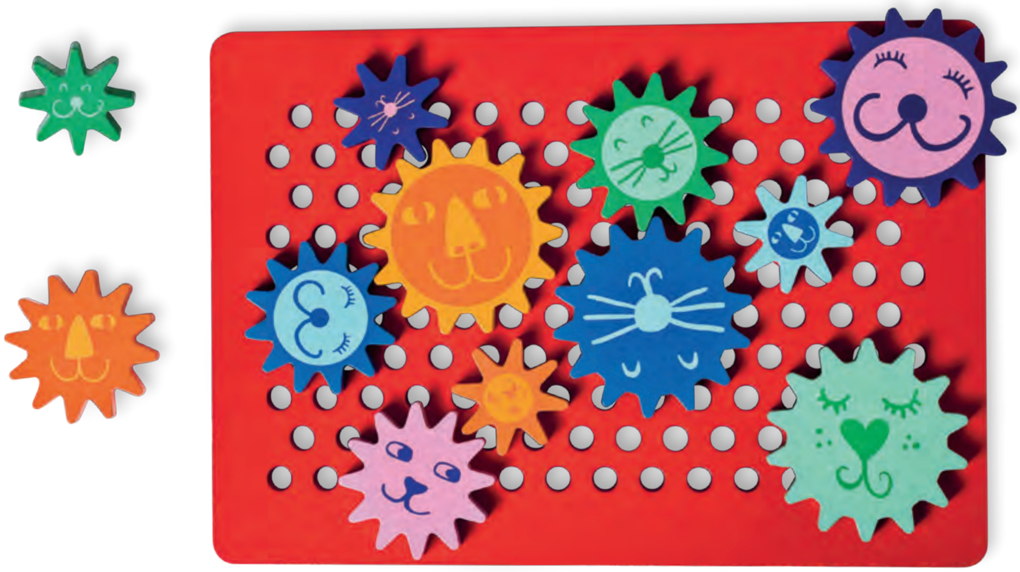
Content

World of Tiger

Zebra, the parent company of the Tiger stores, is a rapidly expanding variety retailer founded in Denmark. Our stores offer a quirky, ever-changing selection of own-designed products at affordable prices, which are marketed internationally under the Tiger, Flying Tiger and TGR brand names. By the end of 2015 the Group operated 585 stores in 27 countries across Europe, Asia and the US. During the past year, more than three new Tiger stores opened every week.

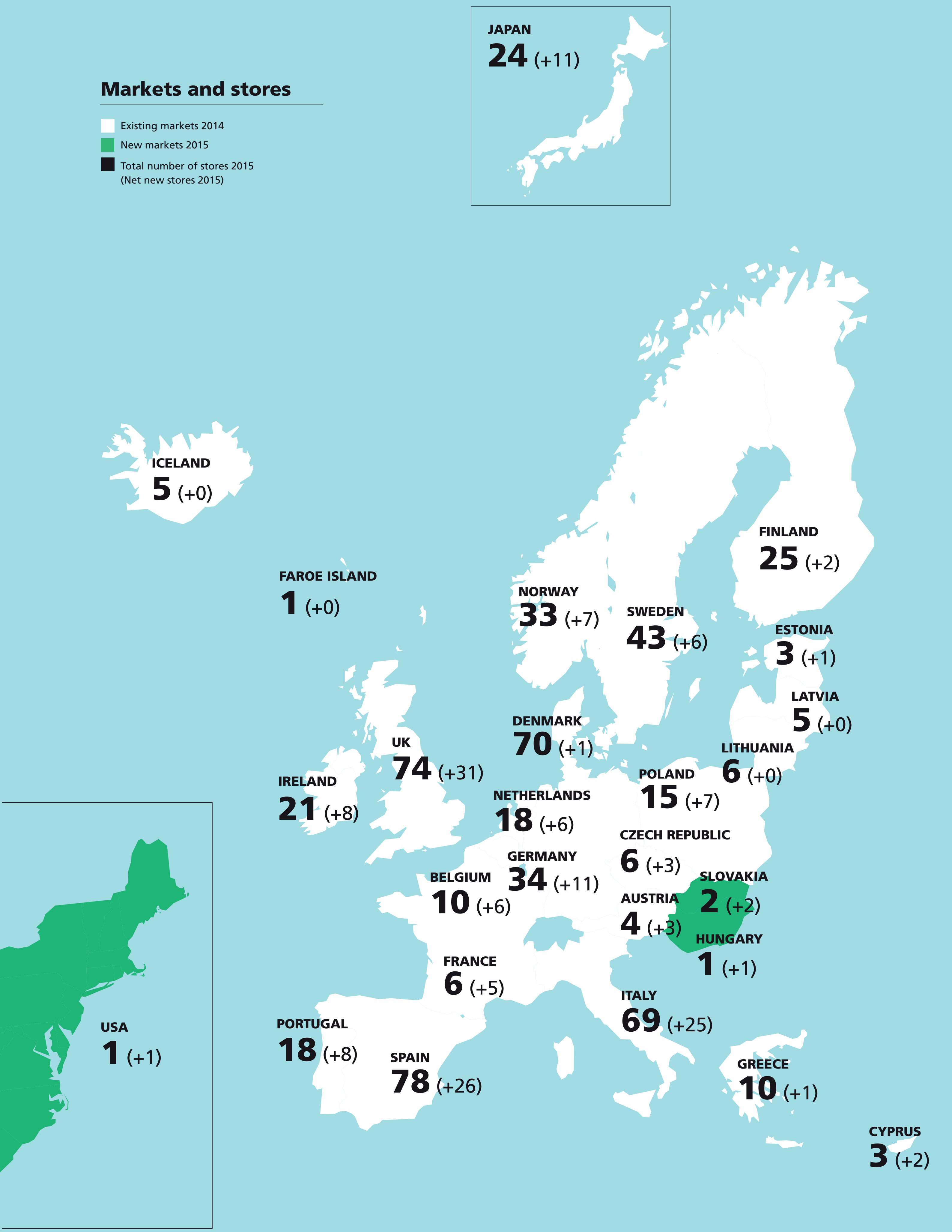
Working continuously with innovative design and product development, up to 300 new products are introduced every month. Our product categories include home, toys, hobby, party, snacks, electronics, gadgets, fashion accessories and more. We keep our stores bright and easy to navigate with our Scandinavian decor being a differentiating characteristic.

Founded in 1995 and headquartered in Copenhagen, Denmark, Zebra employs more than 3,500 people worldwide and generated revenue of DKK 3,572m and EBITDA before special items of DKK 498m in 2015.



WOODEN TOY
DKK 100

Markets and stores



2015 Highlights

Revenue growth

45%

Net store openings

174

EBITDA
Before special items

498

DKK million

People
More than

3,500

Net profit
Before special items, after tax

243

DKK million

SEEDS
DKK 5

Key figures

DKKm	2015	2014	2013	2012	2011[1]
Income statement					
Revenue	**3,571.7**	2,464.2	1,710.9	1,100.2	710.1
Gross profit	**2,226.9**	1,529.9	1,035.8	660.0	419.0
EBITDA before special items	**497.8**	364.2	242.3	164.9	109.6
EBIT before special items	**384.4**	286.5	194.3	137.6	93.1
EBIT	**343.7**	286.5	223.9	132.4	93.1
Result from financial items	**(52.4)**	(27.2)	(36.2)	(12.4)	(6.5)
Profit before special items, after tax[2]	**242.5**	195.7	116.7	92.7	63.8
Profit for the year	**209.8**	195.7	147.7	88.8	63.8
Financial position at 31 December					
Total assets	**2,009.9**	1,555.9	929.7	580.6	309.0
Net working capital	**143.8**	318.2	101.9	116.0	65.2
Net interest-bearing debt	**79.5**	155.2	12.2	27.6	(19.1)
Equity before recognition of provisions for acquisition of non-controlling interests	**720.4**	605.3	377.0	232.2	157.8
Provisions for acquisition of non-controlling interests	**850.7**	704.8	363.5	234.0	-
Equity	**(130.3)**	(99.5)	13.5	(1.8)	157.8
Cash flow and investments					
Cash flows from operating activities	**490.2**	65.0	139.3	74.3	62.6
Cash flows from investing activities	**(396.9)**	(199.8)	(148.6)	(97.6)	(52.0)
Investment in property, plant and equipment	**(292.3)**	(159.7)	(130.0)	(83.0)	(40.7)
Free cash flow	**93.3**	(134.8)	(9.3)	(23.3)	10.7
Key ratio					
Revenue growth	**44.9%**	44.0%	55.5%	54.9%	36.6%
Gross margin	**62.3%**	62.1%	60.5%	60.0%	59.0%
EBITDA margin before special items	**13.9%**	14.8%	14.2%	15.0%	15.4%
EBIT margin before special items	**10.8%**	11.6%	11.4%	12.5%	13.1%
Profit margin before special items, after tax	**6.8%**	7.9%	6.8%	8.4%	9.0%
Profit margin	**5.9%**	7.9%	8.6%	8.1%	9.0%
Comparable store sales growth[2]	**0.3%**	(1.0)%	1.0%	1.6%	4.2%
Net working capital ratio	**4.0%**	12.9%	6.0%	10.5%	9.2%
Leverage	**0.2x**	0.4x	0.1x	0.2x	(0.2)x
Number of stores, including joint ventures	**585**	411	289	197	120
Proforma consolidated financial information[3]					
Proforma revenue	**3,726.2**	2,562.8	1,735.0	-	-
Proforma gross profit	**2,309.9**	1,582.9	1,049.2	-	-
Proforma EBITDA before special items	**497.0**	371.1	245.3	-	-
Proforma gross margin	**62.0%**	61.8%	60.5%	-	-
Proforma EBITDA margin before special items	**13.3%**	14.5%	14.1%	-	-

[1] As of 1 January 2012, accounting policies were changed to IFRS. Comparative figures for 2011 are presented in accordance with the Danish Financial Statements Act. Differences between the previous accounting policies and IFRS mainly relate to the accounting for put options held over non-controlling interests, amortisation of goodwill, and valuation of residual values regarding leasehold rights.

[2] Profit before special items, after tax and Comparable store sales growth are defined in Key figures and ratios.

[3] Proforma consolidated financial information reflect a proforma proportionate consolidation of the 50% owned Japanese joint venture.

THE BEGINNING

Over the last 20 years, Tiger has come a long way

Tiger traces its roots back to a stall at a flea market in Denmark where founder Lennart Lajboschitz sold umbrellas with his wife Suz. Then, in 1988, Lennart and Suz Lajboschitz opened their first brick-and-mortar store in a local neighbourhood of Copenhagen. Its name was Zebra, and it sold umbrellas and sunglasses and socks and surplus goods.

On the opening day our founder passed out coffee and cookies, and often on Saturdays there was a magic show for the children who came into the shop with their parents. So even back then, Tiger was not only about products, it was about giving people experiences to share with their loved ones, about products as catalysts for experiences. Tiger still believes that relationships and experiences are what make people happy. And ultimately happiness is what we want to give to our customers.

The first store called Tiger opened in Copenhagen in 1995, and everything in it cost 10 Danish kroner. The Danish word for a ten-kroner coin is pronounced tee'-yuh, which sounds just like the Danish word for tiger. Our founder's eight-year-old daughter said: "Before we had a zebra, and now we also have a tiger."

Over the years, Tiger has changed in many ways. Founder Lennart Lajboschitz developed the concept from a family-run store selling surplus goods, to a variety retail store, selling unique, relevant and fun things designed by our own design team at a wider range of affordable prices. And now there are Tiger stores all over the world.

Strategy

An integral part of the Group's strategy is to grow our market presence and make the Tiger concept as well as products available to an increasing number of customers, while at the same time continuing to develop the concept to ensure the Group's long-term success.

Business model

Our business model builds on a variety retail concept with an attractive value proposition generating a broad costumer appeal and a partner-based expansion model enabling rapid growth. Our scalable corporate backbone aims to simplify our operation and support future growth, which helps us deliver sustainable profits.

Brand and retail concept

Through our retail concept, we want to engage our customers, create a fun shopping experience as well as make our products accessible for everyone and increase our appeal as a destination store. Our stores offer a welcoming atmosphere and our service-minded store employees are ready to help if needed. Our concept and brand are playful, friendly and represents all that is current, relevant with a conversational and relaxed tone of voice.

Our retail concept is based on four core pillars – value proposition, assortment, store and customer experience – and has proven its worth across geographies.

Value proposition

We want to deliver everyday magic by providing a unique and playful experience in our stores, where customers discover a world of products that we carefully select and design. Tiger stores are designed and curated to give our customers creative, fun and useful products. Our mission is to engage with people's lives, to help them live out their values and ideas and connect to the people that matter to them.

While our products are offered at affordable round price points, it is a key objective that the quality should meet or exceed the customer's expectations as well as Zebra's corporate social responsibility ("CSR") requirements (see CSR section). The price range of the product offering is typically from 10 to 100 Danish kroner.

Assortment

Our assortment consists primarily of proprietary products inspired by our Danish heritage and often with a quirky twist. Products are predominantly designed by our own design department or in close cooperation with external designers. Our Category Management team together with our in-house designers continually optimises the product portfolio by applying retail insight and monitoring new trends, striving to maintain a fresh product assortment that appeals to our customers. We want to deliver value for money across our broad product range.

Our assortment includes categories ranging from home, hobby and party over toys, electronics and gadgets, to food and accessories and has a broad appeal across age and income groups. Each month the assortment is refreshed with up to 300 new products divided in two product campaigns, typically adapted to seasonal themes and/or festive occasions, e.g. summer, Halloween, Easter or Christmas, which aids in our ambition to give our customers a new experience every time they enter a Tiger store.

This year, we added Tiger Lab to our organisation to further strengthen our assortment and store environment. Tiger Lab's focus is to develop, test, evaluate, and roll-out designed products as well as store improvements.

CLOCK
DKK 40

Store

Our stores are located in high footfall locations on high streets and in popular shopping malls. The typical size is between 150 and 250 m² selling space. Across markets, the Scandinavian decor is a differentiating store characteristic.

The stores are designed to create a welcoming atmosphere to make a visit to a Tiger store a fun and surprising experience. The products are mainly displayed on pallet tables with discreet price signs and warm lighting creating stylish but unpretentious product presentations. The maze floor layout guides customers through the store and all main product categories enabling them to seek inspiration and discover the full range of products as they go along.

Customer experience

We want to ensure a fun customer experience and we believe that our store employees play an integral role in doing so. Their dedication and commitment to our concept is key for our customers' shopping experience as well as their perception of our brand. We owe a great part of our success to our store employees as they interact with thousands of customers on a daily basis. We prioritise the development and training of our staff, as we believe that this will help us sustain a pleasant customer experience.

Expansion model

Establishing new stores are generally achieved through 50/50 owned partnerships with a local partner, which ensures local entrepreneurship and significantly increases our organisational capacity for international expansion and reduces the risks when entering new markets.

DESIGN AWARD

Making Danish Design Accessible

"Tiger's cookie tin, with artwork by our inhouse designer Marlene Frølund, was awarded with two international design prizes establishing Tiger as a Danish design brand. We're proud that our talented design team has once again been recognised. But what makes us even happier is our role in making our Danish design accessible to more people. To see our design making people smile in homes around the world – from Nagoya to New York City."

TINA SCHWARZ
BRAND DIRECTOR

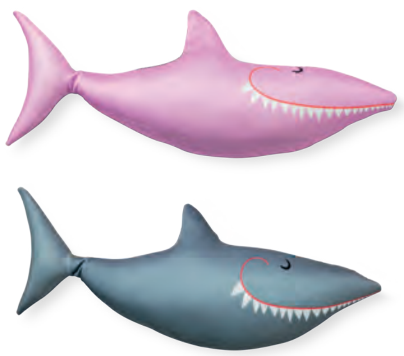
Communication Arts

GOLDEN HAMMER
INTERNATIONAL ADVERTISING FESTIVAL

A jointly owned local company is set up, and Zebra shares investments, costs and profits with the local partner. In other words, the cooperation is a business partnership, not a franchise operation. The partnership is assigned a certain territory, with the size of the territories ranging from a region to an entire country.

Zebra owns the concept and brand and supplies the products, store interior and marketing material while the local partner is responsible for store roll-outs and day-to-day operations including staffing, training and local marketing under specific guidelines set out by Zebra.

Partners are typically individuals or a small group of people with an entrepreneurial mind-set who are appointed after a thorough selection process based on their capabilities to roll-out the concept as well as their retail experience, local market knowledge, managerial and financial capacity.



PILLOW
DKK 50

With the exception of the Japanese joint venture, the partnership model has a contractually defined exit-mechanism, where the partner holds exercisable put options that grant them the right to sell their non-controlling shareholding to Zebra with redemption prices based at contractually defined EBITDA multiples. At the same time, Zebra holds call options to acquire the partner's shareholding, which are exercisable based at contractually defined EBITDA multiples. For accounting purposes, Zebra is considered to have control over the partnerships, except for the Japanese joint venture, and they are therefore fully consolidated.

It is part of Zebra's strategy to take full ownership of the local operating companies when this is assessed to be more beneficial than the partner model. Zebra's operating companies in Denmark, Finland, Iceland, Scotland and USA are all wholly owned. Furthermore, Zebra took over three partners' shares in territories pertaining to Northern Germany, Southern Sweden as well as one of our two Polish partnerships at year-end 2015.

Corporate backbone

Our rapid growth is supported by a flexible and scalable supply chain model, investments in new IT infrastructure and continued strengthening of the organisation and business processes.

Financial and operating model

We have established an operating model with a governance structure anchored around our management team who monitor and review the business units' operational and financial performance aiming to proactively take advantage of opportunities arising in our markets as well as address potential challenges.

One area of focus is to ensure efficient supply chain operation and processes with low working capital requirements to service our stores effectively as well as to free up capital for further store expansion and future partner buyouts. Our initiatives target to improve inventory levels by lowering lead-time from purchase to sale, strengthening our forecasting process and improve payment terms with our suppliers as well as improving coordination across the organisation.

Supply chain model

While the continuous work with product selection, innovation and product development is carried out internally, production is outsourced to external suppliers who subscribe to our code of conduct and work under our supervision (see CSR section).

A large part of logistics is also handled by external operators facilitating an asset-light and highly scalable logistics operation. Transportation is provided by forwarders, and while we operate our warehouse in Greve (DK), the warehouses in Barcelona (ES), Raunds (UK) and New Jersey (US) are all operated by an external partner.

IT infrastructure

We want to simplify our business and increase transparency as we grow by implementing a common IT system. Through investments in IT infrastructure, we want to streamline our business processes and ensure a greater level of standardisation thereby ensuring scalability. In 2015, we continued to work towards establishing a common group-wide Microsoft Dynamics AX ERP platform. The first stores were converted to the new system in late 2014 and we continued the gradual roll-out to our store network in 2015. In 2016, we aim to add more stores to the new platform as well as the administrative functions.

The new ERP platform will strengthen the Group's infrastructure, support the expected growth as well as enable optimisation of the existing stores, supply chain and category management.

People

People are key to the continued success and future expansion of the Tiger concept. It is important that we can continue to attract, motivate and retain highly qualified employees at all levels of the organisation to support future growth. We enjoy great diversity in our corporate body having been able to attract a wide range of nationalities and educational backgrounds.

At the head office, creative minds are working to refresh the assortment, improve the concept, marketing and brand, while administrative staff works to enable the rapid expansion. In 2015, we strengthened the creative and administrative teams by adding additional people and skills.

VASE
DKK 20

Growth levers

Zebra pursues four growth levers in order to strengthen the Group's market position, increase revenue as well as profit:

- Increase comparable store sales growth
- Increase store penetration in existing markets
- Geographical expansion into new markets
- Increase operating margins from scale advantages

SHELF
DKK 50

Increasing comparable store sales growth

We aim to maintain an attractive and fresh product offering to meet customer demand by continuous evaluating our assortment and introducing and retiring products.

Each month, we introduce new products with a common theme adapted to the season. We generate a significant share of revenue from this campaign structure, and we consider this an important driver for store traffic. We also strive to increase customers' buying frequency and the value of average basket size by continuously improving our merchandising, in-store execution, marketing as well as introducing new products.

Increase store penetration in existing markets

We have followed a partner-driven expansion model to establish new stores in multiple countries at the same time. So far, this has been a commercial success across our markets. With only limited penetration in most markets outside Denmark, there is a significant potential for store expansion in existing markets.

Stores are leased to minimise upfront investments and are located on high streets and in popular shopping malls. An experienced Retail team assists the partners in identifying and selecting locations for new stores as well as assisting in lease negotiations. We have a thorough store approval process anchored in our management team to ensure a continued high quality store portfolio.

Geographical expansion into new markets

It is part of our growth strategy to expand into new territories and markets in order to facilitate future growth once existing markets gradually mature. We are experiencing an increasing interest in partnerships from large corporations and highly qualified entrepreneurs. All potential partners go through a thorough selection process. We have developed a market entry model in which we establish proof of concept early in process before deciding on further expansion.

Increase operating margin from scale advantages

Our operating margin is impacted by investments in the corporate backbone in order to position the Group for future growth. Our operating margin is expected to improve over-time as a result of operational leverage in our cost structure.

NEW STORES

Flying Tiger enters the US

"In May this year, we opened our first US store in Manhattan. New York City is one of the most vibrant and sophisticated cities for brands and we have seen that our offer stands out from the crowd. We are excited to have entered the world's largest retail market and see the US as an amazing opportunity. Still we remain humble, we want to keep on learning and develop our concept as well as our footprint starting in New York City."

Xavier Vidal
CEO

HAIR ROLLERS
DKK 10

Operating and financial review 2015

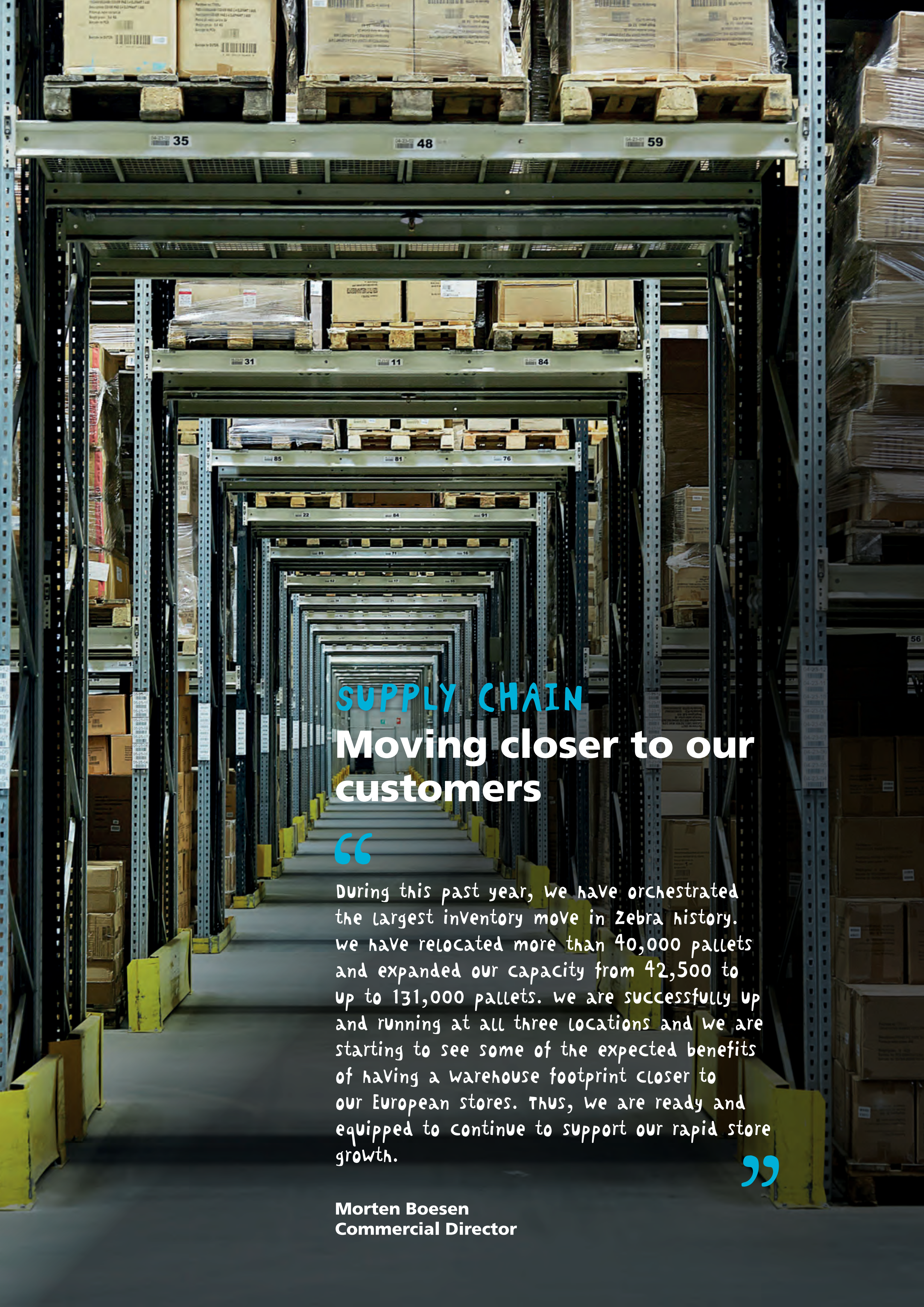
The expansion of our international store network continued in 2015 with an average of more than three store openings per week. We reached record revenue of DKK 3,572m, an increase of 45% compared to 2014, and profit for the year of DKK 210m. Management and the Board of Directors consider the operational and financial performance of 2015 to be satisfactory, and overall in line with expectations.

We opened net 163 stores in 2015 (net 174 new stores including the Japanese joint venture) and entered three new markets. In May, we opened our first store in the US. Our concept was well received by our US customers and we are satisfied with the results so far. In August, we opened store number 500 in London (UK) marking an important milestone in Zebra's history. By the end of 2015, we operated 585 stores across 27 countries.

In 2015, we reorganised our warehouse setup to reduce lead time to stores and transportation costs and at the same time increase warehouse capacity. Our Horsens (DK) warehouse was relocated to Barcelona (ES), and Brøndby (DK) and Thrapston (UK) warehouses were moved to larger facilities in Greve (DK) and Raunds (UK). The reorganisation was implemented on time and with minimal disruption to our operations. In addition, we also opened a warehouse in New Jersey (US) to serve the US market. The new setup supports our expected growth.

A focus area in 2015 was to lower net working capital ("NWC"). In this regard, we have amongst other things strengthened our forecasting processes and tools as well as improved payment terms with our suppliers all of which has helped bring our NWC ratio from 12.9% in 2014 to 4.0% in 2015. Going forward we will continue to optimise our supply chain and working capital components.

At the end of 2015, we took over our partners' shares in Southern Sweden, Northern Germany as well as one of our two Polish partnerships. A transition plan has been put in place together with newly appointed country managers. Going forward we will operate the three companies as 100% owned subsidiaries.



SUPPLY CHAIN

Moving closer to our customers

“During this past year, we have orchestrated the largest inventory move in Zebra history. We have relocated more than 40,000 pallets and expanded our capacity from 42,500 to up to 131,000 pallets. We are successfully up and running at all three locations and we are starting to see some of the expected benefits of having a warehouse footprint closer to our European stores. Thus, we are ready and equipped to continue to support our rapid store growth.”

Morten Boesen
Commercial Director

Based on the operational and financial progress made in 2015, we are well positioned to continue the growth in 2016 and at the same time continue our efforts to strengthen our corporate backbone.

Revenue development

Total revenue for 2015 was DKK 3,572m, an increase of 45% compared to 2014. The increase was driven by net new store openings in 2015 and the full-year effect of stores opened in 2014, contributing with approximately 27 percentage points and 19 percentage points of revenue growth each. Furthermore, comparable store sales growth was slightly positive at 0.3%.

During 2015, management continued its focus to help increase comparable store sales growth, including focus on new products, own design, product availability and in-store operations. Overall, comparable store sales growth improved compared to last year. Still in certain markets, comparable store sales growth was impacted negatively by cannibalisation as a consequence of the increasing store penetration, product availability in Q4 as well as some degree of increased local competition. Improving comparable store sales growth remains a key priority for 2016.

We opened 169 new stores in existing markets and 4 stores in new markets in 2015. 10 stores were closed as part of our ongoing optimisation of our store footprint compared to 2 store closures in 2014 taking total number of stores to 585 when also including the 11 store openings in Japan. A little more than half of the new stores opened in our five largest markets, which generated approximately two thirds of total revenue. In 2015, Denmark was no longer the largest contributor to revenue having been overtaken by UK and Italy. We continue to see high growth across geographies while Denmark has reached maturity.

In addition to our US entry, we are also pleased to have entered Hungary and Slovakia in 2015. By the end of 2015, we were present in most of the European countries. Having only limited store penetration outside Denmark, the potential for store expansion is considered to be significant.

2015 revenue

	Revenue (DKKm)	Growth (%)	Net new stores
UK	601	69%	31
Italy	593	84%	25
Denmark	554	1%	1
Spain	449	43%	26
Sweden	226	25%	6
Subtotal	2,423	41%	89
Total	**3,572**	**45%**	**163**

Development in earnings

In 2015 we manged to keep our gross margin stable at 62.3% compared to 62.1% in 2014.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) before special items amounted to DKK 498m compared to DKK 364m in 2014, an increase of 37%. The EBITDA margin before special items decreased to 13.9% – 0.9 percentage point lower than in 2014. The EBITDA margin before special items was negatively impacted by slightly higher rent levels compared to sales as well as increasing costs at headquarter related to strengthening of our corporate backbone.

Operating costs (staff costs and other external costs) were DKK 1,729m in 2015 compared to DKK 1,166m in 2014, representing 48.4% of revenue in 2015 compared to 47.3% in 2014. The absolute increase was primarily driven by the opening of new stores, full-year impact of stores opened in 2014 and strengthening of the corporate backbone.

EBITDA before special items

DKK million

498

in 2015

KEY MILESTONE

Tiger store number 500 in Notting Hill, London

"We were so excited about opening a store in Notting Hill, which is an area that epitomises sophisticated London shopping. Danish design is immensely popular in England. Tiger's strength is that we have discovered a niche that allows us to offer Danish, quirky design at surprisingly affordable prices. Store number 500 was a key milestone and we believe that there are many more stores to come."

Philip Bier
UK partner

Profit before special items, after tax amounted to DKK 243m compared to DKK 196m in 2014 corresponding to a 24% increase. Profit before special items, after tax was negatively affected by the result in the Japanese joint venture as well as a higher effective tax rate at Group level.

Free cash flow and net interest-bearing debt

NWC decreased in absolute terms from DKK 318m in 2014 to DKK 144m in 2015 corresponding to an improvement from 12.9% of revenue in 2014 to 4.0% in 2015. The improvement was driven by an increase in other payables and trade payables while our inventory level remained in line with 2014. Both goods in transit and inventory at central warehouses fell on a per store basis driven by our NWC initiatives while store inventory levels were stable.

Cash flows from investing activities increased from DKK (200)m to DKK (397)m, primarily driven by investments related to opening of new stores. The remaining investments were related to investments in the corporate backbone including investments on our new ERP system as well as renovation of existing stores.

Free cash flow ended at DKK 93m compared to DKK (135)m in 2014 driven by EBITDA contribution from both existing and new stores and NWC while offset by investments. Net interest-bearing debt was DKK 80m end of 2015, compared to DKK 155m in 2014.

Provisions for the acquisition of non-controlling interest and equity

With the exception of the joint venture in Japan, partners hold a non-controlling interest and a put option to sell their non-controlling interest to Zebra, whereas Zebra holds a call option to acquire the partners' non-controlling interest. Under IFRS, Zebra is considered to control these partnerships, which lead to full consolidation under IFRS. Accordingly, the subsidiaries are fully consolidated in the consolidated financial statements and provisions have been made for acquisition of the non-controlling interests at estimated total amounts owed to the partners upon exercise of the put option of the partners or the call option if Zebra has exercised its call option. The exercise prices are determined by reference to contractually defined EBITDA multiples.

The calculation of the provisions under IFRS for the put options is based on the general assumption that the partners all exercise their put options at year-end 2015 with the agreed notice period of 12 months. For certain partners, which constitute more than 75% of the total provision, Zebra may under normal circumstances limit the number of these partners allowed to exercise their put options to one every financial calendar year.

In 2015, the provisions for acquisition of non-controlling interests, non-current and current in total, increased to DKK 851m from DKK 705m in 2014. The increase was driven by EBITDA expectations in the jointly owned operating companies.

Equity

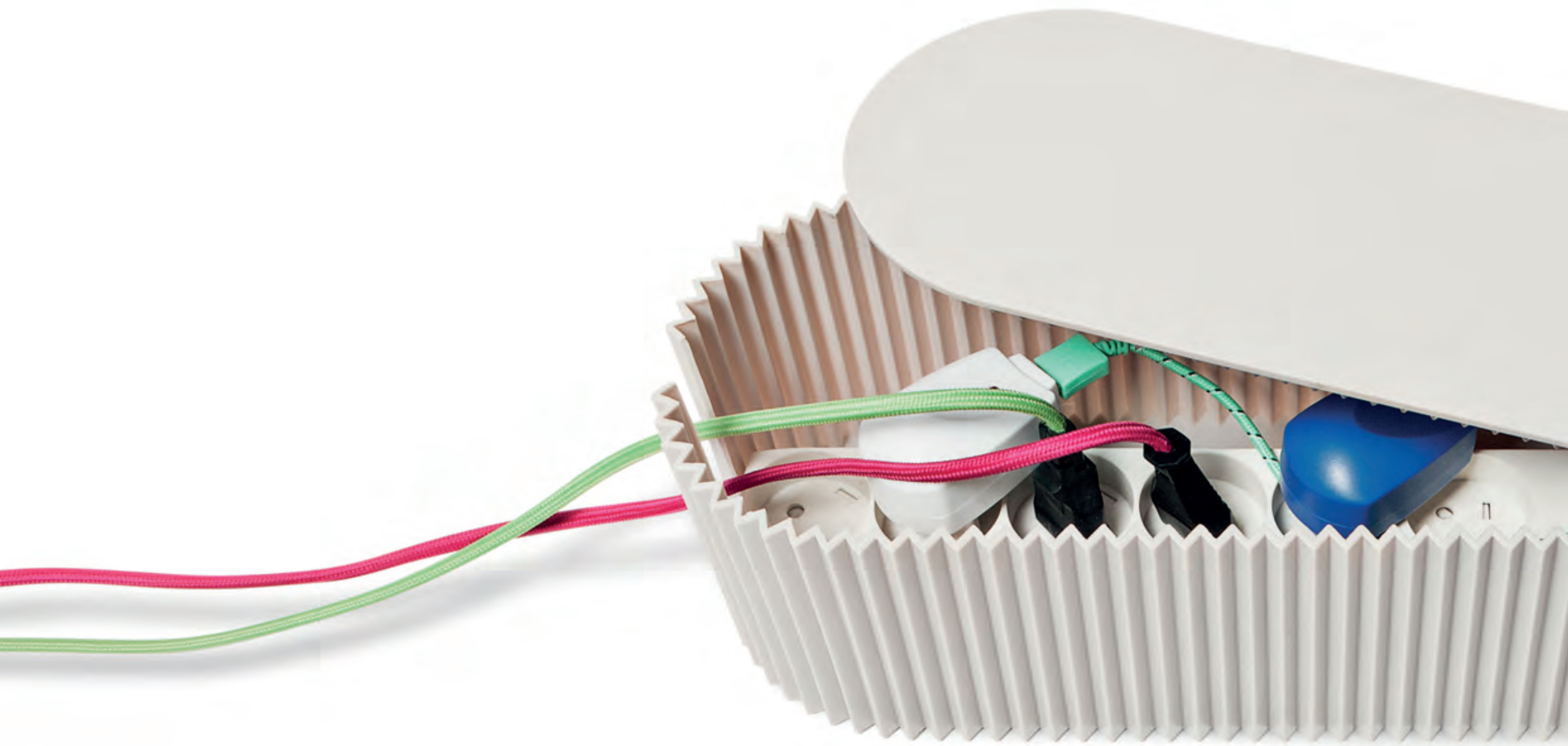
DKKm	2015	2014
Equity before recognition of provisions for acquisition of non-controlling interests	720	605
Provisions for acquisition of non-controlling interests	851	705
Equity according to IFRS	(130)	(100)

Equity under IFRS amounted to DKK (130)m at 31 December 2015, compared to DKK (100)m at 31 December 2014 primarily as a result of the increase in the provisions for the acquisition of non-controlling interests offset by profit for the year.

Japanese joint venture

The Japanese joint venture was established together with a local partner in June 2013. Unlike the partner model applied in Europe, Zebra and the partner have joint control of the operating company in Japan, which is why the profits from the joint venture is recognised in a single line item in the income statement and the investment is measured using the equity method.

Revenue increased by 56% from DKK 211m in 2014 to DKK 330m in 2015. The revenue increase was driven by full-year effect of stores opened in 2014 and 11 store openings taking total number of stores to 24 while offset by lower comparable store sales following initial hype during 2013 and 2014. EBITDA (net of royalty and service fee payments to Zebra of DKK 21m) for 2015 was DKK (2)m compared to DKK 14m in 2014. The negative EBITDA in the Japanese joint venture in 2015 was driven by lower than expected sales in new stores as well as stores opened prior to 2015. NWC improved from DKK 72m in 2014 to DKK 49m in 2015.



CABLE MANAGER
DKK 60

We still consider the Japanse market attractive and together with our partner we have launched a number of initiatives to improve the financial performance including a shift towards smaller store sizes in line with European stores, closure of unprofitable stores as well as various pricing and sourcing initiatives. It is a key priority to improve the Japanese joint venture's financial performance.

Proforma consolidated financial information

The Group's proforma consolidated revenue, which reflects its 50% ownership of the Japanese joint venture, was in 2015 DKK 3,726m compared to DKK 2,563m in 2014. Proforma EBITDA before special items for 2015 was DKK 497m, representing an increase of 34% compared to 2014, and corresponding to a margin of 13.3%. The proforma financials are provided in key figures.

Outlook for 2016

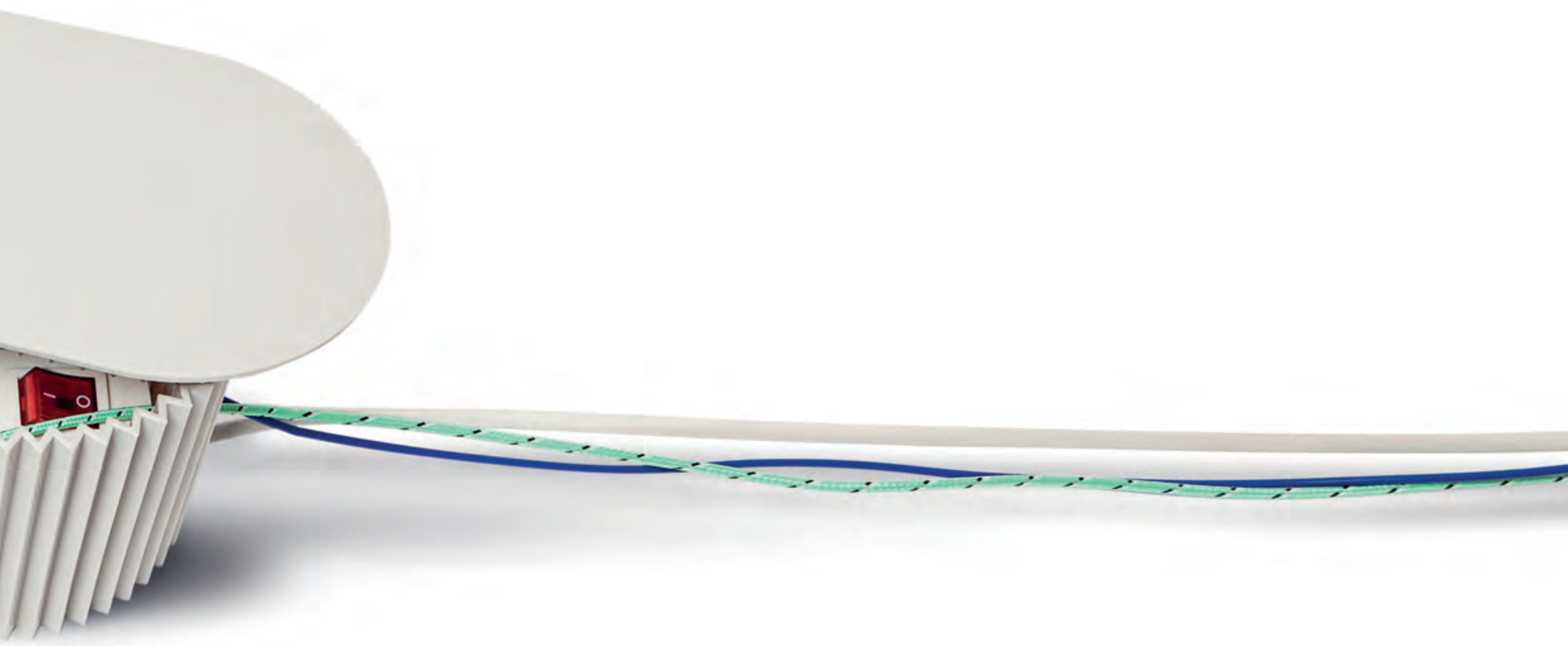
In 2016, Zebra expects to continue the growth trajectory, primarily driven by store roll-outs in existing geographies and select expansion into new geographies. We expect positive comparable store sales growth. Overall, revenue and earnings are expected to grow significantly. Furthermore, Zebra will take over five partnerships at the end of 2016.

Proforma revenue

DKK million

3,726

in 2015



TOTE BAG FOR THE
OPENING OF THE
SHINTOSHIN STORE
IN JAPAN
DKK 20

Corporate social responsibility

Responsibility, commitment and approach

We believe that a responsible behaviour in all aspects is key for being successful as a business. This commitment to responsibility has implications for how we source our products, treat our employees and run our business. We want our customers to be sure that when they buy a product from Tiger, it is been produced with due respect for human rights and the environment.

In 2015 we established a separate Corporate Social Responsibility & Compliance function with the responsibility to define the strategic direction of CSR and oversee execution. A key activity in 2015 has been a CSR materiality assessment of our value chain in order to understand our impacts; from when an idea is born to when a product is disposed. Through the process we identified four focus areas, for 2015 and onwards, namely safe products, responsible sourcing of products, environment as well as local CSR engagement and donations.

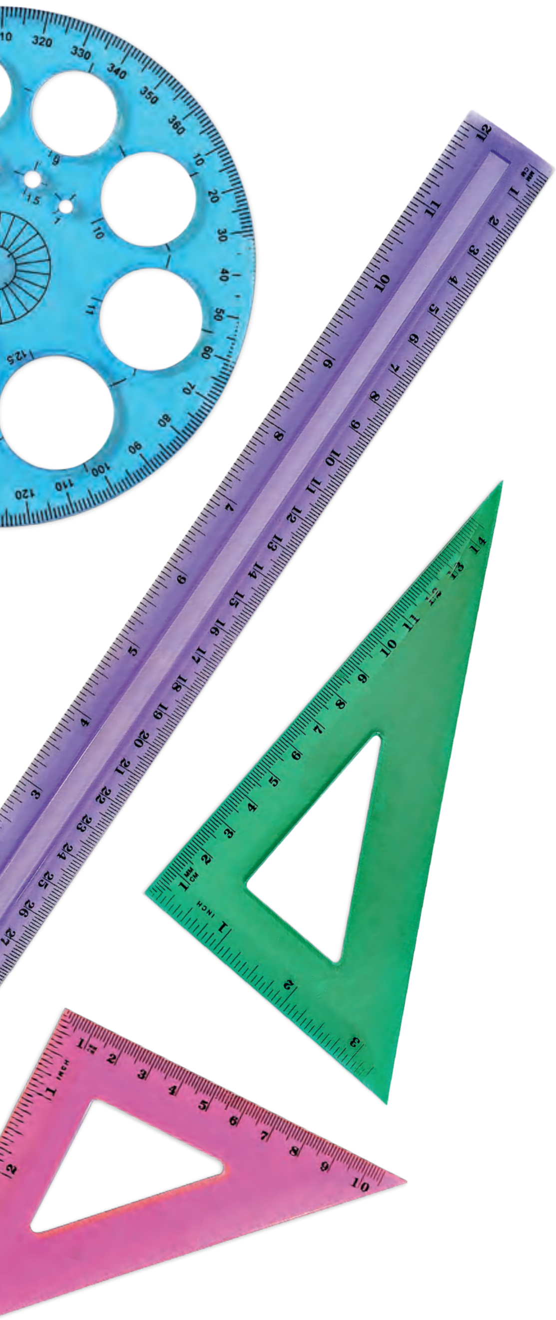
Safe products

We want our customers to have fun, inspiring and – most importantly – safe experiences when using our products. Across all our product categories, product safety is key for us. In 2015 we have strengthened our organisational capacity on product safety as well as our safety process. We now have a separate Product Compliance team dedicated to ensure that our products are safe and that they meet or exceed safety and quality legislation and regulations in EU and other markets where we operate.

In broad terms, this is how our product safety process works:

1. All materials and chemicals in all products are approved by our Product Compliance team before an order can be placed and production can start. Requirements are based on external legislation complemented by internal requirements.

2. Testing of products by third-party organisations. Testing is managed by our Product Compliance team.



GEOMETRY SET
DKK 15

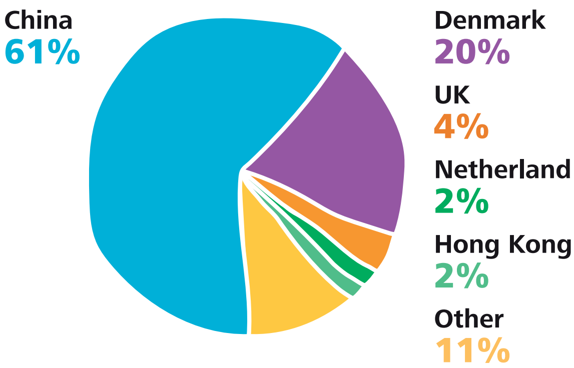
3. Production audits by third-party organisation and quality assurance. The audits cover product, packaging and marking of product. Audits and quality assurance are managed by our Quality Department.

4. Customer engagement and claims handling. Safety related feedback from costumers is analysed and used as input to future products.

Responsible sourcing of products

We want to be sure that the people producing our products are treated with respect and provided with fair working conditions. We buy our products from a combination of traders and suppliers. In total we source from approximately 500 traders and suppliers, most of which are located in China and other Asian countries.

2015 geographical distribution of trader and supplier origin



Parallel to our product safety process, we have designed a social compliance programme to meet our commitment on fair working conditions in our supply chain. We believe in collaboration with our suppliers to drive continuous improvements at the factory level.

In broad terms, this is how the process works:

1. Our suppliers and traders sign our Supplier Code of Conduct. The Code defines our expectations in the areas of workplace health and safety, working hours, wages, terms of employment, ethics and environmental protection. The Code is based on international standards, as defined by the United Nations (UN) and the International Labour Organisation (ILO) and strictly prohibits child labour, forced labour, discrimination, abusive disciplinary practices and corruption and bribery.

2. On-site visits via our internal audit team based in China. The audits include document review, interviews with workers and management and visual inspection of the factory. For audits outside of China, we use a third-party organisation who conducts the audits on our behalf.

3. All the factories are scored according to the audit findings. If an audit reveals no critical findings, the factory will be approved. If the audit reveals a non-compliance issue and the supplier agrees to rectify, then the factory will also be approved and the improvements will be verified through a re-audit. If, however, the supplier is unwilling to cooperate in resolving any non-compliance issues or the audit reveals zero-tolerance issues at a factory, then we will stop the order and terminate collaboration with the supplier.

During 2015, we have conducted a total of 210 audits and re-audits, which exceeded our target of 180 audits and re-audits for the year.

In 2015, we decided to put 7 suppliers on hold and we terminated our business relationships with 11 suppliers due to inadequate Code of Conduct performance.

Approximately 80% of our purchasing goes through traders, which often use more than one supplier. In 2015, we achieved our ambition to start a transparency process with our traders, with the outcome of increasing our knowledge of the factories used in our supply chain. This is key to further strengthening the Supplier Code of Conduct performance amongst our suppliers.

Engaging with stakeholders and participating in networks, such as the Danish Initiative for Ethical Trading (DIEH), is similarly vital for us to continuously improve.

COAT HOOK
DKK 40

Environment

We want to minimise our environmental footprint by reducing carbon emissions, minimising waste and promoting responsible use of materials in our supply chain. To work towards our commitment, we have focused our efforts at two levels:

1. Supply chain: The majority of our environmental footprint lies in our supply chain. Our Supplier Code of Conduct specifies the requirements on environmental protection to ensure that the production is environmentally responsible. In addition, we have developed a list of certain chemicals that have detrimental impact on environment and human health. These we prohibit our suppliers to use and work with them to find alternatives through the product compliance process.

2. Tiger stores: An additional key contributor to our environmental footprint comes from our stores and administration. To minimise our electricity consumption we require that all new stores use LED bulbs. End of 2015 status is that 228 stores out of 585 stores use LED bulbs, corresponding to 39%. Our ambition is that by end of 2017 all Tiger stores have moved to LED lights.

In addition, all new stores are required to use FSC certified furniture. End of 2015 status is that approximately 530 stores out of 585 stores use FSC certified furniture. Our ambition is to replace all non-FSC certified furniture through natural refurbishment over the coming years.

Local CSR engagement and donations

Tiger has always been committed to charitable activities and donations and it is a priority for us to be actively engaged in and contribute to the local communities where we are present. During 2015, we have supported a number of different charities. This includes establishing a formal collaboration with the Danish branch of the European Federation of Foodbanks (Fødevarebanken) and the Danish Red Cross. Both organisations receive a variety of products that can be distributed further to people in need.

In addition our partners are very active in supporting local community projects and local charity work. In Spain, for example, our partners and employees are focusing their efforts to support children and education while donating Tiger products to over 40 organisations across the country. Partners and employees in Greece, Cyprus, Germany and Netherlands decided to support incoming refugees. They are donating Tiger products and volunteering in clothes collection to aid these people in need.

Our ambition for 2016 is to work further on systematising our charitable activities together with our local partners to increase impact at global as well as local level.

SOFT DRINKS
DKK 10

FLYING TIGER COPENHAGEN
BROADWAY, NEW YORK

FLYING TIGER COPENHAGEN
BROADWAY, NEW YORK

Corporate governance

Corporate governance practices at Zebra

Zebra strives to comply with generally accepted corporate governance principles as required under the Danish Companies Act, the Danish Financial Statements Act, IFRS as well as internal rules and procedures described in the Company's Rules of Procedure for the Board of Directors and for the Executive Management. As Zebra is controlled by a member of the Danish Venture Capital and Private Equity Association ("DVCA"), the company also strives to comply with the corporate governance guidelines issued by DVCA. These guidelines are available on www.dvca.dk.

At Zebra, powers are distributed between the Board of Directors and the Executive Management in accordance with common practices for Danish companies and are formalised by the Company's Rules of Procedure. The Executive Management handles all day-to-day operations while the Board of Directors supervises the work of the Executive Management and approves certain types of decisions and investments. Zebra's Board of Directors develops the Group's corporate strategy together with the Executive Management and oversees progress, financial development as well as assess whether the necessary skills and qualifications are in place to support the Group's development and strategic business objectives. In addition, the Board of Directors ensures that Zebra works towards implementing efficient and transparent business procedures. The Board aims at having six board meetings a year of which at least one meeting is held in one of the Group's strategically important markets and such meetings typically include store visits, meetings with partners and updates on the local retail market.

The content of the Board meetings is determined by the Board's meeting schedule, which is updated and approved by the Board of Directors at the beginning of each financial year, and by ongoing discussions between the Board of Directors and the Executive Management.

Board and Executive Management

The Board of Directors has seven members and held six board meetings in 2015. Each meeting lasted at least a day, ensuring enough time for discussing performance, critical and strategic issues. Key topics of discussion this year related to the new warehouse setup, ERP roll-out, deep dives on US and Japanese markets, general expansion as well as the company's future strategy.

In 2015, Vagn Sørensen joined the Board of Directors of Zebra replacing Ole Andersen as Chairman. Vagn Sørensen brings to the Board experience from similar positions in companies such as Select Service Partner, FLSmidth, TDC and DFDS. At the same time Board Member Jacob Bier, was appointed Vice Chairman of the Board of Directors. In late 2015, Tahir Hussain decided to leave Zebra. Going forward, the Executive Management will consist of Xavier Vidal, CEO, and Henrik Skov, CFO.

Audit Committee

The Board of Directors established an Audit Committee in June 2015. The Audit Committee consists of three Board members and the purpose of the Committee is to assist the Board of Directors with the following:

- Monitoring the financial reporting process
- Monitoring the efficiency of Zebra's internal control system and the audit process of the external audit
- Monitoring Zebra's process for compliance with laws and regulations
- Other tasks delegated from the Board of Directors

The Audit Committee meets as often as the Committee deems appropriate, however no less than twice a year. In 2015, the Audit Committee met twice, once in September and once in November. Key topics of discussion were among others financial reporting and other internal processes and related projects.

Internal control systems

The responsibility for maintaining an adequate and efficient internal control environment in connection with financial reporting is vested with the Executive Management. The Audit Committee has reviewed the Group's control environment and together with the Board of Directors concluded that it is reasonably adequate at the current stage of the Group's development. In 2016, Zebra will continue to strengthen its control environment both in local operating companies and at head office.

Ownership and capital structure

EQT holds approximately 67% of the shares in Zebra A/S through Zebra Lux Holding S.a.r.l. Approximately 29% of the shares are held by Mitco ApS, which is controlled by Lennart Lajboschitz, and approximately 4% of the shares are held by the members of the Board of Directors, the Executive Management and a small number of senior Zebra employees.

Diversity

Zebra aims to offer equal opportunities to men and women across its organisation, and it is company policy to promote equal opportunities regardless of gender, ethnicity, race, religion and sexual orientation. When it comes to gender, Zebra aims at a balanced distribution among employees in leadership positions. Zebra's management is currently composed of 53% male and 47% female members. Zebra defines management as district leaders, country managers, partners as well as managers at headquarter. Relevant professional qualifications remain the key selection criteria for all positions in the Zebra organisation, but Zebra's management will continue to focus on diversity and will continue to evaluate the need for initiatives within this area.

At the of 2015 the Board of Directors of Zebra was composed of 100% male members. It is the Board's ambition to increase diversity, including gender representation on the Board where the target is to have at least one female member within two years. It is the current assessment that the Board has the required qualifications and composition in order to oversee Zebra's strategic development. The target will be sought achieved in relation with ongoing changes to the composition of the Board, where special efforts will be made to ensure that female candidates are identified and participate in the selection process.

CUSTOMER ADVENT
CALENDAR WORKSHOP
SPITALSFIELD, LONDON

Risk management

The Board of Directors are responsible for ensuring that the control environment in the Group are suitable and function satisfactorily. The Executive Management is working actively with risk management, including ongoing discussions and assessments of actual and potential risks, and seeks to ensure that such risks are managed in a proactive and efficient manner.

Financial risk

The nature of Zebra's operations, investments and financing arrangements exposes the Group to financial risks by way of changes in foreign exchange rates and interest rate levels. The Group's treasury policy is to actively address financial risks in order to mitigate the risk of material impacts on the Group's financial position.

For more information, see note 4.3 to the consolidated financial statements.

Currency risk

Zebra's international activities imply that the Group's financial results, cash flows and equity are exposed to fluctuations in various foreign currencies.

The main exchange rate exposure faced by Zebra relates to the purchase of goods in foreign currency, mainly USD, and translation of the financial results and equity of the foreign subsidiaries into Danish Kroner. It is the Group's policy at least on a half-year basis to hedge foreign currency risk for 80% of expected procurement 12 months ahead.

The exposure to exchange rate fluctuations at Zebra's foreign subsidiaries is to some extent mitigated by the fact that both revenue and local expenses at the individual subsidiaries are denominated in the same currencies.

Interest rate risk

Zebra is exposed to interest rate risk because entities of the Group borrow funds at variable interest rates. Zebra monitors the risk and hedging is applied in order to maintain a mix between fixed and floating rate borrowings in accordance with the Group's treasury policy.

TINS
DKK 10 & 20

Liquidity risk

Zebra monitors the liquidity flow in order to ensure adequate liquidity resources are available to the Group.

Credit risk

The Group has limited credit risk exposure, because its sales to customers are mainly for cash sales, and the Group is not exposed to any major credit risks from any single customer or other party.

Operational risk

Zebra has identified key operational risks within the areas of:

- Market place
- Sourcing and supply chain
- Products, trademarks and legal claims
- Partner collaboration and buyout
- Infrastructure
- People

Market place

Competition

As a retailer, Zebra is exposed to competition from other retailers with a value proposition similar to Zebra's as well as competition from online formats.

To mitigate competition from other retailers, Zebra continues to invest and develop the Tiger concept to sustain the concept's edge and attractive value proposition. The initiatives include continued strengthening of the Group's creative capabilities within category management, product design and innovation, visual merchandising, marketing and branding as well as training of the store staff in order to sustain or improve the level of service provided in the stores.

Expansion

Zebra's growth ambitions require strong performance, both in existing markets and when launching the Tiger concept in new markets. Failure to adequately address performance issues in local markets may impact the Group's financial results. Zebra continuously works on improving its monitoring, business review and controlling, aiming to proactively address any potential disruptions in local markets.

Sourcing and supply chain

Production is outsourced to external suppliers. If the suppliers fail to comply with Zebra's Supplier Code of Conduct, the Group's reputation and brand may be jeopardised. Suppliers must adhere to the Code and compliance is monitored through a supplier audit programme. See CSR section for further information about Zebra's CSR efforts and results achieved.

Also, disruption to our supply chain may cause product shortage and/or longer lead-times, which may have a negative impact on our reputation as well as financial result. To mitigate such potentially negative impacts, Zebra monitors the supply chain on an ongoing basis and continues to invest and build sourcing and supply chain systems, processes and capabilities.

Products, trademarks and legal claims

Zebra operates in a number of different legal jurisdictions and launch up to 300 products each month. Failure to comply with local regulations may negatively affect our reputation as well as financial performance. Likewise, violations of our trademarks or product designs as well as damages caused by the use and/or misuse of our products may cause similar effects.

Zebra has policies across our business as well as process controls, which guides our day-to-day operations. Also, Zebra has dedicated teams who focus on legal aspects as well as compliance matters pertaining to our business model. When required, we make use of external advisors.

Partner collaboration and buyout

Zebra has built its success around a 50/50 partnership model in which we share investments, costs and profits with our partners. Zebra owns and develops the concept, brand and supply the products while the partners carries out the store roll-outs and local day-to-day operations within the business plans, framework and guidelines of the partnership agreements. The mechanics and incentives of such ensure alignment of interests. Failure to maintain a successful collaboration may adversely affect our financial results. We value our partners and want to continue to work together maintaining an open and frequent dialogue.

It is part of Zebra's strategy to take full ownership of the local operating companies when this is assessed to be more beneficial than the partner model. Failure to successfully integrate and operate the local operating companies post takeover as well as retain key employees may have a negative impact on Zebra's financial results as well as its reputation. To ensure a continued strong financial performance in and after a transformation period, the partner model entails a put or a call notice of one year allowing Zebra to develop a detailed transfer plan together with the partner, ensure timely identification of new management and deploy various measures to ensure retention of local key employees.

PAPER PLATES
DKK 10

Infrastructure

Disruptions and/or delays in the implementation of our new global ERP system may have a negative impact on Zebra's financial results. Disruptions in our day-to-day operations may potentially occur as a consequence of the current implementation of the new ERP system.

In order to mitigate potential risks, Zebra has strengthened its project organisation and project management capabilities. In addition, Zebra has implemented a governance structure anchored with the Executive Management ensuring that all departments allocate sufficient attention and resources to the project.

People

In order to maintain the growth trajectory, Zebra relies critically on its ability to continue to attract, motivate and retain highly qualified employees at all levels of the organisation – from store staff and managers to creative and administrative people at head office.

Zebra has a group HR function, which supports the local operating companies. Among other initiatives, Zebra has developed and rolled-out a recruitment kit designed to assist in local recruitment of qualified talents for positions as store assistants, assistant store managers and store managers as well as implemented an international management-training programme targeting our store managers.

REMOTE CONTROL SNAKE
DKK 120


SPOON
DKK 20

ESPOO
FINLAND

GRANOLLERS
SPAIN

BARCELONA
SPAIN

DUNDALK
IRELAND

IKEBUKURO
JAPAN

SHIBUYA
JAPAN

SELECTED STORE OPENINGS 2015


NORWICH
ENGLAND, UK


ALMERIA
SPAIN


LISBON
PORTUGAL


TARTU
ESTONIA


FLORENCE
ITALY

BELFAST
NOTHERN IRELAND, UK

Board of Directors

Vagn Ove Sørensen (1959)
Chairman, Member since 2015

Educational background	M.Sc. Econ. and Business Administration, Aarhus School of Business and Social Sciences
Current Position	Professional Board Member
Other Positions	FLSmidth A/S (Chairman) FLSmidth & Co A/S (Chairman) TDC A/S (Chairman) TIA Technologies A/S (Chairman) THOR DENMARK HOLDING ApS (Chairman) Scandic Hotels AB (Chairman) Select Service Partner Plc (Chairman) Automic Software GmbH (Chairman) Bureau van Dijk BV (Chairman) Nordic Aviation Capital A/S (Vice Chairman) JP/Politikens Hus (Board Member) CP Dyvig & Co. A/S (Board Member) Air Canada (Board Member) Royal Caribbean Cruises Ltd. (Board Member) Braganza AS (Board Member) E-FORCE ApS (CEO) EQT Partners (Senior Advisor) Morgan Stanley (Senior Advisor)

Jacob Bier (1961)
Vice Chairman, Member since 1998

Educational background	LLM, University of Copenhagen
Current Position	Senior Advisor, Greenhill & Co. International LLP
Other Positions	CERTA Intelligence & Security A/S (Chairman) Nosomnia ApS (Chairman) Hos Fischer ApS (Board Member) Mitco ApS (Board Member)

Manel Adell Domingo (1961)
Member since 2013

Educational background	EPGC, Stanford University MBA, IMD Lausanne M.Sc., ESADE Business School Barcelona
Current Position	Professional Board Member
Other Positions	PUIG, S.L. (Board Member)

Rolf Eriksen (1944)
Member since 2013

Educational background	Design and scene painting degree
Current Position	Professional Board Member

Michael Hauge Sørensen (1973)
Member since 2013

Educational background	Executive training from Stanford. IMD, INSEAD
Current Position	Professional Board Member
Other Positions	TOP-TOY A/S (Chairman) TT Holding II A/S (Chairman) TT Holding III A/S (Chairman) Fristads Kansas Group AB (Chairman) Pandora A/S (Board Member) IC Group A/S (Board Member) Santa Fe Group A/S (Board Member) Elevate Global Limited (Board Member) Michaso Holdings Ltd. (Director) EQT Partners (Industrial Advisor)

Morten Hummelmose (1971)
Member since 2013

Educational background	M.Sc. Economics, University of Copenhagen M.Sc. Finance, University of London
Current Position	Head of EQT Partners in Denmark
Other Positions	R. Færch Plast A/S (Board Member) Færch Plast Group A/S (Board Member)

Lennart Lajboschitz (1959)
Member since 1998

Current Position	Advisor and Founder, Zebra A/S
Other Positions	Mitco ApS (Chairman) Hos Fischer ApS (Board Member) Nosomnia ApS (Board Member) GoMore ApS (Board Member) CERTA Intelligence & Security A/S (Co-owner)

Executive Management

Xavier Vidal (1974)
Chief Executive Officer

Educational background	Advanced Management Program (AMP), Harvard Business School M.Sc. Marketing, Cranfield University
Previous experience	The Body Shop (Managing Director EMEA and other leadership positions) Sainsbury's (Business Unit Director) Tesco (Category Manager)

Henrik Skov (1964)
Chief Financial Officer

Educational background	M.Sc. Economics, Clemson University
Previous experience	Telenor A/S (Chief Financial Officer and other leadership positions) Accenture (Manager)

FLYING TIGER COPENHAGEN
BROADWAY, NEW YORK


HAT
DKK 30

Consolidated financial statements

Income statement

1 January - 31 December

DKKm	Note	2015	2014
Revenue	2.1	3,571.7	2,464.2
Cost of sales		(1,344.8)	(934.3)
Gross profit		**2,226.9**	**1,529.9**
Other external expenses		(800.6)	(531.7)
Staff costs	2.2	(928.5)	(634.0)
EBITDA before special items		**497.8**	**364.2**
Amortisation and depreciation		(113.4)	(77.7)
Operating profit (EBIT) before special items		**384.4**	**286.5**
Special items	2.3	(40.7)	-
Operating profit (EBIT)		**343.7**	**286.5**
Share of profit in joint ventures	3.3	(14.7)	5.0
Financial income	2.4	6.1	1.8
Financial expenses	2.5	(43.8)	(34.0)
Profit before tax		**291.3**	**259.3**
Tax on profit for the year	2.6	(81.5)	(63.6)
Profit for the year		**209.8**	**195.7**

Statement of other comprehensive income

DKKm	Note	2015	2014
Profit for the year (brought forward)		**209.8**	**195.7**
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustment, foreign entities – exchange differences arising during the year		1.2	3.2
Foreign exchange hedging instruments:			
Realised in cost of sales		(123.0)	(17.1)
Fair value adjustments		86.5	69.5
Tax relating to items that may be reclassified subsequently to profit or loss		8.6	(12.5)
Other comprehensive income		**(26.7)**	**43.1**
Total comprehensive income for the year		**183.1**	**238.8**

Balance sheet

31 December

Assets

DKKm	Note	2015	2014
Intangible assets	3.1	122.4	57.3
Property, plant and equipment	3.2	495.9	296.2
Investment in joint ventures	3.3	31.2	45.5
Deposits		61.2	32.6
Deferred tax	2.6	24.0	15.9
Non-current assets		**734.7**	**447.5**
Inventories	3.4	713.1	719.1
Income tax receivables		10.0	10.3
Other receivables	4.2	59.6	67.2
Prepayments		62.8	49.4
Cash and cash equivalents	4.2	429.7	262.4
Current assets		**1,275.2**	**1,108.4**
Assets		**2,009.9**	**1,555.9**

Balance sheet

31 December

Equity and liabilities

DKKm	Note	2015	2014
Share capital	4.1	0.5	0.5
Reserves		6.9	33.6
Retained earnings		(137.7)	(133.6)
Equity		**(130.3)**	**(99.5)**
Bank debt	4.2	31.9	150.0
Provisions for the acquisition of non-controlling interests	4.2, 4.4	647.6	638.5
Finance lease liabilities	4.2	9.2	7.0
Other provisions	4.2	9.5	-
Deferred consideration	4.2, 4.4	31.9	-
Deferred tax	2.6	7.3	17.8
Non-current liabilities		**737.4**	**813.3**
Bank debt	4.2	437.3	228.4
Provisions for the acquisition of non-controlling interests	4.2, 4.4	203.1	66.3
Loans provided by shareholders of non-controlling interests	4.2	40.0	28.4
Finance lease liabilities	4.2	5.4	3.8
Trade payables	4.2	293.5	232.7
Income tax payables		41.4	50.1
Other payables	4.2	382.1	232.4
Current liabilities		**1,402.8**	**842.1**
Liabilities		**2,140.2**	**1,655.4**
Equity and liabilities		**2,009.9**	**1,555.9**

Statement of changes in equity

DKKm	Share capital	Reserves	Retained earnings	Total
2015				
Equity at 01.01.	**0.5**	**33.6**	**(133.6)**	**(99.5)**
Profit for the year	-	-	209.8	209.8
Other comprehensive income for the year, net of tax	-	(26.7)	-	(26.7)
Transactions with owners:				-
Dividend paid to non-controlling interests	-	-	(33.0)	(33.0)
Fair value adjustment of provisions for the acquisition of non-controlling interests, c.f. Note 4.4	-	-	(198.2)	(198.2)
Contribution from non-controlling interests	-	-	0.4	0.4
Share capital increase	0.0	-	16.9	16.9
Equity at 31.12.	**0.5**	**6.9**	**(137.7)**	**(130.3)**
2014				
Equity at 01.01.	**0.5**	**(9.5)**	**22.5**	**13.5**
Profit for the year	-	-	195.7	195.7
Other comprehensive income for the year, net of tax	-	43.1	-	43.1
Transactions with owners:				
Dividend paid to non-controlling interests	-	-	(11.0)	(11.0)
Fair value adjustment of provisions for the acquisition of non-controlling interests, c.f. Note 4.4	-	-	(341.3)	(341.3)
Contribution from non-controlling interests	-	-	0.5	0.5
Equity at 31.12.	**0.5**	**33.6**	**(133.6)**	**(99.5)**

Cash flow statement

DKKm	Note	2015	2014
Operating profit (EBIT) before special items		**384.4**	**286.5**
Depreciation, amortisation and losses from disposal of assets		113.4	77.7
Special items paid		(34.0)	-
Working capital changes	3.5	157.0	(215.4)
Other non-cash adjustments		9.9	-
Interest income received		3.7	1.8
Interest expenses paid		(43.7)	(31.9)
Taxes paid		(100.5)	(53.7)
Cash flows from operating activities		**490.2**	**65.0**
Acquisition of businesses	5.1	(6.7)	-
Investment in intangible assets		(70.1)	(27.1)
Investment in property, plant and equipment		(292.3)	(159.7)
Change in other non-current assets		(27.8)	(13.0)
Cash flows from investing activities		**(396.9)**	**(199.8)**
Free cash flow		**93.3**	**(134.8)**
Contribution from non-controlling interests		0.4	0.5
Acquisition of non-controlling interests	4.4	(20.4)	-
Share capital increase		16.9	-
Change in loans provided by shareholders of non-controlling interests		10.8	11.9
Proceeds from borrowings		93.3	195.5
Dividend paid to non-controlling interests		(33.0)	(11.0)
Cash flows from financing activities		**68.0**	**196.9**
Increase in cash and cash equivalents		**161.3**	**62.1**
Cash and cash equivalents at 1 January		262.4	198.0
Unrealised exchange gains/(losses) included in cash and cash equivalents		6.0	2.3
Cash and cash equivalents at 31 December		**429.7**	**262.4**

The cash flow cannot be derived directly from the income statement and the balance sheet.

1.1 General accounting policies

The Annual Report for the period 1 January – 31 December 2015 comprises the consolidated financial statement of the parent company Zebra A/S and subsidiaries controlled by the parent company (the Group) as well as separate financial statements for the parent company, Zebra A/S.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements applying to entities of reporting class C (large).

The Annual Report for 2015 was discussed and approved by the Executive Management and the Board of Directors (the Board) on 25 April 2016 and will be presented for approval at the subsequent Annual General Meeting on 28 April 2016.

Basis for measurement

The consolidated financial statements are presented in Danish kroner (DKK), which is the parent company's functional currency.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and provisions for the acquisition of non-controlling interest, which are measured at fair value.

Accounting policies

The accounting policies as described below and in the respective notes have been used consistently for the financial year and are unchanged from last year.

Accounting policies related to specific line items are described in connection with the notes to which they relate. The description of accounting policies in the notes form part of the overall description of accounting policies. Accounting policies not directly related to a specific line item covered by a note are presented below.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the parent company Zebra A/S and subsidiaries controlled by the parent company. Subsidiaries controlled by the parent company are fully consolidated from the date on which the parent company obtains control, and continue to be consolidated until the date that such control ceases. Control is obtained when the parent company directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or has control in some other way. The financial statements of the controlled subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost.

Entities, which by agreement are managed jointly with one or more other parties, are considered joint ventures. Joint ventures are consolidated using the equity method.

Foreign currencies

Transactions denominated in currencies other than the functional currency of the respective Group companies are considered transactions denominated in foreign currencies.

Transactions and balances

On initial recognition, transactions dominated in foreign currencies are recognised by the Group entities at their functional currency rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. Foreign exchange adjustments are recognised in the income statement under financial items.

1.1 General accounting policies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. An average exchange rate for the month is used at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date.

Group companies with another functional currency than DKK

The assets and liabilities of foreign subsidiaries are translated into the functional currency at the rate of exchange prevailing at the reporting date, and income statements and cash flow statements are translated at exchange rates prevailing at the dates of the transactions. An average exchange rate for the month is used at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange adjustments arising on translation are recognised in other comprehensive income.

Cash flow

Cash flows from operating activities are determined using the indirect method.

Cash flows from investing activities mainly comprise purchase of intangible assets, property, plant and equipment and business combinations.

Cash flows from financing activities comprise dividend paid, proceeds and repayments of loans and borrowings and changes in non-controlling interest' ownership share.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction dates.

Implementation of new or amended standards and interpretations

The Group has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year 1 January - 31 December 2015. The implementation of the new or amended standards has not had any material impact on the consolidated financial statements.

Standards issued but not yet effective

The IASB has issued a number of new IFRS standards, amended standards, revised standards and interpretations, which are effective for financial years beginning on or after 1 January 2016, most significantly:

IFRS 9 Financial Instruments

IFRS 9 'Financial instruments', with expected effective date 1 January 2018 (currently awaiting EU adoption). The standard is part of the IASB's project to replace IAS 39, and the new standard will change the classification and measurement of financial instruments and hedging requirements. The Group is currently evaluating the guidance to determine the potential impact on the consolidated financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 'Revenue from contracts with customers', with effective date 1 January 2018, is part of the IASB's convergence project to replace IAS 18. The new standard will establish a single framework for the treatment of revenue. The Group has assessed the expected impact of the standard and determined that it will not have any significant impact on the consolidated financial statements.

IFRS 16 Leases

IFRS 16 'Leases' was released in January 2016 and is expected to be effective 1 January 2019 (awaiting EU adoption). The standard requires that all leases are to be recognised in the balance sheet with a corresponding lease liability, except for short-term assets and minor assets. Leased assets are amortised over the lease term, and payments are allocated between instalments on the lease obligation and interest expense, classified as financial items.

The Group expects a significant increase in total assets and an improved EBITDA as a consequence of implementing IFRS 16. The effect is currently being assessed.

1.2 Significant accounting estimates and judgments

The consolidated financial statements have been prepared to give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2015. The Executive Management makes various accounting estimates and judgments which affect the consolidated financial statements.

The judgments, estimates and assumptions made are based on historical experience and other factors that the Executive Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The Group is subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Information about judgment, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes of which the Executive Management regards as significant estimates and judgments:

- Consolidation of entities in which the Group holds a 50% ownership interest (cf. below),
- Allowances against the carrying amount of inventories (note 3.4), and
- Provision for the acquisition of non-controlling interests (note 4.4).

Apart from these, a number of other significant estimates and judgments have been applied. Please refer to the notes for further information.

Consolidation of entities in which the Group holds a 50% ownership interest
The Group considers that it controls a number of entities even though it does not hold the majority of the voting rights in the entities. The assessment of whether the Group controls an entity is based on an evaluation of whether the Group has the current ability to direct the relevant activities of the entity. The Group holds call options to acquire all remaining outstanding shares, including the voting rights related to these shares. All call options are currently exercisable. Zebra A/S has also entered into shareholders agreements (partnership agreements) with the other investors (partners) and supply agreement etc. that give Zebra A/S substantial rights, including in connections with a dead lock situation. Accordingly, the Group considers at a balanced view that these potential voting rights and other rights in all substance give rise to the existence of control at the reporting date.

2.1 Revenue

Accounting policies
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group, the revenue can be reliably measured and when significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes and duties.

As returns of goods historically have been immaterial, no provision has been recognised for returns.

2.2 Staff costs

Accounting policies

Wages and salaries, social security contributions, leave and sick leave, bonuses and non-monetary benefits are recognised in the period in which employees of the Group render the services. Termination benefits are recognised at the time an agreement between the Group and the employee is made and the employee in exchange for the benefits provides no future service.

DKKm	2015	2014
Salaries and wages	773.8	532.9
Pension contributions	34.1	23.0
Other social security costs	87.1	57.3
Other staff costs	33.5	20.8
Total	**928.5**	**634.0**
Average number of full-time employees	**3,551**	**2,371**
Remuneration for the Executive Management and the Board of Directors		
Total remuneration, Executive Management	12.6	12.9
Total remuneration, Board of Directors	1.4	1.2
Total	**14.0**	**14.1**
Remuneration for the Executive Management and the Board of Directors		
Salaries and wages	13.5	13.8
Pension expenses	0.5	0.3
Total	**14.0**	**14.1**

In addition to the above mentioned one member of the Board of Directors received a consultancy fee of DKK 0.5m in 2015 for work related to a specific project.

2.3 Special items

Accounting policies
Special items include significant income and expenses of a special non-recurring nature which cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses relate to significant restructuring of processes and fundamental structural adjustment, as well as gains or losses arising in this connection, and which are significant over time.

These items are classified separately in the income statement, in order to provide a more transparent view of the Group's recurring operating profit.

DKKm	2015	2014
Costs related to relocation of central warehouses	20.1	-
Winding-up Tiger Music operation	4.4	-
Strategic review	10.3	-
Costs related to relocation of head office	2.3	-
Impairment of goodwill	3.6	-
Total	**40.7**	**-**

2.4 Financial income

Accounting policies
Financial income comprise interest receivable, realised and unrealised capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Payment Scheme.

DKKm	2015	2014
Interest on financial assets measured at amortised cost	3.2	1.8
Exchange rate adjustments	2.4	-
Other financial income	0.5	-
Total	**6.1**	**1.8**

2.5 Financial expenses

Accounting policies
Financial expenses comprise interest payable, realised and unrealised capital losses on payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Payment Scheme.

DKKm	2015	2014
Bank charges*	16.5	11.2
Interest on financial liabilities measured at amortised cost	24.4	20.7
Exchange rate adjustments	-	2.1
Other financial expenses	2.9	-
Total	**43.8**	**34.0**

* Bank charges mainly include letter of credit fees as well as bank commitment fees.

2.6 Income taxes and deferred tax

Accounting policies
Income tax for the year, comprising the year's current tax and the change in deferred tax, is recognised in the income statement with the amount that can be attributed to the net profit or loss for the year and under other comprehensive income with the amount that can be attributed to items under other comprehensive income.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. No deferred tax is recognised for goodwill, unless amortisation of goodwill for tax purposes is allowed.

Deferred tax is measured on the basis of the tax rules and the tax rate in force in the respective countries on the balance sheet date.

Changes in deferred tax due to tax rate changes are recognised in the income statement, except to the extent that they relate to items recognised either in other comprehensive income or directly in equity.

Significant accounting estimates and judgments
The Group recognises deferred tax assets including the expected tax value of tax losses carry forward, if the Executive Management assesses that these tax assets can be offset against positive taxable income in the foreseeable future and liabilities. The Executive Management assesses tax assets and liabilities at least annually based on dialogue with tax advisors, business plans for the coming years, including other planned commercial initiatives.

DKKm	2015	2014
Current tax	88.7	68.4
Adjustment to current tax concerning previous years	2.8	0.7
Change in deferred tax	(9.0)	(1.4)
Impact from change in tax rate	0.2	-
Adjustment to deferred tax concerning previous years	(1.2)	(4.1)
Total	**81.5**	**63.6**

Reconciliation of tax rates:

DKKm	2015	2014
Calculated 23.5% (2014: 24.5%) on profit before tax	68.5	63.5
Adjustment of tax to local tax rate compared with group tax rate on 23.5% (2014:24.5%)	9.0	3.5
Tax effect of:		
Non-taxable income and non-deductible expenses	2.0	-
Impact of changes in the tax rates	0.2	-
Impact of not recognised tax losses to be carried forward	0.2	-
Adjustment concerning previous years	1.6	(3.4)
Total	**81.5**	**63.6**
Effective tax rate	**28.0%**	**24.5%**

2.6 Income taxes and deferred tax (continued)

Deferred tax

DKKm	2015	2014
Deferred tax assets	24.0	15.9
Deferred tax liabilities	(7.3)	(17.8)
Total	**16.7**	**(1.9)**

DKKm	Deferred tax 01.01.	Realised in profit and loss	Realised in other compre-hensive income	Deferred tax 31.12.
2015				
Intangible assets	(5.7)	(0.1)	-	(5.8)
Property, plant and equipment	(5.8)	(0.5)	-	(6.3)
Inventories	9.6	5.6	-	15.2
Provisions etc.	5.9	(2.0)	-	3.9
Foreign exchange hedging	(9.4)	-	8.6	(0.8)
Tax losses to be carried forward	2.9	1.3	-	4.2
Other	0.6	5.7	-	6.3
Temporary differences	**(1.9)**	**10.0**	**8.6**	**16.7**
2014				
Intangible assets	(2.3)	(3.4)	-	(5.7)
Property, plant and equipment	(3.7)	(2.1)	-	(5.8)
Inventories	1.8	7.8	-	9.6
Provisions etc.	6.1	(0.2)	-	5.9
Foreign exchange hedging	3.1	-	(12.5)	(9.4)
Tax losses to be carried forward	2.2	0.7	-	2.9
Other	(2.1)	2.7	-	0.6
Temporary differences	**5.1**	**5.5**	**(12.5)**	**(1.9)**

Unrecognised tax loss carry-forwards amount to DKK 2.2m (2014: DKK 1.7m).

3.1 Intangible assets

Accounting policies

Goodwill

Goodwill is initially recognised at the amount by which the purchase price for a business combination exceeds the recognised value of the identifiable assets, liabilities and contingent liabilities. Subsequently to initial recognition, goodwill is measured at cost less impairment losses. Goodwill is not amortised and impairment loss charges in previous years are not reversed.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation.

Amortisation is carried out systematically over the expected useful lives of the assets:

- Leasehold rights; Lease term or a maximum of 20 years
- Trademarks; 5-20 years
- Licenses and software; 5 years

Intangible assets in progress are measured at cost less impairment losses.

Significant accounting estimates and judgments

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Group estimates the recoverable amount of the asset.

Goodwill

Goodwill relates primarily to acquisition of a number of Danish stores in 2006 to 2011 and the acquisition of J.H.L. ApS in 2015.

The carrying amount of goodwill is tested annually for impairment. The recoverable amount is calculated as the present value of future net cash flows (value in use) from the activity to which the goodwill is allocated.

The estimate of the future free net cash flows is based on budgets and business plans for 2016 and projections for 2017. The long-term growth rate in the terminal period has been set to equal the expected long-term rate of inflation of 2%.

Key parameters are revenue development, profit margins, proposed capital expenditures and growth expectations for the following years. Key factors that could trigger an impairment test include a macro economy downscaling and changes to the competitive environment.

A pre-tax discount rate of 8.0% is used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment tests resulted in an impairment loss related to J.H.L. ApS of DKK 3.6m, due to anticipated effect from canibalism in the central region of Copenhagen. Except from this, the impairment tests did not show any need for impairment losses to be recognised. In the Executive Management's opinion, no probable change in any of the key assumptions mentioned above would cause the carrying amount to exceed its recoverable amount.

Development projects in progress

For development projects in progress, the Executive Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. In the Executive Management's opinion, the development projects qualify for recognition.

3.1 Intangible assets (continued)

DKKm	Goodwill	Leasehold rights	Trademarks	Licenses and software	Intangible assets in progress	Total
2015						
Cost 01.01.	12.5	42.0	1.1	15.4	1.2	72.2
Exchange rate adjustment	-	1.0	-	-	-	1.0
Additions	7.0	11.1	-	13.2	45.9	77.2
Transfer	-	-	-	-	-	-
Disposals	-	(0.1)	-	-	-	(0.1)
Cost 31.12.	**19.5**	**54.0**	**1.1**	**28.6**	**47.1**	**150.3**
Amortisation 01.01.	-	(14.1)	-	(0.8)	-	(14.9)
Exchange rate adjustment	-	(0.6)	-	-	-	(0.6)
Amortisation	-	(5.7)	(0.1)	(3.0)	-	(8.8)
Impairment	(3.6)	-	-	-	-	(3.6)
Disposals	-	-	-	-	-	-
Amortisation 31.12.	**(3.6)**	**(20.4)**	**(0.1)**	**(3.8)**	**-**	**(27.9)**
Carrying amount 31.12.	**15.9**	**33.6**	**1.0**	**24.8**	**47.1**	**122.4**
2014						
Cost 01.01.	12.5	33.8	-	-	-	46.3
Exchange rate adjustment	-	(0.7)	-	-	-	(0.7)
Additions	-	9.4	1.1	6.9	9.7	27.1
Transfer	-	-	-	8.5	(8.5)	-
Disposals	-	(0.5)	-	-	-	(0.5)
Cost 31.12.	**12.5**	**42.0**	**1.1**	**15.4**	**1.2**	**72.2**
Amortisation 01.01.	-	(10.4)	-	-	-	(10.4)
Exchange rate adjustment	-	0.3	-	-	-	0.3
Amotisation	-	(4.2)	-	(0.8)	-	(5.0)
Disposals	-	0.2	-	-	-	0.2
Amortisation 31.12.	**-**	**(14.1)**	**-**	**(0.8)**	**-**	**(14.9)**
Carrying amount 31.12.	**12.5**	**27.9**	**1.1**	**14.6**	**1.2**	**57.3**

3.2 Property, plant and equipment

Accounting policies
Property, plant and equipment is measured at cost less accumulated depreciations and impairment losses. Cost comprises the acquisition price, cost directly attributable to the acquisition, and the preparation costs of the asset until the time when it is ready for the intended use. The present value of estimated liabilities related to restoration of stores in connection with a termination of a lease is added to the cost if the liabilities are provided for.

The basis of depreciation is cost less estimated residual value after the shorter of estimated useful life or the terms of respective leases, if applicable.

At the inception of a lease, the Executive Management assesses and determines the lease term, which could include periods under the exercise of renewal options that are reasonable assured and at the Group's sole discretion.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is recorded using the straight-line method on the basis of the following estimated useful lives of the assets:

- Leasehold improvement; Lease term or a maximum of 10 years
- Store furniture; maximum of 5 years
- Other fixtures and equipment; 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Leases
Lease agreements in which a substantial portion of the risks and benefits from the ownership are transferred to the Group are classified as finance lease. Other leases are classified as operating leases.

The cost of assets held under finance leases is stated at the lower of fair value of the asset and the net present value of future minimum lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated rate is applied as the discount rate.

Assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Contingent (sale based) rentals arising under operating leases are recognised as an expense in the same period as the corresponding sales.

The aggregated benefit of any lease incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Significant accounting estimates and judgments
If there is any indication that an asset may be impaired, the value in use of the asset is estimated and compared with the current value. The value in use calculation is based on the discounted cash flow method using estimates of future cash flows from the continuing use of the asset. The key parameters are expected utilisation of the asset, expected growth in cash flow in the terminal period etc. All these parameters are based on estimates of the future and may give rise to changes in future accounting periods.

Estimates are required in assessing the useful lives of tangible assets. These assumptions are based on the Executive Management's best estimate of the useful life of the asset and its residual value at the end of useful life.

The Executive Management has reviewed the estimate of the useful life of the assets in light of obtained experience and knowledge. The review has resulted in the following change of useful lives:

- Leasehold improvement; Lease term or a maximum of 10 years from previously 6 years
- Store furniture; a maximum of 5 years from previously 4 years
- Other fixtures and equipment; 3-5 years from previously 3-4 years

The impact of the review amounts to approximately DKK 6m as lower depreciation in 2015 and is expected to have a similar impact in 2016.

3.2 Property, plant and equipment (continued)

DKKm	Leasehold improvements	Store furniture	Other equipment	Total
2015				
Cost 01.01.	190.6	192.9	74.3	457.8
Exchange rate adjustment	1.4	1.4	(0.1)	2.7
Additions	163.9	98.9	42.2	305.0
Transfer	6.9	(5.8)	(1.1)	-
Disposals	(10.9)	(9.1)	(11.4)	(31.4)
Cost 31.12.	**351.9**	**278.3**	**103.9**	**734.1**
Depreciation 01.01.	(56.2)	(70.2)	(35.2)	(161.6)
Exchange rate adjustment	0.3	(0.6)	0.0	(0.3)
Depreciation	(37.7)	(42.5)	(19.6)	(99.8)
Transfer	(4.0)	3.3	0.7	-
Disposals	7.6	5.7	10.2	23.5
Depreciation 31.12.	**(90.0)**	**(104.3)**	**(43.9)**	**(238.2)**
Carrying amount 31.12.	**261.9**	**174.0**	**60.0**	**495.9**
2014				
Cost 01.01.	123.1	134.5	52.6	310.2
Exchange rate adjustment	1.4	(1.9)	0.8	0.3
Additions	71.2	65.4	23.1	159.7
Disposals	(5.1)	(5.1)	(2.2)	(12.4)
Cost 31.12.	**190.6**	**192.9**	**74.3**	**457.8**
Depreciation 01.01.	(36.7)	(38.9)	(25.1)	(100.7)
Exchange rate adjustment	(0.2)	0.3	0.4	0.5
Depreciation	(23.4)	(35.6)	(12.6)	(71.6)
Disposals	4.1	4.0	2.1	10.2
Depreciation 31.12.	**(56.2)**	**(70.2)**	**(35.2)**	**(161.6)**
Carrying amount 31.12.	**134.4**	**122.7**	**39.1**	**296.2**

Losses on property, plant and equipment amounts to DKK 4.7m (2014: DKK 1.1m).

The carrying amount of assets under finance lease amount to DKK 16.0m (2014: DKK 11.0m).

3.2 Property, plant and equipment (continued)

Operating leases

DKKm	2015	2014
Non-cancellable operating lease commitments		
Not later than 1 year	466.5	343.6
1-5 years	959.9	681.8
Later than 5 years	140.0	165.8
Total	**1,566.4**	**1,191.2**

The Group has a large number of individual leases. The leases are mainly for stores, offices and office equipment etc. with lease terms between 1 and 10 years. Paid contingent (sale-based) rent is considered limited. The increase in commitments in 2015 is mainly related to opening of new stores and the new head office.

Lease payments recognised in the income statement relating to operating leases amount to DKK 568.1m (2014: DKK 439.2m).

3.3 Investments in joint ventures

Accounting policies

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment in joint ventures is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Groups´s share of profit or loss of the investee after the date of acquisition. The Group´s investments in joint ventures include goodwill identified on acquisition.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint ventures are recognised in the Group´s consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Significant accounting estimates and judgments

The carrying amount of the investment (including goodwill) is tested annually for impairment. Any impairment loss recognised forms part of the carrying amount of the investment.

The estimated future free net cash flows is based on budgets and business plans for 2016 and projections for 2017.

The long-term growth rate in the terminal period has been set to equal the expected long-term rate of inflation of 2%. Key parameters are revenue development, profit margins, proposed capital expenditure and growth expectations for the following years. Key factors that could trigger an impairment test include a macro economy downscaling and changes to the competitive environment.

A discount rate of 10.2% is used to calculate recoverable amounts, representing the weighted average cost of capital pre-tax. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment tests did not show any need for impairment losses to be recognised. In the Executive Management’s opinion, change in key assumptions mentioned above will not cause significant impairment losses.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale.

3.3 Investments in joint ventures (continued)

DKKm	Investments in joint ventures
2015	
Cost 01.01.	40.1
Additions	-
Cost 31.12.	**40.1**
Adjustment 01.01.	5.4
Exchange rate adjustment	0.4
Share of profit for the year after tax	(14.7)
Adjustment 31.12.	**(8.9)**
Carrying amount 31.12.	**31.2**
2014	
Cost 01.01.	40.1
Additions	-
Cost 31.12.	**40.1**
Adjustment 01.01.	0.6
Exchange rate adjustment	(0.2)
Share of profit for the year after tax	5.0
Adjustment 31.12.	**5.4**
Carrying amount 31.12.	**45.5**

No impairment losses on goodwill have been recognised in 2015 (2014: No impairment losses recognised).

3.3 Investments in joint ventures (continued)

Summarised financial information in respect of the Group´s joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture´s financial statements prepared in accordance with the IFRS adjusted by the Group for equity accounting purposes:

DKKm	2015	2014
Revenue	330.4	211.1
Profit for the period	(29.5)	10.0
Other comprehensive income	(29.5)	10.0
Non-current assets	109.4	67.3
Current assets	129.6	128.9
Current liabilities	215.7	148.1
Equity	23.3	48.0
Net working capital	48.6	71.9
Number of stores	24	13

3.4 Inventories

Accounting policies
Inventories consist of finished goods purchased for resale and include costs incurred in bringing the goods to its existing location and condition, e.g. delivery costs as well as freight and handling costs. Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The net realisable value of inventories is calculated as the estimated selling price less costs incurred to execute sale.

Significant accounting estimates and judgments
The value used in the lower of cost and net realisable value is subject to the effects of customer demands and preferences as well as the broader economy. These effects are not controllable by the Executive Management.

The Executive Management continuously reviews inventory levels to identify obsolete and slow-moving inventory items as these factors can indicate a decline in inventory value. Estimates are required in respect of assessing future customer demands and preferences as well as the broader economy.

DKKm	2015	2014
Finished goods	735.9	725.5
Write downs	(22.8)	(6.4)
Total	**713.1**	**719.1**
Write downs 01.01.	(6.4)	(3.8)
Write downs, during the year	(17.5)	(2.6)
Write downs, utilised during the year	0.6	-
Write downs, reversed during the year	0.5	-
Write downs 31.12.	**(22.8)**	**(6.4)**

3.5 Working capital changes

DKKm	2015	2014
Change in inventories	(15.0)	(350.4)
Change in other receivables	(18.6)	7.0
Change in prepayments	(12.1)	(24.5)
Change in trade payables	60.0	105.5
Change in other payables	142.7	47.0
Total	**157.0**	**(215.4)**

3.6 Guarantee commitments and contingent liabilities

Litigation
A few legal proceedings are pending which are not estimated to result in significant losses on the Group other than what has been provided for in the financial statements.

Other guarantees
The Group has provided a bank guarantee to HRMC, UK which amounts to DKK 23m (2014: DKK 29m). The Group has provided a guarantee to the Japanese joint venture´s bank which amounts to DKK 82m (2014: DKK 54m).

Contractual obligation
In addition to the lease commitments disclosed in note 3.2, the contractual obligations related to service contracts amounted to DKK 25m. Aside from liabilities recognised in the balance sheet, no significant losses are expected to incur as a result from contractual obligations.

Pledged assets
A letter of indemnity (company charge) of DKK 30m nominal (2014: DKK 30m) has been deposited by the parent as security for the parent's bank debt.

Bank debt is secured by a mortgage of DKK 25m nominal deposited by the Group on assets, including the Group's goodwill, leasehold rights, furniture (including store furniture) (2014: DKK 25m).

The foreign-owned companies' bank debt is secured by mortgages on their movable property and inventory of a total nominal amount of DKK 68m (2014: DKK 38m).

The carrying amount of the above-mentioned pledged assets is stated below:

DKKm	2015	2014
Pledged assets		
Leasehold rights	10.7	11.7
Goodwill	12.5	12.5
Leasehold improvements	23.1	22.6
Other equipment	10.3	10.1
Store furniture	23.9	17.5
Inventories	511.5	547.5
Other receivables	34.8	5.1
Total	**626.8**	**627.0**

4.1 Share capital

The share capital consists of shares at DKK 0.1 or multiples thereof.
The shares have been divided into classes:

Class A	3,364,934
Class B	897,965
Class C	897,965
Class D	11,625

Special economical rights and special voting rights apply to the different share classes.

Changes in share capital in the past five financial years:

	DKK'000
Share capital at 1 January 2010	550
Capital reduction 2012	(45)
Capital increase 2013	10
Capital increase 2015	2
Share capital at 31 December 2015	**517**

4.2 Financial assets and liabilities

Accounting policies

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables are assessed for indicators of impairment at the end of each reporting period.

Bank debt and other financial liabilities

Bank debt and other financial liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method. The difference between proceeds and the nominal value is recognised as a financial expense over the term of the loan. Other debt is recognised at amortised costs.

However, derivative financial instruments are recognised as other receivables/payables and measured at fair value.

Significant accounting estimates and judgments

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments, which are estimated based on the current market conditions.

The undiscounted cash flows from derivative financial instruments are presented in gross amounts. The contractual cash flows for the acquisition of non-controlling interests are based on estimated redemption amounts, as set out in note 4.4.

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2015					
Financial assets					
Other receivables	59.6	-	-	59.6	59.6
Cash and cash equivalents	429.7	-	-	429.7	429.7
Total	**489.3**	**-**	**-**	**489.3**	**489.3**
Financial liabilities					
Bank debt	437.3	33.7	0.5	471.5	469.2
Provisions for the acquisition of non-controlling interests	223.4	757.9	-	981.3	850.7
Loans provided by shareholders of non-controlling interests	40.0	-	-	40.0	40.0
Other provisions	-	-	9.5	9.5	9.5
Finance lease	6.2	10.2	-	16.4	14.6
Deferred consideration	-	31.9	-	31.9	31.9
Trade payables	293.5	-	-	293.5	293.5
Other payables	382.1	-	-	382.1	382.1
Total	**1,382.5**	**833.7**	**10.0**	**2,226.2**	**2,091.5**

Other provisions include restoration obligations related to leases of stores etc.

4.2 Financial assets and liabilities (continued)

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2014					
Financial assets					
Other receivables	67.2	-	-	67.2	67.2
Cash and cash equivalents	262.4	-	-	262.4	262.4
Total	**329.6**	**-**	**-**	**329.6**	**329.6**
Financial liabilities					
Bank debt	235.4	145.1	-	380.5	378.4
Provisions for the acquisition of non-controlling interests	74.3	755.6	-	829.9	704.8
Loans provided by shareholders of non-controlling interests	28.4	-	-	28.4	28.4
Finance lease	3.8	7.0	-	10.8	10.8
Trade payables	232.7	-	-	232.7	232.7
Other payables	232.4	-	-	232.4	232.4
Total	**807.0**	**907.7**	**-**	**1,714.7**	**1,587.5**

Financial risk management

The nature of the Group's operations, investment and financing exposes the Group to financial risks in the form of changes in foreign exchange rates and interest levels as well as credit risks and liquidity risks. The financial risks are monitored and managed by Zebra's Group Treasury.

The Group's general policy with respect to financial risks is that they should be proactively addressed in order to exclude the risk of material impacts to the financial situation of the Group, which could negatively influence the operations. It is the Group's policy not to engage in active speculation in financial risks.

4.3 Financial risk management

Accounting policies
The Zebra Group is exposed to financial risks due to operating and financing activities. The primary financial risks are currency risk, interest rate risk, liquidity risk and credit risk. Financial risks are monitored and managed by Group Treasury based on the treasury policy. The treasury policy is reviewed and approved anually by the Board.

It is Group policy not to take speculative positions. Currency and interest rate risks are managed by the use of interest rate instruments and currency instruments such as forward contracts, interest and currency swaps, options and similar products.

On initial recognition, financial instruments are measured at their fair value at the transaction date. After initial recognition, financial instruments are measured at their fair value at the balance sheet date. The fair value of financial instruments are measured based on current market data and by use of commonly recognised valuation methods. The positive or negative fair value of derivatives are recognised in the balance sheet.

Any changes in fair value of derivatives classified as and satisfying the conditions for effective hedging of future transactions are recognised in other comprehensive income.

Change in fair value of derivatives that are satisfying the conditions of effective hedging and designated a recognised asset or liability are reclassified from other comprehensive income to the income statement together with any changes arising in the fair value of the hedged asset or liability. At 31 December 2015, DKK 12.9m (2014: DKK 0m) has been reclassified from other comprehensive income to the income statement.

Realised forward exchange contracts that fulfil the conditions for treatment as hedging instruments are recognised in the income statement with the item, typically cost of sales in foreign currency, that such contract are designed to hedge. In 2015, realised gain from forward exchange contracts amounted to DKK 110.1m (2014: DKK 17.1m).

Hedging instruments that no longer fulfil the conditions for treatment as hedging instruments are measured at their fair values, with fair value adjustments being recognised, on an ongoing basis, in the income statement under financial income or financial expenses.

Foreign currency risk
It is the Group's policy at least on a half-year basis to hedge foreign exchange risk for 80% of expected procurement 12 months ahead. All open foreign exchange contracts at 31 December 2015 have therefore a maturity of less than 1 year.

DKKm	Remaining maturity	Contract value	Carrying amount	Fair value adjustment recognised in other compre-hensive income
2015				
Forward exchange contracts - USD	0-12 months	886.9	17.4	(37.0)
Total		**886.9**	**17.4**	**(37.0)**
2014				
Forward exchange contracts - USD	0-12 months	727.3	41.5	54.1
Total		**727.3**	**41.5**	**54.1**

4.3 Financial risk management (continued)

The Group's most material exchange rate risk is the exposure to USD purchases. The Group's foreign subsidiaries' exposure to currency fluctuations is to some extent mitigated by the fact that both revenue and local costs of the individual subsidiaries are denominated in the same currencies. The income statement is affected to a minor extent by changes in exchange rates, as the profit of foreign subsidiaries is translated into Danish kroner using average exchange rates.

An average exchange rate for the month is used at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date.

Please find below a table of the impact on profit for the year and equity from change in the Group's primary currencies adjusted for hedge accounting:

Exchange rate analysis on assets and liabilities

		2015		2014	
DKKm	**Change in exchange rate**	**Profit before tax**	**Equity**	**Profit before tax**	**Equity**
USD	(10)%	(0.9)	(71.4)	13.4	(63.6)
USD	10%	0.9	71.4	(13.4)	63.6
GBP	(10)%	(4.1)	(4.1)	(3.6)	(3.6)
GBP	10%	4.1	4.1	3.6	3.6

The analysis is based on monetary assets and liabilities as of end 2015 and 2014. The movements arise from monetary items (cash, borrowings, receivables and payables) and hedging instruments where the functional currency of the entity is different to the currency that the monetary items are denominated in.

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at variable interest rates. The risk is monitored by Zebra's Group Treasury in order to maintain an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts.

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The Group's interest-bearing financial assets are limited to cash holdings.

Interest-bearing financial liabilities relate to bank loans and borrowings, as set out in note 4.2.

Interest rate swaps are used to hedge the risk related to changes in interest rates. At 31 December 2015, the outstanding interest swaps had the following market value:

DKKm	**Remaining maturity**	**Contract amount**	**Carrying amount**	**Fair value adjustment recognised in other comprehen-sive income**
2015				
Interest rate swaps	0-12 months	150.0	(1.3)	0.5
Total		**150.0**	**(1.3)**	**0.5**
2014				
Interest rate swaps	0-12 months	150.0	(1.7)	(1.7)
Total		**150.0**	**(1.7)**	**(1.7)**

4.3 Financial risk management (continued)

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the outstanding liability at the end of the reporting period was outstanding for the whole year.

A change in interest levels will impact the Group's cash holdings, bank debt and borrowings that are subject to variable interest rates. An increase in interest levels of 1 percentage point annually compared to the interest rates at 31 December 2015 would have a positive impact of DKK 0.7m on the Group's profit for the year and equity (2014: DKK 0.0m). A corresponding decrease in interest levels would mean a correspondingly negative impact on profit for the year and equity.

Liquidity risk

Liquidity risk results from the Groups inability to cover its financial liabilities with cash please refer to note 4.2. Group Treasury is responsible for monitoring and mitigiating liquidity risk. This is done by ensuring adequate liquidity resources is available to the Group. The Group's liquid reserves consist of cash, undrawn committed and uncommitted credit facilities.

According to the the Group's policy cash can only be placed in treasury bills and bank deposits with banks with the highest credit rating.

The availability of cash and cash equivalents held in subsidiaries that are less than 100% owned by the Group is restricted to the extent that non-controlling interests in the respective subsidiaries hold dividend rights over available liquidity.

Following the scheduled partner buy-outs at year-end 2016 and the investments coming out of the current expansion plans for the business, Zebra A/S is currently in the process of obtaining sufficient banking commitments which is expected by Management to be in place during 2016.

Credit risk

The Group's sales to customers are mainly cash sales, which limits the credit risk in the Group.

Optimising the capital structure

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net interest-bearing debt and equity of the Group, comprising issued capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirement.

4.4 Provisions for the acquisition of non-controlling interests

Accounting policies
The Group has entered into put and call options with non-controlling interests of certain Group entities. The put option gives the non-controlling shareholder the right to sell its non-controlling interest to the Group at a defined exercise price that reflects EBITDA multiples. At the same time, Zebra A/S has call options over the non-controlling shareholdings with defined exercise prices reflecting EBITDA multiples that differ from those relevant for the aforementioned put options.

Provisions for the acquisition of non-controlling interests are measured at fair value in accordance with the anticipated acquisition method, i.e. as if the put options have been exercised already. The value is determined by means of the estimated present value of the expected cash outflows to settle the put options or the call options where Zebra A/S has exercised its call options. The value is based on projected results and agreed EBITDA multiples and assuming that the put options are exercised by the non-controlling interests at year-end in the current financial year.

In line with the nature of the put options, the liabilities are classified as non-current liabilities except for called options to be paid within a year, which are classified as current liabilities. Changes in the value of these liabilities as well as differences upon settlement between the actual cash outflow and the expected cash outflows, are accounted for as a transaction directly in equity.

Subsidiaries whose non-controlling shareholdings are subject to put options are fully consolidated, i.e. with no recognition of a non-controlling interest.

Significant accounting estimates and judgments
The exercise prices are determined by contractually defined EBITDA multiples for the put options calculated on realised financial figures for two financial years.

The calculation of the provisions for the put options are based on the general assumption that the local partners all exercise their put options at year-end in the current financial year with the contractually determined notice period of 12 months.

In accordance with IFRS, the put option over shareholdings held by non-controlling interest is included as a provision in the financial statements, reflecting the estimated present value of the expected cash outflows to settle the liability based on projected results and based on the mentioned general assumption on collective exercise at 31 December 2015.

The actual cash outflows might materially vary from the valuation of the provisions for the acquisition of non-controlling interests if:

- the timing of the actual acquisition of the non-controlling interest differs from the assumptions applied,
- the additional ownership interest is acquired by exercise of the aforementioned call option rather than the non-controlling shareholders´ respective put option, or
- the results of the respective subsidiary companies vary from the Executive Management´s projections.

The discount rate of 10% (2014: 12%) applied in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities, and the risk specific to the asset.

DKKm	2015	2014
Balance 01.01.	704.8	363.5
Exchange rate adjustment	10.4	2.6
Additions	9.1	7.1
Utilisation of provision to acquire non-controlling interests	(52.3)	-
Fair value adjustment	178.7	331.6
Balance 31.12.	**850.7**	**704.8**

4.4 Provisions for the acquisition of non-controlling interests (continued)

In 2015, Zebra took full ownership of two partnerships, terminated one partnership in Poland. Furthermore, Zebra A/S will take over five partnerships at the end of 2016.

The two partnerships taken ownership of in 2015 were effective on 31 December and relates to partners in Southern Sweden (TZ-shops South Sweden AB) and in Nothern Germany (Tiger Deutschland GmbH).

The purchase consideration is based on projections for the financial year 2016, and is expected to be DKK 52.3m. The consideration related to the financial year 2016 is expected to be DKK 31.9m and is deferred to 2017.

The acquisition of non-controlling interests are made up by the following cash movements:

DKKm	2015	2014
Purchase consideration	52.3	-
Deferred consideration (earn-out)	(31.9)	-
Net cash flows from acquisition of non-controlling interest	**20.4**	**-**

5.1 Business combinations

Acquisition in 2015
On 31 December 2015 Zebra A/S acquired 100% of J.H.L. ApS comprising a store in central Copenhagen. The purchase price was DKK 7.3m. Assets acquired mainly consist of inventories and other assets and liabilities relating to the store. Of the purchase price, DKK 7.0m was allocated to goodwill. Goodwill is attributed to the strengthened foothold in the central region of Copenhagen.

None of the goodwill recognised is deductible for income tax purposes.

Transaction cost, DKK 0.0m have been recognised as Other external expenses in the income statement.

There was no contribution to the Group's revenue and net profit for 2015.

There were no acquisitions in 2014.

Accounting policies
Business combinations are accounted for using the acquisition method.

The cost of a business combination comprises the fair value of the consideration agreed upon and the aggregate of acquired identifiable assets, liabilities and contingent liabilities measured at fair value at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Subsequent to the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

5.1 Business combinations (continued)

DKKm	J.H.L. ApS
Inventories	0.4
Cash	0.7
Assets acquired	**1.1**
Other non-current liabilities	0.8
Liabilities assumed	**0.8**
Total identifiable net assets acquired	**0.3**
Goodwill arising from the acquisition	7.0
Purchase consideration	**7.3**
Cash movements:	
Purchase consideration	7.3
Cash acquired	(0.6)
Net cash flows, acquisition of businesses	**6.7**

5.2 Audit fee

DKKm	2015	2014
EY		
Statutory audit of financial statements	2.9	2.1
Other assurance engagements	0.1	0.1
Tax advisory services	1.1	1.0
Other services	4.0	1.7
Total	**8.1**	**4.9**

5.3 Related parties

Related parties exercising control
Zebra A/S is subject to controlling influence by Zebra Lux Holding S.à.r.l., 23 rue Aldringen, L-1118, Luxembourg, which holds 67% of the share capital.

Zebra A/S has registered the following shareholders who hold 5% or more of the share capital:

- Zebra Lux Holding S.à.r.l., 23 rue Aldringen, L-1118 Luxembourg
- Mitco ApS, c/o Piaster Revisorerne, Abildgårdsparken 8A, 3460 Birkerød.

During 2015 and 2014 there were no transactions with these related parties.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties exercising significant influence
Related parties in Zebra A/S with significant influence include the Group's Executive Management and Board of Directors and their close relatives. Related parties also comprise companies in which these individuals have material interests.

On 31 December 2015, Zebra A/S acquired 100% of J.H.L. ApS. Member of the Board of Directors of Zebra A/S, Lennart Lajboschitz was Managing Diretor and member of the Board of Directors of J.H.L. ApS at the time of acquisition. The transaction is a result of a put option agreement entered 1 October 2012 and is further disclosed in note 5.1.

In 2015 one member of the Board of Directors received a consultancy fee of DKK 0.5m for work related to a specific project as disclosed in note 2.2.

Members of the Board of Directors and key management personnel acquired shares in Zebra A/S of DKK 16.9m in 2015 (2014: DKK 0m).

Other than these transactions and remuneration as set out in note 2.2, there has been no trading with members of key management personnel or their close relatives.

Joint ventures
The related parties of Zebra A/S also include the joint venture in which the company participates, Zebra Japan K.K.

During the year, the Group received royalty and service fee in the amount of DKK 21.2m from joint venture companies (2014: DKK 13.7m).

At 31 December 2015, joint venture companies owed the Group DKK 2.1m (2014: DKK 1.8m). All amounts outstanding are unsecured and will be settled in cash.

The Group has provided a guarantee to the Japanese joint venture´s bank which amounts to DKK 82m (2014: DKK 54m).

5.4 Events after the balance sheet date

No events have occurred after the balance sheet date that have a material impact on the financial position of the Group.

5.5 List of group companies

Investment in group companies comprise the following at 31 December 2015.

Name	Home	Year of establisment	Ownership interest
Tiger Ísland ehf.	Reykjavík, Iceland	2001	100%
Tiger Retail Ltd.	London, England	2005	50%
Tiger Deutschland GmbH	Flensburg, Germany	2007	100%
Tiger Stores Nederland B.V.	AH Kockengen, the Netherlands	2008	50%
Tiger Stores Spain, S.L.	Madrid, Spain	2008	50%
TZ-shops South Sweden AB	Malmö Sweden	2008	100%
SIA Tiger Shop	Riga, Latvia	2009	50%
UAB Tiger Shop	Vilnius, Lithuania	2010	50%
Tiger Hellas S.A.	Thessaloniki, Greece	2010	50%
TP Stores AB	Segelstorp, Sweden	2011	50%
Tiger Italia 1, S.r.l.	Turin, Italy	2011	50%
Tiger Warsaw Sp. Z.o.o.	Warszawa, Poland	2011	100%
Tiger Retail Ireland Ltd.	Dublin, Ireland	2011	50%
TGR Norge AS	Oslo, Norway	2011	50%
TZ Stores Ltd.	Dunblane, Scotland	2011	100%
Tiger Stores OY	Espoo, Finland	2011	100%
Zebra Japan K.K.	Tokyo, Japan	2011	50%
Tiger Trading GmbH	Berlin, Germany	2012	50%
HK China Trading Holding Ltd.	Hong Kong	2012	100%
HK Beijing Retail Holding Ltd.	Hong Kong	2012	100%
HK Japan Holding Ltd.	Hong Kong	2012	100%
Tiger Forum ApS	Copenhagen, Denmark	2012	100%
Tiger Italy 2, S.r.l.	Rome, Italy	2012	50%
TGR Stores (NI) Ltd.	Newry, Northern Ireland	2012	50%
Tiger Portugal S.A.	Carneca, Portugal	2012	50%
Tiger Carnarias, S.L.	Las Palmas, Spain	2013	50%
Tiger South Spain, S.L.	Malaga, Spain	2013	50%
Tiger Italy 3, S.r.l.	Mascalucia, Italy	2013	50%
Tiger Stores North West Spain, S.L.	La Coruña, Spain	2013	50%
Tiger Cardiff Ltd.	Newport, Wales	2013	50%
Tiger Stores Spain 6, S.L.	Madrid, Spain	2013	50%
Tiger U.K. (Midlands) Ltd.	Glostershire, England	2013	50%
Tiger Stores Belgium, BVBA	Antwerp, Belgium	2013	50%
Sp/f Tiger Førorar	Saltangará, Faroe Islands	2013	100%
Zebra (Beijing) Trading Co., Ltd.	Beijing, China	2013	100%
Tiger Stores Austria GmbH	Wien, Austria	2014	50%
Tiger Stores Belgium 2 SPRL	Chénée, Belgium	2014	50%
Tiger Stores Cyprus Limited	Nicosia, Cyprus	2014	50%
Tiger Czech Republic s.r.o.	Prague, Czech Republic	2014	50%
Tiger Stores OU Estonia	Tallinn, Estonia	2014	50%
Tiger Stores Spain 5, S.L.	Bilbao, Spain	2014	50%
Tiger Stores France SAS	Nice, France	2014	50%
Tiger Poland 2 Sp. z. o. o.	Poznan, Poland	2014	50%
Tiger Magazacilik Ticaret Anonim Sirketi	Istanbul, Turkey	2014	100%
Tiger Retail Germany 03 GmbH	Munich, Germany	2014	50%
Tiger Retail Germany 04 GmbH	Munich, Germany	2014	50%
Tiger Retail Germany 05 GmbH	Munich, Germany	2014	50%
Tiger Stores Spain 7, S.L.	Barcelona, Spain	2014	100%
Tiger Stores France 2 SAS	Paris, France	2014	50%
Tiger Stores France 3 SAS	Paris, France	2014	100%
Zebra US Holding, Inc.	Delaware, United States	2014	100%
Tiger Retail East Coast, LLC	New York, United States	2014	100%
Tiger Stores Slovakia S.R.O.	Bratislava, Slovakia	2014	50%
Tiger North Ltd.	Birmingham, England	2015	50%
Tiger Stores Hungary Zrt.	Budapest, Hungary	2015	50%
Tiger Stores (Malta) Limited	Valletta, Malta	2015	100%
J.H.L. ApS	Copenhagen, Denmark	2015	100%

The voting interest correspond to ownership interests. Please refer to note 1.2 regarding consolidation of 50% ownership interests.

Definition of key figures and ratios

The figures and ratios have been compiled based on the following definitions and formulas:

Gross margin =	Gross profit x 100 / Revenue
EBITDA margin before special items =	EBITDA margin before special items / Revenue
Net interest-bearing debt =	Bank debt + Loans provided by shareholders of non-controlling interests – cash and cash equivalents
Net working capital ratio =	Net working capital / Revenue
Leverage =	Net interest-bearing debt / EBITDA before special items
Profit before special items, after tax =	Profit for the year adjusted for special items and tax on special items
Profit margin before special items, after tax =	Profit before special items, after tax / Revenue

Comparable store sales growth

• *Comparable store sales include the following:*
Stores open for at least 13 full months at the reporting date.
Stores that have been expanded but not changed significantly in size.
Stores that are relocated but remain within the same trade area, and are not changed significantly in size.

• *Comparable store sales exclude the following:*
If a store is closed for refurbishment, it is excluded in the months where the store is closed plus one full calendar month following reopening.
If a store is relocated within the same trade area and the old store remains temporarily open, the old store will be excluded from the month where the new store opens.

• *Comparable store sales growth excludes foreign currency translation effects.*

TIN
DKK 30

Financial statements – Parent Company

Income statement – Parent

1 January - 31 December

DKKm	Note	2015	2014
Revenue	2.1	1,810.6	1,399.3
Cost of sales		(1,256.8)	(912.3)
Gross profit		**553.8**	**487.0**
Other external expenses		(221.7)	(165.0)
Staff costs	2.2	(288.1)	(225.9)
EBITDA before special items		**44.0**	**96.1**
Amortisation and depreciation		(19.9)	(15.8)
Operating profit (EBIT) before special items		**24.1**	**80.3**
Special items	2.3	(37.1)	-
Operating profit (EBIT)		**(13.0)**	**80.3**
Income from investments in subsidiaries		28.2	8.5
Financial income	2.4	9.9	2.3
Financial expenses	2.5	(39.6)	(20.6)
Profit before tax		**(14.5)**	**70.5**
Tax on profit for the year	2.6	9.9	(17.4)
Profit for the year		**(4.6)**	**53.1**
Proposed appropriation of profit for the year:			
Retained earnings		(4.6)	53.1
		(4.6)	**53.1**

Statement of other comprehensive income – Parent

DKKm	Note	2015	2014
Profit for the year (brought forward)		**(4.6)**	**53.1**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange hedging instruments:			
Realised in cost of sales		(123.0)	(17.1)
Fair value adjustments		86.5	69.5
Tax relating to items that may be reclassified subsequently to profit or loss		8.6	(12.5)
Other comprehensive income		**(27.9)**	**39.9**
Total comprehensive income for the year		**(32.5)**	**93.0**

Balance sheet – Parent

31 December

Assets

DKKm	Note	2015	2014
Intangible assets	3.1	94.3	40.4
Property, plant and equipment	3.2	52.4	35.3
Investment in subsidiaries and joint ventures	3.3	128.4	72.6
Receivables from subsidiaries	3.4, 4.2	93.8	60.6
Deposits		16.1	8.6
Deferred tax	2.6	7.1	-
Non-current assets		**392.1**	**217.5**
Inventories	3.5	502.7	545.9
Income tax receivable		8.1	-
Receivables from subsidiaries	4.2	86.6	118.5
Receivables from joint ventures	4.2	2.1	1.8
Other receivables	4.2	42.9	56.5
Prepayments		6.0	10.1
Cash and cash equivalents	4.2	49.6	8.2
Current assets		**698.0**	**741.0**
Assets		**1,090.1**	**958.5**

Balance sheet – Parent

31 December

Equity and liabilities

DKKm	Note	2015	2014
Share capital	4.1	0.5	0.5
Reserves		2.5	30.4
Retained earnings		352.3	340.0
Equity		**355.3**	**370.9**
Bank debt	4.2	-	150.0
Other provisions	4.2	9.5	-
Deferred consideration	4.2	31.9	-
Deferred tax	2.6	-	13.6
Non-current liabilities		**41.4**	**163.6**
Bank debt	4.2	404.4	177.5
Trade payables	4.2	203.2	180.3
Amounts payable to subsidiaries	4.2	6.0	4.2
Income tax payables		-	10.7
Other payables	4.2	79.8	51.3
Current liabilities		**693.4**	**424.0**
Liabilities		**734.8**	**587.6**
Equity and liabilities		**1,090.1**	**958.5**

Statement of changes in equity – Parent

DKKm	Share capital	Reserves	Retained earnings	Total
2015				
Equity at 01.01.	**0.5**	**30.4**	**340.0**	**370.9**
Profit for the year	-	-	(4.6)	(4.6)
Other comprehensive income for the year, net of tax	-	(27.9)	-	(27.9)
Transactions with owners:				
Share capital increase	0.0	-	16.9	16.9
Equity at 31.12.	**0.5**	**2.5**	**352.3**	**355.3**
2014				
Equity at 01.01.	**0.5**	**(9.5)**	**286.9**	**277.9**
Profit for the year	-	-	53.1	53.1
Other comprehensive income for the year, net of tax	-	39.9	-	39.9
Equity at 31.12.	**0.5**	**30.4**	**340.0**	**370.9**

Cash flow statement – Parent

DKKm	Note	2015	2014
Operating profit (EBIT) before special items		**24.1**	**80.3**
Depreciation, amortisation and losses from disposal of assets		19.9	15.8
Special items paid		(34.0)	-
Working capital changes	3.6	101.2	(210.9)
Other non-cash adjustments		8.3	-
Interest income received		8.0	2.3
Interet expenses paid		(30.0)	(20.6)
Taxes paid		(20.9)	(9.5)
Cash flows from operating activities		**76.6**	**(142.6)**
Investment in intangible assets		(57.1)	(16.2)
Investment in property, plant and equipment		(24.4)	(15.2)
Change in other non-current assets		(36.5)	(1.4)
Loans to subsidiaries		(44.4)	(18.3)
Income from investments in subsidiaries		33.4	11.0
Cash flows from investing activities		**(129.0)**	**(40.1)**
Free cash flow		**(52.4)**	**(182.7)**
Share capital increase		16.9	-
Proceeds from borrowings		76.9	165.8
Cash flows from financing activities		**93.8**	**165.8**
Increase in cash and cash equivalents		**41.4**	**(16.9)**
Cash and cash equivalents at 1 January		8.2	25.1
Cash and cash equivalents at 31 December		**49.6**	**8.2**

The cash flow cannot be derived directly from the income statement and the balance sheet.

1.1 General accounting policies

Accounting policies
The financial statements for Zebra A/S have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements applying to companies of reporting class C (large). Zebra A/S is a public limited company registered in Denmark.

The Parent generally applies the same accounting policies for recognition and measurement as the Group. Cases in which the Parent´s accounting policies differ from those of the Group are described below. For a detailed specification of the Parent´s accounting policies, please see note 1.1 to the consolidated financial statements.

The comparative figures for 2014 have been restated. The adjustment affects revenue and cost of sales. Profit for the year is unaffected by the reclassification.

Cases in which the Parent´s accounting policies differ from those of the Group
Foreign currency translation
Currency adjustments of receivables from or payables to subsidiaries which are considered part of the Parent´s total investment in the relevant subsidiary are recognized in profit or loss in financial income or financial expenses. In the consolidated financial statements, the currency adjustment is recognized in other comprehensive income.

Options held to acquire non-controlling interests in subsidiaries
Put and call options held for the acquisition of non-controlling interests in subsidiaries are accounted for as derivatives over the company at fair value through profit and loss.

Income tax
The Parent is jointly taxed with all Danish subsidiaries and serves as the administration company in the joint taxation arrangement. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income.

Balances calculated pursuant to the rule on interest deduction limitation of the Danish Corporation Tax Act have been allocated among the jointly taxed entities under the joint taxation arrangement entered into. Deferred tax liabilities in respect of these balances are recognized in the balance sheet, whereas deferred tax assets are recognized only if they qualify for recognition as deferred tax assets.

Investment in subsidiaries and joint ventures in the parent financial statements
Investments in subsidiaries and joint ventures are measured at cost in the parent financial statements. If cost exceeds the recoverable amount of the investments, the investments are written down to such lower amount.

In connection with sale of investments in subsidiaries and joint ventures, profits or losses are calculated as the difference between the carrying amount of the investments sold and the fair value of the sales proceeds.

Effect of new and revised accounting standards not yet effective
Please refer to note 1.1 to the consolidated financial statements.

1.2 Significant accounting estimates and judgments

The Executive Management regards the following as the significant accounting estimates and assumptions used in the preparation of the parent financial statements:

Options on non-controlling interests in certain subsidiaries

The parent company holds call options and the non-controlling interests (the local partners) hold put options over the remaining ownership interests in certain local subsidiaries. These options are measured at fair value through profit or loss unless the fair value cannot be determined reliably. As the call options and the put options are based on equity instruments for subsidiaries that do not have a quoted price in an active market and due to the impact of the contractual arrangements between the parent company and the subsidiaries, it is believed that the fair value of these options cannot be determined reliably. Consequently, the options are measured at cost which based on the initial assessment at conclusion of the options amounts to a net amount of DKK 0.

Recoverable amount of investments in subsidiaries and joint ventures

All subsidiaries and joint ventures of the Group are considered independent cash-generating entities. If there is any indication of the carrying amount (cost) of investments in subsidiaries or joint ventures being impaired, any impairment loss is determined based on the calculation of the value-in-use of the relevant entity.

If dividends distributed exceed the comprehensive income of the relevant entity in the period for which dividend is distributed, this is considered an indication of impairment. If, in the consolidated financial statements, write-down of goodwill attributable to a subsidiary or a joint venture is recognised, this is also considered an indication of impairment. At the balance sheet date, it has been assessed that there are no indicators of impairment and no impairment losses have been recognised.

Other significant accounting estimates, assumptions and uncertainties

For a description of other significant accounting estimates, assumptions and uncertainties, please refer to note 1.2 to the consolidated financial statements.

2.1 Revenue

DKKm	2015	2014
Retail sale	553.3	546.3
Wholesale, mainly foreign subsidiaries	1,257.3	853.0
Total	**1,810.6**	**1,399.3**

2.2 Staff costs

DKKm	2015	2014
Salaries and wages	261.0	202.4
Pension contributions	17.2	15.7
Other social security costs	4.1	1.2
Other staff costs	5.8	6.6
Total	**288.1**	**225.9**
Average number of full-time employees	**613**	**505**
Remuneration for the Executive Management and the Board of Directors		
Total remuneration, Executive Management	12.6	12.9
Total remuneration, Board of Directors	1.4	1.2
Total	**14.0**	**14.1**
Remuneration for the Executive Management and the Board of Directors		
Salaries and wages	13.5	13.8
Pension expenses	0.5	0.3
Total	**14.0**	**14.1**

In addition to the above mentioned one member of the Board of Directors received a consultancy fee of DKK 0.5m in 2015 for work related to a specific project.

2.3 Special items

DKKm	2015	2014
Costs related to relocation of central warehouses	20.1	-
Winding-up Tiger Music operation	4.4	-
Strategic review	10.3	-
Costs related to relocation of head office	2.3	-
Total	**37.1**	**-**

2.4 Financial income

DKKm	2015	2014
Interest on financial assets measured at amortised cost	2.9	-
Interest from subsidiaries	3.4	2.3
Exchange rate adjustments	3.6	-
Total	**9.9**	**2.3**

2.5 Financial expenses

DKKm	2015	2014
Bank charges*	11.2	5.6
Interest on financial liabilities measured at amortised cost	17.1	14.0
Writedown of receivables from subsidiaries	11.3	-
Exchange rate adjustments	-	1.0
Total	**39.6**	**20.6**

* Bank charges mainly include letter of credit fees as well as bank commitment fees.

2.6 Income taxes and deferred tax

DKKm	2015	2014
Current tax	1.9	11.9
Change in deferred tax	(12.1)	4.8
Impact of change in tax rate	0.4	-
Adjustment concerning previous years	(0.1)	0.7
Total	**(9.9)**	**17.4**

Reconciliation of tax rates:

DKKm	2015	2014
Calculated 23.5% (2014: 24.5%) on profit before tax	(3.4)	17.3
Tax effect of:		
Non-taxable income and non-deductible expenses	(6.8)	(0.6)
Impact of change in the Danish tax rate	0.4	-
Adjustment concerning previous years	(0.1)	0.7
Total	**(9.9)**	**17.4**
Effective tax rate	**68.3%**	**24.7%**

Effective tax rate adjusted for non-taxable income from investments in subsidiaries is 20.7% (2014: 28.1%).

Deferred tax

DKKm	2015	2014
Deferred tax assets	7.1	-
Deferred tax liabilities	-	(13.6)
Total	**7.1**	**(13.6)**

DKKm	Deferred tax 01.01.	Realised in profit and loss	Realised in other comprehen-sive income	Deferred tax 31.12.
2015				
Intangible assets	(6.0)	1.3	-	(4.7)
Property, plant and equipment	(0.2)	3.1	-	2.9
Inventory	-	3.7	-	3.7
Provisions etc.	2.0	4.0	-	6.0
Foreign exchange hedging	(9.4)	-	8.6	(0.8)
Temporary differences	**(13.6)**	**12.1**	**8.6**	**7.1**
2014				
Intangible assets	(2.4)	(3.6)	-	(6.0)
Property, plant and equipment	(0.7)	0.5	-	(0.2)
Provisions etc.	3.7	(1.7)	-	2.0
Foreign exchange hedging	3.1	-	(12.5)	(9.4)
Temporary differences	**3.7**	**(4.8)**	**(12.5)**	**(13.6)**

3.1 Intangible assets

DKKm	Goodwill	Leasehold rights	Trademarks	Licenses and software	Intangible assets in progress	Total
2015						
Cost 01.01.	12.5	18.1	1.1	13.9	1.2	46.8
Additions	-	-	-	11.2	45.9	57.1
Disposals	-	(0.1)	-	-	-	(0.1)
Cost 31.12.	**12.5**	**18.0**	**1.1**	**25.1**	**47.1**	**103.8**
Amortisation 01.01.	-	(6.4)	-	-	-	(6.4)
Amotisation	-	(0.9)	(0.1)	(2.1)	-	(3.1)
Amortisation 31.12.	**-**	**(7.3)**	**(0.1)**	**(2.1)**	**-**	**(9.5)**
Carrying amount 31.12.	**12.5**	**10.7**	**1.0**	**23.0**	**47.1**	**94.3**
2014						
Cost 01.01.	12.5	18.1	-	-	-	30.6
Additions	-	-	1.1	5.4	9.7	16.2
Transfer	-	-	-	8.5	(8.5)	-
Cost 31.12.	**12.5**	**18.1**	**1.1**	**13.9**	**1.2**	**46.8**
Amortisation 01.01.	-	(5.7)	-	-	-	(5.7)
Amotisation	-	(0.7)	-	-	-	(0.7)
Amortisation 31.12.	**-**	**(6.4)**	**-**	**-**	**-**	**(6.4)**
Carrying amount 31.12.	**12.5**	**11.7**	**1.1**	**13.9**	**1.2**	**40.4**

3.2 Property, plant and equipment

DKKm	Leasehold improve-ments	Store funiture	Other equip-ment	Total
2015				
Cost 01.01.	36.9	28.3	25.6	90.8
Additions	15.3	12.1	6.5	33.9
Disposals	(8.7)	(4.7)	(10.3)	(23.7)
Cost 31.12.	**43.5**	**35.7**	**21.8**	**101.0**
Depreciation 01.01.	(20.4)	(16.0)	(19.1)	(55.5)
Depreciation	(4.9)	(5.0)	(4.6)	(14.5)
Disposals	7.3	4.4	9.7	21.4
Depreciation 31.12.	**(18.0)**	**(16.6)**	**(14.0)**	**(48.6)**
Carrying amount 31.12.	**25.5**	**19.1**	**7.8**	**52.4**
2014				
Cost 01.01.	36.1	24.6	22.0	82.7
Additions	4.9	6.3	4.0	15.2
Disposals	(4.1)	(2.6)	(0.4)	(7.1)
Cost 31.12.	**36.9**	**28.3**	**25.6**	**90.8**
Depreciation 01.01.	(19.1)	(13.3)	(15.1)	(47.5)
Depreciation	(5.1)	(5.3)	(4.4)	(14.8)
Disposals	3.8	2.6	0.4	6.8
Depreciation 31.12.	**(20.4)**	**(16.0)**	**(19.1)**	**(55.5)**
Carrying amount 31.12.	**16.5**	**12.3**	**6.5**	**35.3**

Loss on sale of property, plant and equipment amounts to DKK 2.3m (2014: DKK 0.3m).

Operating leases

DKKm	2015	2014
Non-cancellable operating lease commitments		
Not later than 1 year	42.5	36.5
1-5 years	91.0	39.1
Later than 5 years	17.6	8.3
Total	**151.1**	**83.9**

Operating leases relate to leases of stores and equipment with lease terms between 1 and 10 years. Paid contingent (sale-based) rent is considered limited.

Lease payments recognised in the income statement relating to operating leases amount to DKK 124.9m (2014: DKK 83.7m).

3.3 Investments in subsidiaries and joint ventures

DKKm	Investments in subsidiaries	Invest-ments in joint ventures	Total
2015			
Cost 01.01.	35.0	40.1	75.1
Additions	61.3	-	61.3
Disposals	(0.3)	-	(0.3)
Cost 31.12.	**96.0**	**40.1**	**136.1**
Impairment losses 01.01.	(2.5)	-	(2.5)
Impairment losses	(5.2)	-	(5.2)
Impairment losses 31.12.	**(7.7)**	**-**	**(7.7)**
Carrying amount 31.12.	**88.3**	**40.1**	**128.4**
2014			
Cost 01.01.	31.6	40.1	71.7
Additions	3.5	-	3.5
Disposals	(0.1)	-	(0.1)
Cost 31.12.	**35.0**	**40.1**	**75.1**
Impairment losses 01.01.	-	-	-
Impairment losses	(2.5)	-	(2.5)
Impairment losses 31.12.	**(2.5)**	**-**	**(2.5)**
Carrying amount 31.12.	**32.5**	**40.1**	**72.6**

See note 5.5 to the consolidated financial statements for a list of Group companies.

3.4 Receivables from subsidiaries

DKKm	2015	2014
Due between 1 and 5 years		
Loans to subsidiaries	93.8	60.6
Total	**93.8**	**60.6**

3.5 Inventories

DKKm	2015	2014
Finished goods	523.7	550.8
Write downs	(21.0)	(4.9)
Total	**502.7**	**545.9**
Write downs 01.01.	(4.9)	(3.4)
Write downs, during the year	(16.1)	(1.5)
Total	**(21.0)**	**(4.9)**

3.6 Working capital changes

DKKm	2015	2014
Change in inventories	21.7	(286.4)
Change in receivables from subsidiaries	31.9	(16.7)
Change in receivables from joint ventures	(0.4)	(1.0)
Change in other receivables	(10.0)	10.6
Change in prepayments	4.1	(7.0)
Change in trade payables	26.5	102.9
Change in payable to subsidiaries	1.8	4.2
Change in other payables	25.6	(17.5)
Total	**101.2**	**(210.9)**

3.7 Guarantee commitments and contingent liabilities

Litigation
A few legal proceedings are pending which are not estimated to result in significant losses on the Parent other than what has been provided for in the financial statements.

Other guarantees
The Parent has guaranteed or provided a guarantee for banking facilities, etc. for subsidiaries at a total of DKK 66m (2014: DKK 44m).

The Parent has provided a bank guarantee to HRMC, UK which amounts to DKK 23m (2014: DKK 29m). The Parent has provided a guarantee to the Japanese joint venture´s bank which amounts to DKK 82m (2014: DKK 54m).

With respect to a grant received from the Icelandic government, the Parent has repayment obligations should the Company dispose its investments in Iceland before 2017.

Zebra A/S is the administration company of the joint taxation arrangement with the Danish subsidiaries in the Group and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interests and royalties from the jointly taxed entities.

Contractual obligation
In addition to the lease commitment disclosed in note 3.2, the contractual obligations related to service contracts amounted to DKK 25m. Aside from liabilities recognised in the balance sheet, no significant losses are expected to incur as a result from contractual obligations.

Pledged assets
A letter of indemnity (company charge) of DKK 30m nominal (2014: DKK 30m) has been deposited by the parent as security for the parent's bank debt.

Bank debt is secured by a mortgage of DKK 25m nominal deposited by the Parent on assets, including the Parent's goodwill, leasehold rights, furniture (including store furniture) (2014: DKK 25m).

The carrying amount of pledged assets is stated below:

DKKm	2015	2014
Pledged assets		
Leasehold rights	10.7	11.7
Goodwill	12.5	12.5
Leasehold improvements	25.5	16.5
Other equipment	7.8	6.5
Store furniture	19.1	12.3
Inventories	502.7	545.9
Other receivables	121.5	185.0
Total	**699.8**	**790.4**

4.1 Share capital

Please refer to note 4.1 to the consolidated financial statements for information on share capital.

4.2 Financial assets and liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years
2015			
Financial assets			
Receivables from subsidiaries	86.6	93.8	-
Receivables from joint ventures	2.1	-	-
Other receivables	42.9	-	-
Cash and cash equivalents	49.6	-	-
Total	**181.2**	**93.8**	**-**
Financial liabilities			
Bank debt	404.4	-	-
Other provisions	-	-	9.5
Deferred consideration	-	31.9	-
Trade payables	203.2	-	-
Amounts payable to subsidiaries	6.0	-	-
Other payables	79.8	-	-
Total	**693.4**	**31.9**	**9.5**
2014			
Financial assets			
Receivables from subsidiaries	118.5	60.6	-
Receivables from joint ventures	1.8	-	-
Other receivables	56.5	-	-
Cash and cash equivalents	8.2	-	-
Total	**185.0**	**60.6**	**-**
Financial liabilities			
Bank debt	177.5	150.0	-
Other provisions	-	-	-
Deferred consideration	-	-	-
Trade payables	180.3	-	-
Amounts payable to subsidiaries	4.2	-	-
Other payables	51.3	-	-
Total	**413.3**	**150.0**	**-**

4.3 Financial risk management

Options on non-controlling interests in certain susidiaries
As further described in note 1.2, put and call options for the acquisition of non-controlling interests are accounted for at fair value. At the balance sheet date, it is assessed that the fair value of these options cannot be determined reliably and consequently the options are measured at cost which is a net amount of DKK 0m (2014: DKK 0m).

Other derivative financial instruments and financial risks
Please refer to note 4.3 to the consolidated financial statements for more information regarding other derivative financial instruments and financial risks.

5.1 Audit fee

DKKm	2015	2014
EY		
Statutory audit of financial statements	0.5	0.5
Other assurance engagements	0.1	0.1
Tax advisory services	1.0	0.6
Other services	3.3	1.3
Total	**4.9**	**2.5**

5.2 Related parties

Please refer to note 5.3 to the consolidated financial statements for information on related parties.

Subsidiaries and associated companies
Refer to note 5.5 to the consolidated financial statements for a list of subsidiaries and investments in joint ventures.

The Parent has had the following transactions with related parties:

DKKm	Subsidiaries	Joint ventures	Total
2015			
Sale of goods	1,234.4	-	1,234.4
Royalty and service fee	-	21.2	21.2
Dividends received	33.4	-	33.4
Interests	3.4	-	3.4
2014			
Sale of goods	836.7	-	836.7
Royalty and service fee	-	13.7	13.7
Dividends received	11.0	-	11.0
Interests	2.3	-	2.3

There has been no transactions with the controlling shareholder and companies owned or otherwise controlled by EQT. Remuneration paid to key management personnel are included in note 2.2.

5.2 Related parties (continued)

Amounts receivable/payable from/to related parties, parent

DKKm	2015	2014
Current loans:		
Receivables from subsidiaries, long term	93.8	60.6
Receivables from subsidiaries, short term	86.6	118.5
Receivables from joint ventures	2.1	1.8
Payables to subsidiaries	(6.0)	(4.2)
Total	**176.5**	**176.7**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. An expense of DKK 11.3m (2014: DKK 0m) has been recognised in financial expenses for doubtful debts in respect of the amounts owed by related parties.

5.3 Events after the balance sheet date

No events have occurred after the balance sheet date that have a material impact on the financial position of the Parent.

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Management statement

The Board of Directors and the Executive Management have today discussed and approved the annual report of Zebra A/S for the financial year 2015.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and further disclosure requirements required according to the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2015, the results of the Group and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2015.

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

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

Copenhagen, 25 April 2016

Executive Management

Xavier Vidal
CEO

Henrik Skov
CFO

Board of Directors

Vagn Ove Sørensen
Chairman

Jacob Bier
Vice Chairman

Manel Adell Domingo

Rolf Eriksen

Michael Hauge Sørensen

Morten Hummelmose

Lennart Lajboschitz

Independent Auditors' opinion

To the shareholders of Zebra A/S

Report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Zebra A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 25 April 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant

Thomas Bruun Kofoed
State Authorised
Public Accountant

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LONDON

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