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Zizzi Holding ApS

Kløvermarken 29
7190 Billund
CVR No. 40298568

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Kuno Kildetoft Mehlsen
Chairman of the General Meeting

Contents

Entity details

Entity

Zizzi Holding ApS
Kløvermarken 29
7190 Billund

Business Registration No.: 40298568
Registered office: Billund
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Stefan Andreas Walter Happak
Joachim Horst Scholz

Executive Board

Kuno Kildetoft Mehlsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Zizzi Holding ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Billund, 30.01.2024

Executive Board

Kuno Kildetoft Mehlsen

Board of Directors

Stefan Andreas Walter Happak	**Joachim Horst Scholz**

Independent auditor's report

To the shareholders of Zizzi Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Zizzi Holding ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Statement on the management commentary

Management is responsible for the management commentary.
Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 30.01.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145

Thomas Aamand Lund
State Authorised Public Accountant
Identification No (MNE) mne47764

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Revenue	730,265	779,699	730,923	657,952	541,529
Gross profit/loss	211,240	207,849	245,069	253,858	197,331
Operating profit/loss	715	(9,933)	44,060	8,736	12,479
Net financials	(10,628)	(6,622)	(7,976)	(9,251)	(2,429)
Profit/loss for the year	(14,202)	(18,176)	22,125	3,413	8,503
Balance sheet total	297,165	338,238	364,978	404,843	389,752
Investments in property, plant and equipment	9,602	8,696	6,810	13,907	61,100
Equity	82,264	99,839	129,724	101,066	102,084
Equity excl. minority interests	82,264	99,839	129,724	101,066	
Average numbers of employees	375	422	408	476	530
Cash flows from operating activities	48,505	(54,260)	56,010	62,487	39,112
Cash flows from investing activities	(19,623)	(28,212)	(18,248)	(12,029)	(19,485)
Cash flows from financing activities	(23,205)	16,399	(75,838)	(8,326)	56,243
Ratios					
Gross margin (%)	28.93	26.66	33.53	38.58	36.44
Net margin (%)	(1.94)	(2.33)	3.03	0.52	1.57
Equity ratio (%)	27.68	29.52	35.54	24.96	0.00

Figures for 2019 only include the period 27.02.2019 - 31.12.2019 and is therefore not comparable.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

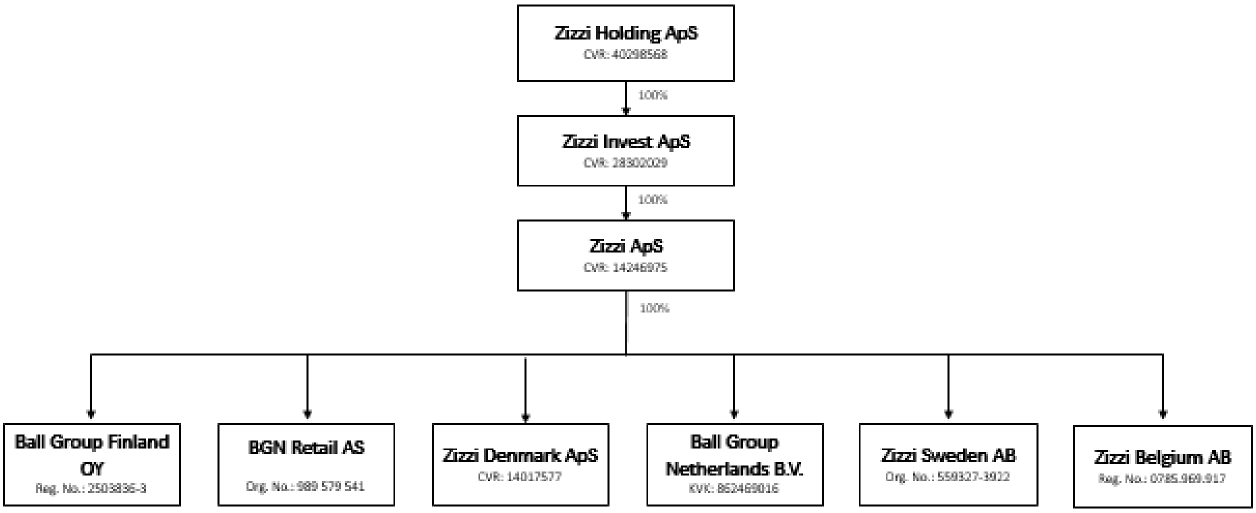
Equity ratio (%):

$$\frac{\text{Equity excl. minority interests * 100}}{\text{Balance sheet total}}$$

Primary activities

The company's main objective is to source and market clothing for plus size women across European markets.

Group chart



Development in activities and finances

Despite the continued macro challenges relating to high inflation and changes in consumer sentiment, the company has achieved a revenue of DKK 730,3m (779,7m 2022) and an EBITDA of DKK 40,2m (29,1m 2022). The decline in revenue is primarily driven by deliberate decisions to focus on strategic business areas whilst optimizing profitability and working capital at the expense of growth.

In the second half of 2023 we have seen a considerable improvement in our profitability and cash flow, which is a testament that our business plan has been executed according to plan.

Profit/loss for the year in relation to expected developments

Management considers the financial result to be un-satisfactory for 2023.

Uncertainty relating to recognition and measurement

In regards to recognition and measurement for the financial year, no significant uncertainty has been identified.

Outlook

In 2023 the Group signed an agreement to have constructed a new and larger distribution center in Horsens, Denmark, which will be ready for utilization in June 2024. Giving larger capacity and a more efficient operation overall, the focus will once again be directed towards growth in strategic business areas and markets.

Management expects the Group to return to growth (5-10%) in 2024 with profitability restored at levels realized in 2021. The levels can be seen in the financial highlights at page 7.

Particular risks

Business risks

The primary business risk for the company relates to upholding and developing its business activities across international markets in an increasingly competitive landscape. In addition, the company faces various risks related to events outside of the Group's control i.e pandemics, war, political uprising, change in international legislation and more. The Group works actively to remedy such potential events to limit their impact on the Group.

The Board of Directors must reassure continuous monitoring of the development on the markets to reduce business risks as well as to strengthen its competitive position.

Credit risks

Credit risks are related to debtors who receive deliveries according to the company's normal trade terms. The majority of the Group's debtors is insured via credit insurance and/or bank guarantees, under continuous control and risk assessment of level of credit.

Treasury risks

Treasury risks are predominantly related to the business exposure to foreign currencies. The Group is exposed to the development in the USD/DKK exchange rate, since most of the costs associated with product purchases are placed in USD. The Group does not have any income in USD, why the natural hedging from continuous cash inflow in USD is absent. The Group has sales in NOK and SEK and is exposed to the development in these currencies. The exposure is classified as less influential in terms of impact to the Group, as the Group also accoun for costs in NOK and SEK. The Group has adopted a treasury policy including the use of financial instruments to limit the exposure to the company.

Use of financial instruments

The company will always be exposed to currency risks. A considerable part of the Group's cash flow is carried out in foreign currency and will be affected by exchange rates and interest development. This goes for activities carried out between foreign companies, suppliers, and customers.

The company's currency policy is using a layered hedging approach to minimize the risks in transactions with foreign exchange. The policy has not been changed in the financial year and continues to prove to be effective (limiting future currency exposure) and will be continued unchanged during the coming financial year.

Knowledge resources

It is essential for the Group to maintain the ability to attract, develop and retain qualified members of staff with a high level of competence. The presence of quality knowledge and knowhow in each level of staff will be obtained by thorough recruitment and continuous development of the existing staff and their competencies.

Staff

Development within the members of staff can be illustrated as below:

	Average # of employees (FTE) in 2022	Average # of employees (FTE) in 2023
Denmark	278	266
Other countries	143	110
Total # of employees	422	376

Please note that the figure for Denmark reflects employees in Zizzi Denmark ApS, whereas the total reflects employees in Zizzi Holding ApS on a consolidated basis.

Environmental performance

Please refer to the paragraph "Statutory report on corporate social responsibility" below.

Research and development activities

In line with Group strategy, investments will be made in the ongoing development of the business platform, as well as the optimization of all distribution channels across the Scandinavian and Central European markets.

Growth in revenue is expected to return to our economic region from 2024 onwards, hence we remain focused to invest for future growth although at a reduced pace in 2023 compared to 2022, where we also changed our business platform completely to a new SalesForce platform.

Statutory report on corporate social responsibility

The company monitors relevant relations towards social responsibilities, including employee relations, environmental issues and anti-corruption.

During the financial year, the Group focused on the following areas of social responsibility:
The ESG committee's work, changed towards ensuring compliance preparation with new legislation initiatives commencing 2025.

The 2030 ESG strategy includes four commitments:
1. Continuously transform our business to ensure responsible production and consumption in our value chain.
2. Significantly improve our impact on the climate and environment through our activities.
3. Ensure good working conditions for all people involved with our products and business activities.
4. Fight for inclusivity for everyone no matter their gender, age, size, race, or origin.

Extract of improvements in 2023:
- We created and implemented a new sourcing strategy aimed towards sourcing more sustainable fibers.
- We implemented CLO (3D fashion design software) to reduce the need for physical samples.
- We ensured supplier social audits in 99% of the production sites.
- We have continued extensive testing of chemicals in finished product.

As a member of the UN Global Compact, the Group issues a progression report concerning the CSR work performed by the Group. In accordance with the Danish Financial Statements act §99a the Group has issued a Corporate Social Responsibility Report. For detailed information regarding the work of Zizzi Group relating to social responsibilities reference is made to this report. The report is published on the following link: https://www.aboutzizzi.com/csr

Statutory report on the underrepresented gender

	2023
Supreme management body	
Total number of members	2
Underrepresented gender (%)	0.00

With reference to the Danish Financial Statements Act §99b the Group reports the following figures. The Board of Directors has a gender composition of 100% "male" since the Board consists of two (2) members as per end of 2023. As there are only two members in the Group's Board, a target for gender balance is not formulated in line with the guideline of reaching 40/60 balance between the genders. The gender composition of the BoD in 2023 is subject to resource availability with Zizzi Holding's ApS owner.

Gender representation on other management levels: as can be seen from the table below, in 2023 the Group does not have a gender representation of 40/60. The underrepresented gender is in the Group's case "male".

The policy of the Group is to strive for a balance in gender representation on all management levels. To ensure the Group can fulfil its targets, the Group's initiative is to oversee the recruitment process and thereby making sure the underrepresented gender gradually can increase its representation. If the overrepresented gender in a recruitment process is the most qualified, the Group shall make its decisions on competencies and not gender. If evaluated equal competencies between candidates in a recruitment process, the Group shall favorize the underrepresented gender.

	2023
Other management levels	
Total number of members	24
Underrepresented gender (%)	37.50
Target figures (%)	40.00
Year of expected achievement of target figures	2027

Statutory report on data ethics policy

Zizzi collects personal data on employees and customers to fulfil our obligations towards national authorities such as national tax authorities, as well as our obligation to fulfil the orders placed by our customers. Where national legislation demands us to transfer personal data, we will exchange such data with third parties (national authorities). To fulfil our obligation of delivering our products we exchange non-sensitive personal data with local distributors. Zizzi does not sell customer data, confidential data, or sensitive personal data.

Employee data including sensitive personal data are kept confidential and can only be accessed by a few trusted employees to fulfil our obligations of communicating with national authorities. Personal data are kept on record for as long as we have an obligation to store this information to meet the demands from national authorities. Sensitive personal data are only kept record for as long as it is necessary to fulfil the legislative demands. Hereafter it is deleted.

The customer data we receive (after customers active consent) is never classified as sensitive. However, if we have no reason to keep the customer data in record (for example to fulfil our obligation of handling customer complaints (guarantee period) after we have transferred products to the customer), the data will be deleted. Overall, customer data is used to provide unique customer service, i.e. trade data about our customers to provide the expected service.

Customers delivering personal data to us always have the right to have their data deleted upon request to the company.
There have been no non-intended exchange or leak of any individuals' personal data in 2023.

The company has prepared a Group data policy with detailed explanations on how data is utilized responsibly in our business.

The policy is published on the following link: https://www.aboutzizzi.com/data-policy.

Statutory report on corporate governance

Zizzi Holding's Board of Directors will at any time secure that the Group Management structure and internal controls are appropriate and work satisfactorily.

The basis for the organization of tasks handled by the Board of Directors and Management includes the Companies Act, the Financial Statements Act, the company´s articles of association and good practices for companies of the same size and same international reach as Zizzi Group. Under this, the Group - due to its status as a private equity owned company - adheres to the guidelines for responsible ownership and corporate governance.

On this basis, several internal procedures are being developed and maintained to ensure active, safe, and profitable management of the Group.

Proposals for active ownership and corporate governance of equity funds

In 2011 the Danish Venture and Private Equity Association published updated guidelines for responsible ownership and corporate governance for equity funds and their controlled companies.
The recommendations concern the guidelines regarding corporate governance, social responsibilities, risk assessments, employments policy and strategy. These matters are discussed in the Management's Review.

Management will in general follow the guidelines and recommendations. For further information on the mentioned recommendations reference is made to www.dvca.dk

Shareholders' conditions

The capital structure of the company will always be monitored by the Board of Directors and kept with the expectations from the Board of Directors and in the interests of the Group. The main goal is to have a capital structure that supports continuous profitable growth and does not increase the operational risk to the point where the capital structure must be changed within a short period of time.

The company's articles of association contain no limits towards ownership or the right to vote. Zizzi Holding's unit capital consists solely of one share class.

Sissi 26 FIII Holding GmbH is the largest indirect shareholder of Zizzi Holding and has a controlling influence in the company.

The work of the Board of Directors
The Board of Directors overlooks the work of Executive Management ensuring that approved goals, strategies and business processes are kept. Information from management is done systematically during meetings and by ongoing reporting. The reporting contains information on market developments, Group development and profitability.

Risk assessments
The management ensures effective risk assessment and internal audit reduce strategic and business risk, securing compliance with laws and regulations, to ensure an effective basis for management decision.
The strategic choices of Zizzi Group lead to natural risks, which are essential to identify and be communicated out and handled effectively. Internal audit and effective risk assessments are vital for the Board and executives to carry out tasks expected by the governing bodies.

Financial reporting process
Management, on behalf of the Board of Directors, handles the overall responsibility of the company´s risk assessments and internal audits concerning the financial reporting process. Organizational structure, policies, procedures and audits in relation to the financial reporting process undergo continuous evaluation by the Board of Directors.

The Group has established a Group reporting process, including monthly reporting, consisting of full income report, balance sheet and cash flow, follow-up to budget, valuation on KPI performances and achievement of the agreed target for each business unit.

Management remuneration
To attract and maintain management competencies, the remuneration of Executive Management and senior executives is determined by consideration of work tasks, value creation and terms in comparable companies.

Incentive pay has been used for Executive Management and senior executives in the form of bonus schemes, as well as a contingent and warrant-based incentive program for the Executive Management and senior executives.

The Board of Directors and the Executive Board´s shareholding
At the end of the financial year, the Board of Directors and the Executive Board have no indirect shareholding in the company.

Dividend policy
Payment of dividend must take place with consideration to the necessary consolidation of equity for the Group's planned expansion.

The Board suggests no dividend be distributed in connection with the annual general meeting.

Stakeholders
Zizzi Group continues to develop and expand good relations to interest groups, as those relations are considered to have essential and positive effect on the Group´s future development.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	1	730,265	779,699
Other operating income		3,089	0
Cost of sales		(351,008)	(386,022)
Other external expenses	2	(171,106)	(185,828)
Gross profit/loss		**211,240**	**207,849**
Staff costs	3	(170,584)	(180,510)
Depreciation, amortisation and impairment losses		(39,500)	(37,272)
Other operating expenses		(441)	0
Operating profit/loss		**715**	**(9,933)**
Other financial income		347	49
Other financial expenses	4	(10,975)	(6,671)
Profit/loss before tax		**(9,913)**	**(16,555)**
Tax on profit/loss for the year	5	(4,289)	(1,621)
Profit/loss for the year	6	**(14,202)**	**(18,176)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	8	27,587	24,826
Acquired rights		3,243	3,835
Goodwill		55,965	78,890
Intangible assets	7	**86,795**	**107,551**
Other fixtures and fittings, tools and equipment		12,966	15,846
Leasehold improvements		5,419	1,927
Property, plant and equipment	9	**18,385**	**17,773**
Deposits		7,725	7,842
Financial assets	10	**7,725**	**7,842**
Fixed assets		**112,905**	**133,166**
Manufactured goods and goods for resale		119,907	141,966
Inventories	11	**119,907**	**141,966**
Trade receivables		24,557	30,457
Deferred tax	12	0	1,486
Other receivables		1,326	4,043
Prepayments	13	18,940	13,267
Receivables		**44,823**	**49,253**
Cash		**19,530**	**13,853**
Current assets		**184,260**	**205,072**
Assets		**297,165**	**338,238**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	14	100	100
Translation reserve		(2,185)	(96)
Reserve for fair value adjustments of hedging instruments		2,889	(80)
Retained earnings		81,460	99,915
Equity		**82,264**	**99,839**
Deferred tax	12	1,479	0
Provisions		**1,479**	**0**
Bank loans		0	30,138
Non-current liabilities other than provisions	15	**0**	**30,138**
Current portion of non-current liabilities other than provisions	15	30,026	30,000
Bank loans		30,330	25,249
Trade payables		70,142	63,526
Payables to group enterprises		31,925	30,099
Tax payable		1,807	1,175
Other payables		49,192	58,212
Current liabilities other than provisions		**213,422**	**208,261**
Liabilities other than provisions		**213,422**	**238,399**
Equity and liabilities		**297,165**	**338,238**
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	100	(96)	(80)	99,915	99,839
Exchange rate adjustments	0	(2,089)	0	0	(2,089)
Fair value adjustments of hedging instruments	0	0	3,807	0	3,807
Other entries on equity	0	0	0	(4,253)	(4,253)
Tax of entries on equity	0	0	(838)	0	(838)
Profit/loss for the year	0	0	0	(14,202)	(14,202)
Equity end of year	**100**	**(2,185)**	**2,889**	**81,460**	**82,264**

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		715	(9,933)
Amortisation, depreciation and impairment losses		39,495	39,313
Working capital changes	16	22,599	(63,273)
Cash flow from ordinary operating activities		**62,809**	**(33,893)**
Financial income received		4,895	49
Financial expenses paid		(15,523)	(6,671)
Taxes refunded/(paid)		(692)	(8,138)
Other cash flows from operating activities		(2,984)	(5,607)
Cash flows from operating activities		**48,505**	**(54,260)**
Acquisition etc. of intangible assets		(10,043)	(14,856)
Acquisition etc. of property, plant and equipment		(9,602)	(8,696)
Sale of fixed asset investments		22	340
Other cash flows from investing activities		0	(5,000)
Cash flows from investing activities		**(19,623)**	**(28,212)**
Free cash flows generated from operations and investments before financing		**28,882**	**(82,472)**
Loans raised		0	82,302
Repayments of loans etc.		(25,031)	0
Repayment of debt to group enterprises		1,826	(65,903)
Cash flows from financing activities		**(23,205)**	**16,399**
Increase/decrease in cash and cash equivalents		**5,677**	**(66,073)**
Cash and cash equivalents beginning of year		13,853	79,926
Cash and cash equivalents end of year		**19,530**	**13,853**
Cash and cash equivalents at year-end are composed of:			
Cash		19,530	13,853
Cash and cash equivalents end of year		**19,530**	**13,853**

Notes to consolidated financial statements

1 Revenue

	2023 DKK'000	2022 DKK'000
Denmark	254,714	267,307
Norway	127,304	157,734
Germany	105,085	100,299
Rest of Europe	243,162	254,359
Total revenue by geographical market	**730,265**	**779,699**

The company and group only have one activity from sale of clothes.

2 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK'000	2022 DKK'000
Statutory audit services	454	437
Other assurance engagements	215	183
Tax services	72	131
Other services	1,690	515
	2,431	**1,266**

3 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	154,063	163,251
Pension costs	5,388	4,414
Other social security costs	6,825	7,326
Other staff costs	4,308	5,519
	170,584	**180,510**

Average number of full-time employees	376	422

Special incentive programmes

In order to strengthen Management and certain leading employees' interest in the long-term value creation of the group, a total of 1,193,657,879 warrants have been issued. The warrants each give the right to subscription of a new share in Zizzi Invest ApS at an exercise price of DKK 0.01. The warrants are granted over a period of time and subject to the warrant holders continued employment in the Group. At year end a total of 1,178,174,842 warrents have been assigned to employees.

Remuneration of the Executive Board is is not disclosed with reference to S. 98(3) of the Danish Financial Statements Act.

4 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	6,349	2,058
Other interest expenses	3,951	4,613
Exchange rate adjustments	675	0
	10,975	**6,671**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	2,608	1,621
Change in deferred tax	1,681	0
	4,289	**1,621**

6 Proposed distribution of profit/loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(14,202)	(18,176)
	(14,202)	**(18,176)**

7 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	29,143	15,955	178,267
Exchange rate adjustments	0	(157)	0
Additions	9,806	250	0
Disposals	0	(33)	0
Cost end of year	**38,949**	**16,015**	**178,267**
Amortisation and impairment losses beginning of year	(4,317)	(12,120)	(99,377)
Exchange rate adjustments	0	97	0
Amortisation for the year	(7,045)	(769)	(22,925)
Reversal regarding disposals	0	20	0
Amortisation and impairment losses end of year	**(11,362)**	**(12,772)**	**(122,302)**
Carrying amount end of year	**27,587**	**3,243**	**55,965**

8 Development projects

Development projects consists of cost to the development of a new e-commerce sales platform and cost related to this development.

The platform has been launched in 2022 and is now up and running. The company aims at increasing sales volume and margins due to this new platform because of a better customer experience.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	83,802	17,801
Exchange rate adjustments	(936)	(151)
Additions	4,762	4,840
Disposals	(2,843)	(6,506)
Cost end of year	**84,785**	**15,984**
Depreciation and impairment losses beginning of year	(67,956)	(15,874)
Exchange rate adjustments	724	151
Depreciation for the year	(7,408)	(1,348)
Reversal regarding disposals	2,821	6,506
Depreciation and impairment losses end of year	**(71,819)**	**(10,565)**
Carrying amount end of year	**12,966**	**5,419**

10 Financial assets

	Deposits DKK'000
Cost beginning of year	7,842
Disposals	(117)
Cost end of year	**7,725**
Carrying amount end of year	**7,725**

11 Inventories

Manufactured goods and goods for resale include goods in transit of 25,957k (2022: 27,738k).

12 Deferred tax

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	1,486	2,501
Recognised in the income statement	(1,681)	(1,015)
Recognised directly in equity	(838)	0
Other adjustments	(446)	0
End of year	**(1,479)**	**1,486**

Deferred tax has been recognised in the balance sheet as follows	2023 DKK'000	2022 DKK'000
Deferred tax assets	0	1,486
Deferred tax liabilities	(1,479)	0
	(1,479)	**1,486**

Deferred tax assets comprise temporary differences on intangible assets, property, plant and equipment and deferred tax losses.

13 Prepayments

Prepayments comprise incurred marketing costs and other costs relating to subsequent financial years.

14 Contributed capital

	Number
Share capital	100,000
	100,000

15 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000
Bank loans	30,026	30,000
	30,026	**30,000**

16 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in inventories	22,059	(44,608)
Increase/decrease in receivables	2,944	(13,962)
Increase/decrease in trade payables etc.	6,616	(1,052)
Other changes	(9,020)	(3,651)
	22,599	**(63,273)**

17 Derivative financial instruments

Other debt include a negative fair value of forward exchange contracts of DKK 2,257k. Zizzi Denmark ApS hedges future exchange risks relating to sales and purchases and sales of goods. Zizzi Denmark ApS has entered into forward exchange contracts for the following 8 months to secure purchases and sales of goods in the following currencies: DKK 125,310k and USD 18,330k. All values are absolute values. All contracts are subscribed with the Company's ordinary bank.

18 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	119,493	68,796

19 Contingent liabilities

	2023 DKK'000	2022 DKK'000
Recourse and non-recourse guarantee commitments	21,442	16,347
Contingent liabilities	**21,442**	**16,347**

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Zizzi Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

Bank loans are secured by way of a floating charge of DKK 80,000k. The assets covered by the floating charge amount to DKK 241,859k and comprise receivables, inventory and operating equipment.

Bank loans are also secured by way of a floating charge which covers rental rights etc.

The group companies Zizzi Denmark ApS, Zizzi ApS, Zizzi Invest ApS and Zizzi Holding ApS have given negative pledge in the entity's assets.

Collateral provided for group enterprises

The Group has provided guarantee for the group enterprises’ debt with the Group’s main bank. The maximum limit of the guarantee is DKK 110,011k. Bank loans of group enterprises amount to DKK 60,356k at 31 December 2023. The above mentioned floating charge also secures group enterprises’ debt with the Group’s main bank.

21 Transactions with related parties

During the financial year, related party transactions have been conducted on an arm’s length basis.

22 Subsidiaries

	Registered in	Corporate form
Zizzi Denmark ApS	Billund, Denmark	ApS
Ball Group Finland OY	Vaasa, Finland	OY
Ball Group Netherlands BV.	Groenekan, Netherland	B.V.
BGN Retail AS	Oslo, Norway	AS
Zizzi Sweden AB	Borås, Sweden	AB
Zizzi Belgium BV.	Diegem, Belgium	B.V.
Zizzi ApS	Billund, Denmark	ApS
Zizzi Invest ApS	Billund, Denmark	ApS
Zizzi Germany GmbH	Handewitt, Germany	GmbH

Parent income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	1	5,083	3,434
Other external expenses		(6,427)	(2,852)
Gross profit/loss		**(1,344)**	**582**
Staff costs	2	(2,562)	(2,286)
Operating profit/loss		**(3,906)**	**(1,704)**
Income from investments in group enterprises		(5,003)	(13,923)
Other financial income	3	1,805	865
Other financial expenses	4	(8,344)	(4,381)
Profit/loss before tax		**(15,448)**	**(19,143)**
Tax on profit/loss for the year	5	1,246	967
Profit/loss for the year	6	**(14,202)**	**(18,176)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Investments in group enterprises		161,556	165,679
Financial assets	7	**161,556**	**165,679**
Fixed assets		**161,556**	**165,679**
Receivables from group enterprises		8,552	34,302
Deferred tax	8	2,213	967
Other receivables		67	784
Receivables		**10,832**	**36,053**
Cash		**285**	**568**
Current assets		**11,117**	**36,621**
Assets		**172,673**	**202,300**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		100	100
Translation reserve		(2,184)	(95)
Retained earnings		84,354	99,837
Equity		**82,270**	**99,842**
Bank loans		0	30,138
Non-current liabilities other than provisions	9	**0**	**30,138**
Current portion of non-current liabilities other than provisions	9	30,026	30,000
Payables to group enterprises		55,724	40,564
Other payables		4,653	1,756
Current liabilities other than provisions		**90,403**	**72,320**
Liabilities other than provisions		**90,403**	**102,458**
Equity and liabilities		**172,673**	**202,300**
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	100	(95)	99,837	99,842
Exchange rate adjustments	0	(2,089)	0	(2,089)
Other entries on equity	0	0	(1,281)	(1,281)
Profit/loss for the year	0	0	(14,202)	(14,202)
Equity end of year	**100**	**(2,184)**	**84,354**	**82,270**

Notes to parent financial statements

1 Revenue

	2023 DKK'000	2022 DKK'000
Denmark	3,844	3,434
Other	1,239	0
Total revenue by geographical market	**5,083**	**3,434**

The parent company only provides management services within the Group which is recognized as revenue.

2 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	2,562	2,286
	2,562	**2,286**
Average number of full-time employees	1	1

3 Other financial income

	2023 DKK'000	2022 DKK'000
Financial income from group enterprises	1,792	862
Other financial income	13	3
	1,805	**865**

4 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	609	297
Other interest expenses	7,735	4,084
	8,344	**4,381**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Change in deferred tax	(1,246)	(620)
Refund in joint taxation arrangement	0	(347)
	(1,246)	**(967)**

6 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(14,202)	(18,176)
	(14,202)	**(18,176)**

7 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	225,962
Cost end of year	**225,962**
Revaluations beginning of year	(60,283)
Exchange rate adjustments	(2,089)
Amortisation of goodwill	(17,938)
Share of profit/loss for the year	12,935
Other adjustments	2,969
Revaluations end of year	**(64,406)**
Carrying amount end of year	**161,556**

Hereof non amortized goodwill 41 mDKK.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Deferred tax

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	967	347
Recognised in the income statement	1,246	620
End of year	**2,213**	**967**

Deferred tax assets

Deferred tax assets comprise temporary differences as well as deferred tax losses that are expected to be utilized within 3-5 years.

9 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000
Bank loans	30,026	30,000
	30,026	**30,000**

10 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

11 Assets charged and collateral

The Entity has guaranteed group enterprises' debt with the Group's main bank. The maximum limit of the guarantee is DKK 110,011k. Bank loans of group enterprises amount to DKK 60,356k at 31 December 2023.

12 Related parties with controlling interest

The following parties have a controlling interest:

- Sissi 26 FIII Holding GmbH, Munich, shareholder
- Sissi 26 SC FIII Holding GmbH, Munich, shareholder

13 Non-arm's length related party transactions

During the financial year, related party transactions have been conducted on an arm's length basis.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

By reference to the Danish Financial Statements Act section 99a paragraph 7 fees to the auditor appointed at the annual general meeting is not disclosed since this is included in the consolidated financial statements of Zizzi Holding ApS.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with Zizzi Denmark ApS all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 7-20 years and residual value is 0%.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc comprise acquired intellectual property rights (rental rights).

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation, which is set at 10 years and the residual value is 0%.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 7-20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale,
etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.