F. Salling Holding A/S

Rosbjergvej 33 - 35
DK-8220 Brabrand

Annual report

2022

CVR no. 41 94 01 15

The annual report has been presented and approved on the company's annual general meeting at / 2023

Chair

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Financial highlights for the company

Main and key figures

DKK million

	2022	2021	2020	2019	2018 *
Operating profit (EBIT)	1	-	-	-	-1
Share of profit from subsidiaries / associates, net of tax	337	861	818	914	556
of which related to discontinued operations	-	-	-	368	-26
Net financial items	8	8	8	7	8
Total profit for the year	344	867	824	920	562
Total assets	12,649	12,294	11,508	10,909	10,033
Total equity	12,623	12,263	11,475	10,874	9,998
Return on equity	2.8 %	7.3 %	7.4 %	8.8 %	5.7 %

Definitions:

Return on equity is total profit for the year divided by the average equity (average of equity at the beginning of the year and at the end of the year).

* The main and key figures for the financial year 2018 have not been adjusted to reflect the changed accounting principles regarding leases in the subsidiary, Salling Group A/S, as the changes have been implemented retrospectively but with the cumulative effect of initially applying the new standard recognised on 1 January 2019. The comparative figures have not been restated as permitted by the specific transition provisions in the standard.

Management's review

Primary business area

The company's primary business activity is the owning of shares in the subsidiary, Salling Group A/S.

Development during the financial year

The annual report for F. Salling Holding A/S is presented in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the EU.

On 16 March 2021 the subsidiary, Salling Group A/S, completed the largest acquisition in the history of the Group, when the acquisition of the UK retail business Tesco's Polish activities was finalised. The acquisition was reflected in the 2021 financial statements of Salling Group A/S, where the result from acquired companies was include from the time of the acquisition and going forward.

In 2022 the company has realised a result for the year after tax of DKK 344 million against a result after tax of DKK 867 million in 2021.

The result for 2022 is below expectations.

Statutory reporting on corporate responsibility cf. §99a, data ethics cf. §99d and gender distribution in management cf. §99b

The company does not have policies regarding social responsibility or data ethics, as the company has not identified any material risks within the areas of human rights, environment, social and employee conditions and anti-corruption. Also, the company does not have a data ethics policy, as the company has not identified any material risks related to the company's processing and storage of data.

The primary activity of the company is the owning of shares in the subsidiary, Salling Group A/S, and Salling Group A/S has policies regarding social responsibility and prepares a report on social responsibility in connection with the annual report. Salling Group A/S also has a data ethics policy, which is available on the company's home page.

The Board of Directors in the company consists of one female board member and three male board members. According to the Danish Business Authority (Erhvervsstyrelsen) a Board of Directors consisting of four people has an equitable gender distribution, if the individual distribution is one person of one gender and three persons of the other gender. Thus, the company has an equitable gender distribution. The company has less than 50 full-time employees in 2022 and 2021 and no further gender target figures or policies are therefore reported.

Particular risks

The company's financial risks are primarily related to the investment in Salling Group A/S.

Expected development

The company expects, that the result before tax for 2023 in Salling Group A/S will be a slight improvement compared to 2022. As a consequence total profit for the year in F. Salling Holding A/S for 2023 is expected to be a slight improvement compared to 2022.

Subsequent events

No subsequent events have occurred that affect the annual report for 2022.

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of F. Salling Holding A/S for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial conditions, the results of the company's operations, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the company faces.

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

Brabrand, 28 April 2023

Executive Board

Per Bank
CEO

Board of Directors

Jens Bjerg Sørensen Chairman	Carsten Lorentzen	Karin Salling
Nils S. Andersen		

Independent auditor's report

To the shareholders of F. Salling Holding A/S

Opinion

We have audited the financial statements of F. Salling Holding A/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

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

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

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.

Aarhus C, 28 April 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen	Jonas Busk
State Authorised Public Accountant	State Authorised Public Accountant
mne10121	mne42771

Income statement

DKK million

Notes		2022	2021
4	Staff expenses	1	-
	Operating profit (EBIT)	1	-
7	Share of profit from subsidiaries, net of tax	337	861
5	Financial income	8	8
	Profit before tax	346	869
6	Income tax	-2	-2
	Total profit for the year	344	867
	Proposal for distribution of profit for the year:		
	Proposed dividends	103	103
	Reserve for net revaluation under the equity method	337	861
	Retained earnings	-96	-97
	Total profit for the year	344	867

Statement of other comprehensive income

DKK million

Notes		2022	2021
	Profit for the year	344	867
	Other comprehensive income, net of tax:		
	Items that will not be reclassified to the income statement:		
6	Remeasurement of defined benefit plans	2	-
7	Other comprehensive income to be reclassified in subsidiaries	4	-2
		6	-2
	Items that subsequently are or may be reclassified to the income statement:		
7	Exchange differences on translating foreign operations in subsidiaries	-63	-36
7	Other comprehensive income to be reclassified in subsidiaries	176	62
		113	26
	Other comprehensive income for the year, net of tax	119	24
	Total comprehensive income for the year	463	891

Balance sheet at 31 December

DKK million

Assets

Notes		2022	2021
	Non-current assets		
	Financial assets		
7	Investments in subsidiaries	11,872	11,521
	Total financial assets	11,872	11,521
8	**Deferred tax assets**	6	7
	Total non-current assets	**11,878**	**11,528**
	Current assets		
	Receivables		
9	Other current financial assets	771	766
	Total receivables	771	766
	Total current assets	**771**	**766**
	Total assets	**12,649**	**12,294**

Balance sheet at 31 December

DKK million

Equity and liabilities

Notes		2022	2021
10	**Equity**		
	Share capital	200	200
	Reserve for net revaluation under the equity method	2,232	1,818
	Foreign currency translation reserve	-260	-197
	Retained earnings	10,348	10,339
	Proposed dividends	103	103
	Total equity	**12,623**	**12,263**
	Liabilities		
	Non-current liabilities		
11	Pensions	26	30
	Total non-current liabilities	**26**	**30**
	Current liabilities		
	Income tax payable	-	1
	Total current liabilities	-	1
	Total liabilities	**26**	**31**
	Total equity and liabilities	**12,649**	**12,294**

Cash flow statement

DKK million

Notes		2022	2021
	Profit before tax	346	869
12	Adjustments	-346	-871
	Net cash flows from operating activities before financial items and tax	-	-2
	Financial income received	8	9
	Income tax	-2	-2
	Net cash flows from operating activities	**6**	**5**
	Loan granted to other related parties	-3	-
7	Dividends received	103	103
	Net cash flows from investment activities	**100**	**103**
	Dividends paid	-103	-103
	Net cash flows from financing activities	**-103**	**-103**
	Net change in cash and cash equivalents	3	5
	Cash and cash equivalents at 1 January	61	56
13	**Cash and cash equivalents at 31 December**	**64**	**61**

Statement of changes in equity

DKK million

2022:	Share capital	Reserve for net revaluation under the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2022	200	1,818	-197	10,339	103	12,263
Profit for the year	-	337	-	-96	103	344
Remeasurement of defined benefit plans	-	-	-	2	-	2
Other comprehensive income not to be reclassified in subsidiaries	-	4	-	-	-	4
Exchange differences on translating foreign operations in subsidiaries	-	-	-63	-	-	-63
Other comprehensive income to be reclassified in subsidiaries	-	176	-	-	-	176
Cash flow hedges						-
Other comprehensive income	-	180	-63	2	-	119
Total comprehensive income for the year	**-**	**517**	**-63**	**-94**	**103**	**463**
Dividends received from subsidiaries	-	-103	-	103	-	-
Payment of dividends	-	-	-	-	-103	-103
Total transactions with owners	**-**	**-103**	**-**	**103**	**-103**	**-103**
Equity at 31 December 2022	**200**	**2,232**	**-260**	**10,348**	**103**	**12,623**

2021:	Share capital	Reserve for net revaluation under the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2021	200	1,000	-161	10,333	103	11,475
Profit for the year	-	861	-	-97	103	867
Other comprehensive income not to be reclassified in subsidiaries	-	-2	-	-	-	-2
Exchange differences on translating foreign operations in subsidiaries	-	-	-36	-	-	-36
Other comprehensive income to be reclassified in subsidiaries	-	62	-	-	-	62
Other comprehensive income	-	60	-36	-	-	24
Total comprehensive income for the year	**-**	**921**	**-36**	**-97**	**103**	**891**
Dividends received from subsidiaries	-	-103	-	103	-	-
Payment of dividends	-	-	-	-	-103	-103
Total transactions with owners	**-**	**-103**	**-**	**103**	**-103**	**-103**
Equity at 31 December 2021	**200**	**1,818**	**-197**	**10,339**	**103**	**12,263**

Summary of notes to the financial statements

Notes to the financial statements

DKK million

1 General information

F. Salling Holding A/S' primary business area is investment in the subsidiary, Salling Group A/S.

F. Salling Holding A/S is a public limited company with its registered office located at Rosbjergvej 33-35, 8220 Brabrand in Denmark.

The following shareholders own more than 5 % of the share capital and the voting rights in F. Salling Holding A/S:

Købmand Herman Sallings Fond, Rosbjergvej 33-35, Brabrand, Denmark
Købmand Ferdinand Sallings Mindefond, Rosbjergvej 33-35, Brabrand, Denmark

F. Salling Holding A/S is included in the consolidated financial statements of Købmand Herman Sallings Fond, which is the ultimate controlling party of F. Salling Holding A/S. In accordance with IFRS 10 paragraph 4 F. Salling Holding A/S does not prepare consolidated financial statements.

2 Summary of significant accounting policies

The financial statements section of the annual report for the period 1 January – 31 December 2022 comprises the financial statements of F. Salling Holding A/S.

The financial statements of F. Salling Holding A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements for class C large enterprises in the Danish Financial Statements Act. Except from the below mentioned, the accounting policies are unchanged compared to last year.

Several amendments and interpretations issued by the International Accounting Standards Board and endorsed by the European Union have become effective on or after 1 January 2022. The company has assessed the changes, and it has been concluded that the application of the changes has not had a material impact on the financial statements in 2022, and no significant impact on future periods from the changes is expected. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Basis of preparation

The functional currency of F. Salling Holding A/S is Danish kroner (DKK). The presentation currency of the financial statements is Danish kroner (DKK). All amounts have been rounded to the nearest million, unless otherwise indicated.

The financial statements have been prepared on the historical cost basis.

Accounting policies, income statement

Staff expenses
Staff expenses comprise post-employment benefits.

External expenses
External expenses primarily include consultants fees.

Notes to the financial statements

DKK million

2 Summary of significant accounting policies - continued

Share of profit/loss from subsidiaries, net of tax

Investments in subsidiaries are measured in the balance sheet using the equity method. The share of profit/loss from subsidiaries after elimination of unrealised gains and losses resulting from transactions between the parent company and the subsidiaries and including the effect of depreciation of fair value adjustments recognised as part of business combinations is recognised in the income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, exchange gains and losses on transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax.

Income tax

The company is included in the joint taxation in Købmand Herman Sallings Fond Group. Tax for the year is allocated between the jointly taxed companies in proportion to their taxable income (full allocation). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax is recognised in the income statement, other comprehensive income or directly in equity.

Accounting policies, balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured in the balance sheet using the equity method. The share of profit/loss from subsidiaries after elimination of unrealised gains and losses resulting from transactions between the parent company and the subsidiaries and including the effect of depreciation of fair value adjustments recognised as part of business combinations is recognised in the income statement.

Impairment testing of non-current assets

The carrying amount of non-current assets is evaluated annually for indications of impairment.

If indications of impairment exist, tests are performed to determine whether recognition of impairment losses is necessary for individual assets as well as groups of assets. If the recoverable amount is lower than an asset's carrying amount, an impairment loss is recognised so that the carrying amount is reduced to the recoverable amount.

The recoverable amount is the higher value of an assets net sales price and its value in use. The value in use is assessed as the present value of the expected net cash flow from utilisation of the asset or the group of assets and the expected net cash flow from disposal of the asset or the group of assets after the end of the useful life.

Receivables and other financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss, based on two criteria: the business model for managing the assets, and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. Purchases or sales of financial assets are recognised on the trade date. The company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired. This category is most relevant for the company, and generally it applies to all the receivables.

Notes to the financial statements

DKK million

2 Summary of significant accounting policies - continued

A financial asset or a part of a financial asset is derecognised from the balance sheet, when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and the company has either transferred substantially all the risks and rewards of the asset, or the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment is recognised as an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include any cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Pensions
The company has entered into defined benefit plans with a few members of the founders family. For defined benefit plans an annual actuarial calculation (Projected Unit Credit method) is made of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation, retirement age and mortality. The actuarial present value is recognised in the balance sheet under pension obligations. Pension costs for the year are recognised in the income statement based on actuarial estimates at the beginning of the year. Any difference between the calculated development in plan liabilities and realised amounts determined at year end constitutes actuarial gains or losses and is recognised in other comprehensive income.

Loans and other financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Loans, borrowings and payables are relevant for the company.

After initial recognition, interest-bearing loans, borrowings and payables are measured at amortised cost using the effective interest method. Accordingly, any difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the term of the loan or at derecognition. This category is most relevant for the company. This category generally applies to interest-bearing loans, borrowings and payables.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Notes to the financial statements

DKK million

2 Summary of significant accounting policies - continued

Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement or the statement of other comprehensive income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of other comprehensive income or directly in equity.

Accounting policies, cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash and cash equivalents comprise receivables from the subsidiary, Salling Group A/S.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit before tax adjusted for non-cash operating items, changes in working capital, interest payments and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses, dividends received and other non-current assets.

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

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Notes to the financial statements

DKK million

2 Summary of significant accounting policies - continued

Accounting policies, other

Business combinations
Business combinations are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Enterprises disposed of are recognised until the date of disposal.

According to the equity method, goodwill is recognised as a part of the carrying amount of the investment. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the identifiable assets acquired and liabilities assumed. Goodwill is not amortised, but is included in impairment tests of the investments.

Foreign currency translation
On initial recognition, foreign currency transactions are translated to the functional currency using the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency using the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the rates in the latest annual report is recognised in profit or loss as financial income or financial expenses.

Fair value measurement
The company uses the fair value concept in connection with business combinations. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific valuation. The company uses the assumptions that the market participants would use for the pricing of the asset or liability based on existing market conditions, including assumptions relating to risks. The company's intention to own the asset or settle the liability is thus not taken into consideration, when the fair value is determined.

The fair value measurement is based on the primary market. If a primary market does not exist, the measurement is based on the most favourable market, which is the market that maximises the price of the asset or liability less transaction and transportation costs.

To the widest possible extent, the fair value measurement is based on market values in active markets (level 1) or alternatively on values derived from observable market information (level 2). If such observable information is not available or cannot be used without significant modifications, fair values are based on generally accepted valuation methods and reasonable estimates (level 3).

The company determines, whether transfers have occurred between levels in the hierarchy, by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the financial statements

DKK million

		2022	2021
3	**Significant accounting judgements, estimates and assumptions**		

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Valuation of financial assets
Investments in subsidaries are recognised according to the equity method. The carrying amount includes goodwill and other fair value adjustments arising as part of business combinations. Investments in subsidiaries are tested for impairment annually. An impairment loss is recognised if the recoverable amount of an asset is lower than the asset's carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the long-term plans for Salling Group. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

		2022	2021
4	**Staff expenses**		
	Post-employment benefits	1	-
	Total financial income	1	-
5	**Financial income**		
	Interest income on loans to related parties	8	8
	Total financial income	8	8
6	**Income tax**		
	Current income tax	-1	-2
	Change in deferred tax	-1	-
	Total income tax	-2	-2
	Income tax recognised in the income statement	-2	-2
	Total income tax	-2	-2

Notes to the financial statements

DKK million

6 Income tax - continued

Reconciliation of income tax recognised in the income statement

	2022		2021	
Tax on result for the year at the Danish income tax rate	-76	22.0 %	-191	22.0 %
Non-deductible costs and non-taxable income	74	-21.4 %	189	-21.7 %
Income tax recognised in the income statement	-2	0.6 %	-2	0.3 %

Tax on other comprehensive income

	2022			2021		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Remeasurement of defined benefit plans	2	-	2	-	-	-
	2	-	2	-	-	-

	2022	2021
7 Investments in subsidiaries		
Cost:		
Balance at 1 January	9,900	9,900
Balance at 31 December	9,900	9,900
Value adjustments:		
Balance at 1 January	1,621	839
Dividends	-103	-103
Foreign currency translation	-63	-36
Other comprehensive income	180	60
Profit for the year	337	861
Balance at 31 December	1,972	1,621
Carrying amount at 31 December	11,872	11,521

Specification of investments in subsidiaries:

	Share of issued share capital and voting rights	Principal place of business and country of incorporation
Salling Group A/S	51.71 %	Brabrand, Denmark

Notes to the financial statements
DKK million

8 Deferred tax assets

Specification of deferred tax

	Income statement		Balance sheet	
	2022	2021	2022	2021
Provisions	-1	-	6	7
Deferred tax expense/income / Net deferred tax	-1	-	6	7

Deferred tax is recognised in the balance sheet as follows:

Deferred tax assets	6	7
Net deferred tax	6	7

Reconciliation of net deferred tax

Opening balance at 1 January	7	7
Adjustment of deferred tax recognised in the income statement	-1	-
Closing balance at 31 December	6	7

9 Financial assets and financial liabilities

	Carrying amount		Fair value	
	2022	2021	2022	2021
Financial assets comprise the following:				
Receivables from subsidiaries	64	61	64	61
Receivables from other related parties	707	705	707	705
Other current financial assets	771	766	771	766

Financial instruments by category

Financial assets at amortised cost:		
Other financial assets	771	766

Fair value

For short-term receivables and payables the carrying amount is a reasonable approximation of fair value, largely due to the short-term maturities of the financial instruments.

Notes to the financial statements

DKK million

9 Financial assets and financial liabilities - continued

Risks arising from financial instruments

The company's main risks are market risks relating to fluctuations in interest rates. There has been no structural changes in the risk exposure or risks compared to 2021.

The overall framework for financial risk management is defined in Salling Group A/S' financial policy, which also comprises F. Salling Holding A/S. The companies have a centralised management of financial risks undertaken by a Treasury Department. The financial policy is reviewed and updated on a regular basis. The companies do not engage in speculation in financial risks. The companies' financial strategy is directed solely towards the management and mitigation of financial risks that are a direct result of the operating, investing and financing activities.

Interest rate risks
The company's exposure to risk of changes in market interest rates relates to current and non-current receivables and payables.

A general increase of 1 %-point in interest rates is estimated, all other things being equal, to affect profit before tax by DKK 5 million (DKK 5 million in 2021), and pre-tax equity by DKK 5 million (DKK 5 million in 2021).

Sensitivity analysis based on a 1 %-point increase in interest rates:

31 December 2022	Carrying amount	Sensitivity	Profit before tax	Pre-tax equity
Financial assets	771	1 %	5	5
Impact			5	5

31 December 2021	Carrying amount	Sensitivity	Profit before tax	Pre-tax equity
Financial assets	766	1 %	5	5
Impact			5	5

The sensitivity analysis has been prepared on the basis of the amount of net debt or receivable and the ratio of fixed to floating interest rate of the net debt or receivable in place as at 31 December.

For receivables from and payables to related parties interest rates are fixed based on the relevant interbank rate with a debit or credit margin. Other receivables or payables are not interest-bearing if they are paid when due.

Liquidity risks
Liquidity risk is the risk that the company will not be able to settle its financial liabilities, when they fall due.

The subsidiary, Salling Group A/S, acts as a financial coordinator for the company to ensure the funding of the operating and investing activities at all time. The company considers the liquidity risk to be low.

As at 31 December 2022 and 31 December 2021 the company has no financial liabilities.

Notes to the financial statements

DKK million

10 Equity

Share capital

As at 31 December, the share capital, which consists of one share class, comprises:

	2022	2021
50 shares of TDKK 1	0	0
1 share of TDKK 7	0	0
445 shares of TDKK 10	5	5
1 share of TDKK 1,000	1	1
1 share of TDKK 6,272	6	6
2 shares of TDKK 6,507	13	13
1 share of TDKK 15,208	15	15
1 share of TDKK 29,088	29	29
2 shares of TDKK 30,174	60	60
1 share of TDKK 70,564	71	71
Total share capital	200	200

There has been no changes to the share capital during 2018 - 2022. All shares have been fully paid.

Retained earnings

During the 2022 financial year a dividend of DKK 103 million has been paid (DKK 103 million in 2021). A dividend for the 2022 financial year of DKK 103 million is proposed. Payment of dividends to shareholders does not trigger taxes for the company.

11 Pensions

The company has entered into defined benefit plans with a few members of the founders family. The defined benefit plans are lifelong. The defined benefit plans guarantee fixed amounts per year adjusted for price inflation, and the plans are fully unfunded.

Changes in the present value of the defined benefit obligation:

	2022	2021
Defined benefit obligation at 1 January	30	32
Actuarial gains / losses, demographic assumptions	1	-
Actuarial gains / losses, financial assumptions	-5	-
Actuarial gains / losses, experience adjustments	2	-
Payments from the plan	-2	-2
Defined benefit obligation at 31 December	26	30

The following significant actuarial assumptions are applied:

	2022	2021
Discount rate	2.7 %	-0.2 %
Price inflation	1.9 %	1.1 %

Life expectations are based on the Danish FSA's longevity benchmarks for the individual financial years.

Notes to the financial statements

DKK million

11 Pensions - continued

A quantitative sensitivity analysis for the significant actuarial assumptions is shown below:

	2022	2021
Discount rate:		
Increase of 0.5 % point	-1	-2
Decrease of 0.5 % point	1	2
Price inflation:		
Increase of 0.5 % point	1	2
Decrease of 0.5 % point	-1	-2

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

No contributions will be made to the plans in the future. The average duration of the defined benefit obligation as at 31 December 2022 is 29 years (30 years in 2021). DKK 2 million is expexted to be paid from the plan in 2023.

12 Adjustments

	2022	2021
Financial income	-8	-8
Share of profit from subsidiaries, net of tax	-337	-861
Other adjustments	-1	-2
Adjustments	-346	-871

13 Cash and cash equivalents

	2022	2021
Receivables from subsidiaries	64	61
Cash and cash equivalents available to the company	64	61

DKK million

14 Contingent liabilities and other financial commitments

The Danish companies in Købmand Herman Sallings Fond Group are jointly taxed. As administration company, the company has joint and several unlimited liability together with the other group companies for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The total net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation was as at 31 December 2022 DKK 38 million (a payable of DKK 13 million in 2021). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends etc. may entail that the company's liability will decrease or a receivable will arise.

15 Related party disclosures

All related party transactions take place at an arm's length basis. The following transactions were carried out with related parties:

Entities with significant or controlling influence over the company:		
Dividend paid	103	103
Subsidiaries:		
Dividend received	103	103
Other related parties:		
Interests received or paid	8	8

All outstanding balances with related parties as at 31 December are presented in note 9. All outstanding balances carry interest and are to be settled in cash within 1 year unless otherwise specified in note 9.

None of the outstanding balances are secured, and no provisions are held against the balances as at 31 December 2022 (DKK 0 in 2021). No expense has been recognised in 2022 or 2021 for bad or doubtful debts.

Key management personnel

F. Salling Holding A/S does not incur costs related to remuneration of key management personnel.

Notes to the financial statements
DKK million

16 Capital management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. For the purpose of the company's capital management, capital includes total equity.

The company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders or issue new shares.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

17 Events after the reporting period

No subsequent events have occurred that affect the annual report for 2022.

18 Standards issued but not yet effective

The following Amendments to IFRS becomes effective as of 1 January 2023:
• Amendment to IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies”
• Amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”
• Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
• Amendments to IFRS 17 “Insurance Contracts” and “Initial application of IFRS 17" and IFRS 9 “Comparative Information”

The implemented Amendments are not expected to have any significant impact on the financials or the Group’s accounting policies, as they cover areas that are not material and/or relevant for the Group or do not change the accounting policies applied in 2022.

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Nils Smedegaard Andersen
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IP: 80.197.xxx.xxx
2023-04-28 09:14:02 UTC
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IP: 212.130.xxx.xxx
2023-04-28 11:41:12 UTC
MitID

Per Bank
Direktion
På vegne af: F. Sallling Holding A/S
Serienummer: 14c69947-012c-45b5-a8f2-18c9957d0b64
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Jes Lauritzen
Statsautoriseret revisor
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Jonas Busk
Statsautoriseret revisor
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