Annual Report 2023

Treville X Partners ApS

Treville X Partners ApS
Kongens Nytorv 22, 4.
1050 København K

Central Business Registration
No: 42006580

Annual General Meeting:
27.06.2024

Chairman of the meeting:
Lasse Lippert

Contents

Key Figures

DKKm	2023	2022	2021[1]
Statement of profit or loss			
Revenue	4,967.3	4,752.1	3,572.7
Gross profit	3,132.5	2,906.1	2,202.7
EBIT	232.8	177.4	77.4
Result from financial items	(313.7)	(169.5)	(156.6)
Loss for the year[5]	(146.3)	(22.6)	(76.7)
Financial position at 31 December			
Investment in property, plant and equipment, and right-of-use assets	289.3	294.3	178.0
Total assets[5]	5,648.4	5,317.9	5,237.0
Net interest-bearing debt[2]	3,743.3	3,615.5	3,185.6
Net interest-bearing debt excluding lease liabilities	1,720.3	1,782.8	1,422.3
Net working capital[3]	(48.7)	178.2	(169.7)
Equity[5]	(484.8)	(257.4)	(119.8)
Cash flow			
Free cash flow	816.5	300.3	1,297.8
Key ratios			
Gross margin[4]	63.1%	61.2%	61.7%

[1] 2021 covers the period 8 January to 31 December 2021.

[2] Bank debt + Other loans + Loans provided by shareholders of non-controlling interests + Lease liabilities - Cash and cash equivalents

[3] Inventories + Trade receivables + Other receivables + Prepayments - Trade payables - Other payables

[4] Gross margin = Gross profit x 100 / Revenue

[5] Comparative figures for 2021 and 2022 have been restated to reflect the correction of allocated deferred taxes in the business combination in 2021. Please refer to note 1.1 to the consolidated financial statements.

Operating and Financial Review 2023

The purpose of the Group is to run a variety retail concept with stores including franchise in 35 countries across Europe and Asia, marketed under the Flying Tiger Copenhagen brand name. The Group's main activities are in Zebra A/S in Denmark.

In 2023, the Group generated earnings before interest, tax, amortisation, depreciation, impairment losses and special items (EBITDA before special items) of DKK 1,126m, compared to DKK 1,037m in 2022. Revenue in 2023 was DKK 4,967m, which was 5% higher than in 2022. Revenue performance was to a large extent the result of very strong product campaigns in general and particularly around Halloween and Christmas in Q4, which remains the strongest trading period for the Group. Overall performance came on the back of disciplined cost control, a strong performance in our European markets and the ramp-up of franchise activities. Net loss for the year amounted to DKK 146m.

Executive Management and the Board of Directors consider the operational and financial performance of 2023 to be satisfactory and remain positive on the future outlook.

In 2023, the Group continued executing and refining the strategy launched in 2020, an integral part of this being the four major programmes that are the key to strengthening and developing the business:

1. Customer & Digital
Developing the customers' digital journey and engagement with Flying Tiger Copenhagen across touchpoints. Initiatives in 2023 focused on ensuring a continued strong customer experience on the ecommerce platform and general interactions with customers. It also includes a more active presence on social media platforms.

2. Merchandise Planning
Optimising the allocation and replenishment of products and volumes at the right time across stores. This initiative has proven valuable with respect to securing a more streamlined process for stores and gradually improving stock turnover. The project has been rolled out across markets and our central warehouses.

3. Retail operations
Ongoing improvements to retail operations and tools to create even more efficient ways of operating the stores, including the rollout of our self-checkout solution.

4. Franchise growth
Building the overall business platform to service our franchise markets and partners. In 2023, the Group broke into four new markets by teaming up with market-leading retail franchise partners and opened 16 stores over the year in Kuwait, Indonesia, the Philippines, and Qatar. Additionally, the first store was opened in Bahrain in February 2024 and six new franchise agreements was signed, enabling expansion into several new markets over the next year. The Group has high expectations for the franchise business and continue to develop and sign agreements to fuel expansion in the coming years.

From June 2021 to May 2022, the Group's former freight forwarder charged sea freight rates above those that were contractually agreed. The Group paid the overcharges under protest and has recognised the difference between the amounts paid and the contractually agreed charges as a receivable in the balance sheet. Furthermore, the Group was not provided with a level of service consistent with the capacity guarantee stated in the contract. To resolve the dispute, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") on 1 March 2022. The Group has initiated commercial discussions with the counterpart, but with no constructive outcome. The legal proceedings are scheduled for August 2024 to October 2024. The Group remains highly confident in its ability to recover the costs incurred.

Revenue Development

Total revenue in 2023 was DKK 4,967m, corresponding to an increase of DKK 215m, or 5%, compared to 2022. This was higher than expected and primarily due to stronger campaigns in Q4 2023, particularly around Halloween and Christmas, which significantly outperformed previous years. Another proof point of the Groups' strategy.

In 2023, one store (net) was opened in the European markets, a result of 32 store closures, and 33 new store openings as part of the ongoing optimisation of the Group's store footprint.

The five largest markets represented 56% of total revenue, with Italy in front followed by Spain, the United Kingdom, Denmark, and Portugal.

By the end of 2023, the Group was operating 854 stores across 27 markets (including the Japanese joint venture). The Group continues to optimise the store network and going forward a modest store expansion policy in Europe will be pursued, as the Group still sees significant potential in this region. The Group's ecommerce platform will also add to the future growth, and continuing to implement improvements will create even better experiences for our customers. However, the most significant future growth will come from the franchise setup in new markets outside Europe, which is very scalable in collaboration with strong regional or global franchise partners.

Development in Earnings

In 2023, the gross margin improved to 63.1% vs. 61.2% in 2022. The improvement partly stemmed from product assortment and product mix adjustments as part of the commercial strategy. The margin improvement also reflects price calibration combined with continued diligent procurement efforts as part of the continuous optimisation of operations.

Operating costs (staff costs and other external expenses) were DKK 2,033m in 2023 compared to DKK 1,923m in 2022 and represent 40.9% of revenue, the same level as in 2022. Despite inflationary pressures in 2023, ongoing cost discipline and a strategic priority of simplifying operations absorbed the inherent cost increase.

EBITDA before special items amounted to DKK 1,126m compared to DKK 1,037m in 2022. The EBITDA margin before special items of 22.7% was on a par with expectations.

Special items in 2023 amounted to DKK -41m and were mainly costs related to capital structure considerations, strategic initiatives deriving from the global expansion and legal costs related to the sea freight dispute. Loss for the year amounted to DKK 146m compared to DKK 23m in 2022, with 2023 negatively impacted by higher interest rate levels and the fair value adjustment of the contingent consideration.

Free Cash Flow and Net Interest-bearing Debt

Net Working Capital (NWC) decreased in absolute terms from DKK 178m in 2022 to DKK -49m in 2023. The decrease was mainly the result of a decline in inventories on the back of strong Q4 sales and higher trade payables as supplier payment terms were improved in 2023.

Cash flow from investment activities was DKK -144m in 2023 against DKK -127m in 2022. The increase in investments mainly came from capex in connection with new store openings and investments in new IT systems to support our core operations.

Free cash flow in 2023 amounted to DKK 817m compared to DKK 300m in 2022. Free cash flow was mainly impacted by higher operating profit (EBIT) and positive working capital changes from the decrease in inventory.

Net interest-bearing debt was DKK 3,743m at the end of 2023 compared to DKK 3,616m in 2022. This includes an increase in lease liabilities and a net increase in bank debt. Both are partly offset by an increase in cash and cash equivalents. Net interest-bearing debt, excluding lease liabilities was DKK 1,720m at the end of 2023 compared to DKK 1,783m in 2022.

Equity

The equity was DKK -485m at the end of 2023 and was negatively impacted by the net loss for the year and by the fair value adjustment of provisions for the acquisition of non-controlling interests and the dividend paid to non-controlling interests.

Negative Reported Equity/ Financial Position of the Group and the Parent Company

In 2023, the equity of the Group ended the year at a negative amount of DKK 485m and with a positive amount of DKK 19m for the Parent Company.

In the beginning of 2023, the current Group bank facilities were renegotiated to support the medium-term business plan. The amendments include an extension of current bank facilities as well as an amortisation plan over three years beginning end of 2024 with DKK 100m, DKK 1,900m in 2025, and DKK 425m in 2026. In June 2024 all banking facilities have been further extended to April 2026. Financial covenants consist of a leverage cover and certain capex limitations. The Group expects to continue to be in compliance with the financial covenants.

The Executive Management and the Board of Directors are comfortable with the progress of the business and the liquidity, and they have carefully assessed the current financial situation of the Parent Company and the Group, including ongoing initiatives for the Group in 2024, the forecasted trading, results and cash flows, current interest rates, uncertainties and available funding.

The Group continues to focus on strengthening current operations and ensuring that the ecommerce business develops positively in our core markets in Europe. Furthermore, the franchise business continues to expand according to plan with a number of new partners. 2024 will bring additional markets and many new stores with both existing and new franchise partners. All of this provides the Executive Management and the Board of Directors with the confidence to forecast future profitable growth that will contribute to restoring the share capital and reported equity over the coming years.

The Executive Management expects an improved result in 2024, based on increased customer footfall, as well as improvements in product supply that will drive strong trading. Furthermore, the Executive Management assumes an improvement in working capital and stable financing costs.

As the available funding (liquidity position and available financing including available commitments) is assessed to be adequate, the Executive Management assesses there is sufficient basis for continuing the operations and the initiatives for developing the Group and thereby eventually re-establishing the equity. Please also refer to note 1.3 Going Concern.

Parent Company

The Parent Company's main activity is to hold shares in Treville X Invest ApS and provide management service to subsidiaries. In 2023, the Parent Company realised revenue of DKK 10m compared to DKK 7m in 2022. Profit for the year amounted to DKK 10m. The results were on level with expectations.

Outlook 2024

Assuming a stable external environment, the Group's revenue is expected to increase by 7-10% in 2024 compared to 2023. EBITDA margin before special items is expected to be in the range 19-23%. The Parent Company's revenue and profit for the year is expected to be on the same level as 2023.

Restated comparative figures

In 2023, the Executive Management concluded that the Group incorrectly allocated deferred taxes in the business combination of DKK 181m in 2021. Due to the significance of the matter, the matter has been corrected as a material misstatement by restating comparative figures and opening equity figures. Consequently, the comparatives and the equity as of 31 December 2022 have been restated in these financial statements. The restatement is not relevant to the separate financial statements of the Parent Company.

Please refer to note 1.1 to the consolidated financial statements.

Risk Management

Executive Management works actively with risk management, including ongoing discussions and assessments of actual and potential risks. This is to ensure that such risks are managed in a proactive and efficient manner. The Board of Directors is ultimately responsible for risk management.

Financial Risk

The nature of Treville X Partners ApS' investments and financing arrangements expose the Group to financial risks from the portfolio investments stemming from fluctuations in foreign exchange rates and interest rate levels. The Group's approach is to ensure and actively address financial risks being mitigated in the portfolio companies to mitigate material impacts on the Group's financial position.

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

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

The main exchange rate exposure that the Group faces relates to the purchase of goods in foreign currency, mainly USD, and net cash flows from foreign subsidiaries. In the portfolio investment companies, it is the Group's policy to hedge approximately 90%, 80%, 70%, and 60% of the currency risk associated with procurement for the subsequent 1–3 months, 4–6 months, 7–9 months, and 10–12 months, respectively.

Exchange rate exposures related to translation of the financial results and the equity of foreign subsidiaries into DKK are not hedged.

Interest Rate Risk
The Group is exposed to interest rate risk because entities of the Group borrow funds at variable interest rates. The Group monitors the risk and hedging will be applied when needed in accordance with the Group's treasury policy.

Liquidity Risk
The Group monitors liquidity flow to ensure adequate liquidity resources are available to the Group.

Funding Risk
The Group has credit facilities with covenants, which are customary for such facilities.

Should the Group fail to comply with the covenants, the lenders may terminate the credit facilities post an applicable remedy period. All covenants are monitored and reported on a regular basis, enabling the Group to act proactively if required.

Credit Risk
The Group has limited credit risk exposure related to trade receivables, as revenue transactions are mainly settled by cash, credit or debit cards, and the Group is not exposed to any major credit risk related to trade receivables from any single customer or other party. The Group has implemented a franchise setup which in time will expose the Group to higher credit risk. The Group is exposed to counterparty risk from cash held at financial institutions and unrealised gains on financial contracts.

In addition, the Group is indirectly exposed to credit risk arising from credit insurance companies providing insurance coverage to the Group's suppliers. A generally reduced risk appetite from the credit insurance companies could have a negative impact on the payment terms offered by the Group's suppliers. Consequently, this may impact the net working capital. The Group regularly engages with the credit insurance companies and suppliers to ensure they are updated on relevant topics.

Tax
As part of the Group conducting business across 27 countries, the Group is exposed to potential tax and transfer pricing disputes with local tax authorities. The Group is committed to ensuring compliance with local tax laws and international transfer pricing regulation in the markets that the Group operates in.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue is lower than EUR 750m.

Operational Risk

The Group has identified key operational risks within the areas of:

- Marketplace
- Sourcing
- Products, Trademarks, and Legal Claims
- Partner Collaboration and Buyout
- People
- Cybersecurity

Marketplace

Competition
As a global retailer, the subsidiary Zebra A/S is exposed to competition from other retailers with a value proposition like Zebra A/S's as well as competition from online formats. To compete with other retailers, Zebra A/S continues to invest in and develop the Flying Tiger Copenhagen brand and concept to maintain the concept's edge and attractive value proposition through brick-and-mortar-shops and online. Initiatives include the ongoing development of the concept as well as strengthening the Group's creative capabilities within category management, sustainability, design and innovation, visual merchandising, marketing, branding, and the training of store staff to continuously improve the service provided in the stores.

Customer Preferences
Zebra A/S's assortment must meet customer preferences for the concept if we are to remain successful. Should we fail to develop and offer the right products at the right prices, financial performance will be affected. We therefore continuously review our assortment and actively engage in category management to constantly improve our sustainability performance, product attractiveness and to keep abreast of market trends.

Operations
Zebra A/S's strategy requires strong performance throughout the business and value chain. Failure to adequately address performance issues in a timely manner in local markets may impact the Group's financial results. Hence, Zebra A/S is continually improving its monitoring, business reviewing and controlling to proactively address any potential disruptions in local markets.

Sourcing

Forecasting
The Group is continuously strengthening the forecasting approach and the ability to better forecast product demand. Failure to correctly assess demand will impact financial results negatively. Underestimating demand can lead to availability issues and missed sales with limited opportunities for substitution. Likewise, overestimating demand can lead to inventory build-up and potential future stock mark-downs and write-downs that impact the financial results negatively. This is therefore monitored closely.
In 2023, a replenishment tool was rolled out to further strengthen the forecasting process.

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

Supply Chain Disruptions
Disruption to the supply chain, both inbound to the warehouses and outbound from the warehouses to stores, may cause product shortages and/or longer lead times. This could negatively impact the reputation, ability to meet demand and financial results. To mitigate such potentially negative impacts, Zebra A/S continuously oversees the supply chain. Zebra A/S invests in and builds sourcing and supply chain systems, processes, and capabilities on an ongoing basis.

Furthermore, Zebra A/S holds a marine cargo insurance policy. Attacks on merchant ships in the Red Sea have sparked concerns, prompting shipping companies to reroute and navigate alternative paths around Africa. Affecting the vital shipping route through the Red Sea, this has been causing minor delays. The Group continues to monitor developments to address any potential further disruptions.

Products, Trademarks, and Legal Claims

Zebra A/S operates in several different legal jurisdictions and introduces an array of products each month. Failure to comply with local regulations may negatively affect both the Group's reputation and financial performance. Violations of the Group's trademarks or product designs and damage caused by the use and/or misuse of products may cause similar effects.

Zebra A/S has policies and process controls guiding the day-to-day operations across the business. Also, Zebra A/S has dedicated teams focused on legal and compliance matters that pertain to the business model. When required, the Group involves and uses external advisors.

Partner Collaboration and Buyout

Zebra A/S's success abroad was originally built on a 50/50 partnership model sharing investments, costs and profits with the partners. Zebra owns and develops the concept as well as the brand and supply the products, while the partners carry out the store rollouts and local day-to-day operations.

Business plans, frameworks, and guidelines are jointly developed and outlined in the partnership agreement and these mechanisms and incentives ensure the alignment of interests. Failure to maintain successful collaboration may adversely affect the financial results.

When entering new markets nowadays, the Group builds the expansion on a franchise model instead of the 50/50 partnerships that were initially used to roll out stores across markets. Due to strategic considerations and the present business model for expansion, the number of our 50/50 partnerships has decreased significantly in recent years. Part of the strategy is to take full ownership of local operating companies when that is assessed to be beneficial.

To ensure the strong financial performance continues during and after a transformation period, the partner model entails a put option or a call option of one year, thus allowing Zebra A/S and the local partner to develop a transition plan in due time. This is to ensure timely identification of new management and to deploy various measures that ensure retention of key local employees and business continuity.

People

Zebra A/S is dependent on the ability to attract, motivate and retain highly qualified employees at all levels of the organisation. From store staff and managers to creatives and administrative teams at HQ.

Zebra A/S has a Group People function supporting local operating companies and HQ in attracting and retaining employees while also assisting HR projects across markets.

Cybersecurity

The Group works continuously and proactively with cybersecurity to mitigate risks. Like most other companies, we regularly see phishing attempts, though none of them have damaged our business. Cyberattacks are a more serious matter, but we have not experienced any.

Insurance Policies

The Group maintains the following insurance policies: Product Liability, D&O, Cyber and Crime, and Marine Cargo. For compliance reasons, these insurance policies are supplemented with local policies by local Group companies. Insurance policies for other types of coverage are maintained by each Group company. Zebra A/S and other Group companies therefore also have relevant local policies, such as All Risks, Professional Liability, Workers Injury, Vehicle, Travel, etc.

Special Risks

The sourcing and delivery of products, primarily from China, have been stable throughout 2023. The tragic situation in Gaza and the related negative impact on the vital shipping route through the Red Sea have caused minor delays as carriers navigate around Africa. We continuously monitor any potential geopolitical tensions and remain focused on potential risks of this nature.

Russia's devasting invasion of Ukraine in February 2022 has had an enormous impact on the global economy and stability. However, as we have no activities in either country, neither store presence nor any sourcing or supplier base, we have no direct risks.

Inflation increased dramatically around the world in 2022 and 2023, affecting prices in all consumer goods categories and energy sources. The price increases on raw materials have affected our product offering slightly, but as we manage the design process and material choices, we have navigated through the upsurge in inflation in a very controlled manner. In fact, at times like these, we see that many customers are drawn to our affordable product offering. Therefore, we have not been significantly impacted by inflation and its effects on prices.

Data Ethics

In accordance with section 99(d) of the Danish Financial Statements Act, the following sections sets out the Group's approach to data ethics.

Approved by our Board of Directors in February 2022, the purpose of our Data Ethics Policy is to both externally and internally communicate our position on data ethics and to encourage all employees to handle all data with respect and integrity.

In a world where the pace of technological progress continues to accelerate and data increasingly shapes individual lives, the opportunities for digitisation and the use of artificial intelligence have never been greater – both in terms of improving our customers' experiences online and in-store, but also in maturing internal business processes.

However, such opportunities also come with certain risks, both to people and society, which is why proper data and risk management must go beyond compliance and doing what is stated to broadening the focus towards also doing what is right. Therefore, the following should be viewed as an overarching layer to our existing compliance efforts in relation to data, including data protection compliance. Our Data Ethics Policy thus applies to all data processing, regardless of whether the data is categorised as personal or non-personal.

With our 'Flying Tiger Copenhagen Data Ethics Compass', we wish to set a baseline for which principles and considerations to apply when data-related discussions are initiated and decisions are made.

Policy Scope

This Data Ethics Policy applies to the Group, our employees, Board of Directors and subsidiaries. Employees should base their decisions and actions related to data on the Flying Tiger Copenhagen Data Ethics Compass set out in this Data Ethics Policy and if in doubt contact the AI & Data Ethics Sounding Board.

Our Data Processing

In the Group, we process data of both a personal and non- personal nature as part of our daily operations in sales, supply chain, marketing, HR, finance and technology.

Our primary groups of individuals whose data are processed are our customers and our employees. We generally process data as a controller, for example when processing our customers' data to fulfil a purchase or to obtain a better understanding of our customers' views on our products and services. In relation to our employees, we process data as part of our day-to-day HR operations.

We process a variety of data, ranging from non-personal and general personal data, including financial figures, product information, purchase and general contact data, to sensitive personal data such as employee health data. To better target our online marketing activities and content to our customers, we use customer data to create segments. Various parameters, such as newsletter engagement, campaign responses and website behavior data, are used to improve our general marketing and targeting activities, and to design better user experiences for our customers.

Also, we utilise generative AI technology to support us with some content generation, basic translations and customer service training. However, no input or output is used or generated without human oversight and involvement, and all use of generative AI is done in accordance with our Generative AI Guidelines.

Our Data Ethics Work

Ultimately, our Board of Directors is responsible for our business operations and thereby also our data ethics practices. To ensure the Data Ethics Compass is developed and applied throughout the organisation, the responsibility for developing and growing our data ethics efforts is anchored with our AI & Data Ethics Sounding Board ("Sounding Board") - previously the Data Ethics Working Group. The Sounding Board consist of representatives with relevant skills and a mandate from functions such as Technology, Customer & Digital, and Legal.

The Sounding Board's purpose, tasks and decision-making processes are further outlined in a terms of reference. These terms also outline when and how top management should be involved in the decision-making process for certain data use cases. The Sounding Board meets regularly to discuss specific use cases and matters related to governance, processes, and awareness. Throughout 2024, the Sounding Board will continue to discuss and develop initiatives in these areas.

This policy is part of our mandatory onboarding process for new employees, where our Data Ethics Compass is explained. Our onboarding process is updated continuously according to our developing data ethics practices and relevant policies and guidance. As part of the 2024 roadmap, the Sounding Board will introduce further awareness initiatives targeted at existing employees.

Our Data Ethics Compass

When decisions are made pertaining to data in the Group, decision-makers navigate according to three main principles to ensure data ethical considerations are integrated into data use cases and decisions.

The Three Principles

Transparency and Respect

We understand and recognise that our customers are increasingly making active choices and that these are motivated by their trust, or lack of such, in businesses and their general practices. For us, the customer is, and will always be king. Our company is based on an open culture where cultivation of trust is key. Just as we want to foster trust in our product practices, we want to do the same when it comes to our data practices. We aim to be open, honest, and respectful about our data collecting and use to ensure the individuals trusting us with their data always meet open doors whether they are being informed or inquiring about our data practices. The individuals we process data on must be able to trust that we communicate our practices clearly and in due time and that we continuously calibrate our processes to ensure such transparency.

Equality and Diversity

Embracing diversity and inclusion is very important for us. We want our people to be their fearless selves. We continue to ensure and embrace these principles in our hiring and people management practices. We do not tolerate any type of discrimination or injustice in our business practices. This also applies to our data practices, where we continuously work to ensure that our data processing is free from discrimination, bias and consequences that could negatively impact individuals. Therefore, we want to ensure that our decision-making process comprises a diverse group of decision-makers properly reflecting any given matter.

Responsibility and Accountability

We put our hearts into everything we do because it matters. This applies throughout our operations and to our data practices as well. We strive to handle the data entrusted to us in a responsible manner throughout the data lifecycle: from collection to destruction. We recognise we are responsible for all partners and suppliers working on our behalf with the data entrusted to us, and that we remain accountable throughout the data lifecycle. We do not disclose data to third parties beyond what is needed to achieve our strategic goals and we do not sell any data to third parties.

Sustainability

Our Commitment

According to section 99(a) of the Danish Financial Statements Act, we have included this section to report on our approach to corporate responsibility.

The Group's business model is to run a variety retail concept with stores including franchise in 35 countries across Europe and Asia, marketed under the Flying Tiger Copenhagen brand name. This means a high degree of control of our value chain from product designs, packaging designs, product materials and testing to the logistic setup and the running of our stores. This also means that our green transition might be complex, but also entirely possible.

The Group's commitment to conduct the business ethically and responsibly runs through the full value chain, from sourcing, to shipping, to stores, to the end life of products. The Group wants the customers to know that when they buy a product from the Group, it has been produced in alignment with ethical, environmental, and social standards and is safe to use.

Climate Action

It is the Group's obligation to act quickly to decarbonise the value chain and do what is needed to mitigate the negative consequences of climate change.

Ultimately, our dependency on virgin fossil-based materials and fuels must end. Validated by The Science Based Targets initiative we've signed the targets to reduce our total greenhouse gas change to emission intensity (scopes 1, 2 and 3) by approximately 30% by 2026. Certainly, a very high ambition but also achievable.

A significant part of the impact comes from the products. Consequently, the Group's Supplier Code of Conduct further specifies our requirements for the environmental awareness and conduct of our suppliers.

The factors identified as the most significant risks concerning environmental and climate matters are the use of plastic in our products and our packaging, the use of fossil fuels in our own operations, and the generation of food and other product waste. These are focus areas when we work with lowering our emissions. The Group supports the transition to renewable energy in own operations. The initial target was to reach 50% renewable energy by 2022, but due to very positive development the Group has already reached 88%. The aspiration is now to reach 100%.

Less is more when it comes to great packaging. We continuously strive to find the right balance between minimising packaging and using better packaging design and materials. Products need protection and we need to inform our customers about content. Still, we have made quite substantial reductions in the proportion of plastic packaging we use. Our target was a reduction of 50% by 2025 but in 2023 we're well ahead of our target with 53%.

Eco-conscious Products

The Group wants to offer its customers more eco-conscious, useful, fun, and inspiring products at affordable prices.
By the end of 2023, the Group has already achieved eco-consciousness on 36% of the assortment, which is in line with our 2025 target.

Responsible Procurement

The focus is on responsible sourcing, which ensures that the Group accounts for the impacts of human and labour rights on workers and communities. In the supplier chain there is a risk of human and labour rights not being respected.

The Group's Supplier Code of Conduct sets out minimum requirements on responsible business practices for suppliers (most often trading houses) and sub-suppliers (most often factory production sites), to operate in accordance with responsible business principles and in full compliance with all applicable laws and regulations.

The Group works through the Responsible Procurement Programme throughout the supply chain which consists of:

1. **Commitment to the Group's Supplier Code of Conduct**
2. **Screening and factory audits**
3. **Improvement and remediation**

All new factories are pre-screened before entering the supply chain. Existing factories are selected for audit by assessing the risk based on (a) country of production, (b) purchase volume, and (c) product category combined with individual assessment of: (a) brand exposure of product; and (b) audit history and performance of factory, including sub-contracting practices.

The Group also adheres to a zero tolerance policy for child labour and strict rules for young workers (between 16 and 18 years old). If the Group finds child labour violations, the remediation process is handled in partnership with the Centre for Child Rights and Business.

In 2023, we conducted 279 regular audits in our factories in China, in addition to the pre-screening of 184 factories, 16 of which required in-person audits. The most common issues to improve were ensuring a safe and healthy working environment and reducing overtime.

Anti-corruption

The Group is aware that corruption can also be a considerable issue in international supply chains. It prevents free and fair methods of acting and limits sustainable development. The audits are strict in this aspect, and a whistle-blower setup has been established, which ensures anonymous reporting if needed. In 2023, the Group continued internal training for employees on the topic and also sent further correspondence to suppliers reiterating our zero-gifting policy.

In 2024 we plan to further emphasise this policy with our suppliers. In 2023, no cases of corruption or bribery were identified.

Logistics

The Group aims to reduce the emissions from the transportation of our products as much as possible by optimising the flow of goods and influencing the logistics industry. This will be done by setting high standards regarding requirements to relevant partners.

Summary of Targets and Progress

KPI	2023	Target (year)	Status	Accounting practice / Comment
Reduce emissions from scope 1 by about 30% by 2026	40%	30% (2026)	Ahead of target	Kg's of CO_2-eq. emissions. This metric is measured as total kilograms of CO_2 equivalent emissions. Scope 1 emissions cover direct emissions from operations, such as the burning of fossil fuels for vehicles fleets, combustion engines, the burning of gas, chemical leakage, etc.
Increase sourcing of renewable electricity (scope 2) to 84% by 2026	88%	84% (2026)	Ahead of target	Sourcing of renewable electricity is measured as kwh's of electricity consumption covered by renewable electricity/total kwh's of electricity consumption.
50% eco-conscious products by 2025	36%	50% (2025)	In progress	This metric is calculated as number of eco-conscious products/numbers of total products.
50% reduction of single-use products by 2025	49%	50% (2025)	Ahead of target	This metric is calculated as number of single-use products/number of total products.
100% certified paper and wood products* by 2022**	96%	100% (2022)	In progress	This metric is measured as the total number of FSC certified wood and paper products/the total number of all wood and paper products.
50% reduction of plastic in packaging by 2025	53%	50% (2025)	Ahead of target	This metric is calculated as the total kilograms of plastic packaging material/total kilograms of all packaging material.
100% recyclable packaging by 2022**	96%	100% (2022)	Behind target	This metric is measured as the total number of products with recyclable packaging/the total number of products.

* Defined as items with more than 10% wood/paper-based content.

** In 2023 reporting we have decided to show clearly that we did not reach our 2022 targets in these areas. We will not be setting any new sustainability targets for this area, since 100% certified wood and paper will be mandatory according to the EU Deforestation Regulation from 2025, and then becomes a compliance area.

People

In 2023, the Group had a headcount average of 7,500 considering temporary employees for peak season. Half of the markets are governed by collective agreements and 89% of the markets have formal minimum wages either by law or collective agreement. More than half of the markets also provide a health care package for the employees. That is on top of the public health care services that, in most of the markets the Group operates, are primarily free and with a high coverage.

In 2023, one third of the teams in our markets ran employee satisfaction surveys. These surveys provided a strong tool for managers in building a feedback culture. Moreover, the surveys invited an open and honest dialogue about being a part of Flying Tiger Copenhagen. Also, in 2023 we carried out more frequent satisfaction surveys at HQ. Not only did it give our managers real-time data to work with. It also gave our employees the possibility to more frequently come with inputs and with that higher their chance to positively influence workplace initiatives. The last satisfaction survey in HQ in 2023 showed an engagement score of 8,4 (out of 10), which was above both market benchmark and our ambition for 2023, demonstrating the success in maintaining a high engagement and a feedback culture supporting the continued development of the workplace.

The Group offers equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. No matter where you work in our organisation. Key to all positions are always relevant, professional qualifications.

Most of the employees work in the stores, either as sales assistants, shift managers, or store managers, or in one of the Group's four warehouses. More women are represented in the stores, and at the HQ in Denmark women represent a total of 61%.

The high number of female staff in the stores is also reflected at the store management level. Across the markets around 75% of the store managers are women.

There is a risk that if we fail to maintain a welcoming and involving culture in our workplaces, this could influence the engagement and lead to higher turnover rates and a decrease in performance. Therefore, we have continued high focus on well-being and our ways of working. In 2023, we kicked off our first Diversity Panel with colleagues from across the markets in various positions. The work will continue throughout 2024 as an established platform for relevant topics and meaningful discussions.

Gender Distribution in Management

According to cf. section 99(b) of the Danish Financial Statements Act, the table below shows the gender distribution on the Board of Directors and in the Executive Management of the Parent Company.

Board of Directors	**2023**
Members of Board of Directors, number	3
Underrepresented gender in Board of Directors, %	0%
Target, %	25%
Fulfillment year	2027
Executive Management	
Members of Executive Management, number	1
Underrepresented gender in Executive Management, %	0%
Target, %	N/A
Fulfillment year	N/A

Since the first reporting period of Treville X Partners ApS, the Board of Directors has been composed of three men holding the majority ownership of the company. There have been no changes to the Board of Directors since 2021, and the aim of an increased diversity split before 2024 was not reached.

We will continuously aim to increase the diversity split to 25% females before 2027 in connection with changes to the composition of the Board of Directors. With these changes, we will ensure that female candidates are identified and participate in the selection process.

As Treville X Partners ApS has less than 50 employees and the Executive Management comprises of one member, Treville X Partners ApS has not adopted any specific gender target or policy at the Executive Management level.

Board of Directors

Nikolaj Vejlsgaard (1971)
Chairman, Member since February 2021

Educational background	M.Sc. in Finance from Copenhagen Business School
Experience	Owner & Co-Founder of Treville 20+ years at Axcel, Copenhagen based Private Equity firm Various board member positions

Casper Lykke Pedersen (1974)
Member since February 2021

Educational background	M.Sc. in Finance from Copenhagen Business School
Experience	Owner & Co-Founder of Treville 14+ years at Axcel, Copenhagen based Private Equity firm 4+ years at Deutsche Bank AG, London Various board member positions

Lars Thomassen (1964)
Member since February 2021

Educational background	M.Sc. in Economics from Aarhus Business School
Experience	Owner & Co-Founder of Treville 13+ years at Axcel, Copenhagen based Private Equity firm 7+ years at GN Store Nord 5+ years at ISS Various board member positions

Executive Management

Casper Lykke Pedersen (1974)
Chief Executive Officer

Educational background	M.Sc. in Finance from Copenhagen Business School
Experience	Owner & Co-Founder of Treville 14+ years at Axcel, Copenhagen based Private Equity firm 4+ years at Deutsche Bank AG, London Various board member positions

Consolidated Financial Statements

Statement of Profit or Loss

1 January – 31 December

DKKm	Note	2023	2022
Revenue	2.1	4,967.3	4,752.1
Cost of sales		(1,834.8)	(1,846.0)
Gross profit		**3,132.5**	**2,906.1**
Other external expenses		(698.3)	(692.6)
Staff costs	2.2	(1,334.2)	(1,229.9)
Other operating income	2.5	25.8	53.3
EBITDA before special items		**1,125.8**	**1,036.9**
Amortisation, depreciation and impairment losses		(851.6)	(827.7)
Operating profit (EBIT) before special items		**274.2**	**209.2**
Special items	2.3	(41.4)	(31.8)
Operating profit (EBIT)		**232.8**	**177.4**
Share of profit in joint ventures	3.4	4.8	1.4
Financial income	4.5	5.9	4.0
Financial expenses	4.5	(436.3)	(238.8)
Fair value adjustment of call options	4.3	111.9	63.9
Profit/(loss) before tax		**(80.9)**	**7.9**
Tax on profit/(loss) for the year	2.4	(65.4)	(30.5)
Loss for the year		**(146.3)**	**(22.6)**
Loss for the year is attributable to:			
Owners of Treville X Partners ApS		(191.2)	(56.9)
Non-controlling interests		44.9	34.3
Loss for the year		**(146.3)**	**(22.6)**

Statement of Comprehensive Income

1 January – 31 December

DKKm	Note	2023	2022
Loss for the year (brought forward)		**(146.3)**	**(22.6)**
Items that will not be reclassified subsequently to profit or loss:			
Adjustment to prior years actuarial gains/(losses)	3.7	-	(9.2)
Actuarial gains/(losses)	3.7	(0.8)	2.4
Tax on actuarial gains/(losses)	2.4	0.2	1.4
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of investments in foreign entities		9.4	(2.8)
Foreign exchange hedging instruments:			
- Realised in inventories	4.3	2.1	(29.9)
- Realised in cost of sales	4.3	21.4	(79.1)
- Realised in financial items	4.3	(0.2)	(0.3)
- Fair value adjustments	4.3	(16.6)	58.9
Tax on hedging instruments	2.4	(1.5)	11.1
Other comprehensive income		**14.0**	**(47.5)**
Total comprehensive loss for the year		**(132.3)**	**(70.1)**
Total comprehensive loss for the year is attributable to:			
Owners of Treville X Partners ApS		(180.3)	(95.7)
Non-controlling interests		48.0	25.6
Total		**(132.3)**	**(70.1)**

Balance Sheet
31 December

Assets

DKKm	**Note**	**2023**	**2022**
Intangible assets	3.1	1,214.6	1,246.9
Right-of-use assets	3.2	1,902.8	1,758.7
Property, plant and equipment	3.3	201.3	209.5
Investment in joint ventures	3.4	21.4	12.5
Deposits		86.7	84.8
Derivative financial instruments	4.2, 4.3	479.2	367.3
Deferred tax assets	2.4	93.9	106.6
Non-current assets		**3,999.9**	**3,786.3**
Inventories	3.5	635.5	776.0
Income tax receivables		11.0	20.1
Trade receivables		7.8	3.8
Derivative financial instruments	4.2, 4.3	0.1	7.5
Other receivables	1.2	380.0	375.9
Prepayments		37.0	47.6
Cash and cash equivalents	4.2	577.1	300.7
Current assets		**1,648.5**	**1,531.6**
Assets		**5,648.4**	**5,317.9**

Balance Sheet
31 December

Equity and liabilities

DKKm	**Note**	**2023**	**2022**
Share capital	4.1	0.1	0.1
Currency translation reserve		7.9	(1.5)
Currency hedging reserve	4.3	1.0	(4.2)
Retained earnings		(493.8)	(251.8)
Capital and reserves attributable to owners of Treville X Partners ApS		**(484.8)**	**(257.4)**
Non-controlling interests		-	-
Total equity		**(484.8)**	**(257.4)**
Provisions for the acquisition of non-controlling interests	4.2, 4.4, 4.6	251.5	201.9
Other provisions	3.6	63.6	55.9
Bank debt	4.2, 4.6	2,100.2	1,817.4
Other loans	4.2, 4.6	13.0	9.6
Lease liabilities	3.2, 4.2, 4.6	1,408.6	1,241.5
Deferred considerations	4.2, 4.4, 4.6	3.7	28.4
Contingent consideration	4.2, 4.6	147.1	38.3
Deferred tax liabilities	2.4	1.4	6.3
Other non-current liabilities	3.7, 4.2	54.3	50.7
Non-current liabilities		**4,043.4**	**3,450.0**
Provisions for the acquisition of non-controlling interests	4.2, 4.4, 4.6	1.1	4.8
Other provisions	3.6	11.4	16.2
Loans from shareholders	4.2, 4.6, 5.2	80.6	80.6
Loans provided by shareholders of non-controlling interests	4.2, 4.6	0.4	0.4
Bank debt	4.2, 4.6	171.1	211.3
Other loans	4.2, 4.6	12.7	44.8
Lease liabilities	3.2, 4.2, 4.6	614.4	591.2
Trade payables	4.2	614.6	584.0
Income tax payables	4.2	40.7	56.6
Deferred considerations	4.2, 4.4, 4.6	25.1	53.2
Derivative financial instruments	4.2, 4.3	23.3	41.1
Other payables	3.8, 4.2	494.4	441.1
Current liabilities		**2,089.8**	**2,125.3**
Liabilities		**6,133.2**	**5,575.3**
Equity and liabilities		**5,648.4**	**5,317.9**

Statement of Changes in Equity

1 January – 31 December

DKKm	Share capital	Currency translation reserve	Currency hedging reserve	Retained earnings	Attributable to the owners of Treville X Partners ApS	Non-controlling interests	Total equity
2023							
Equity 01.01.	**0.1**	**(1.5)**	**(4.2)**	**(251.8)**	**(257.4)**	**-**	**(257.4)**
Loss for the year	-	-	-	(191.2)	(191.2)	44.9	(146.3)
Other comprehensive income for the year, net of tax	-	7.2	4.2	(0.5)	10.9	3.1	14.0
Transactions with owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(40.1)	(40.1)
Fair value adjustment of provisions for the acquisition of non-controlling interests, cf. note 4.4	-	-	-	(37.1)	(37.1)	(8.8)	(45.9)
Fair value adjustment of purchase consideration for the acquisition of non-controlling interests, cf. note 4.4	-	-	-	(7.3)	(7.3)	(1.8)	(9.1)
Reclassification of the non-controlling interests subject to the put option recognised as a liability	-	2.2	-	16.5	18.7	(18.7)	-
Non-controlling interests' proportional part of subsidiaries' negative equity covered by the parent company's shareholders	-	-	1.0	(22.4)	(21.4)	21.4	-
Equity 31.12.	**0.1**	**7.9**	**1.0**	**(493.8)**	**(484.8)**	**-**	**(484.8)**
2022							
Equity 31.12.2021	**0.1**	**1.3**	**35.1**	**(148.2)**	**(111.7)**	**-**	**(111.7)**
Correction to prior year	-	-	-	(8.1)	(8.1)	-	(8.1)
Equity 01.01.2022	**0.1**	**1.3**	**35.1**	**(156.3)**	**(119.8)**	**-**	**(119.8)**
Loss for the year	-	-	-	(56.9)	(56.9)	34.3	(22.6)
Other comprehensive income for the year, net of tax	-	(2.7)	(31.8)	(4.3)	(38.8)	(8.7)	(47.5)
Transactions with owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(41.6)	(41.6)
Fair value adjustment of provisions for the acquisition of non-controlling interests, cf. note 4.4	-	-	-	(53.8)	(53.8)	(12.8)	(66.6)
Fair value adjustment of purchase consideration for the acquisition of non-controlling interests, cf. note 4.4	-	-	-	(1.7)	(1.7)	(0.5)	(2.2)
Reclassification of the non-controlling interests subject to the put option recognised as a liability	-	(0.1)	-	10.8	10.7	(10.7)	-
Non-controlling interests' proportional part of subsidiaries' negative equity covered by the parent company's shareholders	-	-	(7.5)	(24.1)	(31.6)	31.6	-
Capital contribution	-	-	-	44.2	44.2	10.8	55.0
Tax on equity postings	-	-	-	(9.7)	(9.7)	(2.4)	(12.1)
Equity 31.12.	**0.1**	**(1.5)**	**(4.2)**	**(251.8)**	**(257.4)**	**-**	**(257.4)**

Cash Flow Statement
1 January – 31 December

DKKm	Note	2023	2022
Operating profit (EBIT) before special items		**274.2**	**209.2**
Amortisation, depreciation and impairment losses		851.6	827.7
Special items paid		(15.5)	(25.6)
Working capital changes	3.9	201.2	(373.4)
Other non-cash adjustments		(4.5)	15.3
Interest income received		1.0	0.6
Interest expenses paid		(282.4)	(199.0)
Taxes paid		(65.6)	(27.9)
Cash flows from operating activities		**960.0**	**426.9**
Investment in intangible assets		(65.6)	(55.7)
Investment in right-of-use assets		(8.7)	(9.5)
Investment in property, plant and equipment		(67.5)	(62.7)
Sale of property, plant and equipment		0.2	1.1
Deposits paid		(7.9)	(7.7)
Deposits received		6.0	7.9
Cash flows from investing activities		**(143.5)**	**(126.6)**
Free cash flow		**816.5**	**300.3**
Acquisition of non-controlling interests	4.4, 4.6	(61.9)	(30.3)
Capital contribution		-	55.0
Repayment of loans provided by shareholders of non-controlling interests	4.6	-	(5.2)
Repayment of lease liabilities	4.6	(613.9)	(622.0)
Proceeds from loans and borrowings	4.6	272.5	156.7
Repayment of loans and borrowings	4.6	(99.5)	(144.2)
Dividend paid to non-controlling interests		(40.1)	(41.6)
Cash flows from financing activities		**(542.9)**	**(631.6)**
Increase/(decrease) in cash and cash equivalents		**273.6**	**(331.3)**
Cash and cash equivalents at 1 January		300.7	634.3
Unrealised exchange gains/(losses) included in cash and cash equivalents		2.8	(2.3)
Cash and cash equivalents at 31 December		**577.1**	**300.7**

Unutilised credit facilities for the Group amounted to DKK 372.6m at 31 December 2023 (2022: DKK 603.1m).
The cash flow cannot be derived directly from the statement of profit or loss and the balance sheet.

Section 1 Basis of Preparation

1.1 Material Accounting Policies

The Annual Report for the period 1 January – 31 December 2023 comprises the consolidated financial statements of the Parent Company Treville X Partners ApS and the subsidiaries controlled by the Parent Company (the Group), as well as separate financial statements for the Parent Company Treville X Partners ApS.

On 27 June 2024, the Board of Directors and the Executive Management approved the Annual Report for 2023 of Treville X Partners ApS, and it will be presented to the shareholders for approval at the Annual General Meeting on 27 June 2024.

Statement of compliance

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

Basis for measurement

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of the Parent Company. The consolidated financial statements are presented in DKK million.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, loans from shareholders, and contingent consideration. Derivative financial instruments, including call options and provisions for the acquisition of non-controlling interests, as well as loans from shareholders and contingent consideration are measured at fair value.

The consolidated financial statements have been prepared on a going concern basis. Please refer to note 1.3 Going concern.

Accounting policies

The accounting policies, as described below and in the respective notes, have been used consistently for the financial year and are unchanged from last year apart from the implementation of new or amended standards effective for the financial year 1 January – 31 December 2023, cf. below.

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

Restated comparative figures

In 2023, the Executive Management concluded that the Group incorrectly allocated deferred taxes in the business combination in 2021. Due to the significance of the matter, the matter has been corrected as a material misstatement by restating comparative figures and opening equity figures. Consequently, the comparatives and the equity as of 31 December 2022 have been restated in these financial statements. The restatement is not relevant to the separate financial statements of the Parent Company.

The restatement impacts the comparatives and opening equity on 1 January 2022 as follows:

- In 2022, tax on profit for the year, profit for the year and total comprehensive income for the year decreased by DKK 9.1m.
- The balance sheet total on 1 January 2022 decreased by DKK 181.4 m.
- The opening equity on 1 January 2022 decreased by DKK 8.1m.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Subsidiaries controlled by the Parent Company are fully consolidated from the date on which the Parent Company obtains control and continue to be consolidated until the date that such control ceases. Control is obtained when the Parent Company directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or has control in some other way. The financial statements of the controlled subsidiaries are prepared according to the Group's accounting policies. All intercompany balances, income and expenses, unrealised gains and losses, and dividends resulting from intercompany transactions are eliminated in full.

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

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

1.1 Material Accounting Policies (continued)

Foreign currencies

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

Transactions and balances
On initial recognition, transactions denominated in foreign currencies are recognised by the Group entities at their functional currency rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date.

Foreign exchange adjustments are recognised in the statement of profit or loss under financial items.

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

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

Consolidated statement of profit or loss

The consolidated statement of profit or loss is prepared based on cost classified by nature. Cost of sales is comprised of direct expenses incurred to generate revenue for the year, including cost of goods, inbound freight, test and design expenses, and customs costs. Other external expenses are comprised of other purchase and selling costs, as well as administrative costs and bad debt.

Equity

Currency translation reserve
The currency translation reserve comprises foreign exchange differences relating to the translation of the results, and net assets, of the foreign subsidiaries from their functional currencies into the presentation currency used by Treville X Partners ApS (DKK). Translation adjustments are reclassified to profit or loss on the disposal of the foreign operation.

Currency hedging reserve
The currency hedging reserve comprises changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Cash flow

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

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

Cash flows from financing activities comprise dividends paid, proceeds and repayments of loans and borrowings, and repayment of lease liabilities, changes in non-controlling interest' ownership share and share capital increase.

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

Implementation of new or amended standards and interpretations

The Group has adopted all the new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year 1 January - 31 December 2023, most significantly:

Amendment to IAS 1 and IFRS Practice Statement 2 regarding disclosure of accounting policies
The Group has implemented the amendments to IAS 1 and IFRS Practice Statement 2 by revisiting the accounting policies and disclose material accounting policy information only.

Amendment to IAS 12 Income Taxes regarding Pillar Two Disclosures
Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue is lower than EUR 750m.

The implementation of other amended standards has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements.

Standards issued but not yet effective

The IASB has issued several new standards, amended standards, revised standards and interpretations, which are effective for financial years beginning on or after 1 January 2024. The Group expects to adopt the standards and interpretations as they become effective. The adoption of these standards and amendments is not expected to have a material impact on the consolidated financial statements of the Group in future periods.

1.2 Significant Accounting Estimates and Judgments

The consolidated financial statements have been prepared to give a true and fair view of the Group's assets, liabilities, and financial position as of 31 December 2023, as well as the results of operations and of cash flow. The Executive Management makes various accounting estimates and judgments which affect the consolidated financial statements.

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

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

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

- Consolidation of entities in which the Group holds a 50% ownership interest (cf. below),
- Valuation of deferred tax assets (note 2.4),
- Impairment testing of Goodwill and Brand (note 3.1),
- Measurement, revaluation and impairment test of right-of-use assets (note 3.2),
- Write-downs against the carrying amount of inventories (note 3.5),
- Fair value measurement of loans provided by the shareholders and judgment on classification (note 4.2),
- Fair value measurement of contingent consideration (note 4.2),
- Assessing whether a change to the bank facilities is a termination of existing debt with recognition of new debt or a modification of existing debt (note 4.3),
- Fair value measurement of call options (note 4.3), and
- Provisions for the acquisition of non-controlling interests (note 4.4)

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

Climate-related risks

The Executive Management has considered the impact of climate change on the consolidated financial statements. The review did not identify any material financial impacts and the Executive Management has assessed that the effects of climate change do not have significant influence on the estimates or judgments in the consolidated financial statements.

The Group takes climate-related changes very seriously and has set ambitious targets to decarbonise the value chain and to do what is possible to mitigate the negative consequences of climate changes. Our business model means a high degree of control of our value chain from product designs, packaging designs, product materials and testing to the logistic setup and the running of our stores. Sustainability is an integral part of how we design our products, focusing on circular materials, minimising the use of plastic, and reducing the number of single-use products. Please see the Sustainability Section for more details.

Our business model as a variety retailer with many different products and several suppliers makes it possible for us to quickly adapt to new environmental regulatory requirements such as CO_2 duties on certain products or the banding of some products and materials from the EU market.

Macroeconomic and geopolitical uncertainties

The macroeconomic uncertainties continued in 2023 following the war in Ukraine, the Israel-Hamas conflict as well as the higher interest and inflation rate levels. The Group does not have any activities in Ukraine or Russia and has only a limited number of franchise stores in Israel, why the direct impact of the wars is very limited.

In general, inflation is impacting the cost base across different areas such as energy, rent and labour cost. The Group is mitigating this impact with strong cost control and efficiency initiatives as an ordinary course of business. As it is part of the Group's strategy to provide affordable products, the trading is less impacted by the global recession.

The Group is sourcing most products out of China with a number of different suppliers, but with no long-term contracts. During the COVID-19 pandemic, the global supply chain was challenged and during this period the Group successfully mitigated such supply gap challenges by switching to European sourcing for certain products. The Group has also initiated a process to broaden the sourcing to other Asian countries.

While uncertainties remain around the Red Sea disruption, the Group has taken the necessary precautions to ensure that the disruption does not have a material impact on the operation.

The increased interest rates and cost inflation have impacted certain accounting estimates and judgments in relation to impairment test of non-current assets and the tax asset value, assessing write-downs on inventories and estimating the fair-value of call options.

1.2 Significant Accounting Estimates and Judgments (continued)

Dispute with the Groups freight forwarder

From June 2021 to May 2022, the Group's former freight forwarder charged sea freight rates above those that were contractually agreed. The Group paid the overcharges under protest and has recognised the difference between the amounts paid and the contractually agreed charges as a receivable in the balance sheet. Furthermore, the Group was not provided with a level of service consistent with the capacity guarantee stated in the contract. To resolve the dispute, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") on 1 March 2022. The Group has initiated commercial discussions with the counterpart, but with no constructive outcome. The legal proceedings are scheduled for August 2024 to October 2024. The Executive Management finds it virtually certain, based on an assessment of the contractual agreements and consultation with external legal advisors, that the Group will recover the costs incurred.

Consolidation of entities in which the Group holds a 50% ownership interest

The Group considers that it controls several entities even though it does not hold the majority of the voting rights in the entities. The assessment of whether the Group controls an entity is based on an evaluation of whether the Group has the current ability to direct the relevant activities of the entity. The Group holds call options to acquire all remaining outstanding shares, including the voting rights related to these shares. All call options are currently exercisable. The Group has also entered into shareholders agreements (partnership agreements) with the other investors (partners) and supply agreements etc. that give the Group substantial rights, including in connection with a deadlock situation. Accordingly, the Group considers that these potential voting rights and other rights in all substance give rise to the existence of control at the reporting date.

Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively. The Group treats transactions with non-controlling interests, that do not result in a loss of control, as transactions with equity owners of the Group.

The non-controlling ownership interest, which is subject to the put option, is reclassified as a liability at the end of the reporting period, as if the acquisition took place at that date. Any difference between the exercise price of the put option and the net assets allocated to the non-controlling interest is recognised as an adjustment to retained earnings.

1.3 Going Concern

The reported equity was negative at the end of 2023 with DKK 484.8m (2022: negative with DKK 257.4m) for the Group and thus the registered share capital has been fully lost. Reference is made to the section 'Equity/financial position for the Group and the Parent Company' in the 'Operating and financial review 2023' on pages 4-6.

It is the Executive Management and the Board of Directors' assessment that the Group is able to continue as a going concern, and accordingly the consolidated financial statements have been prepared on a going concern basis.

Section 2 Results for the Year

2.1 Revenue

Accounting policies
The Group operates a chain of retail stores selling a wide range of affordable products within categories that include home, kitchen, hobby and party, toys, electronics and gadgets, foods and accessories.

Revenue from the sale of the goods is recognised when a group entity sells a product to a customer and thereby transfers the control of the goods to the customer at that point of time.

The Group's sales to customers are cash sales without any variable consideration elements. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in the store.

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

A provision of DKK 1.0m (2022: DKK 0) has been recognised for returned goods.

The Group has implemented a franchise setup where the Group sells the same products to franchise partners. Revenue is recognised when control of the products has been transferred to the franchisees. Transfer of control of the products occurs when the products have been delivered to the franchise partner and no further obligation exists that can affect the transfer of control.

Delivery has taken place when the franchise partner has collected the products from one of the Group's central warehouses. Revenue from the sale is recognised based on the price specified in the contract. The payment terms for the franchise partners are 14-30 calendar days from the franchisee's receipt of such invoices. The price is not adjusted for any financing elements as payment terms never exceed 12 months.

When control has been transferred, a receivable is recognised as the consideration to be paid is conditional only on the passage of time. Except for damage claims, the franchisees have no rights of return.

The below figures include franchise fees and royalties of DKK 26.2m (2022: DKK 12.3m).

The tables below show the Group's revenue by geographical regions and channel of sales:

DKKm	2023	2022
Geographical regions		
Northern Europe	693.7	765.8
Central Europe	808.9	713.8
Western Europe	1,375.0	1,245.3
Southern Europe	1,907.7	1,864.9
Asia and Middle East	182.0	162.3
Total	**4,967.3**	**4,752.1**
Channel of sales		
Stores	4,789.6	4,622.9
Franchise	108.5	78.8
Ecommerce	69.2	50.4
Total	**4,967.3**	**4,752.1**

2.2 Staff Costs

Accounting policies
Salaries and wages, social security contributions, leave and sick leave, bonuses and non-monetary benefits are recognised in the period in which employees of the Group render the services.

Termination benefits are recognised at the time an agreement between the Group and the employee is made, and the employee, in exchange for the benefits, no longer provides services for the Group.

DKKm	2023	2022
Salaries and wages	1,101.9	1,009.2
Pensions, defined contribution plans	46.7	41.5
Pensions, defined benefit plans	9.1	9.2
Other social security costs	161.5	146.7
Other staff costs	43.0	38.1
Total	**1,362.2**	**1,244.7**
Salaries and wages recognised in special items	(25.0)	(13.1)
Capitalised salaries and wages related to development projects	(3.0)	(1.7)
Recognised in staff costs in the statement of profit or loss	**1,334.2**	**1,229.9**
Average number of full-time equivalents	**4,308**	**4,233**

DKKm	2023	2022
Remuneration for the Key Management Personnel, the Executive Management and the Board of Directors		
Total remuneration, Key Management Personnel	10.9	10.9
Total remuneration, Executive Management	-	-
Total remuneration, Board of Directors	-	-
Total	**10.9**	**10.9**
Remuneration for the Key Management Personnel, the Executive Management and the Board of Directors		
Salaries and wages	9.9	9.9
Pensions	1.0	1.0
Total	**10.9**	**10.9**

2.3 Special Items

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

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

DKKm	2023	2022
Transformation programme	3.2	14.9
Costs related to the fire on the vessel Maersk Honam	0.1	(0.6)
Strategic initiatives regarding our global footprint	7.0	7.6
Costs related to capital structure considerations	25.3	-
Sea freight dispute and other legal costs	5.8	9.9
Total	**41.4**	**31.8**

2.4 Income Taxes and Deferred Tax

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

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

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

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

The Executive Management considers it probable that an amount of DKK 93.9m (2022: DKK 106.6m) in tax assets can be offset against positive taxable income within the next five years, while an amount of DKK 330.4m (2022: DKK 270.3m) in tax assets has been impaired at year-end 2023. The impairment test at year-end 2023 resulted in a profit or loss effect amounting to a loss of DKK 59.3m (2022: a gain of DKK 2.5m). The tax asset is impairment tested on a per entity basis, including expected income for the entity for the period 2024 to 2028.

However, the amount of tax assets not shown in the balance sheet can still be carried forward to be offset against future taxable income after the budgeting period. Of the total deferred tax assets recognised, DKK 151.8m (2022: DKK 183.6m) is related to tax loss carry-forwards.

Further, the Executive Management applies significant judgment in determining the treatment of components of the income tax.

Pillar Two legislation
Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue is lower than EUR 750m.

2.4 Income Taxes and Deferred Tax (continued)

Tax costs

DKKm	**2023**	**2022**
Current tax	70.7	51.9
Adjustment to current tax concerning previous years	(11.7)	12.8
Change in deferred tax during the year	0.5	(38.2)
Impact from change in tax rates to deferred tax	(0.3)	1.5
Adjustment to deferred tax concerning previous years	6.2	2.5
Total	**65.4**	**30.5**

Tax reconciliation

DKKm	**2023**	**2022**
Profit/(loss) before tax	(80.9)	7.9
Calculated 22.0% on profit/(loss) before tax	(17.8)	1.7
Difference in local tax rates compared to the Parent Company's tax rate of 22.0%	(3.7)	(3.3)
Tax effect from:		
Non-taxable income and non-deductible expenses	33.4	17.8
Impact from change in the tax rates	(0.3)	1.5
Impairment and reversal of impairment of deferred tax	59.3	(2.5)
Adjustments concerning previous years	(5.5)	15.3
Total	**65.4**	**30.5**
Effective tax rate	**-80.8%**	**386.6%**

Deferred tax

DKKm	**2023**	**2022**
Deferred tax assets	93.9	106.6
Deferred tax liabilities	(1.4)	(6.3)
Total	**92.5**	**100.3**

2.4 Income Taxes and Deferred Tax (continued)

DKKm	Deferred tax 01.01.	Exchange rate adjustment	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Deferred tax 31.12.
2023						
Intangible assets	51.3	-	12.8	-	-	64.1
Brand	(164.2)	-	9.1	-	-	(155.1)
Right-of-use assets	(383.5)	0.1	(34.9)	-	-	(418.3)
Property, plant and equipment	33.1	0.1	(2.9)	-	-	30.3
Inventories	18.8	-	(0.5)	-	-	18.3
Lease liabilities	375.3	-	59.5	-	-	434.8
Foreign exchange hedging	8.0	-	-	(1.5)	-	6.5
Post-employment benefits	1.4	-	-	0.2	-	1.6
Tax losses to be carried forward	357.5	0.1	0.9	-	-	358.5
Valuation allowances	(270.3)	(0.5)	(59.6)	-	-	(330.4)
Interest limitation balance	29.4	-	12.9	-	-	42.3
Other	43.5	0.1	(3.7)	-	-	39.9
Deferred tax	**100.3**	**(0.1)**	**(6.4)**	**(1.3)**	**-**	**92.5**
2022						
Intangible assets	40.4	-	10.9	-	-	51.3
Brand	(173.3)	-	9.1	-	-	(164.2)
Right-of-use assets	(378.5)	-	(5.0)	-	-	(383.5)
Property, plant and equipment	35.1	(0.3)	(1.7)	-	-	33.1
Inventories	20.0	-	(1.2)	-	-	18.8
Lease liabilities	355.4	-	19.9	-	-	375.3
Foreign exchange hedging	(3.1)	-	-	11.1	-	8.0
Post-employment benefits	-	-	-	1.4	-	1.4
Tax losses to be carried forward	361.4	(0.3)	(3.6)	-	-	357.5
Valuation allowances*	(261.9)	1.2	2.5	-	(12.1)	(270.3)
Interest limitation balance	21.0	-	8.4	-	-	29.4
Other	48.8	(0.2)	(5.1)	-	-	43.5
Deferred tax	**65.3**	**0.4**	**34.2**	**12.5**	**(12.1)**	**100.3**

*The opening balance of the valuation allowance has been restated by DKK 173.3m. Please refer to note 1.1.

Unrecognised tax loss carry-forwards amount to DKK 248.1m (2022: DKK 214.6m).

2.5 Other Operating Income

Accounting policies
Government grants
Other operating income includes government grants. Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If conditions are attached to the grant, which must be satisfied before the Group is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are satisfied.

Government grants comprise COVID-19 related grants which are recognised as other operating income.

COVID-19 Government grants
The Group has received government grants related to the COVID-19 pandemic during 2020-2023. The grants are primarily related to staff costs, however, there are also grants related to operational expenses reported in other external expenses.

Furthermore, there have been government related direct and indirect tax payments which have been postponed, however, this is not considered a government grant and will only influence short term liabilities in the balance sheet.

Other operating income

DKKm	2023	2022
Government grants	24.9	53.0
Other	0.9	0.3
Total	**25.8**	**53.3**

Section 3
Invested Capital and Working Capital Items

3.1 Intangible Assets

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

Other intangible assets
Other intangible assets are measured at cost less accumulated amortisation.

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

- Brand; 20 years
- Licenses and software; a maximum of 5 years
- Group-wide software developed for internal use; a maximum of 10 years

Group-wide software developed for internal use includes external costs to consultants, licenses and software as well as internal costs related to the development and are included in Licenses and software.

Intangible assets in progress and assets with an indefinite useful life are measured at cost less impairment losses.

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

Goodwill and brand
Goodwill and brand relates to the acquisition of Zebra A/S.

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

The estimate of the future free net cash flows is based on budget for 2024 and projections for the years 2025-2028 based on a business plan approved by the Board of Directors. An assumed growth rate of 1% has been applied for the years beyond 2028.

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

Pre-tax discount rate of 22.7% (2022: 25.0%) is used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment test of goodwill and brand did not show any need for impairment losses to be recognised in 2023 (2022: DKK 0).

A sensitivity analysis showed that a negative change in the key parameter EBITDA of -33.5% (2022: -15.6%) or an increase of the applied WACC of 15.1%-point (2022: 6.4%-point) would cause the carrying amount to exceed the recoverable amount. The Executive Management considers the risk of the carrying amount to exceed the recoverable amount to be limited.

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

The carrying amount of development projects in progress is tested annually for impairment. The impairment test is performed on the basis of various factors, including future use of the project, the fair value of estimated future earnings or savings, interest rates and risks described in the 'Goodwill and brand' section referring to the key parameters and pre-tax discount rate. The impairment test of development projects in progress did not show any need for impairment losses to be recognised in 2023 (2022: DKK 0).

Other intangible assets with an indefinite useful life
Licenses and software include a carrying amount of DKK 3.6m (2022: DKK 3.6m) related to REACH authorisations, which are considered to have an indefinite useful life as they are valid for an indefinite period of time.

Other intangible assets with an indefinite useful life are tested annually for impairment. The impairment test is performed on the basis of various factors described in the 'Goodwill and brand' section referring to the key parameters and pre-tax discount rate, including future use of the authorisations. The impairment test did not show any need for impairment losses to be recognised in 2023 (2022: DKK 0).

3.1 Intangible Assets (continued)

DKKm	Goodwill	Brand	Licenses and software	Intangible assets in progress	Total
2023					
Cost 01.01.	274.1	825.0	295.0	13.9	1,408.0
Additions	-	-	1.2	-	1.2
Additions, internal development	-	-	0.6	63.8	64.4
Transfer	-	-	1.4	(1.4)	-
Disposals	-	-	(0.2)	-	(0.2)
Cost 31.12.	**274.1**	**825.0**	**298.0**	**76.3**	**1,473.4**
Amortisation 01.01.	-	(78.2)	(82.9)	-	(161.1)
Exchange rate adjustment	-	-	0.1	-	0.1
Amortisation	-	(41.2)	(56.8)	-	(98.0)
Disposals	-	-	0.2	-	0.2
Amortisation 31.12.	**-**	**(119.4)**	**(139.4)**	**-**	**(258.8)**
Carrying amount 31.12.	**274.1**	**705.6**	**158.6**	**76.3**	**1,214.6**
2022					
Cost 31.12.2021	455.5	825.0	229.5	29.2	1,539.2
Correction to prior year	(181.4)	-	-	-	(181.4)
Cost 01.01.2022	**274.1**	**825.0**	**229.5**	**29.2**	**1,357.8**
Exchange rate adjustment	-	-	(0.2)	-	(0.2)
Additions	-	-	0.8	-	0.8
Additions, internal development	-	-	-	54.9	54.9
Transfer	-	-	70.2	(70.2)	-
Disposals	-	-	(5.3)	-	(5.3)
Cost 31.12.	**274.1**	**825.0**	**295.0**	**13.9**	**1,408.0**
Amortisation 01.01.	-	(36.9)	(38.4)	-	(75.3)
Exchange rate adjustment	-	-	0.1	-	0.1
Amortisation	-	(41.3)	(46.7)	-	(88.0)
Disposals	-	-	2.1	-	2.1
Amortisation 31.12.	**-**	**(78.2)**	**(82.9)**	**-**	**(161.1)**
Carrying amount 31.12.	**274.1**	**746.8**	**212.1**	**13.9**	**1,246.9**

Net loss from disposals of intangible assets amounts to DKK 0m (2022: DKK 3.2m).

3.2 Right-of-use Assets and Lease Liabilities

Accounting policies

The Group has applied IFRS 16 to lease contracts related to store premises, offices, cars, store furniture and other equipment. The Group has elected not to recognise right-of-use assets and liabilities for leases of low-value assets and short-term leases (i.e. expiry within 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has a large number of individual leases, primarily related to leasing of store premises and offices. Lease terms vary between markets and can range from a defined, few years to rolling contracts without a defined end date. Additionally, several lease contracts include extension and/or termination options. Most of the lease contracts include mechanisms for rent adjustments, either as a fixed percentage increase, an adjustment based on local price indices, or as the result of market rent reviews. Many store related lease contracts also include variable rent based on revenue.

Right-of-use assets

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

When the lease liabilities are remeasured, (please see section 'Lease liabilities'), a corresponding adjustment is made to the carrying amount of the right-of-use assets.

Right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use assets are periodically reduced by any impairment losses.

Lease liabilities

The Group initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate as at the commencement date.

The Group determines its incremental borrowing rate by adjusting the interest from various external financing sources with adjustments specific to the market related to the lease contract.

The Group assesses at the lease commencement date whether it is reasonably certain to exercise extension or termination options. If there is a significant event, or significant changes in circumstances within the Group's control, the Group reassesses whether it is reasonably certain to exercise the options.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if the Group changes its assessment of whether it will exercise an extension or a termination option, or if there is a revised in-substance fixed lease payment.

Significant accounting estimates and judgments

Life of lease

When assessing the life of these leases, the Group considers the options where the Group is reasonably certain to either terminate or extend the contracts based on the profitability level of the store. The lease period varies depending on whether the contract has any termination and extension options. Approximately 70% of the property lease contracts have such options. The average life of lease at balance sheet date was approximately 2.5 years (2022: 2.5 years).

Right-of-use assets

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

The Group has considered the recoverability of the right-of-use assets, for loss making stores and CGU's with low EBIT margins, based on budgets for 2024 and business plans and projections for the following years.

Country specific pre-tax discount rates in the range of 11.2% - 15.8% (2022: 11.0% - 17.4%) are used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rates reflect current market assessments of the time value of money and the risks specific to the asset.

The impairment test of right-of-use assets resulted in a recognition of impairment losses of DKK 11.3m relating to stores in Finland, France, the Netherlands, and Norway (2022: DKK 9.9m).

Prior year impairment losses of DKK 9.8m (2022: DKK 22.5m) have been reversed in 2023 as no impairment indicators existed at year-end for the relevant CGU's due to improved expected profitability.

The application of IFRS 16 requires the Group to make judgments that affect the valuation of the lease liabilities and right of use assets. This includes determining the contracts in scope of IFRS 16, the contract terms and interest rate used for discounting the cash flows.

The lease terms determined by the Group generally comprises non-cancellable periods of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option, to terminate the lease if the Group is reasonably certain not to exercise the option.

Lease liabilities

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

3.2 Right-of-use Assets and Lease Liabilities (continued)

Right-of-use assets DKKm	**Property**	**Cars**	**Other equipment**	**Store furniture**	**Total**
2023					
Carrying amount 01.01.	1,755.0	3.7	-	-	1,758.7
Exchange rate adjustment	15.0	-	-	-	15.0
Additions	217.5	4.3	-	-	221.8
Adjustment due to remeasurement of lease liabilities	582.4	0.3	-	-	582.7
Disposals	(0.2)	-	-	-	(0.2)
Depreciation	(671.0)	(2.7)	-	-	(673.7)
Impairment losses	(11.3)	-	-	-	(11.3)
Reversal of prior year impairment losses	9.8	-	-	-	9.8
Carrying amount 31.12.	**1,897.2**	**5.6**	**-**	**-**	**1,902.8**
2022					
Carrying amount 01.01.	1,696.5	2.3	0.1	0.7	1,699.6
Exchange rate adjustment	(14.7)	-	-	-	(14.7)
Additions	228.2	3.4	-	-	231.6
Adjustment due to remeasurement of lease liabilities	494.8	0.2	-	-	495.0
Disposals	(0.2)	-	-	-	(0.2)
Depreciation	(662.2)	(2.2)	(0.1)	(0.7)	(665.2)
Impairment losses	(9.9)	-	-	-	(9.9)
Reversal of prior year impairment losses	22.5	-	-	-	22.5
Carrying amount 31.12.	**1,755.0**	**3.7**	**-**	**-**	**1,758.7**

Net loss from disposals of right-of-use assets amounts to DKK 0.2m (2022: DKK 0.2m).

3.2 Right-of-use Assets and Lease Liabilities (continued)

Lease liabilities **DKKm**	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total contractual cash flows**	**Carrying amount**
2023					
Lease liabilities	720.2	1,492.8	44.9	2,257.9	2,023.0
2022					
Lease liabilities	661.5	1,245.7	94.3	2,001.5	1,832.7

DKKm	**2023**	**2022**
Non-current liabilities	1,408.6	1,241.5
Current liabilities	614.4	591.2
Total	**2,023.0**	**1,832.7**

Amounts recognised in profit or loss **DKKm**	**2023**	**2022**
Depreciation charge of right-of-use assets	673.7	665.2
Interest expense on lease liabilities (included in finance cost)	108.3	75.5
Expense relating to short-term and low value leases (included in other external expenses)	2.1	1.5
Expense relating to variable lease payments (included in other external expenses)	28.4	37.9
Income from subleasing right-of-use assets (included in other external expenses)	3.3	5.8

The total cash outflow for leases in 2023 was DKK 748.4m (2022: DKK 773.6m).

At 31 December 2023, the Group had commitment of DKK 3.4m for short term and other leases (2022: DKK 1.9m).

The effect from COVID-19 related rent concession in 2023 was DKK 0.2m (2022: DKK 4.5m), which has been included in other external expenses.

3.3 Property, Plant and Equipment

Accounting policies
Property, plant and equipment is measured at cost less accumulated depreciations and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition, and the preparation costs of the asset until the time when it is ready for its intended use.

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

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

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

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

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

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

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

The Group has considered the recoverability of the tangible assets, for loss making stores and CGU's with low EBIT margins, based on budgets for 2024 and business plans and projections for the following years.

Country specific pre-tax discount rates in the range of 11.2% - 15.8% (2022: 11.0% - 17.4%) are used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rates reflect current market assessments of the time value of money and the risks specific to the asset.

The impairment test of property, plant and equipment resulted in a recognition of an impairment loss of DKK 4.4m relating to stores in Finland, France, Norway, Spain, and the United Kingdom (2022: DKK 1.1m). No prior year impairment losses (2022: DKK 5.8m) have been reversed in 2023.

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
2023					
Cost 01.01.	233.3	73.6	63.4	0.6	370.9
Exchange rate adjustment	6.9	1.2	1.4	-	9.5
Additions	32.1	16.2	17.3	1.9	67.5
Transfer	2.1	0.1	-	(2.2)	-
Disposals	(3.4)	(1.5)	(0.8)	-	(5.7)
Cost 31.12.	**271.0**	**89.6**	**81.3**	**0.3**	**442.2**
Depreciation 01.01.	(100.3)	(34.7)	(26.4)	-	(161.4)
Exchange rate adjustment	(5.1)	(0.4)	(1.5)	-	(7.0)
Depreciation	(41.1)	(16.5)	(14.4)	-	(72.0)
Impairment losses	(2.2)	(0.1)	(2.1)	-	(4.4)
Disposals	2.3	1.1	0.5	-	3.9
Depreciation 31.12.	**(146.4)**	**(50.6)**	**(43.9)**	**-**	**(240.9)**
Carrying amount 31.12.	**124.6**	**39.0**	**37.4**	**0.3**	**201.3**

3.3 Property, Plant and Equipment (continued)

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
2022					
Cost 01.01.	214.9	60.0	54.0	5.1	334.0
Exchange rate adjustment	(8.5)	(6.4)	(1.6)	-	(16.5)
Additions	24.3	22.0	12.6	3.8	62.7
Transfer	5.4	2.6	0.3	(8.3)	-
Disposals	(2.8)	(4.6)	(1.9)	-	(9.3)
Cost 31.12.	**233.3**	**73.6**	**63.4**	**0.6**	**370.9**
Depreciation 01.01.	(63.7)	(22.5)	(13.5)	-	(99.7)
Exchange rate adjustment	6.5	5.8	1.5	-	13.8
Depreciation	(48.5)	(22.0)	(15.2)	-	(85.7)
Impairment losses	(1.0)	(0.1)	-	-	(1.1)
Reversal of prior year impairment losses	5.5	-	-	-	5.5
Transfer	0.1	(0.1)	-	-	-
Disposals	0.8	4.2	0.8	-	5.8
Depreciation 31.12.	**(100.3)**	**(34.7)**	**(26.4)**	**-**	**(161.4)**
Carrying amount 31.12.	**133.0**	**38.9**	**37.0**	**0.6**	**209.5**

Net loss from selling or scrapping property, plant and equipment amounts to DKK 1.8m (2022: DKK 2.4m).

3.4 Investment in Joint Ventures

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

Significant accounting estimates and judgments
The carrying amount of the investment (including goodwill) is tested annually for impairment.

The estimated future free net cash flows used for the impairment test are based on a business plan from 2024-2030 which is the Executive Management's expected future development for the joint venture.

Key parameters are revenue development, profit margins, capital expenditure, and growth expectations for the following years.

A discount rate of 13.4% (2022: 11.4%) is used to calculate recoverable amounts, representing the pre-tax weighted average cost of capital. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

Zebra Japan K.K.
The investment in joint ventures has, in 2023 and 2022, consisted of the investment in Zebra Japan K.K., which markets and sells products from Flying Tiger Copenhagen on the Japanese market. The Group's ownership interest has been 50% in the whole period.

The Group appoints two out of four members of the Board of Directors. The Board of Directors makes decisions on all material matters, and all decisions require three-quarter majority. The joint venture contract includes a future right for the Group to acquire all shares in Zebra Japan K.K. as well as put and call options depending on certain financial targets. None of these rights are exercisable at the balance sheet date.

The impairment test of the investment in Zebra Japan K.K. did not show any need for impairment losses to be recognised in 2023 (2022: DKK 0). In the Executive Management's opinion, no probable change in key assumptions mentioned above will cause significant impairment losses.

DKKm	2023	2022
Cost 01.01.	8.2	8.2
Cost 31.12.	**8.2**	**8.2**
Adjustment 01.01.	4.3	(0.6)
Exchange rate adjustment	4.1	3.5
Share of profit for the year after tax	4.8	1.4
Adjustment 31.12.	**13.2**	**4.3**
Carrying amount 31.12.	**21.4**	**12.5**

3.4 Investment in Joint Ventures (continued)

Reconciliation of the investment in joint ventures

DKKm	**2023**	**2022**
Equity in joint ventures	(9.7)	(21.6)
The Group's part of equity (50%)	(4.9)	(10.8)
Goodwill	21.5	21.5
Exchange rate adjustment	4.8	1.8
Carrying amount of investment 31.12.	**21.4**	**12.5**

The summarised financial information below represents amounts shown in the financial statements, prepared in accordance with IFRS Accounting Standards, of the Group's joint venture, Zebra Japan K.K. adjusted by the Group for equity accounting purposes.

DKKm	**2023**	**2022**
Revenue	267.7	266.3
EBITDA	52.5	52.7
Amortisation and depreciation	(44.4)	(49.3)
Interest expenses	(1.3)	(3.6)
Tax on profit for the year	3.7	2.6
Profit for the year	9.5	2.8
Total comprehensive income	9.5	2.8
Non-current assets	131.2	141.2
Cash and cash equivalents	55.9	51.7
Current assets	113.8	120.7
Lease liabilities included in non-current liabilities	41.3	52.1
Non-current liabilities	154.4	69.2
Lease liabilities included in current liabilities	30.9	32.0
Bank debt included in current liabilities	42.9	153.4
Current liabilities	100.3	214.3
Equity	(9.7)	(21.6)
Net working capital	32.5	41.7
Number of stores	47	36

3.5 Inventories

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

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

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

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

The reversal of DKK 24.5m (2022: DKK 5.6m) in provision for write-downs is driven by products being life-extended.

At 31 December 2023, the inventory write-downs amount to DKK 88.8m (2022: DKK 90.7m).

DKKm	2023	2022
Finished goods	724.3	866.7
Write-downs	(88.8)	(90.7)
Total inventory	**635.5**	**776.0**
Write-downs 01.01.	(90.7)	(61.5)
Write-downs, during the year	(74.1)	(68.5)
Write-downs, utilised during the year	51.5	33.7
Write-downs, reversed during the year	24.5	5.6
Write-downs 31.12.	**(88.8)**	**(90.7)**

The carrying amount of inventories at fair value less cost to sell amounts to DKK 27.7m (2022: DKK 15.2m).

3.6 Other Provisions

Accounting policies
Provisions are made for obligations to restore leased premises to their original condition at the end of the respective lease terms. The corresponding costs are capitalised as part of the cost of right-of-use asset and are depreciated over the term of the lease. Furthermore, provisions are made for infringement litigations and for obligations in connection with salvage costs.

DKKm	2023	2022
Provisions 01.01.	72.1	77.4
Exchange rate adjustment	0.4	(1.2)
Provisions, during the year	10.2	24.3
Provisions, utilised during the year	(3.6)	(6.5)
Provisions, reversed during the year	(4.1)	(21.9)
Provisions 31.12.	**75.0**	**72.1**
Non-current provisions	63.6	55.9
Current provisions	11.4	16.2
Total	**75.0**	**72.1**

Other provisions relate mainly to restoration obligations in connection with vacating leased premises, but also include an estimated contribution to damage and salvage costs from a fire on the container carrier, Maersk Honam in March 2018.

The expected costs and timing are, by nature, uncertain. No provisions are discounted as the impact is considered insignificant due to an expected short lifetime of the provisions.

3.7 Post-employment Benefits

Accounting policies
The Group has several post-employment benefits of which the majority are defined contribution plans with no further payment obligation once the contributions are paid. Payable defined contribution plans are included in current liabilities under other payables.

The Group also has a defined benefit plan where the responsibility towards the employees rests with the Group.

The Group's obligation in respect of the defined benefit plan is the present value of the obligation of future benefits that employees have earned in return for their service in the current and prior periods.

The defined benefit plan is unfunded.

The defined benefit plan costs are calculated based on actuarial estimates and financial expectations. Service costs are recognised in staff costs and interest is recognised in financial expenses. Actuarial gains and losses due to changes in actuarial assumptions are recognised in other comprehensive income.

Significant accounting estimates and judgments
The value of the Group's defined benefit plan is based on valuations from an external actuary using the projected credit method to determine the present value of the obligation. The calculations and valuation are performed annually and are based on a number of actuarial assumptions, including discount rate, expected growth in wages and demographic assumptions such as employee turnover and mortality.

The Group assumes the risk associated with future developments in wages, interest rate, and inflation.

Defined benefit plan in the Italian subsidiary
The Group's defined benefit plan is in the Italian subsidiary. The obligation is paid by the Group in case of termination, retirement etc. of the employees. No additional liabilities exist for the Group after fulfilling this obligation.

Market conditions in 2022 resulted in changes to the estimation of the obligation using actuarial calculations and led to a correction of prior years' estimate amounting to an additional liability of DKK 9.2m. The adjustment has been included in other comprehensive income for 2022. The actuarial calculations for 2023 led to an increase in the liability and an actuarial loss of DKK 0.8m recognised in other comprehensive income (2022: a gain of DKK 2.4m).

3.7 Post-employment Benefits (continued)

Defined benefit plan **DKKm**	**2023**	**2022**
Liability 01.01.	50.4	42.9
Recognised in the statement of profit or loss		
Service costs	9.1	9.2
Interest	1.2	0.2
Recognised in other comprehensive income		
Adjustment to prior years' actuarial (gains)/losses	-	9.2
Actuarial (gain)/loss due to change in experience	1.9	3.3
Actuarial (gain)/loss due to change in demographic assumptions	(0.3)	-
Actuarial (gain)/loss due to change in financial assumptions	(0.8)	(5.7)
Other changes		
Benefits paid	(7.5)	(8.7)
Liability 31.12.	**54.0**	**50.4**
Defined benefit plan	54.0	50.4
Other	0.3	0.3
Other non-current liabilities	**54.3**	**50.7**

Actuarial assumptions
The discount rate used for the defined benefit obligation was determined by reference to the IRS curve. The fixed rate adopted is chosen with respect to an average residual maturity of the obligations estimated at 31 years (2022: 33 years).

	2023	**2022**
Discount rate	2.3%	2.3%
Wages growth rate	3.0%	3.3%

Sensitivity analysis
The analysis is based on changes in assumptions that the Group considered to be reasonably possible at the reporting date. The most significant assumptions used in the calculation of the obligation for the defined benefit plan are the discount rate and the wages growth rate.

The sensitivity analysis showed that a 0.25%-point increase/decrease in the discount rate would result in a change of DKK -2.0m/+2.0m (2022: DKK -2.0m/+2.0m) in the obligation. A 0.5%-point increase/decrease in the wages growth rate would result in a change of DKK +0.6m/-0.6m (2022: DKK +0.6m/-0.6m) in the obligation.

Expected duration
In 2023, the estimated average length of the defined benefit obligation was 3.9 years (2022: 3.6 years).

3.8 Other Payables

Accounting policies
Other payables, which include debt to public authorities, employee costs payable and accruals etc. are measured at amortised cost.

DKKm	2023	2022
VAT and other indirect taxes	163.2	173.3
Employee costs	233.4	186.7
Other	97.8	81.1
Total	**494.4**	**441.1**

3.9 Working Capital Changes

DKKm	2023	2022
Change in inventories	144.8	(197.8)
Change in trade receivables	(4.0)	8.5
Change in other receivables	(3.9)	(188.0)
Change in prepayments	11.4	(17.8)
Change in trade payables	28.1	5.8
Change in other payables	24.8	15.9
Total	**201.2**	**(373.4)**

Section 4 Capital Structure and Financing

4.1 Share Capital

The share capital consists of a number of 60,000 shares at DKK 1.0 or multiples thereof. Each share carries one vote.

All shares are fully paid.

The shares are ordinary shares and are not issued in any special class of shares.

Changes in share capital in the past three financial years:

	DKK '000
Share capital at subscription on 8 January 2021	60
Share capital at 31 December 2023	**60**

4.2 Financial Assets and Liabilities

Accounting policies

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

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. For loans and receivables that are subject to IFRS 9, the expected credit loss model is applied to calculate impairment losses over the life of the receivables.

Cash and cash equivalents
Cash and cash equivalents comprises short term cash in hand, bank deposits, and credit card receivables less any drawings on credit facilities that are an integral part of the cash management.

Lease liabilities
Lease liabilities are measured at amortised cost. Lease payments are allocated between lease liabilities and finance expenses so that a constant rate of interest is recognised on the outstanding finance balance. Please see note 3.2 for further information.

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

If the loan terms of borrowings are modified, it is considered to result in an extinguishment of the initial borrowings. The cash flows of the modified borrowings are discounted at the original interest rate, and an immediate loss is recognised in profit or loss at the date of the modification.

Loans from shareholders
Convertible debt is separated into liability and equity components based on the terms of the loan agreements. The liability component is classified as a financial liability until it is extinguished on conversion or redemption. The equity component is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent accounting periods.

The liability component contains embedded derivatives. At initial recognition of the liability, the Group has decided to apply the fair value option in IFRS 9 and the financial liability is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss with the exception of movements due to changes in the own credit risk. Such changes in fair value are recorded in the own credit reserve through other comprehensive income and do not get recycled to the profit or loss.

Contingent consideration
Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

4.2 Financial Assets and Liabilities (continued)

Derivative financial instruments
Derivative financial instruments consist of currency instruments such as forward contracts, interest and currency swaps, options, and similar products, as well as call options over the non-controlling shareholdings. Please see note 4.3 for further information.

Financial assets and liabilities are accounted for at settlement date.

Significant accounting estimates and judgments
Loans from shareholders
Terms of the loans
In 2021, the Parent Company entered into contingent mandatory convertible loans of DKK 80.5m with related parties. The loans are non-interest bearing and has no fixed maturity date. The loans are mandatorily convertible into a fixed number of shares in the event of a sale of the majority interests in Zebra A/S. Adjustments to the number of shares in case of certain capital events put the holders of the instruments into the same economic position relative to ordinary shareholders and are therefore considered fixed-for-fixed.

The notional amount of DKK 80.5m require cash settlement only in the event where the Parent Company or any subsidiaries defaults. In such a case, the holder has the right to require immediate cash settlement, and as such the Parent Company does not have an unconditional right to avoid settlement in cash.

Judgments and estimates
The Executive Management has at 31 December 2023 and 31 December 2022 assessed the fair value of the loans as well as the judgment relating to classification of the components of the loan.

Based on the terms and conditions of the loan agreements, the conversion element is considered to be fixed-for-fixed and is therefore an equity component. As the holder can require immediate cash settlement on default, a liability component is also recognised.

At initial recognition in 2021, the financial liability was recognised at DKK 80.5m and no value was allocated to the equity component.

The liability component contains embedded derivatives and is designated as at fair value through profit or loss. Due to the demand feature, the fair value is equal to the notional amount of DKK 80.5m (2022: DKK 80.5m).

Inputs used for estimation of fair value is measured in accordance with level 3 (non-observable data). The Executive Management has assessed and concluded that the fair value of the loans is approximately equal to the nominal amount due to the demand feature.

Contingent consideration
As part of the purchase agreement with the previous owner of Zebra A/S, a contingent consideration has been agreed. There might be additional cash payments to the previous owner of Zebra A/S depending on the proceeds from an exit.

As at the acquisition date for the shares in Zebra A/S, the fair value of the contingent consideration was estimated to be nil.

As at 31 December 2023 and 31 December 2022, the key performance indicators of the Zebra Group show that it is probable that a contingent consideration will be paid due to the improvement in the earnings and the assumed future growth expectations compared to the acquisition date. The fair value of the contingent consideration determined by the Executive Management at 31 December 2023 reflects this development, among other factors, and a remeasurement charge has been recognised through the income statement. The fair value is determined using a DCF method. The significant unobservable inputs used in the fair value measurement (level 3 in the fair value hierarchy) include projected EBITDA, change in working capital and CAPEX for the period 2024-2028. An assumed growth rate of 1% has been applied for the years beyond 2028. A pre-tax WACC of 22.7% (2022: 25.0%) is used to discount the projected cash flows.

A sensitivity analysis showed that a 2.5% increase/decrease in the EBITDA level would result in an increase/decrease in fair value by DKK +16.0m/-16.0m (2022: DKK +14.0m/-14.0m). A 1%-point increase/decrease in the pre-tax WACC would result in a decrease/increase in fair value of DKK -23.5m/+25.9m (2022: DKK -16.8m/+18.3m).

Bank debt
In the beginning of 2023, the bank facilities were renegotiated. The Executive Management assessed the terms and conditions of the new bank facilities and concluded these to be substantially different from the original bank facilities. As a result the existing debt has been terminated and new debt has been recognised.

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

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

4.2 Financial Assets and Liabilities (continued)

Financial liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2023					
Bank debt	370.0	2,039.2	-	2,409.2	2,271.3
Other loans	13.3	13.5	-	26.8	25.7
Provisions for the acquisition of non-controlling interests	1.8	302.5	-	304.3	252.6
Loans provided by shareholders of non-controlling interests	0.4	-	-	0.4	0.4
Loans from shareholders	80.6	-	-	80.6	80.6
Lease liabilities	720.2	1,492.8	44.9	2,257.9	2,023.0
Deferred considerations	25.1	3.7	-	28.8	28.8
Contingent consideration	-	147.1	-	147.1	147.1
Derivative financial instruments	23.3	-	-	23.3	23.3
Other non-current liabilities	-	58.7	0.3	59.0	54.3
Trade payables	614.6	-	-	614.6	614.6
Income tax payables	40.7	-	-	40.7	40.7
Other payables	494.4	-	-	494.4	494.4
Total	**2,384.4**	**4,057.5**	**45.2**	**6,487.1**	**6,056.8**
2022					
Bank debt	347.4	1,949.0	-	2,296.4	2,028.7
Other loans	45.2	9.7	-	54.9	54.4
Provisions for the acquisition of non-controlling interests	5.2	244.8	-	250.0	206.7
Loans provided by shareholders of non-controlling interests	0.4	-	-	0.4	0.4
Loans from shareholders	80.6	-	-	80.6	80.6
Lease liabilities	661.5	1,245.7	94.3	2,001.5	1,832.7
Deferred considerations	53.2	28.4	-	81.6	81.6
Contingent consideration	-	-	38.3	38.3	38.3
Derivative financial instruments	41.1	-	-	41.1	41.1
Other non-current liabilities	-	54.8	0.2	55.0	50.7
Trade payables	584.0	-	-	584.0	584.0
Income tax payables	56.6	-	-	56.6	56.6
Other payables	441.1	-	-	441.1	441.1
Total	**2,316.3**	**3,532.4**	**132.8**	**5,981.5**	**5,496.9**

Fair value of financial assets and liabilities is approximately equal to the carrying amount in both 2023 and 2022.

Due to the potential demand feature of the loans from shareholders, they are classified as due within 1 year.

The Group has issued a financial guarantee to the Japanese joint venture's bank. Please refer to note 5.3 for further information on the issued financial guarantees including the disclosed maximum amount of the guarantee. The disclosed issued financial guarantee can be called within one year.

4.2 Financial Assets and Liabilities (continued)

Financial risk management
The nature of the Group's operations, investments, and financing exposes the Group to financial risks in the form of fluctuations in foreign exchange rates and interest levels, as well as credit risks and liquidity risks. The financial risks are monitored and managed by the Group Treasury department. Please see note 4.3 for further information.

The Group's general policy toward financial risks is to proactively address them in order to mitigate the risk of material impacts to the financial situation of the Group, which could negatively influence operations. It is the Group's policy to not engage in active speculation in financial risks.

4.3 Financial Risk Management

Accounting policies
The Group is exposed to financial risks due to the nature of its operating, investing, and financing activities. The primary financial risks are currency risk, interest rate risk, liquidity risk, funding risk, and credit risk. Financial risks are monitored and managed by Group Treasury based on the treasury policy, which is reviewed and approved annually by the Board of Directors.

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

Call options over the remaining ownership interests in certain subsidiaries
The Group is granted call options over the non-controlling interests in certain subsidiaries. These options are measured at fair value through profit or loss.

Hedging instruments
The Group designates certain derivatives as cash flow hedges of highly probable forecasted future transactions related to procurement. At inception of the hedge relationship, the Group documents the economic relationship between hedge instruments and the hedged items, including whether changes in the cash flow of the hedging instruments are expected to offset changes in the cash flows of hedged items.

On initial recognition, financial instruments are measured at fair value as of the transaction date. After initial recognition, the financial instruments are measured at fair value at the balance sheet date. The fair value of financial instruments is measured in accordance with level 2 (observable data) according to the fair value hierarchy. The derivatives are not traded on an active market based on quoted prices, but are individual contracts. The fair value of these contracts is determined using valuation techniques that utilise market-based data such as exchange rates, interest rates, credit risk, and volatilities. The positive or negative fair value of derivatives is recognised in the balance sheet.

The Group designates both the change in the spot component as well as the forward element of the contract as the hedging instrument. The effective portion of changes in fair value of financial instruments classified as and satisfying the conditions for effective hedging of future transactions is recognised in other comprehensive income.

Amounts accumulated in equity are reclassified to profit or loss in the same period as the effect from the hedged items. Initially, hedging gains and losses are included in the cost of inventory which subsequently affect profit or loss through cost of sales.

Hedging instruments that do not satisfy the conditions for treatment as hedging instruments are measured at their fair value, with fair value adjustments being recognised, on an ongoing basis, in the statement of profit or loss under financial income or financial expenses.

Significant accounting estimates and judgments
The fair value of the call options is equal to the estimated market value of the underlying asset at the balance sheet date less the estimated exercise price of the call option, assuming notice of exercise is given at the balance sheet date.

The estimated exercise price of the call option is based on the same assumptions and calculation methods as used for estimating the value of the provision for acquisition of non-controlling interests, cf. note 4.4.

The fair value of the call options is based on input measured in accordance with level 3 (non-observable data) in the fair value hierarchy using projected results derived from approved budgets and agreed EBITDA multiple.

The fair value of the call options at effective transfer date might materially vary from the fair value of the call options if:

- The timing of the utilisation of the call options differs from the assumptions applied,
- The put option is utilised rather than the call option, or
- The actual results of the respective subsidiary companies vary from the Executive Management´s projections.

The value of the call option is sensitive to the development of the future expected cash flow in the respective subsidiaries. If the future expected cash flow of all subsidiaries where the Group holds a call option increases/decreases by 5%, the value at the balance sheet date will change by DKK +20.1m/-20.1m (2022: DKK +15.0m/-15.0m).

4.3 Financial Risk Management (continued)

Call options over the remaining ownership interests in certain subsidiaries
The fair value adjustment includes the effect from the change in the estimated present value of the expected cash outflows to purchase the remaining ownerships as well as the change in the market multiples.

The fair value of the call options over the remaining ownership interests in certain subsidiaries has been included in the line item Derivative financial instruments under non-current assets.

In 2023 and 2022, the Group has not exercised any call options, however the Group has in 2022 negotiated a purchase price for one partnership resulting in the reversal of the value of the call option.

DKKm	2023	2022
Balance 01.01.	367.3	303.4
Expired call options not exercised	-	(26.6)
Fair value adjustment	111.9	90.5
Balance 31.12.	**479.2**	**367.3**

Foreign currency risk
Cash flow hedges
It is the Group's policy to hedge approximately 90%, 80%, 70%, and 60% of the currency risk associated with procurement for the following 1-3 months, 4-6 months, 7-9 months, and 10-12 months, respectively. It is further the policy to hedge confirmed future payments related to procurement in full.

Hence, all open foreign exchange contracts at 31 December 2023 have a maturity of less than one year.

Forward exchange contracts – USD	1-3 months	4-6 months	7-9 months	10-12 months
2023				
Contract value (DKKm)	446.1	215.6	283.0	139.0
Weighted average hedged rate (USD/DKK)	6.83	6.74	6.90	6.78
2022				
Contract value (DKKm)	312.7	180.3	227.6	119.9
Weighted average hedged rate (USD/DKK)	6.98	7.10	7.46	7.27

The forward exchange contracts are denominated in the same currency as the highly probable future inventory purchases (USD), which is why the hedge ratio is 1:1.

4.3 Financial Risk Management (continued)

DKKm	2023	2022
Forward exchange contracts - USD		
Carrying amount included in line item 'Derivative financial instruments' under current assets	0.1	7.5
Carrying amount included in line item 'Derivative financial instruments' under current liabilities	(23.3)	(41.1)
Net carrying amount	**(23.2)**	**(33.6)**

DKKm	2023	2022
Cash flow hedge reserve 01.01.	(4.2)	35.1
Change in fair value of cash flow hedges recognised in other comprehensive income	(16.6)	58.9
Reclassified to the cost of inventory	2.1	(29.9)
Reclassified to profit or loss	21.2	(79.4)
Tax on cash flow hedges	(1.5)	11.1
Cash flow hedge reserve 31.12.	**1.0**	**(4.2)**

Hedge ineffectiveness
The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. Ineffectiveness may arise if the timing of the forecasted transaction changes from what was originally estimated.

Due to freight uncertainties in early 2022, higher purchase order levels were created in order to ensure adequate inventory levels in early 2023. Many of these orders were later cancelled resulting in a hedge ineffectiveness in 2023 of DKK 0.2m (2022: DKK 0.3m) which has been reclassified from other comprehensive income to financial items in profit or loss.

Currency exposure
The Group's most material exchange rate risk is the exposure to the purchase of goods invoiced in USD. The Group's exposure to currency fluctuations in foreign subsidiaries is, to some extent, mitigated by the fact that both revenue and local costs of the individual subsidiaries are denominated in the same currencies. Exposure to currency fluctuations in subsidiaries primarily relates to the purchase of goods from affiliates in DKK by the foreign subsidiaries. The statement of profit or loss is affected by changes in exchange rates, as the profit of foreign subsidiaries is translated into Danish kroner using average exchange rates.

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

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

Exchange rate analysis		**2023**		**2022**	
DKKm	**Change in exchange rate**	**Loss before tax**	**Equity**	**Profit before tax**	**Equity**
USD	(10)%	0.4	(50.3)	5.4	(32.0)
USD	10%	(0.4)	50.3	(5.4)	32.0
GBP	(10)%	(12.1)	(12.1)	(10.6)	(10.6)
GBP	10%	12.1	12.1	10.6	10.6
EUR	(1)%	(2.1)	(3.0)	(3.4)	(3.4)
EUR	1%	2.1	3.0	3.4	3.4

The analysis is based on monetary assets and liabilities as of the end of 2023 and 2022. The movements arise from monetary items (cash, borrowings, receivables, payables and hedging instruments) where the functional currency of the entity is different to the currency that the monetary items are denominated in.

4.3 Financial Risk Management (continued)

Interest rate risk
The Group is exposed to interest rate risk due to entities in the Group borrowing funds at variable interest rates. The risk is monitored by the treasury department in order to maintain an appropriate mix between fixed and floating rate borrowings.

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

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

Interest-bearing financial liabilities relate to bank loans and borrowings, loans provided by shareholders of non-controlling interests, and lease liabilities, as set out in note 4.2.

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

A change in interest levels will impact the Group's cash holdings, bank debt and borrowings that are subject to variable interest rates. An increase in interest levels of 1%-point annually compared to the interest rates at 31 December 2023 would have a negative impact of DKK 17.1m on the Group's profit for the year and equity (2022: negative impact of DKK 17.3m). A corresponding decrease in interest levels would have a positive impact of DKK 17.1m on the Group's profit for the year and equity (2022: negative DKK 17.3m).

Liquidity risk
Liquidity risk results from the potential inability of the Group to cover its financial liabilities with cash. Please refer to note 1.3 and 4.2. The treasury department, responsible for monitoring and mitigating liquidity risk, ensures that adequate liquidity resources are available to the Group. The Group's liquid reserves consist of cash, undrawn committed and uncommitted credit facilities.

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

The Group has external credit facilities in place totalling DKK 2,425.0m (2022: DKK 2,425.0m) of which DKK 243.7m is undrawn as of 31 December 2023 (2022 DKK 485.7m).

In the beginning of 2023 the Group bank facilities were renegotiated to support the medium-term business plan. The amendments include an extension of the bank facilities as well as an amortisation plan over three years beginning end of 2024 with DKK 100m, DKK 1,900m in 2025, and DKK 425m in 2026. In June 2024 all banking facilities have been further extended to April 2026.

The credit facility is subject to a number of undertakings, financial covenants and other restrictions. Financial covenants consist of a leverage cover, and certain capex limitations. Financial covenants are calculated on a last-twelve month basis. The leverage ratio applies from end 2023 and onwards. In the event of default under the credit facility agreement, debt including accrued interest could be declared immediately due and payable.

Due to the demand feature, the loans from shareholders may only fall due in the event where the Parent Company or any subsidiaries defaults.

Funding risk
The Group has credit facilities with covenants, which are customary for such facilities. Should the Group fail to comply with the covenants, the lenders may terminate the credit facilities post an applicable remedy period. All covenants are monitored and reported on a regular basis, enabling the Group to act proactively, if required.

Credit risk
The Group's sales to customers are mainly cash sales, which limits the credit risk in the Group. The Group has implemented a franchise setup which in time will expose the Group to higher credit risk, however, the credit risk for 2022 and 2023 was low.

According to the Group's policy, cash can only be placed in bank deposits with banks with the highest credit rating. Fully owned subsidiaries can place surplus cash within the Group, either through a cash pool setup or directly outside of a cash pool.

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

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

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

4.3 Financial Risk Management (continued)

Fair value measurements using significant unobservable inputs (level 3)

The below table shows the changes in level 3 items for the period ending 31 December 2023 and 31 December 2022:

DKKm	Loans from shareholders (liability)	Contingent consideration (liability)	Provision for the acquisition of non-controlling interests (liability)	Call options over the remaining ownership interests in certain subsidiaries (asset)
2023				
Opening balance 01.01.	80.5	38.3	206.7	367.3
Fair value adjustment recognised in equity	-	-	43.2	-
Fair value adjustment recognised in profit or loss	-	108.8	-	111.9
Exchange rate adjustment	-	-	2.7	-
Closing balance 31.12.	**80.5**	**147.1**	**252.6**	**479.2**
2022				
Opening balance 01.01.	80.5	20.2	158.7	303.4
Expired options	-	-	(18.6)	(26.6)
Fair value adjustment recognised in equity	-	-	65.0	-
Fair value adjustment recognised in profit or loss	-	18.1	-	90.5
Exchange rate adjustment	-	-	1.6	-
Closing balance 31.12.	**80.5**	**38.3**	**206.7**	**367.3**

Please refer to note 4.2 for information on loans from shareholders and contingent consideration and please refer to note 4.4 for information on provision for the acquisition of non-controlling interests.

4.4 Provisions for the Acquisition of Non-controlling Interests

Accounting policies

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

Provisions for the acquisition of non-controlling interests are measured at fair value in accordance with the anticipated acquisition method, i.e. as if the put options have been exercised at year-end in the current financial year. The fair value is determined by means of the estimated present value of the expected cash outflows to settle the put options, or the call options where the Group has exercised its call options. The fair value is measured in accordance with level 3 (non-observable data) in the fair value hierarchy, and is based on projected results derived from the approved budget, agreed EBITDA multiples, and assuming that the put options are exercised by the non-controlling interests at year-end in the current financial year.

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

Subsidiaries, whose non-controlling shareholdings are subject to put options, are fully consolidated. The non-controlling ownership interest, which is subject to the put option, is reclassified as a liability at the end of the reporting period, as if the acquisition took place at that date.

Significant accounting estimates and judgments

The exercise prices are determined by contractually defined EBITDA multiples for both the put and call options, and are calculated on realised financial figures for two financial years, adjusted for the net interest-bearing debt, and normalised net working capital adjustments as of the effective date.

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

In accordance with IFRS Accounting Standards, the put option over shareholdings held by non-controlling interest is included as a provision in the financial statements as the estimated present value of the expected cash outflows to settle the liability based on projected results and based on the mentioned general assumption on collective exercise at 31 December 2023.

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

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

The discount rates of 11.0%-19.0% (2022: 11.0%-21.8%) applied in discounting the expected cash outflows are based on interest rates that reflect the current market assessment of the time value of money, taking into account the expected settlement of these liabilities, and the risk specific to the non-controlling interest.

The value of the provisions for the acquisition of non-controlling interest is sensitive to the development of the projected results in the respective subsidiaries. If the projected results of all subsidiaries where the Group holds an option increase/decrease by 5%, the value at the balance sheet date will change by DKK +13.1m/-13.1m (2022: DKK +11.0m/-11.0m).

4.4 Provisions for the Acquisition of Non-controlling Interests (continued)

DKKm	2023	2022
Balance 01.01.	206.7	158.7
Exchange rate adjustment	2.7	1.6
Utilisation of provision to acquire non-controlling interests resulting in a deferred consideration	-	(18.6)
Fair value adjustment	43.2	65.0
Balance 31.12.	**252.6**	**206.7**
Non-current provisions for the acquisitions of non-controlling interests	251.5	201.9
Current provisions for the acquisitions of non-controlling interests	1.1	4.8
Total	**252.6**	**206.7**

In 2023, the Group did not acquire ownership of any partnership.

In 2022, the Group acquired full ownership of the partnership in Belgium (Tiger Stores Belgium, BVBA).

DKKm	2023	2022
Deferred considerations 01.01.	81.6	91.1
Additions	-	18.6
Settlements paid during the period	(61.9)	(30.3)
Fair value adjustment	9.1	2.2
Deferred considerations 31.12.	**28.8**	**81.6**
Non-current deferred considerations	3.7	28.4
Current deferred considerations	25.1	53.2
Total	**28.8**	**81.6**

4.5 Net Financials

Accounting policies

Financial income comprises interest receivables, realised and unrealised capital gains on payables, transactions in foreign currencies, as well as tax relief under the Danish Tax Payment Scheme. Also included are realised and unrealised gains on derivative financial instruments that are not designated as hedges.

Financial expenses comprise interest payables, bank charges, fair value of contingent consideration, realised and unrealised capital losses on payables, transactions in foreign currencies, as well as tax surcharges under the Danish Tax Payment Scheme. Also included are realised and unrealised losses on derivative financial instruments that are not designated as hedges.

DKKm	2023	2022
Financial income		
Interest on financial assets measured at amortised cost	0.9	0.2
Gains on derivative financial instruments not designated as hedges	3.3	3.4
Exchange rate adjustments, net	1.7	-
Other financial income	-	0.4
Total	**5.9**	**4.0**
Financial expenses		
Bank charges*	37.1	38.6
Interest on lease liabilities	108.3	75.5
Interest on financial liabilities measured at amortised cost	177.4	93.7
Fair value adjustment of contingent consideration	108.8	18.1
Losses on derivative financial instruments not designated as hedges	1.9	6.3
Exchange rate adjustments, net	-	3.5
Other financial expenses	2.8	3.1
Total	**436.3**	**238.8**
Net financials	**(430.4)**	**(234.8)**

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

4.6 Liabilities Arising from Financing Activities

Accounting policies
Cash flows from financing activities comprise dividend payments, proceeds and repayments of loans and borrowings, changes in non-controlling interest ownership, and share capital increase.

Liabilities arising from financing activities comprise loans provided by shareholders of non-controlling interests, bank debt, other loans, loans from shareholders, lease liabilities, deferred considerations, contingent consideration and provisions related to acquisitions of non-controlling interests.

The table below shows the changes of liabilities arising from financing activities specified on cash flows and non-cash changes:

Financial liabilities **DKKm**	**Liabilities 01.01**	**Cash movements**	**Fair value movements**	**Other non-cash movements**	**Exchange rate adjustment**	**Liabilities 31.12.**
2023						
Loans provided by shareholders of non-controlling interests	0.4	-	-	-	-	0.4
Bank debt	2,028.7	201.6	-	43.1	(2.1)	2,271.3
Other loans	54.4	(28.6)	-	-	(0.1)	25.7
Loans from shareholders	80.6	-	-	-	-	80.6
Lease liabilities	1,832.7	(613.9)	-	788.4	15.8	2,023.0
Deferred considerations	81.6	(61.9)	9.1	-	-	28.8
Contingent consideration	38.3	-	108.8	-	-	147.1
Provision for the acquisition of non-controlling interests	206.7	-	43.2	-	2.7	252.6
Total	**4,323.4**	**(502.8)**	**161.1**	**831.5**	**16.3**	**4,829.5**
2022						
Loans provided by shareholders of non-controlling interests	5.7	(5.2)	-	-	(0.1)	0.4
Bank debt	1,953.9	51.8	-	11.9	11.1	2,028.7
Other loans	97.0	(39.3)	-	-	(3.3)	54.4
Loans from shareholders	80.6	-	-	-	-	80.6
Lease liabilities	1,763.3	(622.0)	-	706.0	(14.6)	1,832.7
Deferred considerations	91.1	(30.3)	2.2	18.6	-	81.6
Contingent consideration	20.2	-	18.1	-	-	38.3
Provision for the acquisition of non-controlling interests	158.7	-	65.0	(18.6)	1.6	206.7
Total	**4,170.5**	**(645.0)**	**85.3**	**717.9**	**(5.3)**	**4,323.4**

Section 5 Other Disclosures

5.1 Fees to Statutory Auditor

DKKm	**2023**	**2022**
EY		
Statutory audit of financial statements	6.5	6.2
Other assurance engagements	0.7	0.6
Tax advisory services	1.1	0.8
Other services	1.7	1.2
Total	**10.0**	**8.8**

5.2 Related Parties

Related parties exercising control
Treville X Partners ApS is subject to controlling influence by MNGT4 CLP ApS, LTH INVEST ApS and UIM HOLDING ApS, adress c/o Treville & Co. A/S, Kongens Nytorv 22, 4., 1050 Copenhagen K, which holds a total 100% of the shared capital equally split between them. This means that there are no other shareholders who hold 5% or more of the share capital.

Balances and transactions between Treville X Partners ApS and its subsidiaries, which are related parties of Treville X Partners ApS, have been eliminated during consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties exercising significant influence
Related parties in Treville X Partners ApS with significant influence include the Group's Executive Management and Board of Directors, and their close relatives. Related parties also include companies in which these individuals have material interests.

Other than the transactions and remuneration as set out in note 2.2, there has been no trading with members of the Executive Management, the Board of Directors nor their close relatives.

In 2021, the Parent Company has entered into loan agreements of total DKK 79.1m with Lavie FTC ApS, N1C2 ApS, Owl FTC ApS and Piste NC ApS, which are owned by either the member of the Board of Directors or their relatives. The outstanding amount as of 31 December 2023 amounts to DKK 79.1m (2022: DKK 79.1m).

Joint ventures
The related parties of Treville X Partners ApS also included the joint venture in which the company participates, Zebra Japan K.K.

During the year, the Group received royalty and service fees in the amount of DKK 13.4m (2022: DKK 13.4m) from the joint venture company, and sold goods amounting to DKK 60.1m (2022: DKK 70.1m) to the joint venture company.

As of 31 December 2023, the joint venture company owed the Group DKK 4.7m (2022: DKK 5.2m). All outstanding amounts are unsecured and will be settled in cash.

The Group has covered part of the bank commission fee and interests to the new Japanese bank facilities which in total amounts to DKK 5.4m in 2023 (2022: DKK 3.9m).

The Group has provided a guarantee to Zebra Japan K.K.'s bank which amounts to a maximum of DKK 69.2m (2022: DKK 76.7m). On 31 December 2023, the guaranteed amount constituted DKK 69.2m (2022: DKK 76.7m).

5.3 Guarantee Commitments and Contingent Liabilities

Litigation
There are a few legal proceedings and claims that are pending which are not estimated to result in significant losses to the Group, other than what has been provided for in the financial statements.

Other guarantees
The Group has provided a guarantee to the joint venture Zebra Japan K.K.'s bank, which amounts to a maximum of DKK 69.2m (2022: DKK 76.7m). On 31 December 2023, the guaranteed amount constituted DKK 69.2m (2022: DKK 76.7m).

The Group has assessed the fair value of the issued financial guarantee and the subsequent possible loss allowance arising from the issued financial guarantee. Based on an assessment of the probability of potential cash outflow resulting from the issued financial guarantee, the Group has assessed probability to be minimal and not recognised the issued financial guarantee in the balance sheet. The disclosed guarantee represented the potential maximum cash outflow resulting from the issued guarantee.

Contractual obligation
Contractual obligations related to service contracts amounted to DKK 21.3m (2022: DKK 30.1m). Aside from liabilities recognised in the balance sheet, no significant losses are expected to incur as a result of contractual obligations.

Pledged assets
A letter of indemnity (company charge) of nominal DKK 30.0m (2022: DKK 30.0m) has been deposited by the Group as security for the Group's bank debt.

Bank debt is secured by a mortgage of nominal DKK 25.0m (2022: DKK 25.0m) deposited by the Group on certain assets.

The foreign-owned entities' bank debt is secured by mortgages on their movable equipment and inventory of a total nominal amount of DKK 20.2m (2022: DKK 42.2m).

The carrying amounts of the above-mentioned pledged assets are stated below:

DKKm	2023	2022
Pledged assets		
Leasehold rights included in right-of-use assets	5.5	6.2
Leasehold improvements	8.3	15.7
Store furniture	1.9	2.7
Other equipment	17.9	21.8
Other deposits	-	0.5
Inventories	429.1	586.3
Other receivables	12.4	136.1
Total	**475.1**	**769.3**

Total value of liabilities requiring pledges to third parties as of 31 December 2023 amounted to DKK 64.4m (2022: DKK 74.8m).

5.4 Events after the Balance Sheet Date

On 29 February 2024 the Group acquired 100% of the shares in Flying Tiger Korea Co., Ltd. The acquisition will add annual revenue of approximately DKK 34m, representing less than 1% of Group revenue.

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

5.5 List of Group Companies

Investments in group companies comprise the following at 31 December 2023.

Name	Home	Ownership interest
Treville X Invest ApS	Copenhagen, Denmark	100%
Treville X Holding ApS	Copenhagen, Denmark	84,53%
FTC ManCo ApS	Copenhagen, Denmark	10,02%
Zebra A/S	Copenhagen, Denmark	95,50%
Tiger Ísland ehf.	Reykjavík, Iceland	100%
Tiger Retail Ltd.	London, England	100%
Tiger Deutschland GmbH	Flensburg, Germany	100%
Tiger Stores Nederland B.V.	Amsterdam, the Netherlands	100%
Tiger Stores Spain, S.L.	Madrid, Spain	100%
TZ-shops South Sweden AB	Malmö, Sweden	100%
SIA Tiger Shop	Riga, Latvia	100%
UAB Tiger Shop	Vilnius, Lithuania	100%
Tiger Hellas S.A.	Thessaloniki, Greece	100%
Tiger Italia 1, S.r.l.	Turin, Italy	100%
Tiger Warsaw Sp. Z.o.o.	Warszawa, Poland	100%
Tiger Retail Ireland Ltd.	Dublin, Ireland	100%
TGR Norge AS	Oslo, Norway	100%
Tiger Stores OY	Espoo, Finland	100%
Zebra Japan K.K.	Tokyo, Japan	50%
Tiger Portugal S.A.	Charneca de Caparica, Portugal	50%
Tiger Canarias, S.L.	Las Palmas, Spain	50%
Tiger South Spain, S.L.	Malaga, Spain	50%
Tiger Stores North West Spain, S.L.	La Coruña, Spain	50%
Tiger U.K. (Midlands) Ltd.	Glostershire, England	100%
Tiger Stores Belgium, BVBA	Antwerp, Belgium	100%
Tiger Stores Austria GmbH	Wien, Austria	50%
Tiger Stores Belgium 2 SPRL	Namur, Belgium	100%
Tiger Stores Cyprus Limited	Nicosia, Cyprus	100%
Tiger Czech Republic s.r.o.	Prague, Czech Republic	50%
Tiger Stores OU Estonia	Tallinn, Estonia	100%
Tiger Stores Spain 5, S.L.	Bilbao, Spain	50%
Tiger Stores France SAS	Nice, France	100%
Tiger Stores France 2 SAS	Paris, France	100%
Tiger Stores France 4 SAS	Paris, France	100%
Tiger Stores Slovakia S.R.O.	Bratislava, Slovakia	50%
Tiger Stores Hungary Zrt.	Budapest, Hungary	50%
Tiger Stores (Malta) Limited	Valletta, Malta	50%
Tiger Stores (Switzerland AG)	Luzern, Switzerland	50%
Zebra Trading (Shanghai) Co., Ltd	Shanghai, China	100%
Digital Flying Tiger Copenhagen A/S	Copenhagen, Denmark	100%
Flying Tiger Copenhagen Singapore Pte. Ltd.	Singapore, Singapore	100%

The voting interests correspond to ownership interests except for FTC ManCo ApS where the Group has 100% of the voting interests. Please refer to note 1.2 regarding consolidation of 50% ownership interests.

Financial Statements – Parent Company

Statement of Comprehensive Income – Parent Company
1 January - 31 December

DKK'000	Note	2023	2022
Revenue		9,500.0	7,000.0
Other external expenses		(275.5)	(438.7)
Operating profit (EBIT)		**9,224.5**	**6,561.3**
Financial income	4.3	4,024.2	2,580.1
Financial expenses	4.3	(1.2)	(7.7)
Profit before tax		**13,247.5**	**9,133.7**
Tax on profit for the year	2.1	(2,921.4)	(2,009.4)
Profit for the year		**10,326.1**	**7,124.3**
Other comprehensive income		-	-
Total comprehensive income for the year		**10,326.1**	**7,124.3**

Balance Sheet – Parent Company
31 December

Assets

DKK'000	**Note**	**2023**	**2022**
Investment in subsidiaries	3.1	100.0	100.0
Receivables from subsidiaries	3.2	87,655.4	83,645.1
Non-current assets		**87,755.4**	**83,745.1**
Receivables from subsidiaries	3.2	12,412.1	8,918.1
Cash and cash equivalents		7,609.0	1,411.3
Current assets		**20,021.1**	**10,329.4**
Assets		**107,776.5**	**94,074.5**

Equity and liabilities

DKK'000	**Note**	**2023**	**2022**
Share capital	4.1	60.0	60.0
Retained earnings		19,019.3	8,693.2
Equity		**19,079.3**	**8,753.2**
Loans from shareholders	4.2	80,600.0	80,600.0
Joint income tax payables		5,373.6	2,452.2
Other payables	3.3, 4.2	2,723.6	2,269.1
Current liabilities		**88,697.2**	**85,321.3**
Liabilities		**88,697.2**	**85,321.3**
Equity and liabilities		**107,776.5**	**94,074.5**

Statement of Changes in Equity - Parent Company

1 January - 31 December

DKK'000	Share capital	Retained earnings	Total equity
2023			
Equity 01.01.	**60.0**	**8,693.2**	**8,753.2**
Profit for the year	-	10,326.1	10,326.1
Other comprehensive income for the year, net of tax	-	-	-
Equity 31.12.	**60.0**	**19,019.3**	**19,079.3**

DKK'000	Share capital	Retained earnings	Total equity
2022			
Equity 01.01.	**60.0**	**1,568.9**	**1,628.9**
Profit for the year	-	7,124.3	7,124.3
Other comprehensive income for the year, net of tax	-	-	-
Equity 31.12.	**60.0**	**8,693.2**	**8,753.2**

Cash Flow Statement – Parent Company

1 January – 31 December

DKK'000	Note	2023	2022
Operating profit (EBIT) before special items		**9,224.5**	**6,561.3**
Working capital changes	3.4	(3,025.6)	(4,840.0)
Interest income received	4.3	-	1.9
Interest expenses paid	4.3	(1.2)	(7.7)
Cash flows from operating activities		**6,197.7**	**1,715.5**
Loans to subsidiaries		-	(400.0)
Cash flow from investing activities		**-**	**(400.0)**
Free cash flow		**-**	**1,315.5**
Increase in cash and cash equivalents		**6,197.7**	**1,315.5**
Cash and cash equivalents at 1 January		1,411.3	95.8
Cash and cash equivalents at 31 December		**7,609.0**	**1,411.3**

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

1.1 Material Accounting Policies

The Annual Report for the period 1 January 2023 to 31 December 2023 has been prepared in accordance with IFRS® Accounting Standards, as adopted by the EU, and Danish disclosure requirements applying to entities of reporting class B.

The financial statements are presented in Danish kroner (DKK), which is the Parent Company's functional currency. The financial statements of the Parent Company are presented in DKK'000.

The financial statements have been prepared on the historical cost basis, except for loans from shareholders. Loans from shareholders are measured at fair value.

The financial statements have been prepared on a going concern basis.

The accounting policies, as described in the following and in the respective notes, have been used consistently for the financial year and are unchanged from last year apart from the implementation of new or amended standards effective for the financial year 1 January - 31 December, cf. note 1.1 to the consolidated statements.

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

Statement of comprehensive income
The statement of comprehensive income is prepared based on cost classified by nature. Revenue comprises management fee invoiced to subsidiaries for services provided during the year. Other external expenses are comprised of administrative costs including fees from lawyers and auditors.

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

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

Cash flows from investing activities mainly comprise investment in business combinations.

Cash and cash equivalents comprise bank deposits.

Implementation of new or amended standards and interpretations
Please refer to note 1.1 to the consolidated financial statements.

1.2 Significant Accounting Estimates and Judgments

The financial statements have been prepared to give a true and fair view of the Parent Company's assets, liabilities, and financial position as of 31 December 2023, as well as the results of operations and of cash flow. The Executive Management makes various accounting estimates and judgments which affect the financial statements.

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

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

Estimates made and the underlying assumptions are reassessed on a regular basis.

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

- Impairment losses on investment in subsidiaries (note 3.1 Investment in subsidiaries).
- Expected credit losses on receivables from subsidiaries (note 3.2 Receivables from subsidiaries).
- Fair value measurement of loans provided by the shareholders and judgment on classification (note 4.2 Financial risks and liabilities).

2.1 Income Taxes and Deferred Tax

Accounting policies

Treville X Partners ApS is part of a joint taxation arrangement with all its Danish subsidiaries, with Treville X Partners ApS being the administrative company.

Income tax for the year, comprising the year's current tax and the change to deferred tax, is recognised in the statement of comprehensive income.

Current tax payable and current tax receivable are recognised in the balance sheet as joint income tax payable/receivable. On calculation of current tax, the tax rates and rules applicable at the balance sheet are used.

The Parent Company recognises deferred tax assets, including the expected tax value of tax losses carried forward, if the Executive Management assesses that these tax assets can be offset against positive taxable income within the Parent Company's budgeting period that exceeds realisation of deferred tax liabilities. At the balance sheet date, no deferred tax was recognised.

Tax costs

DKK'000	2023	2022
Current tax	2,921.4	2,009.4
Total	**2,921.4**	**2,009.4**

Tax reconciliation

DKK'000	2023	2022
Profit before tax	13,247.5	9,133.7
Calculated 22.0% on profit before tax	2,914.5	2,009.4
Adjustment to current tax concerning previous years	6.9	-
Total	**2,921.4**	**2,009.4**
Effective tax rate	**22.1%**	**22.0%**

The income tax payable will be offset against tax losses in the joint taxation arrangement.

3.1 Investment in Subsidiaries

Accounting policies
Investments in subsidiaries are recognised and measured at cost. If cost exceeds the recoverable amount of the investments, the investments are written down to such lower amount.

Dividend is recognised as income when the right to receive payment is established.

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

Significant accounting estimates and judgments
The carrying amount of investments in subsidiaries is examined at the balance sheet date in order to determine if there is any indication of impairment.

If this is the case, the recoverable amount of the asset is determined in order to determine the need for any write-down and the extent thereof.

The impairment test is based on value-in-use (discounted cash flow method) using projected EBITDA's, change in working capital and CAPEX for the period 2024-2028. An assumed growth rate of 1% has been applied for the years beyond 2028. A pre-tax WACC of 22.7% (2022: 25.0%) is used to discount the projected cash flows.

The impairment test did not show any need for impairment losses to be recognised in 2023 (2022: DKK 0).

DKK'000	2023	2022
Cost 01.01.	100.0	100.0
Cost 31.12.	**100.0**	**100.0**
Carrying amount 31.12.	**100.0**	**100.0**

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

3.2 Receivables from Subsidiaries

Receivables from subsidiaries consists of a loan to Treville X Invest ApS , a loan to Treville X Holding ApS, intercompany balances with subsidiaries, and receivables related to management fee. The loan carries interests, but does not include any instalments before the final repayment.

Accounting policies
The receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less write-downs for expected credit losses. The maximum credit risk is equal to the gross receivable as the Parent Company has no collateral security.

Impairment losses are deducted from the carrying amount and are recognised in the statement of comprehensive income under financial expenses.

Intercompany balances, which are expected to be settled as part of the normal operating cycle, are classified as current assets, unless an unconditional right to defer settlement of the liability for at least twelve months after the reporting period exists.

Significant accounting estimates and judgments
In assessing the adequacy of the expected credit losses, the Executive Management evaluates the current economic conditions and the likelihood of the subsidiary being able to settle the loan in the future.

The assessment of expected lifetime credit losses on receivables from subsidiaries did not show any need for impairment losses to be recognised in 2023 (2022: DKK 0).

DKK'000	2023	2022
Receivables from subsidiaries, non-current	87,655.4	83,645.1
Receivables from subsidiaries, current	12,412.1	8,918.1
Total	**100,067.5**	**92,563.2**

3.3 Other Payables

DKK'000	2023	2022
VAT and other indirect taxes	2,375.5	1,821.2
Other	348.1	447.9
Total	**2,723.6**	**2,269.1**

3.4 Cash Flow Specifications

DKK'000	2023	2022
Working capital changes		
Change in receivables from subsidiaries	(3,480.1)	(5,793.1)
Change in other payables	454.5	953.1
Total change in working capital	**(3,025.6)**	**(4,840.0)**

The table below shows the changes of liabilities arising from financing activities specified on cash flows and non-cash changes:

Financial liabilities DKK'000	Liabilities 01.01.	Cash movements financing activities	Non-cash movements	Liabilities 31.12.
2023				
Loans from shareholders	80,600.0	-	-	80,600.0
Total	**80,600.0**	**-**	**-**	**80,600.0**
2022				
Loans from shareholders	80,600.0	-	-	80,600.0
Total	**80,600.0**	**-**	**-**	**80,600.0**

4.1 Share Capital

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

4.2 Financial Risks and Liabilities

Accounting policies

Please refer to note 4.2 in the consolidated financial statements for information on financial liabilities.

Financial liabilities

DKK'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2023					
Loans from shareholders	80,600.0	-	-	80,600.0	80,600.0
Other payables	2,723.6	-	-	2,723.6	2,723.6
Total	**83,323.6**	**-**	**-**	**83,323.6**	**83,323.6**
2022					
Loans from shareholders	80,600.0	-	-	80,600.0	80,600.0
Other payables	2,269.1	-	-	2,269.1	2,269.1
Total	**82,869.1**	**-**	**-**	**82,869.1**	**82,869.1**

Due to the potential demand feature of the loans from shareholders, they are classified as due within 1 year.

Please refer to note 4.3 in the consolidated financial statements for information on the change in level 3 items for the periods ending 31 December 2023 and 31 December 2022.

Financial risks

The Parent Company's objective, at all times, is to limit the financial risks.

Currency risk

The Parent Company has no transactions in foreign currency.

Interest rate risk

The receivable from subsidiaries carries a variable interest rate (CIBOR 3) plus a constant element. The loans from shareholders carry no interest element.

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

A change in interest levels will impact the Parent Company's receivables from subsidiaries that are subject to variable interest rates. An increase in interest levels of 1%-point annually compared to the interest rates at 31 December 2023 would have a positive impact of DKK 0.9m on the Parent Company's profit for the year and equity (2022: positive impact of DKK 0.8m). A corresponding decrease in interest levels would have a negative impact of DKK 0.9m on the Parent Company's profit for the year and equity (2022: negative DKK 0.8m).

Credit risk

The Parent Company has an intercompany receivable loan where the future instalment are depending on the subsidiary selling the majority of its interests in Zebra A/S. Please see note 3.2 for more details including the result of the impairment test.

Liquidity and funding risk

The Parent Company is subject liquidity risk as the Company has limited cash reserves and are depending on the owners to increase the loans in case of new costs needing to be paid.

Due to the demand feature, the loans from shareholders may only fall due in the event where the Company or any subsidiaries defaults.

Capital management

The Parent Company manages its capital to ensure that the Company will be able to continue as a going concern and to maximise shareholder value. The capital structure consists of net-interest bearing debt and equity comprising issued capital and retained earnings.

4.3 Net Financials

Accounting policies

Financial items comprise interest income and expenses.

DKK'000	2023	2022
Financial income		
Interest from subsidiaries	4,024.2	2,580.1
Total	**4,024.2**	**2,580.1**
Financial expenses		
Bank charges	1.2	1.2
Bank interests	-	6.5
Total	**1.2**	**7.7**
Net financials	**4,023.0**	**2,572.4**

5.1 Fees to Statutory Auditor

DKK'000	2023	2022
EY		
Statutory audit of financial statements	199.4	302.5
Other services	6.5	6.5
Total	**205.9**	**309.0**

5.2 Related Parties

Please refer to note 5.2 in the consolidated financial statements for information on related parties.

Subsidiaries
Please refer to note 5.5 of the consolidated financial statements for a list of subsidiaries.

The Parent Company has had the following transactions with subsidiaries:

DKK'000	2023	2022
Revenue (management fee)	9,500.0	7,000.0
Interest income	4,024.2	2,580.1

Amounts receivable/payable with related parties

DKK'000	2023	2022
Receivables from subsidiaries, non-current	87,655.4	83,645.1
Receivables from subsidiaries, current	12,412.1	8,918.1
Loans from shareholders, current	(79,100.0)	(79,100.0)
Joint income tax payables, current	(5,373.6)	(2,452.2)
Total	**15,593.9**	**11,011.0**

The loans from shareholders do not carry interests.

5.3 Contingent Liabilities

Joint taxation
Treville X Partners ApS is part of a joint taxation arrangement with all its Danish subsidiaries, with Treville X Partners ApS being the administrative company.

The Parent Company is jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Parent Company's liability.

Comfort letters
The Parent Company has issued a letter of support to its subsidiaries Treville X Invest ApS, Treville X Holding ApS and FTC ManCo ApS. The Parent Company has committed itself to financially support the aforementioned subsidiaries as to ensure these can fulfil their liabilities as they fall due for a period until at least a year after the balance sheet date.

5.4 Events after the Balance Sheet Date

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

Management Statement

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Treville X Partners ApS for the financial year 2023.

The Annual Report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further disclosure requirements required according to the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023, the results of the Group and Parent Company's operations and cash flows for the financial year 1 January - 31 December 2023.

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

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 27 June 2024

Executive Management

Casper Lykke Pedersen
CEO

Board of Directors

Nikolaj Vejlsgaard
Chairman

Casper Lykke Pedersen

Lars Thomassen

Independent Auditor's Report

To the shareholders of Treville X Partners ApS

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

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

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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Statement on the Management's review
Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Copenhagen, 27 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
mne21332

Thomas Bruun Kofoed
State Authorised
Public Accountant
mne28677