Annual Report 2022

Treville X Partners ApS

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Kongens Nytorv 22, 4.
1050 København K

Central Business Registration
No: 42006580

Annual General Meeting:
22.06.2023

Chairman of the meeting:
Lasse Lippert

Content

Key figures

DKKm	2022	2021[1]
Statement of profit or loss		
Revenue	4,752.1	3,572.7
Gross profit	2,906.1	2,202.7
EBIT	177.4	77.4
Result from financial items	(169.5)	(156.6)
Loss for the year	(13.5)	(68.6)
Financial position at 31 December		
Total assets	5,499.3	5,418.4
Equity	(240.2)	(111.7)
Cash flow and investments		
Investment in property, plant and equipment	(62.7)	(40.6)
Free cash flow	300.3	1,297.8

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

Operating and financial review 2022

Treville X Partners ApS was founded in January 2021 with the purpose of the acquisition of 100% of the shares in Treville X Invest ApS. The Group's main activities are in Zebra A/S in Denmark. The purpose of the Group is to run a variety retail concept with stores in 27 countries across Europe and Asia, marketed under the Flying Tiger Copenhagen brand name.

In 2022, the Group generated earnings before interest, tax, amortisation, depreciation and impairment losses and special items (EBITDA before special items) of DKK 1,037m compared to DKK 912m in 2021. 2021 covers the period 8 January to 31 December 2021 and figures from Zebra A/S are consolidated from the acquisition date on 10 February 2021. The 2022 result was achieved despite the negative impact of the COVID-19 pandemic in Q1 2022 and continued impact from certain global supply chain challenges. Once again, the Group demonstrated disciplined cost control, as well as agility when operating under difficult circumstances. Revenue in 2022 was DKK 4,752m, which was 33% higher than in 2021. This strong revenue is a result of very strong product campaigns particularly in Q4, an important trading period for our company. Net Loss for the year amounted to DKK 14m.

The Executive Management and the Board of Directors consider the operational and financial performance of 2022 to be satisfactory, in the light of the continued impact from the COVID-19 pandemic in Q1 2022 and global supply chain challenges.

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 service aligned to the capacity guarantee stated in the contract. The Group engaged in commercial discussions with the former freight forwarder however, no satisfactory outcome was realised. To resolve the dispute, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") on 1st March 2022. The Group is highly confident in the ability to recover the costs incurred.

During 2022, the Group continued rolling out the four large programmes that are key to strengthening and developing the business as an integral part of the Group's strategy:

1. **Customer & Digital** focusing even more on our customers' digital journey and engagement with Flying Tiger Copenhagen across touchpoints. The initiatives in 2022 focused on ensuring a continued strong customer experience on the ecommerce platform.

2. A **Merchandise Planning** solution to optimise the allocation and replenishment of products and volumes at the right time to stores. This is to secure a smoother process for our stores and to produce a higher stock turnover. The project launched in the UK with very positive results. The solution will be rolled out to additional markets and central warehouses during 2023.

3. A broader set of **Retail initiatives**, which focus on even more efficient ways of operating our stores e.g., self-checkout solutions.

4. **Franchise growth.** As our overall business platform has improved significantly, we have entered a growth pathway in new markets through franchise partnerships. In 2022, the first major milestone of this initiative was achieved as we opened three new markets with three very strong partners. In these new markets (Israel, Kingdom of Saudi Arabia, and United Arab Emirates) we opened 21 stores during 2022. Additionally, we have signed two new franchise agreements in Indonesia and Philippines; two large and very promising markets that we will launch in 2023.

Revenue Development

Total revenue in 2022 was DKK 4,752m, corresponding to an increase of DKK 1,179m compared to 2021. 2021 covers the period 8 January to 31 December 2021 and revenue from Zebra A/S is consolidated from the acquisition date on 10 February 2021. The revenue in 2022 was somewhat impacted by the global pandemic during Q1 2022 with lower customer traffic in some markets. However, revenue still came out at a very acceptable level driven by our strong product campaigns in Q4 2022.

During 2022, we closed net 17 stores, reflecting a balance of 33 store closures, 16 new store openings and 11 store relocations as part of the ongoing optimisation of our store footprint. In addition, our Japanese joint venture partnership opened six and closed five stores.

Our five largest markets represented 61% of total revenue, of which Italy was the largest market followed by Spain, the United Kingdom, Denmark, and Portugal.

By the end of 2022, we operated 842 stores across 27 markets (including our Japanese joint venture). We continue to optimise our store network. Going forward, however, we will pursue a modest store expansion in Europe as we still see significant potential in this region. Our ecommerce platform will also add to our future growth. However, the largest future growth will come from our franchise setup in new markets outside Europe, which is scalable and done in collaboration with strong regional or global franchise operators.

Development in Earnings

In 2022, the gross margin was 61.2% vs. 61.7% in 2021. The slight decrease was planned because of the different margin profile between our regular retail business and our growing franchise business. We expect that the slight reduction in gross margin will continue, as the franchise business becomes a larger part of the Group.

Operating costs (staff costs and other external expenses), excluding COVID-19 government compensations, were DKK 1,923m in 2022, compared to DKK 1,448m in 2021, representing 40.5% of revenue in both 2022 and 2021. 2021 covers the period 8 January to 31 December 2021 and operating costs from Zebra A/S are consolidated from the acquisition date on 10 February 2021. Operating costs in 2022 were affected by a dedicated discipline around costs and a strategic prioritisation to simplify our operations. Again in 2022, COVID-19 compensation schemes contributed to EBITDA before special items.

EBITDA before special items amounted to DKK 1,037m compared to DKK 912m in 2021, which was above expectations.

Special items in 2022 amounted to DKK -32m and were mainly costs related to our transformation programme, as well as legal costs related to the sea freight dispute. Loss for the year amounted to DKK 14m compared to DKK 69m in 2021. The 2022 result was on level with expectations.

Free cash flow

Cash flow from operating activities was DKK 427m in 2022, compared to DKK 1,120m in 2021. The decrease was mainly impacted by the change in working capital which was mainly impacted by an increase in other receivables related to the disputed paid overcharged freight rates and an increase in inventories.

Cash flow from investing activities was DKK -127m in 2022, against DKK 178m in 2021. 2021 was mainly driven by acquisition of business combinations.

Free cash flow in 2022 amounted to DKK 300m compared to DKK 1,298m in 2021. Free cash flow was mainly impacted by the increase in inventory and other receivables, compared to the prior year.

Equity/financial position for the Group and the Parent Company

In 2022, the equity of the Group amounted to DKK -240m and DKK 9m 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. 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 for the Parent Company and the Group, including the ongoing initiatives for 2023 for the Group, the forecasted trading, results and cash flows, uncertainties, and available funding.

The Group continues to focus on strengthening the current operation and ensuring that our ecommerce business develops positively in our core markets in Europe, during 2023 and onwards. Furthermore, our new franchise business was off to a very strong start with 21 stores opened, strong sales and good operations. 2023 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 a confidence to forecast future profitable growth, that will contribute to restoring the share capital and reported equity over the coming years.

The key assumptions underlying the outlook for 2023, and beyond, are based on increased customer footfall, which we are already seeing, as well as improvements in product supply that will drive strong trading. Furthermore, we assume an improved development 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 that there is sufficient basis for continuing the operations and the initiatives for developing the Group and thereby, over the years, re-establish the equity. Please also refer to note 1.3 Going concern.

Parent Company

The Parent Company's main activity is to hold the shares in Treville X Invest ApS and provide management services to subsidiaries. In 2022, the Parent Company realised revenue of DKK 7m compared to DKK 3m in 2021. Profit for the year amounted to DKK 7m compared to DKK 2m in 2021.

Outlook 2023

Assuming a stable external environment, the Group's revenue is expected to increase with 0-3% in 2023 compared to 2022. EBITDA margin before special items is expected to be in the range 18-22% and we expect a positive result for the year. The Parent Company's result in 2023 is expected to be on the same level as 2022.

Restated comparative figures

In 2022, the Executive Management concluded that the Group incorrectly omitted the recognition of capitalised borrowing costs of DKK 15m in 2021. Due to the significance of the matter, it 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 2021 have been restated in these financial statements.

Please refer to note 1.1 to the consolidated financial statements.

Risk management

The Executive Management works actively with risk management, including ongoing discussions and assessments of actual and potential risks, 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 to the consolidated financial statements.

Currency risk

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

The main exchange rate exposure 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 following 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 equity of the foreign subsidiaries into DKK are not hedged.

Interest rate risk

The Group is indirectly exposed to interest rate risk as entities of the Group borrow funds at variable interest rates. The Group monitors the risk and hedging will be applied when needed to maintain a mix between fixed and floating rate borrowings. This is conducted according to the portfolio entities' treasury policy.

Liquidity risk

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

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. All covenants are monitored and reported on a regular basis, enabling the Group to act proactively if required.

Credit risk

The Group has no direct credit risk but is solely exposed directly to the entities in which they invest. The only exposure to counterparty risk is related to cash held at financial institutions and unrealised gains on potential 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 general reduced risk appetite from the credit insurance companies could have negative impact on the payment terms offered by the Group's suppliers. Consequently, this may impact the net working capital. Zebra A/S regularly monitors performance and, if required, proactively engages with the credit insurance companies and suppliers.

Tax

As part of the portfolio companies in which the Group invests, the Group is indirectly 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, in which the Group's portfolio investments operate in.

Operational risk

The Group has identified key operational risks for the entities in which they invest in, primarily Zebra A/S, which are:

- Market place
- Sourcing
- Products, trademarks, and legal claims
- Partner collaboration and buyout
- People
- Cybersecurity

Market place

Competition

As a retailer, 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. Zebra A/S has rolled out an ecommerce platform across all main markets in Europe. To meet competition from 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. The initiatives include continued development of the concept as well as strengthening of the Group's creative capabilities within category management, sustainability, design and innovation, visual merchandising, marketing, branding, and training of the store staff to continuously improve the service provided in the stores.

Customer preferences

In line with other retailers, Zebra A/S's assortment must meet customer preferences for the concept to stay successful. Should we fail to develop the right products at the right prices, financial performance will be affected. Therefore, we continuously review the assortment and actively engage in category management to constantly improve the sustainability performance, product attractiveness and stay updated on market trends.

Operation

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

Sourcing

Forecasting

Zebra A/S is continuously strengthening the forecasting approach and ability to better forecast demand. Failure to correctly assess demand will impact financial results negatively. Underestimating demand will lead to availability issues and missed sales with limited opportunities for substitution. Similarly, overestimating demand will lead to inventory build-up and potential future stock mark-downs and write-downs impacting the financial results negatively. This is monitored closely.

Suppliers

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

Supply chain disruptions

Disruptions to the supply chain, both inbound to the warehouses as well as outbound from the warehouses to stores, may cause product shortages and/or longer lead times, which could negatively impact our reputation, ability to meet demand and the financial results. To mitigate such potentially negative impacts, Zebra A/S continuously oversees the supply chain and invests in and builds sourcing and supply chain systems, processes and capabilities on an on-going basis. Furthermore, Zebra A/S holds a marine cargo insurance policy. The disruptions and challenges in the global supply chain in 2021 have normalised during 2022 and is again a stable part of the value chain.

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 the Group's reputation as well as financial performance. Similarly, violations of our trademarks or product designs, as well as damage caused by the use and/or misuse of our products, may cause similar effects.

Zebra A/S has policies across the business, as well as process controls, which guide the day-to-day operations. Also, Zebra A/S has dedicated teams focusing on legal aspects as well as compliance matters pertaining to the business model. When required, the Group involves and uses external advisors.

Partner collaboration and buyout

Zebra A/S built its success on a 50/50 partnership model in which investments, costs, and profits are shared with our partners. Zebra A/S owns and develops the concept, brand and supplies the products while the partners carry out the store rollouts and local day-to-day operations within the jointly developed business plans, framework, and guidelines of the partnership agreements. These mechanisms and incentives ensure alignment of interests. Failure to maintain a successful collaboration may adversely affect the financial results. We value our partners and maintain an open and frequent dialogue. The number of 50/50 partnerships have reduced during the past years.

It is part of Zebra A/S's strategy to take full ownership of the local operating companies when it is assessed to be more beneficial than the partner model. Failure to successfully integrate and operate, as well as retain key employees in the local companies post takeover, may have a negative impact on Zebra A/S's financial results as well as its reputation. To ensure a continued strong financial performance in and after a transformation period, the partner model entails a put or a call notice of one year, which allows Zebra A/S and the local partner in due time to develop a transition plan, ensuring timely identification of new management and deploying various measures to ensure retention of local key employees and business continuity.

People

Zebra A/S relies critically on the ability to attract, motivate, and retain highly qualified employees at all levels of the organisation – from store staff and managers to creative and administrative teams at head office.

Zebra A/S has a Group People function, which supports the local operating companies as well as the head office in attracting and retaining employees while supporting HR projects across markets.

Cybersecurity

Zebra A/S works proactively and on an ongoing basis with cybersecurity and mitigating risks. Like most other companies, the Group regularly experience phishing attempts, but has not experienced any damage within the business. Cyber-attacks are obviously a much more serious matter, but not something the Group has experienced.

Insurance policies

Zebra A/S maintains insurance policies covering Zebra Group: Product Liability, D&O, Cyber and Crime as well as Marine Cargo. For compliance reasons, the insurance policies are supplemented with local policies by local group companies. Insurance policies for other types of coverage are maintained by each group company. Consequently, Zebra A/S and other group companies maintain local policies to the extent relevant, such as: All Risks, Professional Liability, Workers Injury, Vehicle, Travel etc.

Special risks

The global pandemic impacted the 2021 results negatively and also left a negative mark on the first quarter of the 2022 result. The Group has handled the pandemic in a solid manner, and we are attentive to future developments in the pandemic.

The sourcing and delivery of products, predominantly from China, has stabilised throughout 2022, however, with periodic challenges due to China's approach to the pandemic. The Group continue to monitor any development closely including any potential geopolitical tensions and we remain focused on potential risks of this nature.

The devastating Russian invasion of Ukraine in February 2022 has impacted the world economy and stability enormously. The Group does not have any activities in either country – neither store presence nor any sourcing or supplier base, and thereby have no direct risks.

Over the course of 2022, inflation increased dramatically globally, affecting prices in all consumer goods categories and energy sources. The price increases on raw materials affected our product offering slightly, but as we manage the design process and material choices, we have steered through the inflation in a very controlled manner. In fact, we see that many customers seek out our wide product offering in times like these where money is tighter. We are, therefore, not hit hard by the inflation and price effects.

Data ethics

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

In 2022 the Board of Directors approved this Data Ethics Policy. The purpose of this Data Ethics Policy is externally as well as internally to 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 grow and where data increasingly shapes individuals' lives, the opportunities of digitisation have never been bigger. Both when it comes to improving customers' experiences online and in-store but also when maturing internal business operations. However, such opportunities also come with certain risks towards people and society why proper data management needs to go beyond doing what is written and focus on doing what is right.

As data ethics goes beyond compliance, the following should be seen as a further layer to our existing compliance efforts in relation to data, including data protection compliance. Our Data Ethics Policy applies to all data processing, regardless of whether it is categorised as personal or non-personal data.

With our Flying Tiger Copenhagen Data Ethics Compass, we wish to set a baseline for what considerations must be applied whenever data-related discussions and decisions are initiated and made.

Scope

This Data Ethics Policy applies to the Group, its employees, Board of Directors, and subsidiaries.

Employees should base their decision and actions related to data on the Flying Tiger Copenhagen Data Ethics Compass as set out in this Data Ethics Policy and if in doubt, contact the Data Ethics Working Group at dataethics@flyingtiger.com.

Processed data

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

Our primary group of individuals whose data are processed are our customers and our employees. We process most of the data as a controller, e.g., when processing our customers data to fulfil a purchase or to obtain a better understanding of their views on our products and services. With respect to our employees, we process data as part of our day-to-day HR operations.

We process a range of data such as non-personal and ordinary personal data, e.g., financial figures, product information and general contact information to sensitive personal data such as employee health details.

We use customer data to create segments to better target our online content when our customers engage with us. We use parameters such as transactional, campaign response and website behaviour data to improve our targeting and design better user experiences.

Data Ethics Compass

Transparency and respect

We understand and recognise that 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, customer is, and will always be king.

Our company is based on an open culture where the constant cultivation of trust is key. Just as we want to foster trust in relation to 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 about must be able to trust that we communicate our practices clearly and in due time and that we continuously adjust our processes to ensure such transparency.

Equality and diversity

In our company, diversity and inclusion is a key strength and something we continue to ensure and embrace in our hiring and people management practices. We want our employees to be fearlessly themselves.

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 impact individuals in a negative manner. Further, we want to ensure that our decision-making process warrants a diverse group of decision-makers properly reflecting the matter at hand.

Responsibility and accountability

We put our hearts into everything we do because if we do not, it does not matter. This applies throughout our operations and to our data practices as well. We strive to care for 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 with the data entrusted to us, on our behalf, and that we must remain accountable throughout the data lifecycle. We will not disclose data to third parties beyond what is needed to achieve our strategic goals and we will not sell data to third parties.

Training and internal anchoring

All employees will be introduced to our Data Ethics Compass through our onboarding process. Further training will be developed during 2023 and integrated into existing training programmes.

Ultimately, our Board of Directors is responsible for our business operations and therefore, also our data ethical 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 a Data Ethics Working Group, which consist of a collaboration between our Technology and Legal departments. The Working Group continues to work actively with data ethics and how it supports our business.

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 in 27 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, the Group aspires to end dependency on virgin fossil materials and fuels and has signed up to, and been validated by, the Science Based Targets initiative.

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.

To lower emissions the Group has during 2022 focused on choosing more eco-friendly materials for the products, using less plastic throughout our value chain, sourcing sustainable forestry products, minimising packaging, using more renewable energy in our own operations and minimising food and other product waste through donations. 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 80%. The aspiration is now to reach 100%.

Eco-friendly products

The Group wants to offer its customers more eco-friendly, useful, fun, and inspiring products at affordable prices. By the end of 2022, the Group has already achieved eco-friendliness on 31% 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). In 2022, the Group found two cases of child labour. While the existence of child labour is unacceptable, proactively looking for child labour in the supply chain means that the Group can remediate and change things one case at a time. The remediation process is handled in partnership with the Centre for Child Rights and Business.

In 2022, the Group conducted 217 regular audits and pre-screened 224 factories across China. In 2023 the Group will continue to pre-screen all new factories.

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 2022, the Group has enhanced training for employees on the topic and also sent further correspondence to suppliers reiterating our zero-gifting policy. In 2023 we plan to further emphasise this policy with our supplier base.

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 for the Group

KPI	2022	Target (year)	Status	Accounting practice / Comment
Reduce emissions from scope 1 by about 30% by 2026	43%	30% (2026)	Ahead of target	Tons of CO_2-eq. emissions. This metric is measured as total kilograms of $C0_2$ 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	80%	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-friendly products by 2025	31%	50% (2025)	On target	This metric is calculated as number of eco-friendly products/numbers of total products.
50% reduction of single-use products by 2025	37%	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	93%	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. *Defined as items with 10%+ wood/paper-based content.
50% reduction of plastic in packaging by 2025	47%	19,5% (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)	In progress	This metric is measured as the total number of products with recyclable packaging/ the total number of products.

People

In total, the Group employs more than 7,000 people around the world. Half of the markets are governed by collective agreements and all markets have formal minimum wages either by law or collective agreement. Two thirds of the markets also provide a healthcare package for the employees on top of the public healthcare services that, in most of the markets the Group operate, are primarily free and with a high coverage.

The Group offers equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. Relevant professional qualifications remain key selection criteria for all positions in the organisation.

The majority of the employees work in the stores as sales assistants, shift or store managers, or at one of the Group's warehouses. At store level, most of the staff is female whereas men and women are almost equally represented at the Flying Tiger Copenhagen head office in Denmark.

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

Gender distribution in management

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

The Group aims at a balanced gender distribution among employees in leadership positions. In 2022, the broad leadership group is composed of 53% male and 47% female members. We define leadership positions in the Flying Tiger Copenhagen headquarter as the two leadership levels below the Board of Directors, and in the subsidiaries as the Managing Directors and District Managers. There are no employees in Treville X Partners ApS.

The Group will continue to focus on diversity and to evaluate the need for initiatives within this area.

Since the first reporting period of Treville X Partners, the Board of Directors has been composed of three men, however, with a target to have at least one female member of the Board before 2024 so the representation at Board level is more diverse. Achieving the diversity target will be sought in connection with ongoing changes to the composition of the Board, where special efforts will be made to ensure that female candidates are identified and participate in the selection process. The reason for why the target figure is not fulfilled is that there were no changes in Board of Directors

Engagement and well-being

Ensuring good working conditions and surroundings is essential to running an effective business. We want our employees to enjoy coming to work. We also recognise that happy employees mean they stay longer with the company. Our primary risk is if our employees are not motivated at work as this could have an impact on our ability to attract and retain employees.

At HQ in Denmark and at the market offices, our Business Partners make up a team of committed HR professionals who in close collaboration with our people managers ensure that they receive the right and ongoing level of support in all people related matters, such as recruitment, performance evaluation, team coaching and employee development.

It is important for us that all employees feel welcome in our offices and can share ideas and work together. However, we are also aware that working from home can have beneficial influence on our work life balance and the daily assignments. We want to ensure that it is possible to create flexible and attractive working conditions for all employees.

In 2022, approximately half of the teams in our markets ran employee satisfaction surveys providing a strong tool for managers in building feedback culture as well as open and honest communication about being part of Flying Tiger Copenhagen. In 2022 at HQ, we carried out more frequent satisfaction surveys, so managers had real time data to work with and employees gave frequent inputs with higher chance to positively impact the working environment. The last survey round in 2022 showed a participation rate of 90% underlining a high engagement in sharing inputs, giving feedback, and developing the work environment.

Our ambition for the 2023 satisfaction surveys is to maintain the same high participation rate and an engagement score around 8 out of 10.

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 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 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 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 positions

Consolidated financial statements

Statement of profit or loss
1 January – 31 December

DKKm	Note	2022	2021
Revenue	2.1	4,752.1	3,572.7
Cost of sales		(1,846.0)	(1,370.0)
Gross profit		**2,906.1**	**2,202.7**
Other external expenses		(692.6)	(439.0)
Staff costs	2.2	(1,229.9)	(1,008.6)
Other operating income	2.5	53.3	156.8
EBITDA before special items		**1,036.9**	**911.9**
Amortisation, depreciation and impairment losses		(827.7)	(813.6)
Operating profit (EBIT) before special items		**209.2**	**98.3**
Special items	2.3	(31.8)	(20.9)
Operating profit (EBIT)		**177.4**	**77.4**
Share of profit/(loss) in joint ventures	3.4	1.4	(1.5)
Financial income	4.5	4.0	1.3
Financial expenses	4.5	(238.8)	(214.2)
Fair value adjustment of call options	4.3	63.9	57.8
Profit/(loss) before tax		**7.9**	**(79.2)**
Tax on profit/(loss) for the year	2.4	(21.4)	10.6
Loss for the year		**(13.5)**	**(68.6)**
Loss for the year is attributable to:			
Owners of Treville X Partners ApS		(47.8)	(88.4)
Non-controlling interests		34.3	19.8
Loss for the year		**(13.5)**	**(68.6)**

*2021 covers the period 8 January to 31 December 2021.

Statement of comprehensive income

1 January – 31 December

DKKm	Note	2022	2021
Loss for the year (brought forward)		**(13.5)**	**(68.6)**
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	2.4	-
Tax on actuarial gains/(losses)	2.4	1.4	-
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of investments in foreign entities		(2.8)	1.3
Foreign exchange hedging instruments:			
- Realised in inventories	4.3	(29.9)	(2.6)
- Realised in cost of sales	4.3	(79.1)	(2.3)
- Realised in financial items	4.3	(0.3)	2.0
- Fair value adjustments	4.3	58.9	47.9
Tax on hedging instruments	2.4	11.1	(9.9)
Other comprehensive income		**(47.5)**	**36.4**
Total comprehensive loss for the year		**(61.0)**	**(32.2)**
Total comprehensive loss for the year is attributable to:			
Owners of Treville X Partners ApS		(86.6)	(58.7)
Non-controlling interests		25.6	26.5
Total		**(61.0)**	**(32.2)**

*2021 covers the period 8 January to 31 December 2021.

Balance sheet

31 December

Assets

DKKm	**Note**	**2022**	**2021**
Intangible assets	3.1	1,428.3	1,463.9
Right-of-use assets	3.2	1,758.7	1,699.6
Property, plant and equipment	3.3	209.5	234.3
Investment in joint ventures	3.4	12.5	7.6
Deposits		84.8	85.2
Derivative financial instruments	4.2, 4.3	367.3	303.4
Deferred tax assets	2.4	106.6	84.3
Non-current assets		**3,967.7**	**3,878.3**
Inventories	3.5	776.0	610.9
Income tax receivables		20.1	32.6
Trade receivables		3.8	12.3
Derivative financial instruments	4.2, 4.3	7.5	29.4
Other receivables	1.2	375.9	188.0
Prepayments		47.6	32.6
Cash and cash equivalents	4.2	300.7	634.3
Current assets		**1,531.6**	**1,540.1**
Assets		**5,499.3**	**5,418.4**

Balance sheet
31 December

Equity and liabilities **DKKm**	**Note**	**2022**	**2021**
Share capital	4.1	0.1	0.1
Currency translation reserve		(1.5)	1.3
Currency hedging reserve	4.3	(4.2)	35.1
Retained earnings		(234.6)	(148.2)
Capital and reserves attributable to owners of Treville X Partners ApS		**(240.2)**	**(111.7)**
Non-controlling interests		-	-
Total equity		**(240.2)**	**(111.7)**
Provisions for the acquisition of non-controlling interests	4.2, 4.4, 4.6	201.9	153.9
Other provisions	3.6	55.9	45.6
Bank debt	4.2, 4.6	1,817.4	1,876.3
Other loans	4.2, 4.6	9.6	22.3
Lease liabilities	3.2, 4.2, 4.6	1,241.5	1,148.5
Deferred considerations	4.2, 4.4, 4.6	28.4	50.6
Contingent consideration	4.2, 4.6	38.3	20.2
Deferred tax liabilities	2.4	170.5	192.3
Other non-current liabilities	3.7, 4.2	50.7	43.0
Non-current liabilities		**3,614.2**	**3,552.7**
Provisions for the acquisition of non-controlling interests	4.2, 4.4, 4.6	4.8	4.8
Other provisions	3.6	16.2	31.8
Loans from shareholders	4.2, 4.6	80.6	80.6
Loans provided by shareholders of non-controlling interests	4.2, 4.6	0.4	5.7
Bank debt	4.2, 4.6	211.3	77.6
Other loans	4.2, 4.6	44.8	74.7
Lease liabilities	3.2, 4.2, 4.6	591.2	614.8
Trade payables	4.2	584.0	588.6
Income tax payables	4.2	56.6	31.5
Deferred considerations	4.2, 4.4, 4.6	53.2	40.5
Derivative financial instruments	4.2, 4.3	41.1	1.9
Other payables	3.8, 4.2	441.1	424.9
Current liabilities		**2,125.3**	**1,977.4**
Liabilities		**5,739.5**	**5,530.1**
Equity and liabilities		**5,499.3**	**5,418.4**

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
2022							
Equity 01.01.	**0.1**	**1.3**	**35.1**	**(148.2)**	**(111.7)**	**-**	**(111.7)**
Loss for the year	-	-	-	(47.8)	(47.8)	34.3	(13.5)
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)**	**(234.6)**	**(240.2)**	**-**	**(240.2)**

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
2021							
Equity 08.01.	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year	-	-	-	(88.4)	(88.4)	19.8	(68.6)
Other comprehensive income for the year, net of tax	-	0.7	29.0	-	29.7	6.7	36.4
Transactions with owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(22.2)	(22.2)
Fair value adjustment of provisions for the acquisition of non-controlling interests, cf. note 4.4	-	-	-	(29.4)	(29.4)	(6.7)	(36.1)
Fair value adjustment of purchase consideration for the acquisition of non-controlling interests, cf. note 4.4	-	-	-	0.3	0.3	-	0.3
Fair value of exercised call options, cf. note 4.3	-	-	-	(31.2)	(31.2)	(5.7)	(36.9)
Additions, non-controlling interests	-	-	-	16.7	16.7	(1.4)	15.3
Reclassification of the non-controlling interests subject to the put option recognised as a liability	-	0.6	-	1.7	2.3	(2.3)	-
Non-controlling interests' proportional part of subsidiaries' negative equity covered by the parent company's shareholders	-	-	6.1	(17.9)	(11.8)	11.8	-
Share capital at subscription	0.1	-	-	-	0.1	-	0.1
Equity 31.12.	**0.1**	**1.3**	**35.1**	**(148.2)**	**(111.7)**	**-**	**(111.7)**

Cash flow statement

1 January – 31 December

DKKm	Note	2022	2021
Operating profit (EBIT) before special items		**209.2**	**98.3**
Amortisation, depreciation and impairment losses		827.7	813.6
Special items paid		(25.6)	(19.6)
Working capital changes	3.9	(373.4)	454.7
Other non-cash adjustments		15.3	(49.6)
Interest income received		0.6	0.1
Interest expenses paid		(199.0)	(166.2)
Taxes paid		(27.9)	(11.3)
Cash flows from operating activities		**426.9**	**1,120.0**
Investment in intangible assets		(55.7)	(42.4)
Investment in right-of-use assets		(9.5)	(7.4)
Sale of right-of-use assets		-	0.1
Investment in property, plant and equipment		(62.7)	(40.6)
Sale of property, plant and equipment		1.1	0.6
Acquisitions, business combinations	5.1	-	264.0
Deposits paid		(7.7)	(3.4)
Deposits received		7.9	6.9
Cash flows from investing activities		**(126.6)**	**177.8**
Free cash flow		**300.3**	**1,297.8**
Contribution from non-controlling interests		-	15.3
Acquisition of non-controlling interests	4.4, 4.6	(30.3)	(44.0)
Share capital increase		-	0.1
Capital contribution		55.0	-
Repayment of loans provided by shareholders of non-controlling interests	4.6	(5.2)	(2.0)
Repayment of lease liabilities	4.6	(622.0)	(575.4)
Proceeds from loans and borrowings	4.6	156.7	112.2
Repayment of loans and borrowings	4.6	(144.2)	(152.0)
Dividend paid to non-controlling interests		(41.6)	(22.2)
Cash flows from financing activities		**(631.6)**	**(668.0)**
Increase/(decrease) in cash and cash equivalents		**(331.3)**	**629.8**
Cash and cash equivalents at 1 January		634.3	-
Unrealised exchange gains/(losses) included in cash and cash equivalents		(2.3)	4.5
Cash and cash equivalents at 31 December		**300.7**	**634.3**

*2021 covers the period 8 January to 31 December 2021.

Unutilised credit facilities for the Group amounted to DKK 603.1m at 31 December 2022 (2021: DKK 732.8m).

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 General accounting policies

The Annual Report for the period 1 January – 31 December 2022 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. The comparative figures cover the period 8 January 2021 – 31 December 2021.

Statement of compliance

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

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.

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.

Material misstatement

In 2022, the Executive Management concluded that the Group incorrectly omitted the recognition of capitalised borrowing costs 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 2021 have been restated in these financial statements.

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

- In 2021, financial expenses, loss before tax, loss for the year and total comprehensive loss for the year increased by DKK 15.0m.
- The balance sheet total on 1 January 2022 remains unchanged.
- The opening equity on 1 January 2022 decreased by DKK 15.0m.

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.

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.

1.1 General accounting policies (continued)

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 2022, most significantly:

Amendment to IFRS 9 Financial instruments regarding fees included in the 10% test for derecognition of financial liabilities.

The amendment clarifies the fees that the Group must include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the date of initial application. These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

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 IFRS standards, amended standards, revised standards and interpretations, which are effective for financial years beginning on or after 1 January 2023. 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 2022, 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:

1.2 Significant accounting estimates and judgments (continued)

- 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),
- 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 and macroeconomic environment

Climate-related risks constitute an increasingly serious threat which the Group takes very seriously. The Group is very active in optimising the use of resources and changing to more climate friendly solutions. Please see the Sustainability section. As the Group is well-prepared and in front of the development 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.

In 2022 the macroeconomic uncertainties increased as a consequence of war in Ukraine and increased interest and inflation rates. The Group does not have any activities in Ukraine or Russia, but the Group is impacted by the inflation and increasing interest rates. These developments 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, estimating the fair-value of call options and contingent consideration.

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 service aligned to the capacity guarantee stated in the contract. The Group engaged in commercial discussions with the former freight forwarder however, no satisfactory outcome was realised. To resolve the dispute, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court (“Sø- and Handelsretten”) on 1st March 2022. 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 charges 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 is negative at the end of 2022 with DKK 240.2m (2021: DKK 111.7m) 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 2022' on pages 4-7.

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 0m has been recognised for returned goods (2021: DKK 0m).

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 franchise partners. 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 12.3m (2021: DKK 1.3m).

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

DKKm	**2022**	**2021**
Geographical regions		
Northern Europe	849.3	752.2
Central Europe	713.8	478.6
Western Europe	1,245.3	907.3
Southern Europe	1,864.9	1,409.0
Asia and Middle East	78.8	25.6
Total	**4,752.1**	**3,572.7**
Channel of sales		
Stores	4,622.9	3,525.2
Franchise	78.8	25.6
Ecommerce	50.4	21.9
Total	**4,752.1**	**3,572.7**

*2021 covers the period 8 January to 31 December 2021.

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	2022	2021
Salaries and wages	996.1	820.6
Pension contributions	50.7	43.5
Other social security costs	146.7	118.6
Other staff costs	38.1	30.1
Total	**1,231.6**	**1,012.8**
Capitalised salaries and wages related to development projects	(1.7)	(4.2)
Recognised in the statement of profit or loss	**1,229.9**	**1,008.6**
Average number of full-time equivalents	**4,233**	**3,857**

DKKm	2022	2021
Remuneration for the Key Management Personnel, the Executive Management and the Board of Directors		
Total remuneration, Key Management Personnel	10.9	9.6
Total remuneration, Executive Management	-	-
Total remuneration, Board of Directors	-	-
Total	**10.9**	**9.6**
Remuneration for the Key Management Personnel, the Executive Management and the Board of Directors		
Salaries and wages	9.9	8.7
Pensions	1.0	0.9
Total	**10.9**	**9.6**

*2021 covers the period 8 January to 31 December 2021.

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 significant gains or losses arising in this connection 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	2022	2021
Transformation programme	14.9	11.7
Costs related to the fire on the vessel Maersk Honam	(0.6)	(2.9)
Strategic initiatives regarding our global footprint	7.6	7.1
Change of ownership	-	1.4
Sea freight dispute and other legal costs	9.9	3.6
Total	**31.8**	**20.9**

*2021 covers the period 8 January to 31 December 2021.

2.4 Income taxes and deferred tax

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

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

Deferred tax is measured on the basis of the tax rules and the tax rate 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 106.6m (2021: DKK 84.3m) in tax assets can be offset against positive taxable income within the next five years, while an amount of DKK 434.5m (2021: DKK 435.2m) in tax assets has been impaired at year-end 2022. The impairment tests at year-end 2022 resulted in a profit or loss effect amounting to a gain of DKK 11.6m (2021: DKK 18.3m). The tax asset is impairment tested on a per entity basis, including expected income for the entity for the period 2023 to 2027.

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 65.2m (2021: DKK 41.2m) is related to tax loss carry-forwards.

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

2.4 Income taxes and deferred tax (continued)

Tax costs

DKKm	**2022**	**2021**
Current tax	51.9	33.5
Adjustment to current tax concerning previous years	12.8	-
Change in deferred tax during the year	(47.3)	(48.8)
Impact from change in tax rates to deferred tax	1.5	4.7
Adjustment to deferred tax concerning previous years	2.5	-
Total	**21.4**	**(10.6)**

Tax reconciliation

DKKm	**2022**	**2021**
Profit/(loss) before tax	7.9	(79.2)
Calculated 22.0% on profit/(loss) before tax	1.7	(17.4)
Difference in local tax rates compared to the Parent Company's tax rate of 22.0%	(3.3)	2.8
Tax effect from:		
Non-taxable income and non-deductible expenses	17.8	16.5
Impact from change in the tax rates	1.5	5.8
Impairment of deferred tax	(11.6)	(18.3)
Adjustments concerning previous years	15.3	-
Total	**21.4**	**(10.6)**
Effective tax rate	**271.4%**	**13.4%**

Deferred tax

DKKm	**2022**	**2021**
Deferred tax assets	106.6	84.3
Deferred tax liabilities	(170.5)	(192.3)
Total	**(63.9)**	**(108.0)**

*2021 covers the period 8 January to 31 December 2021.

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.
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	(435.2)	1.2	11.6	-	(12.1)	(434.5)
Interest limitation balance	21.0	-	8.4	-	-	29.4
Other	48.8	(0.2)	(5.1)	-	-	43.5
Deferred tax	**(108.0)**	**0.4**	**43.3**	**12.5**	**(12.1)**	**(63.9)**

DKKm	Deferred tax 08.01.	Additions relating to acquisition of entities	Transferred from assets held for sale	Exchange rate adjustment	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax 31.12.
2021							
Intangible assets	-	31.2	-	-	9.2	-	40.4
Brand	-	(181.4)	-	-	8.1	-	(173.3)
Right-of-use assets	-	(487.8)	-	-	109.3	-	(378.5)
Property, plant and equipment	-	38.7	-	0.2	(3.8)	-	35.1
Inventories	-	35.1	-	-	(15.1)	-	20.0
Lease liabilities	-	455.2	-	1.0	(100.8)	-	355.4
Foreign exchange hedging	-	6.8	-	-	-	(9.9)	(3.1)
Tax losses to be carried forward	-	366.9	(4.8)	2.2	(2.9)	-	361.4
Valuation allowances	-	(456.5)	4.8	(1.8)	18.3	-	(435.2)
Interest limitation balance	-	14.3	-	-	6.7	-	21.0
Other	-	33.7	-	-	15.1	-	48.8
Deferred tax	**-**	**(143.8)**	**-**	**1.6**	**44.1**	**(9.9)**	**(108.0)**

Unrecognised tax loss carry-forwards amount to DKK 333.0m (2021: DKK 357.3m).

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. 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	**2022**	**2021**
Government grants	53.0	141.8
Other	0.3	15.0
Total	**53.3**	**156.8**

*2021 covers the period 8 January to 31 December 2021.

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 2023 and projections for the years 2024-2025 based on a business plan approved by the Board of Directors. For the years beyond 2025 and the terminal period, a growth rate of 1% is assumed.

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 25.0% (2021: DKK 24.3%) is used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment tests of goodwill and brand did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m).

A sensitivity analysis showed that a negative change in the key parameter EBITDA of -15.0% (2021: -5.4%) or an increase of the applied WACC of 6.1%-point (2021: 1.7%-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 tests of development projects in progress did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m).

Other intangible assets with an indefinite useful life

Licenses and software include a carrying amount of DKK 3.6m (2021: 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 tests did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m).

3.1 Intangible assets (continued)

DKKm	Goodwill	Brand	Licenses and software	Intangible assets in progress	Total
2022					
Cost 01.01.	455.5	825.0	229.5	29.2	1,539.2
Exchange rate adjustment	-	-	(0.2)	-	(0.2)
Additions	-	-	0.7	-	0.7
Additions, internal development	-	-	-	55.0	55.0
Transfer	-	-	70.2	(70.2)	-
Disposals	-	-	(5.3)	-	(5.3)
Cost 31.12.	**455.5**	**825.0**	**294.9**	**14.0**	**1,589.4**
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.	**455.5**	**746.8**	**212.0**	**14.0**	**1,428.3**
2021					
Cost 08.01.	-	-	-	-	-
Acquisitions through business combinations	455.5	825.0	207.8	8.7	1,497.0
Exchange rate adjustment	-	-	0.1	-	0.1
Additions	-	-	2.8	-	2.8
Additions, internal development	-	-	0.5	39.1	39.6
Transfer	-	-	18.6	(18.6)	-
Disposals	-	-	(0.3)	-	(0.3)
Cost 31.12.	**455.5**	**825.0**	**229.5**	**29.2**	**1,539.2**
Amortisation 08.01.	-	-	-	-	-
Exchange rate adjustment	-	-	(0.1)	-	(0.1)
Amortisation	-	(36.9)	(37.7)	-	(74.6)
Impairment losses	-	-	(0.9)	-	(0.9)
Disposals	-	-	0.3	-	0.3
Amortisation 31.12.	**-**	**(36.9)**	**(38.4)**	**-**	**(75.3)**
Carrying amount 31.12.	**455.5**	**788.1**	**191.1**	**29.2**	**1,463.9**

Net loss from disposal of intangible assets amounts to DKK 3.2m (2021: DKK 0.0m).

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.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease, i.e. the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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 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.

Amendment to IFRS 16 Leases

The Group has adopted the amendment to IFRS 16 Leases regarding COVID-19 related rent concessions issued by IASB in March 2021 extending the practical expedient to apply to reduction in lease payment originally due on or before 30 June 2022. The Group accounts for the reduction in future lease payments by derecognising the part of the lease liability which has been forgiven, and recognising the adjustment in profit or loss as a negative variable lease payment under Other external expenses. Depreciation of the right-of-use asset continues over the remaining lease term.

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 (2021: 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 and business plans for 2023 and projections for the following years.

Country specific pre-tax discount rates in the range of 11.0% - 17.4% (2021: 14.2% - 16.5%) 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 9.9m relating to stores in Austria, Denmark, Spain, France, the Netherlands, and Norway (2021: DKK 22.7m). Prior year impairment losses of DKK 22.5m (2021: DKK 0m) have been reversed in 2022 as no impairment indicators existed at year-end for the relevant CGU's due to improved expected profitability.

3.2 Right-of-use assets and lease liabilities (continued)

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.

Right-of-use assets

DKKm	Property	Cars	Other equipment	Store furniture	Total
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**

DKKm	Property	Cars	Other equipment	Store furniture	Total
2021					
Carrying amount 08.01.	-	-	-	-	-
Acquisitions through business combinations	1,984.4	2.9	1.6	2.2	1,991.1
Transferred from assets held for sale	55.7	0.3	0.1	-	56.1
Exchange rate adjustment	14.3	-	-	-	14.3
Additions	136.1	1.3	-	-	137.4
Adjustment due to remeasurement of lease liabilities	136.5	-	-	-	136.5
Disposals	(1.1)	-	(0.5)	-	(1.6)
Depreciation	(606.7)	(2.2)	(1.1)	(1.5)	(611.5)
Impairment losses	(22.7)	-	-	-	(22.7)
Carrying amount 31.12.	**1,696.5**	**2.3**	**0.1**	**0.7**	**1,699.6**

Net loss from disposal of right-of-use assets amounts to DKK 0.2m (2021: DKK 0.9m).

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
2022					
Lease liabilities	661.5	1,245.7	94.3	2,001.5	1,832.7
2021					
Lease liabilities	667.4	1,125.7	89.8	1,882.9	1,763.3

	2022	2021
Non-current liabilities	1,241.5	1,148.5
Current liabilities	591.2	614.8
Total	**1,832.7**	**1,763.3**

Amounts recognised in profit or loss

DKKm	2022	2021
Depreciation charge of right-of-use assets	665.2	611.5
Interest expense on lease liabilities (included in finance cost)	75.5	60.5
Expense relating to short-term and low value leases (included in other external expenses)	1.5	1.3
Expense relating to variable lease payments (included in other external expenses)	37.9	26.5
Income from subleasing right-of-use assets (included in other external expenses)	5.8	3.7

*2021 covers the period 8 January to 31 December 2021.

The total cash outflow for leases in 2022 was DKK 733.6m (2021: DKK 663.7m).

At 31 December 2022, the Group had commitment of DKK 1.9m for short term and other leases (2021: DKK 0.3m).

The effect from COVID-19 related rent concession in 2022 was DKK 4.5m (2021: DKK 63.8m), 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 and business plans for 2023 and projections for the following years.

Country specific pre-tax discount rates in the range of 11.0% – 17.4% (2021: 14.2% - 16.5%) 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 1.1m relating to stores in Austria, Denmark, Spain, France, the Netherlands, and Norway (2021: DKK 7.0m). Prior year impairment losses of DKK 5.5m (2021: DKK 0.0m) have been reversed in 2022 as no impairment indicators existed at year-end for the relevant CGU's due to improved expected profitability.

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**

3.3 Property, plant and equipment (continued)

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
2021					
Cost 08.01.	-	-	-	-	-
Acquisitions through business combinations	190.1	54.9	43.6	0.2	288.8
Transferred from assets held for sale	5.9	-	0.8	-	6.7
Exchange rate adjustment	5.4	4.6	1.2	-	11.2
Additions	18.1	6.1	10.9	5.5	40.6
Transfer	0.6	-	-	(0.6)	-
Disposals	(5.2)	(5.6)	(2.5)	-	(13.3)
Cost 31.12.	**214.9**	**60.0**	**54.0**	**5.1**	**334.0**
Depreciation 08.01.	-	-	-	-	-
Exchange rate adjustment	(4.7)	(4.3)	(1.1)	-	(10.1)
Depreciation	(55.2)	(22.5)	(14.3)	-	(92.0)
Impairment losses	(7.0)	-	-	-	(7.0)
Disposals	3.2	4.3	1.9	-	9.4
Depreciation 31.12.	**(63.7)**	**(22.5)**	**(13.5)**	**-**	**(99.7)**
Carrying amount 31.12.	**151.2**	**37.5**	**40.5**	**5.1**	**234.3**

Net loss from selling or scrapping property, plant and equipment amounts to DKK 2.4m (2021: DKK 3.0m).

3.4 Investment in joint ventures

Accounting policies
An investment is considered a joint venture when the Group and a third party have joint control of the arrangement and retain rights to the net assets of the arrangement. Joint control exists when all significant decisions require the unanimous consent of the Group and the other party.

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.

When transactions occur between Group entities and a joint venture of the Group, only profits or losses to the extent of the third party's interest in the joint venture are recognised in the Group's consolidated financial statements.

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

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 are based on budget for 2023 with business plans and projections for 2024-2027.

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

A discount rate of 11.4% (2021: 11.8%) 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 assets.

Zebra Japan K.K.
The investment in joint ventures has in 2022 and 2021, 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 2022 (2021: DKK 0m). In the Executive Management's opinion, no probable change in key assumptions mentioned above will cause significant impairment losses.

DKKm	**2022**	**2021**
Cost 01.01.	8.2	-
Acquisitions through business combinations	-	8.2
Cost 31.12.	**8.2**	**8.2**
Adjustment 01.01.	(0.6)	-
Exchange rate adjustment	3.5	0.9
Share of profit/(loss) for the year after tax	1.4	(1.5)
Adjustment 31.12.	**4.3**	**(0.6)**
Carrying amount 31.12.	**12.5**	**7.6**

*2021 covers the period 8 January to 31 December 2021.

3.4 Investment in joint ventures (continued)

Reconciliation of the investment in joint ventures

DKKm	2022	2021
Equity in joint ventures	(21.6)	(26.8)
The Groups part of equity (50%)	(10.8)	(13.4)
Goodwill	21.5	21.5
Exchange rate adjustment	1.8	(0.5)
Carrying amount of investment 31.12.	**12.5**	**7.6**

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

DKKm	2022	2021
Revenue	266.3	232.4
EBITDA	52.7	50.5
Amortisation and depreciation	(49.3)	(48.4)
Interest expenses	(7.4)	(7.2)
Profit/(loss) for the year	2.8	(2.9)
Total comprehensive income	2.8	(2.9)
Non-current assets	141.2	142.9
Cash and cash equivalents	51.7	60.7
Current assets	120.7	124.4
Lease liabilities included in non-current liabilities	52.1	45.7
Non-current liabilities	69.2	62.8
Lease liabilities included in current liabilities	32.0	39.9
Bank debt included in current liabilities	153.4	165.3
Current liabilities	214.3	231.3
Equity	(21.6)	(26.8)
Net working capital	41.7	38.5
Number of stores	36	35

*2021 covers the period 8 January to 31 December 2021.

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 5.6m in provision for write-downs is driven by products being life-extended due to sea freight constraints and delays.

At 31 December 2022, the inventory write-downs amount to DKK 90.7m (2021: DKK 61.5m).

DKKm	**2022**	**2021**
Finished goods	866.7	672.4
Write-downs	(90.7)	(61.5)
Total inventory	**776.0**	**610.9**
Write-downs 01.01.	(61.5)	-
Write-downs, during the year	(68.5)	(61.5)
Write-downs, utilised during the year	33.7	-
Write-downs, reversed during the year	5.6	-
Write-downs 31.12.	**(90.7)**	**(61.5)**

*2021 covers the period 8 January to 31 December 2021.

The carrying amount of inventories at fair value less cost to sell amounts to DKK 15.2m (2021: DKK 10.3m).

3.6 Other provisions

Accounting policies

Provisions are recognised where a legal or constructive obligation has incurred as a result of past events, it is probable that it will lead to an outflow of financial resources, and the amount can be estimated reliably.

Provisions are measured on the basis of the Executive Management's best estimate of the expected expenditure required to settle the obligation. Provisions are discounted if the effect is material to the measurement of the liability.

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 shorter of the term of the lease or the useful life of the assets.

DKKm	2022	2021
Provisions 01.01.	77.4	-
Provision arising through business combinations	-	54.0
Exchange rate adjustment	(1.2)	0.9
Transferred from assets held for sale	-	2.8
Provisions, during the year	24.3	33.4
Provisions, utilised	(6.5)	(8.0)
Provisions, reversed during the year	(21.9)	(5.7)
Provisions 31.12.	**72.1**	**77.4**
Non-current provisions	55.9	45.6
Current provisions	16.2	31.8
Total	**72.1**	**77.4**

*2021 covers the period 8 January to 31 December 2021.

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.

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 2022 led to a reduction in the liability and an actuarial gain recognised in other comprehensive income.

3.7 Post-employment benefits (continued)

Defined benefit plan

DKKm	**2022**
Liability 01.01.	42.9
Recognised in the statement of profit or loss	
Service costs	9.2
Interest	0.2
Recognised in other comprehensive income	
Adjustment to prior years' actuarial gains/(losses)	9.2
Actuarial (gain)/loss due to change in experience	3.3
Actuarial (gain)/loss due to change in financial assumptions	(5.7)
Other changes	
Benefits paid	(8.7)
Liability 31.12.	**50.4**
Defined benefit plan	50.4
Other	0.3
Other non-current liabilities	**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 33 years.

Discount rate	2.3%
Wages growth rate	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 decrease (increase) of DKK 2.0m (DKK 2.0m) in the obligation. A 0.25%-point increase (decrease) in the wages growth rate would result in an increase (decrease) of DKK 0.6m (DKK 0.6m) in the obligation.

Expected duration
In 2022, the estimated average length of the defined benefit obligation was 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	**2022**	**2021**
VAT and other indirect taxes	173.3	146.7
Employee costs	186.7	193.5
Other	81.1	84.7
Total	**441.1**	**424.9**

3.9 Working capital changes

DKKm	**2022**	**2021**
Change in inventories	(197.8)	79.4
Change in trade receivables	8.5	(9.5)
Change in other receivables	(188.0)	125.5
Change in prepayments	(17.8)	(8.2)
Change in trade payables	5.8	181.7
Change in other payables	15.9	85.8
Total	**(373.4)**	**454.7**

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 two financial years:

	DKK '000
Share capital at subscription on 8 January 2021	60
Share capital at 31 December 2022	**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 Company 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.

4.2 Financial assets and liabilities (continued)

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.

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 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 shares 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 Company or any subsidiaries defaults. In such a case, the holder has the right to require immediate cash settlement, and as such the Company does not have an unconditional right to avoid settlement in cash.

Judgments and estimates
The Executive Management has at 31 December 2022 and 31 December 2021 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 (2021: 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 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 2022 and 31 December 2021, 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 2022 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 2023-2025. An assumed growth rate of 1% has been applied for the years beyond 2025. A pre-tax WACC of 25.0% (2021: 24.3%) 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 +14.0m/-14.0m (2021: DKK +10.4m/-10.4m). A 1%-point increase/decrease in the pre-tax WACC would result in a decrease/increase in fair value of DKK -16.8m/+18.3m (2021: DKK -13.4m/+14.6m).

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)

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2022					
Financial liabilities					
Bank debt	340.8	1,933.5	-	2,274.3	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	**2,309.7**	**3,516.9**	**132.8**	**5,959.4**	**5,496.9**
2021					
Financial liabilities					
Bank debt	165.6	1,987.5	24.2	2,177.3	1,953.9
Other loans	75.5	22.3	-	97.8	97.0
Provisions for the acquisition of non-controlling interests	5.0	184.6	-	189.6	158.7
Loans provided by shareholders of non-controlling interests	5.7	-	-	5.7	5.7
Loans from shareholders	80.6	-	-	80.6	80.6
Lease liabilities	667.4	1,125.7	89.8	1,882.9	1,763.3
Deferred considerations	40.5	50.6	-	91.1	91.1
Contingent consideration	-	-	20.2	20.2	20.2
Derivative financial instruments	1.9	-	-	1.9	1.9
Other non-current liabilities	-	42.9	0.1	43.0	43.0
Trade payables	588.6	-	-	588.6	588.6
Income tax payables	31.5	-	-	31.5	31.5
Other payables	424.9	-	-	424.9	424.9
Total	**2,087.2**	**3,413.6**	**134.3**	**5,635.1**	**5,260.4**

Fair value of financial assets and liabilities is approximately equal to the carrying amount in 2022 and 2021.

Due to the potential demand nature 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 5.4 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.

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, 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 +15.0m/DKK -15.0m (2021: DKK +11.7m/DKK -13.7m).

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 2022, the Group has not exercised any call options (2021: exercised the call option for one partnership), however the Group has negotiated a purchase price for one partnership resulting in the reversal of the value of the call option (2021: one partnership).

DKKm	2022	2021
Balance 01.01.	303.4	-
Acquisitions through business combinations	-	282.5
Expired call options not exercised	(26.6)	(0.1)
Utilisation of call options	-	(36.9)
Fair value adjustment	90.5	57.9
Balance 31.12.	**367.3**	**303.4**

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 2022 have a maturity of less than one year.

Forward exchange contracts – USD	1-3 months	4-6 months	7-9 months	10-12 months
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
2021				
Contract value (DKKm)	461.9	222.6	268.4	114.0
Weighted average hedged rate (USD/DKK)	6.39	6.29	6.32	6.52

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	2022	2021
Forward exchange contracts - USD		
Carrying amount included in line item 'Derivative financial instruments' under current assets	7.5	29.4
Carrying amount included in line item 'Derivative financial instruments' under current liabilities	(41.1)	(1.9)
Net carrying amount	**(33.6)**	**27.5**

DKKm	2022	2021
Cash flow hedge reserve 01.01.	35.1	-
Change in fair value of cash flow hedges recognised in other comprehensive income	58.9	47.9
Reclassified to the cost of inventory	(29.9)	(2.6)
Reclassified to profit or loss	(79.4)	(0.3)
Tax on cash flow hedges	11.1	(9.9)
Cash flow hedge reserve 31.12.	**(4.2)**	**35.1**

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 2022 of DKK 0.3m (2021: DKK 2.0m) which has been reclassified from other comprehensive income to financial items in profit or loss. The total DKK 0.3m consisted of gains of DKK 2.9m offset by losses of DKK 2.6m.

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		**2022**		**2021**	
DKKm	**Change in exchange rate**	**Loss before tax**	**Equity**	**Loss before tax**	**Equity**
USD	(10)%	5.4	(32.0)	(0.2)	(50.9)
USD	10%	(5.4)	32.0	0.2	50.9
GBP	(10)%	(10.6)	(10.6)	7.4	9.1
GBP	10%	10.6	10.6	(7.4)	(9.1)
EUR	(1)%	(3.4)	(3.4)	1.6	1.3
EUR	1%	3.4	3.4	(1.6)	(1.3)

The analysis is based on monetary assets and liabilities as of the end of 2022 and 2021. 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 2022 would have a negative impact of DKK 17.3m on the Group's profit for the year and equity (2021: negative impact of DKK 13.1m). A corresponding decrease in interest levels would have a positive impact of DKK 17.3m on the Group's profit for the year and equity (2021: negative DKK 6.3m).

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. Furthermore, due to received COVID-19 compensations some subsidiaries are restricted from paying declared dividend in the next coming years.

The Group has external credit facilities in place totalling DKK 2,425m of which DKK 485.7m is undrawn as of 31 December 2022.

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.

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 Company or any subsidiaries defaults.

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 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 2022 and 31 December 2021:

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)
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**
2021				
Opening balance 08.01.	-	-	-	-
Additions through business combinations	-	-	171.5	282.5
Additions	80.5	-	-	-
Expired options	-	-	(48.9)	(0.1)
Utilisation	-	-	-	(36.9)
Fair value adjustment recognised in equity	-	-	34.2	-
Fair value adjustment recognised in profit or loss	-	20.2	-	57.9
Exchange rate adjustment	-	-	1.9	-
Closing balance 31.12.	**80.5**	**20.2**	**158.7**	**303.4**

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, 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 2022.

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% - 21.8% (2021: 14.0%) 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 +11.0m/DKK -11.0m (2021: DKK +8.7m /DKK -8.7m).

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

DKKm	2022	2021
Balance 01.01.	158.7	-
Provisions arising through business combinations	-	171.5
Exchange rate adjustment	1.6	1.9
Utilisation of provision to acquire non-controlling interests resulting in a deferred consideration	(18.6)	(32.7)
Utilisation of provision to acquire non-controlling interests paid upfront	-	(16.2)
Fair value adjustment	65.0	34.2
Balance 31.12.	**206.7**	**158.7**
Non-current provisions for the acquisitions of non-controlling interests	201.9	153.9
Current provisions for the acquisitions of non-controlling interests	4.8	4.8
Total	**206.7**	**158.7**

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

In 2021, the Group acquired full ownership of four partnerships covering Belgium (Tiger Stores Belgium 2 SPRL), England (Tiger U.K. (Midlands) Ltd.), Greece (Tiger Hellas S.A.) and Cyprus (Tiger Stores Cyprus Limited).

DKKm	2022	2021
Deferred considerations 01.01.	91.1	-
Additions arising through business combinations	-	86.6
Additions	18.6	32.7
Settlements paid during the period	(30.3)	(27.8)
Fair value adjustment	2.2	(0.3)
Exchange rate adjustment	-	(0.1)
Deferred considerations 31.12.	**81.6**	**91.1**
Non-current deferred considerations	28.4	50.6
Current deferred considerations	53.2	40.5
Total	**81.6**	**91.1**

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	2022	2021
Financial income		
Interest on financial assets measured at amortised cost	0.2	0.1
Gains on derivative financial instruments not designated as hedges	3.4	1.2
Other financial income	0.4	-
Total	**4.0**	**1.3**
Financial expenses		
Bank charges**	38.6	37.1
Interest on lease liabilities	75.5	60.5
Interest on financial liabilities measured at amortised cost	93.7	83.1
Fair value adjustment of contingent consideration	18.1	20.2
Losses on derivative financial instruments not designated as hedges	6.3	3.1
Exchange rate adjustments, net	3.5	7.7
Other financial expenses	3.1	2.5
Total	**238.8**	**214.2**
Net financials	**(234.8)**	**(212.9)**

*2021 covers the period 8 January to 31 December 2021.

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

DKKm	Liabilities 01.01	Liabilities arising through business combinations	Cash movements	Fair value movements	Other non-cash movements	Exchange rate adjustment	Transferred to/from liabilities directly associated with the assets held for sale	Liabilities 31.12.
2022								
Financial liabilities								
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**

DKKm	Liabilities 08.01.	Liabilities arising through business combinations	Cash movements	Fair value movements	Other non-cash movements	Exchange rate adjustment	Transferred to/from liabilities directly associated with the assets held for sale	Liabilities 31.12.
2021								
Financial liabilities								
Loans provided by shareholders of non-controlling interests	-	7.9	(2.0)	-	-	(0.2)	-	5.7
Bank debt	-	2,076.7	(171.0)	-	48.9	(0.7)	-	1,953.9
Other loans	-	46.7	50.6	-	-	(0.3)	-	97.0
Loans from shareholders	-	-	80.6	-	-	-	-	80.6
Lease liabilities	-	1,991.1	(575.4)	-	248.9	16.0	82.7	1,763.3
Deferred considerations	-	86.6	(27.8)	(0.3)	32.7	(0.1)	-	91.1
Contingent consideration	-	-	-	-	20.2	-	-	20.2
Provision for the acquisition of non-controlling interests	-	171.5	(16.2)	34.2	(32.7)	1.9	-	158.7
Total	**-**	**4,380.5**	**(661.2)**	**33.9**	**318.0**	**16.6**	**82.7**	**4,170.5**

Section 5 Other disclosures

5.1 Business combinations

Accounting policies
Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the consideration transferred for identifiable assets acquired and liabilities assumed in the business combination measured at fair value on acquisition date. Identifiable intangible assets have been recognised if separable or arisen from a contractual right. Deferred tax related to the revaluations is recognised.

Any excess of total purchase consideration over the fair value of the identifiable assets acquired and identifiable liabilities and contingent liabilities assumed has been recognised in intangible assets as goodwill. Goodwill is not amortised but tested for any indications of impairment at least annually and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses relating to goodwill are not reversed. Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed, and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent changes in the fair value of contingent consideration are recognised in the income statement. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will be based on provisional values. Any adjustments in the provisional values, including goodwill, are adjusted retrospectively, until 12 months after the acquisition date, and comparative figures are restated. Any adjustments after 12 months are recognised in comprehensive income as a fair value adjustment of the consideration payable.

Significant accounting estimates and judgments
Key assumptions for the methods applied in determining the fair value is based on the present value of future cash flows. Estimates and methodologies used, can have a material impact on the respective values and ultimately the amount of the fair values recognised for identifiable assets and liabilities of the acquired business.

Acquisition of Zebra A/S
On 10 February 2021, the Group acquired 100% of the share capital of Zebra A/S, a variety retailer founded in Denmark with stores in 27 countries across Europe and Asia, marketed under the Flying Tiger Copenhagen brand name.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities, adjusted to reflect the terms of the lease relative to market terms.

The brand of DKK 825.0m comprised the value of the Flying Tiger Copenhagen which Zebra A/S uses across its store network globally. The fair value was estimated by applying the relief from royalty method. The fair value measurement was based on significant inputs that are not observable in the market. The fair value estimate was based on forecasted revenue for the years 2022-2024 and a projected annual growth of 1% for the years until 2041. The royalty rate was based on existing franchise agreements. A discount rate of 17.0% was used.

The goodwill of DKK 455.5m is primarily connected to the future growth expectations. Goodwill is allocated entirely to the whole Zebra Group. None of the goodwill recognised is tax deductible.

The fair value of other receivables amounted to DKK 314.6m. The gross amount of other receivables was DKK 314.6m and it is expected that the full contractual amounts can be collected.

From the date of acquisition, the Zebra Group contributed DKK 3,572.7m of revenue in 2021 and with a loss of DKK 42.2m to the result before tax of the Group. If the business combination had taken place at the beginning of 2021, revenue would have been DKK 3,812.5m and the result before tax for the Group would have been a loss of DKK 165.7m in 2021.

No transaction costs have been incurred.

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, the fair value of the contingent consideration was estimated to be nil.

As at 31 December 2022 and 2021, the key performance indicators of the Zebra Group show that it is probable that the target will be achieved due to the improvement in the earnings and the assumed future growth expectations. The fair value of the contingent consideration determined at 31 December 2022 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 are provided in note 4.2. The range of outcomes cannot be measured reliable.

5.1 Business combinations (continued)

A reconciliation of fair value measurement of the contingent consideration liability is provided below:

DKKm	2022	2021
Contingent consideration as at 1 January	20.2	-
Liability arising on business combination on 10 February 2021	-	-
Fair value adjustment recognised in profit or loss	18.1	20.2
Contingent consideration as at 31 December	**38.3**	**20.2**

Assets acquired and liabilities assumed
The fair value of the identifiable assets and liabilities of Zebra A/S as at the date of acquisition were:

DKKm	Estimated fair value recognised on acquisition
Assets	
Brand	825.0
Other intangible assets	216.5
Right-of-use assets	1,991.1
Property, plant and equipment	288.8
Investments in joint ventures	8.2
Deposits	88.4
Call options over the remaining non-controlling interests in Zebra A/S	282.5
Deferred tax assets	79.9
Inventories	614.9
Income tax receivables	24.6
Derivative financial instruments	1.0
Other receivables	314.6
Prepayments	23.1
Cash and cash equivalents	354.1
Assets held for sale	78.3
Total assets	**5,191.0**

5.1 Business combinations (continued)

DKKm	Estimated fair value recognised on acquisition
Liabilities	
Provisions for the acquisition of non-controlling interests	171.5
Other provisions	54.0
Bank debt	2,076.7
Loans provided by shareholders of non-controlling interests	7.9
Other loans	46.7
Loans from affiliates	95.1
Lease liabilities	1,991.1
Deferred considerations	86.6
Deferred tax liability	223.7
Other non-current liabilities	40.3
Trade payables	388.8
Income tax payables	0.4
Derivative financial instruments	25.0
Other payables	360.4
Liabilities associated with the assets held for sale	78.3
Total liabilities	**5,646.5**
Total identifiable net assets at fair value	**(455.5)**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	455.5
Purchase consideration transferred	**-**
Purchase consideration	
Cash consideration	-
Contingent consideration, liability	-
Total consideration	**-**
Net cash acquired in the subsidiary	354.1
Net cash acquired in the subsidiary presented as assets held for sale	5.0
Acquisition of receivable	(95.1)
Net cash flow on acquisition	**264.0**

5.2 Fees to statutory auditor

DKKm	2022	2021
EY		
Statutory audit of financial statements	6.2	6.2
Other assurance engagements	0.6	0.6
Tax advisory services	0.8	0.7
Other services	1.2	1.0
Total	**8.8**	**8.5**

5.3 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, address 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 Company'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 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 2022 amounts to DKK 79.1m (2021: 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 (2021: DKK 11.3m) from the joint venture company, and sold goods amounting to DKK 70.1m (2021: DKK 56.0m) to the joint venture company.

As of 31 December 2022, the joint venture company owed the Group DKK 5.2m (2021: DKK 5.8m). All outstanding amounts are unsecured and will be settled in cash.

The Group has provided a guarantee to Zebra Japan K.K.'s bank which amounts to a maximum of DKK 76.7m (2021: DKK 82.7m). On 31 December 2022, the guaranteed amount constituted DKK 76.7m (2021: DKK 82.7m).

5.4 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 76.7m (2021: DKK 82.7m). On 31 December 2022, the guaranteed amount constituted DKK 76.7m (2021: DKK 82.7m).

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 30.1m (2021: DKK 49.5m). 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 (2021: 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 (2021: 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 42.2m (2021: DKK 24.3m).

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

DKKm	2022	2021
Pledged assets		
Leasehold rights included in right-of-use assets	6.2	5.7
Leasehold improvements	15.7	24.0
Store furniture	2.7	3.8
Other equipment	21.8	23.5
Other deposits	0.5	0.5
Inventories	586.3	415.8
Other receivables	136.1	41.9
Total	**769.3**	**515.2**

Total value of liabilities requiring pledges to third parties as of 31 December 2022 amounted to DKK 74.8m (2021: DKK 75.5m).

5.5 Events after the balance sheet date

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

5.6 List of group companies

Investments in group companies comprise the following at 31 December 2022.

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 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%
Zebra Canada Retail Holding Inc	New Brunswick, Canada	100%
Digital Flying Tiger Copenhagen A/S	Copenhagen, Denmark	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	2022	2021
Revenue		7,000.0	2,500.0
Other external expenses		(438.7)	(722.4)
Operating profit (EBIT)		**6,561.3**	**1,777.6**
Financial income	4.3	2,580.1	496.9
Financial expenses	4.3	(7.7)	(261.6)
Profit before tax		**9,133.7**	**2,012.9**
Tax on profit for the year	2.1	(2,009.4)	(442.8)
Profit for the year		**7,124.3**	**1,570.1**
Other comprehensive income		-	-
Total comprehensive income for the year		**7,124.3**	**1,570.1**

*2021 covers the period 8 January to 31 December 2021.

Balance sheet – Parent Company

31 December

Assets

DKK'000	Note	2022	2021
Investment in subsidiaries	3.1	100.0	100.0
Receivables from subsidiaries	3.2	83,645.1	80,666.9
Non-current assets		**83,745.1**	**80,766.9**
Receivables from subsidiaries	3.2	8,918.1	3,125.0
Cash and cash equivalents		1,411.3	95.8
Current assets		**10,329.4**	**3,220.8**
Assets		**94,074.5**	**83,987.7**

Equity and liabilities

DKK'000	Note	2022	2021
Share capital	4.1	60.0	60.0
Retained earnings		8,693.2	1,568.9
Equity		**8,753.2**	**1,628.9**
Loans from shareholders	4.2	80,600.0	80,600.0
Tax payables to subsidiaries	2.1	2,452.2	442.8
Other payables	3.3, 4.2	2,269.1	1,316.0
Current liabilities		**85,321.3**	**82,358.8**
Liabilities		**85,321.3**	**82,358.8**
Equity and liabilities		**94,074.5**	**83,987.7**

Statement of changes in equity – Parent Company

1 January - 31 December

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**

DKK'000	Share capital	Retained earnings	Total equity
2021			
Equity 08.01.	**-**	**-**	**-**
Profit for the year	-	1,570.1	1,570.1
Other comprehensive income for the year, net of tax	-	-	-
Transactions with owners:			
Share capital at subscriptions	60.0	(1.2)	58.8
Equity 31.12.	**60.0**	**1,568.9**	**1,628.9**

Transaction costs of DKK 0k (2021: DKK 1.2k) have been recognised in Retained earnings under Share capital at subscription.

Cash flow statement – Parent Company

1 January – 31 December

DKK'000	Note	2022	2021
Operating profit (EBIT) before special items		**6,561.2**	**1,777.6**
Working capital changes	3.4	(4,840.0)	(1,809.0)
Interest income received	4.3	2.0	-
Interest expenses paid	4.3	(7.7)	(261.6)
Cash flows from operating activities		**1,715.5**	**(293.0)**
Investment in subsidiaries		-	(100.0)
Loans to subsidiaries		(400.0)	(80,170.0)
Cash flow from investing activities		**(400.0)**	**(80,270.0)**
Free cash flow		**1,315.5**	**(80,563.0)**
Share capital increase		-	58.8
Proceeds from loans and borrowings	3.4	-	80,600.0
Cash flow from financing activities		**-**	**80,658.8**
Increase in cash and cash equivalents		**1,315.5**	**95.8**
Cash and cash equivalents at the beginning of the period		95.8	-
Cash and cash equivalents at 31 December		**1,411.3**	**95.8**

*2021 covers the period 8 January to 31 December 2021.

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

1.1 General accounting policies

Accounting policies
The Annual Report for the period 1 January 2022 to 31 December 2022 has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and Danish disclosure requirements applying to entities of reporting class B. The comparative figures cover the period 8 January 2021 to 31 December 2021.

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.

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 flows from financing activities comprise dividends paid, proceeds and repayments of loans and borrowings, and share capital increase.

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 Company's assets, liabilities, and financial position as of 31 December 2022, 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 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 management company.

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

Current tax payable and current tax receivable are recognised in the balance sheet, calculated as tax on taxable income for the year, adjusted for prepaid tax. On calculation of current tax, the tax rates and rules applicable at the balance sheet are used.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The Company recognises deferred tax assets, including the expected tax value of tax losses carried forward, if the Management assesses that these tax assets can be offset against positive taxable income within the Company's budgeting period that exceeds realisation of deferred tax liabilities. At each balance sheet date, it is considered whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

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Tax costs

DKK'000	**2022**	**2021**
Current tax	2,009.4	442.8
Total	**2,009.4**	**442.8**

Tax reconciliation

DKK'000	**2022**	**2021**
Profit before tax	9,133.7	2,012.9
Calculated 22.0% on profit before tax	2,009.4	442.8
Total	**2,009.4**	**442.8**
Effective tax rate	**22.0%**	**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 tests are based on value-in-use (discounted cash flow method) using projected EBITDA's, change in working capital and CAPEX for the period 2023-2025. An assumed growth rate of 1% has been applied for the years beyond 2025. A pre-tax WACC of 25.0% (2021: 24.3%) is used to discount the projected cash flows.

The impairment test did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0k).

DKK'000	**2022**	**2021**
Cost 01.01.	100.0	-
Additions	-	100.0
Cost 31.12.	**100.0**	**100.0**
Carrying amount 31.12.	**100.0**	**100.0**

See note 5.6 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, 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 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 evaluate 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 2022 (2021: DKK 0k).

DKK'000	**2022**	**2021**
Receivable from subsidiaries, non-current	83,645.1	80,666.9
Receivable from subsidiaries, current	8,918.1	3,125.0
Total	**92,563.2**	**83,791.9**

3.3 Other payables

DKKm	**2022**	**2021**
VAT and other indirect taxes	1,821.2	452.2
Other	447.9	863.8
Total	**2,269.1**	**1,316.0**

3.4 Cash flow specifications

DKK'000	2022	2021
Working capital changes		
Change in receivables from subsidiaries	(5,793.1)	(3,125.0)
Change in other payables	953.1	1,316.0
Total change in working capital	**(4,840.0)**	**(1,809.0)**

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

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

DKKm	Liabilities 08.01.	Cash movements financing activities	Non-cash movements	Liabilities 31.12.
2021				
Financial liabilities				
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.

DKK'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
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**
2021					
Loans from shareholders	80,600.0	-	-	80,600.0	80,600.0
Other payables	1,316.0	-	-	1,316.0	1,316.0
Total	**81,916.0**	**-**	**-**	**81,916.0**	**81,916.0**

Due to the potential demand nature 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 2022 and 31 December 2021.

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 2022 would have a positive impact of DKK 0.8m on the Parent Company’s profit for the year and equity (2021: positive impact of DKK 0.8m). A corresponding decrease in interest levels would have a negative impact of DKK 0.8m on the Parent Company’s profit for the year and equity (2021: negative DKK 0.8m).

Credit risk
The Parent Company has 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 comprises interest income and expenses.

DKK'000	2022	2021
Financial income		
Interest from subsidiaries	2,580.1	496.9
Total	**2,580.1**	**496.9**
Financial expenses		
Bank charges	1.2	10.0
Bank interests	6.5	251.6
Total	**7.7**	**261.6**
Net financials	**2,572.4**	**235.3**

5.1 Fees to statutory auditor

DKK'000	2022	2021
EY		
Statutory audit of financial statements	302.5	185.0
Other services	6.5	506.0
Total	**309.0**	**691.0**

5.2 Related parties

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

Subsidiaries
Please refer to note 5.6 of the consolidated financial statements for a list of subsidiaries.

The Parent Company has had the following transactions with subsidiaries:

DKK'000	2022	2021
Revenue (management fee)	7,000.0	2,500.0
Interest income	2,580.1	496.9

*2021 covers the period 8 January to 31 December 2021.

Amounts receivable/payable with related parties

DKK'000	2022	2021
Receivables from subsidiaries, non-current	83,645.1	80,666.9
Receivables from subsidiaries, current	8,918.1	3,125.0
Loans from shareholders, current	(79,100.0)	(79,100.0)
Tax payables to subsidiaries, current	(2,452.2)	(442.8)
Total	**11,011.0**	**4,249.1**

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 management company.

The 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 Company's liability.

Comfort letters
The Company has issued a letter of support to its subsidiaries Treville X Invest ApS, Treville X Holding ApS and FTC ManCo ApS. The 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 2022.

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

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

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 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, 22 June 2023

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 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional 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 2022 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 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional 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, 22 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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State Authorised
Public Accountant
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