Annual Report 2021

Treville X Partners ApS

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

Central Business Registration
No: 42006580

Annual General Meeting:
11.07.2022

Chairman of the meeting:
Lasse Lippert

Content

Key figures

8 January – 31 December 2021

DKKm	**2021**
Statement of profit or loss	
Revenue	3,572.7
Gross profit	2,202.7
EBIT	98.3
Result from financial items	(141.6)
Loss for the year	(53.6)
Financial position at 31 December	
Total assets	5,418.4
Equity	(96.7)
Cash flow and investments	
Investment in property, plant and equipment	(40.6)
Free cash flow	1,297.8

Operating and financial review 2021

Treville X Partners ApS has been 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 2021, the Group realised earnings before interest, tax, amortisation, depreciation and impairment losses and special items (EBITDA before special items) of DKK 912m. This 2021 result was achieved despite impact from different waves of the global pandemic (Alpha, Delta and Omicron) as well as global supply chain challenges. The Group's disciplined cost control as well as agility in operating under these difficult circumstances were key drivers of this good result. Additionally, revenue in 2021 was DKK 3,573m. Despite the fact that, on average, approximately 30% of the store portfolio was closed in the first six months of 2021. Net loss for the year amounted to DKK 54m.

The Executive Management and the Board of Directors consider the operational and financial performance of 2021 to be satisfactory in the light of the continued impact from the COVID-19 pandemic and global supply chain challenges.

Since June 2021, the Group's freight forwarder has charged rates for sea freight above the contractually agreed rates. The Group has paid the disputed 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 has not been serviced according to the contractual capacity guarantee. The Group has engaged in commercial discussions with the Group's freight forwarder, but without satisfactory outcome. To resolve the dispute, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") on 1 March 2022. The Group is highly confident in the ability to recover the charges incurred.

Throughout the year, the Group executed on four large programmes as an integral part of the Group's strategy:

1. **Customer & Digital** to focus even more on our customer's digital journey and engagement with Flying Tiger Copenhagen across touchpoints. This also includes a further strengthening of our ecommerce platform, which was rolled out across all core markets during 2021.

2. The second initiative is **Merchandise Planning** where the Group has worked intensively on solutions to optimise the allocation and replenishment of our products and volumes in the right time to stores. This is to ensure a much smoother process for our stores to the benefit of our customers and also produce a higher stock turn.

3. The third programme is a broader set of **Retail initiatives**, which focuses on an even more efficient way of operating our stores e.g., self-checkout solutions and a more seamless customer experience.

4. Finally, our last initiative is the **Franchise business** where we have been deeply engaged with a number of large retail franchise operators during 2021 to expand our concept outside our current markets in Europe and Asia. In 2022, we have now successfully launched three new markets being Israel, the Kingdom of Saudi Arabia and the United Arab Emirates and more markets will follow during the coming years.

Revenue

Total revenue in 2021 was DKK 3,573m. The revenue in 2021 was impacted by temporary lock-downs and lower traffic in our markets due to COVID-19 restrictions.

In 2021, we closed net 37 stores, which reflects a balance of 59 store closures, 22 new store openings and 13 stores relocated as part of the ongoing optimisation of our store footprint. In addition, our Japanese joint venture opened eight new and closed four stores.

Our five largest markets represented 63% of total revenue of which Italy was the largest market followed by Spain, the United Kingdom, Denmark and Sweden.

By the end of 2021, we operated 858 stores across 27 markets (including our Japanese joint venture). Although we have put the rapid store expansion in Europe on hold while we continue to optimise our store network, we still see a significant potential for further store expansion. The future growth will primarily come from our franchise setup in new markets, which is scalable and will be entered into with strong regional or global franchise operators. Our ecommerce platform will also add to our future growth and to some extent, new store openings in existing markets at a controlled pace.

Earnings

In 2021, the gross margin came out at 61.7%.

Operating costs (staff costs and other external expenses) excluding COVID-19 government compensations amounted to DKK 1,448m in 2021, representing 40.5% of revenue. The operating costs were driven by a strong cost discipline and a strategic prioritisation of simplifying the operations. In 2021, different COVID-19 compensation schemes were obtained and contributed to EBITDA before special items.

EBITDA before special items amounted to DKK 912m.

Special items in 2021 amounted to an expense of DKK 21m.

Loss for the year amounted to DKK 54m.

Free cash flow

Cash flow from operating activities was DKK 1,120m in 2021, mainly driven by a positive EBITDA of DKK 912m and a positive change in working capital of DKK 455m.

Cash flow from investing activities was DKK 178m in 2021, mainly driven by acquisition of business combinations offset by investments in development of the IT platform and investing in new payment solutions in the stores.

Free cash flow was positively impacted by the operating profit before special items and was DKK 1,298m.

The Group's liquidity was strong as a result of strong operating performance as well as continuous implementation of liquidity optimisation initiatives.

Equity/financial position for the Group and the Parent Company

In 2021, the equity of the Group amounted to DKK -97m and DKK 2m for the Parent company.

The Group acquired Zebra A/S on 10 February 2021, which involved a capital injection in Zebra A/S of DKK 170m by the former owner and simultaneously new and increased credit facilities provided by Zebra A/S' core banks. This was established to support the continued operations and transformation of the Group and also to ensure that the Group has sufficient funding during the pandemic and the foreseeable future. In addition to this, the maturity of the existing credit facilities was extended to April 2024 and Zebra A/S obtained access to certain committed additional capital and funding should the need for additional liquidity become evident before the end of 2022. The funding contains certain financial covenants of which only a liquidity covenant and investment limitations applied in 2021 to support the future initiatives.

The Executive Management and the Board of Directors are comfortable with the progression of the business and the strong liquidity and have carefully assessed the current financial situation for the Parent Company and the Group, including the ongoing initiatives for 2022 for the Group, the forecasted trading, results and cash flows, uncertainties, and available funding.

The Group continues to focus on strengthening the current operations and ensuring that the ecommerce business develops positively in the core markets in Europe during 2022 and onwards. Further, the franchise solution developed well in the new markets with 12 stores opened in the first four months of 2022. All of this provide the Executive Management and the Board of Directors with a platform to forecast for future profitable growth that will contribute to strengthening the share capital and reported equity over the coming years.

Executive Management anticipates a positive result for 2022.

The key assumptions underlying the expectations for 2022 and onwards, anticipate a gradual improvement of the customer footfall as well as product supply improvements driving stronger trading in 2022. Financing costs are assumed to be stable at the current level, and the Group assumes a continued controlled development in working capital.

As the available funding (liquidity position and available financing including available commitments) is assessed to be adequate under the current anticipated reasonable scenarios for recovery, Executive Management assesses that there is sufficient basis and liquidity for continuing the initiatives developing the Group. 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 2021, the Parent Company realised revenue of DKK 3m. Profit for the year amounted to DKK 2m.

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.

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 during 2021 rolled out an ecommerce platform across all main markets in Europe. To mitigate 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 sustain or improve the level of service provided in the stores.

Customer preferences

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

Operation

Zebra A/S's strategy requires strong performance. Failure to adequately address performance issues in local markets may impact the Group's financial results. Zebra A/S continuously works on improving its monitoring, business review and controlling, aiming to proactively address any potential disruptions in local markets.

Sourcing

Forecasting

Zebra A/S is continuously strengthening our forecasting approach 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

Disruption to our supply chain, both inbound to our warehouses as well as outbound from our warehouses to stores, may cause product shortage and/or longer lead times, which may have a negative impact on our reputation, ability to meet demand and our financial results. To mitigate such potentially negative impacts, Zebra A/S continuously monitors the supply chain and continues to invest in and build sourcing and supply chain systems, processes and capabilities and holds a marine cargo insurance policy. In 2021, the global supply chain performance was challenged due to the global market situation and specific supplier performance issues and was monitored closely with mitigating actions initiated.

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 our reputation as well as financial performance. Likewise, violations of our trademarks or product designs, as well as damages caused by the use and/or misuse of our products, may cause similar effects.

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

Partner collaboration and buyout

Zebra A/S built its success around a 50/50 partnership model in which we share investments, costs, and profits 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 our financial results. We value our partners and maintain an open and frequent dialogue. The number of our 50/50 partnerships has reduced during the past years.

It is part of Zebra A/S's strategy to take full ownership of the local operating companies when this is assessed to be more beneficial than the partner model. Failure to successfully integrate and operate the local operating companies post takeover, as well as retain key employees, may have a negative impact on Zebra 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, allowing Zebra A/S to develop a transition plan together with the partner, 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 our 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, we regularly experience phishing attempts but we have not experienced any damage within the business. Cyber-attacks are obviously a much more serious matter, but not something we have experienced.

Special risks

The global pandemic impacted the 2021 results negatively. It is, however, our general understanding that the pandemic is stabilising during the first months of 2022. We have handled the pandemic in a solid manner, and we are attentive to future developments in the pandemic. However, there is still uncertainty when it comes to traffic patterns and trading on the back of the pandemic, and we monitor this closely.

The sourcing and delivery of products predominantly from China, has stabilised although global supply chain challenges outlined remain. The expected negative impact on operational and financial performance, as well as on liquidity position, deriving from changed traffic patterns and supply chain issues remain unclear as of the date for completing the Annual Report 2021. Therefore, mitigating actions with respect to cost recoveries and delivery certainties have been initiated.

COVID-19 protection initiatives

During 2021, most of the markets were closed in periods of time, and in varying degrees from full lock-down to semi-open. A situation that called for extraordinary safety measures towards customers and employees. At all times, the health and safety of these two groups were key focus throughout the pandemic.

Data ethics

According to section 99(d) of the Danish Financial Statements Act, we have included this section to report on our approach to Data Ethics.

The Group collects, generates, and processes data of both personal and non-personal nature across the entire business as part of the operations within purchasing, supply chain, sales, marketing, HR, finance, and tech.

Today we have a verbal policy on Data Ethics, and we will strive to convert this into a written Data Ethics policy during 2022/2023.

Where it is required, we make sure that our stakeholders and the communities that surround us can be comfortable with our handling of the data that they trust us with.

We recognise our GDPR obligations and have Data Processing Agreements in place with data processors when they handle data on the Groups behalf and for which we are data controllers. We process personal data as a controller, e.g. regarding our customers to fulfil a purchase and obtain a better understanding of our customers. With respect to our employees, we process data as part of our day-to-day HR operations. The Group ensure that the legal entities invested in adhere to local requirements by applicable law.

We are committed to complying with all regulations on data usage, storage, and processing as part of conducting our business and our investments. We are also aware that the fast development in data access, technology and application requires considerations on how to collect, process and apply data in an ethical manner, which we adhere to as a responsible company.

Data ethical principles

We recognise the benefits of data utilisation to drive better customer experiences as well as improve internal processes. However, people we engage with, be it our customers or our employees via our investments, will always constitute the foundation of our business. Consequently, our data ethical commitment is based on our respect for their privacy and when needed, their consent. This is conducted by the companies we invest in.

Approach and Anchoring

All employees in our portfolio investments are introduced to our principles regarding Data Ethics be it current employees as well as new employees through our Privacy Policy that is shared with all employees as part of the recruitment process, and it is available at our company intranet.

The approach to anchoring and ensuring data ethics is embedded in our portfolio investments, Data Ethics is perceived as being very important and it is anchored at the top of our organisation. Our Board of Directors are ultimately responsible for our handling of Data Ethics. On a day-to-day basis the ownership of Data Ethics is anchored with our Senior Leadership Team including Executive Management.

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 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 decarbonize 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 is 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 via donations.

In 2021 the Group got approved by the Science Based Target initiative in record speed. It was important to ensure that the direction taken on climate change years before would prove itself sufficient when validated by experts.

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 67% and established a new science-based target of 84% in 2025.

Eco-friendly products

The Group wants to offer its customers more eco-friendly, useful, fun, and inspiring products at affordable prices.

At the end of 2021 the Group has already achieved eco-friendliness on 26% of the assortment and is well ahead of the 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 adhere to a zero tolerance for child labour and strict rules for young workers (between 16 and 18 years old). In 2021 the Group found four cases with seven affected children in China (aged 15). 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 2021, the Group conducted 283 audits across its factories in China. In 2022 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 limits 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 2021 the Group has enhanced training for employees on the topic and also sent further correspondence to suppliers reiterating our zero-gifting policy. In 2022 we plan to further emphasise this policy with the 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.

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.

The Group has an open culture where we trust each other and value what our colleagues have to offer. We give our colleagues the freedom to get involved, take charge, and give them influence on their own work.

The Group's 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.

There is a risk of people not getting the right support. However, in 2021 across our 19 market offices, three out of four had review processes in place for personal development offered to their employees.

In 2021, more than 70% of the office 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 the Group.

In 2021, the COVID-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lock-downs. Treville X Partners ApS has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.

Summary of targets and progress for the Group

KPI	2021	Target (year)	Status	Accounting practice / Comment
Reduce emissions from scope 1 by about 30% by 2026	362	270 (2026)	In progress	Tons of CO2-eq. emissions. This metric is measured as total kilograms of C02 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	67%	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	26%	50% (2025)	On target	This metric is calculated as number of eco-friendly products/numbers of total products.
50% reduction of plastic in (non-food) products by 2025	26%	14% (2025)	In progress	This metric is calculated as number of single-use products/number of total products.
100% certified paper and wood products* by 2022	79%	100% (2022)	Behind target	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	28%	19,5% (2025)	On target	This metric is calculated as the total kilograms of plastic packaging material/ total kilograms of all packaging material.
100% recyclable packaging by 2022	95% (91%)	100% (2022/2025)	In progress	This metric is measured as the total number of products with recyclable packaging/ the total number of products.

People

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 consists of 18 market offices: one in Shanghai and the rest in Europe, and a head office in Denmark.

In total the Group employs more than 6,000 people around the world. More than half of the markets are governed by collective agreements, which all include minimum wage regulations. Half of the markets also provide a health care package for the employees on top of the public health care services that, in most of the markets the Group operates in, are primarily free and with a good coverage.

The Group offers equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. Relevant professional qualifications remain the 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 four warehouses. At store level, most of the staff is female whereas men and women are almost equally represented when considering the people working at the head office in Denmark.

The high number of female staff in the stores is also reflected at store management level where approximately 75-80% of store managers across the markets are women.

The Group aims at a balanced distribution among employees in leadership positions and is currently composed of 56% male and 44% female members. We define leadership positions as district leaders, country managers, partners as well as managers at headquarter. 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. At Board of Directors' level, the ambition is to increase diversity, including gender representation on the Board. The Board of Directors solely consisted of men in this first reporting period of Treville X Partners, but it is the target to have at least one female board member before 2024. Achieving the diversity target will be sought in connection with ongoing changes to the composition of the Board. The reason for why the target figure is not fulfilled is that there were no changes in the Board of Directors.

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

8 January – 31 December

DKKm	Note	2021
Revenue	2.1	3,572.7
Cost of sales		(1,370.0)
Gross profit		**2,202.7**
Other external expenses		(439.0)
Staff costs	2.2	(1,008.6)
Other operating income	2.5	156.8
EBITDA before special items		**911.9**
Amortisation, depreciation and impairment losses		(813.6)
Operating profit (EBIT) before special items		**98.3**
Special items	2.3	(20.9)
Operating profit (EBIT)		**77.4**
Share of loss in joint ventures	3.4	(1.5)
Financial income	4.5	1.3
Financial expenses	4.5	(199.2)
Fair value adjustment of call options	4.3	57.8
Loss before tax		**(64.2)**
Tax on loss for the year	2.4	10.6
Loss for the year		**(53.6)**
Loss for the year is attributable to:		
Owners of Treville X Partners ApS		(73.4)
Non-controlling interests		19.8
Loss for the year		**(53.6)**

Statement of other comprehensive income

8 January – 31 December

DKKm	**2021**
Loss for the year (brought forward)	**(53.6)**
Items that may be reclassified subsequently to profit or loss:	
Exchange rate differences on translation of investments in foreign entities	1.3
Foreign exchange hedging instruments:	
- Realised in inventories	(2.6)
- Realised in cost of sales	(2.3)
- Realised in financial items	2.0
- Fair value adjustments	47.9
Tax on hedging instruments	(9.9)
Other comprehensive income	**36.4**
Total comprehensive loss for the year	**(17.2)**
Total comprehensive loss for the year is attributable to:	
Owners of Treville X Partners ApS	(43.7)
Non-controlling interests	26.5
Total	**(17.2)**

Balance sheet

31 December

Assets

DKKm	Note	2021
Intangible assets	3.1	1,463.9
Right-of-use assets	3.2	1,699.6
Property, plant and equipment	3.3	234.3
Investment in joint ventures	3.4	7.6
Deposits		85.2
Derivative financial instruments	4.2, 4.3	303.4
Deferred tax	2.4	84.3
Non-current assets		**3,878.3**
Inventories	3.5	610.9
Income tax receivables		32.6
Derivative financial instruments	4.2, 4.3	29.4
Other receivables	1.2	200.3
Prepayments		32.6
Cash and cash equivalents	4.2	634.3
Current assets		**1,540.1**
Assets		**5,418.4**

Balance sheet

31 December

Equity and liabilities

DKKm	**Note**	**2021**
Share capital	4.1	0.1
Currency translation reserve		1.3
Currency hedging reserve		35.1
Retained earnings		(133.2)
Capital and reserves attributable to owners of Treville X Partners ApS		**(96.7)**
Non-controlling interests		-
Total equity		**(96.7)**
Provisions for the acquisition of non-controlling interests	4.2, 4.4, 4.6	153.9
Other provisions	3.6	45.6
Bank debt	4.2, 4.6	1,861.3
Loans from shareholders	4.2, 4.6	80.6
Other loans	4.2, 4.6	22.3
Lease liabilities	3.2, 4.2, 4.6	1,148.5
Deferred considerations	4.2, 4.4, 4.6	50.6
Contingent consideration	4.2, 4.6	20.2
Deferred tax	2.4	192.3
Other non-current liabilities	4.2	43.0
Non-current liabilities		**3,618.3**
Provisions for the acquisition of non-controlling interests	4.2, 4.4, 4.6	4.8
Other provisions	3.6	31.8
Loans provided by shareholders of non-controlling interests	4.2, 4.6	5.7
Bank debt	4.2, 4.6	77.6
Other loans	4.2, 4.6	74.7
Lease liabilities	3.2, 4.2, 4.6	614.8
Trade payables	4.2	588.6
Income tax payables	4.2	31.5
Deferred considerations	4.2, 4.4, 4.6	40.5
Derivative financial instruments	4.2, 4.3	1.9
Other payables	3.7, 4.2	424.9
Current liabilities		**1,896.8**
Liabilities		**5,515.1**
Equity and liabilities		**5,418.4**

Statement of changes in equity

8 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
Equity 08.01.2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year	-	-	-	(73.4)	(73.4)	19.8	(53.6)
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 subscribtion	0.1	-	-	-	0.1	-	0.1
Equity 31.12.2021	**0.1**	**1.3**	**35.1**	**(133.2)**	**(96.7)**	**-**	**(96.7)**

Cash flow statement

8 January – 31 December

DKKm	Note	2021
Operating profit (EBIT) before special items		**98.3**
Amortisation, depreciation and impairment losses		813.6
Special items paid		(19.6)
Working capital changes	3.8	454.7
Other non-cash adjustments		(49.6)
Interest income received		0.1
Interest expenses paid		(166.2)
Taxes paid		(11.3)
Cash flows from operating activities		**1,120.0**
Investment in intangible assets		(42.4)
Investment in right-of-use assets		(7.4)
Sale of right-of-use assets		0.1
Investment in property, plant and equipment		(40.6)
Sale of property, plant and equipment		0.6
Acquisitions, business combinations	5.1	264.0
Deposits paid		(3.4)
Deposits received		6.9
Cash flows from investing activities		**177.8**
Free cash flow		**1,297.8**
Contribution from non-controlling interests		15.3
Acquisition of non-controlling interests	4.4, 4.6	(44.0)
Share capital increase		0.1
Repayment of loans provided by shareholders of non-controlling interests	4.6	(2.0)
Repayment of lease liabilities	4.6	(575.4)
Proceeds from loans and borrowings	4.6	112.2
Repayment of loans and borrowings	4.6	(152.0)
Dividend paid to non-controlling interests		(22.2)
Cash flows from financing activities		**(668.0)**
Increase in cash and cash equivalents		**629.8**
Cash and cash equivalents at 8 January 2021		-
Unrealised exchange gains included in cash and cash equivalents		4.5
Cash and cash equivalents at 31 December 2021		**634.3**

Unutilised credit facilities for the Group amounted to DKK 732.8m at 31 December 2021.
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 8 January – 31 December 2021 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.

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, contingent consideration and loans from shareholders. 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.

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

Basis for consolidation
The consolidated financial statements comprise the financial statements of the Parent Company 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.

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.

1.1 General accounting policies (continued)

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 8 January - 31 December 2021. The Group has also elected to early adopt the amendment to IFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021' with effect from 1 April 2021:

Amendment to IFRS 16 Leases 'COVID-19 Related Rent Concessions beyond 30 June 2021'
The Group has adopted COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19. As a practical expedient, a lessee can elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification and account for the concession as a negative variable lease payment. This practical expedient is available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In March 2021, a new amendment 'COVID-19-Related Rent Concessions beyond 30 June 2021' was issued, that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The Group has applied the practical expedient to all rent concessions that meet the conditions in the amendments. 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 the statement of profit or loss under other external expenses. Depreciation of the right-of-use asset continues over the remaining lease term.

The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the March 2021 amendment.

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 2022. 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 2021, as well as the results of operations and of cash flow. The Executive Management makes various accounting estimates and judgments which affect the consolidated financial statements.

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

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

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

- Consolidation of entities in which the Group holds a 50% ownership interest (cf. below),
- Valuation of deferred tax assets (note 2.4),
- Impairment testing of Goodwill and Brand (note 3.1),
- Measurement, revaluation and impairment test of right-of-use assets (note 3.2),
- Write-downs against the carrying amount of inventories (note 3.5),
- Fair value measurement of loans provided by the shareholders (note 4.2),
- Fair value measurement of contingent consideration (note 4.2),
- Fair value measurement of call options (note 4.3),
- Provisions for the acquisition of non-controlling interests (note 4.4) and
- Determination of fair value of assets and liabilities identified in the business combination (note 5.1).

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

Dispute with the Groups freight forwarder
The Groups freight forwarder has since June 2021 charged rates for sea freight in excess of the contractual agreement. The Group has paid the disputed overcharges under protest and has recognised the difference between the amounts paid and the contractually agreed charges as a receivable in the balance sheet. In March 2022, the Group filed a claim against the freight forwarder at the Danish Maritime and Commercial High Court ("Sø- & Handelsretten"), which also includes a claim relating to other disputed incurred costs in relation to non-performance of delivery terms of the freight forwarder.

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 2021 with DKK 96.7m 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 2021" on pages 4–6.

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

Section 2 Results for the year

2.1 Revenue

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

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

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

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

A provision of DKK 0m has been recognised for returned goods.

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

Delivery has taken place when the franchise partner has collected the products from one of the Group's central warehouses. Revenue from the sale is recognised based on the price specified in the contract. The 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 1.3m.

The table below shows the Group's revenue by geographical regions:

DKKm	2021
Geographical regions	
Northern Europe	752.2
Central Europe	478.6
Western Europe	907.3
Southern Europe	1,409.0
Asia and Middle East	25.6
Total	**3,572.7**

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

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

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 the significant restructuring of processes, fundamental structural adjustments, as well as the gains or losses arising in this connection, which are significant over time. Furthermore, special items also include other litigation costs.

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

DKKm	2021
Transformation program	11.7
Costs related to the fire on the vessel Maersk Honam	(2.9)
Strategic initiatives regarding our global footprint	7.1
Change of ownership	1.4
Sea freight dispute and other legal costs	3.6
Total	**20.9**

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 84.3m in tax assets can be offset against positive taxable income within the next five years, while an amount of DKK 431.9m in tax assets has been impaired at year-end 2021. The impairment tests at year-end 2021 resulted in a profit or loss effect amounting to a gain of DKK 21.6m. The tax asset is impairment tested on a per entity basis, including expected income for the entity for the period 2022 to 2026.

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 41.2m is related to tax loss carry-forwards.

2.4 Income taxes and deferred tax (continued)

Tax costs

DKKm	**2021**
Current tax	33.5
Change in deferred tax during the year	(48.8)
Impact from change in tax rate to deferred tax	4.7
Total	**(10.6)**

Tax reconciliation

DKKm	**2021**
Loss before tax	(64.2)
Calculated 22.0% on loss before tax	(14.1)
Difference in local tax rate compared to the Parent Company's tax rate of 22.0%	2.8
Tax effect from:	
Non-taxable income and non-deductible expenses	16.5
Impact from change in the tax rates	5.8
Impact of non-recognised tax losses to be carried forward and value adjustments	(21.6)
Total	**(10.6)**
Effective tax rate	**16.5%**

Deferred tax

DKKm	**2021**
Deferred tax assets	84.3
Deferred tax liabilities	(192.3)
Total	**(108.0)**

2.4 Income taxes and deferred tax (continued)

DKKm	Deferred tax 08.01.2021	Additions relating to acquisition of entities	Transferred from assets held for sale	Exchange rate adjustment	Recognised in profit or loss	Recognised in other comprehen-sive 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
Provisions	-	(0.5)	-	-	0.4	-	(0.1)
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)	21.6	-	(431.9)
Interest limitation balance	-	14.3	-	-	6.7	-	21.0
Other	-	34.2	-	-	11.4	-	45.6
Deferred tax	**-**	**(143.8)**	**-**	**1.6**	**44.1**	**(9.9)**	**(108.0)**

Unrecognised tax loss carry-forwards amount to 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.

Further, 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	2021
Government grants	141.8
Other	15.0
Total	**156.8**

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 budgets for 2022 and projections for the years 2023-2024 based on a business plan approved by the Board of Directors. For the years beyond 2024 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 rates of 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 imparment losses to be recognised in 2021.

A sensitivity analysis showed that a negative change in the key parameter EBITDA of -5.4% or an increase of the applied WACC of 1.7%-point would cause the carrying amount to exceed the recoverable amount. Management consideres 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. The impairment tests of development projects in progress did not show any need for impairment losses to be recognised in 2021.

Other intangible assets with an indefinite useful life

Licenses and software include a carrying amount of DKK 3.6m related to REACH authorisations, which are considered to have an indefinite useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment. The impairment test is performed on the basis of various factors, including future use of the authorisations. The impairment tests did not show any need for impairment losses to be recognised in 2021.

3.1 Intangible assets (continued)

DKKm	Goodwill	Brand	Licenses and software	Intangible assets in progress	Total
Cost 08.01.2021	-	-	-	-	-
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 31.12.2021	**455.5**	**825.0**	**229.5**	**29.2**	**1,539.2**
Amortisation 08.01.2021	-	-	-	-	-
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 31.12.2021	**-**	**(36.9)**	**(38.4)**	**-**	**(75.3)**
Carrying amount 31.12.2021	**455.5**	**788.1**	**191.1**	**29.2**	**1,463.9**

Net loss from disposal of intangible assets amounts to 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 asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. When the lease liabilities are remeasured, (please see section 'Lease liabilities'), a corresponding adjustment is made to the carrying amount of the right-of-use assets.

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

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

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 2022 and projections for the following years.

The impairment test of right-of-use assets resulted in a recognition of impairment losses of DKK 22.7m relating to stores in Norway, Sweden, Germany, Czech Republic, Poland, France, United Kingdom, Ireland, Italy, the Netherlands, and Portugal.

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

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

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

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

Right-of-use assets

DKKm	Property	Cars	Other equipment	Store furniture	Total
Carrying amount 08.01.2021	-	-	-	-	-
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 31.12.2021	**1,696.5**	**2.3**	**0.1**	**0.7**	**1,699.6**

Net loss from disposal of right-of-use assets amounts to DKK 0.9m

Lease liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2021					
Lease liabilities	667.4	1,125.7	89.8	1,882.9	1,763.3

	2021
Non-current liabilities	1,148.5
Current liabilities	614.8
Total	**1,763.3**

Amounts recognised in profit or loss

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

The total cash outflow for leases in 2021 was DKK 663.7m.

At 31 December 2021, the Group is committed to DKK 0.3m for short term and other leases.

The effect from COVID-19 related rent concession in 2021 was 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 present value of estimated liabilities related to restoration of stores in connection with a termination of a lease is added to the cost if the liabilities are provided for.

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

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 impairment test of property, plant and equipment resulted in a recognition of an impairment loss of DKK 7.0m relating to stores in Norway, Sweden, Poland, United Kingdom, Italy and Portugal.

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
Cost 08.01.2021	-	-	-	-	-
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 31.12.2021	**214.9**	**60.0**	**54.0**	**5.1**	**334.0**
Depreciation 08.01.2021	-	-	-	-	-
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 31.12.2021	**(63.7)**	**(22.5)**	**(13.5)**	**-**	**(99.7)**
Carrying amount 31.12.2021	**151.2**	**37.5**	**40.5**	**5.1**	**234.3**

Net loss from selling or scrapping property, plant and equipment amounts to 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 2022 with business plans and projections for 2023-2026.

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 11.8% 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 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 2021.
In the Executive Management's opinion, no probable change in key assumptions mentioned above will cause significant impairment losses.

3.4 Investment in joint ventures (continued)

DKKm	**2021**
Cost 08.01.2021	-
Acquisitions through business combinations	8.2
Cost 31.12.2021	**8.2**
Adjustment 08.01.2021	-
Exchange rate adjustment	0.9
Share of loss for the year after tax	(1.5)
Adjustment 31.12.2021	**(0.6)**
Carrying amount 31.12.2021	**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	**2021**
Revenue	232.4
EBITDA	50.5
Amortisation and depreciation	(48.4)
Loss for the year	(2.9)
Total comprehensive income	(2.9)
Non-current assets	142.9
Current assets	124.4
Non-current liabilities	62.8
Current liabilities	231.3
Equity	(24.1)
Net working capital	38.5
Number of stores	35.0

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.

At 31 December 2021, the inventory write-downs amount to DKK 61.5m due to a combination of lower sales in connection with COVID-19 and a commercial assessment of the future assortment.

DKKm	**2021**
Finished goods	672.4
Write-downs	(61.5)
Total inventory	**610.9**

Write-downs 08.01.2021	-
Write-downs, during the year	(61.5)
Write-downs 31.12.2021	**(61.5)**

The carrying amount of inventories at fair value less cost to sell amounts to 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 assets and are depreciated over the shorter of the term of the lease or the useful life of the assets.

DKKm	**2021**
Provisions 08.01.2021	-
Provision arising through business combinations	54.0
Exchange rate adjustment	0.9
Transferred from assets held for sale	2.8
Provisions, during the year	33.4
Provisions, utilised	(8.0)
Provisions, reversed during the year	(5.7)
Provisions 31.12.2021	**77.4**
Non-current provisions	45.6
Current provisions	31.8
Total	**77.4**

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 Other payables

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

DKKm	2021
VAT and other indirect taxes	146.7
Employee costs	193.5
Other	84.7
Total	**424.9**

3.8 Working capital changes

DKKm	2021
Change in inventories	79.4
Change in other receivables	116.0
Change in prepayments	(8.2)
Change in trade payables	181.7
Change in other payables	85.8
Total	**454.7**

Section 4 Capital structure and financing

4.1 Share capital

The share capital consists of shares at DKK 1.0 or multiples thereof. Each share carries one vote.

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

	DKK '000
Share capital at subscribtion on 8 January 2021	60
Share capital at 31 December 2021	**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
At initial recognition, loans from shareholders are designated as at fair value through profit or loss if the IFRS 9 requirements are met. This is the case if a liability contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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 OCI and do not get recycled to the profit or loss.

The loans from shareholders contain embedded derivatives as it contains a conversion right for the lender to convert the loan into shares in the event of a sale of the shares in Zebra A/S. The loans are, however, required to be repaid on default of the Company. Management considers that the loans are therefore classified as a liability.

The loans from shareholders can be designated as at fair value through profit or loss as the derivative do significantly modify the cash flows that otherwise would be required by the contract.

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

4.2 Financial assets and liabilities (continued)

Derivative financial instruments
Derivative financial instruments consist of interest rate and 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
Management has at 31 December 2021 assessed the fair value of the loans, including the conversion right. The assessment is based on the expected proceeds from a potential future sale. The assessment takes into consideration the short period since acquiring Zebra A/S. Inputs used for estimation of fair value is measured in accordance with level 3 (non-observable data). Management has assessed and concluded that the fair value of the loans is approximately equal to the nominal amount.

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 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 acqusition date. The fair value of the contingent consideration determined by management at 31 December 2021 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 2022-2024. An assumed growth rate of 1% has been applied for the years beyond 2024.
A pre-tax WACC of 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 10.4m (DKK 10.4m). A 1%-point increase (decrease) in the pre-tax WACC would result in a decrease (increase) in fair value of DKK 13.4m (DKK 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.

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2021					
Financial liabilities					
Bank debt	165.6	1,972.5	24.2	2,162.3	1,938.9
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	**2,006.6**	**3,398.6**	**214.9**	**5,620.1**	**5,245.4**

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

4.2 Financial assets and liabilities (continued)

Financial risk management
The nature of the Group's operations, investments and financing exposes the Group to financial risks in the form of fluctuations in foreign exchange rates and interest levels, as well as credit risks and liquidity risks. The financial risks are monitored and managed by the 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 the Treasury department 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 with 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 at the transaction date. After initial recognition, the financial instruments are measured at fair value as of the balance sheet date. The fair value of financial instruments is measured in accordance with level 2 (on 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%, then the value at the balance sheet date will change by DKK +26.4m/DKK -26.4m.

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 2021, the Group has exercised the call option for one partnership and the Group has negotiated a purchase price for an additional partnership.

DKKm	2021
Balance 08.01.2021	-
Acquisitions through business combinations	282.5
Expired call options not exercised	(0.1)
Utilisation of call options	(36.9)
Fair value adjustment	57.9
Balance 31.12.2021	**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 2021 have a maturity of less than 1 year.

Forward exchange contracts – USD	1-3 months	4-6 months	7-9 months	10-12 months
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	**2021**
Forward exchange contracts - USD	
Carrying amount included in line item 'Derivative financial instruments' under current assets	29.4
Carrying amount included in line item 'Derivative financial instruments' under current liabilities	(1.9)
Net carrying amount	**27.5**

DKKm	**2021**
Cash flow hedge reserve 08.01.2021	-
Change in fair value of cash flow hedges recognised in other comprehensive income	47.9
Reclassified to the cost of inventory	(2.6)
Reclassified to profit or loss	(0.3)
Tax on cash flow hedges	(9.9)
Cash flow hedge reserve 31.12.2021	**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 the global COVID-19 pandemic resulting in lock downs in many markets, some purchase orders have been cancelled or postponed resulting in a hedge ineffectiveness in 2021 of DKK 2.0m which has been reclassified from other comprehensive income to financial Items in profit or loss.

4.3 Financial risk management (continued)

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/loss for the year and equity from change in the Group's primary currencies adjusted for hedge accounting:

Exchange rate analysis

		2021	
DKKm	**Change in exchange rate**	**Profit/loss before tax**	**Equity**
USD	(10)%	(0.2)	(50.9)
USD	10%	0.2	50.9
GBP	(10)%	7.4	9.1
GBP	10%	(7.4)	(9.1)
EUR	(1)%	1.6	1.3
EUR	1%	(1.6)	(1.3)

The analysis is based on monetary assets and liabilities as of the end of 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.

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 percentage point annually compared to the interest rates at 31 December 2021 would have a negative impact of DKK 13.1m on the Group's profit for the year and equity. A corresponding decrease in interest levels would have a negative impact of DKK 6.3m on the Group's profit for the year and equity.

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.

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.

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.

4.3 Financial risk management (continued)

Through the business combination the Group has a credit facility of DKK 2,425m. DKK 225m will be amortised over 3 years starting in 2024. The remaining amortisation is designed as such that the 4 years amortisation of the DKK 500m begins in 2023, and DKK 1,700m matures in 2024.

The credit facility is subject to a number of undertakings, financial covenants and other restrictions. Financial covenants consist of a minimum liquidity level, nominal EBITDA level, a leverage cover, and certain capex limitations. Financial covenants are calculated on a last-twelve month basis. Both the EBITDA level and leverage ratio are applicable after 2021. In the event of default under the credit facility agreement, debt including accrued interest could be declared immediately due and payable.

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 2021 was low.

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.

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 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)
2021				
Opening balance 08.01.2021	-	-	-	-
Additions through business combinations	-	-	171.5	282.5
Additions	80.6	-	-	-
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 31.12.2021	**80.6**	**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 2021.

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 rate of 14.0% applied in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities, and the risk specific to the non-controlling interest.

DKKm	**2021**
Balance 08.01.2021	-
Provisions arising through business combinations	171.5
Exchange rate adjustment	1.9
Utilisation of provision to acquire non-controlling interests resulting in a deferred consideration	(32.7)
Utilisation of provision to acquire non-controlling interests paid upfront	(16.2)
Fair value adjustment	34.2
Balance 31.12.2021	**158.7**
Non-current provisions for the acquisitions of non-controlling interests	153.9
Current provisions for the acquisitions of non-controlling interests	4.8
Total	**158.7**

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

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	**2021**
Deferred considerations 08.01.2021	-
Additions arising through business combinations	86.6
Additions	32.7
Settlements paid during the period	(27.8)
Fair value adjustment	(0.3)
Exchange rate adjustments	(0.1)
Deferred considerations 31.12.2021	**91.1**
Non-current deferred considerations	50.6
Current deferred considerations	40.5
Total	**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	**2021**
Financial income	
Interest on financial assets measured at amortised cost	0.1
Gains on derivative financial instruments not designated as hedges	1.2
Total	**1.3**
Financial expenses	
Bank charges*	37.1
Interest on lease liabilities	60.5
Interest on financial liabilities measured at amortised cost	68.1
Fair value adjustment of contingent consideration	20.2
Losses on derivative financial instruments not designated as hedges	3.1
Exchange rate adjustments, net	7.7
Other financial expenses	2.5
Total	**199.2**
Net financials	**(197.9)**

*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 08.01.2021	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)	-	33.9	(0.7)	-	1,938.9
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**	**303.0**	**16.6**	**82.7**	**4,155.5**

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 comprises the value of the Flying Tiger Copenhagen which Zebra A/S uses across its store network globally. The fair value has been estimated by applying the relief from royalty method. The fair value measurement is based on significant inputs that are not observable in the market. The fair value estimate is based on forecasted revenue for the years 2022-2024 and a projected annual growth of 1% for the years until 2041. The royalty rate is based on existing franchise agreements. A discount rate of 17.0% is 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 amounts to DKK 314.6m. The gross amount of other receivables is 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 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 the year, 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.

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 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 2021 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	2021
Contingent consideration as at 8 January 2021	-
Liability arising on business combination on 10 February 2021	-
Fair value adjustment recognised in profit or loss	20.2
Contingent consideration as at 31 December 2021	**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	2021
EY	
Statutory audit of financial statements	6.2
Other assurance engagements	0.6
Tax advisory services	0.7
Other services	1.0
Total	**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, adress c/o Treville & Co. A/S, Kongens Nytorv 22, 4., 1050 Copenhagen K, which holds a total 100% of the shared capital equally split between them. This means that there are no other shareholders who hold 5% or more of the share capital.

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

Related parties exercising significant influence
Related parties in Treville X Partners ApS with significant influence include the Company's 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 have entered into loan agreements of total DKK 80.6m with Lavie FTC ApS, AS Ravnholt 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 2021 amounts to DKK 80.6m.

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 11.3m from the joint venture company, and sold goods amounting to DKK 56.0m to the joint venture company.

As of 31 December 2021, the joint venture company owed the Group 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 82.7m. On 31 December 2021, the guaranteed amount constituted 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 82.7m. On 31 December 2021, the guaranteed amount constituted DKK 82.7m.

Contractual obligation
Contractual obligations related to service contracts amounted to 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 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 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 24.3m.

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

DKKm	2021
Pledged assets	
Leasehold rights included in right-of-use assets	5.7
Leasehold improvements	24.0
Store furniture	3.8
Other equipment	23.5
Other deposits	0.5
Inventories	415.8
Other receivables	34.5
Total	**507.8**

Total value of liabilities requiring pledges to third parties as of 31 December 2021 amounted to DKK 75.5m

5.5 Events after the balance sheet date

1 March 2022, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") against the Group's freight forwarder. The Group disputes the rates charged compared to the contractually agreed rates. Furthermore, the Group claims breach of contractual capacity guarantee.

Beside the above, no other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

5.6 List of group companies

Investments in group companies comprise the following at 31 December 2021.

Name	Home	Ownership interest
Tiger Ísland ehf.	Reykjavik, Iceland	100%
Tiger Retail Ltd.	London, England	100%
Tiger Deutschland GmbH	Flensburg, Germany	100%
Tiger Stores Nederland B.V.	Amsterdam, the Netherlands	100%
Tiger Stores Spain, S.L.	Madrid, Spain	100%
TZ-shops South Sweden AB	Malmö, Sweden	100%
SIA Tiger Shop	Riga, Latvia	100%
UAB Tiger Shop	Vilnius, Lithuania	100%
Tiger Hellas S.A.	Thessaloniki, Greece	100%
Tiger Italia 1, S.r.l.	Turin, Italy	100%
Tiger Warsaw Sp. Z.o.o.	Warszawa, Poland	100%
Tiger Retail Ireland Ltd.	Dublin, Ireland	100%
TGR Norge AS	Oslo, Norway	100%
Tiger Stores OY	Espoo, Finland	100%
Zebra Japan K.K.	Tokyo, Japan	50%
TGR Stores (NI) Ltd.	Omagh, Northern Ireland	100%
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	50%
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 North Ltd.	Birmingham, England	100%
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%
Treville X Invest ApS	Copenhagen, Denmark	100%
Treville X Holding ApS	Copenhagen, Denmark	84.53%
Zebra A/S	Copenhagen, Denmark	80.73%
FTC ManCo ApS	Copenhagen, Denmark	8.45%

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

8 January – 31 December

DKK'000	Note	2021
Revenue		2,500.0
Other external expenses		(722.4)
Operating profit (EBIT)		**1,777.6**
Financial income	4.3	496.9
Financial expenses	4.3	(261.6)
Profit before tax		**2,012.9**
Tax on profit for the year	2.1	(442.8)
Profit for the year		**1,570.1**
Other comprehensive income		-
Total comprehensive income for the year		**1,570.1**

Balance sheet – Parent Company

31 December

Assets

DKK'000	**Note**	**2021**
Investment in subsidiaries	3.1	100.0
Receivables from subsidiaries	3.2	80,666.9
Non-current assets		**80,766.9**
Receivables from subsidiaries	3.2	3,125.0
Cash and cash equivalents		95.8
Current assets		**3,220.8**
Assets		**83,987.7**

Equity and liabilities

DKK'000	**Note**	**2021**
Share capital	4.1	60.0
Retained earnings		1,568.9
Equity		**1,628.9**
Loans from shareholders	4.2	80,600.0
Non-current liabilities		**80,600.0**
Tax payables to subsidiaries	2.1	442.8
Other payables	4.2	1,316.0
Current liabilities		**1,758.8**
Liabilities		**82,358.8**
Equity and liabilities		**83,987.7**

Statement of changes in equity – Parent Company

8 January – 31 December

DKK'000	**Share capital**	**Retained earnings**	**Total equity**
Equity 08.01.2021	**-**	**-**	**-**
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 31.12.2021	**60.0**	**1,568.9**	**1,628.9**

Transaction costs of DKK 1.2k have been recognised in Retained earnings under Share capital at subscription.

Cash flow statement – Parent Company

8 January – 31 December

DKK'000	Note	2021
Operating profit (EBIT) before special items		**1,777.6**
Working capital changes	3.3	(1,809.0)
Interest expenses paid	4.3	(261.6)
Cash flows from operating activities		**(293.0)**
Investment in subsidiaries		(100.0)
Loans to subsidiaries		(80,170.0)
Cash flow from investing activities		**(80,270.0)**
Free cash flow		**(80,563.0)**
Share capital increase		58.8
Proceeds from loans and borrowings	3.3	80,600.0
Cash flow from financing activities		**80,658.8**
Increase in cash and cash equivalents		**95.8**
Cash and cash equivalents at 8 January 2021		-
Cash and cash equivalents at 31 December 2021		**95.8**

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 8 January 2021 to 31 December 2021 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 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 below and in the respective notes, have been used consistently for the financial 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.

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 2021, as well as the results of operations and of cash flow. The Management makes various accounting estimates and judgments which affect the financial statements.

The judgments, estimates and assumptions made are based on historical experience and other factors that the 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 Management regards as significant estimates and judgments:

- Impairment losses on investment in subsidiaries (note 3.1 Investment in subsidiares).
- Expected credit losses on receivables from subsidiaries (note 3.2 Receivables from subsidiaries).
- Fair value measurement of loans provided by the shareholders (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.

Tax costs

DKK'000	2021
Current tax	442.8
Total	**442.8**

Tax reconciliation

DKK'000	2021
Income before tax	2,012.9
Calculated 22.0% on profit before tax	442.8
Total	**442.8**
Effective tax rate	**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 2022-2024. An assumed growth rate of 1% has been applied for the years beyong 2024. A pre-tax WACC of 24.3% is used to discount the projected cash flows.

The impairment test did not show any need for impairment losses to be recognised.

DKK'000	**2021**
Cost 08.01.2021	-
Additions	100.0
Cost 31.12.2021	**100.0**
Carrying amount 31.12.2021	**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 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, 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.

DKK'000	**2021**
Receivable from subsidiaries, non-current	80,666.9
Receivable from subsidiaries, current	3,125.0
Total	**83,791.9**

3.3 Cash flow specifications

DKK'000	2021
Working capital changes	
Change in receivables from subsidiaries	(3,125.0)
Change in other payables	1,316.0
Total change in working capital	**(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 08.01.2021	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**
Loans from shareholders	-	-	80,600.0	80,600.0	80,600.0
Other payables	1,316.0	-	-	1,316.0	1,316.0
Total	**1,316.0**	**-**	**80,600.0**	**81,916.0**	**81,916.0**

Please refer to note 4.3 in the consolidated financial statements for information on the change in level 3 for the loans from shareholders for the period ending 31 December 2021.

Financial risks

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

Currrency risk

The Parent Company has no transactions in foreign currceny.

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.

Credit risk

The Parent Company has intercompany receivable loan where the future instalments 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 is depending on the owners to increase the loans in case of new costs needing to be paid.

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	**2021**
Financial income	
Interest from subsidiaries	496.9
Total	**496.9**
Financial expenses	
Bank charges	10.0
Bank interests	251.6
Total	**261.6**
Net financials	**235.3**

5.1 Fees to statutory auditor

DKK'000	2021
EY	
Statutory audit of financial statements	185.0
Other services	506.0
Total	**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	2021
Revenue (management fee)	2,500.0
Interest income	496.9

Amounts receivable/payable with related parties

DKK'000	2021
Receivables from subsidiaries, non-current	80,666.9
Receivables from subsidiaries, current	3,125.0
Loans from shareholders, non-current	(80,600.0)
Tax payables to subsidiaries, current	(442.8)
Total	**2,749.1**

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 fulfill 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

Please refer to note 5.5 in the consolidated financial statements.

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 8 January 2021 – 31 December 2021.

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 2021, the results of the Group and Parent Company's operations and cash flows for the financial year 8 January 2021 to 31 December 2021.

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, 11 July 2022

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 8 January – 31 December 2021, 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 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 8 January 2021 – 31 December 2021 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's 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 within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 11 July 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender	Thomas Bruun Kofoed
State Authorised	*State Authorised*
Public Accountant	*Public Accountant*
mne 21332	*mne 28677*