Zebra A/S

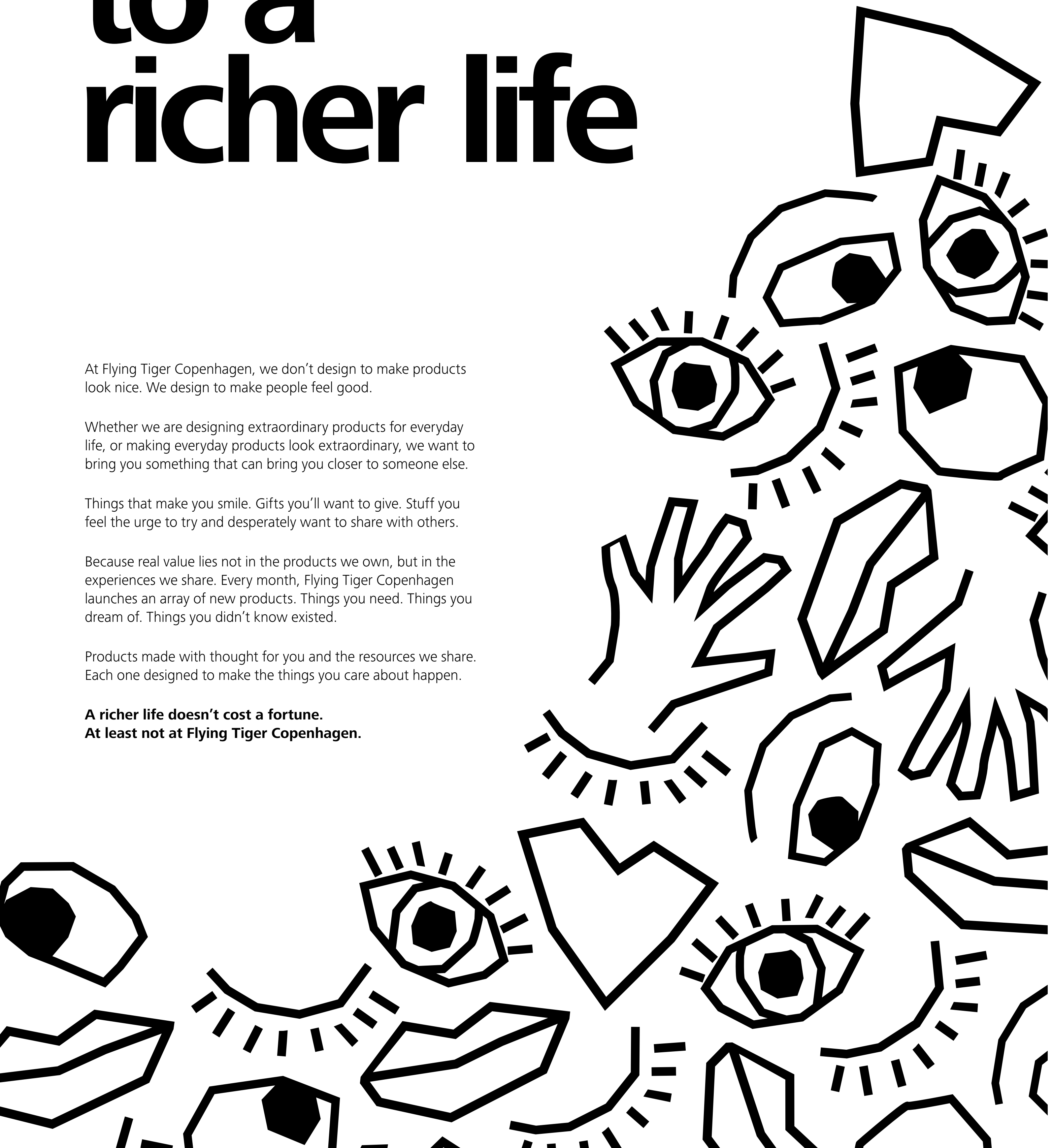
Annual Report 2022

DIY globe
Plane

Balancing stones
Building blocks

FSC

An invitation to a richer life



At Flying Tiger Copenhagen, we don’t design to make products look nice. We design to make people feel good.

Whether we are designing extraordinary products for everyday life, or making everyday products look extraordinary, we want to bring you something that can bring you closer to someone else.

Things that make you smile. Gifts you’ll want to give. Stuff you feel the urge to try and desperately want to share with others.

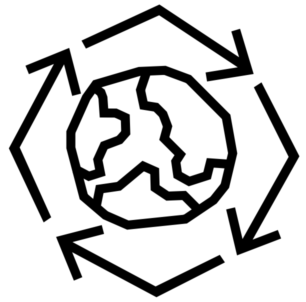
Because real value lies not in the products we own, but in the experiences we share. Every month, Flying Tiger Copenhagen launches an array of new products. Things you need. Things you dream of. Things you didn’t know existed.

Products made with thought for you and the resources we share. Each one designed to make the things you care about happen.

A richer life doesn’t cost a fortune.
At least not at Flying Tiger Copenhagen.

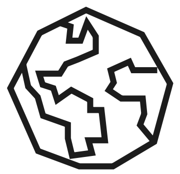
Content

12 Global growth



27 TikTok success

68 Developing the retail concept



We are proudly supporting the United Nations Global Compact, the world’s largest corporate sustainability initiative, and endorse its ten principles to respect human and labour rights, protect the environment, and fight corruption. This report represents our Communication on Progress for 2022. This report also represents our statutory statement on social responsibility, underrepresented gender, diversity and data ethics in accordance with sections 99(a), (b) & (d) of the Danish Financial Statements Act. Please refer to sections 'Data ethics' and 'Sustainability and People'.

The world of Flying Tiger Copenhagen

Zebra A/S, the Parent Company of the Flying Tiger Copenhagen stores, is a variety retailer founded in Denmark. Our stores offer new, fun, and useful products at affordable prices made with thought for our shared resources. All stores are marketed internationally under the Flying Tiger Copenhagen brand name, and by the end of 2022, the Group operated 842 stores in 27 countries across Europe and Asia. In South Korea, the 22 stores are operated under a franchise agreement. During 2022, we opened three additional franchise markets - Israel, Kingdom of Saudi Arabia, and United Arab Emirates. The new Middle Eastern markets counted a total of 21 stores by the end of 2022.

We constantly work on innovating our product offering and design, and each month, we launch an array of new products. We want to bring you products that can bring you closer to someone else.

Our primary shopping missions are within 'Gifting', 'Occasions', 'Sharing Moments', and 'Everyday Essentials'. We keep our stores bright and easy to navigate with our Scandinavian decor being a differentiating characteristic.

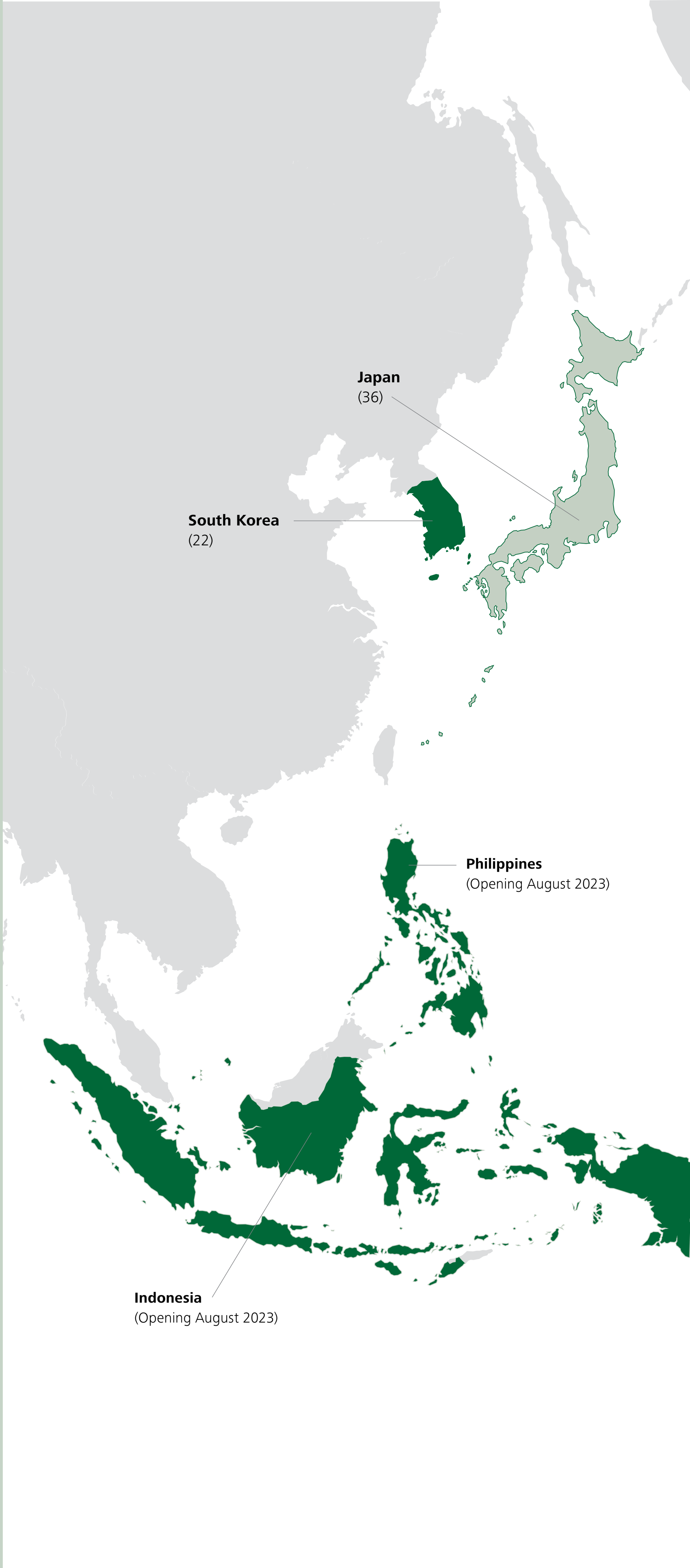
Flying numbers
excl. franchise markets

Revenue
4,752
DKKm

Stores
842
incl. Japanese joint venture

Countries
27
across Europe and Asia

Approx. number of employees (headcounts)
7,000



Message from Executive Management

We look back on a very good 2022 with strong sales numbers across all markets and very satisfactory operational performance, which was significantly better than 2021. In fact, we are back at performance levels before the pandemic, however with an even stronger base and setup of the business. A major milestone in 2022, was very successfully launching our new expansion model in a new region as we entered the Middle East with three very capable franchise partners.

After a slow start to the year due to COVID-19 restrictions and lower customer traffic, our sales picked up significantly and in the second half of 2022 we saw very strong sales in our retail stores and online. Specifically, the 2022 Halloween and Christmas campaigns were our best-selling campaigns to date, which is a fantastic achievement and testament to the progress on our commercial strategy.

The global supply chain stabilised during 2022, although with significantly higher sea freight rates. In the late Spring of 2022, we entered into a collaboration with Maersk as new global sea freight provider, which protected us from the price volatility in the market. Furthermore, Maersk has demonstrated a very solid and stable delivery performance, which has benefited our entire store network and ultimately our customers. We look forward to a continued reliable and professional collaboration with Maersk.

During 2022, we continued executing our strategic priorities covering e.g., our retail operation, expansion model and commercial model with an overarching sustainability focus. We focused on continuously improving our operating performance in our existing markets and store portfolio and further expanded our ecommerce business and late summer 2022 we covered 22 European countries. A major pillar in our strategy is growth and expansion in new markets in cooperation with leading franchise partners. During 2022, we have signed partner agreements with three very strong franchisees covering Israel, Kingdom of Saudi Arabia, and United Arab Emirates, with whom we opened 21 stores. Our entry to these new markets have exceeded our expectations and we are off to an incredibly strong start with an already dedicated customer base. With these openings and presence in a new region, we experience growing interest from other franchise partners in all parts of the world and we are constantly approached by relevant partners who want to collaborate with us and be part of our successful expansion journey.

Looking back at 2022 and now that we are well into 2023, we can comfortably say that we continue to have a firm belief in the future and in the Flying Tiger Copenhagen brand. We have proved our ability to optimise, develop and grow the business throughout our existing markets as well as in new markets. This is not only achieved through a unique and sustainable concept but also through all our passionate colleagues across all markets driving us forward. We are therefore convinced that Flying Tiger Copenhagen will grow even stronger in the years to come.

/ Martin Jermiin & Christian Kofoed H. Jakobsen

Key figures

DKKm	2022	2021[7]	2020[7]	2019[6,7]	2018[6,7]
Statement of profit or loss					
Revenue	4,752.1	3,812.5	3,472.5	5,325.2	5,486.4
Gross profit	2,906.1	2,346.6	1,651.0	3,216.4	3,129.8
EBITDA before special items	**1,028.2**	**952.2**	**112.1**	**1,118.0**	**122.7**
Adjusted EBITDA[2]	376.5	236.3	(712.7)	326.1	274.7
EBIT	259.5	266.0	(849.4)	(24.9)	(234.2)
Result from financial items	(151.4)	(156.2)	(380.4)	(98.3)	(328.1)
Adjusted profit/(loss) for the year[1, 3]	31.1	(48.6)	(1,249.7)	(89.5)	(57.8)
Profit/(loss) for the year from continuing operations	64.8	93.2	(1,415.9)	(144.3)	(520.9)
Profit/(loss) for the year from discontinued operations[7]	-	-	(126.4)	(79.3)	(20.5)
Profit/(loss) for the year	64.8	93.2	(1,542.3)	(223.6)	(541.4)
Financial position at 31 December					
Invested capital[8]	2,367.8	2,011.5	2,264.6	3,496.9	1,213.5
Total assets	4,286.3	4,116.5	3,998.5	5,745.6	3,666.2
Net interest-bearing debt[1]	3,617.6	3,185.7	3,711.8	3,632.4	1,296.9
Net interest-bearing debt excluding lease liabilities	1,784.9	1,422.4	1,671.8	1,119.2	1,296.9
Pro forma adjusted equity[4]	(531.9)	(486.6)	(714.0)	563.7	503.9
Equity	(1,295.8)	(1,245.6)	(1,458.9)	180.1	21.3
Cash flow and investments					
Investment in property, plant and equipment	(62.7)	(41.3)	(37.2)	(58.2)	(241.2)
Free cash flow	298.3	761.9	20.6	620.3	(307.0)
Key ratios					
Revenue growth	24.6%	9.8%	(34.8)%	(2.9)%	9.0%
Gross margin[1]	61.2%	61.6%	47.5%	60.4%	57.0%
Adjusted gross margin[2]	61.2%	61.6%	47.5%	60.6%	59.8%
EBITDA margin before special items[1]	21.6%	25.0%	3.2%	21.0%	2.2%
Adjusted profit/(loss) margin[1, 3]	0.7%	(1.3)%	(36.0)%	(1.7)%	(1.1)%
Profit/(loss) margin	1.4%	2.4%	(40.8)%	(2.7)%	(9.5)%
Comparable store sales growth[1, 9]	23.0%	12.5%	(33.3)%	(6.5)%	(0.3)%
Leverage[1]	3.5x	3.3x	33.1x	3.2x	10.6x
Number of stores, including joint ventures	842	858	891	949	977
Adjusted EBITDA margin[2]	7.9%	6.2%	(20.5)%	6.1%	5.0%
Pro forma consolidated financial information[5]					
Pro forma revenue	4,843.5	3,899.6	3,555.9	5,420.3	5,579.5
Pro forma adjusted EBITDA[2]	382.6	241.0	(713.5)	329.7	276.7
Pro forma adjusted EBITDA margin	7.9%	6.2%	(20.1)%	6.1%	5.0%

[1] Key figures are defined in 'Definition of key figures and ratios' on page 122.
[2] Adjusted EBITDA, adjusted EBITDA margin and adjusted gross margin excludes extraordinary write-downs and scrapings of DKK 0m recognised in Cost of sales (2021: DKK 0m, 2020: DKK 0m, 2019: DKK 12.9m and 2018: DKK 152.0m), special items, the impact of IFRS 16 and discontinued operations.
[3] Adjusted profit for the year excludes extraordinary write-downs and scrapings (see footnote 2), special items after tax, fair value adjustment of call options, impact of IFRS 16 and discontinued operations.
[4] The calculation of the pro forma adjusted equity is described in note 4.2.
[5] Pro forma consolidated financial information reflects a pro forma proportionate consolidation of the 50% owned Japanese joint venture adjusted for IFRS 16 and discontinued operations.
[6] 'IFRS 16 Leases' has been adopted as of 1 January 2019, using the modified retrospective approach and therefore the comparative information has not been restated. The above key figures for 2018 have therefore not been altered.
[7] In 2021, the German entity ceased to be classified as discontinued operations. The comparative statements of profit or loss is restated for the years 2020, 2019 and 2018.
[8] Invested capital adjusted for the impact from IFRS 16 and discontinued operations amounts to DKK 686.5m (2021: DKK 424.9m, 2020: DKK 381.6m and 2019: DKK 1,133.5m).
[9] The definition of comparable store sales growth was changed in 2021. According to the previous definition comparable store sales growth was: 2020: (33.3)%, 2019: (6.4)%, 2018: (0.2)%. In 2021, comparable store sales growth was compared to 2019 instead of 2020 due to COVID-19. In 2022 the percentage for 2021 has been restated to follow the present definition and is compared to 2020 instead of 2019. According to 2021 definition, comparable store sales growth was (25.0)% in 2021.

Mission and strategy

Flying Tiger Copenhagen is a business with a purpose. We design and sell products that bring you closer to someone else, and all products, even the small, simple or seemingly just funny items, are designed to make relations happen and people happy. They are catalysts to a richer life – and they represent much more value than the accessible prices indicate.

To deliver on our purpose, we make our products affordable for everyone and produce them with thought for our customers and the resources we share, and we strive to meet our customers, where they are. Globally. In stores and online.

This is why we say **"A richer life doesn't cost a fortune. At least not at Flying Tiger Copenhagen".**

The history of Flying Tiger Copenhagen

Flying Tiger Copenhagen traces its roots back to a stall at a flea market in Denmark where founder Lennart Lajboschitz sold umbrellas with his wife Suz. Then, in 1988, Lennart and Suz opened their first brick-and-mortar store in a local neighbourhood of Copenhagen. Its name was Zebra, and it sold umbrellas and sunglasses and socks and surplus goods.

The first store called Tiger opened in Copenhagen in 1995, and everything in it cost 10 Danish kroner. The Danish word for a ten-kroner coin is pronounced tee'-yuh, which sounds just like the Danish word for tiger.

Now, more than 30 years after the opening of our first store, we are a variety retail concept with 842 stores across 27 countries. In 2022, we achieved a revenue of DKK 4,752m and we have more than 7,000 fantastic employees. On top of these numbers and achievements comes the newly launched franchise business.

We design our own products

Our product range is developed by our in-house product teams and is inspired by our Danish heritage. The product selection is based on relevance and uniqueness and with an overarching focus on sustainability throughout the product range. We have a full in-house design department creating graphic design as well as product design in close cooperation with our Category and Product Managers.

Our assortment categories range from home, kitchen, hobby, and party, to toys, electronics and gadgets, food and accessories and has a broad appeal across all demographics. Each month, the assortment is refreshed with new products typically

Foam stickers

Gouache painting

Mixing palette

adapted to seasonal themes and/or festive occasions, e.g., Valentine's Day, Easter, Back-to-School, Halloween, or Christmas.

The seasonal campaign products are complemented by our fixed assortment consisting of around 1,400 products that are relevant across seasons and always available in our stores.

Sourcing

While the product selection, innovation, and development is mainly carried out in-house, production is outsourced to external suppliers, who commit to our Supplier Code of Conduct, and our ambitious sustainability targets, quality, and ethical policies, while working under our supervision.

All products go through our product safety process, which coupled with our test programme, ensure that quality and all compliance requirements are met.

To ensure an optimal product execution in stores, we have established a cross-functional sales and operations planning process. This process monitors the full supply chain status and alerts in due time in case of any discrepancies in targets or planning.

Logistics

An efficient logistics operation providing our stores with on-time deliveries is a cornerstone of our business. We work with a number of logistics providers to ensure scalable and cost-efficient operations around the globe. In 2022, our logistics centres in Copenhagen (DK), Raunds (UK), Barcelona (ES), Shanghai (CN), Shimizu (JP) and Incheon (KR) shipped more than 333,000,000 pieces to our stores.

Brick-and-mortar stores

In 2022, we continued our journey in optimising our store network and functions, and also strengthening the backbone of our business to prepare for solid future growth.

Our stores are leased to minimise upfront investments and are in high-footfall locations on high streets and in popular shopping malls. The typical size is between 150 and 250 m2 of selling space. The stores appear open and light, laid out in a maze, simple to navigate, enabling the customers to seek inspiration and discover the full range of products as they go along, while the lively and recognisable music creates a welcoming atmosphere.

The décor is Scandinavian with unpretentious, practical, wooden furniture, white walls and warm lighting that illuminate the products.

We want to offer a positive customer experience, and our store employees play an integral role creating just that. Their dedication and commitment to our concept is key for our customers' shopping experience and the perception of our brand. We owe a great part of our success to our store employees, as they interact with thousands of customers on a daily basis. Therefore, we prioritise the development and training of our staff, as this will help us sustain a fun and inspiring customer experience.

Online shopping

An important pillar in our strategy is growing our online presence and omnichannel approach. What started as a small-scale online business in Denmark and Sweden in 2020, has over the past years grown into a large pan-European ecommerce platform covering most of our European markets. Through the online channel we are able to reach millions of customers in 22 countries. We are very pleased with the great interest and appetite to shop with us online and trading is well above expectations both in terms of basket size and number of transactions.

Our Markets

We have a strong presence across Europe and in Asia. In the majority of our European markets, we own and operate the business ourselves, i.e. 100% ownership.

As part of our consolidation strategy, we have over the past years increased the share of our fully owned entities, which enables us to increase the scale benefits of our organisation. Reaping these scale benefits will continue in the years to come, and over time, we strive to consolidate the markets in Europe, which are currently not fully owned.

Today the fully owned and operated entities are Denmark, Sweden, Norway, Finland, Iceland, Baltics, United Kingdom, Ireland, the Netherlands, Belgium, Poland, Italy, France, Germany, Greece, and Cyprus as well as a large part of Spain including areas around Barcelona, Madrid, Mallorca, and Valencia.

In the remaining European markets, the operation is structured through partnerships.

In Asia, Japan is a joint venture partnership whereas South Korea is run as a franchise partnership. In 2022, we entered the Middle East region with store openings in Israel, Kingdom of Saudi Arabia, and United Arab Emirates through three franchise partnerships with Fox Group, Cenomi Retail, and Azadea Group respectively. All three markets have proved incredibly successful businesses for us in terms of customer engagement and sales as well as strong cooperation with our franchisees. By the end of 2022, we had 21 stores in these new markets. During 2023, we will open additional stores in the existing Middle Eastern markets, as well as expanding in the region with openings in Kuwait, Bahrain, and Qatar. Additionally, we have big plans for Asia and our operation in that region. Therefore, we will open a regional office in Singapore late spring 2023 and later in 2023, we enter Indonesia and the Philippines with two very professional franchise partners.

Corporate backbone

Our rapid growth over the past decades is supported by a flexible and scalable supply chain model, investments in IT infrastructure, and continued strengthening of the organisation and business processes. It is a strategic imperative to continue to strengthen our backbone to cost-effectively support future growth.

Financial and operating model

The business is governed by an experienced and international Senior Leadership team, who overall drives the global operation. The Senior Leadership team is responsible for managing and assessing their respective business functions individually and across the business as well as monitoring the operational and financial performance. One focus area is securing efficient supply chain operation and processes to efficiently service our stores while ensuring low working capital requirements.

We continuously pursue freeing up capital to support on-going developments of the business. The initiatives aim to improve inventory levels by lowering lead time from purchase to sale, strengthening the forecasting process and improving working capital as well as strengthening coordination across the organisation.

Diversity

Zebra aims to offer equal opportunities to everyone across the organisation, and it is company policy to promote equal opportunities regardless of gender, ethnicity, race, religion and sexual orientation. Please see section 'Sustainability and People' to read about our diversity status and targets as well as our People strategy.

Desktop pinball game

Global growth

The Flying Tiger Copenhagen brand is recognised worldwide for its uniqueness and strong consumer appeal.

In 2022, we took an important step towards building a stronger global footprint together with internationally recognised professional retailers when the first 21 Flying Tiger Copenhagen stores opened in Israel, Kingdom of Saudi Arabia, and United Arab Emirates.

In January 2022, the first Flying Tiger Copenhagen store by Israeli retailer Fox Group opened in the famous Azrieli Mall in Tel Aviv followed by another 12 stores in Israel all outperforming expectations.

"I am excited to recap the first year of cooperation with Flying Tiger Copenhagen in Israel. During 2022 we opened 13 stores nationwide in prime locations in leading shopping malls and centers, and we plan to open ten more stores in 2023. The Israeli consumers welcomed the brand with great excitement and we are happy with the Flying Tiger Copenhagen performance in Israel, and firmly believe it will continue to grow and succeed." says Harel Wiesel, owner and CEO of FOX Group.

Cenomi Retail took the first step in February 2022, launching our brand in the major Saudi Arabian market with the opening of the first Flying Tiger Copenhagen store in the premium Al Nakheel Mall in Riyad, which was followed by another five successful stores across the country.

"The launch of Flying Tiger Copenhagen in KSA was a key milestone in Cenomi Retail's strategy to enhance customer experience and have more diversified offerings by introducing unique concepts to the ever-growing Saudi Arabian market. As part of our commitment to cement our position as the leading lifestyle retailer, we are glad to have enriched the local shopping experience and proved to our customers that a richer life doesn't cost you a fortune. The first year was just an example of the potential of Flying Tiger Copenhagen in the Saudi Arabian market. The best is yet to come." says Salim Fakhouri, Chief Operating Officer, Cenomi Retail.

In March 2022, the first Flying Tiger Copenhagen store by UAE retailer Azadea opened in the newest mall on the Dubai retail scene, Dubai Hills, followed by another very successful opening of the second store in the iconic Mall of Emirates in early December 2022.

Said G. Daher, CEO of Azadea Group states *"Azadea Group and Flying Tiger Copenhagen embarked, together, on a new and promising partnership for a more exciting customer experience in the Middle East. The journey started with strategic openings in UAE, and gradually expanding into other countries in the GCC."*

These new markets and store openings have laid the foundation for an exciting future with the Middle Eastern consumers, both with brick-and-mortar stores and an online offering.

To further expand our business in Asia, we signed a franchise agreement with Indonesia retailer MAP Mitra PT in December 2022 to launch the Flying Tiger Copenhagen concept in the Indonesian market during 2023 and to open minimum 150 stores during the coming five years. Additionally, we have partnered with Stores Specialists, Inc. who will bring our brand to the Philippines in the second half of 2023 and open minimum 85 stores during the coming five years.

This combined with continued growth in the Middle Eastern region, we are certain that the first opening in Southeast Asia will be a cornerstone of the global growth ambitions for Flying Tiger Copenhagen in the years to come.

"We want to be where our customers are, not only in Europe and Asia. Our recent market launches in Middle East have clearly shown that there is a proven global potential." says Martin Jermiin, CEO.

DIY globe

FSC

Operating and financial review 2022

In 2022, the Group generated earnings before interest, tax, amortisation, depreciation and impairment losses and special items (EBITDA before special items) of DKK 1,028m, compared to DKK 952m in 2021. The 2022 result was achieved despite the negative impact of the COVID-19 pandemic in Q1 2022 and continued impact from certain global supply chain challenges. Once again, the Group demonstrated disciplined cost control, as well as agility when operating under difficult circumstances. Revenue in 2022 was DKK 4,752m, which was 25% higher than in 2021. This strong revenue is a result of very strong product campaigns particularly in Q4, an important trading period for our company. Net Profit for the year amounted to DKK 65m.

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

From June 2021 to May 2022, the Group's former freight forwarder charged sea freight rates above those that were contractually agreed. The Group paid the overcharges under protest and has recognised the difference between the amounts paid, and the contractually agreed charges, as a receivable in the balance sheet. Furthermore, the Group was not provided with a service aligned to the capacity guarantee stated in the contract. The Group engaged in commercial discussions with the former freight forwarder however, no satisfactory outcome was realised. To resolve the dispute, the Group initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") on 1st March 2022. The Group is highly confident in the ability to recover the costs incurred.

During 2022, the Group continued rolling out the strategy launched in 2020, an integral part of this being, the four large programmes that are key to strengthening and developing the business:

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

Drinking bottle

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

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

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

Revenue Development

Total revenue in 2022 was DKK 4,752m, corresponding to an increase of DKK 939m compared to 2021. The revenue in 2022 was somewhat impacted by the global pandemic during Q1 2022 with lower customer traffic in some markets. However, revenue still came out at a very acceptable level driven by our strong product campaigns in Q4 2022.

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

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

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

Top markets in 2022

	Revenue (DKKm)	Growth (%)	Net new stores
Italy	1,004	16%	(1)
Spain	636	16%	(1)
UK	606	34%	(3)
Denmark	443	25%	1
Portugal	194	0%	2
Subtotal	2,883	24%	(2)
Total	**4,752**	**25%**	**(17)**

Development in Earnings

In 2022, the gross margin was 61.2% vs. 61.6% in 2021. The slight decrease was planned because of the different margin profile between our regular retail business and our growing franchise business. We expect that the slight reduction in gross margin will continue, as the franchise business becomes a larger part of the Group.

Operating costs (staff costs and other external expenses), excluding COVID-19 government compensations, were DKK 1,931m in 2022, compared to DKK 1,605m in 2021, representing 40.6% of revenue in 2022 compared to 42.1% in 2021. The proportionate decrease in the operating costs was a result of a dedicated discipline around costs and a strategic prioritisation to simplify our operations. Again in 2022, COVID-19 compensation schemes contributed to EBITDA before special items.

EBITDA before special items amounted to DKK 1,028m compared to DKK 952m in 2021, which was above expectations.

Special items in 2022 amounted to DKK -32m and were mainly costs related to our transformation programme, as well as legal costs related to the sea freight dispute. Profit for the year amounted to DKK 65m compared to DKK 93m in 2021, which was above expectations considering the impact in 2021 from COVID-19 compensations.

Free cash flow and net interest-bearing debt

Net Working Capital (NWC) increased in absolute terms from DKK -169m in 2021 to DKK 172m in 2022. The increase was mainly a result of an increase in other receivables related to the disputed paid overcharged freight rates and increase in inventories. Additional investments were made in our fixed assortment inventory during Q3 and Q4, to mitigate potential global supply chain constraints in the wake of the pandemic.

Cash flow from investing activities was DKK -127m in 2022, against DKK -89m in 2021. The increase in investments mainly came from the development of our IT platform and investments in new payment solutions for our stores.

Free cash flow in 2022 amounted to DKK 298m compared to DKK 762m in 2021. Free cash flow was mainly impacted by the increase in inventory and other receivables, compared to the prior year.

Net interest-bearing debt was DKK 3,618m at the end of 2022, compared to DKK 3,186m in 2021. This includes a net increase in bank debt, a decrease in cash and cash equivalents, and an increase in lease liabilities, which are recognised on the balance sheet as per IFRS 16. Net interest-bearing debt, excluding lease liabilities was DKK 1,785m at the end of 2022, compared to DKK 1,422m in 2021.

Provisions for the acquisition of non-controlling interest and equity

Shareholders with a non-controlling interest hold a put option to sell their non-controlling interest to Zebra, whereas Zebra A/S holds a call option to acquire the partners' non-controlling interest. Under IFRS, Zebra is considered to control these partnerships, which leads to full consolidation under IFRS. Accordingly, the subsidiaries are fully consolidated in the financial statements and provisions have been made for the acquisition of the non-controlling interests. The provision is measured as the estimated total amounts owed to the partners upon partners' exercise of the put option. Under the accounting policies of the Group, changes in the fair value of these liabilities, including differences upon settlement, are accounted for as a transaction directly in equity.

The exercise prices are determined with reference to contractually defined EBITDA multiples. The calculation of the provisions under IFRS for the put options, is based on the general assumption that all the partners exercise their put options at year-end 2022, with the agreed notice period of 12 months.

The increase in the provisions for the acquisition of non-controlling interests (non-current and current in total) from DKK 159m in 2021 to DKK 207m in 2022, was driven by the fair value adjustment from the estimated present value of the expected cash outflows to settle the put options. By the end of 2022, the Group had acquired partnerships for accumulated DKK 924m.

Zebra's call options over the remaining ownership interests in certain subsidiaries are recognised in the balance sheet as a derivative financial instrument. The fair value of the call options is determined by the estimated fair value of the non-controlling interests minus the exercise price determined with reference to the contractually defined EBITDA multiples. The changes in fair value of these financial derivatives are included in the statement of profit or loss. In 2022, the fair value of the call options was DKK 367m and the fair value adjustment included in the statement of profit or loss was DKK +64m.

The Japanese joint venture is an exception to this model and is therefore not consolidated. Please see separate section on the Japanese setup.

Bowling

FSC

Equity

DKKm	2022	2021	2020	2019	2018
Pro forma adjusted equity	**(532)**	**(487)**	**(714)**	**564**	**504**
Provision for non-controlling interest	(207)	(159)	(172)	(249)	(246)
Acquired non-controlling interests (accumulated impact)	(924)	(903)	(855)	(690)	(687)
Fair value of call options	367	303	282	555	450
Reported equity under IFRS	**(1,296)**	**(1,246)**	**(1,459)**	**180**	**21**

Adjusted for the accumulated impact of acquired non-controlling interests, as well as provisions for existing partnership agreements and the fair value of the call options, the pro forma adjusted equity was DKK -532m at the end of 2022, which was DKK 45m lower than in 2021. The reported equity under IFRS was DKK -1,296m at the end of 2022 and was positively impacted by profit for the year and offset by a negative impact from other comprehensive income, the fair value adjustment of provisions for the acquisition of non-controlling interests and dividend paid to non-controlling interests.

Negative reported equity/financial position for the Group and the Parent Company

The reported equity turned negative at the end of 2020 and thus the registered share capital was fully lost. In 2022, the equity of the Group ended the year with a negative of DKK 1,296m and with a negative amount of DKK 660m for the Parent Company.

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

The Executive Management and the Board of Directors are comfortable with the progress of the business and the liquidity, and they have carefully assessed the current financial situation for the Parent Company and the Group, including the ongoing initiatives for 2023 for the Group, the forecasted trading, results and cash flows, uncertainties, and available funding.

We continue to focus on strengthening the current operation and ensuring that our ecommerce business develops positively in our core markets in Europe, during 2023 and onwards. Furthermore, our new franchise business was off to a very strong start with 21 stores opened, strong sales and good operations. 2023 will bring additional markets and many new stores with both existing and new franchise partners. All of this provides the Executive Management and the Board of Directors with a confidence to forecast future profitable growth, that will contribute to restoring the share capital and reported equity over the coming years.

The Executive Management expects a positive result again for 2023 however, recovery of the registered share capital will take longer.

Our positive outlook for 2023, and beyond, is based on increased customer footfall, which we are already seeing, as well as improvements in product supply that will drive strong trading. Furthermore, we assume an improved development in working capital and stable financing costs.

Lantern

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

Japanese joint venture

The Japanese joint venture was established together with a local partner in June 2013. Unlike the partner model applied in Europe, Zebra and the Japanese partner have joint control of the operating company in Japan, and therefore, the profits or losses from the joint venture are recognised as a single line item in the income statement and the investment is measured using the equity method.

Revenue increased by 5% in reporting currency from DKK 253m in 2021 to DKK 266m in 2022. In local currency, revenue increased by 12% to JPY 4,963m. At the end of 2022, the joint venture operated 36 stores.

2022 EBITDA in the Japanese joint venture of DKK 53m was at the same level as 2021 and includes royalty and service fee payments to Zebra of DKK 13m in both years.

We continue to consider the Japanese market to be attractive, and together with our partner, continue to improve the business. The improvements include a shift from larger stores towards more standardised store sizes, new assortments, as well as various store efficiency initiatives. The plan is showing good progress and we are confident that Japan will become an increasingly important market for us.

Parent Company

In 2022, the Parent Company realised revenue of DKK 2,216m compared to DKK 1,814m in 2021, mainly due to higher sales to our subsidiaries. EBITDA before special items in 2022 was DKK 13m compared to DKK 152m in 2021, due to an increase in other external expenses and a decrease in other operating income, which was impacted by government grants in 2021. Profit for the year amounted to DKK -123m.

Outlook 2023

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

Restated comparative figures

In 2022, the Executive Management concluded that the Group and the Parent Company incorrectly omitted the recognition of capitalised borrowing costs of DKK 15m in 2021. Due to the significance of the matter, it has been corrected as a material misstatement by restating comparative figures and opening equity figures. Consequently, the comparatives and the equity as of 31 December 2021 have been restated in these financial statements.

Please refer to note 1.1 to the consolidated financial statements and note 1.1 to the parent company financial statements.

Watercolour crayons

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 Zebra's operations, investments, and financing arrangements expose the Group to financial risks from fluctuations in foreign exchange rates and interest rate levels. The Group's treasury policy is to actively address financial risks to mitigate material impacts on the Group's financial position.

For more information, see note 4.4 to the consolidated financial statements.

Currency risk

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

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

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

Interest rate risk

Zebra is exposed to interest rate risk because entities of the Group borrow funds at variable interest rates. Zebra monitors the risk and hedging will be applied when needed to maintain a mix between fixed and floating rate borrowings in accordance with the Group's treasury policy.

Liquidity risk

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

Building blocks

Funding risk

Zebra has credit facilities with covenants, which are customary for such facilities. Should Zebra fail to comply with the covenants, the lenders may terminate the credit facilities. All covenants are monitored and reported on a regular basis, enabling Zebra to act proactively if required.

Credit risk

The Group has limited credit risk exposure related to trade receivables, as revenue transactions are settled by cash, credit or debit cards, and the Group is not exposed to any major credit risk related to trade receivables from any single customer or other party. The Group is exposed to counterparty risk from cash held at financial institutions and unrealised gains on financial contracts.

In addition, the Group is indirectly exposed to credit risk arising from credit insurance companies providing insurance coverage to the Group's suppliers. A general reduced risk appetite from the credit insurance companies could have negative impact on the payment terms offered by the Group's suppliers. Consequently, this may impact the net working capital. Zebra regularly monitors performance and, if required, proactively engages with the credit insurance companies and suppliers.

Tax

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

Operational risk

Zebra has identified key operational risks within the areas of:

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

Market place

Competition

As a global retailer, Zebra is exposed to competition from other retailers with a value proposition like Zebra's as well as competition from online formats. In 2021 and 2022, Zebra rolled out an ecommerce platform across all main markets in Europe. To meet competition from other retailers, Zebra continues to invest in and develop the Flying Tiger Copenhagen brand and concept to maintain the concept's edge and attractive value proposition. The initiatives include continued development of the concept as well as strengthening of the Group's creative capabilities within category management, sustainability, design and innovation, visual merchandising, marketing, branding, and training of the store staff to continuously improve the service provided in the stores.

Customer preferences

Zebra's assortment must meet customer preferences for our concept to stay successful and should we fail to develop and offer the right products at the right prices, financial performance will be affected. Therefore, we continuously review our assortment and

Decorative hot-air balloon

actively engage in category management to constantly improve our sustainability performance, product attractiveness and stay updated on market trends.

Operation

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

Sourcing

Forecasting

Zebra is continuously strengthening our forecasting approach and ability to better forecast product 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 suppliers fail to comply with Zebra'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 and People' section for further information about Zebra's ambitious 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 could negatively impact on our reputation, ability to meet demand and our financial results. To mitigate such potentially negative impacts, Zebra continuously oversees the supply chain and invests in and builds sourcing and supply chain systems, processes and capabilities on an on-going basis. Furthermore, Zebra holds a marine cargo insurance policy. The disruptions and challenges in the global supply chain in 2021 have normalised during 2022 and is again a stable part of the value chain.

Products, trademarks, and legal claims

Zebra 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. Similarly, violations of our trademarks or product designs, as well as damage caused by the use and/or misuse of our products, may cause similar effects.

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

Partner collaboration and buyout

Zebra built its success on a 50/50 partnership model where we share investments, costs, and profits with our partners. Zebra 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 in the past years.



Origami paper

FSC

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

People

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

Cybersecurity

Zebra 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.

Insurance policies

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

Special risks

The global pandemic had a severe negative impact on our 2020/2021 results and also left a negative mark on the first quarter of our 2022 result. We handled the pandemic in a solid manner, and we are attentive to future developments in the pandemic.

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

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

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

Croquis hand

FSC

Data ethics

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

In 2022, the Board of Directors approved this Data Ethics Policy. The purpose of this Data Ethics Policy to is externally as well as internally communicate our position on data ethics and to encourage all employees to handle all data with respect and integrity.

In a world where the pace of technological progress continues to grow and where data increasingly shapes individuals' lives, the opportunities of digitisation have never been bigger. Both when it comes to improving customers' experiences online and in-store but also when maturing internal business operations. However, such opportunities also come with certain risks towards people and society why proper data management needs to go beyond doing what is written and focus on doing what is right.

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

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

Scope

This Data Ethics Policy applies to Zebra A/S, its employees, Board of Directors, and subsidiaries.

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

Processed data

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

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

USB hub. 4 ports

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

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

Data Ethics Compass

Transparency and respect

We understand and recognise that customers are increasingly making active choices and that these are motivated by their trust, or lack of such, in businesses and their general practices. For us, customer is, and will always be king.

Our company is based on an open culture where the constant cultivation of trust is key. Just as we want to foster trust in relation to our product practices, we want to do the same when it comes to our data practices.

We aim to be open, honest, and respectful about our data collecting and use to ensure the individuals trusting us with their data always meet open doors whether they are being informed or inquiring about our data practices. The individuals we process data about must be able to trust that we communicate our practices clearly and in due time and that we continuously adjust our processes to ensure such transparency.

Card invitation

Equality and diversity

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

We do not tolerate any type of discrimination or injustice in our business practices. This also applies to our data practices where we continuously work to ensure that our data processing is free from discrimination, bias and consequences that could impact individuals in a negative manner. Further, we want to ensure that our decision-making process warrants a diverse group of decision-makers properly reflecting the matter at hand.

Responsibility and accountability

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

Training and internal anchoring

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

Ultimately, our Board of Directors is responsible for our business operations and therefore, also our data ethical practices. To ensure the Data Ethics Compass is developed and applied throughout the organisation, the responsibility for developing and growing our data ethics efforts is anchored with a Data Ethics Working Group, which consist of a collaboration between our Technology and Legal departments. The Working Group continuously works with data ethics and how it supports our business.

iPhone cover

TikTok success

In 2022, we utilised TikTok to build brand awareness and enhance our online community. Despite the recent debate around the app, TikTok is the fastest-growing social media platform and many brands have discovered its benefits. During the past year, we have increased our total follower growth by almost 4,000% and from May 2022 to the end of December, we had a whopping 322 million video views on our global account. Content mainly consists of a mix of trends, relatable content and showing our products and how to use them. Moreover, TikTok has proven to be a successful platform for sharing content regarding our sustainability initiatives.

The success of the global Flying Tiger Copenhagen TikTok account has inspired many of our markets to create their own accounts allowing for more country-specific content and trends.

Our effort and success with this channel has been noticed and our Halloween content was promoted by TikTok themselves as best practice for marketeers. Besides that, online magazines and experts on LinkedIn have highlighted us as a company to watch to create a successful brand account on TikTok.

Besides building brand awareness and community, we have seen tangible results on how TikTok has contributed to increase in sales on 'viral products'. We have had viral product videos that we promoted ourselves based on a trending theme or tendency, but we have also seen products trending without our involvement on the platform and independent creators picking it up and creating videos about the product (#TikTokmademebuyit). A strong testament to Flying Tiger Copenhagen and our products being acknowledged as trendy and useful.

- TikTok users have embraced Flying Tiger Copenhagen on TikTok and we receive lots of positive engagement and support from the community.
- Most of our viewers are in the age group of 18-24, and they have truly embraced the Flying Tiger Copenhagen values of especially inclusion, diversity, and humour.
- On our product videos it has become a thing to write "Run don't walk to Flying Tiger Copenhagen", further supporting the business case of not only brand awareness and building but connecting customers to our products and generating traffic to our stores and website.

Looking into 2023, we will strengthen our engagement with our strong community by continuously exploring the technical capabilities of the platform and unlocking new potential.

Product compliance

We continuously work to improve and develop our product compliance requirements, which lead to safer products. We do this by cooperating closely with our suppliers in helping them understand and implementing our requirements.

When we define our requirements, our policy is to comply with either the EU requirements or the applicable national legislation – whichever sets the highest standards.

We continue to stay up to date on the developments within requirements and standards that are relevant for all our product categories to ensure that we manage the increasing complexity of safety regulations.

The way we work with compliance

During the product development stage, the objective is to ensure that the product meets the given requirements.

First step is that product compliance and the product development teams evaluate and discuss design proposals. Then follows a product analysis phase of specific product samples, carried out by the compliance team. During the analysis, certain safety issues might be flagged, and specific alterations and improvements might be recommended to ensure that the product's design and safety are satisfactory.

The product compliance team evaluates product designs, it is done according to legal regulations and standards to ensure that the products live up to the relevant safety requirements.

Additionally, all products must have an approved Bill of Material (BOM) before the product can continue to the next stage.

The product development stage is complete when a product is approved for production. Following this stage, our test requirements for the product are outlined.

Request sample/ Evaluate concept
- Matrix meetings
- Product study

Evaluate Bill of Material
- Check materials

Develop Specifications
- Relevant legislation
- Requirements

All our products have an approved BOM.
Approved BOMs in 2022 were
5,113

Test and documentation

The finished product is subjected to several tests to ensure its compliance with the relevant legal requirements and standards. The tests are performed by accredited, third-party laboratories.

Test
- 3rd party laboratory

Accept delivery
- Approve test reports
- Launch

All our products are assessed and/or tested.
Tests performed in 2022 were
5,119

When the Product Compliance department has received all necessary product documentation and it is approved, a Declaration of Conformity (DoC) is formed, which confirms that the product conforms to the relevant regulations and standards. Only then, we distribute the products for sale.

Furthermore, the product compliance and quality teams monitor the performance of our products while they are on the market. We do this by collecting potential claims and complaints from consumers; staying up to date on the latest requirements, standards and regulations that are relevant for the products; and providing relevant business partners with this information.

Declaration of Conformity
- Collect and evaluate

Register complaints
- Feedback from consumers

Feedback to supplier
- Improvements for next production

Developing a new product Bill Of Material (BOM) template

Essentially, the BOM template is a list detailing all the components of a product. It starts at the highest level and breaks down each component into the individual materials/ substances at the very lowest level.

For years, Zebra has required that all products have a detailed BOM. However, the data has never been saved in a database. Future EU legislation requires us to collect more data across many parameters. Therefore, we are creating a new product BOM template that inputs all data into Power BI to ensure that all stakeholders will be able to pull the data.

Building this template, we initially determined which data to include in the new BOM, and how we could make it manageable and user-friendly. A process like this is very iterative and the template has already been reviewed several times. We can foresee that we will need to collect more data over time; therefore, the template is flexible so it can be adjusted to include more data when needed.

Magnetic darts

Packaging

Reducing the packaging

In our Packaging department, the team constantly pushes to reduce the amount of material used for the products' packaging. We are very proud of the results to date from a sustainability perspective. However it is a challenge with less packaging from a customer information point of view.

The challenge being that product packaging is not only used to protect the product itself. The packaging also gives space for all legally required information about the product – in several languages – and the requirements for information are increasing. Less material means less space for this crucial and required information. That is a schism we actively work with because both elements of the packaging are equally important – reducing the material we use while complying with the legislation for each product type. Read about our sustainability achievements and targets within packaging in the 'Sustainability and People' section.

Developing a Packaging Bill of Material (BOM) template

As within product compliance, we are creating a new BOM template for packaging. The template collects data on all packaging elements and inputs it into Power BI, ensuring that all stakeholders will be able to pull the data. The BOM template outlines all the components of the packaging, which serves two purposes. 1) We can easily guide our customers as to how waste-sort our packaging correctly. 2) It helps our stakeholders track which – and how many – types of material we use in our packaging.

Targets

Our ultimate targets are manyfold. We want to reduce the amount of material we use in our packaging while at the same time protecting the product. We want to use the most sustainable and easily recycled material. We work to enhance our products' 'pick-me-up effect' in stores and thereby affecting sales. Lastly, we love to develop packaging that encourages reuse thereby eliminating single-use and instead extending the lifespan of the packaging.

Sustainability and People

When you choose FSC®-certified goods, you support the responsible use of the world's forests, and you help to take care of the animals and people who live in them. Look for the FSC mark on our products and read more at flyingtiger.com/fsc

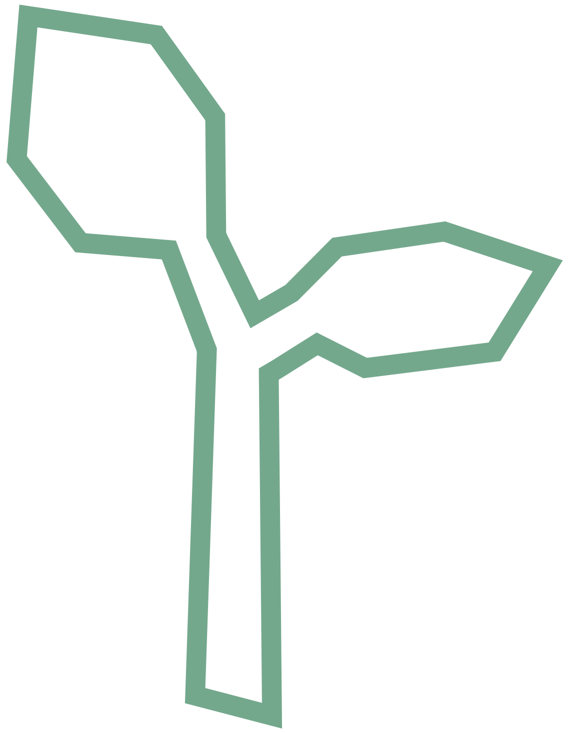
Our commitment*

Our commitment to conduct our business ethically and responsibly runs through the full value chain, from sourcing, to shipping, to stores, to the end life of our products. We want our customers to know that when they buy a product from Flying Tiger Copenhagen, it has been produced in alignment with ethical, environmental, and social standards and is safe to use. This is crucial for our customers and for the success of our company.

Our business model means a high degree of control of our value chain from product designs, packaging designs, product materials and testing to the logistic setup and the running of our stores. This also means that our green transition might be complex, but also entirely possible.

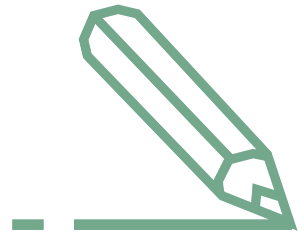
We want to be frontrunners in the green transition of the retail industry and do our part to pass on a better globe to future generations. We want to offer affordable products with the least possible footprint and ultimately end dependency on virgin fossil materials and fuels.

In 2022, we have taken great strides in our efforts within sustainability. We continued our effort to minimise our CO_2 footprint respecting our commitment to the Science Based Targets Initiative and we were awarded an Eco Vadis silver medal showing our commitment to the Environment, Human Rights and Labour Rights, Ethics and Sustainability Procurement. The Eco Vadis silver medal puts our sustainability performance amongst the top 25% of companies internationally. The entire company has worked diligently with sustainability targets with great success and sometimes even exceeding expectations.



*According to sections 99(a) and 99(b) of the Danish Financial Statements Act, we have included this section to report on our approach to corporate responsibility and gender distribution in management. We are a signatory of the United Nations Global Compact (UNGC) and adhere to its corporate sustainability Business Principles, encompassing human rights, employment standards, environment and anti-corruption. This is our annual Communication on Progress report.

Sustainability in our value chain

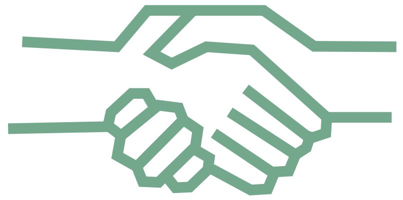


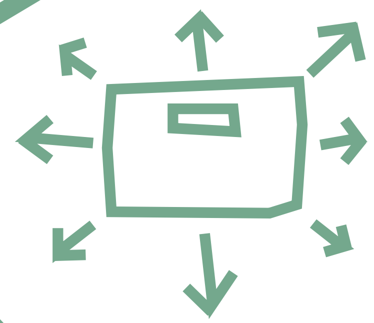
Design

We want to offer our customers fun, surprising, and creative Eco-conscious choices. To achieve this, we are making sustainability an integral part of how we design our products. We focus on circular materials, design, packaging, and labelling.

Procurement

We are committed to ethical sourcing, capacity building, social responsibility, and environmental management in production. We screen and audit our suppliers and factories and all our products get the required testing.



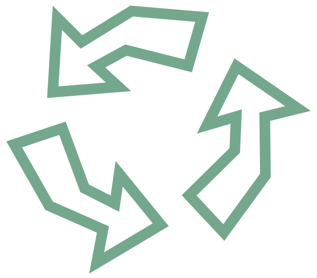


Distribution

Most of our products are shipped via sea freight, with the remaining being via road freight. We try to push our logistics suppliers to reduce their greenhouse gas emissions and we focus on minimising the use of primary packaging as well as plastic in packaging.

Sales

We market our products responsibly ensuring safety and compliance. Our store concept reflects our work with sustainability. In our own operations (offices, warehouses and stores) we focus on lower CO_2 operations and the circularity of materials.



Climate action

Global warming will result in major disruptions on a global scale. It is our obligation to act quickly to decarbonise our value chain and do what we can to mitigate the negative consequences of climate change. Doing this is a license for us to operate and for our customers to buy our products. Global legislation is moving to reflect the realities of climate change and we expect that taxation on greenhouse gas emissions will help underline the business case for a green transition.

Ambitions

Ultimately, we want to end our dependency on virgin fossil materials and fuels. We have signed up to, and been validated by, the Science Based Targets initiative. In practice these targets mean we will reduce our total greenhouse gas change to emission intensity (scopes 1, 2 and 3) by around 30% by 2026. We believe the ambition is high, but achievable.

Progress in 2022

As a global retailer, we have a responsibility for our impact on the planet throughout the value chain. Our Environmental policy expresses our commitment to protect the environment, and the climate, by minimising our negative impact. A significant part of our impact comes from our products. Consequently, our Supplier Code of Conduct further specifies our requirements for the environmental awareness and conduct of our suppliers.

Our efforts to lower emissions are focused where Flying Tiger Copenhagen has the highest impact. This includes choosing more eco-conscious materials for our products, using less plastic throughout our value chain, sourcing responsible forestry products, minimising packaging, using more renewable energy in our own operations and minimising food and other product waste through donations.

Our scope 1 emissions are mostly driven by the use of internal vehicles so, we are focusing on transitioning to electric vehicles in this area, in addition to reducing the amount of car journeys and using hybrid vehicles where electric are not possible. We can see some significant changes in our scope 1 emissions, with an overall reduction in emissions of a solid 43% between 2019 and 2022, which is ahead of our 2026 Science Based Targets.

In scope 2 we support the transition to renewable energy in our own operations. The initial target was to reach 50% renewable energy by 2022 and 84% by 2026, but due to a very positive development, we have already reached 80%. We want to reach 100% renewable energy in our operations however, for this we would need to be able to source renewable energy for our office in Shanghai, which is not possible today.

In our purchased goods and services target within scope 3, most emissions are associated with our products and packaging. The emissions are compared to overall profit to keep it relative to growth, however we are increasingly seeing issues with this metric. The metric is particularly problematic when items are purchased in one year but, sold in the next – especially when there is an inventory buildup. This means that we have not seen a significant reduction in emissions relative to gross profit, however when we compare emissions per kilogram of product and packaging materials (see Impact per Kilogram of Product & Packaging Materials Graph) the picture is very different. Here we see a 13% reduction since 2019.

Regarding our logistics supplier target, we have seen a significant increase in the proportion of our logistics suppliers with approved Science Based targets, ahead of our 2026 target.*

Main partnerships: United Nations Global Compact, Normative and the Science Based Targets initiative

*With the development of a specific Science Based Targets pathway for the sea transport sector (The Maritime Transport sector guidance) at the end of 2022, we expect some of our exisiting suppliers will transition to this SBT pathway, instead of their current trajectories, and some of our remaining suppliers without SBT's will join the initiative.

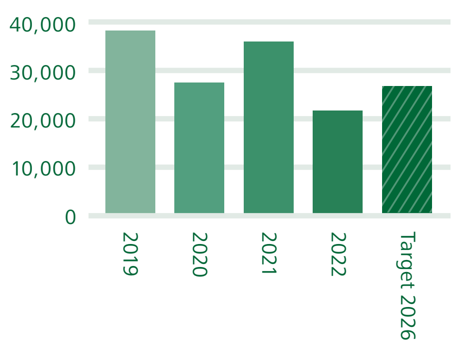
Science Based Targets*

Reduce emissions from our (scope 1) by about

30%

by 2026*

Scope 1 emissions,
Kg's of CO_2-eq. emissions



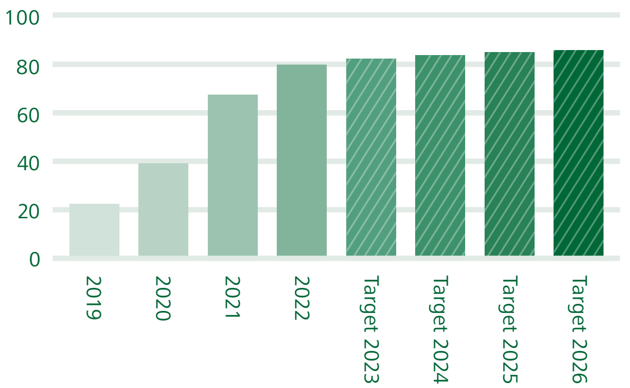
This metric is measured as total kilograms of CO_2 equivalent emissions. Scope 1 emissions cover direct emissions from our operations, such as the burning of fossil fuels for vehicles fleets, combustion engines, the burning of gas, chemical leakage, ect. For Flying Tiger Copenhagen, the main driver of scope 1 emissions are associated with the usage of company owned cars, all logistic emissions are provided by our suppliers therefore are reported in our scope 3 emissions.

Increase sourcing of renewable electricity (scope 2) to

84%

by 2026*

Renewable electricity in own operations, %



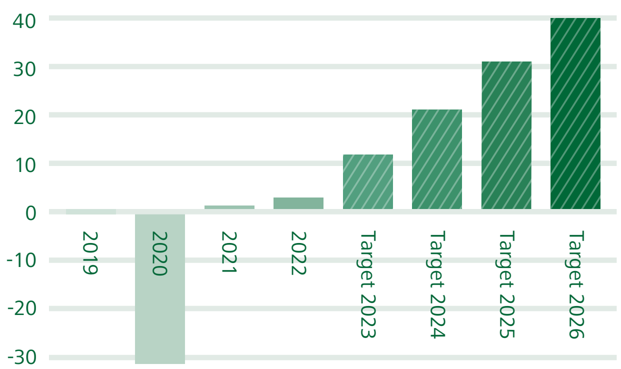
Sourcing of renewable electricity is measured as kwh's of electricity consumption covered by renewable electricity/total kwh's of electricity consumption. We classify renewable electricity as from wind, solar, hydro or kinetic sources.

Reduce emissions from purchased goods and sevices (scope 3) around

40%

per DKK profit by 2026*

Reduction of greenhouse gas emissions from purchased goods and services (mostly products and packaging)
Percentwise reduction in emissions/gross profit (DKK)

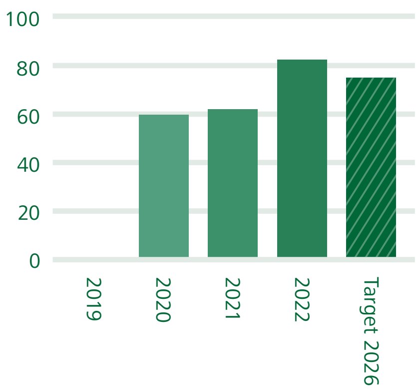


This metric is measured as total kilograms of CO_2 equivalent emissions/value added (gross profit) in Danish Kroner. At Flying Tiger Copenhagen Purchased goods and services refers mostly to emissions from our products and packaging and a small amount from other purchased goods and services.

75%

(by spend) of our logistic suppliers covering upstream transportation and distribution will have science-based targets (scope 3) by 2026*

Logistics suppliers with approved Science Based Targets, %

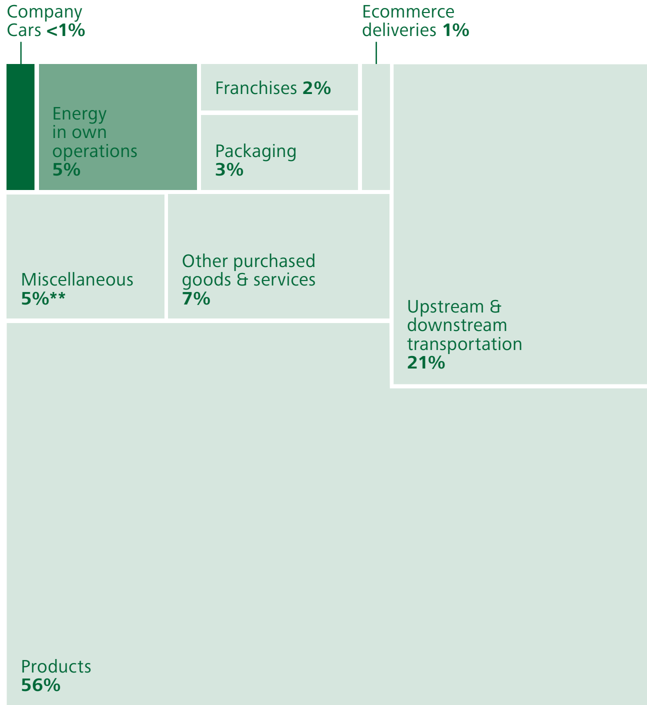


This metric is measured as company spend on upstream transportation and distribution suppliers with committed and approved SBT's/ company total spend on upstream transportation and distribution suppliers.

*Base year 2019. At Flying Tiger Copenhagen emissions are tracked in alignment with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software was used for tracking.

Emissions share per category, %

Scope 1 | Scope 2 | Scope 3*



Total 181m (kg's of CO_2 equivalent emissions)

At Flying Tiger Copenhagen emissions are tracked in alignment with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software was used for tracking. This metric demonstrates the percentage of overall emissions that fall into each operational category.

**Miscellaneous covers Fuel and Energy related activities, employee commuting, end-of-life treatment of sold products, waste generated in operations, capital goods and business travel.

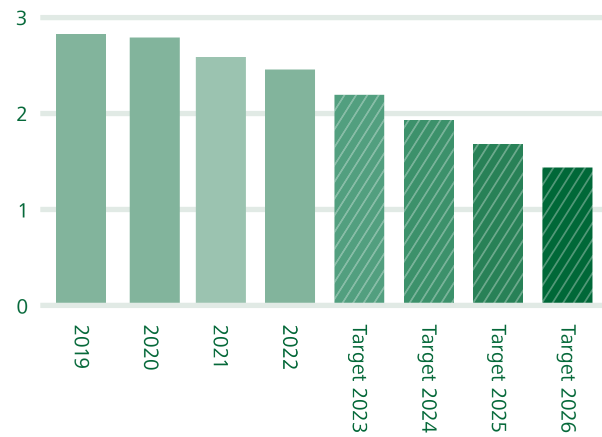
Sustainability reporting is not yet an exact science, but an area under constant development with still more insights being added frequently. We support this improvement and strive to always adjust to the latest insights and to be as transparent as possible.

In 2022, our scope 3 data changed slightly, because we collected further data on our scope 3 emissions in alignment with the GHG Protocol's scope three standard. This resulted in us collecting more data, including downstream transportation which is growing because of the expansion of ecommerce, and better data on waste generation. None of these areas are currently high emission areas for us nor do they affect our Science Based Targets. Their introduction means we now cover all our scope 3 areas, allowing us to make informed decisions.

When we look at the emissions from our product and packaging materials against our target to reduce our emissions from products and packaging around 40% by 2026, we see a 13% reduction from our 2019 base year.

Impact per Kilogram of Product & Packaging Materials

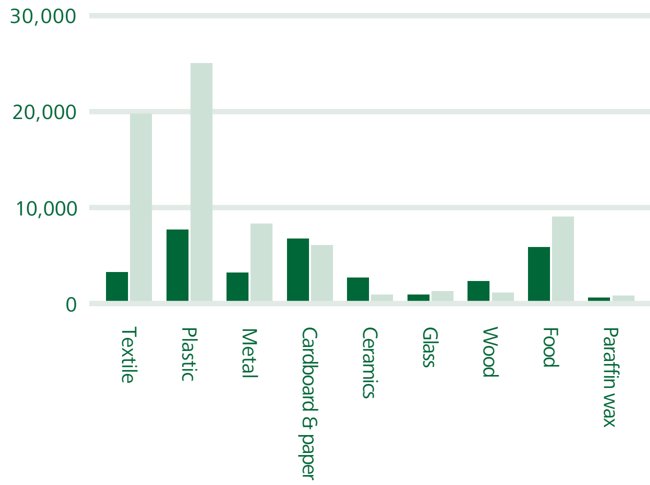
Emissions (kg's), Product and Packaging Materials (1kg)



This metric shows what 1 kilogram of product and packaging materials represents in kiolgrams of CO_2 equivalent emissions.

Impact by materials in products

Products (thousand kg's) | Emissions (thousand kg's)



This metric shows product material weight in thousand kilograms and what they represent in thousand kilograms of CO_2 equivalent emissions.

Further analysis of our emissions in terms of product materials has shown us, that when it comes to lowering the emissions throughout our value chain, it is very important to target our use of both textiles (polyester and cotton being the biggest categories) and plastic. We are working on this both in terms of reductions, but also in terms of using much more recycled materials. Read more in the section on Circular materials. Some items are high in emissions but relatively good from other angels, for example metals such as aluminium, that are endlessly recyclable.

*Our Scope 3 GHG Inventory Includes the following GHG Protocol categories: 1 (Purchased Goods & Services), 2 (Capital Goods), 3 (Fuel & Energy Related Activities), 4 (Upstream Transportation & Distribution), 5 (Waste Generated in Own Operations), 6 (Business Travel), 7 (Employee Commuting), 9 (Downstream Transportation & Distribution), 12 (End of Life Treatment of sold products), 14 (Franchises). The following categories are not included as they are not deemed applicable to our business model: 8 (Upstream Leased Assets), 10 (Processing of sold products), 13 (Downstream leased assets), 15 (Investments). They are excluded as we do not have leased assets or investments and we do not sell intermediate products.' Regarding Category 11 (Use of Sold Products) our analysis showed the category to be negligable so, we can have excluded it, we will revist the category next year in case it has increased in significance.

Goodbye bottle, hello bag!

Our eco-conscious carrier bag is made from discarded plastic bottles and is 100% recyclable.

Eco-conscious products

Being a retail company our impact on the planet is mainly driven by our products. By choosing still more eco-conscious items to offer in our stores, we take better care of global resources, we stay relevant as a company, and stay ahead of the growing amount of environmental legislation.

Ambitions

We want to offer our customers more eco-conscious, useful, fun, and inspiring products at affordable prices. Our customers should be able to clearly identify the more environmentally conscious items in our stores, including being able to choose multi-use alternatives to classic single-use products.

Main partnerships: Forest Stewardship Council

Targets

To have

50%

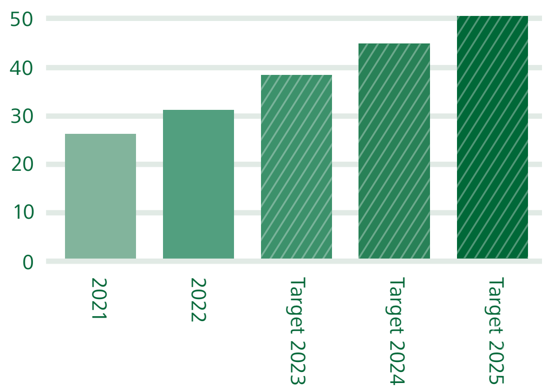
eco-conscious products by 2025

To have a

50%

reduction of single-use products by 2025

Eco-conscious products*
% of total no. of items



This metric is calculated as number of eco-conscious products/number of total products.
*See classification of conscious on page x.

Single use products
% of total no. of items

This metric is calculated as number of single-use products/number of total products.

Progress in 2022

We want to offer our customers products which are better than the standard selection available also with regards to being conscious of our environment.

Because of this we offer eco-conscious products classified as:

- 95% FSC-certified and/or
- Made from recycled material (min. 80%) and/or
- Made from renewable material (min. 95%) and/or
- Made from easily recyclable materials (glass, aluminium, steel, or iron products with content >= 95%) and/or*
- A mix of the above (individually assessed by the sustainability department)

*We define easily recyclable materials, as materials that can be handled by widely available recycling streams internationally and can be recycled a high number of times without reducing their quality.

We mostly use the eco-conscious definition as an internal tool to make sure our products change in a positive direction. When it comes to marketing, we plan to use these insights in a hyper-factual way, to inform our customers that a product is made from a certain percent recycled material for example. We are happy to see a steady increase in the share of these products in our stores (now 31%), at a pace in line with our target of 50% by 2025.

Single-use products are products, which are thrown out after only one use. The environmental impact can be very high considering the short lifespan, which is why we want to halve our number of single-use products by 2025, targeting both items with and without plastic. Since 2019, we have reduced the proportion of single-use items by 37%, well ahead of our target.

The single-use items, which we have decided to keep for now, are either low impact and/or have no natural replacements, like paper napkins (made from responsible forestry). We strive to give our customers the full range of alternatives to single-use products.

Circular materials

On a global scale the world is overusing on resources and producing far too much waste to handle in a sustainable way. Plastic is a particularly big issue and a shift from virgin fossil oil to renewable or highly recyclable materials is needed.

Ambitions

We want to support the transition towards a circular use of materials, where all products are designed with the goal of eventually becoming raw materials for a new cycle of usage. Renewable materials will often do this simply by decomposing and becoming nutrients for new growth, but for technical materials it is a question of the ability to separate and recycle materials. We also want to address the issues with plastic and are diligently targeting plastic reductions both in products and packaging.

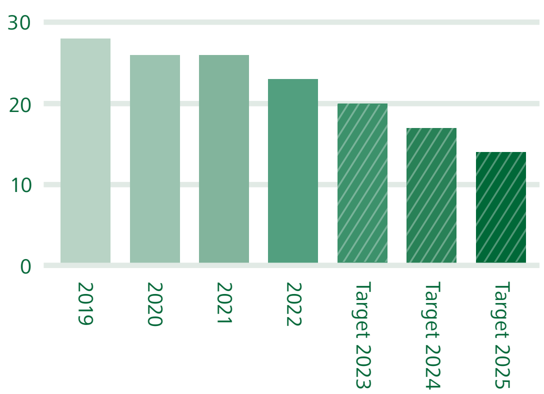
Main partnerships:
Nordic Circular Hotspot and Dansk Erhverv

Targets

To have a
50%
reduction of plastic in (non-food) products by 2025

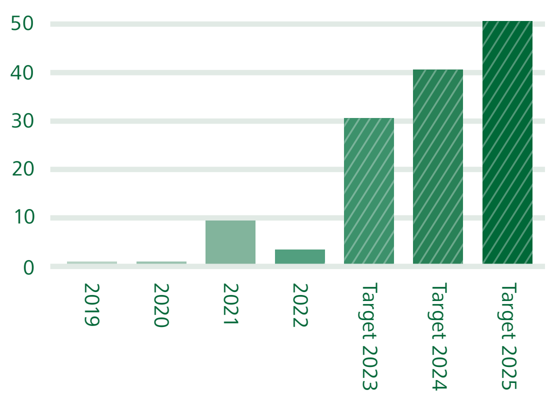
To have
50%
recycled plastic in products by 2025

Plastic in non-food products*, %



This metric is calculated as total kilograms of plastic/total kilograms of all product materials.

Recycled plastic in products, %



This metric is measured as total kilograms of recycled plastic/total kilograms of all plastic (in products).

*For the proportion of plastic in products we choose to exclude food from this analysis. The food category has fluctuated in size over recent years, and we believe this may sway our analysis. In this table the uncategorised data we have is also assumed to be the same mix of materials as the rest of the products. As a result of these two changes, there will be small discrepancies between the proportion of plastic product materials specified here compared to in the overall product material table (see Products Material table). We have presented the proportion of materials that we know to be food and 'uncategorised' in the 'Product Materials' table, to ensure full transparency.

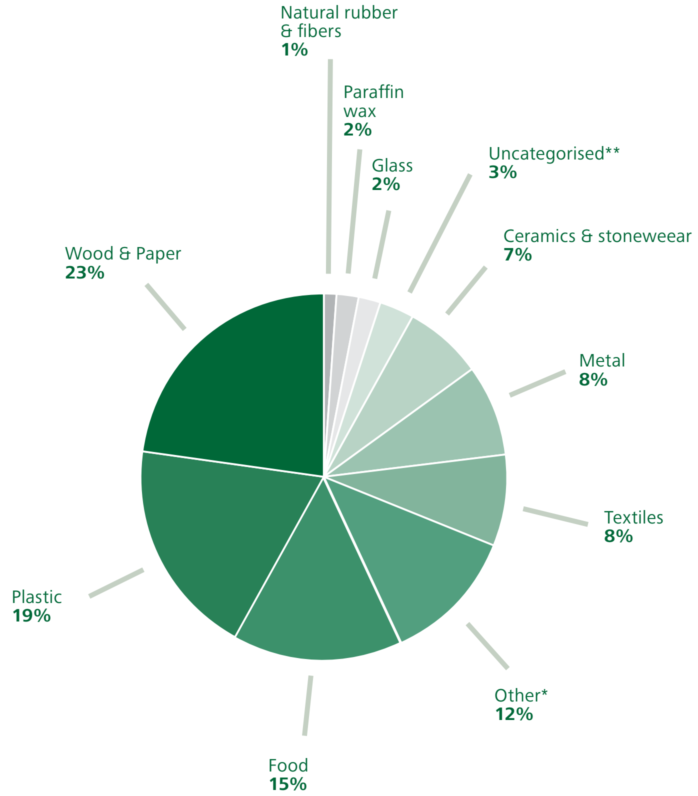
Progress in 2022

In 2022, our most used product materials were wood and paper, which made renewable materials our biggest category, followed by fossil fuel-based materials: plastic and paraffin.

Plastic is a versatile material: It is light-weight, durable, and can be used for many different things. However, we want to be clever about how we use it; reducing the amount we use and using a lot more recycled plastic – thereby supporting the overall global reduction and more recycling of plastics.

From 2019 to 2022, we managed to reduce the use of plastic in our products by 16% aligning with our overall plastic reduction targets. Unfortunately, at the same time, we have seen a reduction in the amount of recycled plastic in our products. This is partly due to the following challenges, avaliability of recycled material supply, price increases and the potential problems presented when recycled materials are used in food contact materials and toys for young children. Such a reduction is however, unacceptable. We will continue to look for possibilities to improve in the area, including exploring different ways of sourcing recycled materials. Furthermore, we have strict reduction targets on plastic packaging. Read more in our section on Responsible packaging.

Product materials, %



This metric is measured as the proportion of product material weights that fall into each material category.

*The other category contains items such as pigments, colourants and specific materials that do not fit easily into larger material categories.

**Uncategorised data is where we do not have information on the product type, for our greenhouse gas accounting we have used an average emission volume for the weight of the item so, emissions from this category are included in our GHG reporting. We are working to rectify this issue.

Toothbrush

FSC

Travel container

FSC

Grater

Press pot
Renewable material

Fibre pots

Cultivator

Material guideline

We use the below guideline when choosing materials for new products. The priorities are based on the concept of circular economy, where products will eventually become new raw materials. We have also considered the CO_2 footprint and deforestation issues.

1 Use renewable/natural materials: **e.g. wood, paper, straw, bamboo, cotton, wool**

Renewable materials have the possibility to regenerate and bio-degrade to become food for new material cycles.

2 Use highly recycled/recyclable materials: **e.g. glass, metal**

Glass and metal are the worlds most recycled materials. They can theoretically be recycled infinitely without losing their qualities.

3 Use recycled plastics: **preferably PET, PP, PE**

By sourcing recycled plastics, we support the crucial development of the recycling industry and lower the emissions used per kg material. Realising that the recycling industry will need to focus on certain plastic types to scale up, we prefer the most used types of plastic.

4 Use virgin plastics: **preferably PET, PP, PE**

We want to use as little plastic as possible, but it is a difficult material to replace. To do our best to support the plastic recycling industry, we prefer the most used types of plastic.

5 Unwanted plastic types: **bio-degradable plastic and bioplastic**

Bioplastic comes from oil from farmland (which in most cases could be used as food) and represents the same problems as any other plastic type. Bio-degradable plastic types will only bio-degrade in very few recycling facilities but will most often, simply disrupt normal plastic recycling systems. Therefore, we have decided not to use either material.

Egg cup
Mug
Bowl

Healthy forests

Forests keep our climate stable, regulate our water supply and are the homes for more than half of the species on the planet. The largest proportion of materials we use at Flying Tiger Copenhagen come from or have an effect on forestry, hence it is important that we ensure healthy and responsible forestry, which in turn ensures a stable industry of wood and paper products.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 15 LIFE ON LAND | 17 PARTNERSHIPS FOR THE GOALS

Main partnerships: Forest Stewardship Council and Roundtable on Sustainable Palm Oil

Ambitions

All our wood and paper products should come from sources which ensure responsible forestry in terms of consideration for people, wildlife, environment, and biodiversity. All deforestation risk ingredients like palm oil, cocoa, soy, and coffee should come from sources which ensure no deforestation.

Progress in 2022

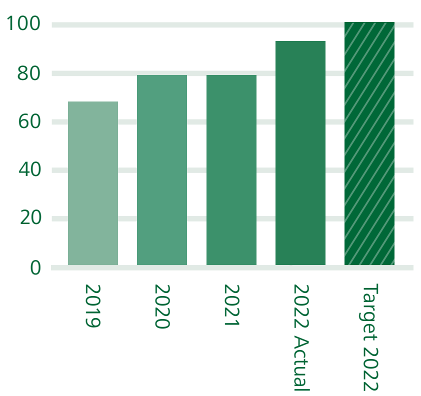
With our membership and certification of the Forest Stewardship Council (FSC), we support the promotion of well-managed forests. Among other things, an FSC certification entails protection of biodiversity, and respect for the rights of local people, as well as the people working in the forest. Including that workers are properly trained, have decent health and safety conditions, and receive fair wages.

Targets

To have
100%
certified paper and wood products* by end 2022

To have
100%
certified palm oil in food products by end 2022

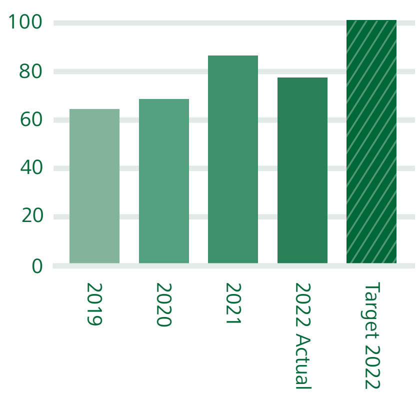
FSC certified paper and wood products*, %



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.

RSPO certified palm oil, %



This metric is measured as the total number of food items with certified palm oil/the total number of food items containing palm oil.

In 2022, the amount of FSC wood and paper products was 93%. We aimed to reach 100% in 2022 so, this figure – despite being a considerable improvement from last year – still requires some progress. Our focus is now on the items where wood/paper is a smaller and not necessarily an obvious amount, one example being foil balloons where the paper straw used to inflate them should also be certified. We also have a focus on bamboo items, which have not traditionally been in the scope of forestry certifications.

Today, our customers will almost exclusively find FSC-certified wood and paper products in our stores. When it comes to store furniture, we began to use FSC certified wood in 2012. Since then, all new store furniture is FSC certified, while older store furniture will switch to being FSC certified according to their usual refurbishing cycle.

Palm oil is a highly versatile oil used for many products in primarily food and beauty on a global scale. However, palm oil is a driver for deforestation. Therefore, we want to only use palm oil sourced in a responsible manner. Since 2019, we have worked to increase the amount of certified palm oil we use for food products. Our aim was to reach 100% in 2022 however, we fell short of this target at 77%. We can see this issue was largely driven by four very high performing items, which we will work on immediately transitioning.

Responsible packaging

Packaging is one of the biggest waste categories worldwide. It often has a short lifespan and a large environmental impact. We need packaging to protect products and inform, but going forward, we will use as little material as possible. This is good for the environment, and it mitigates the various packaging taxation schemes, which are growing on a global scale. Less packaging also shows our customers that we care and helps minimise their local waste handling.

Main partnerships: Nordic Circular Hotspot and Dansk Erhverv

Ambitions

Our focus when it comes to packaging is:

- Use less packaging
- Remove excess/unnecessary plastic
- Make it easy to separate and recycle.

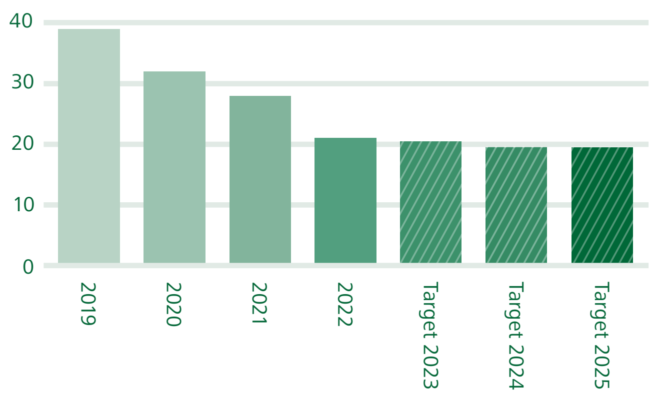
Our target is to reduce the plastic used in packaging by 50% from 2019 to 2025.

Targets

To have a
50%
reduction of plastic in packaging by 2025

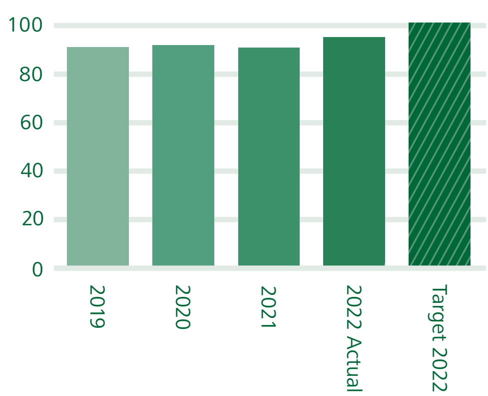
To have
100%
recyclable packaging by 2022

Plastic packaging material, %



This metric is calculated as the total kilograms of plastic packaging material/ total kilograms of all packaging material.

Recyclable packaging, %



Footnote: This metric is measured as the total number of products with recyclable packaging/ the total number of products.

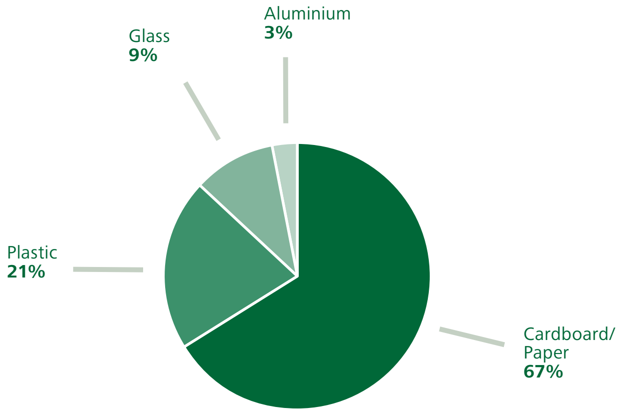
Progress in 2022

When it comes to great packaging, less is more. We strive to find the right balance between minimising the packaging, and using better packaging design and materials, while still protecting the products and communicating necessary information to our customers. We want to make it as easy as possible for our customers to recycle packaging, and our 2022 target was to have 100% recyclable packaging.

From last year we improved the recyclability of our packaging from 91% to 96%. If we look at only non-food products, which this target was originally based on, we are at 99% recyclable packaging, which we are satisfied with. We clearly see that when it comes to both reducing plastic packaging and ensuring 100% recyclability, our food products represent the biggest challenge. Plastic has very good qualities when it comes to food protection and alternative packaging materials are hard to find. But we will continue to look for alternatives and expect to see the global development within packaging begin to show positive results.

We have made some huge reductions in the proportion of plastic packaging we use. Our target was to reduce the amount of plastic 50% by 2025 however, we have already reached a 47% reduction in 2022 – well ahead of our target.

Packaging material types, %



This metric is measured as the proportion of total packaging weight that falls into each material category.

Sweet shop Before Now

Responsible procurement

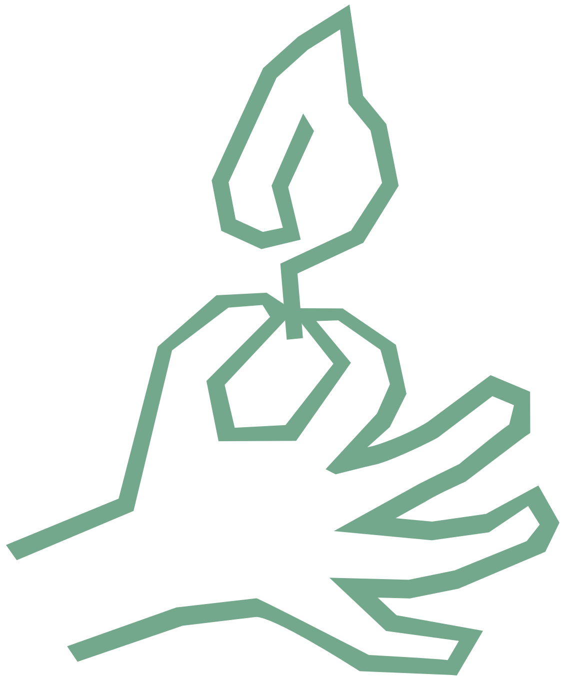
Through our purchasing decisions we have an impact on social, environmental, and economic conditions in global supply chains. We are especially aware of essential human rights risks in our supply chain such as forced labour, child labour and excessive working hours. Monitoring and addressing sustainability risks in our supply chain strengthens our stakeholders' trust in our brand and increases our preparedness for rising regulatory attention on due diligence in supply chains.

Spend in regions, %

Area	% of spend
China	85
Europe	13
Rest of world	2

Ambitions

Our focus on responsible sourcing ensures that we account for the impacts of human and labour rights on workers and communities. Through our social compliance process, we work to ensure that factories, selected for production on our behalf, can meet our requirements, and that the people producing our products are treated with respect and provided with fair and safe working conditions. Most of our direct suppliers are trading companies who source from a range of different factories, enabling us to offer a broad array of novel products across a variety of categories.



Progress in 2022

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

The Code is based on international standards as defined by the United Nations (UN) and the International Labour Organisation (ILO). It defines our requirements in the areas of workplace health and safety, terms of employment, working hours, wages, environmental protection, and business ethics.

Main partnerships:
The Centre for Child Rights and Business (The Centre)

In our own supply chain, we work through our Responsible Procurement Programme consisting of:

1. **Commitment to the Flying Tiger Copenhagen Supplier Code of Conduct**
2. **Screening and factory audits**
3. **Improvement and remediation**

All new factories are pre-screened before entering our supply chain to ensure they meet acceptable human rights and responsible business standards. 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.

We have a zero tolerance for child labour and strict rules for young workers (between 16 and 18 years old). In 2022, we found two cases of child labour. While the existence of child labour is unacceptable, proactively looking for child labour in our supply chain means that we 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. The Centre are experts in these types of cases, they make sure that every case is handled with respect to the individual child's circumstances. They engage in dialogue with the family and ensure appropriate measures, like enrolment in vocational schools and monthly living stipends throughout the remediation period.

In 2022, we conducted 217 regular audits in our factories in China, in addition to the pre-screening of 224 factories, 25 of which required in person audits. The most common issues to improve were ensuring a safe and healthy working environment and reducing overtime.

In 2023, we are going to conduct an extensive double materiality assessment. The findings from this assessment will identify the most salient human rights issues affecting the organisation. We will then implement strategies to mitigate these issues.

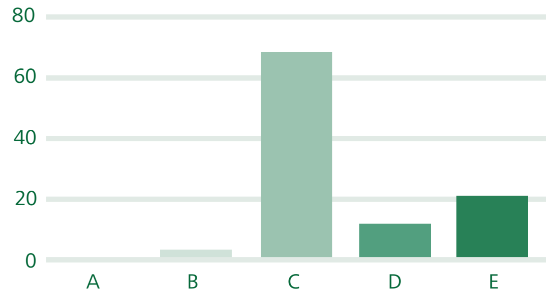
Supplier training

In 2022, we continued the close engagement with our suppliers. Our online supplier academy launched during the global pandemic. The Academy now runs frequent sessions on relevant topics within social requirements, sustainability, compliance, procurement, and quality, allowing us to provide training related to more topics and to a broad audience. In 2022 we had six, one-hour training sessions with an average of 37 suppliers represented in each. All training sessions are recorded and shared with new suppliers during their onboarding.

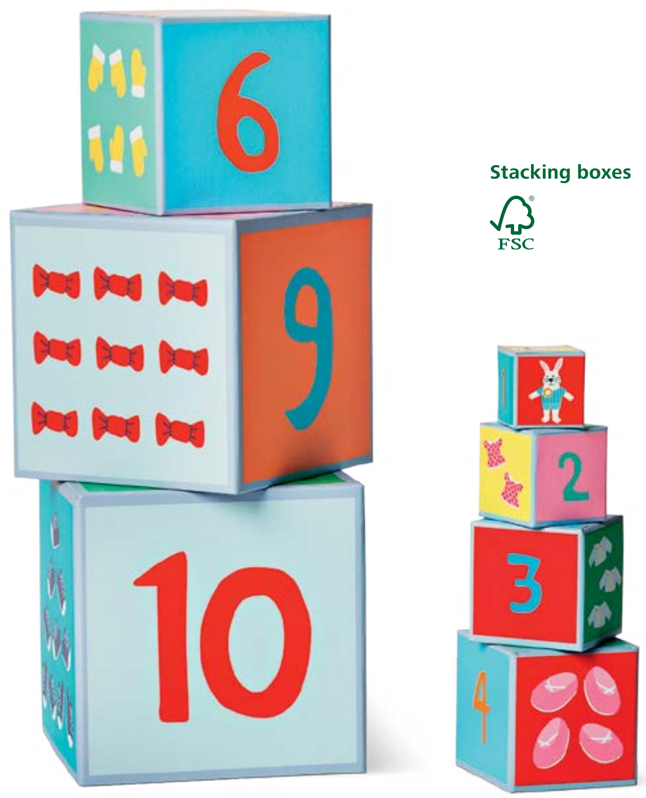
Anti-corruption

We are aware that corruption can also be a considerable issue in international supply chains. It prevents free and fair methods of acting and limits sustainable development. Our audits are strict in this aspect, and we have a whistle-blower setup, which ensures anonymous reporting if needed. This year we have enhanced our training for employees on the topic and we have also sent further correspondence to suppliers reiterating our zero-gifting policy. In 2023 we plan to further emphasise this policy with our suppliers. In 2022, no cases of corruption or bribery were identified.

Supplier ratings, %



This metric is measured as the proportion of total Flying Tiger Copenhagen suppliers in each rating category.



Stacking boxes

FSC

Logistics

Flying Tiger Copenhagen is committed to reducing the environmental impact of our logistics. About 21% of our total carbon footprint originates from the process of transporting products from factory to distribution center to stores, thus having a significant impact on our total footprint.

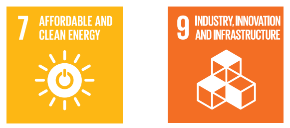
Additionally, we impact the environment through the energy consumption at distribution centers as well as from the waste generated in connection with our transportation and distribution center activity. All our transportation activities – which are either via sea or road - are operated by external partners. Of our distribution centers, one is operated fully by Zebra. The remaining are all operated by external partners. Most of the waste generated in direct connection with our transportation and distribution activities is dominated by plastic foil wrapping when restacking pallets and the unboxing of goods in our ecommerce setup.

Ambitions

We aim to reduce the emissions from the transportation of our products as much as possible by optimising the flow of our goods and influencing the logistics industry, a huge industry internationally with a considerable environmental footprint, in a positive direction. This will be done by setting high standards regarding our requirements to relevant partners.

Targets

75% of our Logistics suppliers to have Science Based Targets by 2026.



Main partnerships:
Normative and the Science Based Targets Initiative

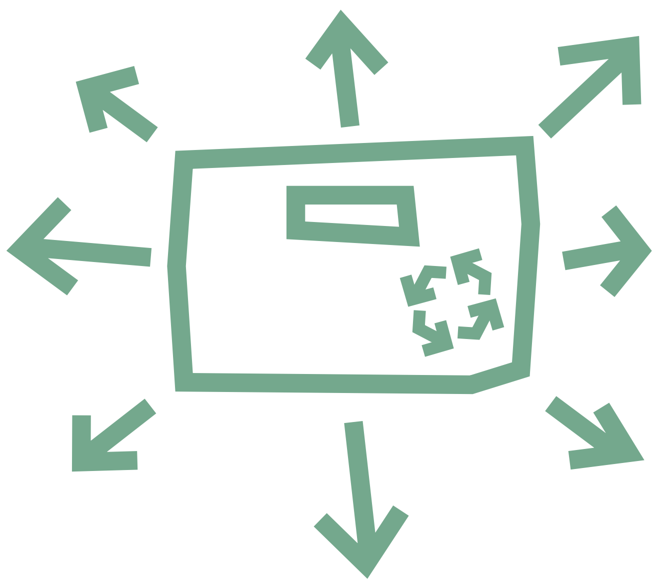
Progress in 2022

In 2022, we initiated the journey to build a more sustainable logistics process. Our priority has been to address the biggest challenge, which is to impact the industry in general. We have, in connection with our own company commitment, decided that we aim to work with logistics companies also committing to the Science Based Targets Initiative (SBTi) and thus sharing our vision of sustainability.

We have set the ambitious target that 75% of our logistics suppliers in the future should be operated by companies with approved Science Based Targets.

To ensure that we reach this target by 2026, sustainability has been on the agenda for all our logistic tenders. Not only in terms of requirements of commitment to the SBTi, but also for other relevant aspects including standards for reporting. At our own operated distribution center, we are now powered with 100% renewable energy. In addition, all our reach and forklift trucks are now electric.

Within the ecommerce business, we offered eco conscious ecommerce packaging from the very beginning and have focused on FSC certified and plastic free packaging. We have also done a lot of marketing related to further usage of the delivery boxes, for example encouraging children to create items such as puppet theatres out of these boxes. Thereby prolonging the packaging lifecycle before it is recycled.



Notebooks
FSC

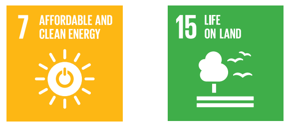
Conscious stores

When you take away all products from the equation, stores in themselves also have a considerable footprint. The furniture, fixtures, electricity used, marketing materials and all the practical items, like receipts and wrapping used for fragile goods, all have an environmental footprint. At the same time, these elements are also a physical representation of our company with the possibility of demonstrating and enhancing our commitment to sustainability.

To have
84%
renewable electricity by 2025*
*See section on Climate action

Ambitions

We want our stores to reflect our high ambitions and commitment to the sustainability agenda by minimising their footprint as much as possible using circular and responsible materials. As a result, our fixtures and fittings are made from materials of responsible origin, a minimum of composites and can be completely disassembled and recycled at the end of their lifecycle. Most fixture elements are perfectly reusable for another full lifecycle which benefits both our company and the planet.



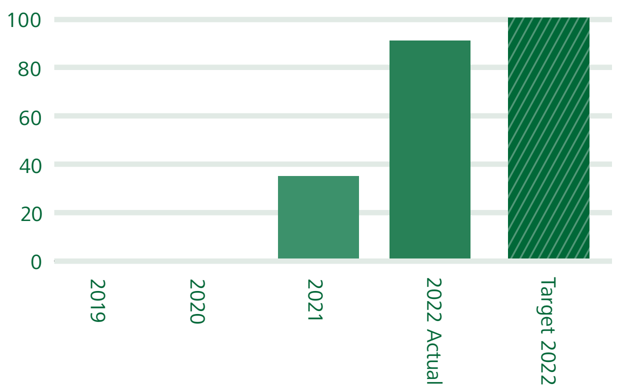
Main partnerships:
Forest Stewardship Council

To have
100%
eco-conscious marketing material by 2022

To have
100%
electric company owned and leased cars by 2025

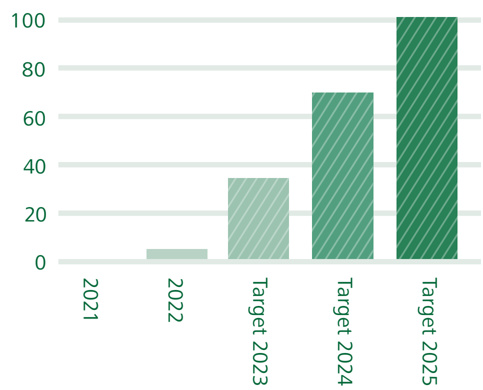
Targets

Eco-conscious marketing material*, %



*Eco-conscious sources refers to responsibly certified, in all cases this is FSC certification. This metric is measured as the number of marketing material items from eco-conscious sources/the total number of marketing material items.

Electric company cars*, %



*This metric is measured as the number of company owned and leased electric cars/the total number of company owned and leased cars.

Progress in 2022

In 2022, our markets continued their journey towards 100% renewable energy in own operations. The result landed on 80%, which we are satisfied with. We will continue the effort to reach our science-based targets within this area.

In terms of marketing material, across the year we have transitioned to 90% eco-conscious marketing material, by using FSC certified printing material. This is behind our 100% target but a considerable increase from 35% last year. In 2022, we also added both receipts and protective wrapping paper to the list of paper items made from responsible forestry.

We developed our electric cars target in late 2021 and, given that most of our company cars are leased based on a 3-year leasing agreement, we have not seen considerable change here. There is movement in the right direction, with 4% of company cars now being electric and 39% being hybrid. Our aim is to use electric vehicles over hybrid however, the footprint of hybrid is still an improvement on petrol or diesel vehicles. In some countries with long distances, we know that the use of electric cars might represent a problem. But we will keep our 100% target and trust that the development within this area will help us along.

Conscious stores

Water based
Wall paints

LED lights –
low on emissions
and heat, which also
means less air-conditioning

80%
of electricity in stores
comes from
renewable sources

+5 year
refurbishing cycle
for store furniture

90%
marketing material
made from certified
responsible forestry

Recyclable
furniture and fixtures made
from wood and metal

Cabinets and boxes
made from certified
responsible forestry

Shopping baskets made from
100%
recyclable plastic

Receipts printed on paper
from certified
responsible forestry

Protective wrapping paper
from certified
responsible forestry

Shopping bags made from
100%
recycled and
recyclable material

Cabinets and boxes
made in pallet sizes for
optimal transportation

Charity donations

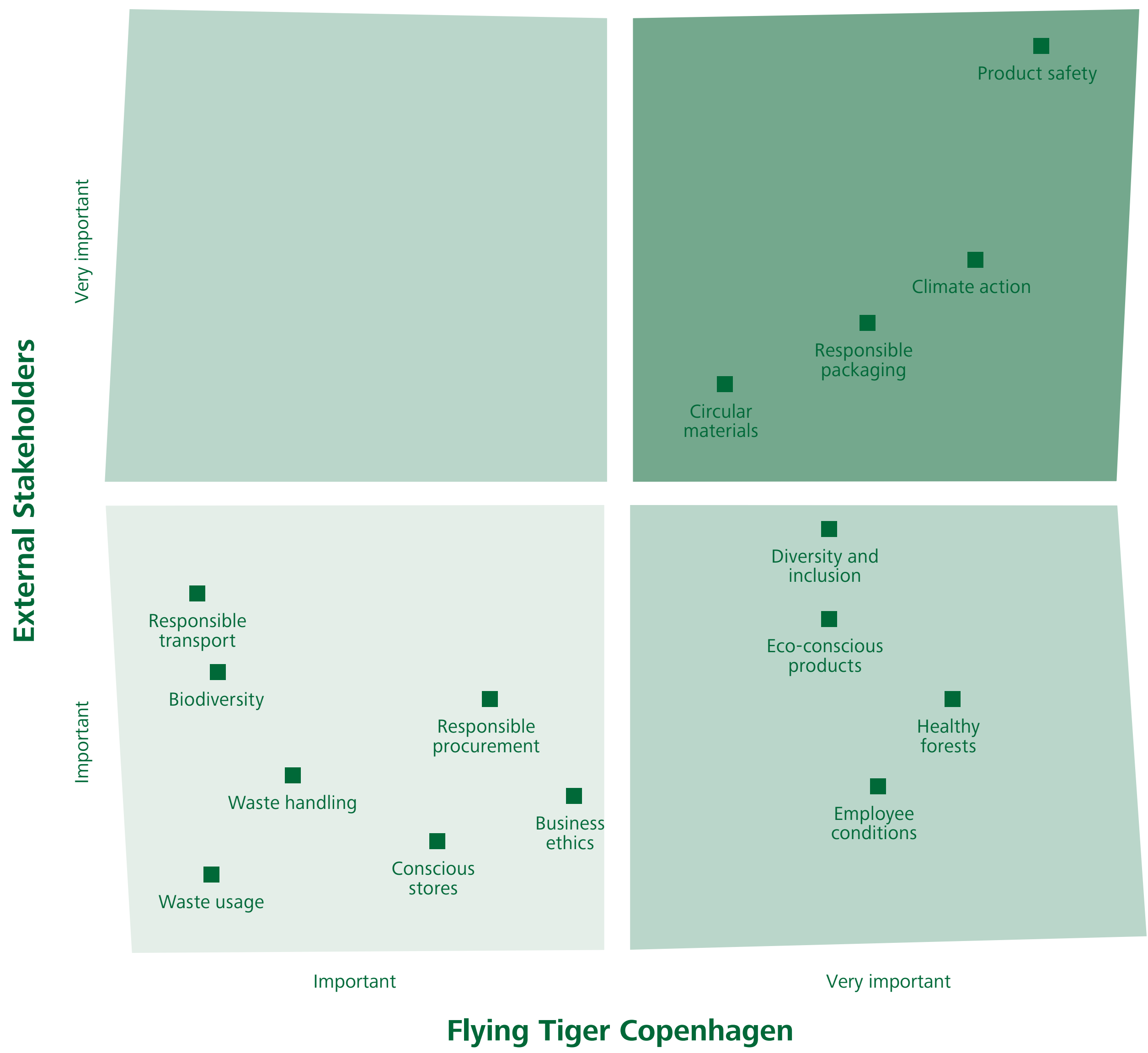
We do our utmost to donate surplus products to people in need. In doing so, we both help disadvantaged families and communities and minimise our environmental footprint. In the following we mention donations conducted directly from our global operation, but our local markets do many donations and NGO partnerships in addition to this.

In 2022, we have donated over 350,000 products to several NGOs such as In Kind Direct (United Kingdom), Red Cross (Denmark), Dons Solidaires (France), Innatura (Germany) and many organizations associated with the war in Ukraine. These organisations distribute our donations to people in need. As an example, in 2022 we donated over 60,000 products to people affected by the Ukrainian war. This included an event where many employees from our head office went to our warehouse and packed 100's of bags, containing food, toys as well as essential items such as blankets, power banks and hand sanitizer, for children fleeing Ukraine on busses to Denmark. This collaboration was through the Danish organisation Blue-yellow busses.

We donate unsold food products to Fødevarebanken (Denmark), FareShare (United Kingdom), and Banc Dels Aliments (Spain), thereby minimising food waste across our value chain and making a difference to vulnerable social groups. We also donate food products close to the expiration date to WeFood, a Danish supermarket only selling obsolete goods.

Risk assessment

We have ambitious plans to build on our risk assessment process going into 2023, including an organisation wide double materiality assessment.



Summary of targets and progress

SDGs	Climate action	2019	2020	2021	2022	Target 2026	Status	Comment
7, 12, 13, 17	Reduce emissions from our scope 1 by about 30% by 2026, kg's of CO_2-eq emissions, %	Base Year	-28%	-6%	-43%	-30%	Ahead of target	
	Increase sourcing of renewable electricity (scope 2) to 84% by 2026 %	22%	39%	67%	80%	84%	Ahead of target	
	Reduce emissions from purchased goods and services (scope 3) around 40% per million DKK by 2026, Emissions/gross profit (DKK) Reductions, %	Base year	32%	-1%	-3%	-40%	In progress	The gross profit metric was changed across all years, to incorporate franchise profit, in order to increase the robustness of the data. As a result, our figures across all years have changed. We are also seeing considerable issues with this gross profit metric, and internally we are focussing on kilogram of materials, see description in Climate Action section. 2020 was particularly affected due to the financial impact of the COVID-19 pandemic.
	75% of logistic suppliers to have approved Science Based Targets (scope 3) by 2026 %	0%	60%	62%	82%	75%	Ahead of target	

SDGs	Eco-conscious products	2019	2020	2021	2022	Target 2025	Status	Comment
12, 15, 17	50% eco-friendly products by 2025 %			26%	31%	50%	On target	Target developed in 2021, data not collected in 2019 and 2020.
	50% reduction of single-use products by 2025 %	Base Year	-11%	-28%	-37%	-50%	Ahead of target	

SDGs	Circular materials	2019	2020	2021	2022	Target 2025	Status	Comment
12, 13, 15, 17	50% reduction of plastic in (non-food) products by 2025 %	Base Year	-6%	-7%	-16%	-50%	On target	
	50% recycled plastic in products by 2025 %	0.2%	0.25%	10%	3%	50%	Behind target	

SDGs	Healthy forests	2019	2020	2021	2022 Actual	Target 2022	Status	Comment
12, 15, 17	100% certified paper and wood products* by 2022 %	68%	79%	79%	93%	100%	In progress	*Paper and wood products defined as products with more than 10% wood and paper content.
	100% certified palm oil in food products by 2022 %	64%	68%	86%	77%	100%	Behind target	

SDGs	Responsible packaging	2019	2020	2021	2022	Target 2022/2025	Status	Comment
12, 17	50% reduction of plastic in packaging by 2025 %	Base Year	-18%	-27%	-47%	-50%	Ahead of target	
	100% recyclable packaging by 2022 %	91%	92%	91%	96%	100%	In progress	Food packaging was added alongside non-food packaging in 2021, due to improved data, which decreased the recyclability % that year. In 2022 our non-food packaging alone was 99% ecyclable.

SDGs	Conscious stores	2019	2020	2021	2022 Actual	Target 2022	Status	Comment
7, 15	100% eco-concious marketing material by 2022 %	0%	0%	35%	90%	100%	On target	In late 2022, we stopped using printed material as standard for marketing campaigns. We will continue to ensure that any small amount of printed material will be on FSC paper.

Kettlebell. 6 kg

Building a strong people foundation

Our People ambition at Flying Tiger Copenhagen is to leapfrog the development and value of People in accordance with the Flying Tiger Copenhagen strategy.

Build a people foundation to support our strategy by strengthening our people and building on our workplace uniqueness

- Create One Flying Tiger Copenhagen
- Get the right people on board
- Build competencies, capabilities and attitude in our people to support our strategy
- Leapfrog people tools, systems and use of data

Recruiting, retention and development

The main purpose for the people team at Flying Tiger Copenhagen is to ensure we have the right people onboard to deliver on our strategic targets.

We support the people managers in keeping our employees engaged and motivated. We work hard on getting the right people on board and retaining highly qualified employees at all levels throughout the organisation – from store managers and staff to creative and administrative people at head office. The team of business partners work with and for our people and we support in building the right competencies, capabilities, and values in our teams to support our strategy and become one strong Flying Tiger Copenhagen across all markets.

We truly recognise that our people is the foundation we build on.

Developing our people

At HQ in Denmark and at the market offices, our Business Partners make up a team of committed HR professionals who in close collaboration with our people managers ensure that they receive the right and ongoing level of support in all people related matters, such as recruitment, performance evaluation, team coaching and employee development. The HR Business Partners and HR Managers work closely with the business and teams to ensure that we deliver on our strategic objectives while our people have a great and meaningful experience working at Flying Tiger Copenhagen.

One of our important assessment and development tools is the annual personal development reviews and talks between manager and employees. In 2022 across our entities, approximately three out of four had review processes in place for personal development offered to their employees. These more established review processes are seen as an add-on and a framework for the ongoing, daily 1-to-1 talks and open dialogue all people managers are encouraged and expected to have with their team members.

Culture

Flying Tiger Copenhagen is a company with strong values rooted in the Scandinavian culture of openness, fun and relevance, and we put our hearts into everything we do. Our values represent our way of thinking and working – the way we choose to view the world. It is important that the values are with us every single day in everything we do.

Flying Tiger Copenhagen is based on 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 have influence on their own work.

We view cultural diversity as a strength, and 2022 has pathed the way for many new colleagues from around the world who have been welcomed into the Flying Tiger Copenhagen team. With more than 35 different nationalities at the head office, we all bring a touch of each our cultural uniqueness to the table and are part of making Flying Tiger Copenhagen an international company with an informal culture, where we put an effort into offering our employees a fun, dynamic, and social workplace with a fair number of parties and occasions to celebrate – preferably with cake.

Engagement

Tiger ways of working

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

Based on learnings from the hybrid ways of working that the pandemic imposed on all of us, we have designed the HQ office not only to be a vibrant space where our employees want to come to work, meet colleagues, hang out and have fun, but also made sure that we support a hybrid working environment with the flexibility for all to do their best. This flexible approach has been highly recognised in our 2022 engagement surveys as a positive contributor to the general work engagement level.

Engagement and well-being

Knowledge is power, and by empowering our people managers with data and insights about the well-being of their teams and the engagement within the organisation, we have a strong foundation for developing a best-in-class, unique retail company.

In 2022, approximately half of the teams in our markets ran employee satisfaction surveys providing a strong tool for managers in building feedback culture as well as open and honest communication about being part of Flying Tiger Copenhagen.

In 2022 at HQ, we carried out more frequent satisfaction surveys, so managers had real time data to work with and employees gave frequent inputs with higher chance to positively impact the working environment. The last survey round in 2022 showed a participation rate of 90% and an engagement score of 7.9 out of 10, underlining a high engagement in sharing inputs, giving feedback, and developing the work environment.

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

Recorder

FSC

Coloured pencils

Diversity and inclusion

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 stay longer with the company. We aspire to be a business that employs happy and motivated employees with a sense of belonging.

Discrimination is not tolerated. Diverse teams and an inclusive culture give us a competitive advantage and meet our employees' demand for working in a company that values diversity and inclusion.

It is a basic obligation and a core element of our values not to discriminate against our employees. We aspire to create an inclusive culture where all employees have a sense of belonging and contribute to their fullest. In doing this, we are in a prime position to attract people from the widest talent pool and to build a strong business.

Ethics training and awareness

We have enhanced our employee ethics training during 2022 and have developed a wider portfolio of training for all employees. This has provided training on numerous elements including what constitutes corruption, such as bribery, conflicts of interest, breaches of competition law, accurate financial reporting, and gifting and hospitality. Therefore, our employees are not only more informed and protected but also very aware of how to act should they encounter any of these situations. If the need arises, our employees are directed to our whistle-blower setup, which allows confidential reporting of incidents.

Over the recent years, we have strengthened our training on avoiding discrimination and harassment, adding further information to our employee code of ethics while also creating relevant training for all employees to conduct on a regular basis. During 2022, we introduced a system ensuring that all employees conduct and complete our Ethics training.

The engagement survey tool used at HQ provides detection of selected words written in the anonymous comments from employees regarding harassment and discrimination. This enables management to engage with our employees and immediately take action if any harassment or discrimination is detected. During 2022, we have not seen any incidents that required further involvement from the People team.

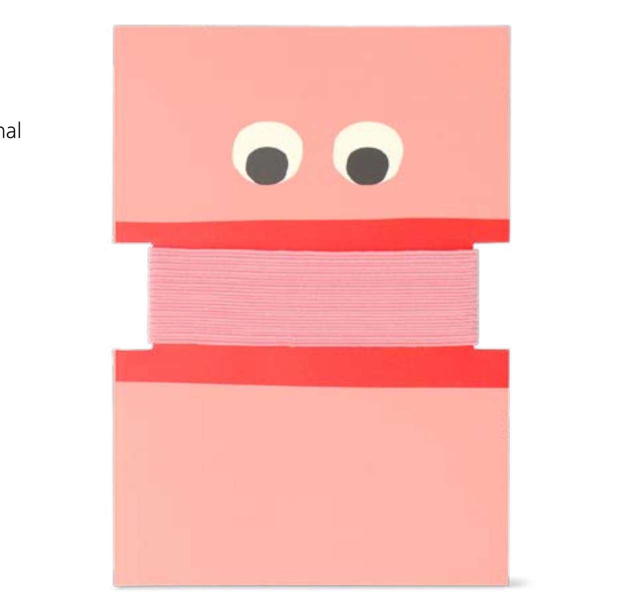
People facts and employment conditions

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

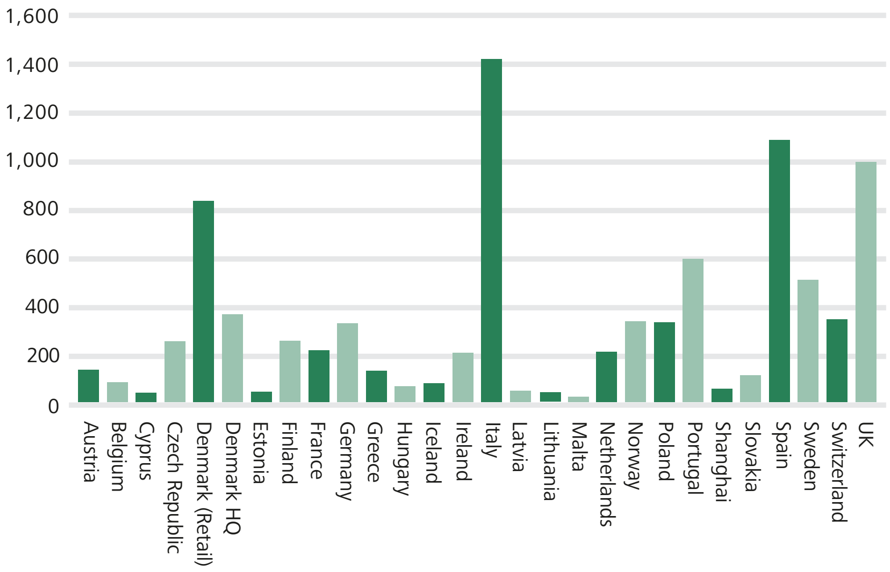
No matter where you work at Flying Tiger Copenhagen, we offer equal opportunities regardless of gender, ethnicity, race, religion, and sexual orientation. Relevant professional qualifications remain the key selection criteria for all positions in the organisation.

Notebook. A6

FSC

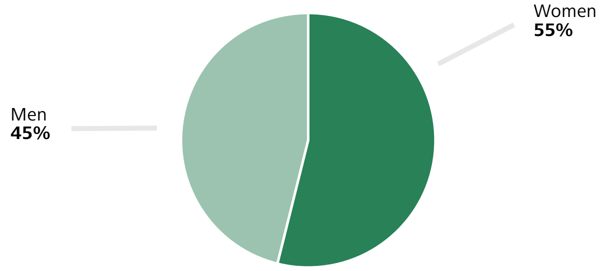


Total headcount (31-12-2022)



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

Gender split HQ total
Total headcount (31-12-2022)



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

Gender distribution in management

Flying Tiger Copenhagen aims at a balanced gender distribution (cf. section 99(b)) of the Danish Financial Statements Act) among employees in leadership positions. In 2022, the broader leadership group is composed of 53% male and 47% female members. Flying Tiger Copenhagen defines leadership positions in headquarter as the two leadership levels below the Board of Directors, and in the subsidiaries as the Managing Directors and District Managers.

Our Board of Directors composition and size changed as part of the change of ownership in 2021, where Treville X Holding ApS bought Zebra A/S.

Since the new ownership, the Board of Directors has been composed of three men, however, with a target to have at least one female member of the Board before 2024 so that we also at Board level have a more diverse representation.

Achieving the diversity target will be sought in connection with ongoing changes to the composition of the Board, where special efforts will be made to ensure that female candidates are identified and participate in the selection process.

Yoga mat

Developing the retail concept

The UK market kickstarted 2022 with the opening of our relocated Tottenham Court Road store. Situated in the busy West End of London, the new store launched with the Valentine's range, showcasing a new way of displaying products, whilst providing an improved, seamless customer experience.

The store is now the template for a new retail furniture concept with core elements being rolled out in new and refurbished stores across the Group.

The installation of new fixtures, such as pedestals in the windows, provides an updated approach to displaying our campaign products, highlighting newness each month whilst providing storytelling and inspiration for our customers. Additionally new open cabinets in the windows and throughout the maze provide further opportunities to explore for the customer. High shelving units in selected locations in the store emphasise the treasure hunt experience throughout the maze as well as additional selling space. Across the store, we have added spotlights to give extra emphasis and focus on the range against the white display cabinets and walls.

As in most of UK stores, all energy comes from renewable energy and all lights are LED lighting. Furthermore, all fixtures comply with our commitment to sustainability with FSC certified wood fixtures. The customer journey is completed at our new self-checkout tills where around 80% of transactions happen and demonstrate high levels of satisfaction with the solution, which has provided the confidence to roll-out self-checkout furniture and touchscreens into 56 UK stores in 2023. Trading through Q4 with the new payment system drove efficiency during peak trading whilst providing an improved experience for the customer at the checkouts.

2022 was an exciting year of evolution of the Flying Tiger Copenhagen store concept. New furniture, instore lighting, visual merchandising, and self-checkout experience have heightened the customer experience whilst providing robust return on investment for our business.

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

Martin Jermiin (1976)
Chief Executive Officer

Educational background M.Sc. Applied Economics & Finance, Copenhagen Business School

Previous experience Partner, McKinsey & Co
CEO, Cembrit Holding
Chief Strategy Officer, TDC
Investment Banking Analyst, Goldman Sachs International

Christian Kofoed H. Jakobsen (1970)
Chief Financial Officer

Educational background MBA in Strategy, Bradford University, United Kingdom
BA in Finance (HD (F)), Copenhagen Business School

Previous experience CFO, TOP-TOY A/S
Regional Key Account Director, ISS World Services A/S
Regional CFO, ISS World Services A/S
CEO, Saxo Privatbank A/S
Group Treasurer/SVP, ISS World Services A/S

Cutlery

Consolidated financial statements

Statement of profit or loss
1 January - 31 December

DKKm	Note	2022	2021
Revenue	2.1	4,752.1	3,812.5
Cost of sales		(1,846.0)	(1,465.9)
Gross profit		**2,906.1**	**2,346.6**
Other external expenses		(701.3)	(472.0)
Staff costs	2.2	(1,229.9)	(1,132.5)
Other operating income	2.5	53.3	210.1
EBITDA before special items		**1,028.2**	**952.2**
Amortisation, depreciation and impairment losses		(736.9)	(784.4)
Operating profit (EBIT) before special items		**291.3**	**167.8**
Special items	2.3	(31.8)	98.2
Operating profit (EBIT)		**259.5**	**266.0**
Share of profit/(loss) in joint ventures	3.4	1.4	(2.8)
Financial income	4.6	4.0	1.3
Financial expenses	4.6	(220.7)	(212.5)
Fair value adjustment of call options	4.4	63.9	57.8
Profit before tax		**108.1**	**109.8**
Tax on profit for the year	2.4	(43.3)	(16.6)
Profit for the year		**64.8**	**93.2**
Profit for the year is attributable to:			
Owners of Zebra A/S		7.4	62.8
Non-controlling interests		57.4	30.4
Profit for the year		**64.8**	**93.2**

Statement of comprehensive income
1 January - 31 December

DKKm	Note	2022	2021
Profit for the year (brought forward)		**64.8**	**93.2**
Items that will not be reclassified subsequently to profit or loss:			
Adjustment to prior years actuarial gains/(losses)	3.7	(9.2)	-
Actuarial gains/(losses)	3.7	2.4	-
Tax on actuarial gains/(losses)	2.4	1.4	-
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of investments in foreign entities		(2.8)	0.9
Foreign exchange hedging instruments:			
- Realised in inventories	4.4	(29.9)	(2.6)
- Realised in cost of sales	4.4	(79.1)	2.2
- Realised in financial items	4.4	(0.3)	2.5
- Fair value adjustments	4.4	58.9	55.2
Tax on hedging instruments	2.4	11.1	(12.6)
Other comprehensive income		**(47.5)**	**45.6**
Total comprehensive income for the year		**17.3**	**138.8**
Total comprehensive income for the year is attributable to:			
Owners of Zebra A/S		(40.6)	107.8
Non-controlling interests		57.9	31.0
Total		**17.3**	**138.8**

Balance sheet

31 December

Assets

DKKm	Note	2022	2021
Intangible assets	3.1	234.8	229.2
Right-of-use assets	3.2	1,738.3	1,627.5
Property, plant and equipment	3.3	212.6	239.5
Investment in joint ventures	3.4	12.5	7.6
Deposits		84.8	85.2
Derivative financial instruments	4.3, 4.4	367.3	303.4
Deferred tax assets	2.4	106.6	84.3
Non-current assets		**2,756.9**	**2,576.7**
Inventories	3.5	776.0	610.9
Income tax receivables		20.1	32.6
Trade receivables		3.8	12.3
Derivative financial instruments	4.3, 4.4	7.5	29.4
Other receivables	1.2	375.8	187.8
Prepayments		47.6	32.6
Cash and cash equivalents	4.3	298.6	634.2
Current assets		**1,529.4**	**1,539.8**
Assets		**4,286.3**	**4,116.5**

Balance sheet

31 December

Equity and liabilities

DKKm	Note	2022	2021
Share capital	4.1	17.0	17.0
Currency translation reserve		(8.5)	(5.7)
Currency hedging reserve	4.4	(18.7)	20.6
Retained earnings		(1,285.6)	(1,277.5)
Capital and reserves attributable to owners of Zebra A/S	4.2	**(1,295.8)**	**(1,245.6)**
Non-controlling interests		-	-
Total equity		**(1,295.8)**	**(1,245.6)**
Provisions for the acquisition of non-controlling interests	4.3, 4.5, 4.7	201.9	153.9
Other provisions	3.6	55.9	45.6
Bank debt	4.3, 4.7	1,817.4	1,876.3
Loan from shareholders	4.3, 4.7, 5.2	125.0	125.0
Other loans	4.3, 4.7	9.6	22.3
Lease liabilities	3.2, 4.3, 4.7	1,241.5	1,148.5
Deferred considerations	4.3, 4.5, 4.7	28.4	50.6
Deferred tax liabilities	2.4	1.2	1.1
Other non-current liabilities	3.7, 4.3	50.7	43.0
Non-current liabilities		**3,531.6**	**3,466.3**
Provisions for the acquisition of non-controlling interests	4.3, 4.5, 4.7	4.8	4.8
Other provisions	3.6	16.2	31.8
Loans provided by shareholders of non-controlling interests	4.3, 4.7	0.4	5.7
Bank debt	4.3, 4.7	211.3	77.6
Other loans	4.3, 4.7	44.8	74.7
Lease liabilities	3.2, 4.3, 4.7	591.2	614.8
Trade payables	4.3	584.0	588.6
Amounts payable to shareholders	5.2	8.8	-
Income tax payables	4.3	56.6	31.5
Deferred considerations	4.3, 4.5, 4.7	53.2	40.5
Derivative financial instruments	4.3, 4.4	41.1	1.9
Other payables	3.8, 4.3	438.1	423.9
Current liabilities		**2,050.5**	**1,895.8**
Liabilities		**5,582.1**	**5,362.1**
Equity and liabilities		**4,286.3**	**4,116.5**

Statement of changes in equity

1 January - 31 December

DKKm	Share capital	Currency translation reserve	Currency hedging reserve	Retained earnings	Attributable to the owners of Zebra A/S	Non-controlling interests	Total equity
2022							
Equity 01.01.	**17.0**	**(5.7)**	**20.6**	**(1,277.5)**	**(1,245.6)**	**-**	**(1,245.6)**
Profit for the year	-	-	-	7.4	7.4	57.4	64.8
Other comprehensive income for the year, net of tax	-	(3.3)	(39.3)	(5.4)	(48.0)	0.5	(47.5)
Transactions with owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(41.6)	(41.6)
Fair value adjustment of provisions for the acquisition of non-controlling interests, cf. note 4.5	-	-	-	(66.6)	(66.6)	-	(66.6)
Fair value adjustment of purchase consideration for the acquisition of non-controlling interests, cf. note 4.5	-	-	-	(2.2)	(2.2)	-	(2.2)
Reclassification of the non-controlling interests subject to the put option recognised as a liability	-	0.5	-	15.8	16.3	(16.3)	-
Capital contribution	-	-	-	55.0	55.0	-	55.0
Tax on equity postings	-	-	-	(12.1)	(12.1)	-	(12.1)
Equity 31.12.	**17.0**	**(8.5)**	**(18.7)**	**(1,285.6)**	**(1,295.8)**	-	**(1,295.8)**
2021							
Equity 31.12.2020	**572.9**	**(6.6)**	**(24.1)**	**(2,001.1)**	**(1,458.9)**	**-**	**(1,458.9)**
Effect from 2021 amendment to IFRS 16	-	-	-	(0.2)	(0.2)	-	(0.2)
Equity 01.01.	**572.9**	**(6.6)**	**(24.1)**	**(2,001.3)**	**(1,459.1)**	**-**	**(1,459.1)**
Profit for the year	-	-	-	62.8	62.8	30.4	93.2
Other comprehensive income for the year, net of tax	-	0.3	44.7	-	45.0	0.6	45.6
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 4.5	-	-	-	(36.1)	(36.1)	-	(36.1)
Fair value adjustment of purchase consideration for the acquisition of non-controlling interests, cf. note 4.5	-	-	-	0.3	0.3	-	0.3
Fair value of exercised call options, cf. note 4.4	-	-	-	(36.9)	(36.9)	-	(36.9)
Reclassification of the non-controlling interests subject to the put option recognised as a liability	-	0.6	-	8.2	8.8	(8.8)	-
Share capital decrease to cover losses	(572.9)	-	-	572.9	-	-	-
Share capital increase	17.0	-	-	152.6	169.6	-	169.6
Equity 31.12.	**17.0**	**(5.7)**	**20.6**	**(1,277.5)**	**(1,245.6)**	**-**	**(1,245.6)**

Transaction costs of DKK 0m (2021: DKK 0.4m) have been recognised in Retained earnings under Share capital increase.

In accordance with IFRS, where non-controlling interests have put options that can be exercised to transfer their present ownership interest to the Parent Company, a liability is recognised corresponding to the redemption amount, and the subsidiaries are fully consolidated with no recognition of a non-controlling interest at the reporting date. Changes in the value of these liabilities, as well as differences upon settlement, are accounted for directly in equity. At 31 December 2022, the accumulated changes and differences upon settlement amount to DKK -1,132.0m (2021: DKK -1,063.2m) included in equity. With effect from 1 January 2018, the fair value of the call options over the remaining ownership interests is recognised in the balance sheet and fair value adjusted over the statement of profit or loss. Additional details on the impact are provided in note 4.2.

Cash flow statement

1 January - 31 December

DKKm	Note	2022	2021
Operating profit (EBIT) before special items		**291.3**	**167.8**
Amortisation, depreciation and impairment losses		736.9	784.4
Special items paid/received		(25.6)	99.5
Working capital changes	3.9	(366.7)	52.5
Other non-cash adjustments		15.3	(55.9)
Interest income received		0.6	0.1
Interest expenses paid		(199.0)	(184.7)
Taxes paid		(27.9)	(13.0)
Cash flows from operating activities		**424.9**	**850.7**
Investment in intangible assets		(55.7)	(44.7)
Investment in right-of-use assets		(9.5)	(7.9)
Sale of right-of-use assets		-	0.1
Investment in property, plant and equipment		(62.7)	(41.3)
Sale of property, plant and equipment		1.1	0.6
Deposits paid		(7.7)	(3.4)
Deposits received		7.9	7.8
Cash flows from investing activities		**(126.6)**	**(88.8)**
Free cash flow		**298.3**	**761.9**
Acquisition of non-controlling interests	4.5, 4.7	(30.3)	(79.4)
Share capital increase		-	169.6
Capital contribution		55.0	-
Repayment of loans provided by shareholders of non-controlling interests	4.7	(5.2)	(2.0)
Repayment of lease liabilities	4.7	(622.0)	(702.0)
Proceeds from loans and borrowings	4.7	156.7	266.4
Repayment of loans and borrowings	4.7	(144.2)	(167.0)
Dividend paid to non-controlling interests		(41.6)	(22.2)
Cash flows from financing activities		**(631.6)**	**(536.6)**
Increase/(decrease) in cash and cash equivalents		**(333.3)**	**225.3**
Cash and cash equivalents at 1 January		634.2	394.0
Cash and cash equivalents at 1 January discontinued operations		-	9.3
Unrealised exchange gains/(losses) included in cash and cash equivalents		(2.3)	5.6
Cash and cash equivalents at 31 December		**298.6**	**634.2**

Unutilised credit facilities for the Group amounted to DKK 603.1m at 31 December 2022 (2021: DKK 732.8m).
The cash flow cannot be derived directly from the statement of profit or loss and the balance sheet.

Section 1 Basis of preparation

This section

Zebra presents its consolidated financial statements in accordance with IFRS. This section sets out Zebra's significant accounting policies, Management's key accounting estimates, new IFRS requirements and other accounting policies in general. A detailed description of accounting policies and significant estimates related to specific reported amounts is presented in the notes to which they relate.

1.1 General accounting policies

The Annual Report for the period 1 January – 31 December 2022 comprises the consolidated financial statements of the Parent Company Zebra A/S and the subsidiaries controlled by the Parent Company (the Group), as well as separate financial statements for the Parent Company Zebra A/S.

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 have been prepared on the historical cost basis, except for derivative financial instruments. Derivative financial instruments, including call options and provisions for the acquisition of non-controlling interests, are measured at fair value.

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

Accounting policies
The accounting policies, as described below and in the respective notes, have been used consistently for the financial year and are unchanged from last year.

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

Material misstatement
In 2022, the Executive Management concluded that the Group incorrectly omitted the recognition of capitalised borrowing costs in 2021. Due to the significance of the matter, the matter has been corrected as a material misstatement by restating comparative figures and opening equity figures. Consequently, the comparatives and the equity as of 31 December 2021 have been restated in these financial statements. The restatement has a similar effect in the separate financial statements of the Parent Company.

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

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

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

1.1 General accounting policies (continued)

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 Zebra A/S (DKK). Translation adjustments are reclassified to profit or loss on the disposal of the foreign operation.

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

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

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

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

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

Implementation of new or amended standards and interpretations
The Group has adopted all the new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year 1 January - 31 December 2022, most significantly:

Amendment to IFRS 9 Financial instruments regarding fees included in the 10% test for derecognition of financial liabilities.
The amendment clarifies the fees that the Group must include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender.

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

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

Standards issued but not yet effective
The IASB has issued several new IFRS standards, amended standards, revised standards and interpretations, which are effective for financial years beginning on or after 1 January 2023. The Group expects to adopt the standards and interpretations as they become effective. The adoption of these standards and amendments is not expected to have a material impact on the consolidated financial statements of the Group in future periods.

1.2 Significant accounting estimates and judgments

The consolidated financial statements have been prepared to give a true and fair view of the Group's assets, liabilities, and financial position as of 31 December 2022, as well as the results of operations and of cash flow. The Executive Management makes various accounting estimates and judgments which affect the consolidated financial statements.

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

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

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

- Consolidation of entities in which the Group holds a 50% ownership interest (cf. below),
- Valuation of deferred tax assets (note 2.4),
- 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 call options (note 4.4) and
- Provisions for the acquisition of non-controlling interests (note 4.5).

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

Climate-related risks and macroeconomic environment
Climate-related risks constitute an increasingly serious threat which the Group takes very seriously. The Group is very active in optimising the use of resources and changing to more climate friendly solutions. Please see the 'Sustainability and People' section. As the Group is well-prepared and in front of the development the Executive Management has assessed that the effects of climate change do not have significant influence on the estimates or judgments in the consolidated financial statements.

In 2022 the macroeconomic uncertainties increased as a consequence of war in Ukraine and increased interest and inflation rates. The Group does not have any activities in Ukraine or Russia, but the Group is impacted by the inflation and increasing interest rates. These developments have impacted certain accounting estimates and judgments in relation to impairment test of non-current assets and the tax asset value, assessing write-downs on inventories and estimating the fair-value of call options.

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

Consolidation of entities in which the Group holds a 50% ownership interest
The Group considers that it controls several entities even though it does not hold the majority of the voting rights in the entities. The assessment of whether the Group controls an entity is based on an evaluation of whether the Group has the current ability to direct the relevant activities of the entity. The Group holds call options to acquire all remaining outstanding shares, including the voting rights related to these shares. All call options are currently exercisable. Zebra A/S has also entered into shareholders agreements (partnership agreements) with the other investors (partners) and supply agreements etc. that give Zebra A/S substantial rights, including in connection with a deadlock situation. Accordingly, the Group considers that these potential voting rights and other rights in all substance give rise to the existence of control at the reporting date.

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

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

1.3 Going concern

The reported equity was negative at the end of 2022 with DKK 1,296m (2021: DKK 1,246m) for the Group and DKK 660m (2021: DKK 541m) for the Parent Company and thus the registered share capital has been fully lost. Reference is made to the section 'Negative reported Equity/financial position for the Group and the Parent Company' in the 'Operating and financial review 2022' on pages 14-19.

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 and the parent company financial statements have been prepared on a going concern basis.

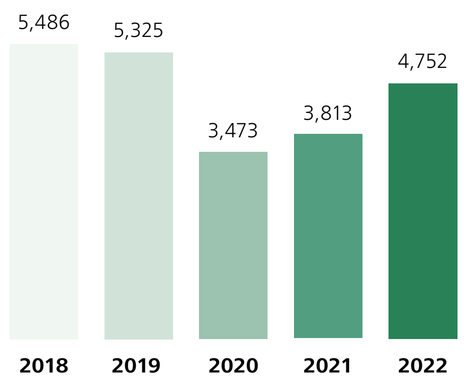
Section 2 Results for the year

This section

This section comprises notes related to the results for the year including revenue, staff costs, special items, tax, and other operating income.

In 2022, Zebra's revenue was DKK 4,752m, compared to DKK 3,813m in 2021, corresponding to a 24.6% increase.

Revenue (DKKm)



Number of countries
27
(2021: 27)

Number of stores
842
(2021: 858)

Average number of FTE
4,233
(2021: 3,865)

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 (2021: 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 payment terms for the franchise partners are 14-30 calendar days from franchisee's receipt of such invoices. The price is not adjusted for any financing elements as payment terms never exceed 12 months.

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

The below figures include franchise fees and royalties of DKK 12.3m (2021: DKK 1.3m).

2.1 Revenue (continued)

The table below shows the Group's revenue by geographical regions and channel of sales:

DKKm	2022	2021
Geographical regions		
Northern Europe	849.3	802.8
Central Europe	713.8	501.5
Western Europe	1,245.3	934.7
Southern Europe	1,864.9	1,546.1
Asia and Middle East	78.8	27.4
Total	**4,752.1**	**3,812.5**
Channel of sales		
Stores	4,622.9	3,763.2
Franchise	78.8	27.4
Ecommerce	50.4	21.9
Total	**4,752.1**	**3,812.5**

2.2 Staff costs

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

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

DKKm	2022	2021
Salaries and wages	996.1	922.1
Pension contributions	50.7	48.6
Other social security costs	146.7	134.2
Other staff costs	38.1	32.1
Total	**1,231.6**	**1,137.0**
Capitalised salaries and wages related to development projects	(1.7)	(4.5)
Recognised in the statement of profit or loss	**1,229.9**	**1,132.5**
Average number of full-time equivalents	**4,233**	**3,865**

2.2 Staff costs (continued)

DKKm	2022	2021
Remuneration for the Executive Management and the Board of Directors		
Total remuneration, Executive Management	10.9	10.8
Total remuneration, Board of Directors	-	0.2
Total	**10.9**	**11.0**
Remuneration for the Executive Management and the Board of Directors		
Salaries and wages	9.9	10.0
Pensions	1.0	1.0
Total	**10.9**	**11.0**

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 large insurance compensations as well as other litigation.

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

DKKm	2022	2021
Transformation programme	14.9	11.7
Costs related to the fire on the vessel Maersk Honam	(0.6)	(2.9)
Insurance compensation	-	(122.5)
Strategic initiatives regarding our global footprint	7.6	8.6
Change of ownership	-	3.3
Sea freight dispute and other legal costs	9.9	3.6
Total	**31.8**	**(98.2)**

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 105.4m (2021: DKK 83.2m) in tax assets can be offset against positive taxable income within the next five years, while an amount of DKK 474.6m (2021: DKK 473.4m) in tax assets has been impaired at year-end 2022. The impairment tests at year-end 2022 resulted in a profit or loss effect amounting to a gain of DKK 9.7m (2021: a gain of DKK 18.3m). The tax asset is impairment tested on a per entity basis, including expected income for the entity for the period 2023 to 2027.

However, the amount of tax assets not shown in the balance sheet can still be carried forward to be offset against future taxable income after the budgeting period. Of the total deferred tax assets recognised, DKK 65.2m (2021: DKK 41.2m) is related to tax loss carry-forwards.

2.4 Income taxes and deferred tax (continued)

Tax costs **DKKm**	**2022**	**2021**
Current tax	51.9	33.5
Adjustment to current tax concerning previous years	12.8	(3.8)
Change in deferred tax during the year	(25.4)	(22.6)
Impact from change in tax rates to deferred tax	1.5	4.7
Adjustment to deferred tax concerning previous years	2.5	4.8
Total	**43.3**	**16.6**

Tax reconciliation **DKKm**	**2022**	**2021**
Profit before tax	108.1	109.8
Calculated 22.0% on profit before tax	23.8	24.2
Difference in local tax rates compared to the Parent Company's tax rate of 22.0%	(1.4)	2.8
Tax effect from:		
Non-taxable income and non-deductible expenses	13.8	1.1
Impact from change in the tax rates	1.5	5.8
Impairment of deferred tax	(9.7)	(18.3)
Adjustments concerning previous years	15.3	1.0
Total	**43.3**	**16.6**
Effective tax rate	**40.0%**	**15.1%**

Deferred tax **DKKm**	**2022**	**2021**
Deferred tax assets	106.6	84.3
Deferred tax liabilities	(1.2)	(1.1)
Total	**105.4**	**83.2**

2.4 Income taxes and deferred tax (continued)

DKKm	Deferred tax 01.01.	Transferred from assets held for sale	Exchange rate adjustment	Recognised in profit or loss	Recognised in other comprehen-sive income	Recognised in equity	Deferred tax 31.12.
2022							
Intangible assets	37.8	-	-	10.9	-	-	48.7
Right-of-use assets	(362.2)	-	-	(18.3)	-	-	(380.5)
Property, plant and equipment	32.0	-	(0.3)	(1.2)	-	-	30.5
Inventories	24.3	-	-	(1.2)	-	-	23.1
Lease liabilities	367.6	-	-	19.9	-	-	387.5
Foreign exchange hedging	(5.8)	-	-	-	11.1	-	5.3
Post-employment benefits	-	-	-	-	1.4	-	1.4
Tax losses to be carried forward	400.2	-	(0.3)	(1.7)	-	-	398.2
Valuation allowances	(473.4)	-	1.2	9.7	-	(12.1)	(474.6)
Interest limitation balance	21.0	-	-	8.4	-	-	29.4
Other	41.7	-	(0.2)	(5.1)	-	-	36.4
Deferred tax	**83.2**	-	**0.4**	**21.4**	**12.5**	**(12.1)**	**105.4**
2021							
Intangible assets	28.6	-	-	9.2	-	-	37.8
Right-of-use assets	(449.3)	-	-	87.1	-	-	(362.2)
Property, plant and equipment	35.6	-	0.2	(3.8)	-	-	32.0
Inventories	39.4	-	-	(15.1)	-	-	24.3
Lease liabilities	467.4	-	1.0	(100.8)	-	-	367.6
Foreign exchange hedging	6.8	-	-	-	(12.6)	-	(5.8)
Tax losses to be carried forward	405.7	(4.8)	2.2	(2.9)	-	-	400.2
Valuation allowances	(495.3)	4.8	(1.2)	18.3	-	-	(473.4)
Interest limitation balance	14.3	-	-	6.7	-	-	21.0
Other	27.3	-	-	14.4	-	-	41.7
Deferred tax	**80.5**	**-**	**2.2**	**13.1**	**(12.6)**	**-**	**83.2**

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

2.5 Other operating income

Accounting policies

Government grants

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

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

COVID-19 Government grants

The Group has received government grants related to the COVID-19 pandemic during 2020, 2021 and 2022. The grants are primarily related to staff costs, however, there are also grants related to operational expenses reported in other external expenses.

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

Other operating income

DKKm	2022	2021
Government grants	53.0	195.1
Other	0.3	15.0
Total	**53.3**	**210.1**

Section 3 Invested capital and working capital items

This section

The notes in this section present details on the operating assets that form the basis for the activities of the Group, and the related liabilities.

Net working capital

DKKm	2022	2021
Inventories	776	611
Trade receivables	4	12
Other receivables	376	188
Prepayments	47	33
Trade payables	(584)	(589)
Amounts payable to shareholders	(9)	-
Other payables	(438)	(424)
Net working capital	**172**	**(169)**

Invested capital

DKKm	2022	2021
Intangible assets	235	229
Right-of-use assets	1,738	1,627
Property, plant and equipment	213	240
Investment in joint ventures	13	8
Deposits	85	85
Net working capital	172	(169)
Other provisions	(72)	(77)
Net derivative financial instruments	(34)	28
Other non-current liabilities	(51)	(43)
Net income tax	(36)	1
Net deferred tax	105	83
Invested capital	**2,368**	**2,012**

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:

- Trademarks; 5-20 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

Goodwill relates primarily to the acquisition of a few Danish stores in the period 2006 to 2011 and the acquisition of J.H.L. ApS in 2015.

The carrying amount of goodwill 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 is allocated.

The estimate of the future free net cash flows is based on budgets for 2023 and projections for the years 2024-2025 based on a business plan approved by the Board of Directors. For the years beyond 2025 and the terminal period, a growth rate of 1% is assumed.

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

Pre-tax discount rate of 10.7% (2021: 10.9%) 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 did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m).

Development projects in progress

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

The carrying amount of development projects in progress is tested annually for impairment. The impairment test is performed on the basis of various factors, including future use of the project, the fair value of estimated future earnings or savings, interest rates and risks described in the 'Goodwill' section referring to the key parameters and pre-tax discount rate. The impairment tests of development projects in progress did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m).

Other intangible assets with an indefinite useful life

Licenses and software include a carrying amount of DKK 3.6m (2021: DKK 3.6m) related to REACH authorisations, which are considered to have an indefinite useful life as they are valid for an indefinite period of time.

Other intangible assets with an indefinite useful life are tested annually for impairment. The impairment test is performed on the basis of various factors described in the 'Goodwill' section referring to the key parameters and pre-tax discount rate, including future use of the authorisations.The impairment tests did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m).

3.1 Intangible assets (continued)

DKKm	Goodwill	Trademarks	Licenses and software	Intangible assets in progress	Total
2022					
Cost 01.01.	12.0	0.8	381.9	29.2	423.9
Exchange rate adjustment	-	-	(0.2)	-	(0.2)
Additions	-	-	0.8	-	0.8
Additions, internal development	-	-	(0.1)	55.0	54.9
Transfer	-	-	70.2	(70.2)	-
Disposals	-	-	(8.1)	-	(8.1)
Cost 31.12.	**12.0**	**0.8**	**444.5**	**14.0**	**471.3**
Amortisation 01.01.	(3.6)	(0.3)	(190.8)	-	(194.7)
Exchange rate adjustment	-	-	0.1	-	0.1
Amortisation	-	(0.1)	(46.7)	-	(46.8)
Disposals	-	-	4.9	-	4.9
Amortisation 31.12.	**(3.6)**	**(0.4)**	**(232.5)**	**-**	**(236.5)**
Carrying amount 31.12.	**8.4**	**0.4**	**212.0**	**14.0**	**234.8**
2021					
Cost 01.01.	12.0	0.8	346.0	20.4	379.2
Exchange rate adjustment	-	-	0.3	-	0.3
Additions	-	-	3.0	-	3.0
Additions, internal development	-	-	0.5	41.2	41.7
Transfer	-	-	32.4	(32.4)	-
Disposals	-	-	(0.3)	-	(0.3)
Cost 31.12.	**12.0**	**0.8**	**381.9**	**29.2**	**423.9**
Amortisation 01.01.	(3.6)	(0.1)	(148.1)	-	(151.8)
Exchange rate adjustment	-	-	(0.1)	-	(0.1)
Amortisation	-	(0.2)	(42.0)	-	(42.2)
Impairment losses	-	-	(0.9)	-	(0.9)
Disposals	-	-	0.3	-	0.3
Amortisation 31.12.	**(3.6)**	**(0.3)**	**(190.8)**	**-**	**(194.7)**
Carrying amount 31.12.	**8.4**	**0.5**	**191.1**	**29.2**	**229.2**

Net loss from disposal of intangible assets amounts to DKK 3.2m (2021: DKK 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 entered into on or after 1 January 2019, the Group assesses whether a contract is, or contains, a lease, i.e. the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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

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

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

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

Lease liabilities
Previously, the Group classified property leases as operating leases under IAS 17. For these leases, upon applying IFRS 16, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

For contracts entered into on or after 1 January 2019, 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 May 2020 as well as the amendment issued in March 2021 extending the practical expedient to apply to reduction in lease payment originally due on or before 30 June 2022. The Group accounts for the reduction in future lease payments by derecognising the part of the lease liability which has been forgiven, and recognising the adjustment in profit or loss as a negative variable lease payment under Other external expenses. Depreciation of the right-of-use asset continues over the remaining lease term.

Significant accounting estimates and judgments
Life of lease
When assessing the life of these leases, the Group considers the options where the Group is reasonably certain to either terminate or extend the contracts based on the profitability level of the store. The lease period varies depending on whether the contract has any termination and extension options. Approximately 70% of the property lease contracts have such options. The average life of lease at balance sheet date was approximately 2.5 years (2021: 2.5 years).

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

The Group has considered the recoverability of the right-of-use assets, for loss making stores and CGU's with low EBIT margins, based on budget for 2023 and business plans and projections for the following years.

Country specific pre-tax discount rates in the range of 11.0% - 17.4% (2021: 14.2% - 16.5%) are used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rates reflect current market assessments of the time value of money and the risks specific to the asset.

The impairment test of right-of-use assets resulted in a recognition of impairment losses of DKK 9.9m relating to stores in Austria, Denmark, Spain, France, the Netherlands, and Norway (2021: DKK 22.7m).

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

Prior year impairment losses of DKK 22.5m (2021: DKK 31.3m) have been reversed in 2022 as no impairment indicators existed at year-end for the relevant CGU's due to improved expected profitability.

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

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

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

Right-of-use assets

DKKm	Property	Cars	Other equipment	Store furniture	Total
2022					
Carrying amount 01.01.	1,624.4	2.3	0.1	0.7	1,627.5
Exchange rate adjustment	(14.7)	-	-	-	(14.7)
Additions	228.2	3.4	-	-	231.6
Adjustment due to remeasurement of lease liabilities	494.8	0.2	-	-	495.0
Disposals	(0.2)	-	-	-	(0.2)
Depreciation	(610.5)	(2.2)	(0.1)	(0.7)	(613.5)
Impairment losses	(9.9)	-	-	-	(9.9)
Reversal of prior year impairment losses	22.5	-	-	-	22.5
Carrying amount 31.12.	**1,734.6**	**3.7**	**-**	**-**	**1,738.3**
2021					
Carrying amount 31.12.2020	1,830.6	2.4	1.7	2.3	1,837.0
Effect from 2021 amendment to IFRS 16	(23.4)	-	-	-	(23.4)
Carrying amount 01.01.	1,807.2	2.4	1.7	2.3	1,813.6
Transferred from assets held for sale	61.6	0.3	0.1	-	62.0
Exchange rate adjustment	20.6	-	-	-	20.6
Additions	153.7	2.1	-	-	155.8
Adjustment due to remeasurement of lease liabilities	205.8	-	-	-	205.8
Disposals	(1.1)	-	(0.5)	-	(1.6)
Depreciation	(632.0)	(2.5)	(1.2)	(1.6)	(637.3)
Impairment losses	(22.7)	-	-	-	(22.7)
Reversal of prior year impairment losses	31.3	-	-	-	31.3
Carrying amount 31.12.	**1,624.4**	**2.3**	**0.1**	**0.7**	**1,627.5**

Net loss from disposal of right-of-use assets amounts to DKK 0.2m (2021: DKK 1.1m).

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

Lease liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2022					
Lease liabilities	661.5	1,245.7	94.3	2,001.5	1,832.7
2021					
Lease liabilities	667.4	1,125.7	89.8	1,882.9	1,763.3

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

Amounts recognised in profit or loss

DKKm	2022	2021
Depreciation charge of right-of-use assets	613.5	637.3
Interest expense on lease liabilities (included in finance cost)	75.5	68.6
Expense relating to short-term and low value leases (included in other external expenses)	1.5	1.4
Expense relating to variable lease payments (included in other external expenses)	37.9	26.9
Income from subleasing right-of-use assets (included in other external expenses)	5.8	4.0

The total cash outflow for leases in 2022 was DKK 733.6m (2021: DKK 798.9m).

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

The effect from COVID-19 related rent concession in 2022 was DKK 4.5m (2021: DKK 66.2m), which has been included in other external expenses.

3.3 Property, plant and equipment

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

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

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

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

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

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

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

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

The Group has considered the recoverability of the tangible assets, for loss making stores and CGU's with low EBIT margins, based on budget for 2023 and business plans and projections for the following years.

Country specific pre-tax discount rates in the range of 11.0% - 17.4% (2021: 14.2% - 16.5%) are used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rates reflect current market assessments of the time value of money and the risks specific to the asset.

The impairment test of property, plant and equipment resulted in a recognition of an impairment loss of DKK 1.1m relating to stores in Austria, Denmark, Spain, France, the Netherlands, and Norway (2021: DKK 7.0m). Prior year impairment losses of DKK 5.8m (2021: DKK 5.2m) have been reversed in 2022 as no impairment indicators existed at year-end for the relevant CGU's due to improved expected profitability.

3.3 Property, plant and equipment (continued)

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
2022					
Cost 01.01.	606.9	442.3	189.3	5.1	1,243.6
Exchange rate adjustment	(8.5)	(6.4)	(1.6)	-	(16.5)
Additions	24.3	22.0	12.6	3.8	62.7
Transfer	5.4	2.6	0.3	(8.3)	-
Disposals	(17.5)	(13.2)	(6.0)	-	(36.7)
Cost 31.12.	**610.6**	**447.3**	**194.6**	**0.6**	**1,253.1**
Depreciation 01.01.	(452.3)	(403.4)	(148.4)	-	(1,004.1)
Exchange rate adjustment	6.5	5.8	1.5	-	13.8
Depreciation	(49.9)	(22.5)	(15.7)	-	(88.1)
Impairment losses	(1.0)	(0.1)	-	-	(1.1)
Reversal of prior year impairment losses	5.5	-	0.3	-	5.8
Transfer	0.1	(0.1)	-	-	-
Disposals	15.5	12.7	5.0	-	33.2
Depreciation 31.12.	**(475.6)**	**(407.6)**	**(157.3)**	**-**	**(1,040.5)**
Carrying amount 31.12.	**135.0**	**39.7**	**37.3**	**0.6**	**212.6**
2021					
Cost 01.01.	598.1	407.2	171.9	8.0	1,185.2
Transferred from assets held for sale	20.8	48.1	8.6	-	77.5
Exchange rate adjustment	8.3	6.6	1.6	-	16.5
Additions	18.5	6.2	11.1	5.5	41.3
Transfer	0.6	-	7.8	(8.4)	-
Disposals	(39.4)	(25.8)	(11.7)	-	(76.9)
Cost 31.12.	**606.9**	**442.3**	**189.3**	**5.1**	**1,243.6**
Depreciation 01.01.	(401.7)	(347.7)	(134.7)	-	(884.1)
Transferred from assets held for sale	(15.4)	(48.1)	(7.3)	-	(70.8)
Exchange rate adjustment	(6.0)	(6.4)	(1.7)	-	(14.1)
Depreciation	(62.4)	(27.0)	(16.3)	-	(105.7)
Impairment losses	(7.0)	-	-	-	(7.0)
Reversal of prior year impairment losses	3.4	1.4	0.4	-	5.2
Disposals	36.8	24.4	11.2	-	72.4
Depreciation 31.12.	**(452.3)**	**(403.4)**	**(148.4)**	**-**	**(1,004.1)**
Carrying amount 31.12.	**154.6**	**38.9**	**40.9**	**5.1**	**239.5**

Net loss from selling or scrapping property, plant and equipment amounts to DKK 2.4m (2021: DKK 4.0m).

3.4 Investment in joint ventures

Accounting policies
An investment is considered a joint venture when Zebra 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 Zebra and the other party.

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

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

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

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

The estimated future free net cash flows are based on budget for 2023 with business plans and projections for 2024-2027.

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

A discount rate of 11.4% (2021: 11.8%) is used to calculate recoverable amounts, representing the pre-tax weighted average cost of capital. The discount rate reflects current market assessments of the time value of money and the risks specific to the assets.

Zebra Japan K.K.
The investment in joint ventures has, in 2022 and 2021, consisted of the investment in Zebra Japan K.K., which markets and sells products from Flying Tiger Copenhagen on the Japanese market. Zebra's ownership interest has been 50% in the whole period.

Zebra 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 Zebra to acquire all shares in Zebra Japan K.K. as well as put and call options depending on certain financial targets. None of these rights are exercisable at the balance sheet date.

The impairment test of the investment in Zebra Japan K.K. did not show any need for impairment losses to be recognised in 2022 (2021: DKK 0m). In the Executive Management's opinion, no probable change in key assumptions mentioned above will cause significant impairment losses.

DKKm	**2022**	**2021**
Cost 01.01.	53.1	53.1
Cost 31.12.	**53.1**	**53.1**
Adjustment 01.01.	(45.5)	(44.0)
Exchange rate adjustment	3.5	1.3
Share of profit/(loss) for the year after tax	1.4	(2.8)
Adjustment 31.12.	**(40.6)**	**(45.5)**
Carrying amount 31.12.	**12.5**	**7.6**

3.4 Investment in joint ventures (continued)

Reconciliation of the investment in joint ventures

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

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

DKKm	**2022**	**2021**
Revenue	266.3	253.3
EBITDA	52.7	52.9
Amortisation and depreciation	(49.3)	(54.3)
Interest expenses	(7.4)	(8.0)
Profit/(loss) for the year	2.8	(5.6)
Total comprehensive income/(loss)	2.8	(5.6)
Non-current assets	141.2	142.9
Cash and cash equivalents	51.7	60.7
Current assets	120.7	124.4
Lease liabilities included in non-current liabilities	52.1	45.7
Non-current liabilities	69.2	62.8
Lease liabilities included in current liabilities	32.0	39.9
Bank debt included in current liabilities	153.4	165.3
Current liabilities	214.3	231.3
Equity	(21.6)	(26.8)
Net working capital	41.7	38.5
Number of stores	36	35

3.5 Inventories

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

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

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

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

The reversal of DKK 5.6m (2021: DKK 61.1m) in provision for write-downs is driven by products being life-extended due to sea freight constraints and delays.

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

DKKm	2022	2021
Finished goods	866.7	672.4
Write-downs	(90.7)	(61.5)
Total inventory	**776.0**	**610.9**

Write-downs 01.01.	(61.5)	(129.4)
Write-downs, during the year	(68.5)	(37.7)
Write-downs, utilised during the year	33.7	44.5
Write-downs, reversed during the year	5.6	61.1
Write-downs 31.12.	**(90.7)**	**(61.5)**

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

3.6 Other provisions

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

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

Provisions are made for obligations to restore leased premises to their original condition at the end of the respective lease terms. The corresponding costs are capitalised as part of the cost of right-of-use asset and are depreciated over the shorter of the term of the lease or the useful life of the assets.

DKKm	2022	2021
Provisions 01.01.	77.4	53.3
Exchange rate adjustment	(1.2)	1.2
Transferred from assets held for sale	-	2.8
Provisions, during the year	24.3	34.4
Provisions, utilised	(6.5)	(8.5)
Provisions, reversed during the year	(21.9)	(5.8)
Provisions 31.12.	**72.1**	**77.4**
Non-current provisions	55.9	45.6
Current provisions	16.2	31.8
Total	**72.1**	**77.4**

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

The expected costs and timing are, by nature, uncertain. No provisions are discounted as the impact is considered insignificant.

3.7 Post-employment benefits

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

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

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

The defined benefit plan is unfunded.

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

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

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

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

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

3.7 Post-employment benefits (continued)

Defined benefit plan

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

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

Discount rate	2.3%
Wages growth rate	3.3%

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

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

Expected duration
In 2022, the estimated average length of the defined benefit obligation was 3.6 years.

3.8 Other payables

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

DKKm	2022	2021
VAT and other indirect taxes	171.5	146.7
Employee costs	186.7	193.5
Other	79.9	83.7
Total	**438.1**	**423.9**

3.9 Working capital changes

DKKm	2022	2021
Change in inventories	(197.8)	64.9
Change in trade receivables	8.5	(10.5)
Change in other receivables	(188.1)	(150.4)
Change in prepayments	(17.8)	(6.5)
Change in trade payables	5.8	117.7
Change in payables to shareholders	8.8	-
Change in other payables	13.9	37.3
Total	**(366.7)**	**52.5**

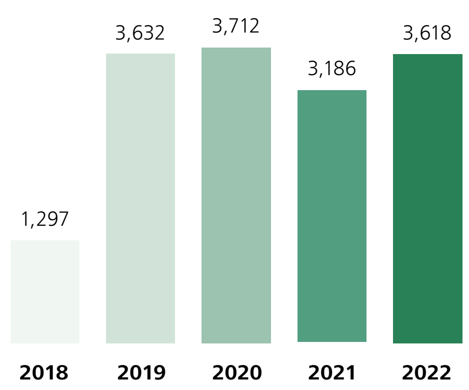
Section 4 Capital structure and financing

This section

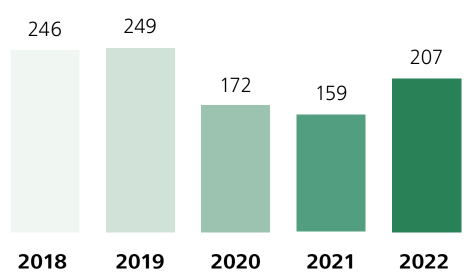
This section provides insights into the Group's capital structure, including financial risk management, provisions for acquisition of non-controlling interests and net financials.

IFRS 16 has had an impact of DKK 1,833m (2021: DKK 1,763m) on net interest-bearing debt in 2022.

Net interest-bearing debt (DKKm)



Provisions for the acquisition of non-controlling interests (DKKm)



4.1 Share capital

The share capital consists of 170,000,000 shares at DKK 0.1 or multiples thereof.

All shares are fully paid.

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

Changes in share capital in the past five financial years:

	DKK '000
Share capital at 1 January 2018	522
Capital increase 2018	-
Capital increase 2019	454,958
Capital increase 2020	117,461
Capital decrease to cover losses 2021	(572,941)
Capital increase 2021	17,000
Capital increase 2022	-
Share capital at 31 December 2022	**17,000**

4.2 Pro forma adjusted equity

The reported IFRS equity includes the accounting impacts from certain fully consolidated entities where local partners have an ownership interest of 50%, cf. note 1.2.

For these entities, the Group has entered into put and call options with the non-controlling interests. The put option gives the non-controlling shareholder the right to sell their non-controlling interests to the Group at a defined exercise price, cf. note 4.5. In accordance with IFRS, the put options over shareholdings held by non-controlling interests are included as a provision in the financial statements until exercised or lapsed. Consequently, no non-controlling interests (minority interests) for these fully consolidated entities are recognised at the reporting date but only a provision (or a deferred consideration, if a call or put option is exercised and consideration not yet paid).

The call options over the non-controlling shareholdings are measured at fair value with adjustments over profit or loss from 1 January 2018 according to IFRS 9.

A number of call and put options have been exercised, giving rise to the recognition of deferred considerations or cash outflows for the acquisition of non-controlling interests. Under the accounting policies of the Group, changes in the value of these liabilities, including differences upon settlement, are accounted for as a transaction directly in equity.

The equity analysis below illustrates, on a pro forma basis, the development of equity adjusted for the impact from realised or potential acquisition of non-controlling interests on an accumulated basis.

DKKm	2022	2021	2020	2019	2018
Pro forma equity adjusted for impact from realised or potential acquisition of non-controlling interests					
Pro forma adjusted equity 01.01.	(486.6)	(714.0)	563.7	503.9	819.2
Total comprehensive income for the year before fair value adjustments of call options, net of tax	(46.6)	80.2	(1,387.4)	(348.9)	(280.6)
Share capital increase	-	169.6	148.8	480.4	2.7
Dividend paid to non-controlling interests	(41.6)	(22.2)	(38.4)	(71.7)	(43.5)
Other movements	42.9	(0.2)	(0.7)	-	6.1
Pro forma adjusted equity 31.12.	**(531.9)**	**(486.6)**	**(714.0)**	**563.7**	**503.9**
Impact on reported equity from realised or potential acquisition of non-controlling interests					
Fair value of call options, non-current assets	367.3	303.4	282.5	555.1	450.2
Provision for the acquisition of non-controlling interests, non-current	(201.9)	(153.9)	(155.0)	(204.3)	(245.6)
Provision for the acquisition of non-controlling interests, current	(4.8)	(4.8)	(17.2)	(44.6)	-
Deferred considerations, non-current	(28.4)	(50.6)	(59.0)	-	(7.3)
Deferred considerations, current	(53.2)	(40.5)	(63.0)	(3.8)	(92.6)
Cash flow used for acquisition of non-controlling interests (accumulated)	(842.9)	(812.6)	(733.2)	(686.0)	(587.3)
Accumulated fair value adjustment 31.12.	**(763.9)**	**(759.0)**	**(744.9)**	**(383.6)**	**(482.6)**
Reported IFRS equity 31.12.	**(1,295.8)**	**(1,245.6)**	**(1,458.9)**	**180.1**	**21.3**

4.3 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.

Derivative financial instruments

Derivative financial instruments consist of currency instruments such as forward contracts, interest and currency swaps, options, and similar products, as well as call options over the non-controlling shareholdings. Please see note 4.4 for further information.

Financial assets and liabilities are accounted for at settlement date.

Significant accounting estimates and judgments

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 4.5.

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2022					
Financial liabilities					
Bank debt	340.8	1,933.5	-	2,274.3	2,028.7
Loan from shareholders	-	-	125.0	125.0	125.0
Other loans	45.2	9.7	-	54.9	54.4
Provisions for the acquisition of non-controlling interests	5.2	244.8	-	250.0	206.7
Loans provided by shareholders of non-controlling interests	0.4	-	-	0.4	0.4
Lease liabilities	661.5	1,245.7	94.3	2,001.5	1,832.7
Deferred considerations	53.2	28.4	-	81.6	81.6
Derivative financial instruments	41.1	-	-	41.1	41.1
Other non-current liabilities	-	54.8	0.2	55.0	50.7
Trade payables	584.0	-	-	584.0	584.0
Amounts payable to shareholders	8.8	-	-	8.8	8.8
Income tax payables	56.6	-	-	56.6	56.6
Other payables	438.1	-	-	438.1	438.1
Total	**2,234.9**	**3,516.9**	**219.5**	**5,971.3**	**5,508.8**

4.3 Financial assets and liabilities (continued)

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2021					
Financial liabilities					
Bank debt	165.6	1,987.5	24.2	2,177.3	1,953.9
Loan from shareholders	-	-	125.0	125.0	125.0
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
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
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	423.9	-	-	423.9	423.9
Total	**2,005.6**	**3,413.6**	**239.1**	**5,658.3**	**5,283.6**

Fair value of financial assets and liabilities is approximately equal to the carrying amount in both 2022 and 2021.
In the event of a change in ownership of Zebra A/S, the loan from shareholders will fall due.

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

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 Zebra's Group Treasury. Please see note 4.4 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.

4.4 Financial risk management

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

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

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

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

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

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

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

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

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

The estimated exercise price of the call option is based on the same assumptions and calculation methods as used for estimating the value of the provision for acquisition of non-controlling interests, cf. note 4.5.

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 Zebra A/S holds a call option increases/decreases by 5%, the value at the balance sheet date will change by DKK +15.0m/DKK -15.0m (2021: DKK +11.7m /DKK -13.7m).

4.4 Financial risk management (continued)

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

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

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

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

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

Hence, all open foreign exchange contracts at 31 December 2022 have a maturity of less than one year.

Forward exchange contracts – USD	1-3 months	4-6 months	7-9 months	10-12 months
2022				
Contract value (DKKm)	312.7	180.3	227.6	119.9
Weighted average hedged rate (USD/DKK)	6.98	7.10	7.46	7.27
2021				
Contract value (DKKm)	461.9	222.6	268.4	114.0
Weighted average hedged rate (USD/DKK)	6.39	6.29	6.32	6.52

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

4.4 Financial risk management (continued)

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

DKKm	2022	2021
Cash flow hedge reserve 01.01.	20.6	(24.1)
Change in fair value of cash flow hedges recognised in other comprehensive income	58.9	55.2
Reclassified to the cost of inventory	(29.9)	(2.6)
Reclassified to profit or loss	(79.4)	4.7
Tax on cash flow hedges	11.1	(12.6)
Cash flow hedge reserve 31.12.	**(18.7)**	**20.6**

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

Due to freight uncertainties in early 2022, higher purchase order levels were created in order to ensure adequate inventory levels in early 2023. Many of these orders were later cancelled resulting in a hedge ineffectiveness in 2022 of DKK 0.3m (2021: DKK 2.5m) which has been reclassified from other comprehensive income to financial items in profit or loss. The total of DKK 0.3m consisted of gains of DKK 2.9m offset by losses of DKK 2.6m.

4.4 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 Zebra A/S in DKK by the foreign subsidiaries. The statement of profit or loss is affected by changes in exchange rates, as the profit of foreign subsidiaries is translated into Danish kroner using average exchange rates.

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

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

Exchange rate analysis

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

The analysis is based on monetary assets and liabilities as of the end of 2022 and 2021. The movements arise from monetary items (cash, borrowings, receivables, payables and hedging instruments) where the functional currency of the entity is different to the currency that the monetary items are denominated in.

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 Group Treasury 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 4.3.

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

A change in interest levels will impact the Group's cash holdings, bank debt and borrowings that are subject to variable interest rates. An increase in interest levels of 1%-point annually compared to the interest rates at 31 December 2022 would have a negative impact of DKK 17.3m on the Group's profit for the year and equity (2021: negative impact of DKK 13.1m). A corresponding decrease in interest levels would have a positive impact of DKK 17.3m on the Group's profit for the year and equity (2021: negative DKK 6.3m).

Liquidity risk
Liquidity risk results from the potential inability of the Group to cover its financial liabilities with cash. Please refer to note 1.3 and 4.3. Group Treasury, responsible for monitoring and mitigating liquidity risk, ensures that adequate liquidity resources are available to the Group. The Group's liquid reserves consist of cash, undrawn committed and uncommitted credit facilities.

The availability of cash and cash equivalents held in subsidiaries that are less than 100% owned by the Group is restricted to the extent that non-controlling interests in the respective subsidiaries hold dividend rights over available liquidity. Furthermore, due to received COVID-19 compensations some subsidiaries are restricted from paying declared dividend in the next coming years.

Zebra A/S has external credit facilities in place totalling DKK 2,425m of which DKK 485.7m is undrawn as of 31 December 2022.

4.4 Financial risk management (continued)

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

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

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

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

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

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

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

Fair value measurements using significant unobservable inputs (level 3)
The below table shows the changes in level 3 items for the periods ending 31 December 2022 and 31 December 2021:

DKKm	Provision for the acquisition of non-controlling interests (liability)	Call options over the remaining ownership interests in certain subsidiaries (asset)
2022		
Opening balance 01.01.	158.7	303.4
Expired options	(18.6)	(26.6)
Fair value adjustment recognised in equity	65.0	-
Fair value adjustment recognised in profit or loss	-	90.5
Exchange rate adjustment	1.6	-
Closing balance 31.12.	**206.7**	**367.3**
2021		
Opening balance 01.01.	172.2	282.5
Expired options	(49.6)	(0.1)
Utilisation	-	(36.9)
Fair value adjustment recognised in equity	34.2	-
Fair value adjustment recognised in profit or loss	-	57.9
Exchange rate adjustment	1.9	-
Closing balance 31.12.	**158.7**	**303.4**

4.5 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, Zebra A/S 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 Zebra A/S has exercised its call options. The fair value is measured in accordance with level 3 (non-observable data) in the fair value hierarchy, and is based on projected results derived from the approved budget, agreed EBITDA multiples, and assuming that the put options are exercised by the non-controlling interests at year-end in the current financial year.

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

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

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

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

In accordance with IFRS, the put option over shareholdings held by non-controlling interest is included as a provision in the financial statements as the estimated present value of the expected cash outflows to settle the liability based on projected results and based on the mentioned general assumption on collective exercise at 31 December 2022.

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

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

The discount rates of 11.0% - 21.8% (2021: 14.0%) applied in discounting the expected cash outflows are based on interest rates that reflect the current market assessment of the time value of money, taking into account the expected settlement of these liabilities, and the risk specific to the non-controlling interest.

The value of the provisions for the acquisition of non-controlling interest is sensitive to the development of the projected results in the respective subsidiaries. If the projected results of all subsidiaries where the Group holds an option increase/decrease by 5%, the value at the balance sheet date will change by DKK +11.0m/DKK -11.0m (2021: DKK +8.7m / DKK -8.7m).

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

DKKm	2022	2021
Balance 01.01.	158.7	172.2
Exchange rate adjustment	1.6	1.9
Utilisation of provision to acquire non-controlling interests resulting in a deferred consideration	(18.6)	(32.7)
Utilisation of provision to acquire non-controlling interests paid upfront	-	(16.9)
Fair value adjustment	65.0	34.2
Balance 31.12.	**206.7**	**158.7**
Non-current provisions for the acquisitions of non-controlling interests	201.9	153.9
Current provisions for the acquisitions of non-controlling interests	4.8	4.8
Total	**206.7**	**158.7**

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

The paid settlements in 2022 relate to acquired ownerships in 2021 and 2020.

In 2021, Zebra 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).

The paid settlements in 2021 relate to the acquired ownerships in 2020.

DKKm	2022	2021
Deferred considerations 01.01.	91.1	122.0
Additions	18.6	32.7
Settlements paid during the period	(30.3)	(62.5)
Fair value adjustment	2.2	(0.3)
Exchange rate adjustment	-	(0.8)
Deferred considerations 31.12.	**81.6**	**91.1**
Non-current deferred considerations	28.4	50.6
Current deferred considerations	53.2	40.5
Total	**81.6**	**91.1**

4.6 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, realised and unrealised capital losses on payables, transactions in foreign currencies, as well as tax surcharges under the Danish Tax Payment Scheme. Also included are realised and unrealised losses on derivative financial instruments that are not designated as hedges.

DKKm	2022	2021
Financial income		
Interest on financial assets measured at amortised cost	0.2	0.1
Gains on derivative financial instruments not designated as hedges	3.4	1.2
Other financial income	0.4	-
Total	**4.0**	**1.3**
Financial expenses		
Bank charges*	38.6	40.8
Interest on lease liabilities	75.5	68.6
Interest on financial liabilities measured at amortised cost	93.7	91.5
Losses on derivative financial instruments not designated as hedges	6.3	3.7
Exchange rate adjustments, net	3.5	5.3
Other financial expenses	3.1	2.6
Total	**220.7**	**212.5**
Net financials	**(216.7)**	**(211.2)**

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

4.7 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, loan from shareholders, other loans, lease liabilities, deferred considerations, and provisions related to acquisitions of non-controlling interests.

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

DKKm	Liabilities 01.01.	Cash movements	Fair value movements	Other non-cash movements	Exchange rate adjustment	Transferred to/from liabilities directly associated with the assets held for sale	Liabilities 31.12.
2022							
Financial liabilities							
Loans provided by shareholders of non-controlling interests	5.7	(5.2)	-	-	(0.1)	-	0.4
Bank debt	1,953.9	51.8	-	11.9	11.1	-	2,028,7
Loan from shareholders	125.0	-	-	-	-	-	125.0
Other loans	97.0	(39.3)	-	-	(3.3)	-	54.4
Lease liabilities	1,763.3	(622.0)	-	706.0	(14.6)	-	1,832.7
Deferred considerations	91.1	(30.3)	2.2	18.6	-	-	81.6
Provision for the acquisition of non-controlling interests	158.7	-	65.0	(18.6)	1.6	-	206.7
Total	**4,194.7**	**(645.0)**	**67.2**	**717.9**	**(5.3)**	-	**4,329.5**
2021							
Financial liabilities							
Loans provided by shareholders of non-controlling interests	7.7	(2.0)	-	-	-	-	5.7
Bank debt	2,000.4	(65.3)	-	19.0	(0.2)	-	1,953.9
Loan from shareholders	-	-	-	125.0	-	-	125.0
Other loans	57.7	164.7	-	(125.0)	(0.4)	-	97.0
Lease liabilities	2,040.0	(702.0)	-	319.2	23.4	82.7	1,763.3
Deferred considerations	122.0	(62.5)	(0.3)	32.7	(0.8)	-	91.1
Provision for the acquisition of non-controlling interests	172.2	(16.9)	34.2	(32.7)	1.9	-	158.7
Total	**4,400.0**	**(684.0)**	**33.9**	**338.2**	**23.9**	**82.7**	**4,194.7**

Section 5 Other disclosures

This section

This section includes other statutory notes not related to the previous sections including a list of group companies.

Total number of group companies	50% owned companies	Fully owned companies
37	12	25
(2021: 39)	(2021: 13)	(2021: 26)

5.1 Fees to statutory auditor

DKKm	2022	2021
EY		
Statutory audit of financial statements	5.5	5.8
Other assurance engagements	0.6	0.6
Tax advisory services	0.8	0.7
Other services	1.2	0.4
Total	**8.1**	**7.5**

5.2 Related parties

Related parties exercising control
As of 31 December 2022, Zebra A/S is subject to controlling influence of Treville X Holding ApS, c/o Treville & Co. A/S, Kongens Nytorv 22, 4., 1050 Copenhagen K, which holds 95% of the share capital.

Until 10 February 2021, Zebra A/S was subject to the controlling influence of Zebra Lux Holding S.à.r.l., 23 rue Aldringen, L-1118, Luxembourg, which held 93.2% of the share capital.

Zebra A/S has registered the following shareholders who hold 5% or more of the share capital:

- Treville X Holding ApS, c/o Treville & Co. A/S, Kongens Nytorv 22, 4., 1050 Copenhagen K

- FTC ManCo Aps, c/o Treville & Co. A/S, Kongens Nytorv 22, 4., 1050 Copenhagen K

The ultimate parent of the Group is Treville X Partners ApS, c/o Treville & Co. A/S, Kongens Nytorv 22, 4., 1050 Copenhagen K.

Treville X Holding ApS holds a claim against Zebra A/S for DKK 125m. The loan is unsecured and does not carry any interests or installments. The loan is included in Loan from shareholders in the balance sheet.

Zebra A/S has included an amount of DKK 7.0m excluding VAT in other external expenses related to services from Treville X Partners ApS, which is payable at 31 December 2022.

Balances and transactions between Zebra A/S and its subsidiaries, which are related parties of Zebra A/S, have been eliminated during consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

Related parties exercising significant influence
Related parties in Zebra A/S with significant influence include the Group’s Executive Management and Board of Directors, as well as their close relatives. Related parties also include companies in which these individuals have material interest, including the shareholder companies of Zebra A/S.

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.

Joint ventures
The related parties of Zebra A/S also included the joint venture in which the company participates, Zebra Japan K.K.

During the year, the Group received royalty and service fees in the amount of DKK 13.4m from the joint venture company (2021: DKK 12.6m), and sold goods amounting to DKK 70.1m (2021: DKK 66.5m) to the joint venture company.

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

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

5.3 Guarantee commitments and contingent liabilities

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

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

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

Contractual obligation
Contractual obligations related to service contracts amounted to DKK 30.1m (2021: DKK 49.5m). Aside from liabilities recognised in the balance sheet, no significant losses are expected to incur as a result of contractual obligations.

Joint taxation
The Group is jointly taxed with the Danish entities within the Treville X Partners Group, with Treville X Partners ApS as the administrative company. The Group is, together with the other Danish companies in the Treville X Partners Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties.

Pledged assets
A letter of indemnity (company charge) of nominal DKK 30.0m (2021: DKK 30.0m) has been deposited by the Group as security for the Group's bank debt.

Bank debt is secured by a mortgage of nominal DKK 25.0m deposited by the Group on assets, including the Group's goodwill, leasehold rights, furniture including store furniture (2021: DKK 25.0m).

The foreign-owned entities' bank debt is secured by mortgages on their movable equipment and inventory of a total nominal amount of DKK 42.2m (2021: DKK 24.3m).

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

DKKm	2022	2021
Pledged assets		
Goodwill	5.0	5.0
Leasehold rights included in right-of-use assets	6.2	5.7
Trademarks	0.4	0.5
Leasehold improvements	15.7	24.0
Store furniture	2.7	3.8
Other equipment	21.8	23.5
Other deposits	0.5	0.5
Inventories	586.3	415.8
Other receivables	136.1	41.9
Total	**774.7**	**520.7**

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

5.4 Events after the balance sheet date

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

5.5 List of group companies

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

Name	Home	Year of establishment	Ownership interest
Tiger Ísland ehf.	Reykjavik, Iceland	2001	100%
Tiger Retail Ltd.	London, England	2005	100%
Tiger Deutschland GmbH	Flensburg, Germany	2007	100%
Tiger Stores Nederland B.V.	Amsterdam, the Netherlands	2008	100%
Tiger Stores Spain, S.L.	Madrid, Spain	2008	100%
TZ-shops South Sweden AB	Malmö, Sweden	2008	100%
SIA Tiger Shop	Riga, Latvia	2009	100%
UAB Tiger Shop	Vilnius, Lithuania	2010	100%
Tiger Hellas S.A.	Thessaloniki, Greece	2010	100%
Tiger Italia 1, S.r.l.	Turin, Italy	2011	100%
Tiger Warsaw Sp. Z.o.o.	Warszawa, Poland	2011	100%
Tiger Retail Ireland Ltd.	Dublin, Ireland	2011	100%
TGR Norge AS	Oslo, Norway	2011	100%
Tiger Stores OY	Espoo, Finland	2011	100%
Zebra Japan K.K.	Tokyo, Japan	2011	50%
Tiger Portugal S.A.	Charneca de Caparica, Portugal	2012	50%
Tiger Canarias, S.L.	Las Palmas, Spain	2013	50%
Tiger South Spain, S.L.	Malaga, Spain	2013	50%
Tiger Stores North West Spain, S.L.	La Coruña, Spain	2013	50%
Tiger U.K. (Midlands) Ltd.	Glostershire, England	2013	100%
Tiger Stores Belgium, BVBA	Antwerp, Belgium	2013	100%
Tiger Stores Austria GmbH	Wien, Austria	2014	50%
Tiger Stores Belgium 2 SPRL	Namur, Belgium	2014	100%
Tiger Stores Cyprus Limited	Nicosia, Cyprus	2014	100%
Tiger Czech Republic s.r.o.	Prague, Czech Republic	2014	50%
Tiger Stores OU Estonia	Tallinn, Estonia	2014	100%
Tiger Stores Spain 5, S.L.	Bilbao, Spain	2014	50%
Tiger Stores France SAS	Nice, France	2014	100%
Tiger Stores France 2 SAS	Paris, France	2014	100%
Tiger Stores France 4 SAS	Paris, France	2014	100%
Tiger Stores Slovakia S.R.O.	Bratislava, Slovakia	2014	50%
Tiger Stores Hungary Zrt.	Budapest, Hungary	2015	50%
Tiger Stores (Malta) Limited	Valletta, Malta	2015	50%
Tiger Stores (Switzerland AG)	Luzern, Switzerland	2016	50%
Zebra Trading (Shanghai) Co., Ltd	Shanghai, China	2017	100%
Zebra Canada Retail Holding Inc	New Brunswick, Canada	2018	100%
Digital Flying Tiger Copenhagen A/S	Copenhagen, Denmark	2021	100%

The voting interests correspond to ownership interests. Please refer to note 1.2 regarding consolidation of 50% ownership interests.

Definition of key figures and ratios

The figures and ratios have been compiled based on the following definitions and formulas:

Gross margin =	Gross profit x 100 / Revenue
EBITDA margin before special items =	EBITDA before special items / Revenue
Net interest-bearing debt =	Bank debt + Other loans + Loans provided by shareholders of non-controlling interests + Lease liabilities - Cash and cash equivalents
Leverage =	Net interest-bearing debt / EBITDA before special items
Adjusted profit/(loss) for the year =	Profit/(loss) for the year adjusted for extraordinary write-downs and scrapings, special items after tax, fair value adjustment of call options, impact of IFRS 16 and discontinued operations
Adjusted profit/(loss) margin =	Adjusted profit/(loss) for the year / Revenue

Comparable store sales growth

- *Comparable store sales include the following:*
  - Stores open for at least 18 full months at the reporting date.
  - Stores that have been expanded but not changed significantly in size.
  - Stores that are relocated but remain within the same trade area, and are not changed significantly in size.
- *Comparable store sales exclude the following:*
  - If a store is closed for refurbishment, it is excluded in the months during which the store is closed plus one full calendar month following reopening.
- *Comparable store sales growth excludes foreign currency translation effects.*

Financial statements – Parent Company

Statement of profit or loss – Parent Company

1 January - 31 December

DKKm	Note	2022	2021
Revenue	2.1	2,216.1	1,814.4
Cost of sales		(1,678.2)	(1,324.5)
Gross profit		**537.9**	**489.9**
Other external expenses		(253.3)	(182.2)
Staff costs	2.2	(279.0)	(259.0)
Impairment loss and reversals of impairment loss on receivables from subsidiaries	3.5	3.7	24.1
Other operating income	2.5	3.7	79.0
EBITDA before special items		**13.0**	**151.8**
Amortisation, depreciation and impairment losses		(122.0)	(121.9)
Operating profit/(loss) (EBIT) before special items		**(109.0)**	**29.9**
Special items	2.3	(31.1)	(6.3)
Operating profit/(loss) (EBIT)		**(140.1)**	**23.6**
Income from investments in subsidiaries		41.6	22.2
Financial income	4.4	45.3	74.2
Financial expenses	4.4	(177.3)	(180.0)
Fair value adjustment of call options		63.9	57.8
Loss before tax		**(166.6)**	**(2.2)**
Tax on loss for the year	2.4	44.1	17.4
Profit/(loss) for the year		**(122.5)**	**15.2**
Proposed appropriation of profit/(loss) for the year:			
Retained earnings		(122.5)	15.2
Profit/(loss) for the year		**(122.5)**	**15.2**

Statement of comprehensive income – Parent Company

1 January - 31 December

DKKm	Note	2022	2021
Profit/(loss) for the year (brought forward)		**(122.5)**	**15.2**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange hedging instruments:			
- Realised in inventories	4.3	(29.9)	(2.6)
- Realised in cost of sales	4.3	(79.1)	2.2
- Realised in financial items	4.3	(0.3)	2.5
- Fair value adjustments	4.3	58.9	55.2
Tax on hedging instruments	2.4	11.1	(12.6)
Other comprehensive income		**(39.3)**	**44.7**
Total comprehensive income/(loss) for the year		**(161.8)**	**59.9**

Balance sheet – Parent Company
31 December

Assets DKKm	Note	2022	2021
Intangible assets	3.1	230.4	224.5
Right-of-use assets	3.2	338.8	286.6
Property, plant and equipment	3.3	30.1	31.5
Investment in subsidiaries and joint ventures	3.4	1,162.1	1,125.8
Receivables from subsidiaries	3.5	52.5	23.5
Deposits		19.9	19.0
Derivative financial instruments	4.3	367.3	303.4
Deferred tax assets	2.4	74.0	30.9
Non-current assets		**2,275.1**	**2,045.2**
Inventories	3.6	548.9	387.3
Income tax receivables		0.5	0.3
Receivables from subsidiaries	3.5	420.5	330.0
Receivables from joint ventures		5.2	5.8
Trade receivables		3.4	10.9
Derivative financial instruments	4.3	7.5	29.4
Other receivables	1.2	357.4	153.3
Prepayments		14.0	13.4
Cash and cash equivalents		5.8	5.0
Current assets		**1,363.2**	**935.4**
Assets		**3,638.3**	**2,980.6**

Balance sheet – Parent Company
31 December

Equity and liabilities DKKm	Note	2022	2021
Share capital	4.1	17.0	17.0
Currency hedging reserve		(18.7)	20.6
Development costs reserve		157.2	146.9
Retained earnings		(815.3)	(725.4)
Equity		**(659.8)**	**(540.9)**
Other provisions	3.7	77.8	69.8
Bank debt	4.2, 4.5	1,563.2	1,563.8
Loan from shareholders	4.2, 4.5, 5.2	125.0	125.0
Other loans	4.2, 4.5	-	21.0
Lease liabilities	3.2, 4.2, 4.5	289.1	241.7
Deferred considerations	4.2	28.4	50.6
Non-current liabilities		**2,083.5**	**2,071.9**
Other provisions	3.7	1.0	0.4
Bank debt	4.2, 4.5	167.6	31.5
Other loans	4.2, 4.5	18.0	30.5
Lease liabilities	3.2, 4.2, 4.5	64.0	58.1
Trade payables	4.2	476.8	473.8
Amounts payable to subsidiaries	4.2, 4.5	1,285.7	718.1
Amounts payable to shareholders	5.2	8.8	-
Deferred considerations	4.2	53.2	40.5
Derivative financial instruments	4.2, 4.3	41.1	1.9
Other payables	3.8, 4.2	98.4	94.8
Current liabilities		**2,214.6**	**1,449.6**
Liabilities		**4,298.1**	**3,521.5**
Equity and liabilities		**3,638.3**	**2,980.6**

Statement of changes in equity – Parent Company

1 January – 31 December

DKKm	Share capital	Currency hedging reserve	Development costs reserve	Retained earnings	Total equity
2022					
Equity 01.01.	**17.0**	**20.6**	**146.9**	**(725.4)**	**(540.9)**
Loss for the year	-	-	-	(122.5)	(122.5)
Other comprehensive income for the year, net of tax	-	(39.3)	-	-	(39.3)
Capitalised development costs	-	-	10.3	(10.3)	-
Transactions with owners:					
Capital contribution	-	-	-	55.0	55.0
Tax on equity postings	-	-	-	(12.1)	(12.1)
Equity 31.12.	**17.0**	**(18.7)**	**157.2**	**(815.3)**	**(659.8)**
2021					
Equity 31.12.2020	**572.9**	**(24.1)**	**148.7**	**(1,467.9)**	**(770.4)**
Effect from 2021 amendment to IFRS 16	-	-	-	(0.0)	(0.0)
Equity 01.01.	**572.9**	**(24.1)**	**148.7**	**(1,467.9)**	**(770.4)**
Profit for the year	-	-	-	15.2	15.2
Other comprehensive income for the year, net of tax	-	44.7	-	-	44.7
Capitalised development costs	-	-	(1.8)	1.8	-
Transactions with owners:					
Share capital decrease to cover losses	(572.9)	-	-	572.9	-
Share capital increase	17.0	-	-	152.6	169.6
Equity 31.12.	**17.0**	**20.6**	**146.9**	**(725.4)**	**(540.9)**

Transaction costs of DKK 0m (2021: DKK 0.4m) have been recognised in Retained earnings under Share capital increase.

Cash flow statement – Parent Company

1 January – 31 December

DKKm	Note	2022	2021
Operating profit/(loss) (EBIT) before special items		**(109.0)**	**29.9**
Armortisation, depreciation and impairment losses		122.0	121.9
Special items paid/received		(24.9)	99.5
Working capital changes	3.9	(527.8)	(432.1)
Other non-cash adjustments		8.3	(65.2)
Interest income received		6.6	9.8
Interest expenses paid		(118.2)	(105.7)
Taxes paid		(0.2)	(0.2)
Cash flows from operating activities		**(643.2)**	**(342.1)**
Investment in intangible assets		(55.0)	(43.8)
Investment in right-of-use assets		(1.5)	(0.9)
Investment in property, plant and equipment		(9.9)	(7.0)
Sale of property, plant and equipment		1.0	-
Investment in subsidiaries		(30.3)	(79.7)
Loans to subsidiaries		28.6	31.3
Dividend from subsidiaries		41.6	22.2
Change in deposits		(0.9)	1.0
Cash flow from investing activities		**(26.4)**	**(76.9)**
Free cash flow		**(669.6)**	**(419.0)**
Share capital increase		-	169.6
Capital contribution		55.0	-
Repayment of lease liabilities	4.5	(52.0)	(69.4)
Proceeds from loans and borrowings	4.5	667.4	322.2
Cash flow from financing activities		**670.4**	**422.4**
Increase in cash and cash equivalents		**0.8**	**3.4**
Cash and cash equivalents at 1 January		5.0	1.6
Cash and cash equivalents at 31 December		**5.8**	**5.0**

Unutilised credit facilities for the Parent Company amounted to DKK 485.7m at 31 December 2022 (2021: DKK 611.7m).
The cash flow cannot be derived directly from the statement of profit or loss and the balance sheet.

1.1 General accounting policies

Accounting policies
The financial statements for Zebra A/S have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements applying to companies of reporting class C (large). Zebra A/S is a public limited company registered in Denmark.

The Parent Company generally applies the same accounting policies for recognition and measurement as the Group. Cases in which the Parent Company´s accounting policies differ from those of the Group are described below. For a detailed specification of the Parent Company´s accounting policies, please see note 1.1 to the consolidated financial statements.

Material misstatement
In 2022, the Executive Management concluded that the Parent Company incorrectly omitted the recognition of capitalised borrowing costs in 2021. Due to the significance of the matter, the matter has been corrected as a material misstatement by restating comparative figures and opening equity figures. Consequently, the comparatives and the equity as of 31 December 2021 have been restated in these financial statements.

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

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

Cases in which the Parent Company´s accounting policies differ from those of the Group
Foreign currency translation
Currency adjustments of receivables from, or payables to, subsidiaries which are considered part of the Parent Company´s total investment in the relevant subsidiary are recognised in the statement of profit or loss as financial income or financial expenses. In the consolidated financial statements, the currency adjustment is recognised in other comprehensive income.

Investment in subsidiaries and joint ventures in the Parent Company's financial statements
Investments in subsidiaries and joint ventures are measured at cost in the Parent Company's financial statements. If cost exceeds the recoverable amount of the investments, the investments are written down to such lower amount.

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

Reserve for capitalised developments costs
In accordance with the Danish Financial Statements Act, the Parent Company has established a non-distributable reserve in equity covering development costs capitalised in 2016 and later, less amortisation and tax.

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 Executive Management regards the following as the significant accounting estimates and assumptions used in the preparation of the Parent Company's financial statements:

Recoverable amount of investments in subsidiaries and joint ventures
All subsidiaries and joint ventures of the Group are considered independent cash-generating entities. If there is any indication of impairment of the carrying amount (cost) of investments in subsidiaries or joint ventures, the impairment loss is determined based on the calculation of the value-in-use of the relevant entity.

If dividends distributed exceed the comprehensive income of the relevant entity in the period for which dividend is distributed, this is considered an indication of impairment. If, in the consolidated financial statements, write-down of goodwill attributable to a subsidiary or a joint venture is recognised, this is also considered an indication of impairment.

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

Other significant accounting estimates, assumptions and uncertainties
For a description of other significant accounting estimates, assumptions and uncertainties, please refer to note 1.2 to the consolidated financial statements.

2.1 Revenue

Accounting policies
The Parent Company designs and purchases goods for the Group and sells the goods to all the group entities. Sales are recognised when control of products has transferred upon delivery to the group entity. Delivery occurs when the goods have been shipped from the central warehouses.

Revenue is recognised based on the price specified in the invoice. No element of financing is deemed present as the sales are made with a credit term of mainly 14 days.

A receivable is recognised when the goods are delivered. Please refer to note 3.5 for information on receivables from subsidiaries and recognition of impairment losses.

The Parent Company operates the Group's retail stores in Denmark.

Revenue from franchisees 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 Parent Company's central warehouses. Revenue from the sale is recognised based on the price specified in the contract. The payment terms for the franchise partners are 14-30 calendar days from franchisee's receipt of such invoices. The price is not adjusted for any financing elements as payment terms never exceed 12 months. A receivable is recognised when the goods are delivered.

Except for damage claims, the franchisees have no rights of return.

The below figures include franchise fees and royalties of DKK 12.3m (2021: DKK 1.3m).

Please refer to note 2.1 to the consolidated financial statements for more information.

DKKm	2022	2021
Retail sale	280.6	247.5
Wholesale, affiliated entities	1,856.7	1,539.5
Franchise	78.8	27.4
Total	**2,216.1**	**1,814.4**

2.2 Staff costs

DKKm	2022	2021
Salaries and wages	239.0	227.0
Pension contributions	27.9	25.5
Other social security costs	1.5	1.3
Other staff costs	12.3	9.6
Total	**280.7**	**263.4**
Capitalised salaries and wages related to development projects	(1.7)	(4.4)
Recognised in the statement of profit or loss	**279.0**	**259.0**
Average number of full-time equivalents	**495**	**469**

Remuneration for the Executive Management and the Board of Directors		
Total remuneration, Executive Management	10.9	10.8
Total remuneration, Board of Directors	-	0.2
Total	**10.9**	**11.0**

Remuneration for the Executive Management and the Board of Directors		
Salaries and wages	9.9	10.0
Pensions	1.0	1.0
Total	**10.9**	**11.0**

2.3 Special items

DKKm	2022	2021
Transformation programme	14.2	11.7
Costs related to the fire on the vessel Maersk Honam	(0.6)	(2.9)
Insurance compensation	-	(18.0)
Strategic initiatives regarding our global footprint	7.6	8.6
Change of ownership	-	3.3
Sea freight dispute and other legal costs	9.9	3.6
Total	**31.1**	**6.3**

2.4 Income taxes and deferred tax

Significant accounting estimates and judgments
The Parent Company recognises deferred tax assets, including the expected tax value of tax losses carry forward, if the Executive Management assesses that these tax assets can be offset against positive taxable income within the Parent Company's budgeting period that exceeds realisation of deferred tax liabilities. 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 74.0m (2021: DKK 30.9m) in tax assets can be offset against positive taxable income in the near future. An amount of DKK 416.0m (2021: DKK 408.0m) in tax assets has been impaired at year-end 2022. The impairment had a positive effect on profit or loss of DKK 4.1m in 2022 (2021: a positive effect of DKK 7.8m). The tax asset is impairment tested considering expected income for the period 2023 to 2027.

However, the amount of tax assets not shown on the balance can still be carried forward to be offset against future taxable income after the budgeting period. Of the total deferred tax assets recognised, DKK 53.4m (2021: DKK 23.6m) is related to tax loss carry-forwards.

Tax costs

DKKm	2022	2021
Current tax	-	(0.1)
Change in deferred tax during the year	(36.7)	(9.5)
Adjustment to deferred tax concerning previous years	(3.3)	-
Impairment of deferred tax	(4.1)	(7.8)
Total	**(44.1)**	**(17.4)**

Tax reconciliation

DKKm	2022	2021
Loss before tax	(166.6)	(2.2)
Calculated 22.0% on loss before tax	(36.7)	(0.5)
Tax effect from:		
Withholding taxes	-	(0.1)
Non-taxable income and non-deductible expenses	-	(9.0)
Adjustments concerning previous years	(3.3)	-
Impairment of deferred tax	(4.1)	(7.8)
Total	**(44.1)**	**(17.4)**
Effective tax rate	**26.5%**	**790.9%**

Effective tax rate adjusted for non-taxable income from investments in subsidiaries is 21.2% (2021: 71.3%).

Deferred tax

DKKm	2022	2021
Deferred tax assets	74.0	30.9
Total	**74.0**	**30.9**

2.4 Income taxes and deferred tax (continued)

DKKm	Deferred tax 01.01.	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Deferred tax 31.12.
2022					
Intangible assets	37.6	10.9	-	-	48.5
Right-of-use assets	(60.2)	(8.6)	-	-	(68.8)
Property, plant and equipment	17.7	(0.5)	-	-	17.2
Inventories	8.1	1.7	-	-	9.8
Lease liabilities	67.4	10.1	-	-	77.5
Receivables from subsidiaries	2.6	(0.8)	-	-	1.8
Foreign exchange hedging	(5.8)	-	11.1	-	5.3
Tax losses to be carried forward	328.1	11.9	-	-	340.0
Valuation allowances	(408.0)	4.1	-	(12.1)	(416.0)
Interest limitation balance	21.0	8.4	-	-	29.4
Other	22.4	6.9	-	-	29.3
Deferred tax	**30.9**	**44.1**	**11.1**	**(12.1)**	**74.0**
2021					
Intangible assets	28.0	9.6	-	-	37.6
Right-of-use assets	(72.7)	12.5	-	-	(60.2)
Property, plant and equipment	16.1	1.6	-	-	17.7
Inventories	21.1	(13.0)	-	-	8.1
Lease liabilities	78.5	(11.1)	-	-	67.4
Receivables from subsidiaries	7.9	(5.3)	-	-	2.6
Foreign exchange hedging	6.8	-	(12.6)	-	(5.8)
Tax losses to be carried forward	319.5	8.6	-	-	328.1
Valuation allowances	(412.5)	4.5	-	-	(408.0)
Interest limitation balance	14.2	6.8	-	-	21.0
Other	19.3	3.1	-	-	22.4
Deferred tax	**26.2**	**17.3**	**(12.6)**	**-**	**30.9**

2.5 Other operating income

Other operating income

DKKm	2022	2021
Government grants	3.6	77.7
Other	0.1	1.3
Total	**3.7**	**79.0**

3.1 Intangible assets

DKKm	Goodwill	Trademarks	Licenses and software	Intangible assets in progress	Total
2022					
Cost 01.01.	5.0	0.8	370.1	29.0	404.9
Additions	-	-	0.1	-	0.1
Additions, internal development	-	-	-	54.9	54.9
Transfer	-	-	70.2	(70.2)	-
Disposals	-	-	(8.1)	-	(8.1)
Cost 31.12.	**5.0**	**0.8**	**432.3**	**13.7**	**451.8**
Amortisation 01.01.	-	(0.3)	(180.1)	-	(180.4)
Amortisation	-	(0.1)	(45.8)	-	(45.9)
Disposals	-	-	4.9	-	4.9
Amortisation 31.12.	**-**	**(0.4)**	**(221.0)**	**-**	**(221.4)**
Carrying amount 31.12.	**5.0**	**0.4**	**211.3**	**13.7**	**230.4**
2021					
Cost 01.01.	5.0	0.8	335.2	20.4	361.4
Additions	-	-	2.3	-	2.3
Additions, internal development	-	-	0.5	41.0	41.5
Transfer	-	-	32.4	(32.4)	-
Disposals	-	-	(0.3)	-	(0.3)
Cost 31.12.	**5.0**	**0.8**	**370.1**	**29.0**	**404.9**
Amortisation 01.01.	-	(0.1)	(138.4)	-	(138.5)
Amortisation	-	(0.2)	(41.1)	-	(41.3)
Impairment losses	-	-	(0.9)	-	(0.9)
Disposals	-	-	0.3	-	0.3
Amortisation 31.12.	**-**	**(0.3)**	**(180.1)**	**-**	**(180.4)**
Carrying amount 31.12.	**5.0**	**0.5**	**190.0**	**29.0**	**224.5**

Net loss from disposals of intangible assets amounts to DKK 3.2m (2021: DKK 0m).

3.2 Right-of-use assets and lease liabilities

Right-of-use assets

DKKm	Property	Cars	Other equipment	Total
2022				
Carrying amount 01.01.	286.3	0.3	-	286.6
Additions	45.2	0.8	-	46.0
Adjustment due to remeasurement of lease liabilities	68.8	-	-	68.8
Disposals	(0.1)	-	-	(0.1)
Depreciation	(62.2)	(0.3)	-	(62.5)
Carrying amount 31.12.	**338.0**	**0.8**	**-**	**338.8**

DKKm	Property	Cars	Other equipment	Total
2021				
Carrying amount 31.12.2020	343.0	0.6	0.5	344.1
Effect from 2021 amendment to IFRS 16	(14.3)	-	-	(14.3)
Carrying amount 01.01.	328.7	0.6	0.5	329.8
Additions	8.9	-	-	8.9
Adjustment due to remeasurement of lease liabilities	17.0	-	-	17.0
Disposals	(0.2)	-	-	(0.2)
Depreciation	(68.1)	(0.3)	(0.5)	(68.9)
Carrying amount 31.12.	**286.3**	**0.3**	**-**	**286.6**

Net loss from selling right-of-use assets amounts to DKK 0.1m (2021: DKK 0.2m).

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

Lease liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2022					
Lease liabilities	77.1	255.9	61.2	394.2	353.1
2021					
Lease liabilities	66.7	191.2	70.4	328.3	299.8

	2022	2021
Non-current liabilities	289.1	241.7
Current liabilities	64.0	58.1
Total	**353.1**	**299.8**

Amounts recognised in profit or loss

DKKm	2022	2021
Depreciation charge of right-of-use assets	62.5	68.9
Interest expense on lease liabilities (included in finance cost)	11.3	10.1
Expense relating to short-term and low value leases (included in other external expenses)	0.1	0.1
Expense relating to variable lease payments (included in other external expenses)	3.3	5.4
Income from subleasing right-of-use assets (included in other external expenses)	5.8	4.0

The total cash outflow for leases in 2022 was DKK 65.8m (2021: DKK 85.0m).

At 31 December 2022, the Parent is committed to DKK 0m (2021: DKK 0m) for short term and low value leases.

The effect from COVID-19 related rent concession in 2022 was DKK 0m (2021: DKK 1.4m), which has been included in other external expenses.

3.3 Property, plant and equipment

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
2022					
Cost 01.01.	30.3	32.6	43.9	-	106.8
Additions	2.5	1.4	6.0	-	9.9
Disposals	-	(0.7)	(1.6)	-	(2.3)
Cost 31.12.	**32.8**	**33.3**	**48.3**	**-**	**114.4**
Depreciation 01.01.	(23.6)	(30.6)	(21.1)	-	(75.3)
Depreciation	(2.5)	(1.4)	(6.7)	-	(10.6)
Disposals	-	0.7	0.9	-	1.6
Depreciation 31.12.	**(26.1)**	**(31.3)**	**(26.9)**	**-**	**(84.3)**
Carrying amount 31.12.	**6.7**	**2.0**	**21.4**	**-**	**30.1**
2021					
Cost 01.01.	34.0	36.9	31.2	7.7	109.8
Additions	1.1	0.1	5.8	-	7.0
Transfers	-	-	7.7	(7.7)	-
Disposals	(4.8)	(4.4)	(0.8)	-	(10.0)
Cost 31.12.	**30.3**	**32.6**	**43.9**	**-**	**106.8**
Depreciation 01.01.	(25.5)	(32.9)	(16.3)	-	(74.7)
Depreciation	(2.7)	(2.0)	(5.4)	-	(10.1)
Impairment losses	-	-	(0.2)	-	(0.2)
Disposals	4.6	4.3	0.8	-	9.7
Depreciation 31.12.	**(23.6)**	**(30.6)**	**(21.1)**	**-**	**(75.3)**
Carrying amount 31.12.	**6.7**	**2.0**	**22.8**	**-**	**31.5**

Net gain/loss from selling or scrapping of property, plant and equipment amounts to DKK 0.3m (2021: DKK -0.3m).

3.4 Investment in subsidiaries and joint ventures

Accounting policies
Investments in subsidiaries and joint ventures are measured at cost in the Parent Company's financial statements. If cost exceeds the recoverable amount of the investments, the investments are written down to such lower amount.

In connection with the sale of investments in subsidiaries and joint ventures, 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 impairment tests are based on value-in-use (discounted cash flow method) using projected EBITDA's for the period 2023-2025. An assumed growth rate of 1% has been applied for the period 2026-2032. The country specific pre-tax WACC is in the range of 11%-17% (2021: 14%-17%). The impairment tests show an impairment loss for the investment in four entities (2021: three entities).

Zebra Japan K.K.
The investment in joint ventures in 2021 and 2022 consisted of the investment in Zebra Japan K.K., which promotes and sells products from Flying Tiger Copenhagen on the Japanese market.

The carrying amount of the investment is tested annually for impairment, however the impairment test in 2022 did not show any need for additional impairment losses. Prior years impairment losses of DKK 18.0m have been reversed in 2022 as no impairment indicators existed due to improved expected profitability in the joint venture.

The applied assumptions are disclosed in note 3.4 to the Consolidated Financial Statements.

3.4 Investment in subsidiaries and joint ventures (continued)

DKKm	Investment in subsidiaries	Investment in joint ventures	Total
2022			
Cost 01.01.	1,302.6	53.1	1,355.7
Additions	57.1	-	57.1
Cost 31.12.	**1,359.7**	**53.1**	**1,412.8**
Impairment losses 01.01.	(211.9)	(18.0)	(229.9)
Impairment losses during the year	(38.8)	-	(38.8)
Reversal of prior years impairment losses	-	18.0	18.0
Impairment losses 31.12.	**(250.7)**	**-**	**(250.7)**
Carrying amount 31.12.	**1,109.0**	**53.1**	**1,162.1**
2021			
Cost 01.01.	1,057.5	53.1	1,110.6
Additions	259.1	-	259.1
Disposals	(48.7)	-	(48.7)
Transferred from assets held for sale	34.7	-	34.7
Cost 31.12.	**1,302.6**	**53.1**	**1,355.7**
Impairment losses 01.01.	(187.8)	(18.0)	(205.8)
Impairment losses during the year	(38.1)	-	(38.1)
Disposals	48.7	-	48.7
Transferred from assets held for sale	(34.7)	-	(34.7)
Impairment losses 31.12.	**(211.9)**	**(18.0)**	**(229.9)**
Carrying amount 31.12.	**1,090.7**	**35.1**	**1,125.8**

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

3.5 Receivables from subsidiaries

Accounting policies
Receivables from subsidiaries consists of receivables from trade as well as intercompany loans and cash pools. The receivables are measured at amortised cost less expected lifetime credit losses. The maximum credit risk is equal to the gross receivables as the Parent Company has no collateral security.

The expected loss rates are based on days past due and whether a receivable concerns the sale of goods or a loan. Current expectations and estimates of expected credit losses are furthermore based on historic impairment rates, change in debtor behaviour, and current economic conditions.

Expected credit losses are based on an individual assessment of each receivable and at portfolio level. Additionally, the current macroeconomics is characterised by a high degree of uncertainty and caution due to ongoing geopolitical tensions. The consequences of rising inflation rates and rising prices, is taken into account when estimating future loss.

Receivables written off during the reporting period are still subject to enforcement activity.

Impairment losses relating to trade receivables are deducted from the carrying amount and are recognised in the statement of profit or loss in the separate line 'Impairment loss and reversals of impairment loss on receivables from subsidiaries'. Impairment losses relating to intercompany loans are deducted from the carrying amount and are recognised in the statement of profit or loss 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 12 months after the reporting period exists.

Significant accounting estimates and judgments
If a subsidiary's financial conditions deteriorates, further impairment losses may be required in future periods. In assessing the adequacy of expected credit losses, the Executive Management analyses receivables, including overdue debt, current economic conditions and changes in debtor's payment behaviour.

The assessment of expected lifetime credit losses on receivables from subsidiaries resulted in recognition of an impairment loss in 2022 of DKK 2.2m (2021: DKK 13.8m). The impairment losses in 2022 relate to intercompany receivables from two entities (2021: three entities). In 2022, an amount of DKK 17.9m (2021: DKK 97.0m) regarding previous years provisions were reversed as the outstanding intercompany amount was no longer considered impaired.

		Due between (days)			
DKKm	Not fallen due	1–30	31–90	>91	Total
2022					
Intercompany loans (interest-bearing)	131.8	-	-	-	131.8
Trade receivables	396.7	2.8	0.1	-	399.6
Impairment losses	(58.2)	(0.1)	(0.1)	-	(58.4)
Receivables from subsidiaries	**470.3**	**2.7**	**-**	**-**	**473.0**
Proportion of the total receivables expected to be settled					89.0%
Impairment rate	11.0%	3.6%	100.0%	0.0%	11.0%
2021					
Intercompany loans (interest-bearing)	172.0	-	-	-	172.0
Trade receivables	215.0	16.8	13.1	10.7	255.6
Impairment losses	(73.9)	-	(0.1)	(0.1)	(74.1)
Receivables from subsidiaries	**313.1**	**16.8**	**13.0**	**10.6**	**353.5**
Proportion of the total receivables expected to be settled					82.7%
Impairment rate	19.1%	0.0%	0.8%	0.9%	17.3%

3.5 Receivables from subsidiaries (continued)

DKKm	2022	2021
Impairment losses 01.01.	**(74.1)**	**(157.3)**
Reversed impairment losses recognised in the statement of profit or loss under 'Impairment loss and reversals of impairment loss on receivables from subsidiaries'	3.9	33.5
Reversed impairment losses recognised in the statement of profit or loss under 'Financial income'	14.0	63.5
Impairment, during the year recognised in the statement of profit or loss under 'Impairment loss and reversals of impairment loss on receivables from subsidiaries'	(0.2)	(9.4)
Impairment, during the year recognised in the statement of profit or loss under 'Financial expenses'	(2.0)	(4.4)
Impairment losses 31.12.	**(58.4)**	**(74.1)**

3.6 Inventories

The provision for write-downs has been made in the Group to reflect that write-downs materialise in the local companies except for the provision related specific to Zebra A/S.

The Executive Management has considered the recoverability of the inventory value and has recognised inventory write-downs of DKK 44.7m during 2022 (2021: DKK 36.9m) due to a combination of lower sales in connection with COVID-19 and a commercial assessment of the future assortment.

The reversal of DKK 3.6m (2021: DKK 46.0m) in provision for write-downs is driven by products being life-extended and re-introduced in the stores due to global supply chain constraints caused by COVID-19.

DKKm	2022	2021
Finished goods	593.6	424.2
Write-downs	(44.7)	(36.9)
Total	**548.9**	**387.3**
Write-downs 01.01.	(36.9)	(95.8)
Write-downs, during the year	(30.3)	(21.8)
Write-downs, utilised during the year	18.9	34.7
Write-downs, reversed during the year	3.6	46.0
Write-downs 31.12.	**(44.7)**	**(36.9)**

The carrying amount of inventories at fair value less cost to sell amounts to DKK 0m (2021: DKK 0m).

3.7 Other provisions

DKKm	2022	2021
Provisions 01.01.	70.2	76.5
Provisions, during the year	8.9	0.2
Provisions, utilised	(0.3)	(3.4)
Provisions, reversed during the year	-	(3.1)
Provisions 31.12.	**78.8**	**70.2**
Non-current provisions	77.8	69.8
Current provisions	1.0	0.4
Total	**78.8**	**70.2**

Other provisions relate mainly to restoration obligations in connection with vacating leased premises as well as a provision to cover the bank debt in entities where there is a risk that debt will be overtaken by the Parent Company. Other provisions 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.

3.8 Other payables

DKKm	2022	2021
VAT and other indirect taxes	31.8	14.5
Employee costs	58.4	64.6
Other	8.2	15.7
Total	**98.4**	**94.8**

3.9 Working capital changes

DKKm	2022	2021
Change in inventories	(169.4)	40.6
Change in receivables from subsidiaries	(172.5)	(249.0)
Change in receivables from joint ventures	0.6	(3.9)
Change in trade receivables	7.5	(9.6)
Change in other receivables	(204.1)	(142.7)
Change in prepayments	(0.6)	(3.8)
Change in trade payables	14.1	104.7
Change in payables to subsidiaries	(9.7)	(124.0)
Change in payables to shareholders	8.8	-
Change in other payables	(2.5)	(44.4)
Total	**(527.8)**	**(432.1)**

4.1 Share capital

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

4.2 Financial liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2022					
Financial liabilities					
Bank debt	285.3	1,676.2	-	1,961.5	1,730.8
Loan from shareholders	-	-	125.0	125.0	125.0
Other loans	18.1	-	-	18.1	18.0
Lease liabilities	77.1	255.9	61.2	394.2	353.1
Deferred considerations	53.2	28.4	-	81.6	81.6
Derivative financial instruments	41.1	-	-	41.1	41.1
Trade payables	476.8	-	-	476.8	476.8
Amounts payable to subsidiaries	1,285.7	-	-	1,285.7	1,285.7
Amounts payable to shareholders	8.8	-	-	8.8	8.8
Other payables	98.4	-	-	98.4	98.4
Total	**2,344.5**	**1,960.5**	**186.2**	**4,491.2**	**4,219.3**
2021					
Financial liabilities					
Bank debt	112.6	1,690.9	-	1,803.5	1,595.3
Loan from shareholders	-	-	125.0	125.0	125.0
Other loans	30.5	21.0	-	51.5	51.5
Lease liabilities	66.7	191.2	70.4	328.3	299.8
Deferred considerations	40.5	50.6	-	91.1	91.1
Derivative financial instruments	1.9	-	-	1.9	1.9
Trade payables	473.8	-	-	473.8	473.8
Amounts payable to subsidiaries	718.1	-	-	718.1	718.1
Other payables	94.8	-	-	94.8	94.8
Total	**1,538.9**	**1,953.7**	**195.4**	**3,688.0**	**3,451.3**

In the event of a change in ownership of Zebra A/S, the loan from shareholders will fall due.

The Parent Company has issued financial guarantees to the Japanese joint venture's bank and banking facilities, etc. for subsidiaries. Please refer to note 5.3 for further information on the issued financial guarantees, including the disclosed maximum amount of the guarantees. The disclosed issued financial guarantees can be called within one year.

4.3 Derivative financial instruments

Accounting policies
The Parent Company has entered into forward exchange contracts to hedge USD exchange risk related to procurement.

Please refer to note 4.4 to the consolidated financial statements for more information regarding hedging instruments and financial risks.

The Parent Company is granted call options over the ownership interests (not held by the Parent Company) in certain local subsidiaries. These options are measured at fair value through profit or loss.

Please refer to note 4.4 to the consolidated statements for more information regarding measurement and presentation of call options over the remaining ownership interests in certain subsidiaries.

4.4 Net financials

DKKm	2022	2021
Financial income		
Interest on financial assets measured at amortised cost	0.1	-
Interest from subsidiaries	6.6	9.4
Commission fee from subsidiaries	-	0.1
Gains on derivative financial instruments not designated as hedges	3.4	1.2
Reversal of impairment related to investment in joint ventures	18.0	-
Reversal of write-down of receivables from subsidiaries	14.0	63.5
Exchange rate adjustments, net	3.2	-
Total	**45.3**	**74.2**
Financial expenses		
Bank charges*	33.4	34.8
Interest on lease liabilities	11.3	10.1
Interest on financial liabilities measured at amortised cost	81.8	79.4
Interest to subsidiaries	3.6	-
Losses on derivative financial instruments not designated as hedges	6.3	3.7
Impairment losses on investment in subsidiaries	38.9	38.1
Write-down of receivables from subsidiaries	2.0	4.4
Exchange rate adjustments, net	-	9.5
Total	**177.3**	**180.0**
Net financials	**(132.0)**	**(105.8)**

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

4.5 Liabilities arising from financing activities

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

DKKm	Liabilities 01.01.	Cash movements financing activities	Cash movements operating activities	Non-cash movements	Liabilities 31.12.
2022					
Financial liabilities					
Bank debt	1,595.3	123.6	-	11.9	1,730.8
Loan from shareholders	125.0	-	-	-	125.0
Other loans	51.5	(33.5)	-	-	18.0
Lease liabilities	299.8	(52.0)	-	105.3	353.1
Amounts payable to subsidiaries	718.1	577.3	(9.7)	-	1,285.7
Total	**2,789.7**	**615.4**	**(9.7)**	**117.2**	**3,512.6**
2021					
Financial liabilities					
Bank debt	1,606.2	(29.9)	-	19.0	1,595.3
Loan from shareholders	-	-	-	125.0	125.0
Other loans	28.4	148.1	-	(125.0)	51.5
Lease liabilities	358.5	(69.4)	-	10.7	299.8
Amounts payable to subsidiaries	533.6	204.0	(124.0)	104.5	718.1
Total	**2,526.7**	**252.8**	**(124.0)**	**134.2**	**2,789.7**

5.1 Fees to statutory auditor

DKKm	2022	2021
EY		
Statutory audit of financial statements	2.4	1.5
Other assurance engagements	-	0.5
Tax advisory services	0.1	0.1
Other services	1.0	0.1
Total	**3.5**	**2.2**

5.2 Related parties

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

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

The Parent Company has had the following transactions with related parties:

DKKm	Subsidiaries	Joint ventures	Total
2022			
Sale of goods	1,773.5	70.1	1,843.6
Royalties and service fees	-	13.4	13.4
Licenses	2.0	0.1	2.1
Dividends received	41.6	-	41.6
Interests income	6.6	-	6.6
Interests expenses	(3.6)	-	(3.6)
2021			
Sale of goods	1,459.8	66.5	1,526.3
Royalties and service fees	-	12.6	12.6
Licenses	1.7	0.1	1.8
Dividends received	22.2	-	22.2
Interests	9.4	-	9.4
Commitment and facility fees on loans	0.1	-	0.1

On the 10 February 2021, the share capital was reduced from DKK 572.9m to DKK 0m to cover losses. Following the reduction, Zebra Lux Holding S.à.r.l. injected new capital amounting to DKK 170.0m, including share premium, into Zebra A/S. On the same date 100% of the share capital was sold to Treville X Holding ApS.

Treville X Holding ApS holds a claim against Zebra A/S of DKK 125.0m. The loan is unsecured and does not carry any interests or installments. The loan is presented under Loan from shareholders in the balance sheet.

Zebra A/S has included an amount of DKK 7.0m excluding VAT in other external expenses related to services from Treville X Partners ApS, which is payable at 31 December 2022.

Remuneration paid to members of the Executive Management and the Board of Directors is included in note 2.2.

5.2 Related parties (continued)

Amounts receivable/payable with related parties

DKKm	2022	2021
Receivables from subsidiaries, non-current	52.5	23.5
Receivables from subsidiaries, current	420.5	330.0
Receivables from joint ventures	5.2	5.8
Amounts payable to subsidiaries	(1,285.7)	(718.1)
Amounts payable to shareholders	(8.8)	-
Loan from shareholders	(125.0)	(125.0)
Total	**(941.3)**	**(483.8)**

The amounts outstanding are unsecured and will be settled in cash. Please refer to note 3.5 regarding impairment loss on receivables from subsidiaries.

In addition, the Parent Company has issued letters of support in favour of certain subsidiaries. Please refer to note 5.3 for more information on guarantees.

5.3 Guarantee commitments and contingent liabilities

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

Other guarantees
The Parent Company has provided a guarantee to the Japanese joint venture's bank which amounts to a maximum of DKK 76.7m (2021: DKK 82.7m). At 31 December 2022, the guaranteed amount constituted DKK 76.7m (2021 DKK 82.7m).

The Parent Company has guaranteed or provided guarantees for banking facilities, lease liabilities, etc. for subsidiaries amounting to a total of DKK 56.5m (2021: DKK 67.1m).

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

The Parent Company has also provided surety for debt in certain subsidiaries amounting to a total of DKK 130.0m (2021: DKK 130.0m). Furthermore, the Parent Company has provided the banks behind the credit facilities with a preference to receivables in certain subsidiaries which amount to a maximum of DKK 20.0m (2021: DKK 20.0m).

The Parent Company has issued letters of support in favour of certain subsidiaries.

Contractual obligation
Contractual obligations related to service contracts amounted to DKK 23.4m (2021: DKK 44.0m). Aside from liabilities recognised in the balance sheet, no significant losses are expected to incur as a result of contractual obligations.

Joint taxation
The Parent Company is jointly taxed with the Danish entities within the Treville X Partners Group, with Treville X Partners ApS as the administrative company. The Parent Company is, together with the other Danish companies in the Treville X Partners Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties.

Pledged assets
A letter of indemnity (company charge) of nominal DKK 30.0m (2021: DKK 30.0m) has been deposited by the Parent Company as security for the Parent Company's bank debt.

Bank debt is secured by a mortgage of nominal DKK 25.0m deposited by the Parent Company on assets, including the Parent Company's goodwill, leasehold rights and furniture (2021: DKK 25.0m).

The carrying amount of pledged assets is stated below:

DKKm	2022	2021
Pledged assets		
Goodwill	5.0	5.0
Leasehold rights, included in right-of-use assets	5.4	5.5
Trademarks	0.4	0.5
Leasehold improvements	6.7	6.7
Other equipment	21.4	22.8
Store furniture	2.0	2.0
Investments in subsidiaries	744.7	744.7
Inventories	548.9	387.3
Receivables	429.0	346.7
Total	**1,763.5**	**1,521.2**

5.4 Events after the balance sheet date

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

Management statement

The Board of Directors and the Executive Management have today discussed and approved the annual report of Zebra A/S for the financial year 2022.

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

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

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

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

Copenhagen, 27 April 2023

Executive Management

Martin Jermiin
CEO

Christian Kofoed H. Jakobsen
CFO

Board of Directors

Nikolaj Vejlsgaard
Chairman

Casper Lykke Pedersen

Lars Thomassen

Independent Auditor's report

To the shareholders of Zebra A/S

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

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

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

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

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

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

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

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with 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, 27 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
mne 21332

Thomas Bruun Kofoed
State Authorised
Public Accountant
mne 28677

Zebra A/S Strandgade 71–73, DK 1401 Copenhagen K, Denmark
Central Business Registration. No: 15690488. www.flyingtiger.com

Backpack