Zebra A/S

Annual Report 2023

flying tiger copenhagen

A richer life doesn't cost a fortune

flying tiger copenhagen

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We are proud to support 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 2023. 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'.

Across Borders and Cultures

Zebra A/S, the Parent Company of the Flying Tiger Copenhagen stores, is a variety retailer founded in Denmark in 1988.

All stores are internationally marketed under the Flying Tiger Copenhagen brand name but operated under three different business models: Markets that are 100% owned and operated by Zebra A/S, markets that are operated with a partner and finally our franchise markets, operated by strong strategic partners.

In 2023, we launched four new markets with our franchise partners in the Philippines, Indonesia, Kuwait, and Qatar. These store openings are great testaments to how our brand and products stay relevant no matter where you go, across borders and cultures.

Flying Numbers

REVENUE

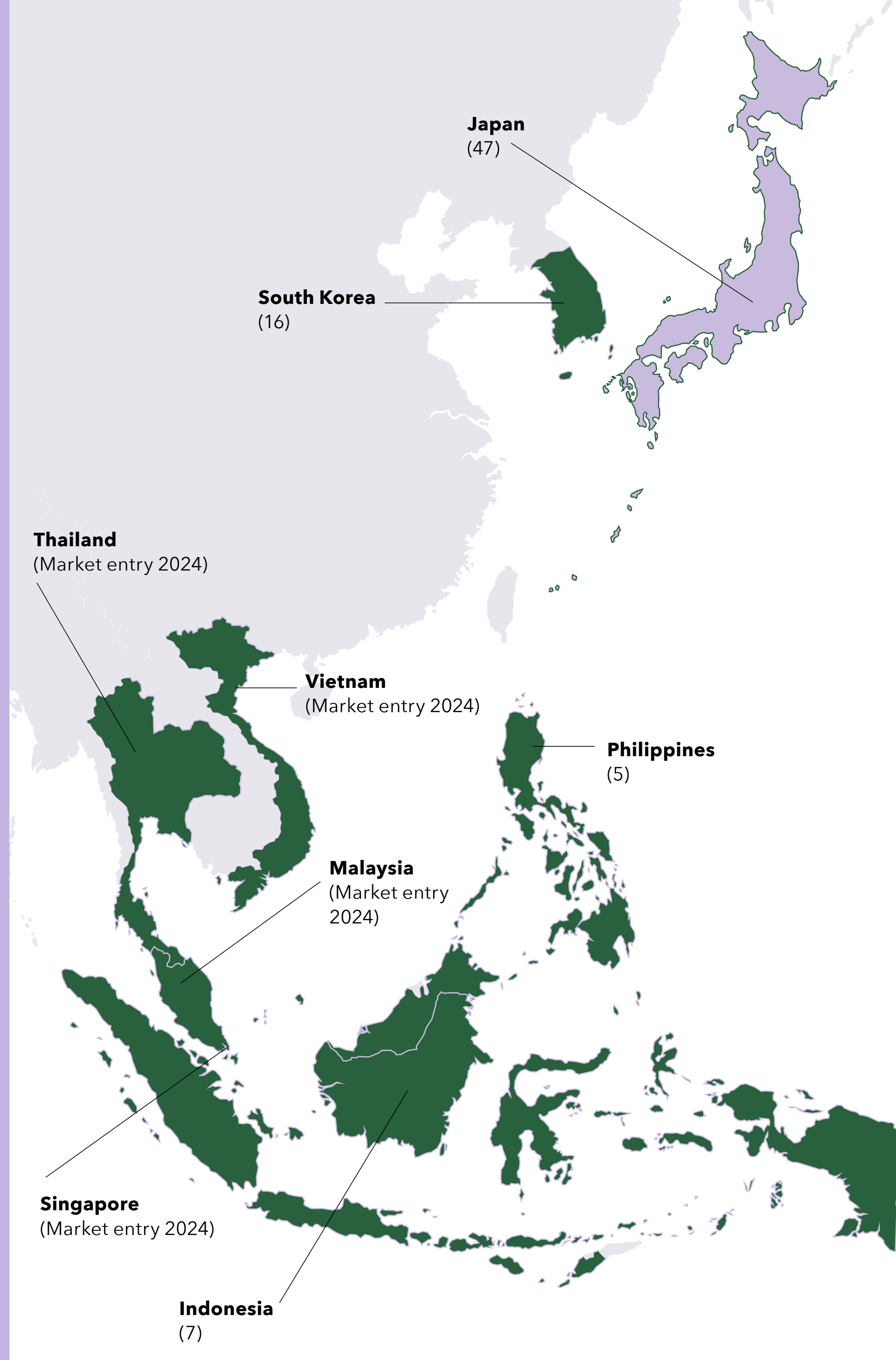
4,967
DKKm

COUNTRIES

35
(Including franchise)

STORES

926
(Including franchise)



Message from Executive Management

We are immensely proud to call 2023 the best year ever for Flying Tiger Copenhagen. A manifestation of our joint achievements resulting from growth through like-for-like, store openings and new market introductions, as well as building an even stronger brand position and operational foundation. 2023 stands out as a milestone year indicative of the effectiveness of our overarching strategy. Furthermore, our core business in Europe is rock solid, enabling us to move even faster into new markets in the years ahead.

Executing our strategic priorities was the main focus in 2023. With our eyes firmly set on commercial strategy and planning, retail operations, digital engagement and international franchise growth, we continued to improve operating performance in existing markets and our store portfolio.

Staying relevant is key, both in our core range and also in our campaigns throughout the year. Again, we proved highly successful in welcoming both existing and new customers to our universe.

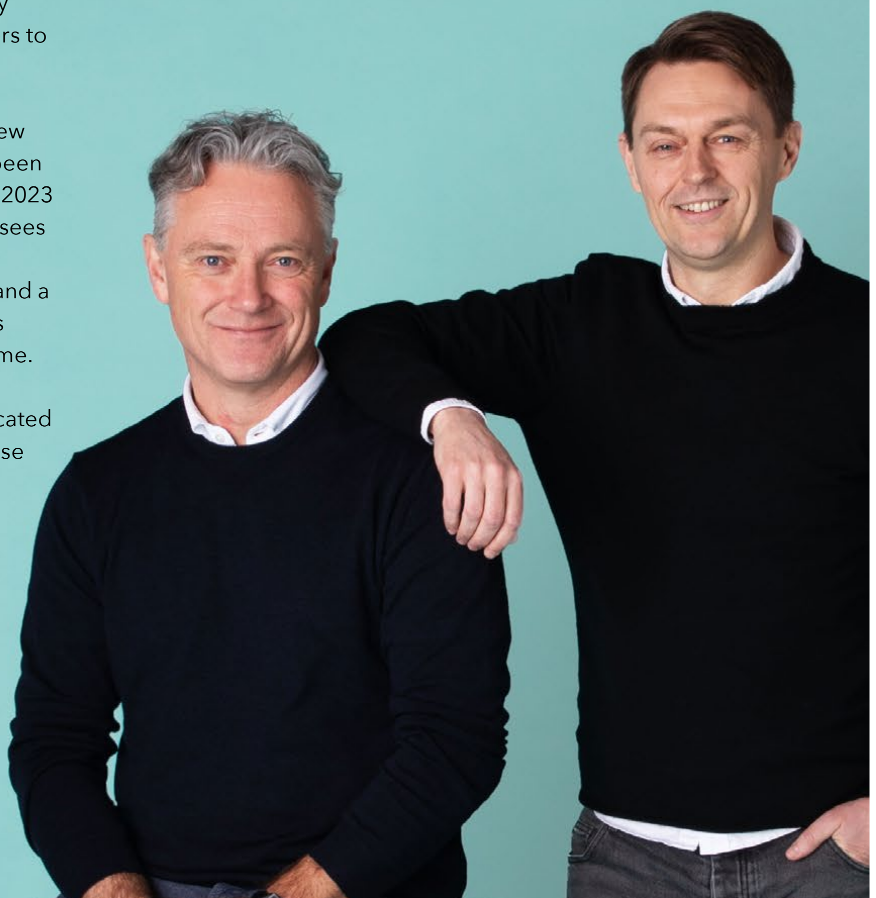
We are happy to share our growth and expansion into new markets, a major pillar of our strategy. Focus has so far been on the Middle East and selected Asian countries, and in 2023 we signed partner agreements with three leading franchisees covering four markets: Kuwait, Qatar, the Philippines and Indonesia. 16 new stores have opened in these markets, and a firm commitment from our franchise partners means this number will only increase significantly in the years to come. The awesome kick-off across all franchise markets has exceeded even our wildest expectations and a very dedicated customer base has already been established. Six franchise partnerships have now resulted in 72 stores in eight markets, and new partners and new markets are on the way. A regional office was opened in Singapore in 2023 to facilitate operations in distant markets and to be closer to customers.

We strongly believe that our strategy represents a prosperous path forward with a unique and sustainable concept. Most importantly though, we are privileged to be surrounded by passionate and tireless people who have demonstrated a unique ability to operate, optimise, develop and grow the business in both existing and new markets.

Having a successful year behind us and a robust strategy in place has garnered interest from potential investors and prompted our majority shareholder to explore potential avenues for welcoming a new minority investor who could contribute to accelerating the execution of our strategy.

All in all, 2023 has been a year that on many different levels gives us reason to be highly confident about the present and optimistic about the future for Flying Tiger Copenhagen.

/ Christian Kofoed H. Jakobsen (CFO) & Martin Jermiin (CEO)



Key Figures

DKKm	2023	2022	2021[5]	2020[5]	2019[5]
Statement of profit or loss					
Revenue	4,967.3	4,752.1	3,812.5	3,472.5	5,325.2
Gross profit	3,132.5	2,906.1	2,346.6	1,651.0	3,216.4
EBITDA before special items	**1,121.4**	**1,028.2**	**952.2**	**112.1**	**1,118.0**
Adjusted EBITDA[2]	430.4	376.5	236.3	(712.7)	326.1
EBIT	289.7	259.5	266.0	(849.4)	(24.9)
Result from financial items	(204.9)	(151.4)	(156.2)	(380.4)	(98.3)
Profit/(loss) for the year from continuing operations	24.3	64.8	93.2	(1,415.9)	(144.3)
Profit/(loss) for the year from discontinued operations[5]	-	-	-	(126.4)	(79.3)
Profit/(loss) for the year	24.3	64.8	92.2	(1,542.3)	(223.6)
Financial position at 31 December					
Invested capital[6]	2,325.6	2,367.8	2,011.5	2,264.6	3,496.9
Investment in property, plant and equipment and right-of-use assets	289.3	294.3	197.1	159.5	317.3
Total assets	4,688.2	4,286.3	4,116.5	3,998.5	5,745.6
Net interest-bearing debt[1]	3,751.0	3,617.6	3,185.7	3,711.8	3,632.4
Net interest-bearing debt excluding lease liabilities	1,728.0	1,784.9	1,422.4	1,671.8	1,119.2
Pro forma adjusted equity[3]	(645.6)	(531.9)	(486.6)	(714.0)	563.7
Equity	(1,352.6)	(1,295.8)	(1,245.6)	(1,458.9)	180.1
Cash flow					
Free cash flow	810.9	298.3	761.9	20.6	620.3
Key ratios					
Revenue growth	4.5%	24.6%	9.8%	(34.8)%	(2.9)%
Gross margin[1]	63.1%	61.2%	61.6%	47.5%	60.4%
EBITDA margin before special items[1]	22.6%	21.6%	25.0%	3.2%	21.0%
Profit/(loss) margin	0.5%	1.4%	2.4%	(40.8)%	(2.7)%
Comparable store sales growth[1, 7]	3.2%	23.0%	12.5%	(33.3)%	(6.5)%
Leverage[1]	3.3x	3.5x	3.3x	33.1x	3.2x
Number of stores, excl. franchise stores	854	842	858	891	949
Adjusted EBITDA margin[2]	8.7%	7.9%	6.2%	(20.5)%	6.1%
Pro forma consolidated financial information[4]					
Pro forma revenue	5,064.5	4,843.5	3,899.6	3,555.9	5,420.3
Pro forma adjusted EBITDA[2]	438.8	382.6	241.0	(713.5)	329.7
Pro forma adjusted EBITDA margin	8.7%	7.9%	6.2%	(20.1)%	6.1%

[1] Key figures are defined in 'Definition of Key Figures and Ratios' on page 137.

[2] Adjusted EBITDA and adjusted EBITDA margin excludes extraordinary write-downs (net) and scrapping of DKK 0m recognised in cost of sales (2022: DKK 0m, 2021: DKK 0m, 2020: DKK 0m and 2019: DKK 12.9m), special items, the impact of IFRS 16 and discontinued operations.

[3] The calculation of the pro forma adjusted equity is described in note 4.2.

[4] 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.

[5] 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 and 2019.

[6] Invested capital adjusted for the impact from IFRS 16 and discontinued operations amounts to DKK 464.7m (2022: DKK 686.5m, 2021: DKK 424.9m, 2020: DKK 381.6m and 2019: DKK 1,133.5m).

[7] 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)%.
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

We are Flying Tiger Copenhagen

'A richer life doesn't cost a fortune'. With this evocative phrase, we welcome all to our brand. Everyone from Copenhagen to Manila. Flying Tiger Copenhagen is all about creating bold, bright products to enrich people's lives at affordable prices. This is the absolute core purpose of our brand.

We cover more target groups, categories and occasions than most. Both because we do things distinctively and coherently, and because our customers know that they can always find modern everyday items and hot here-and-now pieces.

To keep our brand perception super sharp, we have created six brand stories to always revolve around. A litmus test in a world with more markets and touchpoints than ever:

We are Danish

We are diverse

We are planet-friendly

We are adventurous

We create affordable essentials

We create relevant newness

Our history: From Flea Market to International Retailer

The first Tiger store opened in Copenhagen in 1995 and here you could buy everything for a 'Ti'er', 10 Danish kroner. The Danish word for a ten-kroner coin is pronounced tee'-yuh, which sounds just like the Danish word for tiger. It all began at a flea market stall back in the 80s. Here our founder, Lennart Lajboschitz, sold umbrellas with his wife Suz. In 1988, the stall became Zebra, a brick-and-mortar-shop in their local Copenhagen neighbourhood known for its highly affordable umbrellas, sunglasses, socks and surplus goods. Zebra was later followed by the opening of Tiger as a new concept store, laying the foundation for Flying Tiger Copenhagen.

Product Design: Driven Directly from Copenhagen

Wide and versatile is how we describe our product range. It has to be since we cover more seasons, occasions, categories and even more target groups than most. Distinct design principles are required to make every product appear both appealing and connected to the rest of the assortment. Therefore, we have now refined and redefined our principles to make sure that all design campaigns are always on strategy and align with our six brand stories. Equally important to creating coherence across every product design is a well-defined visual toolbox. 'Re-occurring characters' is one of our new tools. This means that our design characters now have similar facial features, from Santa at Christmas to a smiling strawberry in spring. Each target group is defined by different colours and illustration styles, and new design typographies are introduced to elevate our product design.

Sourcing: Cultivating Long-Term Partnerships

In contrast to product selection, design, innovation and development, all mainly carried out in-house, our production is outsourced to external suppliers. While working under our supervision, they all of course commit to our Supplier Code of Conduct, Social Compliance, our ambitious sustainability and quality targets, and our ethical policies.

We have a long-term strategic partnership with our main suppliers and have defined clear, mutual objectives.

We maintain a close dialogue with our suppliers through sourcing operation offices – both to ensure a continued focus on improving our products and to address sustainability issues and social impacts throughout our value chain. A scorecard system allows us to grade each supplier's performance on several parameters.

Our supplier base is being constantly optimised, and our supply market is now expanding further into Southeast Asia.

Close monitoring and auditing of tier-1 suppliers and factories provide supply chain transparency. All products undergo a governance process, including BOM verification, testing programme, certification tracing and assessment of final product quality – all to ensure that suppliers meet and comply with quality and compliance requirements.

To ensure optimal product execution in our 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 if there are any discrepancies in targets or planning.

Logistics: Global Efficiency

In 2023, our logistics centres shipped more than 314,000,000 pieces in all to our stores. Not surprisingly, on-time deliveries are vital. Efficient logistics operations are simply highly essential to our business. To ensure scalable, cost-efficient and smooth operations in all our markets around the world, we work with several logistics service providers. In 2023, we successfully switched warehouse operators to Maersk, who now handles both our Shanghai warehouse and our ecommerce warehouse in Wrocław, Poland. Our Barcelona, Spain, and Northampton, United Kingdom, warehouses are operated by Dachser, while our fully automated warehouse in Greve, Denmark, remains internally operated.

Sustainability: Data-Driven Approach to a Circular Economy

Our approach to sustainability is highly data-driven, ambitious and based on the concept of the circular economy. We know that climate change and resource utilisation are extremely pressing topics, and we have developed data, targets, tools and processes to address them.

To more deeply understand our carbon footprint, we calculated our full Scope 1-3 CO_2 emissions for the first time in 2019 and have been refining our calculations and methodologies ever since. We have set ambitious, science-based reduction targets to reduce greenhouse gas emissions (scopes 1, 2, and 3). To ensure that our data handling and targets align with the Paris Agreement, we signed up to and were validated by the Science Based Targets initiative in 2021, becoming one of the very first retail companies to do so. In all four of our Science Based Targets we are ahead of trajectory. We have an overall target to reduce our emission intensity by 30% by 2026*. In 2023, we had already reached 24%.

In terms of both the circular economy and climate change, our focus is primarily on resource utilisation across products, packaging, logistics and stores.

We aim to minimise the use of plastic in our products and packaging materials while enhancing the use of renewable and highly recyclable materials one item at a time. This ensures both a lower carbon footprint and the use of more circular materials.

Brick-and-Mortar Stores: Elevating the Customer Experience

In 2023, we continued to optimise our store network and functions in order to strengthen our setup for solid future growth.

Located in high footfall sites on high streets or popular shopping malls, all our stores are leased in order to minimise upfront investments. Our stores typically range between 150 and 250 m² and appear open and light. All are laid out in a simple-to-navigate maze, enabling customers to find inspiration and explore our full range of products from A to Z. Ambient background music creates a welcoming atmosphere.

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

Our store employees play an important role in creating a positive customer experience. Their dedication and commitment to our concept are key to the customer shopping experience and the entire perception of our brand. So, a shout-out to all our store employees. You are a huge part of our success story and your daily interaction with thousands of customers means everything.

*Base year is 2019. Emission Intensity is calculated as overall kg's of GHG emissions per DKK gross profit.

This is why we prioritise the development and training of our staff – to ensure our customers always have a fun and inspiring experience.

Online Shopping: From Small-Scale Nordic to Pan-European

Growing our online presence and omnichannel approach is an important part of our strategy execution. 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 our online channel, we can now reach millions of customers in 22 countries.

Our Markets: Consolidation and Strong Partnerships

Not only do we have a strong presence across Europe and Asia, the Middle Eastern market is growing as well. We own and operate most of our European entities ourselves, i.e. 100% ownership. As part of our consolidation strategy, we have in recent years increased our share of fully owned entities, enabling us to increase the scale benefits for the organisation. We will continue to reap these scale benefits in the years ahead, and over time we will strive to consolidate the markets in Europe that are currently not fully owned.

Fully owned and operated entities currently comprise Denmark, Sweden, Norway, Finland, Iceland, the Baltic countries, the United Kingdom, Ireland, the Netherlands, Belgium, Poland, Italy, France, Germany, Greece, Cyprus and a large share of the Spanish stores, including areas around Barcelona, Madrid, Valencia and on Mallorca. In the remaining European markets, operations are structured through partnerships.

In Asia, we operate with a variety of setups. Japan is a joint venture partnership, while South Korea is run as a franchise partnership in 2023. We continued our expansion in the Middle East region with additional stores opening in Israel, the Kingdom of Saudi Arabia and the United Arab Emirates, while we entered new markets in Kuwait and Qatar through our franchise partnerships.

We are more than thrilled to see that all markets have proved incredibly successful for us, both in terms of customer engagement and sales and the strong cooperation with our franchisees. By the end of 2023, we had 44 stores in the Middle Eastern region and our partners will continue to open shops in the coming years.

Our expansion into Asia is also continuing. In 2023, we opened 26 stores and are now present in four markets - Japan, South Korea, the Philippines and Indonesia. We plan to expand into additional markets in Asia and the Middle East in 2024 in collaboration with highly professional franchise partners.

To better service our markets in this part of the world, we opened a new regional office in Singapore in 2023.

Corporate Backbone: Fuelling Future Growth

Strengthening our backbone to cost-effectively support and fuel future growth is a strategic imperative for us. In recent decades, our rapid growth has been supported by a flexible and scalable supply chain model, investments in IT infrastructure and a continued strengthening of the organisation and business processes.

Financial and Operating Model: The Capable Hands of a Senior Leadership Team

The Senior Leadership Team governs our business and drives the overall global operation. All our competent senior leaders are responsible for managing and assessing their respective business functions, both individually and across the business. They also monitor operational and financial performance. One particular focus area is ensuring efficient supply chain operations and processes with low working capital requirements to efficiently service our stores.

To support the ongoing development of our business, we continuously strive to free up capital. Our aim is to improve inventory levels, both by lowering lead time from purchase to sale and strengthening the forecasting process. This also improves working capital and strengthens coordination across the organisation.

Diversity: Come as You Are

One of our brand stories is 'We are diverse' – and we walk the talk. At Flying Tiger Copenhagen, we offer equal opportunities across the organisation. Simply come as you are regardless of gender, ethnicity, race, religion or sexual orientation.

Read more about our diversity status and people strategy in the People section.

Operating and Financial Review 2023

In 2023, the Group generated earnings before interest, tax, amortisation, depreciation, impairment losses and special items (EBITDA before special items) of DKK 1,121m, compared to DKK 1,028m in 2022. Revenue in 2023 was DKK 4,967m, which was 5% higher than in 2022. Revenue performance was to a large extent the result of very strong product campaigns in general and particularly around Halloween and Christmas in Q4, which remains the strongest trading period for our company. Net profit for the year amounted to DKK 24m. Overall performance came on the back of disciplined cost control, a strong performance in our European markets and the ramp-up of franchise activities.

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

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

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

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

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

4. Franchise growth
Building our overall business platform to service our franchise markets and partners. In 2023, we broke into 4 new markets by teaming up with market-leading retail franchise partners and opened 16 stores over the year in Kuwait, Indonesia, the Philippines, and Qatar. Additionally, we opened our first store in Bahrain in February 2024 and signed 6 new franchise agreements, enabling expansion into several new markets over the next year. We have high expectations for our franchise business and continue to develop and sign agreements to fuel expansion in the coming years.

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

Revenue Development

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

In 2023, we opened 1 store (net) in our European markets, a result of 32 store closures, and 33 new store openings as part of the ongoing optimisation of our store footprint.

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

By the end of 2023, we were operating 854 stores across 27 markets (including our Japanese joint venture).
We continue to optimise our store network and going forward we will pursue a modest store expansion policy in Europe, as we still see significant potential in this region. Our ecommerce platform will also add to our future growth, and we continue to implement improvements, creating even better experiences for our customers. However, the most significant future growth will come from our franchise setup in new markets outside Europe, which is very scalable in collaboration with strong regional or global franchise partners.

Development in Earnings

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

Operating costs (staff costs and other external expenses) were DKK 2,037m in 2023 compared to DKK 1,931m in 2022 and represent 41.0% of revenue, the same level as in 2022. Despite inflationary pressures in 2023, ongoing cost discipline and a strategic priority of simplifying operations absorbed the inherent cost increase.

EBITDA before special items amounted to DKK 1,121m compared to DKK 1,028m in 2022. The EBITDA margin before special items of 22.6% was on a par with expectations.

Special items in 2023 amounted to DKK -45.9m and were mainly costs related to capital structure considerations, strategic initiatives deriving from the global expansion and legal costs related to the sea freight dispute. Profit for the year amounted to DKK 24m compared to DKK 65m in 2022, with 2023 negatively impacted by higher interest rate levels.

Top markets in 2023

	Revenue (DKKm)	Growth (%)	Net new stores
Italy	1,025	2%	3
Spain	657	3%	1
United Kingdom	643	6%	(1)
Denmark	255	(9)%	(1)
Portugal	197	2%	0
Subtotal	2,777	2%	2
Total	**4,967**	**5%**	**1**

Free Cash Flow and Net Interest-bearing Debt

Net Working Capital (NWC) decreased in absolute terms from DKK 172m in 2022 to DKK -57m in 2023. The decrease was mainly the result of a decline in inventories on the back of strong Q4 sales and higher trade payables as supplier payment terms were improved in 2023.

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

Free cash flow in 2023 amounted to DKK 811m compared to DKK 298m in 2022. Free cash flow was mainly impacted by higher operating profit (EBIT) and positive working capital changes from the decrease in inventory.

Net interest-bearing debt was DKK 3,751m at the end of 2023 compared to DKK 3,618m in 2022. This includes an increase in lease liabilities and a net increase in bank debt. Both are partly offset by an increase in cash and cash equivalents. Net interest-bearing debt, excluding lease liabilities was DKK 1,728m at the end of 2023 compared to DKK 1,785m in 2022.

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® Accounting Standards, Zebra is considered in control of these partnerships, which leads to full consolidation. 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 the 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.

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 2023, 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 207m in 2022 to DKK 253m in 2023 was driven by the fair value adjustment from the estimated present value of the expected cash outflows to settle the put options. The increase is a result of stronger performance during 2023. By the end of 2023, the Group had acquired partnerships for DKK 933m in all.

Zebra's call options for 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 less 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 2023, the fair value of the call options was DKK 479m and the fair value adjustment included in the statement of profit or loss was DKK 112m.

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

Equity

The equity was DKK -1,353m at the end of 2023 and was positively impacted by the net profit for the year and other comprehensive income offset by the fair value adjustment of provisions for the acquisition of non-controlling interests and the dividend paid to non-controlling interests.

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

The reported equity turned negative at the end of 2020 and thus the registered share capital was fully lost. In 2023, the equity of the Group ended the year at a negative amount of DKK 1,353m and with a negative amount of DKK 591m 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 of the Parent Company and the Group, including ongoing initiatives for the Group in 2024, the forecasted trading, results and cash flows, current interest rates, uncertainties and available funding.

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

The Executive Management expects a positive result again in 2024; however, recovery of the registered share capital will take longer.

Our positive outlook for 2024 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 improvement in working capital and stable financing costs.

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

Japanese Joint Venture

The Japanese joint venture was established 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, 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 1% in reporting currency from DKK 266m in 2022 to DKK 268m in 2023. In local currency, revenue increased by 11% to JPY 5,485m. At the end of 2023, the joint venture was operating 47 stores.

2023 EBITDA in the Japanese joint venture of DKK 52m was at the same level as 2022 and includes royalty and service fee payments to Zebra of DKK 13m in both years.

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

Parent Company

In 2023, the Parent Company realised revenue of DKK 2,267m compared to DKK 2,216m in 2022. The growth of 2.3% was on level with expectations and was mainly due to higher sales to our subsidiaries and franchisees. EBITDA before special items in 2023 was DKK 105m compared to DKK 13m in 2022 and higher than expected due to an increase in gross profit. Profit for the year amounted to DKK 63m, which was also higher than expected due to reversals in impairment losses related to financial assets.

Outlook 2024

Assuming a stable external environment, the Group's revenue is expected to increase by 7-10% in 2024 compared to 2023. EBITDA margin before special items is expected to be in the range 19-23%. The Parent Company's revenue is expected to increase by 2-5% in 2024 compared to 2023. EBITDA margin before special items is expected to be in the range 3-6%. We expect a profit margin for the Group in 2024 in the range 0.5-1%.

"Revenue performance was to a large extent the result of very strong product campaigns in general and particularly around Halloween and Christmas in Q4, which remains the strongest trading period for our company.

Risk Management

Executive Management works actively with risk management, including ongoing discussions and assessments of actual and potential risks. This 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 Financial Risk Management 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 the equity of 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 in accordance with the Group's treasury policy.

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

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 post an applicable remedy period. 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 mainly settled by cash, credit or debit cards, and the Group is not exposed to any major credit risk related to trade receivables from any single customer or other party. The Group has implemented a franchise setup which in time will expose the Group to higher credit risk. The Group is exposed to counterparty risk from cash held at financial institutions and unrealised gains on financial contracts.

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

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.

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

Operational Risk

Zebra has identified key operational risks within the areas of:

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

Marketplace

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

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

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

Sourcing

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

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. Therefore, suppliers must adhere to the Code of Conduct with compliance monitored through a supplier audit programme. Please refer to the Sustainability and People section for further information about Zebra's ambitious sustainability efforts and the results we have achieved.

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

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

Products, Trademarks, and Legal Claims

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

Zebra has policies and process controls guiding our day-to-day operations across the business. Also, Zebra has dedicated teams focused on legal and compliance matters that pertain to our business model. When required, we involve and use external advisors.

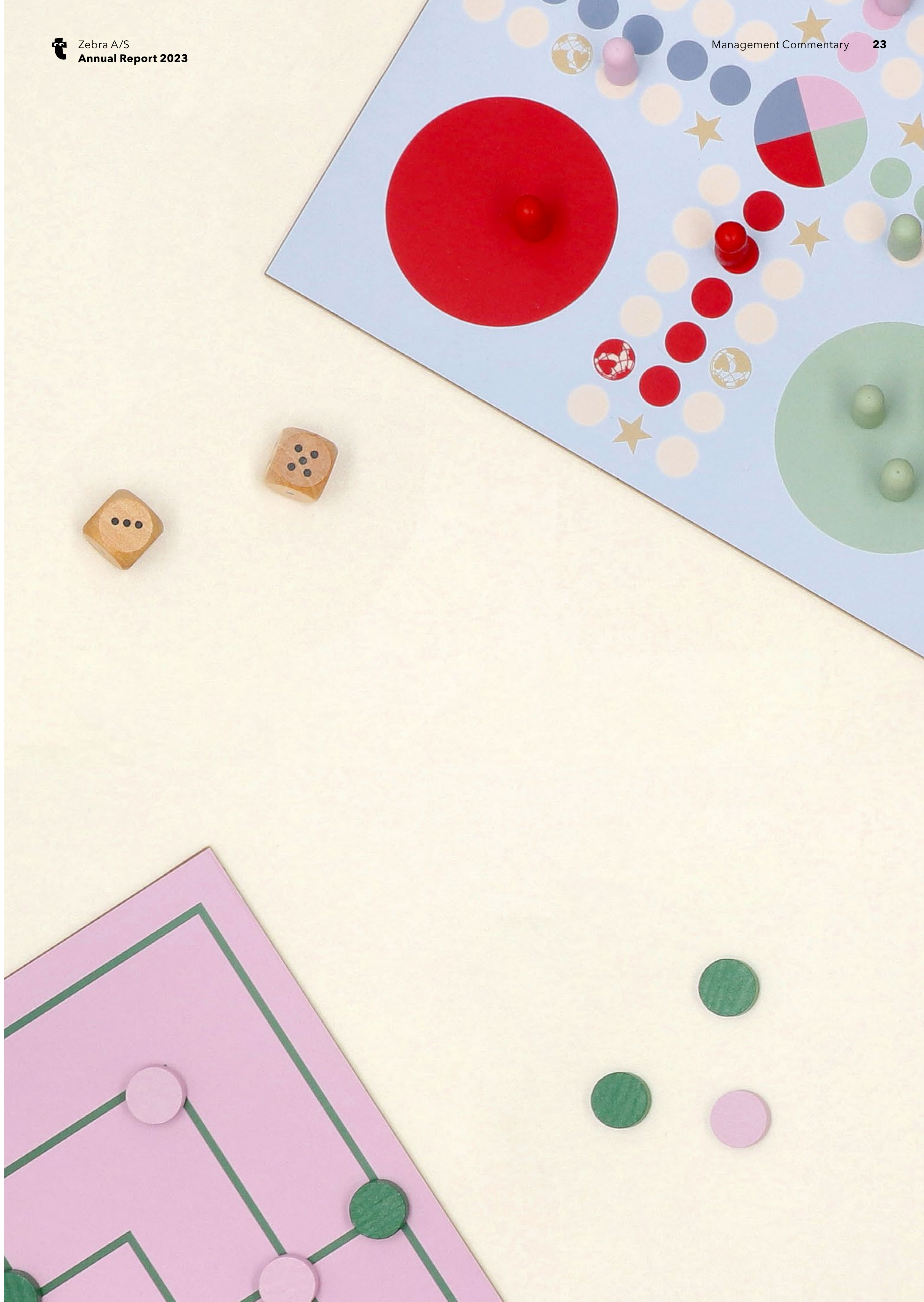
Partner Collaboration and Buyout

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

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

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

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



People

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

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

Cybersecurity

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

Insurance Policies

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

Special Risks

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

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

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

Launching our Loyalty Programme in Spain

At Flying Tiger Copenhagen, we are proud to have served more than 93 million customers in 2023 across various retail and digital platforms. Our commitment to understand, adapt, and predict consumer behaviour has placed us at the forefront of retail innovation. In 2023, we took a significant leap forward by introducing our base loyalty programme, initially piloted in Spain before its broader rollout.

Customer-Centric Approach

Aligned with our core values of consumer centricity, boldness and fun, we launched a fully digital loyalty programme in July 2023. This programme, leveraging mobile wallet cards and email, was a multi-channel initiative, laying the foundation for a truly omnichannel future. By focusing on simple promotional mechanics and clear benefits, we have made significant strides in engaging our diverse consumer base.

Impressive Results

The loyalty programme's impact has been remarkable. The average basket size for members increased by 102% compared to non-members, and purchase frequency among members rose by nearly 10% compared to non-members.

Over three-quarters of cardholders have integrated the card into their mobile wallets, indicating ease of use and value.

The programme appeals to all age groups, demonstrating its broad reach and inclusivity.

Future Prospects and Business Impact

The programme's initial success, with a 5% customer penetration rate, suggests enormous growth potential across Flying Tiger Copenhagen's global markets. Leveraging the customer data gathered, we are now able to create targeted segments for more personalised communication, moving from sales promotion to transactional and behavioural loyalty. This strategic approach is expected to enhance engagement, retention and, ultimately, customer lifetime value.

The loyalty programme is not just a win for our customers, but also a strategic advantage for us. It paves the way for a cost-effective, scalable customer communication model with a proven return on investment. Understanding our customers' preferences enables us to deliver personalised communication through their preferred channels, enhancing their brand experience.

In conclusion, our loyalty programme is a testament to our dedication to customer satisfaction and business innovation. It underscores our commitment to not just meeting but exceeding customer expectations, fostering a deep and lasting connection with our brand. This programme is a cornerstone of our growth strategy, and we are excited about the future it heralds for Flying Tiger Copenhagen.

A Rebellious Collection with New Bestsellers

At Flying Tiger Copenhagen, we live and breathe innovation. We always have our heart set on bold moves, fresh ideas and an enhanced focus on sustainability. So, in 2023 we introduced a range of even more eye-catching designs and products in both style and selection, all aimed at a wider audience.

A truly notable addition is the Rebel collection, designed to appeal to teenagers and all the young-at-hearts out there. This vibrant line captures the spirit of individuality and creativity, and really resonates with a demographic that values being able to express themselves in unique ways.

Bestselling Cosmetic Fridge

One product from the Rebel collection that stands out is "The Cosmetic Fridge", priced at 35 Euros. This bestseller sold out online within a week and aligns with our Flying Tiger Copenhagen commitment to always surprising customers with products they did not know they needed. The cosmetic fridge is a small refrigerator for cosmetics and is a perfect example of our dedication to bringing novelty and delight to everyday life.

The success of the cosmetic fridge shows our ability to identify trends and meet consumer demand with inventive solutions. Its popularity also demonstrates both that the brand appeals to a diverse customer base and that age does not limit the joy of playful and unique lifestyle products.

The Creation of the Collections

As Flying Tiger Copenhagen continues to evolve its product offerings, the focus remains on creating memorable shopping experiences. The Rebel collection is just one example of how the brand adapts to changing consumer preferences by providing a fresh and exciting shopping experience for all customers regardless of their age.

As well as the Rebel collection, Flying Tiger Copenhagen will keep introducing new and exciting ranges across all our various categories, simply to ensure that there is something for everyone. From design-led home décor to innovative gadgets, our brand's commitment to offer affordable and stylish products remains strong.

Flying Tiger Copenhagen is set to continue its journey of exploration and creativity – always on the lookout for the next big (and fun) idea that will captivate the audience, and of course always considering the environmental impact. The annual result for 2023 shows resilience, adaptability and dedication to providing our customers with exciting designs and products that will bring joy and surprise to their lives.

2024 will be no different if you ask us. So, expect even more delightful surprises and unique finds in Flying Tiger Copenhagen stores all over the world in the year to come.

Data Ethics

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

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

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

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

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

Policy Scope

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

Our Data Processing

At Zebra A/S, we process data of both a personal and non-personal nature as part of our daily operations in sales, supply chain, marketing, HR, finance and technology. Our primary groups of individuals whose data are processed are our customers and our employees. We generally process data as a controller, for example when processing our customers' data to fulfil a purchase or to obtain a better understanding of our customers' views on our products and services. In relation to our employees, we process data as part of our day-to-day HR operations.

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

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

Our Data Ethics Work

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

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

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

Our Data Ethics Compass

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

The three principles

Transparency and Respect

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

Equality and Diversity

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

Responsibility and Accountability

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

Global Growth & Fast Forward Franchise

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

In 2023, we continued building our global business across the Middle East and Asia with the opening of 4 new markets in Kuwait, Qatar, Indonesia and the Philippines. Including the existing markets in Japan, South Korea, Israel, UAE and Saudi Arabia, a total of 37 new Flying Tiger Copenhagen stores opened in 2023.

In October 2023, we opened our first Flying Tiger Copenhagen store in the famous Glorietta mall in central Manila with our new strategic Franchise Partner, the Philippine-based SSI Group, Inc. As our store number 100 outside Europe, the opening of course marked a small milestone for us, but most importantly the store has outperformed all expectations.

"The successful launch of Flying Tiger Copenhagen in the Philippines marks not just a retail success, but a testament to the dynamic partnership between the brand and the SSI Group. In a short span of months since we launched last October 2023, we have opened five stores to date in key locations across Manila, and this rapid expansion reflects not only the vibrant response from Filipino consumers but also the strategic success of our collaboration. We look forward to the remarkable growth of Flying Tiger Copenhagen with a target of opening 20 stores this year."

Anton T. Huang, President of SSI Group, Inc.

Our Asian business was established back in 2013 with our first store opening in Osaka, Japan. Today, Flying Tiger Copenhagen is recognised as one of the strongest Scandinavian retail brands. Our ventures in the Japanese market, known as one of the most competitive in the world, have faced challenges, but 2022 marked a turning point both in terms of profitability and with the opening of 8 new stores in 2023. We have now laid the foundation for more than doubling the business in the coming years in cooperation with our strong Japanese partner, Sazaby League, Ltd.

"It has been an exciting journey with Zebra to develop the Flying Tiger Copenhagen brand in Japan since 2013, and cherishing Scandinavian lifestyle with unique designs has inspired Japanese people. I am very happy to see Zebra Japan perform so well in 2023 and strongly believe the JV partnership will lead to further growth in Japan. We have 12 new stores opening in 2024 and we look forward to delivering the delightful brand experience in all over Japan and to as many people as possible."

Anthony Tsunoda, CEO of Sazaby League, Ltd.

With continued growth in the existing Middle Eastern and Asian markets, we look very optimistically to the future development of the Flying Tiger Copenhagen brand across these new regions.

"We want to be where our customers are, not only in Europe. Our recent market launches in the Middle East and Asia have clearly shown that there is a very strong global potential and consumer desire for the Flying Tiger Copenhagen brand and concept behind Flying Tiger Copenhagen."

Martin Jermiin, CEO of Flying Tiger Copenhagen

Product & Packaging Compliance

Our Product Compliance, Packaging and Quality teams are tasked with protecting our brand integrity and maintaining customer trust. We are committed to ensuring that all products are of high quality and are safe, legal and meet all requirements.

Sustainability was again on our agenda in 2023, and throughout the year our focus was on preparations to meet the new requirements of The European Green Deal – requirements that are either already here or in the pipeline. This will keep us busy in the years to come.

Bill of Material: Taking it to the Next Level

A required Bill of Material (BOM) comes with all our products and primary packaging. Currently, we are expanding our BOM to also cover our secondary packaging, such as transportation boxes and filling material.

With new legislation on the way, we are preparing to take our BOM to the next level – a more tech-based solution that enables us to strengthen our data deliverables. Moreover, this solution is a much more user-friendly tool for our suppliers to work with. Fortunately, we will soon be able to provide them with this next-level BOM and we are excited to hear about their experience with the new tool.

New Regulations: Adapting to the Future

Staying abreast of developments is of course key – adapting to the future through new knowledge, requirements and standards across all our highly varied product categories, simply to ensure that we manage the increasing complexity of safety regulations.

New regulations coming from the EU will completely change the way we work in both product and packaging compliance.

New regulations like Extended Producer Responsibility (EPR), the European Deforestation Regulation (EUDR), and the Eco Design for Sustainable Products Regulation (ESPR) set new standards for data and reporting throughout the supply chain. Furthermore, the new regulations are coming fast, with short deadlines for us to react and adapt. We continuously monitor developments to better foresee our future needs and to be able to adapt to the new requirements.

Packaging Reduction: Balancing Less Packaging and More Information

Less material, more sustainable. With this mantra, we are tirelessly pushing to reduce the amount of material used for packaging and we are immensely proud of our results so far. However, less packaging is a challenge. Packaging is not only for protecting the product, it is also a platform for all the legal information required – potentially in several languages. Moreover, the requirements for this mandatory information are increasing.

Less material means less space, that is a simple fact. Our job is to find a very fine balance between reducing the material while complying with the legislation for each product type. Both are equally important.

Do you want to read more about our sustainability achievements and targets in packaging? Go to the 'Sustainability and People' section.

Key Objectives for 2027

- Product Compliance risk management
- Integrated approach to product Compliance & Quality
- Driving Supplier Performance & Accountability
- Processes Control & Optimisation
- Sustainability Compliance

New Packaging Driven by Colourful Changes

2024 comes with a new and colourful transition. We will be rolling out our new brand design across all categories – a first step in introducing our diverse and adventurous brand expression.

The redesigned packaging is an important step in the process of updating our brand expression across all areas, channels and platforms. Since our existing brand design was developed and introduced back in 2018, now is the time for an energised renewal. Transitioning from a black and white universe with oversized fonts and a focus on stylistic studio portraits to a more colourful, soft and adventurous design with both life-like, authentic and modern images.

Moreover, we have been focusing on showing our logo and brand marker (the t with eyes) with fewer secondary brand assets in play.

Something for Everyone

The overall purpose has been to create a design that works across product categories and target groups. Throughout the process we have been working with 5 different target groups – all with their individual design, but with a common thread running through the entire range.

Our new product design is both colourful and distinctive, offering something for everyone. It is important that all packaging has a bold and diverse expression, so that each product resonates well with the target group it is aimed at. Therefore, the new design is flexible, with changeable visual tools that are not all locked to the same guideline.

In the design process, we have focused on creating a design that meets two entirely different types of customers. The customer with a specific purpose, who needs clear product decoding and naming. And the customer who visits us to get surprised and inspired. Obviously, the packaging requirements for a phone cable and a colour-changing unicorn mug are very different. Our new design guidelines therefore accommodate both rationality and aspiration.

We know that many of our customers visit us to buy gifts. So, coming up with an appealing and more "giftable" design that you would happily give to someone and which looks nice on a gift table has been important.

A More Emotional Packaging Experience

The design revolution is that we have gone from a black and white look to a diverse colour range. Every campaign and category has a specially selected colour palette supporting the storytelling around the product. All the different palettes are finely tuned and carefully adjusted so the overall expression in the store is harmonious and well-balanced – even when a lot of different colours are displayed next to each other.

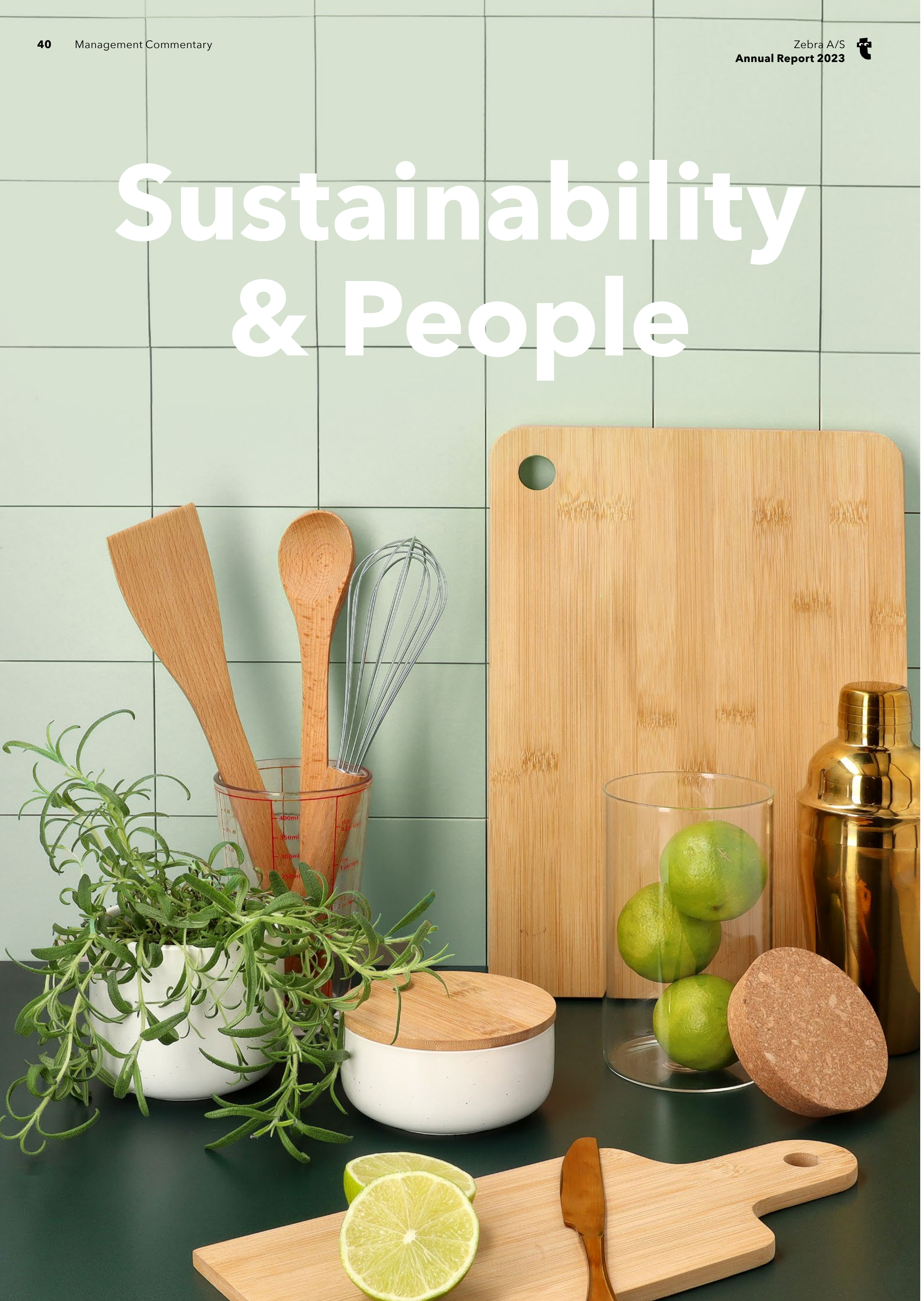
Some types of packaging are entirely closed so you cannot see the actual product. Imagery plays a crucial role here. In our new design, we have redefined our imagery guidelines to give each product the space to shine without losing our distinctive look. A new feature is that props are now allowed, helping to explain the function of the product or bringing the image to life. A vase is simply more appealing with a flower in it.

A lot of our packaging carries icons. Some icons are mandatory and help us build visible consumer safety and trust. Other icons are placed on the packaging to ease decoding and explain function. For instance, a small chili scale shows our customers how spicy a product is, a customer service that is an important driver of sales. All our icons have been redrawn as part of the new design process and new ones have been added.

Last but definitely not least, we have introduced a new brand typography, which is also displayed on the products. Avenir Next, our new font, adds both lightness and simplicity and feels modern and Nordic.

In November 2023, we introduced our new packaging design, which will be rolled out with the 2024 campaigns.

Sustainability & People



Our Commitment

Conducting our business ethically and responsibly is a commitment. This commitment runs through our entire value chain, from sourcing and shipping to our stores and the end-life of our products.

It is vital to our customers that our products are produced according to ethical, environmental and social standards and are safe to use. Vital to our customers – and vital to our company's success.

Our business model requires a high level of control throughout our value chain. From product design, packaging design, material use and testing to the logistics setup and the running of our stores. Our green transition is clearly complex but most certainly doable.

Flying Tiger Copenhagen's ambition is to become a global beacon in sustainable retail, knowing that we are doing our part to pass on a better planet for future generations. This means offering affordable products with the lightest possible carbon footprint and actively working to become independent of virgin fossil-based materials and fuels.

2023 was a year where we made big sustainability strides. Demonstrating our commitment to the Science Based Targets initiative (SBTi), we kept working on ways to minimise our CO_2 footprint, and we are now ahead on all SBTi targets. We were proud to receive an EcoVadis silver medal for our dedication to the environment, human rights, labour rights, ethics and sustainable procurement. Our 2nd silver medal running! This sustainability performance score places us among the top 9% of companies globally.

Working diligently with our sustainability targets, we have achieved great success and on several occasions have even exceeded our expectations.

In accordance with 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. As a signatory of the United Nations' Global Compact (UNGC), we commit 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 undergo the required testing.

Distribution

Most of our products are shipped via sea freight, with the remainder 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

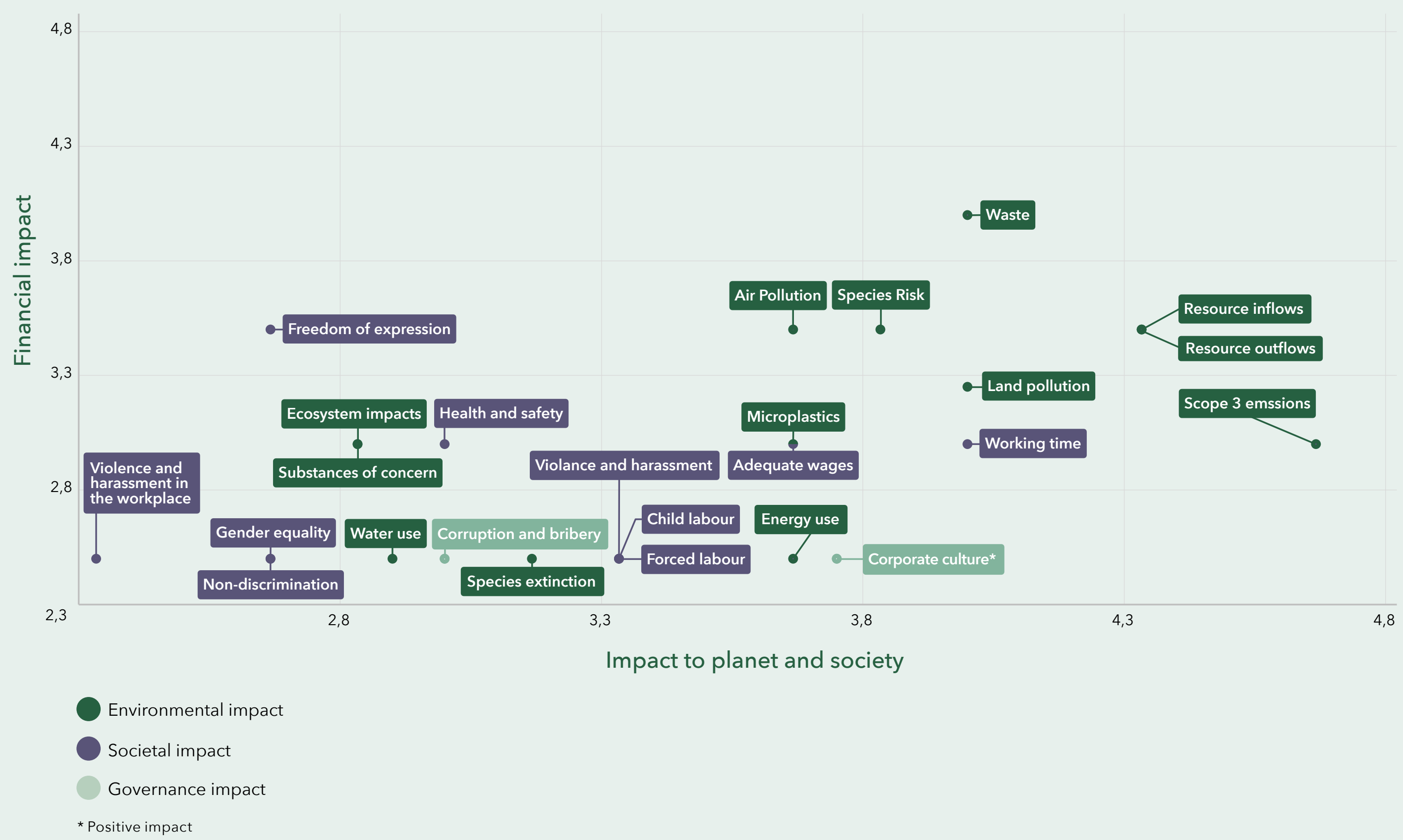
We market our products responsibly ensuring safety and compliance. Our store concept reflects our work with sustainability. In our own operations: offices, warehouse and stores we focus on lower CO_2 operations and the circularity of materials.

Risk Assessment

In 2023, we began our preparation for the CSRD (Corporate Sustainability Reporting Directive) coming into effect from the financial year 2025.

Both an extensive Double Materiality Assessment (DMA), on all Environmental Social and Governance (ESG) topics in the directive, and a data-gap analysis, on relevant topics, have been conducted – and presented in our risk matrix. This exercise identified many topics, many of which we already worked on extensively and have a high level of maturity on. The use of resources in our products and packaging for one. The exercise also offered insights into the condition of our value chain. Furthermore, it highlighted areas needing future KPIs and targets, such as waste, biodiversity, and pollution.

Risk assessment visualisation



Climate Action

As global warming will create major disruptions on a global scale, we must act accordingly by decarbonising our value chain and doing whatever is in our means to mitigate the negative and unpredictable 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 climate change realities and we expect taxation on greenhouse gas emissions will further encourage a green transition.

Ambitions

Ultimately, our dependency on virgin fossil-based materials and fuels must end. We have developed targets, validated by The Science Based Targets initiative, to reduce our total greenhouse gas emission intensity (scopes 1, 2 and 3) by approximately 30% by 2026. A very high ambition certainly, but also achievable.

Progress in 2023

As a global retailer, our impact on the planet is a major responsibility and our sustainability initiatives must be reflected throughout our value chain. Our environmental policy shows our commitment to protecting the environment and the climate by minimising our negative impact. A substantial part of this impact comes from our products. Therefore, our Supplier Code of Conduct further specifies our requirements for environmental awareness and the conduct of our suppliers.

The factors identified as the most significant risks concerning environmental and climate matters are the use of plastic in our products and our packaging, the use of fossil fuels in our own operations, and the generation of food and other product waste. These are focus areas when we work with lowering our emissions.

Our Scope 1 emissions are mainly caused by company vehicles. Our primary focus here is therefore on transitioning to electric vehicles, or hybrid if not possible. Also, we will be reducing the number of journeys. Proudly, we see significant reductions in Scope 1 emissions, a solid 40% from 2019-2023, which is ahead of our 2026 Science Based Targets.

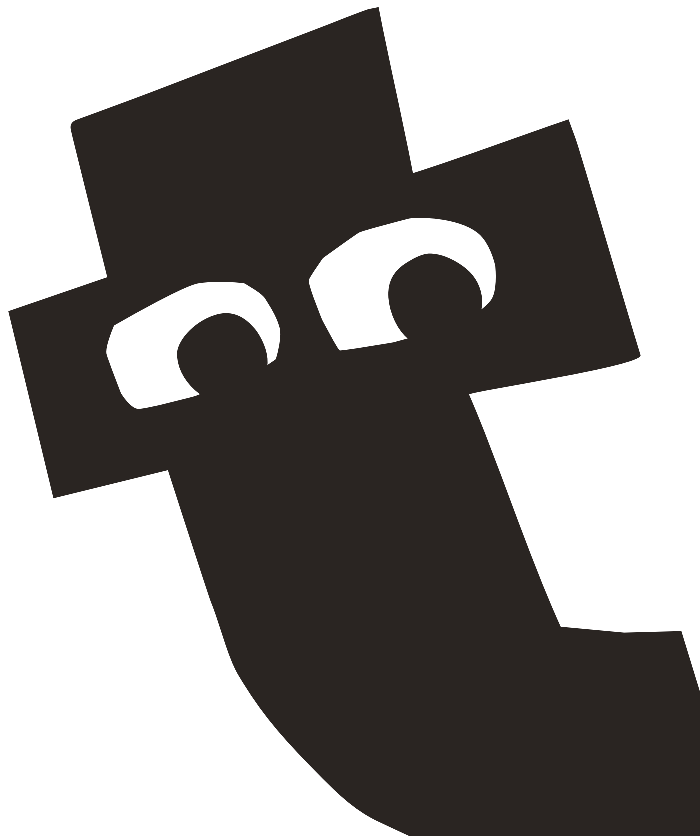
In Scope 2, we support the transition to renewable electricity in our operations. Initially, the target was to reach 50% by 2023 and 84% by 2026. Again, the numbers show a highly positive development already on 88%, which is ahead of our Science Based Targets.

Regarding our purchased goods and services target within scope 3, most emissions are related to our products and packaging. Here emissions are compared to gross profit to keep them relative to growth. We see a 36% reduction in our emissions to gross profit, which puts us on a positive trajectory ahead of our 2026 Science Based Target.

Naturally, our emissions from products and packaging are very dependent on the use of different types of materials, which is why it is beneficial to consider developments in emissions per kilogram of product and packaging materials. Here we can see a 16% 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, which puts us ahead of our 2026 Science Based Target. If we combine the impact of our science-based targets progress, we see a 24% reduction in emission to gross profit between 2019 and 2023.

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



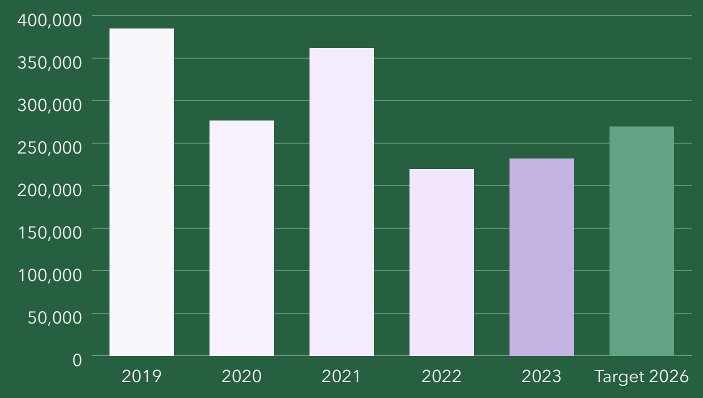
Science Based Targets

Reduce emissions from our scope 1 by around

30%

by 2026*

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



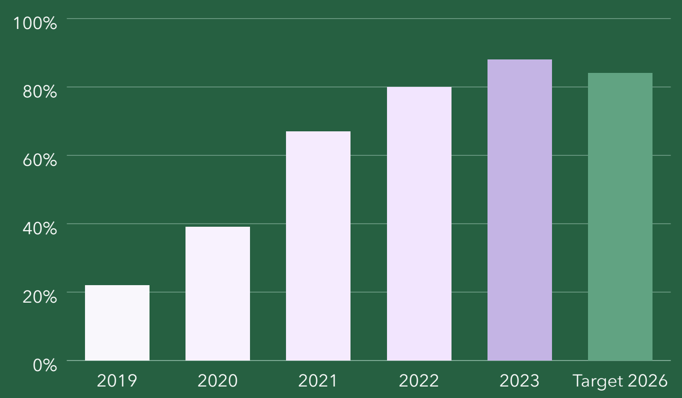
This metric is measured as total kilograms of CO_2 equivalent emissions. Scope 1 emissions cover direct emissions from our operations, such as the burning of fossil fuels for vehicles fleets, combustion engines, the burning of gas, chemical leakage, ect. For Flying Tiger Copenhagen, the main driver of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

Increase sourcing of renewable electricity (scope 2) to

84%

by 2026*

Renewable energy 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.

*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.

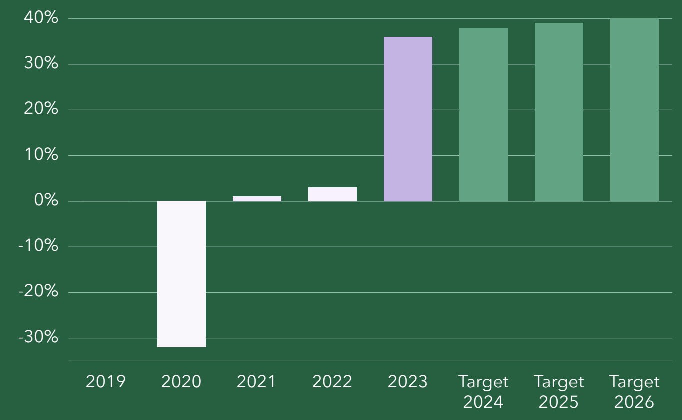
Science Based Targets

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

40%

per DKK profit by 2026*

Greenhouse gas emissions from purchased goods & services (mostly products & packaging), Percentwise reduction in emissions/gross profit (DKK)

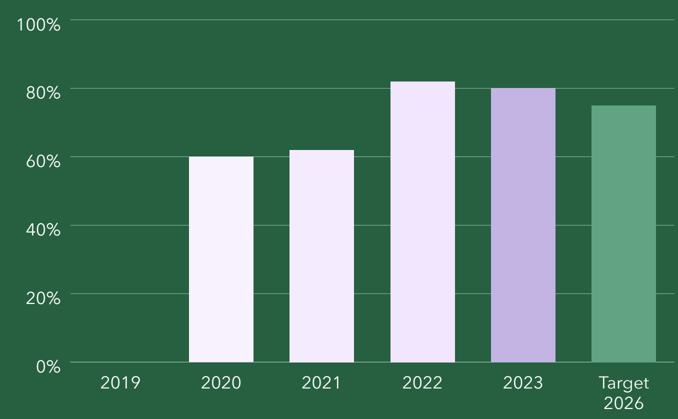


This metric is measured as total kilograms of CO_2 equivalent emissions/value added (gross profit) in Danish Kroner. At Flying Tiger Copenhagen purchased goods and services refers mostly to emissions from our products and packaging and a small amount from other purchased goods and services.

75%

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

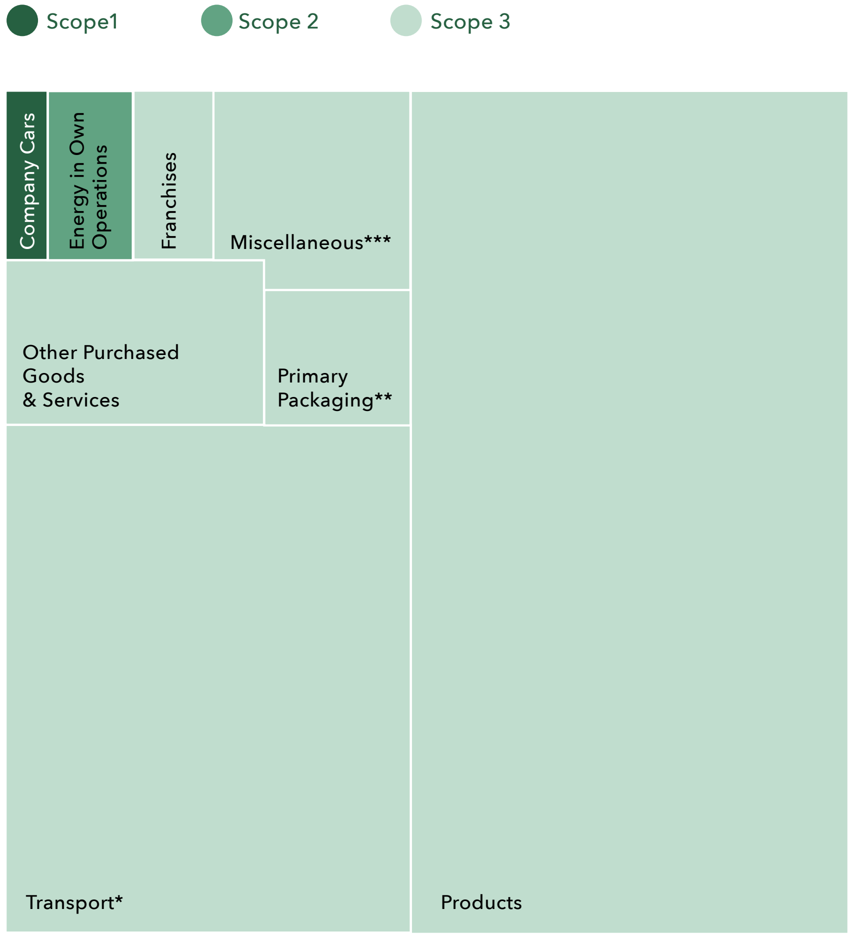
Logistics suppliers with approved Science Based Targets, % of logistic suppliers with targets



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 accordance 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.

Emission shares per category, %



Total 140m
(kg's of CO_2 emissions)

Our Scope 3 GHG (Greenhouse gases are the gases in the earth's atmosphere which trap heat) 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 negligible (considerably below 5% of scope 3 emissions) so, we have excluded it. We revisit the category on an annual basis to see if it has increased in significance.

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

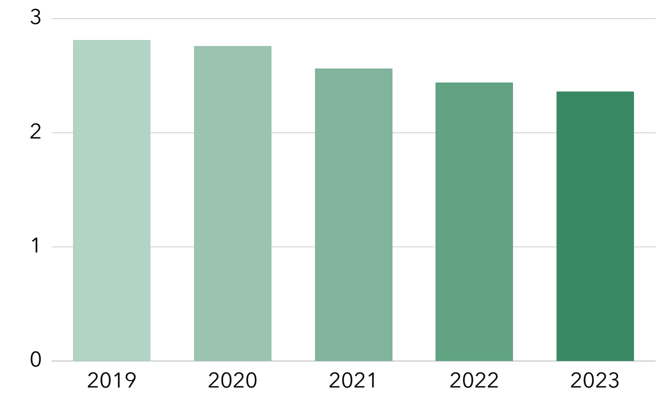
* Transport represents both company logistics and ecommerce delivery (Upstream & Downstream Transportation and Distribution).

** Primary Packaging represents the direct packaging on our products, emissions from secondary and tertiary packaging (e.g. outer boxes) are captured under 'Other purchased Goods and Services'.

***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.

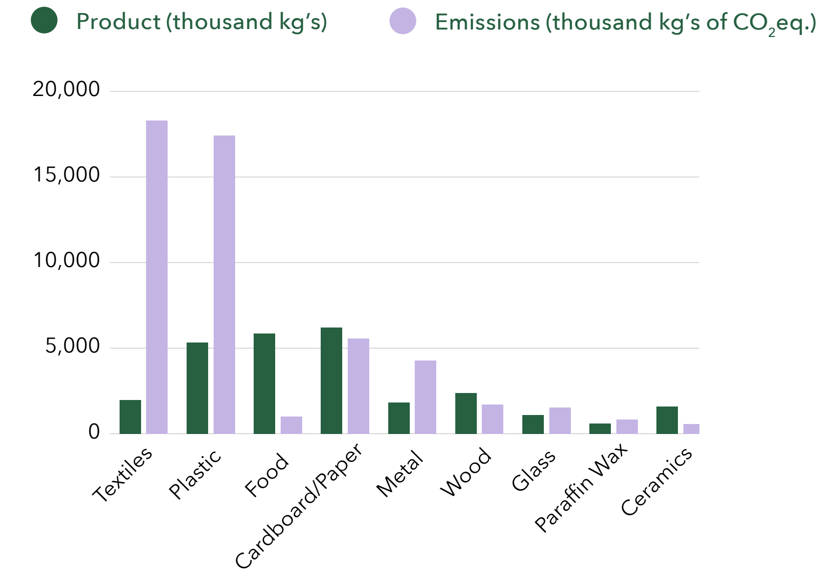
Impact per kilogram of product & packaging materials

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



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

Impact by materials in products



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

Further analysis of our product materials emissions shows that when lowering emissions throughout our value chain it is important to target our use of both textiles, primarily polyester and cotton, and plastic – and we are working on it – both in terms of reductions and also using more recycled materials. Read more in the Circular Materials section.

Eco-conscious Products

As a retail company, our products have an impact on the planet. To us, it is therefore just as natural to offer still more eco-conscious items in our stores out of respect for global resources, to stay relevant as a company, and to stay ahead of still more stringent environmental legislation.

Ambitions

We have a distinct ambition to offer our customers even more eco-conscious, useful, fun, and inspiring products at an always affordable price. All environmentally conscious items should always be easily identified in our stores, including the multi-use alternatives to single-use products. Respecting the very restrictive EU Green Claims legislation means that communicating more eco-conscious choices to our customers is still a work in progress.

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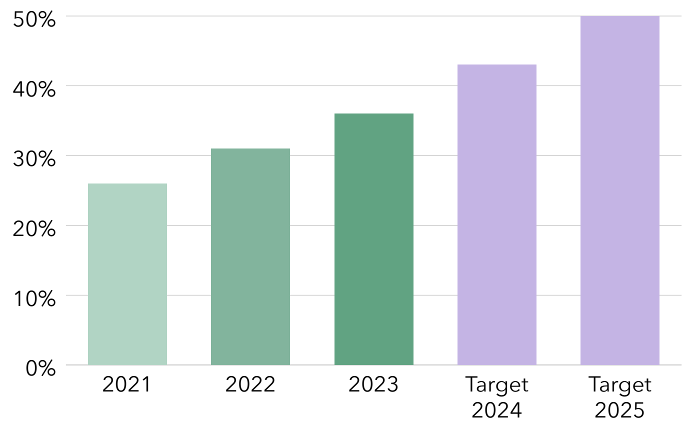
Main partnerships: Forest Stewardship Council

Targets

To have
50%
eco-conscious products by 2025

Eco-conscious products*, % of total quantity of items

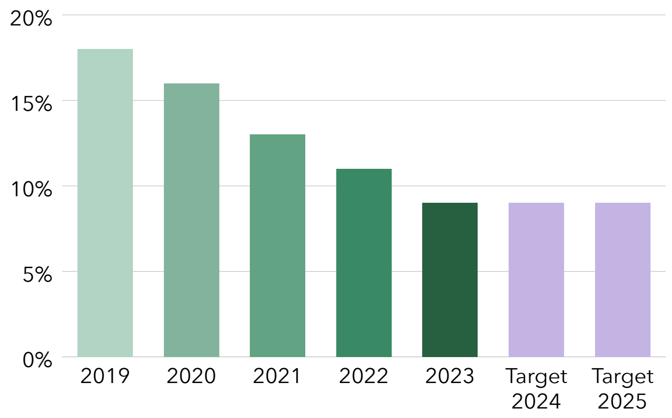


This metric is calculated as quantity of eco-conscious products/quantity of total products.

*See classification of eco-conscious on next page.

To have a
50%
reduction in single-use products by 2025

Single-use products, % of total quantity of items



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

Progress in 2023

Providing our customers with products that surpass the standard offerings available and prioritising environmental consciousness is a fine balance for Flying Tiger Copenhagen.

We use an internal definition of eco-conscious items based on the material composition from each product's Bill of Material (BOM):

- 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 use the eco-conscious definition as an internal tool to ensure our products change in a positive direction.

In marketing, we use some of these insights factually to inform our customers that a product is made from a certain percentage of recycled materials. It is with great pleasure we see a steady increase in the share of these eco-conscious products, now 36% and at a pace almost in line with our 50% 2025 target.

Single-use products are thrown out after only one use. The environmental impact being mostly high due to the short lifespan. This is why we want to halve our number of single-use products by 2025, both targeting items with and without plastic. Since 2019, we have reduced our single-use items by 49%, well ahead of our target for 2025. Now only 4% of these single-use items are plastic.

Circular Materials

The world is overconsuming resources and producing far too much waste to handle sustainably. Plastic in particular is a major sinner, and a shift from virgin fossil-oil to renewable or highly recyclable materials is much needed.

Ambitions

Flying Tiger Copenhagen supports the circular economy - the transition towards a circular use of materials where all products are designed to eventually become raw materials for new products. Renewable materials will often do this quite naturally, simply by decomposing and becoming nutrients for new growth. For technical materials though, it is a matter of separating and recycling the materials. Also, we diligently target plastic reductions in both production and packaging.

Main partnerships: Dansk Erhverv

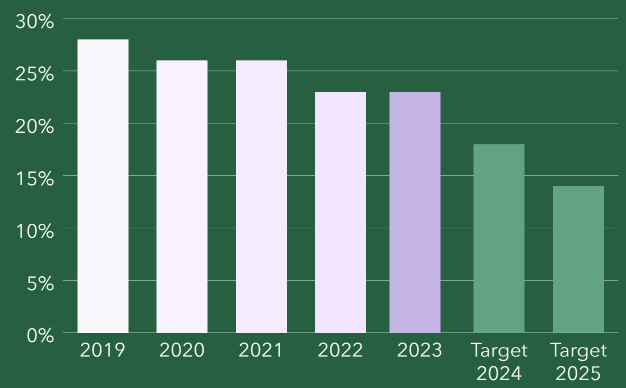
Targets

To have

50%

reduction in plastic in (non-food) products by 2025

Plastic in non-food products*, %



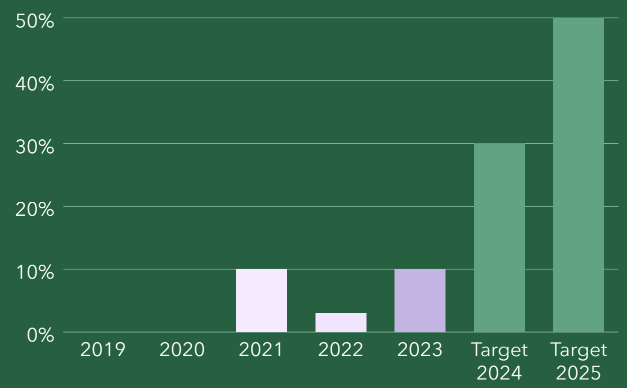
This metric is calculated as total kilograms of plastic/total kilograms of all product materials.

To have

50%

recycled plastic in (non-food) products by 2025

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.

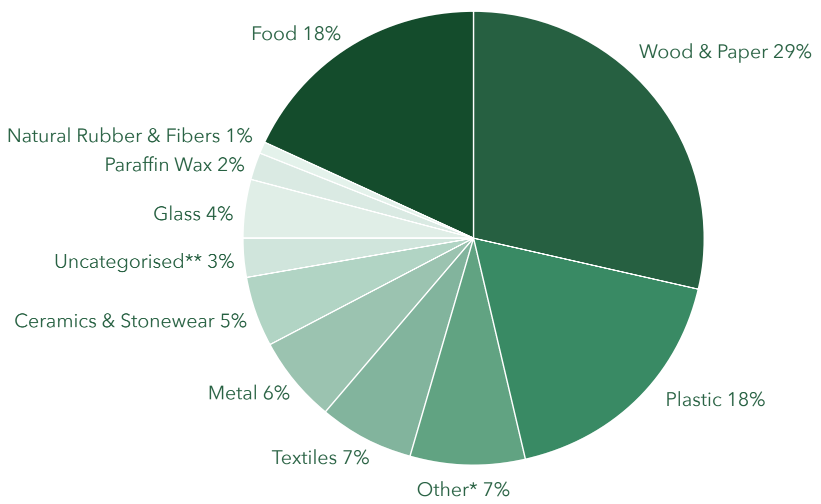
Progress in 2023

Our most used product materials in 2023 were wood, paper and food, which by far made renewable materials our largest material category. A whole 47%! This was followed by fossil fuel-based materials, plastic, and paraffin.

It is hard to ignore that plastic is a versatile material. It is lightweight, durable, and can be used for a significant number of things. This is why we must be smart about how we use it. It is our ambition to further reduce this amount of plastic and use a lot more recycled plastic, to support the overall global reduction and recycling of plastics.

From 2019 to 2023, we reduced the use of plastic in our products by 19%. But to reach our 2025 targets focusing even stronger on plastic reductions is required. Also, we will focus on the use of recycled plastic whenever feasible. We will continue to look for new possibilities to improve, including exploring different ways of sourcing recycled materials. Furthermore, we have strict reduction targets on plastic packaging. Read more in our Responsible Packaging section.

Product Materials, %



This metric is measured as the proportion of product material weight that falls 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.

Material Guideline

When choosing materials for new products we use the guideline below. The priorities are based on the concept of the 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 can potentially regenerate or bio-degrade to become input 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 indefinitely 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. Acknowledging that the recycling industry needs 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 is derived from farmed oil (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 a very few recycling facilities but will most often, simply disrupt normal plastic recycling systems. Therefore, we have decided not to use either material.

*Polyethylene terephthalate (PET), polypropylene (PP) and polyethylene are the worlds most commonly used plastic types, and the most widely recycled at EU level.

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 affect forestry, hence it is important that we ensure healthy and responsible forestry, which ensures a stable industry of wood and paper products.

Ambitions

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

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

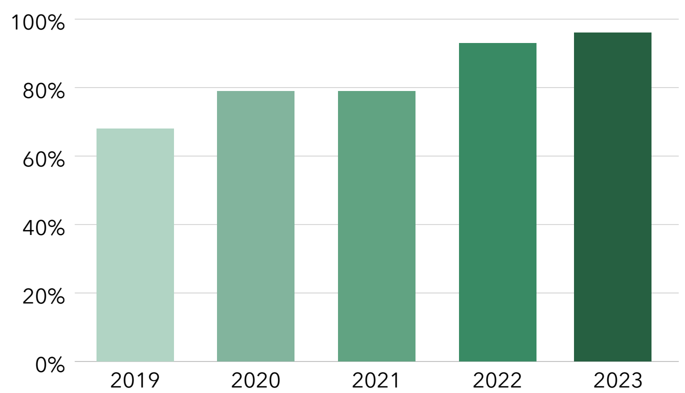
Progress in 2023

Our membership of the Forest Stewardship Council (FSC), and its certification underline our support for the promotion of well-managed forests. FSC certification not only entails the protection of biodiversity, it also means respecting the rights of local people and the people working in the forest. Moreover, it includes that workers are properly trained, have decent health and safety conditions as well as a fair wage.

Targets

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

FSC Certified Paper and Wood Products*, %

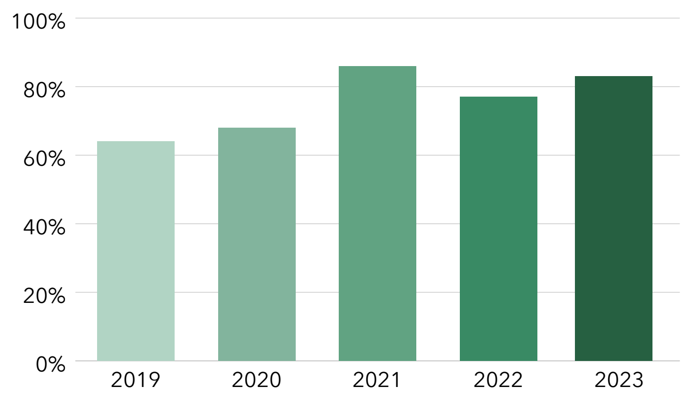


This metric is measured as the total number of FSC certified wood and paper products/the total number of all wood and paper products.

*Defined as items with 10%+ wood/paper-based content

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

RSPO Certified Palm Oil, %



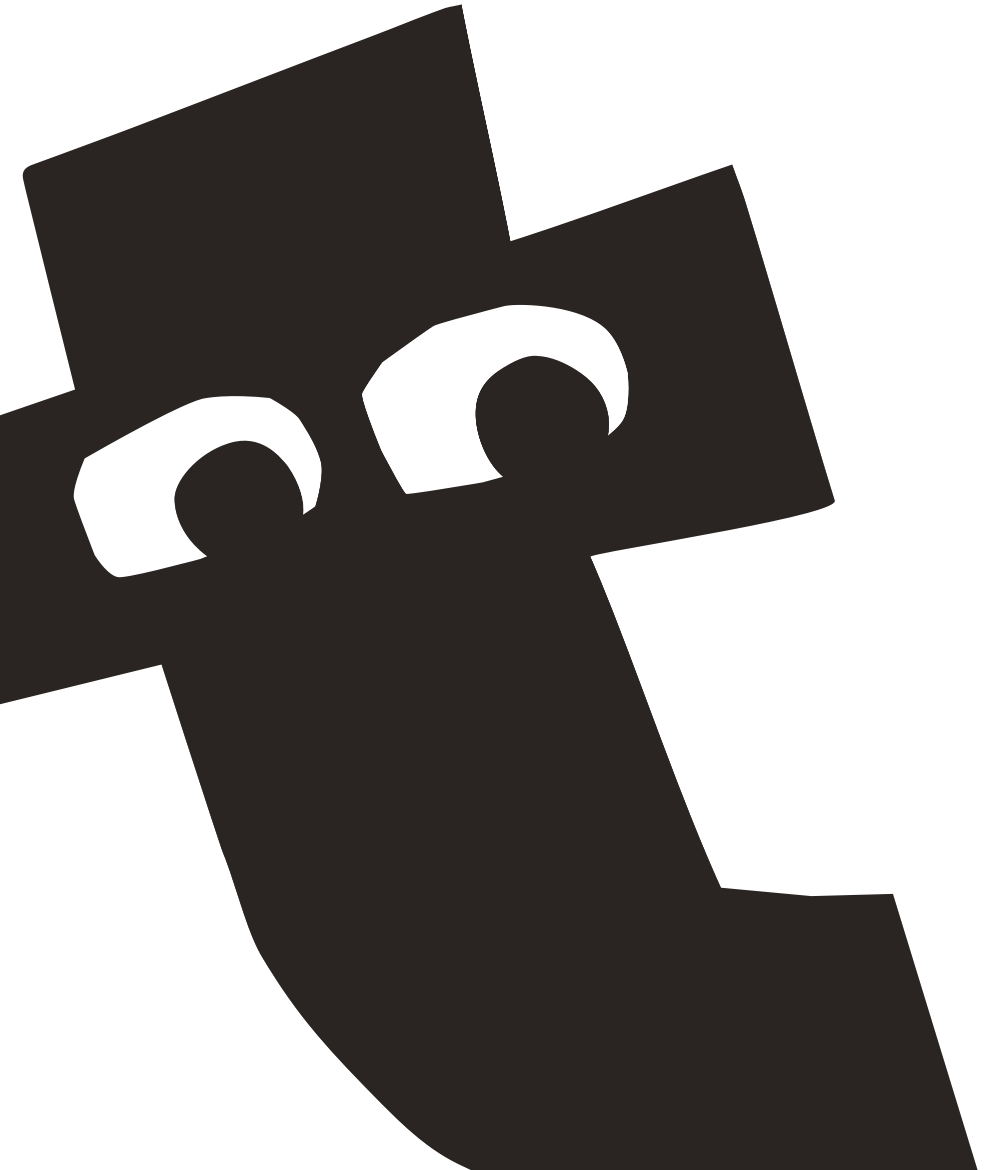
This metric is measured as quantity of items with certified palm oil/quantity of items containing palm oil.

** In 2023 reporting we decided to show clearly that we did not reach our 2022 targets in these areas. From 2025, 100% will be mandatory according to the EU Deforestation Regulation which is why new targets have not been set.

In 2023, the total proportion of FSC wood and paper products was 96%. Since we aimed for a solid 100% in 2022, we still have work to do. Nevertheless, we continued to make progress compared to the previous year.

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 has been FSC-certified. 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 globally, primarily food and beauty. Unfortunately, palm oil is also a driver for deforestation. Therefore, we only want to use palm oil sourced responsibly. Since 2019, we have worked to increase the amount of certified palm oil we use for our food products. Currently, we haven't reached our target but we are swiftly working to rectify the situation before the EUDR (EU Deforestation Regulation) is implemented at the beginning of 2025.



Responsible Packaging

Packaging is one of the biggest waste categories throughout the world. It has a short lifespan with a large environmental impact. Packaging has a purpose not only to protect the products, but also to work as a platform to inform the customers about content. Using as little material as possible is the way forward. This is good for the environment, and it is a way to avoid the various taxation on packaging growing on a global scale. Less packaging shows our customers that we care and helps them minimise their local waste handling.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

Main partnerships: Dansk Erhverv

Ambitions

Our focus on packaging is to:

- 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.

Zebra A/S
Annual Report 2023

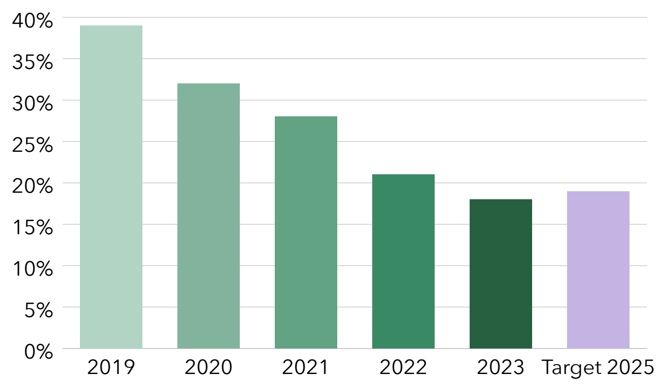
Targets

To have

50%

reduction of plastic in packaging by 2025

Plastic Packaging Material, %



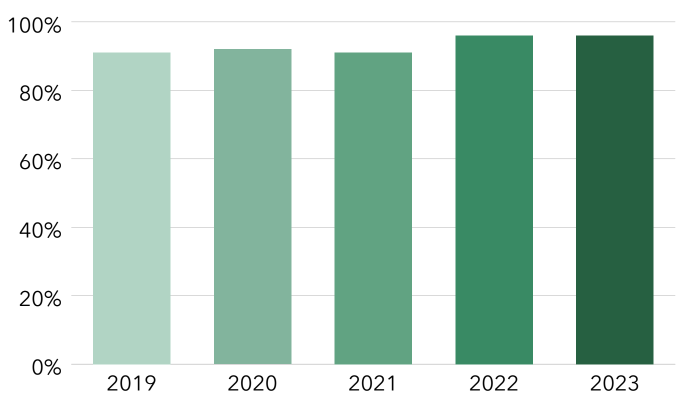
This metric is calculated as the total kilograms of plastic packaging material/total kilograms of all packaging material.

To have

100%

recyclable packaging by 2022*

Packaging Recyclability, %



This metric is measured as the total quantity of products with recyclable packaging/ the quantity of all products.

*In 2023 reporting we decided to show clearly that we did not reach our 2022 targets in these areas. From 2025, 100% will be mandatory according to the EU Deforestation Regulation which is why new targets have not been set.

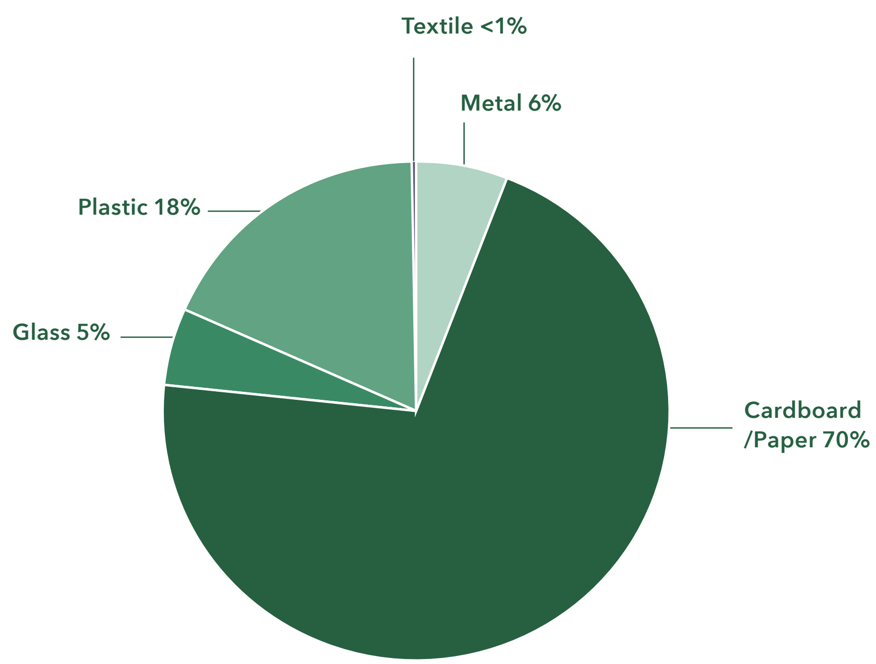
Progress in 2023

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

Making it easy for our customers to recycle packaging is another of ours. Our 2022 goal was to offer 100% recyclable packaging. Unfortunately, this target has not been met since our recyclability percentage has decreased to 96%.

It is quite clear that when it comes to both reducing plastic packaging and ensuring 100% recyclability, our food products are the biggest challenge. As food protection, plastic has very good qualities and alternative packaging materials are hard to find. Also, since we offered more food products in 2023, it directly resulted in our total recyclability numbers going down. At the same time, our recyclability of non-food products went up to 99.5%. We will continue to look for alternatives and expect to see some innovative development in packaging begin.

Packaging Materials, %



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

Responsible Procurement

Our purchasing decisions have an impact on social, environmental, and economic conditions in global supply chains. We are especially aware of 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 a rising regulatory focus on due diligence in supply chains.

Ambitions

Focusing 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 2023

The Flying Tiger Copenhagen Supplier Code of Conduct sets out minimum requirements for responsible business practices by our suppliers (most often trading houses) and sub-suppliers (most often factory production sites), to operate by 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)

Supplier Spend by Regions, %

Area	% of Spend
China	80%
Europe	19%
Rest of World	1%

In our supply chain, we work through our Responsible Procurement Programme, which comprises:

1 **Commitment to the Flying Tiger Copenhagen Supplier Code of Conduct**

2 **Screening and factory audits**

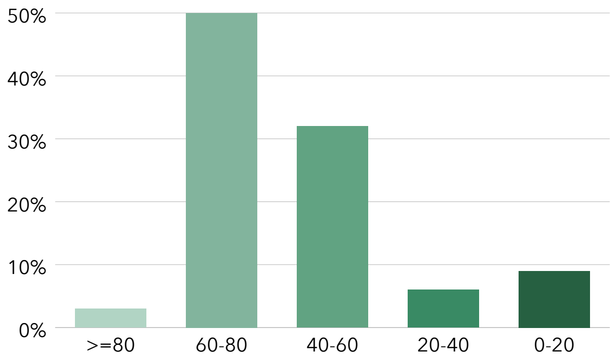
3 **Improvement and remediation**

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 zero tolerance for child labour and strict rules for young workers (between 16 and 18 years old). In 2023, we found no 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. They are experts in these types of cases, and make sure that every case is handled according to the individual child´s circumstances. The centre engages in dialogue with the family and ensures appropriate measures, like enrolment in vocational schools and monthly living stipends throughout the remediation period.

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

Supplier Ratings, %



This metric is measured as the proportion of total Flying Tiger Copenhagen suppliers in each rating category. In 2023, we have added more parameters to our factory ratings to give a more complete picture of performance.

Supplier Performance and Training

In 2023, we launched our Supplier Performance Management programme, which has helped us understand the main points of development that each of our partners should implement, segmenting our vendors according to performance levels: Gold, Silver, Bronze, and Red based on results for Quality, Sustainability, Delivery and Business relationship.

In 2023, we began running large, in person supplier conferences twice a year, focussing on strategy exchange, learning and development. We have also maintained our already established Supplier Academy, which runs frequent sessions on relevant topics within social requirements, sustainability, compliance, procurement, and quality. This allows us to provide training related to the ever-changing retail scenario while reaching a broader audience. In 2023, we had four training sessions with an average of 26 suppliers represented in each session. All sessions are recorded and shared with new suppliers during their onboarding.

Anti-corruption

Sadly, corruption is a considerable issue in international supply chains that prevents free and fair behaviour and limits sustainable development. Our audits are strict in this aspect, and our whistleblower setup ensures anonymous reporting if needed. This year we have furthermore enhanced our training for employees on the topic and we have informed our suppliers underlining our zero-gifting policy. In 2024 we plan to further emphasise this policy with our suppliers. In 2023, no cases of corruption or bribery were identified.

Logistics

Flying Tiger Copenhagen is committed to reducing the environmental impact of its logistics. A full 29% of our overall carbon footprint originates alone from the process of transporting products from factories to distribution centres to stores. We also impact the environment through the energy consumption at our distribution centres, as well as from the waste generated in connection with our transportation and distribution centre activity. All our transportation activities, either via sea or road, are operated by external partners. Of our distribution centres, one is operated fully by Flying Tiger Copenhagen. 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 we are restacking pallets and unboxing goods in our ecommerce setup.

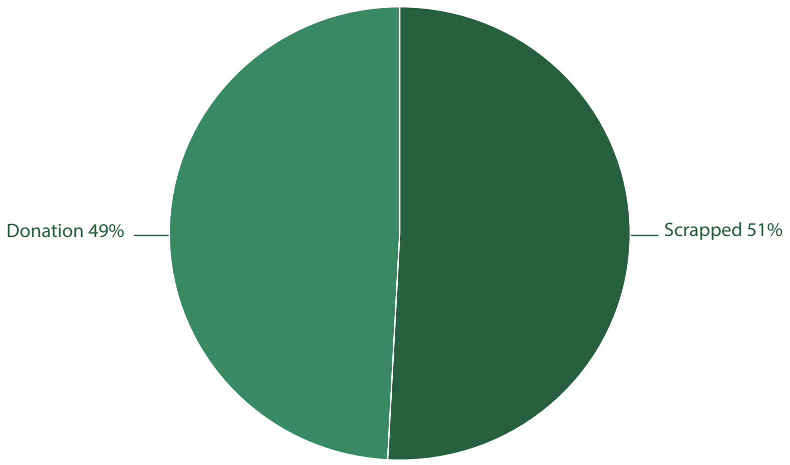
Waste

Most of the waste accumulated by our business stems from our warehouses and is a mix of general warehouse waste (cardboard, pallets etc.) and unsold products. In our stores, the waste is mostly cardboard waste and general waste, as products once shipped to stores are mostly sold.

Waste Locations, %

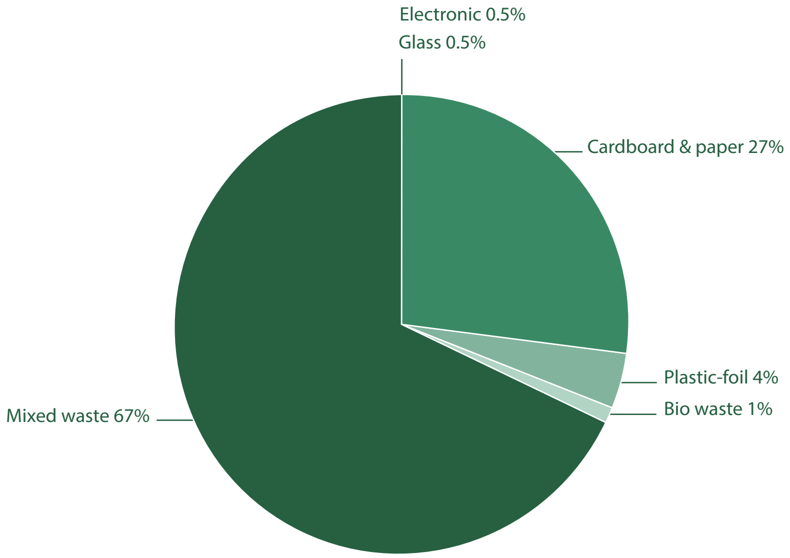
This metric is the proportion of all waste (by weight) from different Flying Tiger Copenhagen location types.

Donated & Scrapped Products, %



This metric is the proportion of end of life products that are donated and those that are scrapped products (by weight) from all Flying Tiger Copenhagen warehouses.
Total weight for all end of life products (scrapped and donated) is 642 tonnes.

Waste Types, %



This metric shows the breakdown of different waste types (by weight) from all Flying Tiger Copenhagen sites (stores, offices and warehouses).

Ambitions

Our ambition is to reduce the emissions from the transportation of our products as much as possible – both by optimising the flow of our goods and by influencing the logistics industry. The logistics industry is substantial and has a considerable environmental footprint. Our goal is to lead this industry in a positive direction by setting high standards regarding our requirements for relevant partners.

Targets

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

Main partnerships: Normative and the Science Based Targets initiative

Progress in 2023

In 2022, we initiated the movement to a more sustainable logistics process. Our priority has been to address the biggest challenge - to impact the industry. Signing a new ECO-delivery-agreement in 2023 with our shipping partner, Maersk, we now use only green fuels* for all our ocean freight, and we can't wait to see the impact of the emission reductions in 2024. Compared to the usage of conventional fossil fuels, these seaborne transport emissions are reduced by over 80% on a lifecycle basis.

In alignment with our company commitment, we have decided to ask our logistics companies to also commit to the Science Based Targets initiative (SBTi) and thereby share our vision on sustainability. Our ambition is that 75% of our logistics suppliers should be operated by companies with approved Science Based Targets and we are currently ahead of our target. Furthermore, sustainability is on the agenda for all our logistic tenders. Not only in terms of the requirement to commit to the SBTi, but also for other relevant aspects, including standards for reporting.

At our own operated distribution centre, we are now powered by 100% renewable electricity. Also, all our reach and forklift trucks are now electric. As for our ecommerce business, we've offered eco-conscious ecommerce packaging from the very beginning with a focus on FSC-certified and plastic-free packaging.

*Maersk defines green fuels as fuels with low (65-80% reductions) to very low (80-95% reductions) GHG emissions over their life cycle compared to fossil fuels. Maersk green fuels and its supply chain are verified by the International Sustainability and Carbon Certification (ISCC). The methodology for accounting emissions is based on GLEC V2 (Global Logistics Emission Council) and is certified by Smart Freight Centre.

Conscious Stores

Even when not including products, stores still have a considerable footprint. Just think about the furniture, the fixtures, electricity used, marketing materials and practical items like receipts and the wrapping used for fragile goods – even the car rides used for employees to visit the stores. It all has an environmental footprint. At the same time, these elements are also a representation of our company, giving us the possibility to show and enhance our commitment to sustainability.

Ambitions

We aim for our stores to reflect our high ambitions and commitment to sustainability. We want to minimise our stores' footprints as much as possible, using circular and responsible materials. For instance, 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. We also want to source only renewable electricity to run our stores and for our company car fleet to be electric.

7 AFFORDABLE AND CLEAN ENERGY
15 LIFE ON LAND

Main partnerships: Forest Stewardship Council

Progress in 2023

Our membership of the Forest Stewardship Council (FSC) and its certifications underline our support the promotion of well-managed forests. An FSC certification not only entails the protection of biodiversity, but it also respects the rights of local people and the people working in the forest. Moreover, it includes that workers are properly trained, have decent health and safety conditions, and receive a fair wage.

Targets

To have

84%

renewable electricity by 2026*

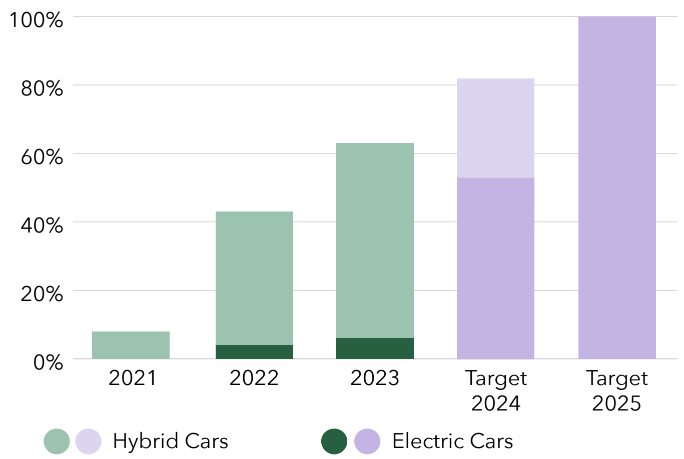
***See graph on Climate Action section, page 46**

To have

100%

electric company owned and leased cars by 2025

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 2023

In 2023, all our markets continued their movement towards 100% renewable electricity in their operations. All in all, we hit 88%, a number we are quite satisfied with, and which means that we are now ahead of our science-based target.

In late 2021, we developed our electric car goal, and since most of our company cars are leased based on a 3-year leasing agreement, there is no considerable change here. Though we see movement in the right direction with 6% of our company cars now being electric and 57% being hybrid. Our goal is to always choose electric vehicles over hybrid, however, hybrid cars are still preferred over petrol or diesel vehicles due to their smaller footprints.

In some of our markets, we know that long distances can be a bit of a challenge with electric cars. We are therefore maintaining our 100% target and keeping our fingers crossed that the developments in this area will help us reach it.

Conscious Stores

Water based
Wall paints

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

88%
of electricity in stores
comes from
renewable sources

+5 year
refurbishing cycle
for store furniture

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

Donating surplus products to people in need is part of our corporate DNA. We both help disadvantaged families and communities and at the same time, we minimise our environmental footprint by doing something good with products that would have ended up as unnecessary waste. In 2023, we donated almost half of our unsold products.

Here, we mention donations conducted directly from our global operations, but our local markets make numerous donations and enter different NGO partnerships in addition to this.

In 2023, we have donated almost 300,000 products to several NGOs in various countries. For instance, we donated 17 pallets of products from our UK warehouse to the NGO In Kind Direct, who then distributed this to 573 different charities in the UK, including many families and children in need.

We also work with several NGOs in donating unsold food products, thereby minimising food waste across our value chain making a difference to vulnerable social groups. As an example, we donate food to the Danish Fødevarebanken who distribute the food to various charities. We donate products that are close to the expiration date to WeFood, a Danish supermarket selling only obsolete goods.

Summary of Targets and Progress

SDGs	Climate action	2019	2020	2021	2022	2023	Target 2026	Status	Comment
	Reduce emissions from our scope 1 by around 30% by 2026, kg's of CO_2-eq emissions, %	Base Year	-28%	-6%	-43%	-40%	-30%	Ahead of target	
	Increase sourcing of renewable electricity (scope 2) to 84% by 2026, %	22%	39%	67%	80%	88%	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%	-36%	-40%	Ahead of target	
	75% of logistic suppliers to have approved Science Based Targets (scope 3) by 2026, %	0%	60%	62%	82%	80%	75%	Ahead of target	The small change in the proportion of Logistics suppliers with SBT's from 2022 to 2023 is due to the transition of our main logistics supplier.

SDGs	Eco-conscious Products	2019	2020	2021	2022	2023	Target 2025	Status	Comment
	50% eco-conscious products by 2025, %			26%	31%	36%	50%	In progress	Target developed in 2021, data not collected in 2019 and 2020.
	50% reduction of single-use products by 2025, %	Base Year	-11%	-28%	-37%	-49%	-50%	Ahead of target	Single-use plastic was only 4.2% of single-use products in 2023.

SDGs	Circular Materials	2019	2020	2021	2022	2023	Target 2025	Status	Comment
	50% reduction of plastic in (non-food) products by 2025, %	Base Year	-6%	-7%	-16%	-19%	-50%	Behind target	
	50% recycled plastic in products by 2025, %	0,20%	0,25%	10%	3%	10%	50%	Behind target	

SDGs	Healthy Forests	2019	2020	2021	2022	2023 Actual	Target 2022*	Status	Comment
	100% certified paper and wood products* by 2022, %	68%	79%	79%	93%	96%	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%	83%	100%	Behind target	

SDGs	Responsible Packaging	2019	2020	2021	2022	2023	Target 2022*/2025	Status	Comment
	50% reduction of plastic in packaging by 2025, %	Base Year	-18%	-27%	-47%	-53%	-50%	Ahead of target	
	100% recyclable packaging by 2022, %	91%	92%	91%	96%	96%	100%	Behind target	In 2023 our non-food packaging was 99.5% recyclable.

*In 2023 reporting we decided to show clearly that we did not reach our 2022 targets in these areas. From 2025, 100% will be mandatory according to the EU Deforestation Regulation which is why new targets have not been set.

People

The people foundation of Flying Tiger Copenhagen is all about supporting our values and strategy, but also about strengthening 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 the use of data

Recruiting, Retention & Development: The Pillars of People

People. The very foundation we are built on. To the People Team, our main purpose is ensuring we have the right people on board. Both to have a fun and productive workplace culture and to meet our strategic goals.

We take pride in supporting our people managers to make sure that everyone stays engaged and motivated. Not only do we scout people with the right skills, but we also determinedly work to keep all our highly qualified employees throughout our organisation. From store staff and managers to creatives and administrative people at HQ.

Our mission is to become one strong Flying Tiger Copenhagen across all our markets. In getting there, we support all our teams in building the right competencies, capabilities, and values to make our strategy live.
Luckily, our People Team also evolves. In 2023, we established two new functions: Talent Attraction and Rewards. Our talent attraction's focus point is to attract high-quality candidates to our organisation whereas the reward team ensures that the level of our compensation and benefits match the market.

People-related matters require the right support. Therefore, our Business Partners team up with committed HR professionals, both from our HQ and our market offices, to provide our people managers with important knowledge on recruitment, performance evaluation, team coaching, and employee development. We all work closely with the business and teams to make sure that working at Flying Tiger Copenhagen is a fun and meaningful experience and, in that way, deliver on our strategic aim.

Our annual personal development reviews and talks between managers and employees are important assessments. To us, they're highly valuable development tools. In 2023, review processes were conducted in nearly three quarters of all entities. Of course, these reviews support the ongoing everyday 1:1 meetings and the open and honest dialogue all our people managers are encouraged and expected to have with their team members.

Culture: A Fun, Dynamic, and Social Workplace

At Flying Tiger Copenhagen, we put our hearts into everything we do. Our values are strongly rooted in the Scandinavian culture of openness, fun, and relevance. They simply reflect the way we see the world, and therefore reflect in the way we think and work.

At Flying Tiger Copenhagen, we have an open workplace culture. We trust each other, and we value our colleagues. Everyone's invited to engage, take charge, and influence their work. Cultural diversity? Yes, please. Luckily, 2023 paved the way for many new colleagues from all over the world. At the HQ alone we have more than 40 different nationalities, and we each add a touch of our cultural uniqueness, making Flying Tiger Copenhagen an international company with vibrant and informal company culture. We want our workplace to be fun, dynamic, and social. So, we party and always celebrate various occasions. Preferably with cake.

Engagement: Ways of Working

At Flying Tiger Copenhagen our people know that the door is always open. To us, it is important that everyone feels welcome in our offices and can share ideas and work together. But for people to truly thrive often the possibility to be able to work from home works wonders for their work-life balance. Therefore, flexible and attractive working conditions to us mean both on-site and remote. It is reflected at our HQ, designed to be a vibrant space where people want to come to work, meet their colleagues, and have fun. And it is reflected in our support of a hybrid workplace. In our 2023 engagement surveys, this flexible approach was highly recognised as a contributor to work engagement.

Well-being: Empowered by Data and Insights

Knowledge is power. So, 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 simply developing a best-in-class and unique retail company.

In 2023, one third of the teams in our markets conducted employee satisfaction surveys. These surveys provided a strong tool for managers in building a feedback culture. Moreover, the surveys invited an open and honest dialogue about being a part of Flying Tiger Copenhagen.

Also, in 2023 we carried out more frequent satisfaction surveys at HQ. Not only did it give our managers real-time data to work with. It also gave our employees the possibility to more frequently come with inputs and with that higher their chance to positively influence workplace initiatives.

The last satisfaction survey in HQ in 2023 showed an engagement score of 8,4 (out of 10), which was above both market benchmark and our ambition for 2023, demonstrating the success in maintaining a high engagement and a feedback culture supporting the continued development of the workplace.

There is a risk that if we fail to maintain a welcoming and involving culture in our workplaces, this could influence the engagement and lead to higher turnover rates and a decrease in performance. Therefore, we have maintained a sharp focus on well-being and our ways of working.

Diversity and Inclusion: Everyone's Welcome

Happy employees stay longer with the company which is better for business. It is as simple as that. So, ensuring good working conditions and a welcoming work environment where people feel they belong is key. Of course, we have zero tolerance for discrimination. It is a basic obligation and a core value not to discriminate against anyone. Our inclusive culture gives us a competitive advantage. It meets any demand for working at a company that values diversity and inclusion highly and attracts people from the widest talent pool.

In 2023, we kicked off our first Diversity Panel with colleagues from across the markets in various positions. The work will continue throughout 2024 as an established platform for relevant topics and meaningful discussions.

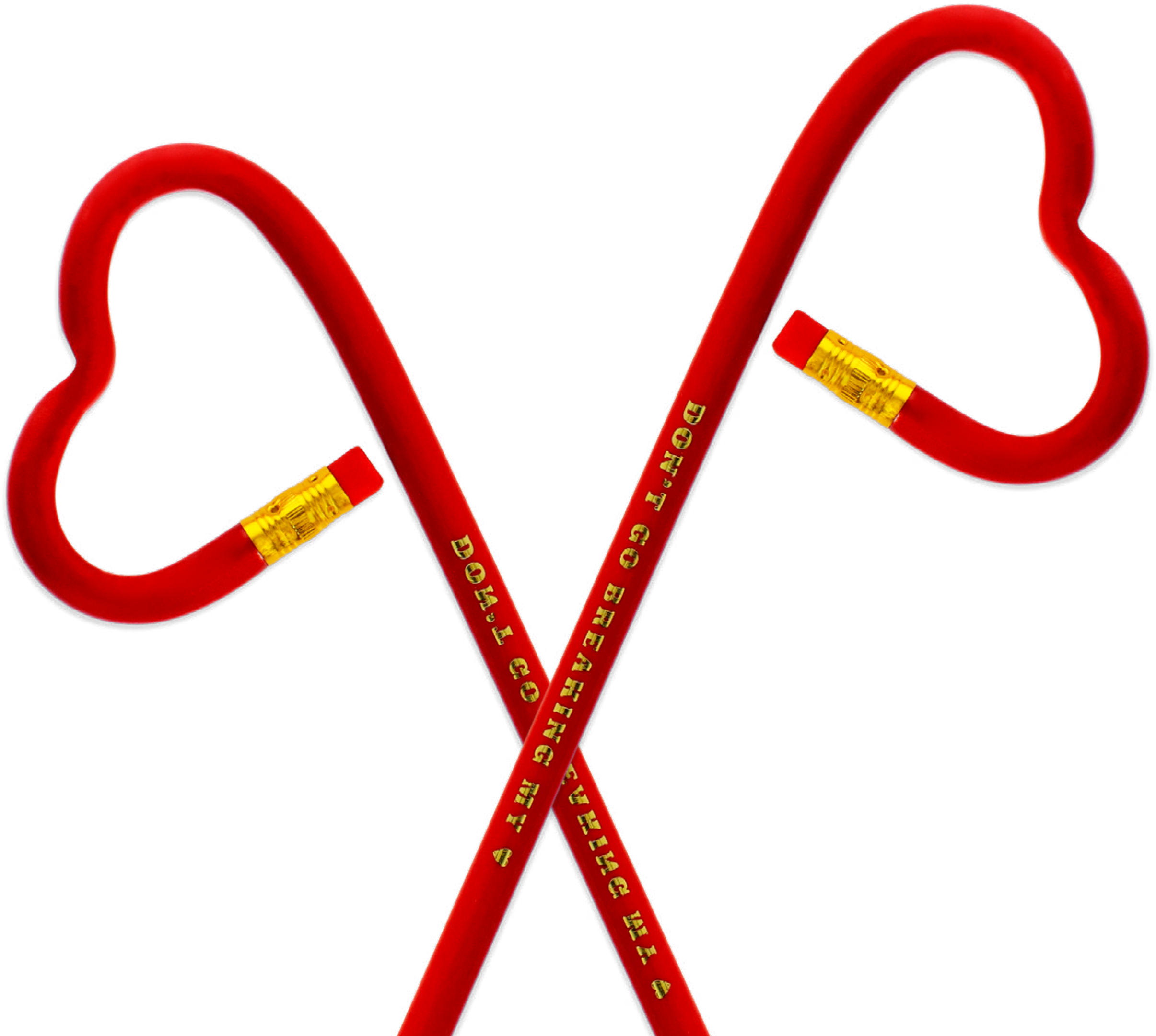
Ethics Training and Awareness: Know How to Act

Our employee ethics training has been enhanced further. Now the training also includes topics like corruption and what constitutes it, such as bribery, conflicts of interest, breaches of competition law, accurate financial reporting, gifting, and hospitality.

Therefore, our employees are now both more informed and protected and very aware of how to act in any of these situations. If the need arises, our employees are directed towards our whistle-blower setup, which allows confidential reporting of incidents.

Furthermore, we've strengthened our training on discrimination and harassment. More information has been added to our employee code of ethics providing relevant training for all employees to conduct regularly. To ensure that all employees conduct and complete this training, we've introduced a new system.

The engagement survey tool used at HQ provides detection of selected words written in anonymous comments from employees on harassment and discrimination. This tool enables management to engage with our employees and immediately act if needed. During 2023, merely a few incidents required further involvement from the People Department.



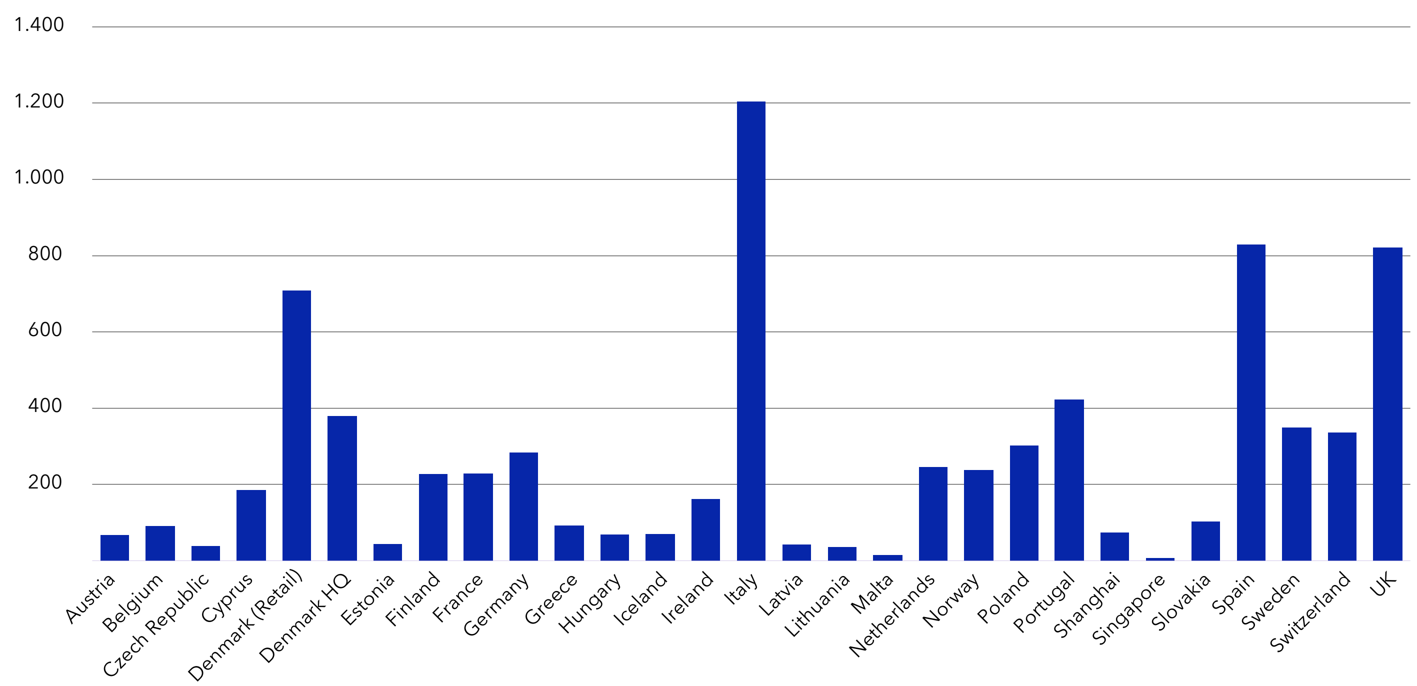
People Facts and Employment Conditions

We have local offices in 29 markets including regional offices in Shanghai and Singapore, and our HQ in Denmark.

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

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

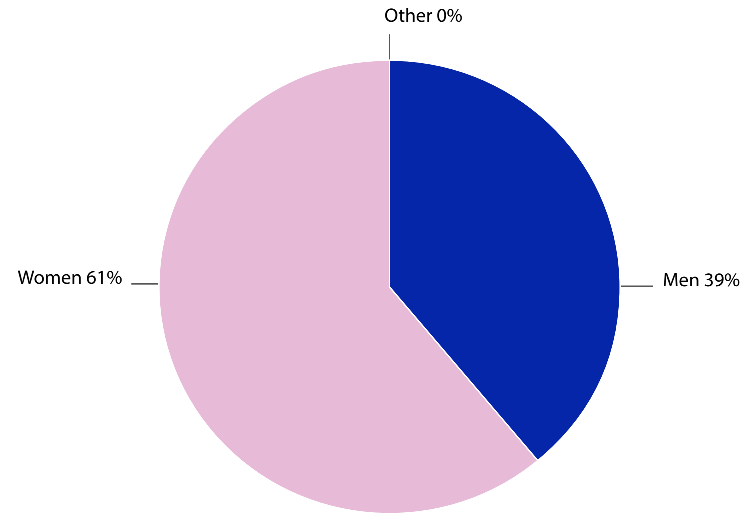
Total headcount (average 2023)



Most of our Flying Tiger Copenhagen people work in our stores, either as sales assistants, shift managers, or store managers, or in one of our four warehouses. More women are represented in our stores, and at the HQ in Denmark women represent a total of 61%.

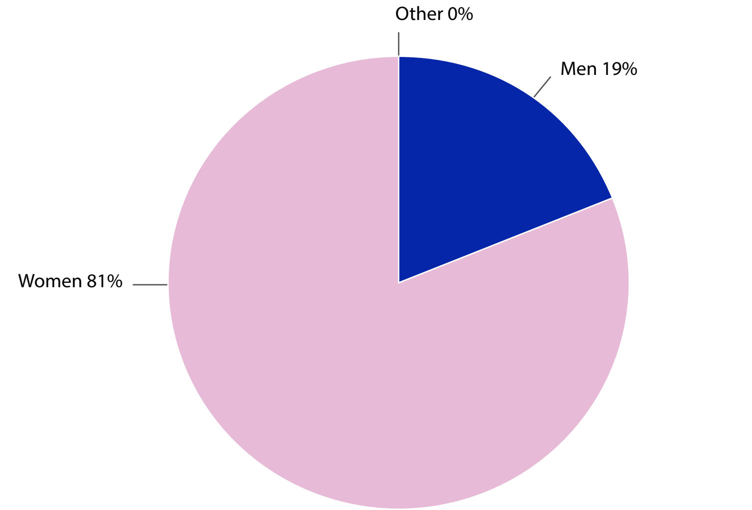
Gender split HQ total

Total headcount (31-12-2023)



Gender split total

Total headcount (31-12-2023)

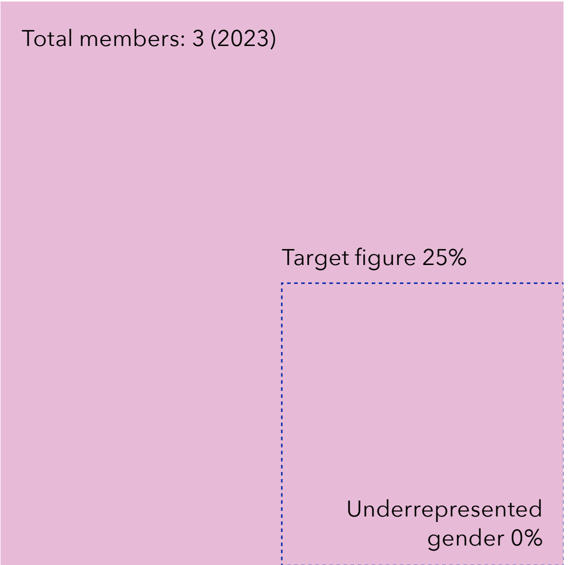


The high number of female staff in our stores is also reflected at the store management level. Across our markets around 75% of the store managers are women.

Gender Distribution in Management

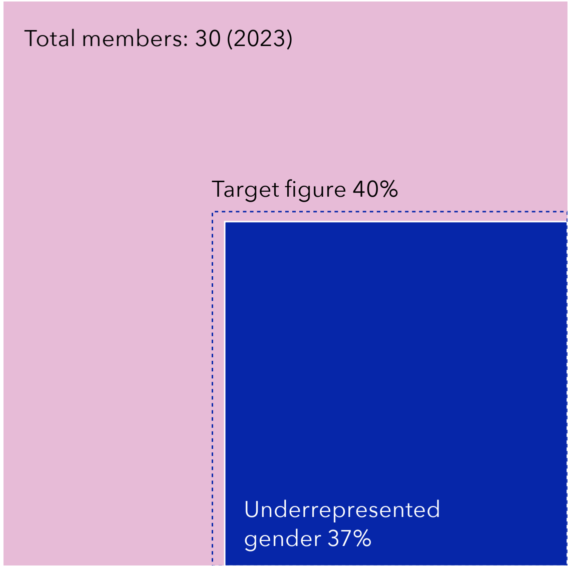
Flying Tiger Copenhagen aims at gender equality in leadership positions. According to cf. section 99(b) of the Danish Financial Statements Act, the below table shows the gender distribution on our Board of Directors and in the top management at Zebra A/S.

Board of Directors



Year for meeting target: 2027

Other levels of management



Year for meeting target: 2027

Our Board of Directors changed both in composition and size as part of the change of ownership in 2021, where Treville X Holding ApS acquired Zebra A/S. The Board of Directors is composed of three men holding the majority ownership of the company. There have been no changes to the Board of Directors since 2021, and the aim of an increased diversity split before 2024 was not reached.

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

Today, women represent 37% of the other levels of management. Zebra A/S defines the other levels of management as the Senior Leadership Team and the persons with managerial responsibility referring to members of the Senior Leadership Team. In 2023, we had a minimal change and improved the number of the underrepresented gender in other management compared to 2022. But since the change was only minimal, it was not possible to reach our goal in the current financial year yet. We aim to have 40% women working in other levels of management before 2027. Therefore, we will continue to consider a sustainable approach to gender parity in our recruitment process.

To mitigate unconscious bias, we are continuously reviewing our recruiting processes. This is to identify candidates of all genders and to encourage female candidates' interest in taking on management responsibilities.

From left to right:

Martin Jermiin, Casper Lykke Pedersen, Lars Thomassen, Christian Kofoed H. Jakobsen and Nikolaj Vejlsgaard

Board of Directors

Nikolaj Vejlsgaard (1971)
Chairman, Member since February 2021

Educational background M.Sc. in Finance from Copenhagen Business School

Experience
Owner & Co-Founder of Treville
20+ years at Axcel, Copenhagen-based Private Equity firm
Various board member positions

Casper Lykke Pedersen (1974)
Member since February 2021

Educational background M.Sc. in Finance from Copenhagen Business School

Experience
Owner & Co-Founder of Treville
14+ years at Axcel, Copenhagen-based Private Equity firm
4+ years at Deutsche Bank AG, London
Various board member positions

Lars Thomassen (1964)
Member since February 2021

Educational background M.Sc. in Economics from Aarhus Business School

Experience
Owner & Co-Founder of Treville
13+ years at Axcel, Copenhagen-based Private Equity firm
7+ years at GN Store Nord
5+ years at ISS
Various board member positions

Executive Management

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

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Statement of Profit or Loss
1 January - 31 December

DKKm	Note	2023	2022
Revenue	2.1	4,967.3	4,752.1
Cost of sales		(1,834.8)	(1,846.0)
Gross profit		**3,132.5**	**2,906.1**
Other external expenses		(702.7)	(701.3)
Staff costs	2.2	(1,334.2)	(1,229.9)
Other operating income	2.5	25.8	53.3
EBITDA before special items		**1,121.4**	**1,028.2**
Amortisation, depreciation and impairment losses		(785.8)	(736.9)
Operating profit (EBIT) before special items		**335.6**	**291.3**
Special items	2.3	(45.9)	(31.8)
Operating profit (EBIT)		**289.7**	**259.5**
Share of profit in joint ventures	3.4	4.8	1.4
Financial income	4.6	5.9	4.0
Financial expenses	4.6	(327.5)	(220.7)
Fair value adjustment of call options	4.4	111.9	63.9
Profit before tax		**84.8**	**108.1**
Tax on profit for the year	2.4	(60.5)	(43.3)
Profit for the year		**24.3**	**64.8**
Profit for the year is attributable to:			
Owners of Zebra A/S		(34.4)	7.4
Non-controlling interests		58.7	57.4
Profit for the year		**24.3**	**64.8**

Statement of Comprehensive Income
1 January - 31 December

DKKm	Note	2023	2022
Profit for the year (brought forward)		**24.3**	**64.8**
Items that will not be reclassified subsequently to profit or loss:			
Adjustment to prior years actuarial gains/(losses)	3.7	-	(9.2)
Actuarial gains/(losses)	3.7	(0.8)	2.4
Tax on actuarial gains/(losses)	2.4	0.2	1.4
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of investments in foreign entities		9.4	(2.8)
Foreign exchange hedging instruments:			
- Realised in inventories	4.4	2.1	(29.9)
- Realised in cost of sales	4.4	21.4	(79.1)
- Realised in financial items	4.4	(0.2)	(0.3)
- Fair value adjustments	4.4	(16.6)	58.9
Tax on hedging instruments	2.4	(1.5)	11.1
Other comprehensive income		**14.0**	**(47.5)**
Total comprehensive income for the year		**38.3**	**17.3**
Total comprehensive income for the year is attributable to:			
Owners of Zebra A/S		(20.9)	(40.6)
Non-controlling interests		59.2	57.9
Total		**38.3**	**17.3**

Balance Sheet
31 December

Assets

DKKm	Note	2023	2022
Intangible assets	3.1	243.7	234.8
Right-of-use assets	3.2	1,909.1	1,738.3
Property, plant and equipment	3.3	202.3	212.6
Investment in joint ventures	3.4	21.4	12.5
Deposits		86.7	84.8
Derivative financial instruments	4.3, 4.4	479.2	367.3
Deferred tax assets	2.4	93.9	106.6
Non-current assets		**3,036.3**	**2,756.9**
Inventories	3.5	635.5	776.0
Income tax receivables		11.0	20.1
Joint income tax receivables	5.2	11.2	-
Trade receivables		7.8	3.8
Derivative financial instruments	4.3, 4.4	0.1	7.5
Other receivables	1.2	379.9	375.8
Prepayments		37.0	47.6
Cash and cash equivalents	4.3	569.4	298.6
Current assets		**1,651.9**	**1,529.4**
Assets		**4,688.2**	**4,286.3**

Balance Sheet
31 December

Equity and liabilities

DKKm	Note	2023	2022
Share capital	4.1	17.0	17.0
Currency translation reserve		0.9	(8.5)
Currency hedging reserve		(13.5)	(18.7)
Retained earnings		(1,357.0)	(1,285.6)
Capital and reserves attributable to owners of Zebra A/S	4.2	**(1,352.6)**	**(1,295.8)**
Non-controlling interests		-	-
Total equity		**(1,352.6)**	**(1,295.8)**
Provisions for the acquisition of non-controlling interests	4.3, 4.5, 4.7	251.5	201.9
Other provisions	3.6	63.6	55.9
Bank debt	4.3, 4.7	2,100.2	1,817.4
Loan from shareholders	4.3, 4.7, 5.2	125.0	125.0
Other loans	4.3, 4.7	13.0	9.6
Lease liabilities	3.2, 4.3, 4.7	1,408.6	1,241.5
Deferred considerations	4.3, 4.5, 4.7	3.7	28.4
Deferred tax liabilities	2.4	2.9	1.2
Other non-current liabilities	3.7, 4.3	54.3	50.7
Non-current liabilities		**4,022.8**	**3,531.6**
Provisions for the acquisition of non-controlling interests	4.3, 4.5, 4.7	1.1	4.8
Other provisions	3.6	11.4	16.2
Loans provided by shareholders of non-controlling interests	4.3, 4.7	0.4	0.4
Bank debt	4.3, 4.7	171.1	211.3
Other loans	4.3, 4.7	12.7	44.8
Lease liabilities	3.2, 4.3, 4.7	614.4	591.2
Trade payables	4.3	614.6	584.0
Amounts payable to shareholders	4.3, 5.2	11.9	8.8
Income tax payables	4.3	40.7	56.6
Deferred considerations	4.3, 4.5, 4.7	25.1	53.2
Derivative financial instruments	4.3, 4.4	23.3	41.1
Other payables	3.8, 4.3	491.3	438.1
Current liabilities		**2,018.0**	**2,050.5**
Liabilities		**6,040.8**	**5,582.1**
Equity and liabilities		**4,688.2**	**4,286.3**

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
2023							
Equity 01.01.	**17.0**	**(8.5)**	**(18.7)**	**(1,285.6)**	**(1,295.8)**	**-**	**(1,295.8)**
Profit for the year	-	-	-	(34.4)	(34.4)	58.7	24.3
Other comprehensive income for the year, net of tax	-	8.9	5.2	(0.6)	13.5	0.5	14.0
Transactions with owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(40.1)	(40.1)
Fair value adjustment of provisions for the acquisition of non-controlling interests, cf. note 4.5	-	-	-	(45.9)	(45.9)	-	(45.9)
Fair value adjustment of purchase consideration for the acquisition of non-controlling interests, cf. note 4.5	-	-	-	(9.1)	(9.1)	-	(9.1)
Reclassification of the non-controlling interests subject to the put option recognised as a liability	-	0.5	-	18.6	19.1	(19.1)	-
Equity 31.12.	**17.0**	**0.9**	**(13.5)**	**(1,357.0)**	**(1,352.6)**	**-**	**(1,352.6)**
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)**

In accordance with IFRS Accounting Standards, 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 2023, the accumulated changes and differences upon settlement amount to DKK -1,187.0m (2022: DKK -1,132.0m) included in equity. 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	2023	2022
Operating profit (EBIT) before special items		**335.6**	**291.3**
Amortisation, depreciation and impairment losses		785.8	736.9
Special items paid		(15.5)	(25.6)
Working capital changes	3.9	200.0	(366.7)
Other non-cash adjustments		(4.5)	15.3
Interest income received		1.0	0.6
Interest expenses paid		(282.4)	(199.0)
Taxes paid		(65.6)	(27.9)
Cash flows from operating activities		**954.4**	**424.9**
Investment in intangible assets		(65.6)	(55.7)
Investment in right-of-use assets		(8.7)	(9.5)
Investment in property, plant and equipment		(67.5)	(62.7)
Sale of property, plant and equipment		0.2	1.1
Deposits paid		(7.9)	(7.7)
Deposits received		6.0	7.9
Cash flows from investing activities		**(143.5)**	**(126.6)**
Free cash flow		**810.9**	**298.3**
Acquisition of non-controlling interests	4.5, 4.7	(61.9)	(30.3)
Capital contribution		-	55.0
Repayment of loans provided by shareholders of non-controlling interests	4.7	-	(5.2)
Repayment of lease liabilities	4.7	(613.9)	(622.0)
Proceeds from loans and borrowings	4.7	272.5	156.7
Repayment of loans and borrowings	4.7	(99.5)	(144.2)
Dividend paid to non-controlling interests		(40.1)	(41.6)
Cash flows from financing activities		**(542.9)**	**(631.6)**
Increase/(decrease) in cash and cash equivalents		**268.0**	**(333.3)**
Cash and cash equivalents at 1 January		298.6	634.2
Unrealised exchange gains/(losses) included in cash and cash equivalents		2.8	(2.3)
Cash and cash equivalents at 31 December		**569.4**	**298.6**

Unutilised credit facilities for the Group amounted to DKK 372.6m at 31 December 2023 (2022: DKK 603.1m).

The cash flow cannot be derived directly from the statement of profit or loss and the balance sheet.

Section 1 Basis of Preparation

This section

Note 1.1 Material Accounting Policies
Note 1.2 Significant Accounting Estimates and Judgments
Note 1.3 Going Concern

Zebra presents its consolidated financial statements in accordance with IFRS® Accounting Standards. This section sets out Zebra's significant accounting policies, Management's key accounting estimates, new requirements according to IFRS Accounting Standards 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 Material Accounting Policies

The Annual Report for the period 1 January – 31 December 2023 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.

On 29 April 2024, the Board of Directors and the Executive Management approved the Annual Report for 2023 of Zebra A/S, and it will be presented to the shareholders for approval at the Annual General Meeting on 29 April 2024.

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

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

The consolidated financial statements 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 apart from the implementation of new or amended standards effective for the financial year 1 January - 31 December 2023, cf. below.

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

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.

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.

1.1 Material Accounting Policies (continued)

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 2023, most significantly:

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

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

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

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

1.2 Significant Accounting Estimates and Judgments

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

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

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

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

- Consolidation of entities in which the Group holds a 50% ownership interest (cf. below),
- Valuation of deferred tax assets (note 2.4),
- Measurement, revaluation, and impairment test of right-of-use assets (note 3.2),
- Write-downs against the carrying amount of inventories (note 3.5),
- Assessing whether a change to the bank facilities is a termination of existing debt with recognition of new debt or a modification of existing debt (note 4.4),
- 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
The Executive Management has considered the impact of climate change on the consolidated financial statements. The review did not identify any material financial impacts and the Executive Management has assessed that the effects of climate change do not have significant influence on the estimates or judgments in the consolidated financial statements.

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

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

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

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

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

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

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

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

1.2 Significant Accounting Estimates and Judgments (continued)

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 2023 with DKK 1,353m (2022: DKK 1,296m) for the Group and DKK 591m (2022: DKK 660m) 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 2023' on pages 15-19.

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

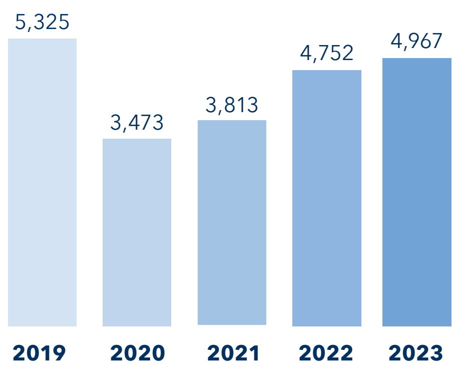
This section

Note 2.1 Revenue
Note 2.2 Staff Costs
Note 2.3 Special Items
Note 2.4 Income Taxes and Deferred Tax
Note 2.5 Other Operating Income

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

In 2023, Zebra's revenue was DKK 4,967m, compared to DKK 4,752m in 2022, corresponding to a 4.5% increase.

Revenue (DKKm)



Number of countries
27
(2022: 27)

Number of stores
854
(2022: 842)

Average number of FTE
4,308
(2022: 4,233)

2.1 Revenue

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

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

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

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

A provision of DKK 1.0m (2022: DKK 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 26.2m (2022: DKK 12.3m).

2.1 Revenue (continued)

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

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

2.2 Staff Costs

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

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

DKKm	**2023**	**2022**
Salaries and wages	1,106.4	1,009.2
Pensions, defined contribution plans	46.7	41.5
Pensions, defined benefit plans	9.1	9.2
Other social security costs	161.5	146.7
Other staff costs	43.0	38.1
Total	**1,366.7**	**1,244.7**
Salaries and wages recognised in special items	(29.5)	(13.1)
Capitalised salaries and wages related to development projects	(3.0)	(1.7)
Recognised in staff costs in the statement of profit or loss	**1,334.2**	**1,229.9**
Average number of full-time equivalents	**4,308**	**4,233**

2.2 Staff Costs (continued)

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

2.3 Special Items

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

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

DKKm	2023	2022
Transformation programme	3.2	14.9
Costs related to the fire on the vessel Maersk Honam	0.1	(0.6)
Strategic initiatives regarding our global footprint	7.0	7.6
Costs related to capital structure considerations	29.8	-
Sea freight dispute and other legal costs	5.8	9.9
Total	**45.9**	**31.8**

2.4 Income Taxes and Deferred Tax

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

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

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

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

The Executive Management considers it probable that an amount of DKK 91.0m (2022: DKK 105.4m) in tax assets can be offset against positive taxable income within the next five years, while an amount of DKK 525.3m (2022: DKK 474.6m) in tax assets has been impaired at year-end 2023. The impairment test at year-end 2023 resulted in a profit or loss effect amounting to a loss of DKK 50.2m (2022: a gain of DKK 9.7m). The tax asset is impairment tested on a per entity basis, including expected income for the entity for the period 2024 to 2028.

However, the amount of tax assets not shown in the balance sheet can still be carried forward to be offset against future taxable income after the budgeting period. Of the total deferred tax assets recognised, DKK 43.1m (2022: DKK 65.2m) is related to tax loss carry-forwards.

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

2.4 Income Taxes and Deferred Tax (continued)

Tax costs DKKm	2023	2022
Current tax	67.7	51.9
Adjustment to current tax concerning previous years	(20.2)	12.8
Change in deferred tax during the year	7.1	(25.4)
Impact from change in tax rates to deferred tax	(0.3)	1.5
Adjustment to deferred tax concerning previous years	6.2	2.5
Total	**60.5**	**43.3**

Tax reconciliation DKKm	2023	2022
Profit before tax	84.8	108.1
Calculated 22.0% on profit before tax	18.7	23.8
Difference in local tax rates compared to the Parent Company's tax rate of 22.0%	(2.5)	(1.4)
Tax effect from:		
Non-taxable income and non-deductible expenses	8.4	13.8
Impact from change in the tax rates	(0.3)	1.5
Impairment and reversal of impairment of deferred tax	50.2	(9.7)
Adjustments concerning previous years	(14.0)	15.3
Total	**60.5**	**43.3**
Effective tax rate	**71.3%**	**40.0%**

Deferred tax DKKm	2023	2022
Deferred tax assets	93.9	106.6
Deferred tax liabilities	(2.9)	(1.2)
Total	**91.0**	**105.4**

2.4 Income Taxes and Deferred Tax (continued)

DKKm	Deferred tax 01.01.	Exchange rate adjustment	Recognised in profit or loss	Recognised in other comprehen-sive income	Recognised in equity	Deferred tax 31.12.
2023						
Intangible assets	48.7	-	12.8	-	-	61.5
Right-of-use assets	(380.5)	0.1	(41.9)	-	-	(422.3)
Property, plant and equipment	30.5	0.1	(2.5)	-	-	28.1
Inventories	23.1	-	(0.5)	-	-	22.6
Lease liabilities	387.5	-	59.5	-	-	447.0
Foreign exchange hedging	5.3	-	-	(1.5)	-	3.8
Post-employment benefits	1.4	-	-	0.2	-	1.6
Tax losses to be carried forward	398.2	0.1	0.6	-	-	398.9
Valuation allowances	(474.6)	(0.5)	(50.2)	-	-	(525.3)
Interest limitation balance	29.4	-	12.9	-	-	42.3
Other	36.4	0.1	(3.7)	-	-	32.8
Deferred tax	**105.4**	**(0.1)**	**(13.0)**	**(1.3)**	**-**	**91.0**
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**

Unrecognised tax loss carry-forwards amount to DKK 355.7m (2022: DKK 333.0m).

2.5 Other Operating Income

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

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

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

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

Other operating income

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

Section 3
Invested Capital and Working Capital Items

This section

Note 3.1 Intangible Assets
Note 3.2 Right-of-use Assets and Lease Liabilities
Note 3.3 Property, Plant and Equipment
Note 3.4 Investment in Joint Ventures
Note 3.5 Inventories
Note 3.6 Other Provisions
Note 3.7 Post-employment Benefits
Note 3.8 Other Payables
Note 3.9 Working Capital Changes

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	2023	2022
Inventories	636	776
Trade receivables	8	4
Other receivables	380	376
Prepayments	37	47
Trade payables	(615)	(584)
Amounts payable to shareholders	(12)	(9)
Other payables	(491)	(438)
Net working capital	**(57)**	**172**

Invested capital

DKKm	2023	2022
Intangible assets	244	235
Right-of-use assets	1,909	1,738
Property, plant and equipment	202	213
Investment in joint ventures	21	13
Deposits	87	85
Net working capital	(57)	172
Other provisions	(75)	(72)
Net derivative financial instruments	(23)	(34)
Other non-current liabilities	(54)	(51)
Net income tax	(19)	(36)
Net deferred tax	91	105
Invested capital	**2,326**	**2,368**

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 2024 approved by the Board of Directors. No growth rate is assumed for the following years.

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 11.3% (2022: 10.7%) is used to calculate recoverable amounts, representing the weighted average cost of capital. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

3.1 Intangible Assets (continued)

DKKm	Goodwill	Trademarks	Licenses and software	Intangible assets in progress	Total
2023					
Cost 01.01.	12.0	0.8	444.6	13.9	471.3
Additions	-	-	1.2	-	1.2
Additions, internal development	-	-	0.6	63.8	64.4
Transfer	-	-	1.4	(1.4)	-
Disposals	-	-	(0.2)	-	(0.2)
Cost 31.12.	**12.0**	**0.8**	**447.6**	**76.3**	**536.7**
Amortisation 01.01.	(3.6)	(0.4)	(232.5)	-	(236.5)
Exchange rate adjustment	-	-	0.1	-	0.1
Amortisation	-	(0.0)	(56.8)	-	(56.8)
Disposals	-	-	0.2	-	0.2
Amortisation 31.12.	**(3.6)**	**(0.4)**	**(289.0)**	**-**	**(293.0)**
Carrying amount 31.12.	**8.4**	**0.4**	**158.6**	**76.3**	**243.7**
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	-	-	-	54.9	54.9
Transfer	-	-	70.2	(70.2)	-
Disposals	-	-	(8.1)	-	(8.1)
Cost 31.12.	**12.0**	**0.8**	**444.6**	**13.9**	**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**	**212.1**	**13.9**	**234.8**

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

3.2 Right-of-use Assets and Lease Liabilities

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

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

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

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

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

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

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

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

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if the Group changes its assessment of whether it will exercise an extension or a termination option, or if there is a revised in-substance fixed lease payment.

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

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

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

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

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

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

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

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

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

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

Right-of-use assets DKKm	Property	Cars	Other equipment	Store furniture	Total
2023					
Carrying amount 01.01.	1,734.6	3.7	-	-	1,738.3
Exchange rate adjustment	15.0	-	-	-	15.0
Additions	217.5	4.3	-	-	221.8
Adjustment due to remeasurement of lease liabilities	582.4	0.3	-	-	582.7
Disposals	(0.2)	-	-	-	(0.2)
Depreciation	(644.3)	(2.7)	-	-	(647.0)
Impairment losses	(11.3)	-	-	-	(11.3)
Reversal of prior year impairment losses	9.8	-	-	-	9.8
Carrying amount 31.12.	**1,903.5**	**5.6**	**-**	**-**	**1,909.1**
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**

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

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

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

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

Amounts recognised in profit or loss

DKKm	2023	2022
Depreciation charge of right-of-use assets	647.0	613.5
Interest expense on lease liabilities (included in finance cost)	108.3	75.5
Expense relating to short-term and low value leases (included in other external expenses)	2.1	1.5
Expense relating to variable lease payments (included in other external expenses)	28.4	37.9
Income from subleasing right-of-use assets (included in other external expenses)	3.3	5.8

The total cash outflow for leases in 2023 was DKK 748.4m (2022: DKK 733.6m).

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

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

3.3 Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

3.3 Property, Plant and Equipment (continued)

DKKm	Leasehold improvements	Store furniture	Other equipment	Assets under construction	Total
2023					
Cost 01.01.	610.6	447.3	194.6	0.6	1,253.1
Exchange rate adjustment	6.9	1.2	1.4	-	9.5
Additions	32.1	16.2	17.3	1.9	67.5
Transfer	2.1	0.1	-	(2.2)	-
Disposals	(11.8)	(8.2)	(4.2)	-	(24.2)
Cost 31.12.	**639.9**	**456.6**	**209.1**	**0.3**	**1,305.9**
Depreciation 01.01.	(475.6)	(407.6)	(157.3)	-	(1,040.5)
Exchange rate adjustment	(5.1)	(0.4)	(1.5)	-	(7.0)
Depreciation	(42.5)	(17.1)	(14.5)	-	(74.1)
Impairment losses	(2.2)	(0.1)	(2.1)	-	(4.4)
Disposals	10.7	7.8	3.9	-	22.4
Depreciation 31.12.	**(514.7)**	**(417.4)**	**(171.5)**	**-**	**(1,103.6)**
Carrying amount 31.12.	**125.2**	**39.2**	**37.6**	**0.3**	**202.3**
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**

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

3.4 Investment in Joint Ventures

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

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

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

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

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

Zebra Japan K.K.
The investment in joint ventures has, in 2023 and 2022, consisted of the investment in Zebra Japan K.K., which markets and sells products from Flying Tiger Copenhagen on the Japanese market. 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 2023 (2022: DKK 0m). In the Executive Management's opinion, no probable change in key assumptions mentioned above will cause significant impairment losses.

DKKm	2023	2022
Cost 01.01.	53.1	53.1
Cost 31.12.	**53.1**	**53.1**
Adjustment 01.01.	(40.6)	(45.5)
Exchange rate adjustment	4.1	3.5
Share of profit for the year after tax	4.8	1.4
Adjustment 31.12.	**(31.7)**	**(40.6)**
Carrying amount 31.12.	**21.4**	**12.5**

3.4 Investment in Joint Ventures (continued)

Reconciliation of the investment in joint ventures

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

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

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

3.5 Inventories

Accounting policies

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

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

Significant accounting estimates and judgments

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

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

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

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

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

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

3.6 Other Provisions

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

Furthermore, provisions are made for infringement litigations and for obligations in connection with salvage costs.

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

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

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

3.7 Post-employment Benefits

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

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

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

The defined benefit plan is unfunded.

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

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

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

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

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

3.7 Post-employment Benefits (continued)

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

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

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

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

The sensitivity analysis showed that a 0.25%-point increase/decrease in the discount rate would result in a change of DKK -2.0m/DKK +2.0m (2022: DKK -2.0m/DKK +2.0) in the obligation. A 0.5%-point increase/decrease in the wages growth rate would result in a change of DKK +6.0m/DKK -6.0m (2022: DKK +0.6m/DKK -0.6m) in the obligation.

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

3.8 Other Payables

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

DKKm	2023	2022
VAT and other indirect taxes	160.8	171.5
Employee costs	233.4	186.7
Other	97.1	79.9
Total	**491.3**	**438.1**

3.9 Working Capital Changes

DKKm	2023	2022
Change in inventories	144.8	(197.8)
Change in trade receivables	(4.0)	8.5
Change in other receivables	(3.9)	(188.1)
Change in prepayments	11.4	(17.8)
Change in trade payables	28.1	5.8
Change in payables to shareholders	3.1	8.8
Change in other payables	20.5	13.9
Total	**200.0**	**(366.7)**

Section 4 Capital Structure and Financing

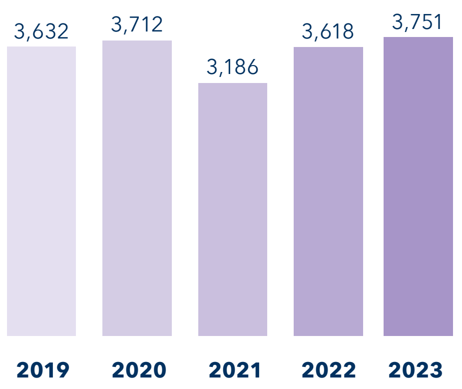
This section

Note 4.1 Share Capital
Note 4.2 Pro Forma Adjusted Equity
Note 4.3 Financial Assets and Liabilities
Note 4.4 Financial Risk Management
Note 4.5 Provisions for the Acquisition of Non-controlling Interests
Note 4.6 Net Financials
Note 4.7 Liabilities Arising from Financing Activities

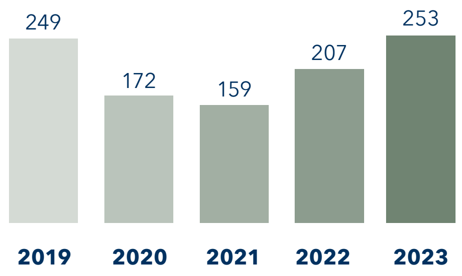
This section provides insights into the Group's capital structure, including financial risk management, provisions for acquisition of non-controlling interests and net financials.

IFRS 16 has had an impact of DKK 2,023m (2022: DKK 1,833m) on net interest-bearing debt in 2023.

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 2019	522
Capital increase 2019	454,958
Capital increase 2020	117,461
Capital decrease to cover losses 2021	(572,941)
Capital increase 2021	17,000
Share capital at 31 December 2023	**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 Accounting Standards, 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	2023	2022	2021	2020	2019
Pro forma equity adjusted for impact from realised or potential acquisition of non-controlling interests					
Pro forma adjusted equity 01.01.	(531.9)	(486.6)	(714.0)	563.7	503.9
Total comprehensive income for the year before fair value adjustments of call options, net of tax	(73.6)	(46.6)	80.2	(1,387.4)	(348.9)
Share capital increase	-	-	169.6	148.8	480.4
Dividend paid to non-controlling interests	(40.1)	(41.6)	(22.2)	(38.4)	(71.7)
Other movements	-	42.9	(0.2)	(0.7)	-
Pro forma adjusted equity 31.12.	**(645.6)**	**(531.9)**	**(486.6)**	**(714.0)**	**563.7**
Impact on reported equity from realised or potential acquisition of non-controlling interests					
Fair value of call options, non-current assets	479.2	367.3	303.4	282.5	555.1
Provision for the acquisition of non-controlling interests, non-current	(251.5)	(201.9)	(153.9)	(155.0)	(204.3)
Provision for the acquisition of non-controlling interests, current	(1.1)	(4.8)	(4.8)	(17.2)	(44.6)
Deferred considerations, non-current	(3.7)	(28.4)	(50.6)	(59.0)	-
Deferred considerations, current	(25.1)	(53.2)	(40.5)	(63.0)	(3.8)
Cash flow used for acquisition of non-controlling interests (accumulated)	(904.8)	(842.9)	(812.6)	(733.2)	(686.0)
Accumulated fair value adjustment 31.12.	**(707.0)**	**(763.9)**	**(759.0)**	**(744.9)**	**(383.6)**
Reported IFRS equity 31.12.	**(1,352.6)**	**(1,295.8)**	**(1,245.6)**	**(1,458.9)**	**180.1**

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

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

The undiscounted cash flows from derivative financial instruments are presented in gross amounts, and the contractual cash flows for the acquisition of non-controlling interests are based on estimated redemption amounts, as set out in note 4.5.

4.3 Financial Assets and Liabilities (continued)

Financial liabilities

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2023					
Bank debt	370.0	2,039.2	-	2,409.2	2,271.3
Loan from shareholders	-	125.0	-	125.0	125.0
Other loans	13.3	13.5	-	26.8	25.7
Provisions for the acquisition of non-controlling interests	1.8	302.5	-	304.3	252.6
Loans provided by shareholders of non-controlling interests	0.4	-	-	0.4	0.4
Lease liabilities	720.2	1,492.8	44.9	2,257.9	2,023.0
Deferred considerations	25.1	3.7	-	28.8	28.8
Derivative financial instruments	23.3	-	-	23.3	23.3
Other non-current liabilities	-	58.7	0.3	59.0	54.3
Trade payables	614.6	-	-	614.6	614.6
Amounts payable to shareholders	11.9	-	-	11.9	11.9
Income tax payables	40.7	-	-	40.7	40.7
Other payables	491.3	-	-	491.3	491.3
Total	**2,312.6**	**4,035.4**	**45.2**	**6,393.2**	**5,962.9**
2022					
Bank debt	347.4	1,949.0	-	2,296.4	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	**2,241.5**	**3,532.4**	**219.5**	**5,993.4**	**5,508.8**

Fair value of financial assets and liabilities is approximately equal to the carrying amount in both 2023 and 2022.
In the event of a change in the controlling ownership of Zebra A/S the loan from shareholders will fall due. The loan is subordinated to the Group's existing bank facilities.

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

4.3 Financial Assets and Liabilities (continued)

Financial risk management
The nature of the Group's operations, investments and financing exposes the Group to financial risks in the form of fluctuations in foreign exchange rates and interest levels, as well as credit risks and liquidity risks. The financial risks are monitored and managed by 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 regarding 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, funding risk, and credit risk. Financial risks are monitored and managed by Group Treasury based on the treasury policy, which is reviewed and approved annually by the Board of Directors.

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

Call options over the remaining ownership interests in certain subsidiaries
The 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 +20.1m/DKK -20.1m (2022: DKK +15.0m /DKK -15.0m).

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

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

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

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

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

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

4.4 Financial Risk Management (continued)

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

DKKm	2023	2022
Cash flow hedge reserve 01.01.	(18.7)	20.6
Change in fair value of cash flow hedges recognised in other comprehensive income	(16.6)	58.9
Reclassified to the cost of inventory	2.1	(29.9)
Reclassified to profit or loss	21.2	(79.4)
Tax on cash flow hedges	(1.5)	11.1
Cash flow hedge reserve 31.12.	**(13.5)**	**(18.7)**

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

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

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

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

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 2023 would have a negative impact of DKK 17.1m on the Group's profit for the year and equity (2022: negative impact of DKK 17.3m). A corresponding decrease in interest levels would have a positive impact of DKK 17.1m on the Group's profit for the year and equity (2022: positive DKK 17.3m).

Liquidity risk
Liquidity risk results from the potential inability of the Group to cover its financial liabilities with cash. Please refer to note 1.3 and 4.3. 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.

4.4 Financial Risk Management (continued)

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

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

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.

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

Credit risk
The Group's sales to customers are mainly cash sales, which limits the credit risk in the Group. The Group has implemented a franchise setup which in time will expose the Group to higher credit risk, however, the credit risk for 2022 and 2023 was low. According to the Group's policy, cash can only be placed in bank deposits with banks with the highest credit rating. Fully owned subsidiaries can place surplus cash 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 2023 and 31 December 2022:

DKKm	Provision for the acquisition of non-controlling interests (liability)	Call options over the remaining ownership interests in certain subsidiaries (asset)
2023		
Opening balance 01.01.	206.7	367.3
Fair value adjustment recognised in equity	43.2	-
Fair value adjustment recognised in profit or loss	-	111.9
Exchange rate adjustment	2.7	-
Closing balance 31.12.	**252.6**	**479.2**
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**

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

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

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

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

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

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

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

In 2023, Zebra did not acquire ownership of any partnership.

The paid settlements in 2023 relate to acquired ownerships in 2022, 2021, and 2020.

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.

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

4.6 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	2023	2022
Financial income		
Interest on financial assets measured at amortised cost	0.9	0.2
Gains on derivative financial instruments not designated as hedges	3.3	3.4
Exchange rate adjustments, net	1.7	-
Other financial income	-	0.4
Total	**5.9**	**4.0**
Financial expenses		
Bank charges*	37.1	38.6
Interest on lease liabilities	108.3	75.5
Interest on financial liabilities measured at amortised cost	177.4	93.7
Losses on derivative financial instruments not designated as hedges	1.9	6.3
Exchange rate adjustments, net	-	3.5
Other financial expenses	2.8	3.1
Total	**327.5**	**220.7**
Net financials	**(321.6)**	**(216.7)**

*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:

Financial liabilities DKKm	Liabilities 01.01.	Cash movements	Fair value movements	Other non-cash movements	Exchange rate adjustment	Liabilities 31.12.
2023						
Loans provided by shareholders of non-controlling interests	0.4	-	-	-	-	0.4
Bank debt	2,028.7	201.6	-	43.1	(2.1)	2,271.3
Loan from shareholders	125.0	-	-	-	-	125.0
Other loans	54.4	(28.6)	-	-	(0.1)	25.7
Lease liabilities	1,832.7	(613.9)	-	788.4	15.8	2,023.0
Deferred considerations	81.6	(61.9)	9.1	-	-	28.8
Provision for the acquisition of non-controlling interests	206.7	-	43.2	-	2.7	252.6
Total	**4,329.5**	**(502.8)**	**52.3**	**831.5**	**16.3**	**4,726.8**
2022						
Loans provided by shareholders of non-controlling interests	5.7	(5.2)	-	-	(0.1)	0.4
Bank debt	1,953.9	51.8	-	11.9	11.1	2,028.7
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**

Section 5 Other Disclosures

This section

Note 5.1 Fees to Statutory Auditor
Note 5.2 Related Parties
Note 5.3 Guarantee Commitments and Contingent Liabilities
Note 5.4 Events after the Balance Sheet Date
Note 5.5 List of Group Companies

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

Total number of group companies
38
(2022: 37)

50% owned companies
12
(2022: 12)

Fully owned companies
26
(2022: 25)

5.1 Fees to Statutory Auditor

DKKm	2023	2022
EY		
Statutory audit of financial statements	5.9	5.5
Other assurance engagements	0.7	0.6
Tax advisory services	1.1	0.8
Other services	1.7	1.2
Total	**9.4**	**8.1**

5.2 Related Parties

Related parties exercising control
As of 31 December 2023, 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.

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 subordinated to the Group's existing bank facilities. The loan is included in Loan from shareholders in the balance sheet.

The Group has a net joint income tax receivable of DKK 11.2m from the joint taxation scheme within the Treville X Partners Group.

Zebra A/S has included an amount of DKK 5.0m excluding VAT in other external expenses and DKK 4.5m excluding VAT in special items related to services from Treville X Partners ApS, which is payable at 31 December 2023 (2022: DKK 7.0m in other external expenses).

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 (2022: DKK 13.4m), and sold goods amounting to DKK 60.1m (2022: DKK 70.1m) to the joint venture company.

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

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

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

5.3 Guarantee Commitments and Contingent Liabilities

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

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

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

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

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 (2022: DKK 30.0m) has been deposited by the Group as security for the Group's bank debt.

Bank debt is secured by a mortgage of nominal DKK 25.0m deposited by the Group on assets, including the Group's goodwill, leasehold rights, furniture including store furniture (2022: 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 20.2m (2022: DKK 42.2m).

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

DKKm	2023	2022
Pledged assets		
Goodwill	5.0	5.0
Leasehold rights included in right-of-use assets	5.5	6.2
Trademarks	0.4	0.4
Leasehold improvements	8.3	15.7
Store furniture	1.9	2.7
Other equipment	17.9	21.8
Other deposits	-	0.5
Inventories	429.1	586.3
Other receivables	12.4	136.1
Total	**480.5**	**774.7**

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

5.4 Events after the Balance Sheet Date

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

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

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5.5 List of Group Companies

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

Name	Home	Year of establishment	Ownership interest
Tiger Ísland ehf.	Reykjavík, 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%
Flying Tiger Copenhagen Singapore Pte. Ltd.	Singapore, Singapore	2023	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 = $\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$

EBITDA margin before special items = $\dfrac{\text{EBITDA before special items}}{\text{Revenue}}$

Net interest-bearing debt = Bank debt + Other loans + Loans provided by shareholders of non-controlling interests + Lease liabilities - Cash and cash equivalents

Leverage = $\dfrac{\text{Net interest-bearing debt}}{\text{EBITDA before special items}}$

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.*

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Statement of Profit or Loss – Parent Company

1 January - 31 December

DKKm	Note	2023	2022
Revenue	2.1	2,266.9	2,216.1
Cost of sales		(1,630.4)	(1,678.2)
Gross profit		**636.5**	**537.9**
Other external expenses		(252.4)	(253.3)
Staff costs	2.2	(304.9)	(279.0)
Impairment loss and reversals of impairment loss on receivables from subsidiaries	3.5	2.0	3.7
Other operating income	2.5	23.9	3.7
EBITDA before special items		**105.1**	**13.0**
Amortisation, depreciation and impairment losses		(137.5)	(122.0)
Operating loss (EBIT) before special items		**(32.4)**	**(109.0)**
Special items	2.3	(45.9)	(31.1)
Operating loss (EBIT)		**(78.3)**	**(140.1)**
Income from investments in subsidiaries		40.1	41.6
Financial income	4.4	262.6	45.3
Financial expenses	4.4	(252.3)	(177.3)
Fair value adjustment of call options		111.9	63.9
Profit/(loss) before tax		**84.0**	**(166.6)**
Tax on profit/(loss) for the year	2.4	(20.6)	44.1
Profit/(loss) for the year		**63.4**	**(122.5)**
Proposed appropriation of profit/(loss) for the year:			
Retained earnings		63.4	(122.5)
Profit/(loss) for the year		**63.4**	**(122.5)**

Statement of Comprehensive Income – Parent Company

1 January - 31 December

DKKm	Note	2023	2022
Profit/(loss) for the year (brought forward)		**63.4**	**(122.5)**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange hedging instruments:			
- Realised in inventories	4.3	2.1	(29.9)
- Realised in cost of sales	4.3	21.4	(79.1)
- Realised in financial items	4.3	(0.2)	(0.3)
- Fair value adjustments	4.3	(16.6)	58.9
Tax on hedging instruments	2.4	(1.5)	11.1
Other comprehensive income		**5.2**	**(39.3)**
Total comprehensive income/(loss) for the year		**68.6**	**(161.8)**

Balance Sheet – Parent Company

31 December

Assets

DKKm	Note	2023	2022
Intangible assets	3.1	238.9	230.4
Right-of-use assets	3.2	298.2	338.8
Property, plant and equipment	3.3	24.9	30.1
Investment in subsidiaries and joint ventures	3.4	1,348.0	1,162.1
Receivables from subsidiaries	3.5	2.0	52.5
Deposits		21.0	19.9
Derivative financial instruments	4.3	479.2	367.3
Deferred tax assets	2.4	40.7	74.0
Non-current assets		**2,452.9**	**2,275.1**
Inventories	3.6	409.5	548.9
Income tax receivables		0.1	0.5
Joint income tax receivables	5.2	11.7	-
Receivables from subsidiaries	3.5	385.9	420.5
Receivables from joint ventures		4.7	5.2
Trade receivables		7.7	3.4
Derivative financial instruments	4.3	0.1	7.5
Other receivables	1.2	365.4	357.4
Prepayments		10.1	14.0
Cash and cash equivalents		5.4	5.8
Current assets		**1,200.6**	**1,363.2**
Assets		**3,653.5**	**3,638.3**

Balance Sheet – Parent Company
31 December

Equity and liabilities **DKKm**	**Note**	**2023**	**2022**
Share capital	4.1	17.0	17.0
Currency hedging reserve		(13.5)	(18.7)
Development costs reserve		169.3	157.2
Retained earnings		(764.0)	(815.3)
Equity		**(591.2)**	**(659.8)**
Other provisions	3.7	22.8	77.8
Bank debt	4.2, 4.5	1,872.8	1,563.2
Loan from shareholders	4.2, 4.5, 5.2	125.0	125.0
Lease liabilities	3.2, 4.2, 4.5	249.0	289.1
Deferred considerations	4.2	3.7	28.4
Non-current liabilities		**2,273.3**	**2,083.5**
Other provisions	3.7	0.1	1.0
Bank debt	4.2, 4.5	134.1	167.6
Other loans	4.2, 4.5	-	18.0
Lease liabilities	3.2, 4.2, 4.5	68.9	64.0
Trade payables	4.2	506.8	476.8
Amounts payable to subsidiaries	4.2, 4.5	1,071.6	1,285.7
Amounts payable to shareholders	5.2	11.9	8.8
Deferred considerations	4.2	25.1	53.2
Derivative financial instruments	4.2, 4.3	23.3	41.1
Other payables	3.8, 4.2	129.6	98.4
Current liabilities		**1,971.4**	**2,214.6**
Liabilities		**4,244.7**	**4,298.1**
Equity and liabilities		**3,653.5**	**3,638.3**

Statement of Changes in Equity – Parent Company
1 January – 31 December

DKKm	**Share capital**	**Currency hedging reserve**	**Development costs reserve**	**Retained earnings**	**Total equity**
2023					
Equity 01.01.	**17.0**	**(18.7)**	**157.2**	**(815.3)**	**(659.8)**
Profit for the year	-	-	-	63.4	63.4
Other comprehensive income for the year, net of tax	-	5.2	-	-	5.2
Capitalised development costs	-	-	12.1	(12.1)	-
Equity 31.12.	**17.0**	**(13.5)**	**169.3**	**(764.0)**	**(591.2)**
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)**

Cash Flow Statement – Parent Company
1 January – 31 December

DKKm	Note	2023	2022
Operating loss (EBIT) before special items		**(32.4)**	**(109.0)**
Amortisation, depreciation and impairment losses		137.5	122.0
Special items paid		(15.5)	(24.9)
Working capital changes	3.9	284.3	(527.8)
Other non-cash adjustments		(7.3)	8.3
Interest income received		7.4	6.6
Interest expenses paid		(190.0)	(118.2)
Taxes paid		(0.2)	(0.2)
Cash flows from operating activities		**183.8**	**(643.2)**
Investment in intangible assets		(64.6)	(55.0)
Investment in right-of-use assets		(1.8)	(1.5)
Investment in property, plant and equipment		(7.2)	(9.9)
Sale of property, plant and equipment		-	1.0
Investment in subsidiaries		(63.0)	(30.3)
Loans to subsidiaries		(2.2)	28.6
Dividend from subsidiaries		40.1	41.6
Change in deposits		(1.1)	(0.9)
Cash flow from investing activities		**(99.8)**	**(26.4)**
Free cash flow		**84.0**	**(669.6)**
Capital contribution		-	55.0
Repayment of lease liabilities	4.5	(61.7)	(52.0)
Proceeds from loans and borrowings	4.5	(22.7)	667.4
Cash flow from financing activities		**(84.4)**	**670.4**
Increase/(decrease) in cash and cash equivalents		**(0.4)**	**0.8**
Cash and cash equivalents at 1 January		5.8	5.0
Cash and cash equivalents at 31 December		**5.4**	**5.8**

Unutilised credit facilities for the Parent Company amounted to DKK 243.7m at 31 December 2023 (2022: DKK 485.7m).

The cash flow cannot be derived directly from the statement of profit or loss and the balance sheet.

1.1 Material Accounting Policies

Accounting policies
The financial statements for Zebra A/S have been prepared in accordance with IFRS Accounting 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.

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 level of service consistent with the capacity guarantee stated in the contract. To resolve the dispute, the Parent Company initiated legal proceedings before the Danish Maritime and Commercial High Court ("Sø- and Handelsretten") on 1 March 2022. The Parent Company has initiated commercial discussions with the counterpart, but with no constructive outcome. The legal proceedings are scheduled for August 2024 to October 2024. The Executive Management finds it virtually certain, based on an assessment of the contractual agreements and consultation with external legal advisors, that the Parent Company will recover the costs 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 26.2m (2022: DKK 12.3m).

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

DKKm	2023	2022
Retail sale	254.4	280.6
Wholesale, affiliated entities	1,904.0	1,856.7
Franchise	108.5	78.8
Total	**2,266.9**	**2,216.1**

2.2 Staff Costs

DKKm	2023	2022
Salaries and wages	291.4	252.1
Pension contributions	32.3	27.9
Other social security costs	1.5	1.5
Other staff costs	12.2	12.3
Total	**337.4**	**293.8**
Salaries and wages recognised in special items	(29.5)	(13.1)
Capitalised salaries and wages related to development projects	(3.0)	(1.7)
Recognised in staff costs in the statement of profit or loss	**304.9**	**279.0**
Average number of full-time equivalents	**528**	**495**
Remuneration for the Executive Management and the Board of Directors		
Total remuneration, Executive Management	10.9	10.9
Total remuneration, Board of Directors	-	-
Total	**10.9**	**10.9**
Remuneration for the Executive Management and the Board of Directors		
Salaries and wages	9.9	9.9
Pensions	1.0	1.0
Total	**10.9**	**10.9**

2.3 Special Items

DKKm	2023	2022
Transformation programme	3.2	14.2
Costs related to the fire on the vessel Maersk Honam	0.1	(0.6)
Strategic initiatives regarding our global footprint	7.0	7.6
Costs related to capital structure considerations	29.8	-
Sea freight dispute and other legal costs	5.8	9.9
Total	**45.9**	**31.1**

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 40.7m (2022: DKK 74.0m) in tax assets can be offset against positive taxable income in the near future. An amount of DKK 473.7m (2022: DKK 416.0m) in tax assets has been impaired at year-end 2023. The impairment had a negative effect on profit or loss of DKK 57.7m in 2023 (2022: a positive effect of DKK 4.1m). The tax asset is impairment tested considering expected income for the period 2024 to 2028.

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 28.5m (2022: DKK 53.4m) is related to tax loss carry-forwards.

Tax costs

DKKm	2023	2022
Current tax	(2.3)	-
Adjustment to current tax concerning previous years	(8.9)	-
Change in deferred tax during the year	(34.8)	(36.7)
Adjustment to deferred tax concerning previous years	8.9	(3.3)
Impairment and reversal of impairment of deferred tax	57.7	(4.1)
Total	**20.6**	**(44.1)**

Tax reconciliation

DKKm	2023	2022
Profit/(loss) before tax	84.0	(166.6)
Calculated 22.0% on profit/(loss) before tax	18.5	(36.7)
Tax effect from:		
Withholding taxes	0.5	-
Non-taxable income and non-deductible expenses	(56.1)	-
Adjustments concerning previous years	-	(3.3)
Impairment and reversal of impairment of deferred tax	57.7	(4.1)
Total	**20.6**	**(44.1)**
Effective tax rate	**24.5%**	**26.5%**

Effective tax rate adjusted for non-taxable income from investments in subsidiaries is 46.9% (2022: 21.2%).

Deferred tax

DKKm	2023	2022
Deferred tax assets	40.7	74.0
Total	**40.7**	**74.0**

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.
2023					
Intangible assets	48.5	12.7	-	-	61.2
Right-of-use assets	(73.4)	8.3	-	-	(65.1)
Property, plant and equipment	21.8	2.5	-	-	24.3
Inventories	9.8	(1.4)	-	-	8.4
Lease liabilities	77.5	(7.6)	-	-	69.9
Receivables from subsidiaries	1.8	(0.4)	-	-	1.4
Foreign exchange hedging	5.3	-	(1.5)	-	3.8
Tax losses to be carried forward	340.0	4.0	-	-	344.0
Valuation allowances	(416.0)	(57.7)	-	-	(473.7)
Interest limitation balance	29.4	12.8	-	-	42.2
Other	29.3	(5.0)	-	-	24.3
Deferred tax	**74.0**	**(31.8)**	**(1.5)**	**-**	**40.7**
2022					
Intangible assets	37.6	10.9	-	-	48.5
Right-of-use assets	(61.9)	(11.5)	-	-	(73.4)
Property, plant and equipment	19.4	2.4	-	-	21.8
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**

2.5 Other Operating Income

Other operating income

DKKm	2023	2022
Government grants	23.5	3.6
Other	0.4	0.1
Total	**23.9**	**3.7**

3.1 Intangible Assets

DKKm	Goodwill	Trademarks	Licenses and software	Intangible assets in progress	Total
2023					
Cost 01.01.	5.0	0.8	432.3	13.7	451.8
Additions	-	-	0.2	-	0.2
Additions, internal development	-	-	0.6	63.8	64.4
Transfer	-	-	1.4	(1.4)	-
Cost 31.12.	**5.0**	**0.8**	**434.5**	**76.1**	**516.4**
Amortisation 01.01.	-	(0.4)	(221.0)	-	(221.4)
Amortisation	-	(0.0)	(56.1)	-	(56.1)
Amortisation 31.12.	**-**	**(0.4)**	**(277.1)**	**-**	**(277.5)**
Carrying amount 31.12.	**5.0**	**0.4**	**157.4**	**76.1**	**238.9**
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**

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

3.2 Right-of-use Assets and Lease Liabilities

Right-of-use assets DKKm	Property	Cars	Total
2023			
Carrying amount 01.01.	338.0	0.8	338.8
Additions	4.2	-	4.2
Adjustment due to remeasurement of lease liabilities	24.1	-	24.1
Disposals	0.2	-	0.2
Depreciation	(68.8)	(0.3)	(69.1)
Carrying amount 31.12.	**297.7**	**0.5**	**298.2**
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**

Net gain from disposals of right-of-use assets amounts to DKK 0.2m (2022: DKK 0.1m).

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
2023					
Lease liabilities	81.2	235.9	32.6	349.7	317.9
2022					
Lease liabilities	77.1	255.9	61.2	394.2	353.1

DKKm	2023	2022
Non-current liabilities	249.0	289.1
Current liabilities	68.9	64.0
Total	**317.9**	**353.1**

Amounts recognised in profit or loss DKKm	2023	2022
Depreciation charge of right-of-use assets	69.1	62.5
Interest expense on lease liabilities (included in finance cost)	15.1	11.3
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)	1.3	3.3
Income from subleasing right-of-use assets (included in other external expenses)	3.3	5.8

The total cash outflow for leases in 2023 was DKK 78.1m (2022: DKK 65.8m).

At 31 December 2023 the Parent is committed to DKK 0m for short term and low value leases (2022: DKK 0m).

3.3 Property, Plant and Equipment

DKKm	Leasehold improvements	Store furniture	Other equipment	Total
2023				
Cost 01.01.	32.8	33.3	48.3	114.4
Additions	0.8	1.0	5.4	7.2
Disposals	(0.9)	(2.5)	(0.2)	(3.6)
Cost 31.12.	**32.7**	**31.8**	**53.5**	**118.0**
Depreciation 01.01.	(26.1)	(31.3)	(26.9)	(84.3)
Depreciation	(2.3)	(1.0)	(6.9)	(10.2)
Impairment losses	-	-	(2.0)	(2.0)
Disposals	0.9	2.4	0.1	3.4
Depreciation 31.12.	**(27.5)**	**(29.9)**	**(35.7)**	**(93.1)**
Carrying amount 31.12.	**5.2**	**1.9**	**17.8**	**24.9**
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**

Net loss from selling or scrapping of property, plant and equipment amounts to DKK 0.2m (2022: 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 test of investment in subsidiaries is based on value-in-use (discounted cash flow method) using projected EBITDA's for the period 2024-2027. An assumed growth rate of 1% has been applied for the period 2028-2033. The country specific pre-tax WACC is in the range of 11.2%-15.8% (2022: 11.0%-17.4%). The impairment test showed a need for impairment of two entities in 2023 (2022: four entities were impaired), but no new impairment losses was needed in 2023. Due to improved expected profitability, prior years' impairment losses of DKK 192.8m have been reversed in 2023 as no impairment indicators existed at year-end for the relevant subsidiaries.

Zebra Japan K.K.
The investment in joint ventures in 2022 and 2023 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. The impairment test resulted in a recognition of an impairment loss of DKK 17.0m due to a revised business plan. In 2022, prior years' impairment losses of DKK 18.0m were reversed as no impairment indicators existed due to improved expected profitability in the joint venture at that time.

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
2023			
Cost 01.01.	1,359.7	53.1	1,412.8
Additions	10.1	-	10.1
Cost 31.12.	**1,369.8**	**53.1**	**1,422.9**
Impairment losses 01.01.	(250.7)	-	(250.7)
Impairment losses during the year	-	(17.0)	(17.0)
Reversal of prior years impairment losses	192.8	-	192.8
Impairment losses 31.12.	**(57.9)**	**(17.0)**	**(74.9)**
Carrying amount 31.12.	**1,311.9**	**36.1**	**1,348.0**
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**

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 reversal 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 2023 of DKK 0.1m (2022: DKK 2.2m). The impairment losses in 2023 relate to intercompany receivables from three entities (2022: two entities). In 2023, an amount of DKK 5.5m (2022: DKK 17.9m) regarding previous years provisions was reversed as the outstanding intercompany amount was no longer considered impaired.

3.5 Receivables from Subsidiaries (continued)

		Due between (days)			
DKKm	**Not fallen due**	**1-30**	**31-90**	**>91**	**Total**
2023					
Intercompany loans (interest-bearing)	125.3	-	-	-	125.3
Trade receivables	313.3	1.8	0.5	-	315.6
Impairment losses	(53.0)	-	-	-	(53.0)
Receivables from subsidiaries	**385.6**	**1.8**	**0.5**	**-**	**387.9**
Proportion of the total receivables expected to be settled					88.0%
Impairment rate	12.1%	0.0%	0.0%	0.0%	12.0%
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%

DKKm	**2023**	**2022**
Impairment losses 01.01.	(58.4)	(74.1)
Reversed impairment losses recognised in the statement of profit or loss under 'Impairment loss and reversals of impairment loss on receivables from subsidiaries'	2.0	3.9
Reversed impairment losses recognised in the statement of profit or loss under 'Financial income'	3.5	14.0
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)
Impairment, during the year recognised in the statement of profit or loss under 'Financial expenses'	(0.1)	(2.0)
Impairment losses 31.12.	**(53.0)**	**(58.4)**

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 38.5m during 2023 (2022: DKK 44.7m). The decline in write-downs is due to a healthier stock situation, buying deeper into known top-sellers leading to lower risk on inventory.

The reversal of DKK 7.0m (2022: DKK 3.6) in provision for write-downs is driven by products being life-extended and re-introduced in the stores.

DKKm	2023	2022
Finished goods	448.0	593.6
Write-downs	(38.5)	(44.7)
Total	**409.5**	**548.9**
Write-downs 01.01.	(44.7)	(36.9)
Write-downs, during the year	(23.4)	(30.3)
Write-downs, utilised during the year	22.6	18.9
Write-downs, reversed during the year	7.0	3.6
Write-downs 31.12.	**(38.5)**	**(44.7)**

The carrying amount of inventories at fair value less cost to sell amounts to DKK 0m (2022: DKK 0m).

3.7 Other Provisions

DKKm	2023	2022
Provisions 01.01.	78.8	70.2
Provisions, during the year	0.1	8.9
Provisions, utilised during the year	(0.9)	(0.3)
Provisions, reversed during the year	(55.1)	-
Provisions 31.12.	**22.9**	**78.8**
Non-current provisions	22.8	77.8
Current provisions	0.1	1.0
Total	**22.9**	**78.8**

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

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

A provision to cover bank debt in entities has been reversed in 2023, as the Executive Management no longer consider there is a risk that debt will be overtaken by the Parent Company.

3.8 Other Payables

DKKm	2023	2022
VAT and other indirect taxes	18.1	31.8
Employee costs	93.6	58.4
Other	17.9	8.2
Total	**129.6**	**98.4**

3.9 Working Capital Changes

DKKm	2023	2022
Change in inventories	145.6	(169.4)
Change in receivables from subsidiaries	90.7	(172.5)
Change in receivables from joint ventures	0.5	0.6
Change in trade receivables	(4.3)	7.5
Change in other receivables	(8.0)	(204.1)
Change in prepayments	3.9	(0.6)
Change in trade payables	28.4	14.1
Change in payables to subsidiaries	23.6	(9.7)
Change in payables to shareholders	3.1	8.8
Change in other payables	0.8	(2.5)
Total	**284.3**	**(527.8)**

4.1 Share Capital

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

4.2 Financial Liabilities

Financial liabilities DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2023					
Bank debt	317.7	2,028.5	-	2,346.2	2,006.9
Loan from shareholders	-	125.0	-	125.0	125.0
Lease liabilities	81.2	235.9	32.6	349.7	317.9
Deferred considerations	25.1	3.7	-	28.8	28.8
Derivative financial instruments	23.3	-	-	23.3	23.3
Trade payables	506.8	-	-	506.8	506.8
Amounts payable to subsidiaries	1,071.6	-	-	1,071.6	1,071.6
Amounts payable to shareholders	11.9	-	-	11.9	11.9
Other payables	129.6	-	-	129.6	129.6
Total	**2,167.2**	**2,393.1**	**32.6**	**4,592.9**	**4,221.8**
2022					
Bank debt	291.3	1,691.3	-	1,982.6	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	**2,350.5**	**1,975.6**	**186.2**	**4,512.3**	**4,219.3**

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

In the event of a change in the controlling ownership of Zebra A/S the loan from shareholders will fall due. The loan is subordinated to the Parent Company's existing bank facilities.

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	2023	2022
Financial income		
Interest on financial assets measured at amortised cost	0.4	0.1
Interest from subsidiaries	6.9	6.6
Commission fee from subsidiaries	0.1	-
Gains on derivative financial instruments not designated as hedges	3.3	3.4
Reversal of impairment related to investment in joint ventures	-	18.0
Reversal of impairment related to investment in subsidiaries	192.8	-
Reversal of write-down of receivables from subsidiaries	58.5	14.0
Exchange rate adjustments, net	0.6	3.2
Total	**262.6**	**45.3**
Financial expenses		
Bank charges*	30.7	33.4
Interest on lease liabilities	15.1	11.3
Interest on financial liabilities measured at amortised cost	158.7	81.8
Interest to subsidiaries	28.8	3.6
Losses on derivative financial instruments not designated as hedges	1.9	6.3
Impairment losses on investment in joint ventures	17.0	-
Impairment losses on investment in subsidiaries	-	38.9
Write-down of receivables from subsidiaries	0.1	2.0
Total	**252.3**	**177.3**
Net financials	**10.3**	**(132.0)**

*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:

Financial liabilities DKKm	**Liabilities 01.01.**	**Cash movements financing activities**	**Cash movements operating activities**	**Non-cash movements**	**Liabilities 31.12.**
2023					
Bank debt	1,730.8	233.0	-	43.1	2,006.9
Loan from shareholders	125.0	-	-	-	125.0
Other loans	18.0	(18.0)	-	-	-
Lease liabilities	353.1	(61.7)	-	26.5	317.9
Amounts payable to subsidiaries	1,285.7	(237.7)	23.6	-	1,071.6
Total	**3,512.6**	**(84.4)**	**23.6**	**69.6**	**3,521.4**
2022					
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**

5.1 Fees to Statutory Auditor

DKKm	**2023**	**2022**
EY		
Statutory audit of financial statements	2.6	2.4
Tax advisory services	0.3	0.1
Other services	1.4	1.0
Total	**4.3**	**3.5**

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**
2023			
Sale of goods	1,830.4	60.1	1,890.5
Royalties and service fees	-	13.4	13.4
Licenses	2.7	0.2	2.9
Dividends received	40.1	-	40.1
Interests income	7.0	-	7.0
Interests expenses	(28.8)	(3.1)	(31.9)
Commitment and facility fees on loans	-	(2.4)	(2.4)
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)	(3.9)	(7.5)

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 instalments. The loan is subordinated to the Parent Company's existing bank facilities. The loan is presented under Loan from shareholders in the balance sheet.

Zebra A/S has included an amount of DKK 5.0m excluding VAT in other external expenses and DKK 4.5m excluding VAT in special items related to services from Treville X Partners ApS, which is payable at 31 December 2023 (2022: DKK 7.0m in other external expenses).

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	**2023**	**2022**
Receivables from subsidiaries, non-current	2.0	52.5
Receivables from subsidiaries, current	385.9	420.5
Receivables from joint ventures	4.7	5.2
Joint income tax receivables	11.7	-
Amounts payable to subsidiaries	(1,071.6)	(1,285.7)
Amounts payable to shareholders	(11.9)	(8.8)
Loan from shareholders	(125.0)	(125.0)
Total	**(804.2)**	**(941.3)**

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 69.2m (2022: DKK 76.7m). At 31 December 2023, the guaranteed amount constituted DKK 69.2m (2022 DKK 76.7m).

The Parent Company has guaranteed or provided guarantees for banking facilities, lease liabilities, etc. for subsidiaries amounting to a total of DKK 43.9m (2022: DKK 56.5m).

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 (2022: 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 (2022: 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 14.5m (2022: DKK 23.4m). 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 (2022: 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 (2022: DKK 25.0m).

The carrying amount of pledged assets is stated below:

DKKm	**2023**	**2022**
Pledged assets		
Goodwill	5.0	5.0
Leasehold rights, included in right-of-use assets	5.4	5.4
Trademarks	0.4	0.4
Leasehold improvements	5.2	6.7
Other equipment	17.8	21.4
Store furniture	1.9	2.0
Investments in subsidiaries	869.3	744.7
Inventories	409.5	548.9
Receivables	385.0	429.0
Total	**1,699.5**	**1,763.5**

5.4 Events after the Balance Sheet Date

On 29 February 2024, Zebra A/S acquired 100% of the shares in Flying Tiger Korea Co., Ltd.

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

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 2023.

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

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

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

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

Copenhagen, 29 April 2024

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 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements 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 IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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, 29 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
mne21332

Thomas Bruun Kofoed
State Authorised
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