



BY APPOINTMENT TO THE ROYAL DANISH COURT

PETER JUSTESEN

Peter Justesen Company A/S

Gribskovvej 2, 2., 2100 København Ø

Company reg. no. 27 13 03 64

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 30 June 2021.

Niels Kornerup
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Peter Justesen Company A/S for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København Ø, 18 June 2021

Managing Director

Carsten Ørnbo
Chief Executive Officer

Board of directors

Niels Kornerup
Chairman

Erik Justesen

Marie Louise Hahn-Petersen

Tina Rie Grome
Employee representative

Kim Byrgesen Jensen
Employee representative

Independent auditor's report

To the shareholder of Peter Justesen Company A/S

Opinion

We have audited the financial statements of Peter Justesen Company A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, statement of cash flows, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 unless management either intends to liquidate the 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 about 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 18 June 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Claus Koskelin

State Authorised Public Accountant
mne30140

Company information

The company

Peter Justesen Company A/S
Gribskovvej 2, 2.
2100 København Ø

Company reg. no. 27 13 03 64
Established: 28 April 2003
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Niels Kornerup, Chairman
Erik Justesen
Marie Louise Hahn-Petersen
Tina Rie Grome, Employee representative
Kim Byrgesen Jensen, Employee representative

Managing Director

Carsten Ørnbo, Chief Executive Officer

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

Danske Bank

Parent company

Peter Justesen Holding A/S

Financial highlights

DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Revenue	-221.270	-246.771	227.306	230.418	237.026
Gross profit	24.314	24.198	35.601	40.804	41.859
Profit from operating activities	-5.947	-9.670	7	728	-3.276
Net financials	-2.401	-2.096	-1.786	-5.525	-1.542
Net profit or loss for the year	-5.624	-11.766	736	-4.797	-4.818
Statement of financial position:					
Balance sheet total	57.795	64.210	65.800	70.270	65.683
Investments in property, plant and equipment	25	129	249	119	35
Equity	1.163	6.787	10.439	9.703	8.500
Cash flows:					
Operating activities	7.161	5.392	4.436	6.394	-2.966
Investing activities	-1.437	-9.198	-4.072	-2.667	-2.073
Financing activities	0	8.115	0	0	0
Total cash flows	5.724	4.309	364	3.727	-5.039
Employees:					
Average number of full-time employees	32	37	47	54	63
Key figures in %:					
Gross margin ratio	-11,0	-9,8	15,7	17,7	17,7
Profit margin (EBIT-margin)	2,7	3,9	0,0	0,3	-1,4
Acid test ratio	82,0	82,4	91,3	-	-
Solvency ratio	2,0	10,6	15,9	13,8	12,9
Return on equity	-141,5	-136,6	7,3	-52,7	-44,2

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Gross margin ratio} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$$

Financial highlights

Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$
Solvency ratio	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$

Management commentary

The principal activities of the company

Peter Justesen Company A/S (PJC) offers original high-quality Beverage, Luxury and Living products based on global consumer insights, unique service packages and attractive prices focusing on customers' individual needs.

PJC vision is to be the leading customer oriented and knowledge based supplier being the most costeffective duty-free partner for diplomats, Embassies, duty free shops and organizations with duty-free status.

Development in activities and financial matters

The revenue for the year totals DKK 221.270.000 against DKK 246.771.000 in 2019. Loss from ordinary activities after tax totals DKK 5.624.000 against DKK 11.766.000 2019.

Activity level was heavily impacted by Covid 19 which in all regions and channels had a negative impact on sales and profitability. Initiatives to compensate for lost sales have been initiated but not sufficient to compensate versus original plans and budgets.

Management considers the loss for the year as unsatisfactory although Covid 19 was a key driver and explanation for reduced sales and increased complexity in the entire supply-chain.

Investment activities decreased from DKK 9.198.000 in 2019 to DKK 1.437.000 in 2020.

In 2020, the change in company's cash and cash equivalents increased from DKK 4.309.000 in 2019 to DKK 5.724.000 in 2020.

Know how resources

The company is in possession of sufficient knowledge resources, including key persons to make sure and maintain the future earnings.

Expected developments

Strategic and operational focus for 2021 will be to maintain and develop Diplomatic channel with a continued strong omni channel approach.

Net Revenue is planned to develop with a 10-15% increase vs 2020 and at a minimum at 2019 level.

Web platform and marketing automation platform supports a continued improved customer oriented approach and communication. This in combination with a coordinated approach through local sales agents.

New subcategories will gradually be added to the portfolio in combination with slightly reduced number of vendors.

Focused initiatives to further improve working capital through initiatives to reduce receivables.

Management commentary

Operational focus for 2021 will be to intensify actions to safeguard current customer basis and in certain regions like Russia expand number of active customers.

Cost actions and efficiency programs will be concentrated around supply chain particularly benefiting from warehouse set up in Poland.

Investment's level will be very low jeopardizing from previous years actions to further digitalize the business.

Events occurring after the end of the financial year

The company's management assess the effect of the development of Covid 19 in a more positive perspective. Supplier shortage and logistical solutions are under control although most markets are expected to have none or very limited events I.e. National days etc,

Finally, no events have occurred which would have a material impact on the position of the company.

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net turnover	221.270	246.771
Change in inventories of finished goods and work in progress	895	978
Work for own account, recognised under assets	2.233	9.069
Other operating income	799	8
Raw materials and consumables used	-180.483	-204.424
Other external costs	-20.400	-28.204
Gross profit	24.314	24.198
2 Staff costs	-24.116	-26.882
Depreciation and writedown relating to fixed assets	-6.145	-6.986
Operating profit	-5.947	-9.670
Other financial income from group enterprises	0	22
Other financial income	3.109	1.550
Other financial costs	-5.510	-3.668
Pre-tax net profit or loss	-8.348	-11.766
Tax on ordinary results	2.724	0
3 Net profit or loss for the year	-5.624	-11.766

Statement of financial position at 31 December

DKK thousand.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
4 Softwareplatform (development projects)	12.554	16.344
Total intangible assets	12.554	16.344
5 Other fixtures and fittings, tools and equipment	180	1.098
Total property, plant, and equipment	180	1.098
Total non-current assets	12.734	17.442
Current assets		
Manufactured goods and trade goods	7.627	8.521
Total inventories	7.627	8.521
Trade debtors	17.195	25.066
Amounts owed by group enterprises	965	232
Tax receivables from group enterprises	5.254	1.955
Other debtors	6.714	6.122
6 Prepayments and accrued income	912	1.252
Total receivables	31.040	34.627
Available funds	6.394	3.620
Total current assets	45.061	46.768
Total assets	57.795	64.210

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities	<u>2020</u>	<u>2019</u>
<u>Note</u>		
Equity		
Contributed capital	5.000	5.000
7 Reserve for development costs	9.792	10.262
8 Retained earnings	-13.629	-8.475
Total equity	<u>1.163</u>	<u>6.787</u>
Liabilities other than provisions		
Other debts	1.658	647
Total long term liabilities other than provisions	<u>1.658</u>	<u>647</u>
Bank debts	10.103	12.108
Trade creditors	41.457	41.461
Other debts	3.414	3.207
Total short term liabilities other than provisions	<u>54.974</u>	<u>56.776</u>
Total liabilities other than provisions	<u>56.632</u>	<u>57.423</u>
Total equity and liabilities	<u>57.795</u>	<u>64.210</u>
1 Special items		
9 Charges and security		
10 Contingencies		
11 Related parties		

Statement of changes in equity

DKK thousand.

	<u>Contributed capital</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	5.000	4.573	866	10.439
Profit or loss for the year brought forward	0	0	-11.766	-11.766
Provisions for development projects	0	5.689	-5.689	0
Group contributions	0	0	8.114	8.114
Equity 1 January 2020	5.000	10.262	-8.475	6.787
Profit or loss for the year brought forward	0	0	-5.624	-5.624
Provisions for development projects	0	-470	470	0
	5.000	9.792	-13.629	1.163

Statement of cash flows 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Net profit or loss for the year	-5.624	-11.766
12 Adjustments	8.513	9.641
13 Change in working capital	5.728	9.407
Cash flows from operating activities before net financials	8.617	7.282
Interest received, etc.	946	172
Interest paid, etc.	-2.402	-2.062
Cash flows from ordinary activities	7.161	5.392
Cash flows from operating activities	7.161	5.392
Purchase of intangible assets	-2.233	-9.069
Purchase of property, plant, and equipment	-25	-129
Sale of property, plant, and equipment	821	0
Cash flows from investment activities	-1.437	-9.198
Group contributions	0	8.115
Cash flows from investment activities	0	8.115
Change in cash and cash equivalents	5.724	4.309
Cash and cash equivalents at 1 January 2020	-8.488	-12.591
Foreign currency translation adjustments (cash and cash equivalents)	-945	-206
Cash and cash equivalents at 31 December 2020	-3.709	-8.488
Cash and cash equivalents		
Available funds	6.394	3.620
Short-term bank debts	-10.103	-12.108
Cash and cash equivalents at 31 December 2020	-3.709	-8.488

Notes

DKK thousand.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	<u>2020</u>	<u>2019</u>
Income:		
COVID-19 Compensation fixed costs	778	0
	<u>778</u>	<u>0</u>
Special items are recognised in the following items in the financial statements:		
Other operating income	778	0
Profit of special items, net	<u>778</u>	<u>0</u>

2. Staff costs

Salaries and wages	22.643	25.175
Pension costs	1.306	1.471
Other costs for social security	167	236
	<u>24.116</u>	<u>26.882</u>
Executive board and board of directors	<u>1.938</u>	<u>2.055</u>
Average number of employees	<u>32</u>	<u>37</u>

Notes

DKK thousand.

	2020	2019
3. Proposed appropriation of net profit		
Allocated from retained earnings	-5.624	-11.766
Total allocations and transfers	-5.624	-11.766
4. Softwareplatform (development projects)		
Cost 1 January 2020	57.222	48.153
Additions during the year	2.233	9.069
Cost 31 December 2020	59.455	57.222
Amortisation and writedown 1 January 2020	-40.878	-35.041
Amortisation for the year	-6.023	-5.837
Amortisation and writedown 31 December 2020	-46.901	-40.878
Carrying amount, 31 December 2020	12.554	16.344
<p>The softwareplatform regards the development and adaptation of a unique it-platform to ensure cost efficiency and costumer satisfaction. The projects proceed as planned and are expected to be completed within 1-3 years. The platform can be used for external sales.</p>		
5. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	9.107	8.978
Additions during the year	25	129
Disposals during the year	-821	0
Cost 31 December 2020	8.311	9.107
Depreciation and writedown 1 January 2020	-8.009	-7.484
Depreciation for the year	-122	-525
Depreciation and writedown 31 December 2020	-8.131	-8.009
Carrying amount, 31 December 2020	180	1.098
6. Prepayments and accrued income		
Prepaid expenses and accrued revenue	912	1.252
	912	1.252

Notes

DKK thousand.

	<u>31/12 2020</u>	<u>31/12 2019</u>
7. Reserve for development costs		
Reserve for development costs 1 January 2020	10.262	4.573
Provisions for development projects	-470	5.689
	<u>9.792</u>	<u>10.262</u>
8. Retained earnings		
Retained earnings 1 January 2020	-8.475	866
Profit or loss for the year brought forward	-5.624	-11.766
Group contributions	0	8.114
Provisions for development projects	470	-5.689
	<u>-13.629</u>	<u>-8.475</u>
9. Charges and security		
For bank debts, t.DKK 10.103, the company has provided security in company assets representing a nominal value of DKK 50.000.000. This security comprises the below assets, stating the book values:		
		DKK in thousands
Inventories		<u>7.627</u>
Trade receivables		17.195
Property, plant and equipment		<u>180</u>
Total security		<u>25.002</u>

Notes

DKK thousand.

10. Contingencies

Contingent assets

The group has a tax asset in the form of the tax losses to carry-forward - less tax value difference on intangible fixed assets etc. in the amount of m.DKK 5,8. The tax asset is not recognized in the balance, as it is uncertain when the tax asset can be activated in the future.

Contingent liabilities

	DKK in thousands
Lease liabilities	1.089
Rent liabilities	694
Total contingent liabilities	1.783

Joint taxation

With Peter Justesen Holding A/S, company reg. no 33774257 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

11. Related parties

Consolidated financial statements

The company is included in the consolidated annual accounts of Peter Justesen Holding A/S, Gribskovvej 2, 2., København Ø.

	2020	2019
12. Adjustments		
Depreciation, amortisation, and impairment	6.145	6.986
Impairment of current assets	0	560
Other financial income	-3.109	-1.573

Notes

DKK thousand.

	<u>2020</u>	<u>2019</u>
Other financial costs	5.510	3.668
Tax on ordinary results	-2.724	0
Other adjustments	<u>2.691</u>	<u>0</u>
	<u>8.513</u>	<u>9.641</u>
13. Change in working capital		
Change in inventories	894	978
Change in receivables	3.588	795
Change in trade payables and other payables	<u>1.246</u>	<u>7.634</u>
	<u>5.728</u>	<u>9.407</u>

Accounting policies

The annual report for Peter Justesen Company A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Revenue

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Softwareplatform

The development of the softwareplatform comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development of the softwareplatform.

Clearly defined and identifiable development of the software platform are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market and utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Softwareplatform costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown. The amortisation period is 7 years.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Accounting policies

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Leasehold improvements	10 years
Other fixtures and fittings, tools and equipment	3-4 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Peter Justesen Company A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

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