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 2022

The annual report was submitted and approved by the general meeting on the 18 April 2023.

Niels Kornerup
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Peter Justesen Company A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 18 April 2023

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 Shareholders 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 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 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 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 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 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 ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 18 April 2023

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:	29 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.	2022	2021	2020	2019	2018
Income statement:					
Revenue	376.014	317.447	221.270	246.771	227.306
Gross profit	48.779	35.482	24.381	24.198	35.601
Profit from operating activities	14.804	5.290	-5.947	-9.670	7
Net financials	-3.686	-2.193	-2.401	-2.096	-1.786
Net profit or loss for the year	8.828	7.810	-5.624	-11.766	736
Statement of financial position:					
Balance sheet total	78.044	72.306	57.794	64.210	65.800
Investments in property, plant and equipment	227	226	25	129	249
Equity	17.801	8.973	1.163	6.787	10.439
Cash flows:					
Operating activities	8.203	19.009	7.161	5.392	4.436
Investing activities	-2.651	-1.696	-1.437	-9.198	-4.072
Financing activities	-10.150	52	-2.004	8.115	0
Total cash flows	5.552	17.313	5.723	4.309	364
Employees:					
Average number of full-time employees	27	28	32	37	47
Key figures in %:					
Gross margin ratio	13,0	11,2	11,0	9,8	15,7
Profit margin (EBIT-margin)	3,9	1,7	-2,7	-3,9	0,0
Acid test ratio	116,0	99,6	82,0	82,4	91,3
Solvency ratio	22,8	12,4	2,0	10,6	15,9
Return on equity	65,9	154,1	-141,5	-136,6	7,3

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:

Gross margin ratio

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Profit margin (EBIT margin)

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Financial highlights

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

Management´s review

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 individual requirements and needs of the customers.

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

Development in activities and financial matters

The business generated a positive pretax Net profit of 11,1 Mio DKK.

Net result of 11,1 Mio DKK is very satisfactory despite the business environment and is a continuation of a long-term strategy over the past 6 years.

2022 was characterized by a 349,6,7 Mio DKK Net turnover which compared to 2021 was an increase of 18,4 % point.

Diplomatic sales developed with double digit growth in Asian and African region just as sales in selected countries in Europe regained from the effect of Covid due to local events being reactivated.

The strategy of developing the channel of Boarder shop have also again contributed to a positive development in the African and Asian region.

Operating profit was impacted positively with a 7 Mio DKK an increase vs 2021 and a total of 12 Mio DKK.
Drivers behind positive development:
1. Strong Diplomatic sales in most markets – regaining momentum following Covid.
2. Increased and more efficient marketing support I.e trade magazines and customized e – mailing.
3. Activation of local sales agents combined with increased incentive structures.

Staff costs was impacted by higher salary commissions to agents and to a slight increase in number of external FTE´s.

The level of investments for 2022 was 2.65 Mio DKK and is at 2021 level.
Investments driven by 2 factors:
1. New IT solution on PIM InRiver cloud solution
2. Sustainability support for Sitecore E platform

The change in company´s cash and cash equivalents continued to be very positive from DKK 23,9 mio. in 2021 to DKK 19,4 mio. in 2022.

Management´s review

Know how resources

The company holds an area of knowledge resources, and have skilled key persons to make sure and maintain and develop future growth and earnings.

Regularly assessment of organizational competencies combined with leader training and development of management team have been a continued priority.

Further to this high focus on knowledge sharing and processes supported by IT tools and dedicated cybercrime actions.

Expected developments

Strategic focus for 2023 will be to maintain and develop Diplomatic channel with a continued strong omni-channel approach.

Focus have been to increase activity level further in the of regions Africa and EMEA countries. Further there will be strong focus to develop key account customers and commissaries in the regions.

Net Revenue is budgeted to develop positive and profitable in all sales channels and thus improved vs 2022.

Operational focus for 2023 will be to intensify actions to maintain current customer base and in regions as Europe and Asia to expand the number of active customers.

The categories of living, furniture, and food have been rejuvenated and will also contribute to increased sales and increased customer satisfaction.

Operational cost is expected to increase due to inflation and increased number of FTE´s.

Investments level will be low benefitting from previous years investments in further digitalize and automate the business.

Cash management procedures and policies will be due to the potential unrest in the financial sector continue to be an point of focus.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date to this date which would influence the evaluation of the 2022 annual report.

A long-lasting tax case is expected to be decided on Danish court by Q2 2023 - but -depending on outcome – will not have a major financial impact.

Assessment and corrective plans on risc management issues have been established and is with current knowledge assessed to have no impact on liquidity, sales, and organizational structure.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Revenue	376.013.502	317.447.052
	Change in inventories of finished goods and work in progress	1.639.652	1.345.453
	Work performed for own account and capitalised	2.423.716	1.470.027
	Costs of raw materials and consumables	-310.039.607	-266.011.485
	Other external expenses	-21.258.405	-18.769.264
	Gross profit	**48.778.858**	**35.481.783**
1	Staff costs	-30.479.753	-26.635.879
	Depreciation and impairment of non-current assets	-3.495.466	-3.555.839
	Operating profit	**14.803.639**	**5.290.065**
	Other financial income from group enterprises	114.355	51.322
	Other financial income	4.661.225	1.784.749
	Other financial expenses	-8.461.709	-4.029.444
	Pre-tax net profit or loss	**11.117.510**	**3.096.692**
	Tax on net profit or loss for the year	-2.289.937	4.713.137
2	**Net profit or loss for the year**	**8.827.573**	**7.809.829**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
3	Softwareplatform (development project)	9.656.261	10.602.267
	Total intangible assets	9.656.261	10.602.267
4	Other fixtures and fitting, tools and equipment	372.544	271.220
	Total property, plant, and equipment	372.544	271.220
	Total non-current assets	**10.028.805**	**10.873.487**
	Current assets		
	Manufactured goods and goods for resale	7.920.795	6.281.143
	Total inventories	7.920.795	6.281.143
	Trade receivables	26.918.824	17.497.994
	Receivables from group enterprises	3.024.289	1.837.919
5	Deferred tax assets	2.914.405	5.204.342
	Other receivables	6.342.961	6.062.198
6	Prepayments	1.491.536	582.449
	Total receivables	40.692.015	31.184.902
	Cash and cash equivalents	19.402.097	23.966.638
	Total current assets	**68.014.907**	**61.432.683**
	Total assets	**78.043.712**	**72.306.170**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
7	Contributed capital	5.000.000	5.000.000
	Reserve for development costs	7.531.884	8.269.768
	Retained earnings	5.268.841	-4.296.617
	Total equity	**17.800.725**	**8.973.151**
	Long term labilities other than provisions		
	Other payables	1.623.335	1.682.823
8	Total long term liabilities other than provisions	1.623.335	1.682.823
	Bank loans	5.036	10.155.276
	Trade payables	51.422.884	47.944.768
	Other payables	7.191.732	3.550.152
	Total short term liabilities other than provisions	58.619.652	61.650.196
	Total liabilities other than provisions	**60.242.987**	**63.333.019**
	Total equity and liabilities	**78.043.712**	**72.306.170**

9 Charges and security

10 Contingencies

11 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2021	5.000.000	9.791.785	-13.628.463	1.163.322
Retained earnings for the year	0	0	7.809.829	7.809.829
Provisions for development project	0	-1.522.017	1.522.017	0
Equity 1 January 2022	5.000.000	8.269.768	-4.296.617	8.973.151
Retained earnings for the year	0	0	8.827.573	8.827.573
Provisions for development projects	0	-737.884	737.884	0
	5.000.000	**7.531.884**	**5.268.840**	**17.800.724**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Net profit or loss for the year	8.827.573	7.809.829
12	Adjustments	9.412.044	569.734
13	Change in working capital	-6.317.007	7.776.840
	Cash flows from operating activities before net financials	11.922.610	16.156.403
	Interest received, etc.	243.359	101.263
	Interest paid, etc.	-3.963.207	-2.502.642
	Cash flows from ordinary activities	8.202.762	13.755.026
	Income tax paid	0	5.253.811
	Cash flows from operating activities	**8.202.762**	**19.008.837**
	Purchase of intangible assets	-2.423.716	-1.470.027
	Purchase of property, plant, and equipment	-227.068	-225.675
	Cash flows from investment activities	**-2.650.784**	**-1.695.702**
	Change in cash and cash equivalents	**5.551.978**	**17.313.135**
	Cash and cash equivalents at 1 January 2022	13.811.362	-3.709.779
	Foreign currency translation adjustments (cash and cash equivalents)	33.721	208.006
	Cash and cash equivalents at 31 December 2022	**19.397.061**	**13.811.362**

	Cash and cash equivalents		
	Cash and cash equivalents	19.402.097	23.966.638
	Short-term bank loans	-5.036	-10.155.276
	Cash and cash equivalents at 31 December 2022	**19.397.061**	**13.811.362**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	29.029.926	25.211.985
	Pension costs	1.245.872	1.277.553
	Other costs for social security	92.773	203.452
	Other staff costs	111.182	-57.111
		30.479.753	**26.635.879**
	Executive board	2.766.823	2.172.469
	Board of directors	80.000	38.000
	Executive board and board of directors	**2.846.823**	**2.210.469**
	Average number of employees	27	28
2.	**Proposed distribution of net profit**		
	Transferred to retained earnings	8.827.573	7.809.829
	Total allocations and transfers	**8.827.573**	**7.809.829**
3.	**Softwareplatform (development project)**		
	Cost 1 January 2022	60.924.676	59.454.649
	Additions during the year	2.423.716	1.470.027
	Cost 31 December 2022	**63.348.392**	**60.924.676**
	Amortisation and writedown 1 January 2022	-50.322.409	-46.900.963
	Amortisation and depreciation for the year	-3.369.722	-3.421.446
	Amortisation and writedown 31 December 2022	**-53.692.131**	**-50.322.409**
	Carrying amount, 31 December 2022	**9.656.261**	**10.602.267**

Development project of software platform with integrated web sales solution.

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
4.	**Other fixtures and fitting, tools and equipment**		
	Cost 1 January 2022	8.537.143	8.311.468
	Additions during the year	227.068	225.675
	Cost 31 December 2022	**8.764.211**	**8.537.143**
	Depreciation and writedown 1 January 2022	-8.265.923	-8.131.414
	Amortisation and depreciation for the year	-125.744	-134.509
	Depreciation and writedown 31 December 2022	**-8.391.667**	**-8.265.923**
	Carrying amount, 31 December 2022	**372.544**	**271.220**

5.	**Deferred tax assets**		
	Deferred tax assets 1 January 2022	5.204.342	0
	Deferred tax of the net profit or loss for the year	-2.289.937	5.204.342
		2.914.405	**5.204.342**
	The following items are subject to deferred tax:		
	Intangible assets	-2.124.378	-2.332.499
	Property, plant, and equipment	13.771	18.018
	Losses carried forward from previous years	5.025.012	7.518.823
		2.914.405	**5.204.342**

6.	**Prepayments**		
	Other prepayments	1.491.536	582.449
		1.491.536	**582.449**

7.	**Contributed capital**		
	Contributed capital 1 January 2022	5.000.000	5.000.000
		5.000.000	**5.000.000**

The share capital consists of 5.000.000 shares, each with a nominal value of DKK 1,00.

Notes

All amounts in DKK.

8. Long term labilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Other payables	1.623.335	0	1.623.335	1.623.335
	1.623.335	**0**	**1.623.335**	**1.623.335**

9. Charges and security

For bank debts, DKK 0, the company has provided security in company assets representing a nominal value of TDKK 50.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	7.921
Trade receivables	26.919
Property, plant and equipment	373
Total security	35.213

10. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	158
Rent liabilities	230
Total contingent liabilities	**388**

During the financial year, the company was fully upheld in a tax case concerning deductions for development costs, which the Ministry of Taxation subsequently brought before the High Court. Management does not expect the case to have a different outcome than the previous decision and that recognized in the accounts.

Joint taxation

With Peter Justesen Holding A/S, company reg. no 33 77 42 57 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.

Notes

All amounts in DKK.

10. Contingencies (continued)

Joint taxation (continued)

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.

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

11. Related parties

Controlling interest

Peter Justesen Holding A/S	Majority shareholder

Transactions

The company has the following related party transactions:

	2022	2021
Interest income from parent company	114.355	51.322
Receivables from parent company	3.024.289	1.837.919

Consolidated financial statements

The company is included in the consolidated financial statements of Peter Justesen Holding A/S.

12. Adjustments

Depreciation, amortisation, and impairment	3.495.466	3.555.954
Other financial income	-4.775.580	-1.836.071
Other financial expenses	8.461.709	4.029.444
Tax on net profit or loss for the year	2.289.937	-4.713.137
Other adjustments	-59.488	-466.456
	9.412.044	**569.734**

13. Change in working capital

Change in inventories	-1.639.652	1.345.453
Change in receivables	-11.797.050	-193.903
Change in trade payables and other payables	7.119.695	6.625.290
	-6.317.007	**7.776.840**

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. Revenue is measured at the fair value of the consideration promised 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 external expenses

Other external expenses comprise expenses 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.

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, realised and unrealised capital gains and losses, 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).

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

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
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 of the asset being leased 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.

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 goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

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 estimated selling 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 and cash equivalents

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.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

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, plant, and equipment, and investments, respectively.

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Adm. direktør
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