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Peter Justesen Holding A/S

Tuborg Boulevard 5, 2., 2900 Hellerup

Company reg. no. 33 77 42 57

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 19 May 2020.

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, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Peter Justesen Holding A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Hellerup, 19 May 2020

Managing Director

Erik Justesen

Board of directors

Niels Kornerup Erik Justesen Ole Justesen

Independent auditor's report

To the shareholders of Peter Justesen Holding A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Peter Justesen Holding A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 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 below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 19 May 2020

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 Holding A/S Tuborg Boulevard 5, 2. 2900 Hellerup	
	Company reg. no.	33 77 42 57
	Established:	28 June 2011
	Domicile:	Hellerup
	Financial year:	1 January - 31 December
Board of directors	Niels Kornerup Erik Justesen Ole Justesen	
Managing Director	Erik Justesen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Subsidiary	Peter Justesen Company A/S, Hellerup	

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Profit and loss account:					
Net turnover	246.771	227.307	230.418	237.025	248.439
Gross profit	25.555	35.601	40.778	41.846	30.790
Results from operating activities	-10.705	-506	703	-3.289	-16.039
Net financials	-2.117	-1.787	-5.499	-1.558	-2.374
Results for the year	-12.822	222	-4.796	-4.735	-18.147
Balance sheet:					
Balance sheet sum	63.979	64.326	70.218	65.660	80.204
Investments in tangible fixed assets represent	129	249	119	35	61
Equity	6.104	9.841	9.619	8.415	13.150
Employees:					
Average number of full time employees	37	47	54	63	66
Key figures in %:					
Gross margin	10,4	15,7	17,7	17,7	12,4
Profit margin	-4,3	-0,2	0,3	-1,4	-6,5
Solvency ratio	9,5	15,3	13,7	12,8	16,4
Return on equity	-160,8	2,3	-53,2	-43,9	-106,9

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

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

Gross margin $$\frac{\text{Gross results x 100}}{\text{Net turnover}}$$

Profit margin (EBIT margin) $$\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Net turnover}}$$

Equity share $$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

Return on equity $$\frac{\text{Results for the year x 100}}{\text{Average equity}}$$

Management commentary

The principal activities of the group

Like previous years, the company serves as parent company for Peter Justesen Company A/S.

The group 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.

The groups 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 group generated a negative Net profit of -12,8 m.DKK. Net result of -12,8 m.DKK is far from being satisfactory – although almost 10,0 m.DKK related to a warehouse move operation incl restructuring cost, extraordinary once off cost related to this and lost constributions for a period in PJC.

2019 was characterized by a 246,7 Mio DKK Net turnover which compared to 2018 was an increase of 8,3% point.

Operating profit was impacted negatively with a -9,7 Mio DKK decline vs 2018. Drivers behind negative development:

1. Channel mix – driven by Russia and reduced beverage sales
2. Warehouse move and associated restructuring costs
3. Once off costs linked to bad debts

Staff costs continued to be reduced and optimized with a 10,4% reduction of costs vs 2018. Key elements have been adaptation to a sales structure with more variable cost and general reduction of cost across the organization.

Investments:

The level of investments for 2019 was increased by 5,1 Mio DKK vs 2018 and at a total of 9,1 Mio DKK

PJC has since 2013 been in a significant commercial transformation from a traditional trading company to a unique digital global business-app for diplomats. A business-app which can handle vast amounts of data with authorities to document the complex sale of duty-free goods as well as delivering targeted and relevant communication to customers. The IP rights developed in cooperation with partners belong to PJC and represent a significant value and ensures a return on invested capital. New scientific and technical knowledge and understanding has been obtained by this development.

The development project has secured PJC' commercial relevance on the short run and on the long run a future proof IT tech based business model, that can be sold to external parties.

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

Management commentary

Know how resources

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

The expected development

Strategic focus for 2020 will be to maintain and develop Diplomatic channel with a continued strong omni-channel approach.

Net Revenue is planned to develop slightly positive and profitable in all sales channels and thus improved vs 2019.

Create synergies from new Web platform which supports a more customer-oriented approach and communication.

New subcategories will be added to the portfolio within living and accessories.

Cost and restructuring initiatives made previous years will together with new cash management procedures and policies further strengthen cash flow and liquidity.

Operational focus for 2020 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 a new warehouse set up in Poland. Investments level will be very low jeopardizing from previous years actions to further digitalize the business.

Given the current situation around Covid-19 - the company's management cannot comment on the financial implications and expected results for the financial year 2020.

Events subsequent to the financial year

The company's management cannot currently assess the effect of the development of Covid-19, which occurred after the end of the financial year. Additionally no events have occured which would have a material impact on the position of the company.

Accounting policies

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

Presentational changes have been made and have not affected the profit for the year, balance sheet or equity.

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

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the parent enterprise has been prepared, as the relevant information is included in the consolidated statement of cash flows.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

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.

Accounting policies

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Peter Justesen Holding A/S and those group enterprises of which Peter Justesen Holding A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Income statement

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for manufactured goods and trade goods less discounts and changes in inventories.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Accounting policies

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

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 og 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.

Accounting policies

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

Tangible fixed assets
Tangible fixed assets 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.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

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

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

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

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life :

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

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Leases
At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group 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.

Accounting policies

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.

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 group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

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

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise’s equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent’s share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Accounting policies

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Accounting policies

Available funds

Available funds comprise cash at bank and in 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.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Peter Justesen Holding A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Peter Justesen Holding A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Accounting policies

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

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

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Income statement 1 January - 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Net turnover	246.771.195	227.307	0	0
	Change in inventories of finished goods and work in progress	978.393	6.498	0	0
	Work for own account, recognised under assets	1.911.711	1.125	0	0
	Other operating income	7.711	0	0	0
	Raw materials and consumables used	-195.356.842	-176.135	0	0
	Other external costs	-28.757.621	-22.102	-554.060	-33
	Gross profit	**25.554.547**	**36.693**	**-554.060**	**-33**
2	Staff costs	-29.274.261	-31.531	-480.000	-480
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-6.985.690	-5.668	0	0
	Operating profit	**-10.705.404**	**-506**	**-1.034.060**	**-513**
	Income from equity investments in group enterprises	0	0	-11.766.283	736
	Other financial income	1.550.490	2.733	0	-1
3	Other financial costs	-3.667.567	-4.520	-22.138	0
	Pre-tax net profit or loss	**-12.822.481**	**-2.293**	**-12.822.481**	**222**
	Tax on ordinary results	0	2.515	0	0
4	**Net profit or loss for the year**	**-12.822.481**	**222**	**-12.822.481**	**222**

Statement of financial position at 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Assets

		Group		Parent	
Note		2019	2018	2019	2018
	Non-current assets				
5	Softwareplatform (development projects)	16.343.458	13.112	0	0
	Total intangible assets	16.343.458	13.112	0	0
6	Other fixtures and fittings, tools and equipment	1.097.748	1.494	0	0
7	Leasehold improvements	0	623	0	0
	Total property, plant, and equipment	1.097.748	2.117	0	0
8	Equity investments in group enterprises	0	0	6.787.226	10.439
	Total investments	0	0	6.787.226	10.439
	Total non-current assets	**17.441.206**	**15.229**	**6.787.226**	**10.439**
	Current assets				
	Manufactured goods and trade goods	8.521.385	9.500	0	0
	Total inventories	8.521.385	9.500	0	0
	Trade debtors	25.065.738	25.241	0	0
	Receivable corporate tax	1.954.678	2.515	1.954.678	2.515
	Other debtors	6.122.369	5.376	0	0
9	Accrued income and deferred expenses	1.252.441	1.375	0	0
	Total receivables	34.395.226	34.507	1.954.678	2.515
	Available funds	3.620.716	5.090	767	2
	Total current assets	**46.537.327**	**49.097**	**1.955.445**	**2.517**
	Total assets	**63.978.533**	**64.326**	**8.742.671**	**12.956**

Statement of financial position at 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Equity and liabilities

		Group		Parent	
Note		2019	2018	2019	2018
	Equity				
	Contributed capital	3.733.333	2.800	3.733.333	2.800
10	Reserve for development expenditure	10.261.944	4.573	0	0
	Results brought forward	-7.890.807	2.468	2.371.137	7.041
	Total equity	**6.104.470**	**9.841**	**6.104.470**	**9.841**
	Liabilities other than provisions				
	Other debts	647.141	0	0	0
	Total long term liabilities other than provisions	647.141	0	0	0
	Bank debts	12.107.851	17.680	0	0
	Trade creditors	41.492.449	34.053	31.250	31
	Debt to group enterprises	0	0	232.274	568
	Tax payables to group enterprises	0	0	1.954.678	2.515
	Other debts	3.626.622	2.752	419.999	1
	Total short term liabilities other than provisions	57.226.922	54.485	2.638.201	3.115
	Total liabilities other than provisions	**57.874.063**	**54.485**	**2.638.201**	**3.115**
	Total equity and liabilities	**63.978.533**	**64.326**	**8.742.671**	**12.956**

1 Special items
11 Charges and security
12 Contingencies
13 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Reserve for development costs	Retained earnings	Total
Equity 1 January 2019	2.800	4.573	2.468	9.841
Cash capital increase	933	0	8.152	9.085
Profit or loss for the year brought forward	0	0	-12.822	-12.822
Transferred from distributed reserves	0	5.689	-5.689	0
	3.733	**10.262**	**-7.891**	**6.104**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	2.800	7.041	9.841
Cash capital increase	933	8.152	9.085
Profit or loss for the year brought forward	0	-12.822	-12.822
	3.733	**2.371**	**6.104**

Statement of cash flows 1 January - 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Note		Group 2019	2018
	Results for the year	-12.822.481	222
14	Adjustments	9.102.767	4.940
15	Change in working capital	10.051.984	1.508
	Cash flow from operating activities before net financials	6.332.270	6.670
	Interest received and similar amounts	1.550.490	2.733
	Interest paid and similar amounts	-3.667.567	-4.520
	Cash flow from ordinary activities	4.215.193	4.883
	Cash flow from operating activities	**4.215.193**	**4.883**
	Purchase of intangible fixed assets	-9.069.114	-3.823
	Purchase of tangible fixed assets	-129.384	-249
	Cash flow from investment activities	**-9.198.498**	**-4.072**
	Cash capital increase	9.085.333	0
	Cash flow from financing activities	**9.085.333**	**0**
	Changes in available funds	**4.102.028**	**811**
	Available funds 1 January 2019	-12.589.163	-13.401
	Available funds 31 December 2019	**-8.487.135**	**-12.590**

	2019	2018
Available funds		
Available funds	3.620.716	5.090
Short-term bank debts	-12.107.851	-17.680
Available funds 31 December 2019	**-8.487.135**	**-12.590**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

1. Special items

The results for the year is affected by a factor, that differ from what the management consider a part of the year result.

Year 2019
The group generated a negative Net profit of -12,8 Mio DKK. The management assess that almost 10,0 Mio DKK is related to a warehouse move from Denmark til Poland. The cost consists restructuring cost, extraordinary once off cost related to this and lost constributions for a period.

Year 2018
The tax authorities have accepted a resumption of the years 2014-2017 with a view to disbursement of development-costs from the tax credit scheme. The tax authorities has not approved the tax credit scheme as the proces is on-going. Net profit for the year was positively affected by 2,5 Mio. DKK.

	Group		Parent	
	2019	2018	2019	2018
2. Staff costs				
Salaries and wages	27.567.137	29.551	480.000	480
Pension costs	1.471.190	1.732	0	0
Other costs for social security	235.934	248	0	0
	29.274.261	**31.531**	**480.000**	**480**
Executive board and board of directors	2.535.000	2.200	480.000	480
Average number of employees	37	47	0	0
3. Other financial costs				
Financial costs, group enterprises	0	0	22.138	0
Other financial costs	3.667.567	4.520	0	0
	3.667.567	**4.520**	**22.138**	**0**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Parent	
		2019	2018
4.	**Proposed distribution of the results**		
	Allocated to results brought forward	0	222
	Allocated to other statutory reserves	0	0
	Allocated from results brought forward	-12.822.481	0
	Distribution in total	**-12.822.481**	**222**

		Group	
		31/12 2019	31/12 2018
5.	**Softwareplatform (development projects)**		
	Cost 1 January 2019	48.152.669	44.330
	Additions during the year	9.069.114	3.823
	Cost 31 December 2019	**57.221.783**	**48.153**
	Amortisation and writedown 1 January 2019	-35.041.059	-29.921
	Amortisation for the year	-5.837.266	-5.120
	Amortisation and writedown 31 December 2019	**-40.878.325**	**-35.041**
	Book value 31 December 2019	**16.343.458**	**13.112**

The softwareplatform regards the development and adaptation of a unique it-platform to ensure cost efficency 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.

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Group 31/12 2019	Group 31/12 2018
6.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2019	8.977.581	8.729
	Additions during the year	129.384	249
	Cost 31 December 2019	**9.106.965**	**8.978**
	Depreciation and writedown 1 January 2019	-7.483.728	-7.081
	Depreciation for the year	-525.489	-403
	Depreciation and writedown 31 December 2019	**-8.009.217**	**-7.484**
	Book value 31 December 2019	**1.097.748**	**1.494**

		Group 31/12 2019	Group 31/12 2018
7.	**Leasehold improvements**		
	Cost 1 January 2019	4.608.912	4.609
	Disposals during the year	-4.608.912	0
	Cost 31 December 2019	**0**	**4.609**
	Depreciation and writedown 1 January 2019	-3.985.977	-3.841
	Depreciation for the year	-622.935	-145
	Reversal of depreciation, amortisation and writedown, assets disposed of	4.608.912	0
	Depreciation and writedown 31 December 2019	**0**	**-3.986**
	Book value 31 December 2019	**0**	**623**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Parent	
		31/12 2019	31/12 2018
8.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2019	12.331.462	12.331
	Cost 31 December 2019	**12.331.462**	**12.331**
	Revaluations, opening balance 1 January 2019	-1.892.626	-2.628
	Results for the year before goodwill amortisation	-11.766.283	736
	Equity increase	8.114.673	0
	Revaluation 31 December 2019	**-5.544.236**	**-1.892**
	Book value 31 December 2019	**6.787.226**	**10.439**

Group enterprises:

	Domicile	**Share of ownership**
Peter Justesen Company A/S *	Hellerup	99,22 %

* Indirect ownership is 100%

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Group	
		31/12 2019	31/12 2018
9.	**Accrued income and deferred expenses**		
	Prepaid expenses and accrued revenue	1.252.441	1.375
		1.252.441	**1.375**

Acrrued income and deferred expenses contains costs paid in 2019, but related to operations in 2020.

10.	**Reserve for development expenditure**		
	Reserve for development expenditure 1 January 2019	4.573.111	4.293
	Reserve for development expenditure in the year	5.688.833	280
		10.261.944	**4.573**

11. Charges and security

The Parent has provided a guarantee to the lessor of the premises from which the subsidiary operates its business. The guarantee covers a six-month rental deposit of t.DKK 600.

For bank debts, DKK 12.107.851, the group 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:

Inventories	DKK 8.521.385
Receivable from sales and services	DKK 25.065.738
Property, plant and equipment	DKK 1.097.748

12. 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 7,7. The tax asset is not recognized in the balance, as it is uncertain when the tax asset can be activated in the future.

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

12. Contingencies (continued)

Contingent assets (continued)

Contingent liabilities

	DKK in thousands
Lease liabilities	160
Rent liabilities	1.389
Contingent liabilities in total	**1.549**

Other contingent liabilities:

The company is involved in a tax dispute with the authorities regarding 8X. The company's contingent liabilities amounts to DKK 2.5 million. It is the management's opinion that the company is fully succesful with the dispute.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

13. Related parties

Other related parties

Peter Justesen Company A/S, Tuborg Boulevard 5, 2., Postboks 68, 2900 Hellerup	Group enterprise

Transactions

All of the groups transactions take place on market terms.

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

	Group 2019	2018
14. Adjustments		
Depreciation and amortisation	6.985.690	5.668
Other financial income	-1.550.490	-2.733
Other financial costs	3.667.567	4.520
Tax on ordinary results	0	-2.515
	9.102.767	**4.940**

	Group 2019	2018
15. Change in working capital		
Change in inventories	978.392	6.498
Change in debtors	1.934.787	-1.604
Change in trade creditors and other liabilities	7.138.805	-3.386
	10.051.984	**1.508**

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