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Peter Justesen Holding A/S

Gribskovvej 2, 2., 2100 København Ø

Company reg. no. 33 77 42 57

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 10 May 2024.

Niels Kornerup
Chairman of the meeting

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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 Holding A/S for the financial year 1 January - 31 December 2023.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2023.

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.

Copenhagen, 10 May 2024

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 financial statements and the parent company financial statements of Peter Justesen Holding A/S for the financial year 1 January to 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Consolidated Financial Statements and the Parent Company Financial Statements

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

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

Independent auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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 consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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, 10 May 2024

Grant Thornton

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

Consolidated financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Revenue	350.175	376.014	317.447	221.270	246.770
Gross profit	41.774	46.743	35.144	24.081	23.644
Profit from operating activities	8.655	12.270	4.592	-6.382	-10.706
Net financials	-3.609	-1.403	-2.339	-2.493	-2.124
Net profit or loss for the year	3.988	8.632	6.966	-6.151	-12.830
Statement of financial position:					
Balance sheet total	78.465	75.935	70.473	56.830	63.977
Investments in property, plant and equipment	100	227	226	25	129
Equity	12.845	12.458	3.826	-3.140	3.011
Cash flows:					
Operating activities	-8.739	7.978	19.012	6.214	4.214
Investing activities	-396	-2.651	-1.695	-1.437	-9.198
Financing activities	-6.806	225	0	0	9.085
Total cash flows	-15.940	5.552	17.317	4.777	4.101
Employees:					
Average number of full-time employees	28	27	28	32	37
Key figures in %:					
Gross margin ratio	11,9	12,4	11,1	10,9	9,6
Profit margin (EBIT-margin)	2,5	3,3	1,4	-2,9	-4,3
Acid test ratio	111,7	112,4	96,1	79,5	81,3
Solvency ratio	16,4	16,4	5,4	-5,5	4,7
Return on equity	31,5	106,0	2.030,9	-	-199,7

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:

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

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

Consolidated 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's review

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 dutyfree status.

Development in activities and financial matters

Income from ordinary activities after tax totals 4.2 Mio DKK against 8.6 Mio DKK last year.

The business generated a positive pretax Net profit of 5.6 Mio DKK.

Net result of 4.2 Mio DKK is acceptable in light of the business environment in 2023.

First part of the year was good compared to last year and the expectations for the year. Unfortunately, the challenges in the market had a negative impact on the positive outlook from the beginning of the year. The year ended below the expectation due to the market circumstances.

The net turnover 2023 was 350.2 Mio DKK which compared to 2022 was a decrease of 6,9 %.

The decreased sales comes primarily from missing sales from Sudan, Ethiopia, Mongolia and China impacted by the geopolitical circumstances. Furthermore, a couple of big sales order was postponed into the new year.

Operating profit was 8.7 Mio DKK (3.6 Mio DKK lower than 2022,).

Drivers behind the development:

- Lower sales in all channels due to the market circumstances and challenges
- Gross margin slightly higher than LY due to product mix
- Staff cost is in line with LY
- Increased cost due to some one-time costs for recruitment and IT incidents offset by lower provision for loss on debtor

The company's cash and cash equivalents continued to be positive with 9.6 Mio. DKK in 2023 (19.4 Mio DKK in 2022). The cash balance compared to 2022 is due to a higher Debtor balance at the end of the year.

The long-lasting tax case (Ligningsloven § 8X) was lost in the Danish court in Q2 2023, but have no major financial impact.

Management's review

Treasury shares

The company has in the financial year, for commercial reasons, acquired nom. 421.507 DKK shares corresponding 11,3% of the contributed capital at a cost of 3.6 Mio DKK.

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.

AI have been a topic and being investigated as an opportunity to further streamline the business.

Expected developments

Strategic focus for 2024 will be to maintain and develop Diplomatic channel with a continued strong omni-channel approach.

FFocus will be to increase activity level further in the countries of the regions Africa and EMEA with strong development of key account customers and commissaries.

Furthermore, sales organization will be strengthened with more market managers and local "feet on the ground" in dedicated markets.

Net revenue is budgeted to develop positive and profitable in all sales channels and is expected to improved vs 2023.

Operational focus for 2024 will be to maintain current customer base and in regions as Europe and Asia to expand the number of active customers. Furthermore, there will be a focus on potential new markets..

Category management and product mix do also expect to contribute positively to the expected result for 2024. In addition new subcategories as electric and food will contribute to increased revenue and customer satisfaction

Operational cost is expected to increase due to inflation, number of FTE's and increased sales expectations.

Investments level expect to be on a higher level than previous years, due to a potential investment in a new website to further improve and stabilize the web shop.

Cash management procedures and policies will or continue to be a 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 2023 annual report.

Management's review

Assessment and corrective plans on risk 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

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

Note	Group		Parent	
	2023	2022	2023	2022
Revenue	350.175.367	376.014	0	0
Change in inventories of finished goods and work in progress	1.573.367	1.640	0	0
Work performed for own account and capitalised	0	2.424	0	0
Other operating income	2.933.159	1.541	2.933.159	1.541
Costs of raw materials and consumables	-283.779.046	-311.074	0	0
Other external expenses	-29.128.530	-23.802	-3.521.994	-1.084
Gross profit	41.774.317	46.743	-588.835	457
1 Staff costs	-29.657.849	-30.978	-500.000	-498
Depreciation, amortisation, and impairment	-3.461.848	-3.495	0	0
Operating profit	8.654.620	12.270	-1.088.835	-41
Income from equity investments in group enterprises	0	0	5.511.480	8.828
Other financial income	3.387.067	4.661	0	0
2 Other financial costs	-6.995.715	-6.064	-1.027.491	-210
Pre-tax net profit or loss	5.045.972	10.867	3.395.154	8.577
Tax on net profit or loss for the year	-1.058.393	-2.235	592.425	55
3 Net profit or loss for the year	3.987.579	8.632	3.987.579	8.632

Balance sheet at 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

Note	Group		Parent		
	2023	2022	2023	2022	
Assets					
Non-current assets					
4	Softwareplatform (development projects)	6.600.338	9.657	0	0
	Total intangible assets	6.600.338	9.657	0	0
5	Other fixtures and fittings, tools and equipment	362.347	372	0	0
	Total property, plant, and equipment	362.347	372	0	0
6	Investments in group enterprises	0	0	23.312.204	17.801
	Total investments	0	0	23.312.204	17.801
	Total non-current assets	6.962.685	10.029	23.312.204	17.801
Current assets					
	Manufactured goods and goods for resale	6.347.428	7.921	0	0
	Total inventories	6.347.428	7.921	0	0
	Trade receivables	39.184.626	26.919	0	0
7	Deferred tax assets	5.122.499	3.164	3.341.846	0
	Income tax receivables	0	0	267.190	250
	Other receivables	9.562.899	7.004	3.028.284	1.230
8	Prepayments	1.677.131	1.492	0	0
	Total receivables	55.547.155	38.579	6.637.320	1.480
	Cash and cash equivalents	9.607.567	19.406	3.759	4
	Total current assets	71.502.150	65.906	6.641.079	1.484
	Total assets	78.464.835	75.935	29.953.283	19.285

Balance sheet at 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

Note	Group		Parent		
	2023	2022	2023	2022	
Equity and liabilities					
Equity					
9	Contributed capital	3.733.333	3.733	3.733.333	3.733
	Reserves for net revaluation as per the equity method	5.511.480	0	5.511.480	0
10	Reserve for development costs	5.148.264	7.532	0	0
	Retained earnings	-1.547.609	1.193	3.600.655	8.725
	Total equity	12.845.468	12.458	12.845.468	12.458
Liabilities other than provisions					
	Other payables	1.619.673	1.623	0	0
	Payables to shareholders and management	0	3.202	0	3.202
11	Total long term liabilities other than provisions	1.619.673	4.825	0	3.202
	Bank debts	7.505.516	5	0	0
	Trade payables	46.461.274	51.454	309.534	31
	Payables to subsidiaries	0	0	12.052.858	3.024
	Income tax payable	3.545.423	195	3.545.423	195
	Other payables	6.487.481	6.998	1.200.000	375
	Total short term liabilities other than provisions	63.999.694	58.652	17.107.815	3.625
	Total liabilities other than provisions	65.619.367	63.477	17.107.815	6.827
	Total equity and liabilities	78.464.835	75.935	29.953.283	19.285
12	Charges and security				
13	Contingencies				
14	Related parties				

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity 1 2023	3.733	0	7.532	18.993	30.258
Share of results	0	5.511	0	-16.941	-11.430
Transferred from distributed reserves	0	0	-2.384	0	-2.384
Repurchase of own shares	0	0	0	-3.600	-3.600
	3.733	5.511	5.148	-1.548	12.844

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2022	3.733	0	8.725	12.458
Share of results	0	5.511	-1.524	3.987
Repurchase of own shares	0	0	-3.600	-3.600
	3.733	5.511	3.601	12.845

Statement of cash flows 1 January - 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

Note	Group	
	2023	2022
Net profit or loss for the year	3.987.579	8.632
15 Adjustments	8.463.086	7.133
16 Change in working capital	-18.940.073	-6.351
Cash flows from operating activities before net financials	-6.489.408	9.414
Interest received, etc.	335.225	129
Interest paid, etc.	-2.584.613	-1.565
Cash flows from ordinary activities	-8.738.796	7.978
Cash flows from operating activities	-8.738.796	7.978
Purchase of intangible assets	-295.432	-2.424
Purchase of property, plant, and equipment	-100.295	-227
Cash flows from investment activities	-395.727	-2.651
Repayments of long-term payables	-3.205.516	225
Repurchase of own shares	-3.600.000	0
Cash flows from financing activities	-6.805.516	225
Change in cash and cash equivalents	-15.940.039	5.552
Cash and cash equivalents at 1 January 2023	19.401.350	13.815
Foreign currency translation adjustments (cash and cash equivalents)	-1.359.260	34
Cash and cash equivalents at 31 December 2023	2.102.051	19.401
Cash and cash equivalents		
Cash and cash equivalents	9.607.567	19.406
Short-term bank debts	-7.505.516	-5
Cash and cash equivalents at 31 December 2023	2.102.051	19.401

Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	Group		Parent	
	2023	2022	2023	2022
1. Staff costs				
Salaries and wages	27.943.376	29.528	500.000	498
Pension costs	1.424.194	1.246	0	0
Other costs for social security	98.542	93	0	0
Other staff costs	191.737	111	0	0
	29.657.849	30.978	500.000	498
Executive board and board of directors	3.885.874	3.345	500.000	498
Average number of employees	28	27	0	0
2. Other financial costs				
Financial costs, group enterprises	0	0	453.153	114
Other financial costs	6.995.715	6.064	574.338	96
	6.995.715	6.064	1.027.491	210
3. Proposed distribution of net profit				
Transferred to retained earnings			-1.320.324	8.632
Transferred to other reserves			5.511.480	0
Total allocations and transfers			4.191.156	8.632

Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	Group	
	<u>31/12 2023</u>	<u>31/12 2022</u>
4. Softwareplatform (development projects)		
Cost 1 January 2023	63.348.392	60.925
Additions during the year	<u>295.433</u>	<u>2.424</u>
Cost 31 December 2023	<u>63.643.825</u>	<u>63.349</u>
Amortisation and writedown 1 January 2023	-53.692.131	-50.322
Amortisation for the year	<u>-3.351.356</u>	<u>-3.370</u>
Amortisation and writedown 31 December 2023	<u>-57.043.487</u>	<u>-53.692</u>
Carrying amount, 31 December 2023	<u>6.600.338</u>	<u>9.657</u>
The softwareplatform regards the development and adaptation of a unique it-platform to ensure cost efficiency and costumer satisfaction.		
5. Other fixtures and fittings, tools and equipment		
Cost 1 January 2023	8.764.211	8.537
Additions during the year	<u>100.295</u>	<u>227</u>
Cost 31 December 2023	<u>8.864.506</u>	<u>8.764</u>
Depreciation and writedown 1 January 2023	-8.391.667	-8.266
Depreciation for the year	<u>-110.492</u>	<u>-126</u>
Depreciation and writedown 31 December 2023	<u>-8.502.159</u>	<u>-8.392</u>
Carrying amount, 31 December 2023	<u>362.347</u>	<u>372</u>

Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	Parent	
	31/12 2023	31/12 2022
6. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2023	12.331.462	12.331
Cost 31 December 2023	12.331.462	12.331
Revaluations, opening balance 1 January 2023	5.469.262	-3.358
Results for the year before goodwill amortisation	5.511.480	8.828
Revaluations 31 December 2023	10.980.742	5.470
Carrying amount, 31 December 2023	23.312.204	17.801

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Peter Justesen Holding A/S DKK
Peter Justesen Company A/S, Copenhagen	100 %	23.312.204	5.511.480	23.312.204
		23.312.204	5.511.480	23.312.204

	Group	
	31/12 2023	31/12 2022
7. Deferred tax assets		
Deferred tax assets 1 January 2023	2.914.405	5.204
Deferred tax of the results for the year	2.208.094	-2.040
	5.122.499	3.164
The following items are subject to deferred tax:		
Intangible assets	-1.452.074	-2.124
Property, plant, and equipment	8.630	14
Losses carried forward from previous years	6.565.943	5.274
	5.122.499	3.164

Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	Group	
	31/12 2023	31/12 2022
8. Prepayments		
Other prepayments	1.677.131	1.492
	1.677.131	1.492

	Group		Parent	
	31/12 2023	31/12 2022	31/12 2023	31/12 2022
9. Contributed capital				
Contributed capital 1 January 2023	3.733.333	3.733	3.733.333	3.733
	3.733.333	3.733	3.733.333	3.733

The share capital consists of 3.733.333 shares, each with a nominal value of DKK 1,00.

DKK 421.507 are owned by the company.

	Group	
	31/12 2023	31/12 2022
10. Reserve for development costs		
Reserve for development costs 1 January 2023	7.531.884	8.270
Reserve for development expenditure in the year	-2.383.620	-738
	5.148.264	7.532

Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

11. Long term liabilities other than provisions

Group	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Other payables	1.619.673	0	1.619.673	0
	1.619.673	0	1.619.673	0

12. Charges and security

For bank loans, T.DKK 7.506, the company has provided security in company assets representing a nominal value of T.DKK 50.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	6.347
Trade receivables	39.185
Property, plant and equipment	362
Total security	45.894

13. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	477
Rent liabilities	268
Total contingent liabilities	745

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay 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.

Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

13. Contingencies (continued)

Joint taxation (continued)

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

14. Related parties

Transactions

All of the groups transactions take place on market terms.

	Group	
	2023	2022
	<u> </u>	<u> </u>
15. Adjustments		
Depreciation, amortisation, and impairment	3.461.848	3.495
Other financial income	-3.387.067	-4.661
Other financial costs	6.995.715	6.064
Tax on net profit or loss for the year	1.058.393	2.235
Other adjustments	334.197	0
	<u>8.463.086</u>	<u>7.133</u>
16. Change in working capital		
Change in inventories	1.573.367	-1.640
Change in receivables	-15.010.888	-11.326
Change in trade payables and other payables	-5.502.552	6.615
	<u>-18.940.073</u>	<u>-6.351</u>

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).

The accounting policies are unchanged from last year, and the annual report is presented in DKK. Some presentation changes has been made without effect on result or equity.

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 group 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 group 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.

The consolidated financial statements

The consolidated income statements 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 exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

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

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

Work performed for own account and capitalised

Work performed for own account and 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 expenses

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

Accounting policies

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, 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.

Results from investments in subsidiaries

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

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

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.

Accounting policies

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 write-down 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.

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.

Accounting policies

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 group 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 group'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 as well as equity investments in subsidiaries 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 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.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 10 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries.

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.

Accounting policies

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.

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

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.

Accounting policies

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

As administration company, Peter Justesen Holding A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

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 "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.

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.

Accounting policies

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.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under 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 group'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 group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

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