JTJ Heartbeat A/S

Østergade 26, DK-1100 Copenhagen

Annual Report for 1 January - 31 December 2022

CVR No 37 28 06 82

The Annual Report was presented and adopted at the Annual General Meeting of the Company on July 10th 2023

Sebastian Christmas Poulsen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of JTJ Heartbeat A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, July 10th 2023

Executive Board

Thomas Kusk Nørøxe CEO	Jørn Vestergaard CFO

Board of Directors

Kaspar Basse Chairman	Tue Mantoni Deputy Chairman	Björn Lundgren
Melis Zeynep Kahya	Per Forsberg	Laurie Ann Goldman
Andrew William Crawford	Morten Nødgaard Albæk	

Independent Auditor's Report

To the Shareholder of JTJ Heartbeat A/S

Opinion

We have audited the financial statements of JTJ Heartbeat A/S for the financial year 1 January 2022 - 31 December 2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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.

Emphasis of Matter

We draw attention to note 1 of the financial statements, which describes the cash flow and financing of activities as well as capital management of the company. Our opinion is not modified in respect of this matter.

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, July 10th 2023
Deloitte Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

Niels Skannerup Vendelbo
State Authorized Public Accountant
Identification No (MNE) mne34532

Company Information

The Company	JTJ Heartbeat A/S Østergade 26 DK-1100 Copenhagen CVR No: 37 28 06 82 Financial period: 1 January- 31 December Municipality of reg. office: Copenhagen
Board of Directors	Kaspar Basse, Chairman Tue Mantoni, Deputy Chairman Bjorn Lundgren Melis Zeynep Kahya Per Forsberg Laurie Ann Goldman Andrew William Crawford Morten Nødgaard Albæk
Executive Board	Thomas Kusk Nørøxe Jørn Vestergaard
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 DK-2300 Copenhagen

Income Statements for the years ended December 31

In thousands DKK	Notes	2022	2021
Gross loss		**(380)**	**(764)**
Financial income	3	13,388	1,701
Financial expenses	4	(117,113)	(81,338)
Loss before tax		**(104,105)**	**(80,401)**
Tax on loss for the year	5	6,580	–
Net loss for the year		**(97,525)**	**(80,401)**

Proposed distribution of loss		
Retained earnings	(97,525)	(80,401)

Balance Sheet as of December 31

In thousands DKK	Notes	2022	2021
Assets			
Investments in subsidiaries	6	3,166,513	3,166,513
Receivables from group enterprises		23,051	20,223
Total non-current assets		**3,189,564**	**3,186,736**
Prepayments		568	569
Other receivables		4,255	–
Total currents assets		**4,823**	**569**
Total assets		**3,194,387**	**3,187,305**
Equity			
Share capital		510	510
Hedging reserve		(964)	(3,825)
Retained earnings		2,318,108	2,415,633
Total equity		**2,317,654**	**2,412,318**
Liabilities			
Borrowings	7	651,855	622,206
Subordinated loan	7	131,390	121,253
Payables to group enterprises	7	77,317	12,010
Total non-current liabilities		**860,562**	**755,469**
Payables to group enterprises	7	15,944	–
Borrowings	7	–	10,859
Other payables		227	8,659
Total current liabilities		**16,171**	**19,518**
Total liabilities		**876,733**	**774,987**
Total liabilities and equity		**3,194,387**	**3,187,305**
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Statements of Changes in Equity as of December 31

2022:

In thousands DKK	**Share capital**	**Hedging reserve**	**Retained earnings**	**Total**
Equity at 1 January	510	(3,825)	2,415,633	2,412,318
Fair value adjustment of derivatives	–	2,861	–	2,861
Net loss for the year	–	–	(97,525)	(97,525)
Equity	**510**	**(964)**	**2,318,108**	**2,317,654**

Notes to the Financial Statements

1. Financial situation and capital management

The Group is dependent on loan financing from a syndicate of banks to maintain the current capital structure and fund future growth. Over recent years, the company has realized losses, mainly following the adverse effects of COVID-19 on the Company's capital structure. Loan agreements and irrevocable commitments until May and June 2024 are in place to secure the Group's liquidity needs. Based on strong operational performance, Management expects to meet financial covenants set out in loan agreements and furthermore expects to achieve a leverage ratio (net debt/EBITDA) at or below 4.0x prior to maturity of loans mid-2024.

Management's assessments are based on current loan agreements, dialogue with lenders and owners, and the Company's business plans building on strong realized operational performance and cash conversion achieved in 2023. Additionally, Management is pursuing long-term funding opportunities through potential new investors to secure capital resources for future growth, and furthermore expects to achieve a leverage ratio (net debt/EBITDA) at or below 4.0x prior to maturity of loans mid-2024.

Based on the above assessments, the Annual Report is presented under the going concern assumption.

2. Key activities

The key activities of the Company is to hold ownership shares in companies that operate JOE & THE JUICE stores.

3. Financial income

In thousands DKK	**2022**	**2021**
Interest income from group enterprises	1,047	1.701
Fair value adjustments of derivatives	12,341	-
	13,388	**1,701**

4. Financial expenses

In thousands DKK	**2022**	**2021**
Interest expense to group enterprises	2,829	777
Recycling of fair value adjustments of derivatives	2,861	3,939
Cost of loan modification	22,846	–
Other financial expenses	88,577	76,622
	117,113	**81,338**

Other financial expenses include amortization of bank fees.

5. Tax on loss for the year

In thousands DKK	**2022**	**2021**
Adjustment to prior years	6,580	–
	6,580	**–**

Notes to the Financial Statements

6. Investments in subsidiaries

In thousands DKK	2022	2021
Cost at 1 January	3,166,513	2,916,513
Additions for the year	–	250,000
Cost at 31 December	3,166,513	3,166,513
Value adjustments at 1 January	–	–
Value adjustments at 31 December	–	–
Carrying amount at 31 December	**3,166,513**	**3,166,513**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
JOE & THE JUICE A/S	Copenhagen	TDKK 618	100%	TDKK (59,482)	TDKK (69,427)

7. Long-term debt

Payments due within 1 year are recognized as short-term debt. Payments due after 1 year are recognized as long-term debt. The debt falls due for payment as specified below:

In thousands DKK	2022	2021
Subordinated loan capital		
Between 1 and 5 years	131,390	121,253
Within 1 year	–	–
	131,390	**121,253**
Borrowings		
Between 1 and 5 years	651,855	622,206
Within 1 year	–	10,859
	651,855	**633,065**
Payables to group enterprises		
Between 1 and 5 years	77,317	12,010
Within 1 year	15,944	–
	93,261	**12,010**

On December 22, 2022, the Company obtained a waiver from the Bank Syndicate. Following adverse effects of COVID-19 on the Company's capital structure and the failure of a committed financing partner to contribute capital in Q1 2023, the Company ended up being in breach with loan covenants from Q3 2022 until Q1 2023. The Company received waivers from the bank syndicate in June 2023 covering the period from Q3 2022 to Q2 2023 and updated covenants for the remaining loan term until mid-2024. Reference is made to note 10.

Notes to the Financial Statements

8. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bank and credit institutions: Shares in the companies JOE & THE JUICE A/S, JOE & THE JUICE US HOLDINGS INC., JOE & THE JUICE BLEICHENHOF GmbH, JOE & THE JUICE Norge AS, JOE & THE JUICE NG AB, JOE & THE JUICE UK Ltd., JOE & THE JUICE Sydney Pty Ltd., JOE & THE JUICE Nice SARL, JOE & THE JUICE Netherlands and JOE & THE JUICE (Switzerland) AG have been provided as security under certain circumstances for all accounts with SEB.

Contingent liabilities

The Parent Company has, through SEB, issued bank guarantees totaling DKK 138 million (2021: DKK 139 million) on behalf of subsidiaries.

The Danish group companies are jointly and severally liable for tax on the jointly taxable income of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

9. Related parties

Payables and receivables to group entities are disclosed in the balance sheet.

Consolidated Financial Statements

The Company is included in the consolidated financial statements of the Parent Company.

Name	Place of registered office
JOE & THE JUICE HOLDING A/S	Copenhagen, Denmark

10. Subsequent events

After the reporting date, a condition associated with the waiver granted in December 2022 was not met following the failure of a committed financing partner to contribute capital in Q1 2023. As a result, the Group entered negotiations with the bank syndicate and obtained retrospective unconditional waivers, covering the period from the first breach of covenants in Q3 2022 until Q2 2023. Concurrently, a new banking agreement was finalized and signed in June 2023, whereby covenants until debt maturity in May and June 2024 were adapted the Group's updated business plans following strong operational results in the first half of 2023.

11. Accounting Policies

The annual report of JTJ Heartbeat A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The statutory financial statements for 2022 are presented in TDKK.

Notes to the Financial Statements

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of JOE & THE JUICE HOLDING A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Hedge accounting

Cash flow hedge is no longer considered to be effective but the hedged cash flows are still expected to occur, the cumulative gain or loss recognized in equity is recycled to the income statement over the term of the hedge. Fair value gains or losses following this discontinuance are recognized in the income statement as financial items.

Notes to the Financial Statements

Income Statement

Other external expenses

Other external expenses comprise audit, legal expenses and other administration expenses.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year, including fair value adjustments of derivatives.

Tax on loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Impairment of fixed assets

The carrying amounts of fixed assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Financial liabilities

Loans, such as loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

Other liabilities are measured at amortized cost, substantially corresponding to nominal value.