

JFL Retail A/S

Østergade 9, 6950 Ringkøbing
CVR no. 39 68 80 18

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 12.02.24

Claus Borgensgaard
Dirigent



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The company

JFL Retail A/S
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6950 Ringkøbing
Tel.: 96 74 05 25
E-mail: finans@jfl-retail.com
Registered office: Ringkøbing-Skjern Kommune
CVR no.: 39 68 80 18
Financial year: 01.01 - 31.12

Executive Boards

Jens Bratbjerg Hebroe

Board of Directors

Claus Borgensgaard
Jens Bratbjerg Hebroe
Henning Bratbjerg Bro

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Boards and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for JFL Retail A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Ringkøbing, January 29, 2024

Executive Boards

Jens Bratbjerg Hebroe

Board of Directors

Claus Borgensgaard
Chairman

Jens Bratbjerg Hebroe

Henning Bratbjerg Bro

To the Shareholder of JFL Retail A/S**Opinion**

We have audited the financial statements of JFL Retail A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Holstebro, January 29, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Claus Bredvig

State Authorized Public Accountant
MNE-no. mne31404

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2023	2022	2021	2020	2019
<i>Profit/loss</i>					
Gross profit	4,943	2,702	2,674	3,032	1,783
Operating profit	2,610	519	244	175	-943
Total net financials	-987	-174	-23	-109	-208
Profit for the year	1,186	265	172	44	-915

Balance

Total assets	17,160	9,111	7,427	6,394	6,447
Equity	5,325	2,089	1,423	1,402	1,358

Ratios

	2023	2022	2021	2020	2019
<i>Profitability</i>					
Return on equity	32%	15%	12%	3%	-50%

Equity ratio

Solvency ratio	31%	23%	19%	22%	21%
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Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

The company's activities comprise trading in groceries and related business.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK 1,185,587 against DKK 265,491 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 5,324,513.

An very satisfactory increase in activity has been realized.

The company is still preparing for expected growth. To strengthen the company for the planned growth, the management also this year has invested additional capital of DKK 2,500,000 in the company.

Significant efforts to expand the company's market areas as well as the development of the organization has been made during the financial year, and the management is looking forward to continued growth.

Income statement

Note	2023 DKK	2022 DKK
Gross profit	4,942,926	2,702,269
1 Staff costs	-2,332,709	-2,183,615
Profit before depreciation, amortisation, write-downs and impairment losses	2,610,217	518,654
2 Financial income	48,554	4,795
3 Financial expenses	-1,036,037	-178,352
Profit before tax	1,622,734	345,097
Tax on profit for the year	-437,147	-79,606
Profit for the year	1,185,587	265,491

Proposed appropriation account

Extraordinary dividend for the financial year	450,000	350,000
Retained earnings	735,587	-84,509
Total	1,185,587	265,491

ASSETS		31.12.23	31.12.22
		DKK	DKK
Note			
6	Other receivables	204,501	198,545
	Total investments	204,501	198,545
	Total non-current assets	204,501	198,545
	Manufactured goods and goods for resale	7,697,561	6,046,215
	Prepayments for goods	155,438	61,388
	Total inventories	7,852,999	6,107,603
	Trade receivables	5,653,240	2,661,311
	Receivables from group enterprises	3,188,814	0
	Deferred tax asset	16,101	79,644
	Income tax receivable	46,396	0
	Other receivables	65,202	47,719
	Prepayments	43,750	11,011
7	Total receivables	9,013,503	2,799,685
	Cash	88,740	4,915
	Total current assets	16,955,242	8,912,203
	Total assets	17,159,743	9,110,748

EQUITY AND LIABILITIES		31.12.23	31.12.22
		DKK	DKK
Note			
	Share capital	600,000	600,000
	Retained earnings	4,724,513	1,488,926
	Total equity	5,324,513	2,088,926
8	Payables to other credit institutions	1,606,068	1,660,229
8	Payables to group enterprises	2,082,368	0
	Total long-term payables	3,688,436	1,660,229
8	Short-term part of long-term payables	675,806	163,460
	Payables to other credit institutions	28,413	1,324,333
	Trade payables	5,234,066	2,041,534
	Other payables	2,208,509	1,832,266
	Total short-term payables	8,146,794	5,361,593
	Total payables	11,835,230	7,021,822
	Total equity and liabilities	17,159,743	9,110,748
9	Contingent liabilities		
10	Charges and security		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23			
Balance as at 01.01.23	600,000	1,488,926	2,088,926
Group contribution	0	2,500,000	2,500,000
Extraordinary dividend paid	0	-450,000	-450,000
Net profit/loss for the year	0	1,185,587	1,185,587
Balance as at 31.12.23	600,000	4,724,513	5,324,513

	2023	2022
	DKK	DKK

1. Staff costs

Wages and salaries	2,001,608	1,874,887
Pensions	170,114	183,691
Other social security costs	24,963	29,266
Other staff costs	136,024	95,771
Total	2,332,709	2,183,615
Average number of employees during the year	4	4

2. Financial income

Interest, group enterprises	42,598	0
Other financial income	5,956	4,795
Total	48,554	4,795

3. Financial expenses

Interest, group enterprises	106,304	0
Other interest expenses	621,753	112,706
Foreign currency translation adjustments	176,378	35,756
Other financial expenses	131,602	29,890
Total	1,036,037	178,352

4. Intangible assets

Figures in DKK	Goodwill
Cost as at 01.01.23	100,000
Cost as at 31.12.23	100,000
Amortisation and impairment losses as at 01.01.23	-100,000
Amortisation and impairment losses as at 31.12.23	-100,000
Carrying amount as at 31.12.23	0
Carrying amount of assets held under finance leases as at 31.12.23	0

5. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	330,962
Cost as at 31.12.23	330,962
Depreciation and impairment losses as at 01.01.23	-330,962
Depreciation and impairment losses as at 31.12.23	-330,962
Carrying amount as at 31.12.23	0

6. Non-current financial assets

Figures in DKK	Other receivables
Cost as at 01.01.23	198,545
Additions during the year	5,956
Cost as at 31.12.23	204,501
Carrying amount as at 31.12.23	204,501
	31.12.23 DKK
	31.12.22 DKK

7. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	165,751	159,795
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8. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.23	Total payables at 31.12.22
Payables to credit institutions	175,806	1,000,000	1,781,874	1,823,689
Payables to group enterprises	500,000	0	2,582,368	0
Total	675,806	1,000,000	4,364,242	1,823,689

9. Contingent liabilities

Lease commitments

The company has concluded the following lease agreements:

Remaining maturity of 12 months and average lease payment of DKK 10,650, a total of DKK 127,800.

Remaining maturity of 6 months and average lease payment of DKK 13,799, a total of DKK 82,794.

Remaining maturity of 27 months and average lease payment of DKK 1,639, a total of DKK 44,253.

Other contingent liabilities

The company is taxed jointly with the other companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company JFL Retail Holding ApS.

The company has entered into a lease agreement that can only be terminated with 6 months' notice.

10. Charges and security

As security for debt to credit institutions of DKK 28,413 a company charge at DKK 10,600,000 has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 13,506,239.

As security for debt to other credit institutions of DKK 1,835,766 a company charge at DKK 1,000,000 has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 13,506,239.

The company has provided a company share at DKK 5,000,000 as security for parent company's debt to other credit institutions. The company charge comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories, trade receivables as well as fuels and other ancillary materials. At the balance date, debt to other credit institutions in parent company amounts to DKK 5,000,000. The total carrying amount of the comprised assets is DKK 13,506,239.

11. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

11. Accounting policies - continued -**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

11. Accounting policies - continued -**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	3	0
Other plant, fixtures and fittings, tools and equipment	3	0

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

11. Accounting policies - continued -**BALANCE SHEET****Intangible assets***Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

11. Accounting policies - continued -

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

11. Accounting policies - continued -**Cash**

Cash includes deposits in bank account.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.