JOE & THE JUICE HOLDING A/S

Østergade 26, DK-1100 København K

CVR no 35 52 79 90

Annual Report for January 01, 2022 to December 31, 2022

The Annual Report was presented and
adopted at the Annual General Meeting
of the Company on June 29, 2023

Sebastian Christmas Poulsen
Chairman of the General
Meeting

Contents

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Joe & The Juice Holding A/S for the financial year 1 January – 31 December 2022.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with 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 at 31 December 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review. We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, June 29, 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 shareholders of Joe & The Juice Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Joe & The Juice Holding A/S for the financial year 1 January – 31 December 2022, which include Consolidated income statement (loss), statement of comprehensive loss, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by EU and additional requirements of the Danish Financial Statements Act and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of its operations and the consolidated cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by EU and additional requirements of the Danish Financial Statements Act. Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's 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.

Emphasis of matter

We draw attention to note 2 (section "Basis of preparation"), note 16 and note 19 of the consolidated financial statements, which describes the basis for preparation and cash flow and financing of activities as well as capital management of the Group. Our opinion is not modified in respect of this matter.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by EU and additional requirements of the Danish Financial Statements Act, as well as the preparation of parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 the management review

Management is responsible for the management review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management 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 financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent 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 review.

Copenhagen, June 29, 2023
Deloitte Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Company Information

The Company	JOE & THE JUICE HOLDING A/S Østergade 26 DK-1100 Copenhagen CVR No: 35 52 79 90 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

Financial Highlights

Key figures

Seen over a five-year period, the development of the Group is described by the following financial highlights:

In thousands DKK	2022	2021	2020	2019*	2018*
Consolidated Statements of Loss					
Revenue	1,709,637	1,150,805	834,504	1.179,082	1,000,986
Profit/loss before depreciations (EBITDA)	276,874	271,942	249,452	5,332	119,673
Profit/loss before financial income and expenses (EBIT)	(47,138)	(49,882)	(212,619)	(281,511)	(43,792)
Net financial income (expense)	(212,264)	(155,698)	(251,597)	(82,831)	(63,033)
Net result for the year	(260,091)	(232,511)	(474,170)	(361,768)	(113,062)
Consolidated Balance Sheet					
Total assets	2,113,938	2,257,486	2,180,979	904,193	1,239,861
Equity	(1,045,112)	(774,224)	(794,763)	(551,153)	(154,617)
Equity including subordinated loan capital	(913,722)	(652,971)	(679,566)	(447,240)	(54,648)
Consolidated Statements of Cash Flows					
Cash flows from operating activities	152,653	115,255	40,383	(15,582)	88,938
Cash flows used in investing activities	(136,683)	(77,491)	(64,630)	(222,976)	(431,374)
-Hereof cash flows used in investment in PP&E	(123,989)	(63,855)	(54,349)	(204,940)	(394,619)
Cash flows from financing activities	(207,165)	149,635	42,046	263,267	(258,094)
Change in cash and cash equivalents for the year	(191,195)	187,398	17,799	24,709	(84,342)
Number of employees	2,942	2,120	1,946	2,030	1,626
Financial ratios (%)					
EBITDA margin	16.2%	23.6%	29.9%	0.5%	12.0%

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts. Refer to note 29 for definition of financial highlights.

* The Group has implemented IFRS on 1 January 2020. The figures for the years 2018 and 2019 have not been adjusted to reflect the implementation of IFRS or correction of errors made in the 2020 financial statements as it is impracticable to determine the effect on a year-by-year basis prior to 1 January 2020.

Management's Review

Developments in the Financial Year

Record Topline Well Above Pre-Pandemic Levels

Revenue for the year exceeded 1.7 billion DKK for the first time in the Group's history, corresponding to 49% growth compared to 2021 (DKK 1.2 billion). This surpassed Management's expectations of revenue growth above 30 %. Headwinds from COVID-19 at the beginning of the year had an adverse effect on activity levels, as stores across most markets were either closed or had to operate under restrictions due to the Omicron strain. End first quarter, when restrictions were lifted, our juicers' hard work and dedication resulted in our business scaling up rapidly, hence demonstrating the resilience and adaptability of our operating model.

The increase came primarily from strong same-store-sales growth of 30 % related to heritage stores, supported by 23 new store openings and to a lesser degree price increases implemented to absorb inflationary effects. In-store sales activity and conversion of customers to the JOE App were the main growth drivers, and sales through third-party delivery services kept a steadily increasing momentum throughout the year.

Solid Underlying Performance Whilst Investing for the Future

In 2022, the Group's core business showed a consistent improvement in operating performance, resulting in improving store-level profitability. After years of new market entries, stores in the Group's newer markets are maturing, with profitability closing in on heritage markets. This includes a significant uplift in the US market where JOE & THE JUICE is present with 64 stores across 8 states. The US market is maturing similarly to what was seen when the Group entered the UK, and Management believe the US has the potential to become an important growth market for the Group.

2022 was also a year in which JOE & THE JUICE focused on strengthening its headquarters and professionalising the organisation, following change of CEO mid-2021. Related one-off costs had an adverse impact on the Group's financial results, mainly in the second part of the year, including costs for implementation of a new enterprise-level ERP system, upgrade of associated processes and positioning of the Group for future strategic opportunities, including procurement of further growth funding. Returns of these investments are materialising, confirming that a solid foundation has been built to enable JOE & THE JUICE's continued growth and further improved profitability. The table below summarizes effects of one-off items on the Group's results for 2022 and the comparative year 2021, which was influenced by one-off income from government grants and other one-time COVID-19 related reliefs:

In thousands DKK	**2022**	**2021**
Reported Operating Result (EBIT)	(47,138)	(49,882)
Adjustment for one-off items incl. Other Operating Income	52,237	(57,957)
Adjusted Operating Result (EBIT)	5,099	(107,839)

Management is satisfied with the Group's operational performance, exceeding previously forecasted Revenue expectations, and believes that the achievements in 2022 illustrate the robustness and growth potential of the JOE & THE JUICE brand and business model.

Continued Digital Momentum

As an area of strategic focus, JOE & THE JUICE has for more than a decade invested in IT systems to facilitate an efficient, data-driven and customer-centric operation of its stores. Among these initiatives, the JOE App was introduced in 2019 to improve customer convenience, reduce waiting time, digitize the customer journey, and ultimately increase sales. Additionally, implementation of online Third-Party Delivery platforms has been a strategic enabler to increase scale by reaching customers outside of stores and tap into a growing delivery market. The COVID-19 pandemic accelerated adoption of the Group's digital platform, which has proved an enduring tool for value creation. Digital sales comprised 25% of the Group's Revenue in 2022.

The in-store intimate customer experience is supported by a brand platform across social media, such as TikTok, Instagram and Facebook. Benefits of this omni-channel strategy is seen in the strong brand awareness globally and reactions from JOE & THE JUICE's community through views, likes and comments.

Management's Review

Global Concept with Proven Adaptability and Scalability

While JOE & THE JUICE was founded in Copenhagen, the brand and business model have generated strong performance across a wide variety of international markets and is today a global brand represented in 17 countries. The products, ambience and brand have a broad appeal while being unique and difficult for competitors to replicate at scale. A total of 23 new company owned stores opened in 2022, following the Group's scalable and low-cost store opening "shop-in-a-box" concept, which can be deployed worldwide. In addition to expanding JOE & THE JUICE's footprint with profitable operations in key European and North American metropolitan cities, the concept is expanding to suburban markets outside existing metropolitan locations. The Group has also entered the Middle East through opening of a total of 6 franchise stores across the UAE, Kuwait, Kingdom of Saudi Arabia and Qatar, which demonstrate first-hand the strong brand appeal across cultures and geographies.

Expectations for the year ahead

JOE & THE JUICE's near-term growth strategy is centred around profitable and sustainable growth, obtained by building scale within existing markets of focus, primarily the United States and Europe. This strategy builds upon existing brand awareness and provides scale benefits to the Group's operations. Complementary to opening new stores, the Group intends to continue the same-store-sales growth in existing stores. These build on brand awareness and reinforce guest loyalty by driving innovation across our menu and offerings, enhancing convenience and guest service through our digital initiatives, and further cultivating brand awareness. In parallel, we will continue to nurture JOE & THE JUICE's culture and develop our workforce for improved staff seniority and strengthen our operational skillset.

The positive development throughout 2022 created a strong trajectory for 2023, and Management expects 2023 performance to be even stronger. Revenue is expected to be more than DKK 2,050 million in 2023 and EBIT is expected to be positive, including effect of any once-only related items.

Cash flow

At the beginning of the year, the Group had cash of DKK 258 million and DKK 67 million at the end of the year. Net cash outflow for the period of DKK 191 million comes from positive net cash inflow from operating activities of DKK 153 million and net cash outflows to financing activities of DKK 137 million and in investing activities of DKK 207 million.

Risks

Uncertainty remains in the wider market regarding growing inflationary pressure, as well as geopolitical instabilities such as the war in Ukraine. Management will continue to monitor the situation closely and take necessary action as required. The Group operates in several markets and is therefore exposed to some currency risk, mainly in USD, GBP, NOK and SEK, despite being naturally hedged.

Knowledge resources

JOE & THE JUICE continuously develops its employees and invests in building the culture of JOE & THE JUICE. It is also important for the continued growth of the Group to attract and retain new, talented employees.

Financing and capital management

The Group is dependent on loan financing to maintain the current capital structure. Loan agreements and irrevocable commitments until May and June 2024 are in place to secure the Group's liquidity needs. Following adverse effects of COVID-19 on the Group's capital structure and a failure from a committed financing partner to contribute capital in Q1 2023, the Group breached loan covenants from Q3 2022 until Q1 2023. The Group received unconditional waivers from the bank syndicate in June 2023 covering the period from Q3 2022 to Q2 2023. Based on strong operational performance, Management expects to meet financial covenants set out in loan agreements and to achieve a leverage ratio (net debt/EBITDA) at or below 4.0x prior to maturity of loans.

Following the provisions of IAS 1, and as the original waiver granted in December 2022 was not unconditional, borrowings are classified as short-term on the reporting date. Had the original waiver been unconditional, all borrowings would have been presented as non-current, in accordance with the agreed maturity profile.

For further information, reference is made to descriptions in notes 2, 16, 19 and 28 to the financial statements.

Management's Review

Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act

The Company Business Model (Key activities)

JOE & THE JUICE is a retail chain of juice stores located in trendy neighborhoods or pedestrian areas with heavy traffic. JOE & THE JUICE sells fresh, made-to-order fruit and vegetable juices, smoothies, shots, sandwiches and salads, coffee, and tea prepared on the premises, and cakes made by a third-party supplier. JOE & THE JUICE HOLDING A/S provides services to subsidiaries in the JOE & THE JUICE group (the Group) and hold ownership shares in companies that operate JOE & THE JUICE stores and related activities. In this review, when referring to the Group, it includes all subsidiaries. This review covers both the parent company and the group.

At the end of 2022, the Group had 332 stores (incl. franchise stores) across 17 countries across Europe, the US, Asia, and Oceania.

Risk Management (CSR)

Due to its business activities, JOE & THE JUICE is exposed to risks, frequently associated with comparable food chains that are employee-driven and are operating across different cultures and regions. With its global presence, JOE & THE JUICE is also subject to risks related to pandemic outbreaks, cyber-attacks, political unrest, business, and supply chain interruptions, and increases in energy and commodity prices, which may have a material adverse effect on the JOE & THE JUICE business, financial conditions, and results of operations.

Management is regularly assessing risks and control measures and is engaged in risk and reputation management and mitigation as an integral part of the Group activities.

JOE & THE JUICE recognizes the risks associated with the CSR/ ESG matters such as Human Rights, Environment and Climate, Business Ethics, Social and Employee relations, Health and Safety and successfully manages and mitigates those through policies and procedures that the Group has adopted. These risks are assessed and discussed on a quarterly basis with the Risk and Reputation Committees consisting of selected members of the Group Board of Directors.

Policy implementation, risk mitigation actions, and results are presented in this report. In 2022, the Group did not exercise due diligence of its processes and policies.

Safe & Responsible Workplace

Through regular qualitative assessment exercises, the Group identified a few risks related to providing and maintaining a healthy and safe working environment for its employees who are key enablers of business operations Therefore, ensuring a safe and responsible workplace for all employees continued to be a major focus of the Group during 2022, following which the Group has implemented a new system to manage Health & Safety across its markets and foster operational excellence. The new system has greatly helped to address the risks related to manual handling, cuts, or trips, and falls or risks related to allergen handling and cross-contamination. The Group also implemented a system to improve the structure of performance reviews, which will address the risks related to employee retention. The Group has also performed a qualitative risk assessment related to human rights related to business operations and business partners, including assessment of geographical differences between the markets in which the Group operates.

Policy

The Group has updated and introduced several new policies within areas of human rights, health and safety, and IT safety such as a Data Ethics Policy, CSR Policy for business partners, IT security, and IT employee conduct. Our human rights policy already addresses several matters such as equal opportunities, freedom of association and collective bargaining, and zero tolerance related to child and forced labor, and it's mandatory for all employees to read and sign upon commencing employment. CSR policy for business partners is communicated and signed by third parties on an ongoing basis as the Group engages with them. The Groups Health and Safety policy is addressing governance, responsibilities, and risks related to health and safety on the group level for both HQ and operations employees. It describes how the Company mitigates risks related to Health and Safety risks and injuries related to machinery, chemicals, environment, behavior, fire, and preparedness.

Activities and results

In 2022, the Group was working to sustain and evolve the right culture with a focus on people as it introduces various employee onboarding, training and assessment processes, and IT systems that support them. The Group introduced a new 360 performance assessment system so that employees can be provided with insightful and constructive feedback on their performance. JOE & THE JUICE worked to sustain the right culture and employee motivation in the Group by implementing a new employee engagement strategy. These efforts are measured in quarterly employee satisfaction surveys. The surveys show a high level of participation and a very high level of satisfaction with the new initiatives that the Group has put in place. The Group has continued with its Talent development and Mobility programs allowing our employees to gain international experience. We believe that our activities in 2022 have helped ensure that we continue to provide a safe and responsible workplace with high satisfaction results and a high level of motivation to deliver exceptional performance. The Group has engaged with a consultancy specialized in human rights to provide training to several key employees in human rights management.

Plans

In 2023, the Group will continue its activities and focus on People & Culture with employee retention and wellbeing being high priorities. The Group also intends to continue its Talent development and Mobility program and encourage employee and information flow between markets. As new global challenges emerge, the Group will continue having a focus on employee health and safety, particularly mental health, through enabling hotlines and support channels, that will ensure that our employees maintain a positive view of the world, keep motivated and properly deal with uncertainty. In 2023, the Group will also continue to work actively with its business partners on human rights matters.

Environment and Climate

Policy

The Group is environmentally aware and works proactively to reduce the environmental and climate impact of business operations. The Group recognizes the challenges of reducing energy consumption and managing food waste, single-use packaging, and overall waste, as well as associated risks related to constantly increasing compliance requirements, as well as the customer preferences towards environmentally friendly products. The Group also commenced implementation of the environmental policy, ran several sustainability initiatives, and performed GHG emission assessment according to GHG protocol. In addition, the Group committed to United Nations Global Compact (UNGC).

Activities and Results

During 2022, the Group has continued the implementation of a comprehensive waste control program that tracks waste KPIs weekly and helps the improvement of waste management as well as decision-making related to operations and purchasing of goods.

The result is a decrease in the waste produced during the year, a reduction of environmental and climate impact, and increased awareness among employees about the importance of continually reducing waste, thus improving operations.

In 2022, the Group acquired a third-party GHG inventory tool to perform emission assessment as an awareness-raising exercise. The GHG emissions assessment was produced following GHG Protocol guidelines. This GHG assessment helped the Group establish a solid science-based environmental sustainability framework which will be the base document to perform future assessments and determine environmental KPIs, benchmarks, and saving targets as well as sustainability initiatives.

The Group has established an ESG reporting framework, KPIs, and metrics, and performed initial data collection exercises to identify the gaps and improve the process. The Group has formalized its sustainability efforts by joining United Nations Global Compact and intends to publish the annual Communication on Progress report.

Plans

In 2023, the Group intends to further decrease the use of single-use plastic in operations following global tendencies and applicable local laws. The Group will continue focusing on promoting keep-cups, single-use package sorting, and recycling. The Group will continue with its external and internal sustainability campaigns and perform several energy audits across markets to ensure that opportunities for energy savings are identified and utilized.

Further, the Group recognizes the growing importance of ESG reporting and during 2023 intends to establish CSRD compliant reporting framework that would allow the creation of KPIs and metrics, and accordingly reporting in the coming years. The Group intends to continue its commitment to United Nations Global Compact and publish annual Communication on Progress reports.

Business Ethics

Policy

The Group understands the importance of maintaining a high level of integrity among its employees and has incorporated business and data ethics considerations in several policies related to corporate culture, management, IT and supply chain in order to manage risks related to e.g. bribery or corruption or other unethical conduct in violation of our standards. The Group recognizes that such risks may be stemming from the business activities of the Company’s third-party business partners. JOE & THE JUICE CSR Policy for Business Partners requires them to behave ethically and with integrity while upholding standards for fair business practices and competition, prohibiting bribes, illegal political contributions, benefits or gifts, financial or professional conflicts of interest while maintaining an environment of transparency and free speech via mandatory disclosures and reporting mechanisms.

Activities and results

In 2022, the Group was working to sustain the right culture in the Group and set out standards and policies for transparency, corporate integrity, IT security, and employee conduct on all levels. The Group has a fully functional whistleblower service provided by a third party and is readily available to all employees, customers and third parties with the option to report anonymously. The employees are provided with relevant training related to our policies and services. The Group focused on growing other digital aspects of the business and several IT security measures and risk assessments have been put in place to ensure the security and stability of the Group's IT systems.

Based on the initiatives during the year, the employees now have a good knowledge of business ethics policies and our internal reporting systems such as whistleblower and IT security measures. The Group has created an awareness campaign about the whistleblower and has updated the compliance-related portal on the internal knowledge platform with policies and insights.

Plans

In 2023, the Group will continue its activities related to promoting and mainstreaming adopted policies and a culture of fairness and transparency. The Group is working on increasing its business focus on cyber security and prevention measures. Further to that, the Group intends to launch several awareness-raising campaigns and trainings to strengthen business ethics and security.

Policy on data ethics, cf. Section 99 d of the Danish Financial Statements Act

The Group has formalized a policy for data ethics, which describes a code of behavior and ethical considerations that are made when collecting, generating, processing, sharing, and storing structured and unstructured data, based on the key ethical principles including: compliance and privacy, trust, fairness, and respect, transparency, and accountability.

Activities and results

The Group has started implementation of Data Ethics policy through an awareness campaign and adheres to all applicable data privacy laws and regulations across jurisdictions in which it operates such as GDPR and CCPA and supports responsible and ethical data processing of both customers and employees. Customer data collected through JOE & THE JUICE’s digital sales channels such as the app and website are used to improve the customer experience while JOE & THE JUICE’s POS terminals have a secure end-to-end setup covering the whole payment value chain. We approach the data with a view on data ethics principles of compliance and privacy, trust, fairness, respect, transparency, and accountability.

Plans

In 2023, the Group will continue the implementation of formal data ethics policy, together with corresponding training and awareness campaigns for the HQ employees who are processing data.

Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act

The Management and the Board of Directors aim to follow the recommendations of the Danish Business Authority concerning the underrepresented gender. The Group was actively working on increasing the number of representatives of the underrepresented gender, even though there was no change in 2022.

The gender composition of the Board of Directors did not change during 2022, and the percentage of women is 25%, meaning that two out of eight Board of Directors are women. The new target for 2025 has been set and it is that a minimum 37.5% of the Board of Directors are of the under-represented gender.

The Group recognizes the importance of attracting, developing, and retaining the right talent of all genders, nationalities, and races, which are chosen solely because of their professional qualifications. In 2022, the Group's focus was on attracting and hiring employees of all genders equally to increase employee diversity and consequently has increased the percentage of female employees from 47% at the beginning of the year to 53% at year-end.

The same hiring principles apply to all organizational levels, including Management. The percentage of women in managerial roles in the HQ positions with the title Head of and above was 13% which is a 10% increase from 3% last year. The Group has set the target to reach 25% of the under-represented gender in managerial roles by 2025. In 2023, the Group will continue focusing on attracting and hiring employees of all genders with a focus on increasing the underrepresented gender percentage to 50% and will be particularly focusing on increasing the percentage of women in managerial roles.

In 2023, the Group aims to increase awareness about career opportunities for all employees, with a particular focus on the underrepresented gender, and encourage female candidates to pursue their career goals within the Group.

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.

JOE & THE JUICE HOLDING A/S
Consolidated Statements of Loss
for the years ended December 31, 2022 and 2021

In thousands DKK	Notes	2022	2021
Revenue	4	**1,709,637**	**1,150,805**
Raw materials and consumables used		(355,070)	(228,631)
Staff expenses	5,6	(598,120)	(387,348)
Other external expenses		(505,296)	(330,641)
Other operating income	7	25,723	67,757
Depreciation, amortization, and impairment	11,12,13	(324,012)	(321,824)
Operating loss		**(47,138)**	**(49,882)**
Financial income	8	26,725	53,116
Financial expenses	8	(238,989)	(208,814)
Loss before tax		**(259,402)**	**(205,580)**
Tax on loss for the year	9	(689)	(26,931)
Loss for the year		**(260,091)**	**(232,511)**
Profit attributable to non-controlling interests		581	(27)
Loss attributable to the Group		(260,672)	(232,484)

See accompanying Notes to Consolidated Financial Statements.

JOE & THE JUICE HOLDING A/S
Consolidated Statements of Comprehensive Loss
for the years ended December 31, 2022 and 2021

In thousands DKK	Notes	2022	2021
Loss for the year		**(260,091)**	**(232,511)**
Other comprehensive loss			
Items that may be reclassified to the statement of loss when certain conditions are met:			
Net foreign exchange differences on translation of foreign operations		(13,480)	(50,709)
Gain on hedging instruments related to discontinued cash flow hedges, reclassified to financial expenses	8, 22	3,104	4,582
Other comprehensive loss, net of tax		**(10,376)**	**(46,127)**
Comprehensive loss		**(270,467)**	**(278,638)**
Comprehensive profit/loss attributable to non-controlling interests		573	(27)
Comprehensive loss attributable to the Group		(271,040)	(278,611)

See accompanying Notes to Consolidated Financial Statements.

JOE & THE JUICE HOLDING A/S
Consolidated Balance Sheet
as of December 31, 2022 and 2021

In thousands DKK	Notes	2022	2021
Assets			
Non-current assets			
Goodwill	11	181,235	181,235
Other intangible assets	11	32,776	32,949
Property, plant and equipment	12	333,985	289,283
Right-of-use assets	13	1,357,301	1,405,208
Deferred tax assets	14	17,931	14,032
Rent deposits		8,860	7,516
Total non-current assets		**1,932,088**	**1,930,223**
Current assets			
Inventories	10	16,812	16,843
Trade receivables	17	29,548	25,781
Prepayments		26,769	16,277
Other receivables		41,357	10,115
Cash		67,364	258,247
Total current assets		**181,850**	**327,263**
Total assets		**2,113,938**	**2,257,486**
Equity			
Share capital	18	64,557	64,557
Total reserves		(22,237)	(12,169)
Accumulated deficit		(1,087,558)	(826,886)
JOE & THE JUICE shareholders' share of equity		**(1,045,238)**	**(774,498)**
Non-controlling interests		126	273
Total equity		**(1,045,112)**	**(774,224)**
Liabilities			
Non-current liabilities			
Provisions	15	62,769	60,843
Lease liabilities	13	1,375,790	1,408,822
Borrowings	16	-	967,817
Subordinated loan	16	131,390	121,253
Trade and other payables	20	2,383	3,444
Deferred revenue	17	48,670	24,159
Total non-current liabilities		**1,621,002**	**2,586,338**
Current liabilities			
Provisions	15	9,479	5,374
Lease liabilities	13	163,019	140,000
Borrowings	16	1,005,482	-
Tax liabilities		7,890	4,920
Trade payables	20	226,374	189,134
Other payables		100,318	93,895
Deferred revenue	17	25,486	11,421
Total current liabilities		**1,538,048**	**445,373**
Total liabilities		**3,159,050**	**3,031,711**
Total liabilities and equity		**2,113,938**	**2,257,486**

JOE & THE JUICE HOLDING A/S
Consolidated Statement of Changes in Equity
for the years ended December 31, 2022 and 2021

In thousands DKK	Share capital	Reserve for treasury shares	Foreign currency translation reserve	Cash flow hedging reserve*	Share-based payments reserve	Total reserves	Accumulated deficit	Total equity attributable to the Group	Total equity attributable to non-controlling interest	Total equity
Equity at January 01, 2021	50,092	(32)	28,424	(8,644)	14,628	34,376	(879,531)	(795,063)	300	(794,763)
Loss for the year	–	–	–	–	–	–	(232,511)	(232,484)	(27)	(232,511)
Other comprehensive loss	–	–	(50,709)	4,582	–	(46,127)	–	(46,127)	–	(46,127)
Total comprehensive loss for the year	–	–	(50,709)	4,582	–	(46,127)	(232,511)	(278,611)	(27)	(278,638)
Sale of treasury shares	–	28	–	–	–	28	702	730	–	730
Capital increase	14,465	–	–	–	–	–	285,535	300,000	–	300,000
Costs related to capital increase	–	–	–	–	–	–	(1,107)	(1,107)	–	(1,107)
Share-based payments	–	–	–	–	(446)	(446)	–	(446)	–	(446)
Equity at December 31, 2021	64,557	(4)	(22,285)	(4,062)	14,182	(12,169)	(826,886)	(774,497)	273	(774,224)
Loss for the year	–	–	–	–	–	–	(260,672)	(260,672)	581	(260,091)
Other comprehensive loss	–	–	(13,472)	3,104	–	(10,368)	–	(10,368)	(8)	(10,376)
Total comprehensive loss for the year	–	–	(13,472)	3,104	–	(10,368)	(260,672)	(271,040)	573	(270,467)
Dividends distributed	–	–	–	–	–	–	–	–	(720)	(720)
Share-based payments	–	–	–	–	300	300	–	300	–	300
Equity at 31 December 2022	64,557	(4)	(35,757)	(958)	14,482	(22,237)	(1,087,558)	(1,045,238)	126	(1,045,112)

* refer to note 22
See accompanying Notes to Consolidated Financial Statements.

JOE & THE JUICE HOLDING A/S
Consolidated Statements of Cash Flows
for the years ended December 31, 2022 and 2021

In thousands DKK	Notes	2022	2021
Cash flows from operating activities			
Operating loss for the year		(47,138)	(49,882)
Adjustments for non-cash items:			
Depreciation, amortization and impairment		324,012	321,824
Share-based payments		300	(446)
Changes in working capital		54,915	18,724
Changes in provisions		7,244	(6,728)
Interest received		1,758	1,183
Interest paid on leasing contracts		(98,327)	(97,403)
Other financial expenses paid		(88,493)	(73,612)
Income taxes paid/(received)	9	(1,618)	1,595
Cash flow from operating activities		**152,653**	**115,255**
Cash flows used in investing activities			
Purchase of intangible assets	11	(11,350)	(13,157)
Purchase of property, plant and equipment	12	(123,989)	(63,855)
Payment of rent deposit		(1,344)	(479)
Cash flows used in investing activities		**(136,683)**	**(77,491)**
Cash flows from financing activities			
Cost attributable to capital increase		–	(1,107)
Proceeds from issues of shares		–	300,000
Sale of treasury shares	18	–	730
Dividends paid		(720)	–
Repayments of other financial liabilities		(4,658)	–
Payment of lease liabilities	16	(201,787)	(149,988)
Cash flows from financing activities		**(207,165)**	**149,635**
Net increase (decrease) in cash		(191,195)	**187,398**
Cash as of January 01		258,247	68,156
Exchange rate translation on cash		312	2,693
Cash as of December 31		**67,364**	**258,247**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note 1 General information

JOE & THE JUICE is a retail chain of juice stores located in trendy neighborhoods or pedestrian areas with heavy traffic. JOE & THE JUICE sells fresh, made-to-order fruit and vegetable juices, smoothies, shots, sandwiches and salads, coffee, and tea prepared on the premises, and cakes made by a third-party supplier. JOE & THE JUICE HOLDING A/S provides services to subsidiaries in the JOE & THE JUICE group (the Group) and hold ownership shares in companies that operate JOE & THE JUICE stores and related activities. In this review, when referring to the Group, it includes all subsidiaries. This review covers both the parent company and the group.

At the end of 2022, the Group had 332 stores (incl. franchise stores) across 17 countries across Europe, the US, Asia, and Oceania.

The address of the Group's registered office is located at Østergade 26, Copenhagen, Denmark. The Group's registration number in Denmark is 35 52 79 90.

The Group's Board of Directors approved these consolidated financial statements on June 29, 2023.

Note 2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period as set out in the accounting policies.

The consolidated financial statements are presented in Danish Kroner (DKK), which is the Parent's functional currency. The consolidated financial statements have been rounded to the nearest thousand except when otherwise stated.

In relation to the going concern assessment as of 31 December 2022, the Group's equity is negative, originating in historical losses from planned growth investments, followed by significant industry-wide activity decline in connection with the outbreak of COVID-19, and the current liabilities exceed current assets.

In 2022, the Group displayed improved operating performance and related cash flows following stabilization of key markets in the post-COVID-19 period. When correcting for income and expense items of one-off nature, operating results of 2022 were positive.

Loan agreements and irrevocable commitments until May and June 2024 are in place to secure the Group's liquidity needs. Following the Group's historic and future growth strategy, cash flows from operations are not expected to cover the repayment obligation upon maturity. Management expects to replace existing loans at market terms before maturity.

On December 22, 2022, the Group obtained a waiver from the Bank Syndicate. Following adverse effects of COVID-19 on the Group's capital structure and the failure of a committed financing partner to contribute capital in Q1 2023, the Group ended up being in breach with loan covenants from Q3 2022 until Q1 2023. The Group 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.

In 2023, Management expects positive cash flows from operations supported by realized figures in January - May 2023. Operating cash flows are expected to cover financing cash flows related to interest payments in 2023. Planned investment in new stores is expected to result in a negative cash flows from investments for the year, and total cash flows are expected to be positive and if not, it will be due to increased cash flows from investments, which will be balanced taken available liquidity and loan covenants into account.

Management's assessments are based on current loan agreements, dialogue with lenders and owners, and the Group'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.

New standards, interpretation and amendments adopted by the group

The Group has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year 1 January – 31 December 2022. On 1 January 2022, amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020 became effective. None of the amendments had a material impact on the Group.

The IASB has issued, and the EU has endorsed, a number of new standards, and updated certain existing standards, some of which are effective for accounting periods beginning on January 01, 2023 or later, including:

Note 2 Summary of significant accounting policies

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after January 01, 2023) and amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after January 01, 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after January 01, 2024 or later, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after January 01, 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after January 01, 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after January 01, 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after January 01, 2024, but not yet endorsed in the EU).

The Group expects to adopt these standards, updates and interpretations when they become mandatory.

There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Restatements

During 2022, the Group concluded that restatement of the previously issued consolidated financial statements were needed to correct the presentation of revenues arising from sales of product through delivery services, reclassification between inventories and prepayments, and the presentation of cash flows associated with sales of treasury shares, rent deposits and fair value adjustments of derivative financial instruments.

The following errors were identified due to lack of formalized and documented processes, including controls within these processes resulting in restatements to the previously issued consolidated financial statements as at December 31, 2021:

- Increase in amount of revenue by DKK 40,979 thousand with corresponding increase in other external expenses as a result of correction of presentation of delivery fees. Previously, it was assessed that the delivery platforms acted as principal when performing delivery services, thus, revenue was measured at the sales price to the delivery platforms, or in other words the delivery fees were presented net against revenue. Subsequently, management has determined, that the delivery platforms are acting as agents. This has resulted in revenue being the sale to the end user and delivery fees presented as other external expenses.

- Restatement of DKK 2,691 thousand in the consolidated balance sheet between inventory and prepayments as a result of incorrect classification of prepayments related to cleaning supplies for the stores.

- Increase in cash flows from financing activities by DKK 1,460 thousand with corresponding decrease in cash flow from operating activities as a result the incorrect classification of sales of treasury sales as cash flows from operating activities.

- Increase in cash flows used in investing activities by DKK 479 thousand with corresponding increase in cash flow from operating activities as a result of correction of classification of payments relating to rent deposits on the statement of cash flows.

- Restatement of DKK 7,738 thousand between interest received and changes in net working capital within cash flow from operating activities as a result of fair value adjustment of derivative financial instruments incorrectly included in interest received.

The above restatements did not result in any change in the Group's loss for the year and equity as at December 31, 2021 and the restatements are only applicable for the 2021 figures.

Note 2 Summary of significant accounting policies

Please see Note 27 for further information.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the Parent and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. This is generally established through holding of the majority of voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Foreign currencies

Functional currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognized in profit or loss.

Foreign exchange gains and losses are presented in the statement of loss, within financial income and expense.

Translation of group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency (DKK) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognized in other comprehensive income.

Non-controlling interests

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included in the Group's profit/loss for the year and of the equity of subsidiaries, respectively, but shown as separate items. Net profit for the year is allocated to non-controlling interests using the ownership interests present on the reporting date.

Transactions with non-controlling interest that do not result in a change of control are recognized directly in equity. Such transactions result in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and the consideration paid or received is recognized directly in retained earnings attributable to owners of Joe & Juice Holding A/S.

Note 2 Summary of significant accounting policies

Revenue recognition

Retail revenue

The Group's revenue is generated primarily by the sale of made-to-order beverages and food from stores to customers. The amount reported as revenue comprises the gross sales price less value-added tax and discounts. All revenue within this category is recognized in accordance with the IFRS 15 category "at a point in time" and is recognized when payment is tendered at the point of sale, net of discounts as the performance obligation has been satisfied.

In some instances, customers buy food and delivery services in a single package through a delivery platform. Management assesses whether the Group or the third-party service providers of the delivery platform act as principal or agent. If the Group has control over the services before they are transferred to customers, the Group is considered principal, and the gross amount received from the customer is recognized as revenue. The payment to the third-party service providers performing delivery service is recognized as an other external expense. If the third-party service providers performing the delivery service have control over the products, the third-party service providers are considered principal, and the gross amount received from the customer less the amount paid to the third-party service providers is recognized as revenue. Based on an assessment of the contractual terms with the third-party service providers and the fact that the Group has responsibility over the products before they are transferred to the customers, the Group has the inventory risk and sets the prices, as such, the Group has concluded that in most instances it is the principal and accordingly has recognized sales through delivery platforms as revenue. A restatement related to delivery fees has been included in the consolidated financial statements, please see Note 27 for further information.

The Group operates a customer loyalty program. If a customer earns the right to additional goods for free or goods at a discount, the transaction price is allocated between the actual sale and the right to additional goods on a relative fair value basis. The portion of revenue deferred is recognized when the customer claims the goods.

Franchise revenue

The Group's franchise agreements typically comprise a bundle of services including a franchise right, access to software and support and IT applications. When entering such arrangements, the Group identifies the performance obligations included in the contract and allocates consideration to each of them and recognized revenue at fulfillment of the respective performance obligations.

A franchise right and the provision of a technology platform is considered to establish a right for the franchisee to use the JOE & THE JUICE brand and concept as it exists throughout the term of the arrangement. Consequently, consideration attributable to the franchise right is recognized as revenue over the term of the arrangement. Revenue attributable to services, including access to software and support IT applications, which are considered distinct is recognized along with provision of the service.

Raw materials and consumables used

Raw materials and consumables used primarily consist of food and beverage costs associated with generating revenue within our company-operated stores as well as distribution/freight costs from the distributor of food and beverages to company-operated stores. Food and beverage costs are recognized as expenses on the income statement when the inventory is sold whereas distribution/freight costs are expensed as incurred.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll related expenses. These costs are expensed as incurred.

Other external expenses

Other external expenses comprise expenses for premises, sales, and distribution as well as office expenses, etc.

Note 2 Summary of significant accounting policies

Other operating income

Other operating income comprises income associated with the normal activities of the Group but that falls outside the definition of revenue. It comprises mainly government grants and granted COVID-19 related rent concessions.

Government grants

Government grants comprise income arising from various support schemes established by governments throughout the COVID-19 pandemic. Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Income from government grants is recognized on a systematic basis over the periods in which the entity recognizes the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred is recognized in the statement of loss in the period in which it becomes receivable.

Financial income and expenses

Financial income and expenses comprise interest income and expenses as well as interest calculated using the effective interest rate method, foreign currency gains and losses, and interests from leasing agreements. Furthermore, reclassification of amounts from the hedging reserve regarding interest rate hedges and gains and losses on interest rate derivatives not designated as hedging instruments are included, as well as loss on modification of financial liabilities.

Income tax

The income tax expense or credit for the period is the tax payable/receivables on the current period's taxable income/loss, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and tax loss carryforwards. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax liabilities are recognized on taxable temporary differences arising on investments in subsidiaries and joint arrangements except where the

Note 2 Summary of significant accounting policies

Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Leasehold improvements..	7-10 years or the lease term, if shorter
Furniture, fittings and equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least once per each reporting period or when indications of changes are identified.

Gains and losses on disposals are determined by comparing proceeds from the sale of such assets with the carrying amount. These are included in depreciation, amortization and impairment if losses are incurred and in other operating income if gains are realized.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The leases of the Group consist mainly of property rentals.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Note 2 Summary of significant accounting policies

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Amounts paid to a third party for obtaining the right to enter a lease are included in the initial measurement of the right-of-use asset as initial direct costs.

Variable lease payments not linked to an index are recognized as an expense in the period in which the event or condition that triggers those payments occurs. Payments associated with short-term leases are recognized as an expense on a straight-line basis over the term of the contract. Short-term leases are leases with a lease term of 12 months or less. The Group has no leases of low-value assets.

The Group has applied the practical expedient to COVID-19 related to rent concessions. This amendment provides relief for lessees from assessing whether a rent concession is a lease modification. Rent concessions that meet all of the following conditions, are recognized as income when obtained:

- Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022
- There is no substantive change to other terms and conditions of the lease

All other rent concessions are treated as lease modifications.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Goodwill and other intangible assets

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized but is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to the CGU or groups of CGUs that are expected to benefit from the business combination in which goodwill arose. The CGU or groups of CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes, being the total revenue stream of the Danish operation, which is considered as one cash-generating unit in the group based on the internal management reporting.

Other intangible assets

Other intangible assets include completed development projects. These have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment.

Note 2 Summary of significant accounting policies

Costs associated with maintaining IT-platforms are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the projects include employee costs and professional fees arising directly from bringing the asset to its working condition and the cost of testing whether the asset is functioning properly.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Research and development expenditures that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The Group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Completed development projects .... 5 years

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment for property, plant and equipment is assessed on a restaurant-by-restaurant basis except for corporate assets which are tested at a consolidated level. Corporate assets do not generate separate cash flows and are tested for impairment in the context of the CGU or group of CGUs to which they belong.

Note 2 Summary of significant accounting policies

Inventories

Inventories comprise raw materials for preparation of sandwiches, juices and coffee as well as purchased finished products for resale. Furthermore, inventories consist of non-food products in the form of materials or supplies that are consumed in making the final products. Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and are assigned on the basis of first-in-first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. No adjustment is deemed necessary to reduce inventory to net realizable value due to the rapid turnover and high utilization of inventory.

Trade receivables

Trade receivables are recognized initially at the transaction price and are subsequently measured at amortized cost using the effective interest method.

The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Prepayments

Prepayments are measured at cost and comprise advance payments made for goods or services that are yet to be received. Prepayments consist of prepaid rent and prepaid general and administrative expenses.

Cash

Cash consists of cash on hand and bank demand deposits.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Group's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the statement of loss when the net investment is disposed of.

Cash flow hedging reserve

The hedging reserve includes the cash flow hedge reserve and is used to recognize the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently either transferred to the initial cost of the hedged non-financial item or reclassified to the statement of loss as appropriate.

Financial liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Where the terms of a financial liability are renegotiated and result in substantially different terms, it is treated as an extinguishment of the original liability and recognition of a new liability on the amended terms. Management considers both qualitative and quantitative changes in this assessment. Qualitative factors comprise among others change in the term of the loan, change in seniority, change in interest rate base and change in loan currency. Under the quantitative assessment, a change in the present value of the future payments discounted at the original discount rate of at least 10% is considered to establish substantially different terms. If the terms are considered not substantially different, the carrying amount of the liability is remeasured to equal the present value of the future payments under the amended terms including payments made to the lenders upon the renegotiation, discounted at the original effective interest rate. Third party transaction costs are amortized to the statement of loss over the remaining term of the loan.

Provisions

Provisions are liabilities of uncertain timing or amount. A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are calculated on a discounted basis. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions mainly comprise of refurbishment obligations and legal disputes.

Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Other liabilities

Other liabilities comprise employee related costs, withholding tax liabilities, and VAT. The liabilities are measured at the amount expected to be paid.

Deferred revenue

An obligation to transfer goods or services to a customer for which the Group has received consideration from the customer or an amount of consideration is due is classified as a contract liability and presented as deferred revenue. Contract liabilities are recognized as revenue when the Group performs under the contract. Contract liabilities comprise mainly deferred revenue related to franchise arrangements, prepaid loyalty vouchers, and gifts and rewards under the customer loyalty program which constitute material rights.

Share-based payments

The Group has issued equity settled warrants to members of management and key employees. The grant date fair value of the warrants is recognized as an expense over the vesting period with a corresponding credit to retained earnings. The programs vest upon an exit event (a transaction involving loss of control by the controlling parties, such as an initial public offering) and continued employment, and the vesting period is consequently estimated based on expectations about the timing of an exit event. This estimate is reassessed regularly. Further, the expense is adjusted for the effect of forfeitures, and on a cumulative basis, the expense is equal to the grant date fair value of the number of warrants which vest.

Note 2 Summary of significant accounting policies

Grant date fair value is determined considering market vesting conditions comprising a linkage between the number of awards that eventually vest and the exit date equity value. Fair value is not subsequently remeasured. Non-market vesting conditions comprising continued employment and the occurrence of an exit event throughout the service period are not included in grant date fair value. Upon commencement of expense recognition, an estimate of the extent to which nonmarket vesting conditions will be met is made. If a participant fails to meet a non-market vesting condition, no expense is recognized.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date. The fair value of financial instruments that are not traded in an active market is determined using generally accepted valuation technics based on observable inputs from active markets. For financial liabilities where the fair value is disclosed, the fair value is estimated by discounting future contractual cash flows at the current market interest rate.

The Group classifies fair value measurement based on the degree of subjectivity in determining fair value:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Cash flow statement

The cash flow statement shows the group's cash flows for the year broken down by operating, investing, and financing activities, changes for the year in cash and cash equivalents as well as the group's cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented under the indirect method.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Note 3 Significant accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates may be subject to change as more current information becomes available and accordingly actual results could differ significantly from those estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Significant judgements in applying the Group's accounting policies

Determination of lease terms

The Group's lease contracts generally have extension options for the lessee and are considered non-cancellable from the perspective of the lessor. The Group can generally terminate the leases with short notice (less than one year). Determination of the lease terms on lease contracts with extension options is subject to management judgement due to the material impact on measurement of the right-of-use asset and the lease liability where the history of extension options exercised is considered. Refer to Note 13 for a description of the judgments made in respect of determining the lease term.

Cash generating units

When performing goodwill impairment testing, Management applies judgment with respect to the allocation of goodwill to cash generating units. Management has determined all goodwill has been allocated to Denmark as a group of CGUs within the Europe reportable segment. Please refer to Note 11 for further information.

Assessment of indication of impairment on right-of-use assets and leasehold improvements

The assessment of indication of impairment of right-of-use assets and leasehold improvements is performed on a store-by-store basis and is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment of impairment is based on business plans, budgets and long-term projections which are reviewed by the Group's Board of Directors.

Accounting estimates

Impairment of goodwill

In the estimate of the recoverable amount of goodwill, Management considers revenue growth and gross margin used in the budget period to be the most sensitive elements. The budget comprises forecasts of revenue, staff costs and overhead costs based on current and anticipated market conditions, including the revenue growth rate that has been considered and approved by the Board of Directors. The assumptions which have the most significant impact on the recovery amount of goodwill are further disclosed in Note 11.

In assessing value in use, the estimated future cash flows expected to be generated from the use of an asset or CGU are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The key assumptions used to determine the recoverable amount for the Group's CGUs, are further explained in Note 11.

Leases - determination of the incremental borrowing rate.

As the Group cannot readily determine the interest rate implicit in its leases, in order to estimate its lease liabilities, the Group uses an incremental borrowing rate (IBR), which reflects the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or

Note 3 Significant accounting estimates and judgements

when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group generally estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Note 4 Revenue

The Group's revenue is disaggregated into the following regions and sources:

2022
In thousands DKK

	Revenue from sales in stores	Revenue from JOE App orders	Revenue from sales through delivery services providers	Revenue from franchise arrangements	Total
Europe	704,888	84,693	92,513	–	882,094
United Kingdom	283,818	35,963	79,740	–	399,521
United States	279,013	48,670	78,238	–	405,921
Other	10,801	699	657	9,944	22,101
Total	**1,278,520**	**170,025**	**251,148**	**9,944**	**1,709,637**

2021
In thousands DKK

	Revenue from sales in stores	Revenue from JOE App orders	Revenue from sales through delivery services providers	Revenue from franchise arrangements	Total
Europe	505,624	62,842	71,957	–	640,423
United Kingdom	135,959	26,930	73,655	–	236,544
United States	169,868	36,639	47,789	–	254,296
Other	13,944	855	857	3,886	19,542
Total	**825,395**	**127,266**	**194,258**	**3,886**	**1,150,805**

Note 5 Staff expenses

The Group's staff expenses are as follows:

In thousands DKK	2022	2021
Wages and salaries	(584,513)	(369,363)
Defined contribution plans	(6,884)	(4,067)
Share based payment	(300)	446
Other social security costs	(2,393)	(6,889)
Other staff costs	(4,030)	(7,475)
Staff expenses total	**(598,120)**	**(387,348)**
Average number of employees	**2,942**	**2,120**

Key Management Compensation

Key Management consists of executive management and the Board of Directors (together, "Key Management"). Key management consists of the Chief Executive Officer, Chief Financial Officer, Chief Growth Officer, and Chief Commercial Officer.

The compensation paid or payable to Key Management is shown below. Note that 2022 figures represent full year effect of changes in Key Management during 2021:

2022 In thousands DKK	Key Management	Board of Directors	Total
Wages and salaries	(6,999)	–	(6,999)
Share-based payment	(45)	(36)	(81)
Board compensation	–	(2,300)	(2,300)
Total	**(7,044)**	**(2,336)**	**(9,380)**

2021 In thousands DKK	Key Management	Board of Directors	Total
Wages and salaries	(4,384)	–	(4,384)
Share-based payment	(67)	(313)	(380)
Board compensation	–	(2,300)	(2,300)
Total	**(4,451)**	**(2,613)**	**(7,064)**

For the compensation of executive management, refer to Note 2 in the Parent Financial Statements

Note 6 Share-based payments

Employee share investment program

A number of key employees have been granted warrants to acquire shares in the Parent, described as the "2016 warrant program" and "2020 warrant program" below. The employees have paid fair value for the shares. If an employee leaves the company before an exit event (Exit Event), which is defined as 1) the sale of 2/3 or more of the share capital, 2) an initial public offering, 3) sale of at least 2/3 of the Group's assets, or 4) a merger in which the Parent is the discontinuing entity and where the shareholders of Parent receive cash, the employee has an obligation to offer his or her shareholding to the Parent. The Parent has no obligation to acquire the shares but has the right to direct the leaving employee to offer the shares to Valedo, General Atlantic and Kasper Basse on a pro rata basis. Employees deemed "good leavers" will receive fair value for their shares whereas employees deemed "bad leavers" will obtain the lower of the original investment plus 5% per annum and 75% of fair value, if the Company or shareholders chose to acquire the shares. Employees deemed "good leavers" are employees who are terminated without cause, who die or who terminate employment due to serious illness. All other employees are deemed "bad leavers".

Shares held by key employees subject to the above provisions amount to 259,257,515 ordinary shares and 463,241,464 preference shares as at December 31, 2021. There were no changes in 2022.

It is management's judgment that the arrangement does not establish a present obligation for the Parent company to settle the instruments in cash. There have not been any past settlements in cash. Consequently, the arrangement is classified as an equity settled arrangement. Because the shares have been issued at their fair value, no expense is recognized.

2016 warrant program

In November 2016, a variable number of equity-settled warrants in the Parent were granted to the Chairman of the Board of Directors and the CEO. The warrants are exercisable only upon an Exit Event. Further, they are subject to the participants still being in service for the Group as of the date of an Exit Event, and the number of warrants to be awarded upon an Exit Event varies based on the fair value of the underlying shares. However, if an Exit Event takes place no more than 1.5 years after termination of employment, the participant is considered a "good leaver", and retains the right to a cash compensation. The warrants expire November 30, 2031.

The grant date fair value of the warrants was calculated with a Monte Carlo simulation using Level 1 and Level 2 inputs. The key assumption in the option pricing model is related to the expected share-price, the expected volatility, expected term, risk-free interest rate and dividend yield. The Group's share price was based on the price per share for the shares acquired by General Atlantic in November 2016. The expected volatility as of the grant date was based on observable historical volatility for a peer group of comparable listed companies, adjusted for differences in capital structure. The expected term of the warrants was four years based on management's assessment of the period during which an Exit Event was deemed probable and subsequently changed to 6.5 years. The risk-free interest rate was based on the observable rate for a 10-year Danish government bond. The grant date fair value was assessed at DKK 17.6 million.

During 2022, the expected term was reassessed from 6.5 years to 7.6 years, resulting in a cumulative catch-up adjustment of approximately DKK 2.1 million. The net expense relating to these warrants was DKK 0.5 million for the year ended December 31, 2022 (2021: DKK -0.8 million).

2020 warrant program

In September 2020, a warrant program comprising 96,531,134 warrants was offered to a number of key employees. The warrants are exercisable only if the total equity value of the Parent exceeds DKK 3.5 billion in an Exit Event. Each warrant entitles the holder to acquire one ordinary share in the Parent for an amount equal to the exercise price of 0.01 DKK per share. The warrants become exercisable upon an Exit Event and are subject to continued employment, and a minimum enterprise value requirement. However, if an Exit Event takes place no more than one year after termination of employment, the participant is considered a "good leaver", and retains the right to cash compensation. The warranty has no expiry date. The expected term has been assessed at 1.9 years based on expected timing of an Exit Event through an IPO. The grant date fair value of the warrants was estimated using the method as for the 2016 program but with updated key assumptions. The grant date fair value as assessed at DKK 0.6 million.

Note 6 Share-based payments

During 2022, the expected term was reassessed from 1.9 years to 3.8 years, resulting in a cumulative catch-up adjustment of approximately DKK 0.2 million. The net expense relating to these warrants was DKK -0.2 million (2021: DKK 0.3 million) for the year ended December 31, 2022.

Movements in the outstanding warrants are shown below:

TDKK	Key Management	Other key employees	Board of Directors	Total
Outstanding on January 01, 2021	7,918	77,717	10,594	96,229
Forfeited	–	(3,422)	–	(3,422)
Transfers	(5,297)	5,297	–	–
Outstanding on December 31, 2021	**2,621**	**79,592**	**10,594**	**92,807**
Forfeited	–	(5,393)	–	(5,393)
Transfers	10,368	(10,368)	–	–
Outstanding on December 31, 2022	**12,989**	**63,831**	**10,594**	**87,414**

None of the warrants were exercisable as of December 31, 2022, and 2021.

Note 7 Other operating income

The Group's other operating income is as follows:

In thousands DKK	2022	2021
Government grants:		
Fixed cost and salary compensation	25,723	29,643
Forgivable loans	–	5,995
	25,723	**35,638**
COVID-19 related rent concessions	–	17,921
Other	–	14,198
Total other operating income	**25,723**	**67,757**

In 2022, the Group received governmental reliefs related to COVID-19 pandemic in Denmark and United States amounting to 25,723 TDKK.

During the COVID-19 pandemic, governments in various jurisdictions established support schemes in respect of salaries and other operating costs. Some of the programs are structured as forgivable loans. As of December 31, 2021, the criteria for obtaining forgiveness were met, and consequently, the loans were treated as government grants. All expenses which the agreements intend to compensate for have been incurred as of December 31, 2021. Therefore, the full amount received was recognized as other operating income in 2021.

The Group has applied the practical expedient COVID-19 related rent concessions for all leases and consequently recognized the amount forgiven by the lessors as income in the period.

Note 8 Financial income and expenses

The Group's financial income and expenses are as follows:

In thousands DKK	2022	2021
Financial income:		
Interest income determined on an amortized cost basis	1,758	1,622
Foreign exchange rate gains, net	12,167	43,755
Fair value gains on interest rate derivatives	12,800	7,739
Total financial income	**26,725**	**53,116**
Financial expenses:		
Interest expense on borrowings and subordinated loan determined on an amortized costs basis	(107,379)	(106,829)
Cost of loan modification	(22,849)	–
Interest expense on lease liabilities	(98,327)	(97,403)
Other financial expenses	(7,330)	–
Recycling of fair value changes related to discontinued interest rate hedges	(3,104)	(4,582)
Total financial expenses	**(238,989)**	**(208,814)**

Note 9 Income tax expense

Details of the Group's income tax expense, including income tax reconciliation, are as follows:

In thousands DKK	2022	2021
Current tax		
Current tax on profits for the year	3,613	3,113
Adjustments for current tax of prior periods	975	2,980
Total current tax expense	**4,588**	**6,093**
Deferred tax		
Change in deferred tax for the year	(3,899)	6,732
Adjustment of deferred tax concerning previous years	–	14,107
Total deferred tax expense (benefit)	**(3,899)**	**20,839**
Income tax expense (benefit)	**689**	**26,932**
Reconciliation of effective tax rate		
Calculated 22% (statutory Danish tax rate) tax on loss for the period before income tax	(57,069)	(45,228)
Adjusted for tax rate in foreign group entities compared with 22% rate	402	(1,200)
Tax effects of:		
Change in deferred tax assets not recognized	46,611	48,893
Non-deductible expenses	21,352	7,711
Tax asset valuation adjustment	(2,208)	6,732
Utilized TLCF not previously recognized	(9,374)	(7,063)
Adjustments for tax of prior periods	975	17,087
Income tax expense (benefit) for the year	**689**	**26,931**

Note 10 Inventory

Details of the Group’s inventories are as follows:

In thousands DKK	2022	2021
Raw materials	11,545	10,546
Finished goods	5,267	6,297
Total inventory	**16,812**	**16,843**

The cost of inventories recognized as an expense on continuing operations during the period was 355,070 TDKK in 2022 and 228,631 TDKK in 2021.

There is no allowance for inventory obsolescence provided in both years based on assessment by the Group. In 2022, the Group ceased its e-commerce operation and wrote down the remaining value of the inventory in e-commerce amounting to 1,268 TDKK. There was no write-down in 2021.

There are no inventories that have been pledged as security for any liabilities.

Note 11 Goodwill and other intangible assets

The carrying amount of the Group's goodwill and other intangible assets is shown below:

In thousands DKK	Goodwill	Development projects in progress	Software	Total
Cost:				
At January 01, 2021	181,235	732	39,067	221,034
Additions	–	–	13,157	13,157
Disposals	–	(732)	–	(732)
At December 31, 2021	**181,235**	**–**	**52,224**	**233,459**
Accumulated amortization and impairment:				
At January 01, 2021	–	–	9,402	9,402
Amortization charge for the year	–	–	9,792	9,792
Impairment	–	–	81	81
At December 31, 2021	**–**	**–**	**19,275**	**19,275**
Carrying amount December 31, 2021	**181,235**	**–**	**32,949**	**214,184**
Cost:				
At 1 January 2022	181,235	–	52,224	233,459
Additions	–	10,335	1,016	11,351
Disposals	–	–	–	–
At December 31, 2022	**181,235**	**10,335**	**53,239**	**244,809**
Accumulated amortization and impairment:				
At January 01, 2022	–	–	19,275	19,275
Amortization charge for the year	–	–	11,524	11,524
Impairment	–	–	–	–
At December 31, 2022	**–**	**–**	**30,798**	**30,798**
Carrying amount December 31, 2022	**181,235**	**10,335**	**22,441**	**214,011**

There were no disposals nor impairment during 2022.

Assumptions for impairment tests for goodwill

The Group tests goodwill for impairment at least annually as of December 31 or more frequently, if certain events or circumstances warrant. An impairment test was performed as of December 31, 2022 and 2021. For both years, no impairment has been recognized.

Goodwill is monitored based on CGU or groups of CGUs identifiable at the lowest level. When acquired in 2013, the activities outside Denmark were insignificant, and consequently, all goodwill has been allocated to the Danish operation as a group of CGUs within the Europe reportable segment.

The impairment test of goodwill is based on the value in use approach to determine the recoverable amount.

For goodwill impairment testing, a number of factors are considered including, but not limited to, economic conditions and the competitive environment, revenues, discount rates and future capital expenditures.

Note 11 Goodwill and other intangible assets

The expected future net cash flow is based on budgets and business forecast approved by Management for the year 2023 and projections for subsequent years up to and including 2027, followed by a terminal period starting from 2028. Projections comprise forecasts of revenue, and all associated costs under anticipated market conditions. The Group is able to make specific profitability forecast related to the Danish operation. In relation to other overheads, capital expenditures and net working capital changes, the Group applied global assumptions to the forecast in order to arrive at the free cash flow to be used in the impairment calculation.

The key assumptions in the forecasted periods are revenue growth and gross margin. The assumptions are determined based on past experience. The annual revenue growth rates applied in the 2022 forecasted periods are within an interval of 6.4% to 15.3% (2021:2.5% to 36.2%). The Group's Danish activities were break even in 2021. Following lifting of the COVID-19 restrictions in the beginning of 2022, earnings gradually return to the pre-COVID-19 level.

The discount rate applied is 9.8% (2021:7.6%), corresponding to a pre-tax rate of 12.6% (2021:9.7%). The applied growth rate in 2022 during the terminal period is 2.5% (2021:2.5%) per annum. The terminal growth rate exceeds the general long-term expected growth rate as the market in which the Parent operates is considered to be a growing market.

Note 12 Property, plant and equipment

The carrying amount of the Group's property, plant and equipment is shown below:

In thousands DKK	Leasehold improvements	Furniture, fittings and equipment	Assets under construction	Total
Cost:				
At January 01, 2021	354,654	367,823	986	723,463
Additions	34,228	33,597	1,125	68,950
Transfers	1,059	–	(1,059)	–
Disposals	(14,770)	(18,139)	–	(32,909)
Exchange differences	19,660	14,233	73	33,966
At December 31, 2021	**394,831**	**397,514**	**1,125**	**793,470**
Accumulated depreciation and impairment:				
At January 01, 2021	120,638	298,166	–	418,804
Depreciation charge for the year	35,915	44,330	–	80,245
Impairment	8,712	1,645	–	10,357
Accumulated impairment and depreciation on assets sold	(8,924)	(14,318)	–	(23,242)
Exchange differences	6,595	11,428	–	18,023
At December 31, 2021	**162,936**	**341,251**	**–**	**504,187**
Carrying amount December 31, 2021	**231,895**	**56,263**	**1,125**	**289,283**
Cost:				
At 1 January 2022	394,831	397,514	1,125	793,470
Additions	71,113	51,753	1,123	123,989
Transfers	(1,766)	(3,326)	(1,125)	(6,217)
Disposals	(7,155)	(10,180)	–	(17,335)
Exchange differences	3,060	(3,653)	–	(593)
At 31 December 2022	**460,083**	**432,108**	**1,123**	**893,314**
Accumulated depreciation and impairment:				
At 1 January 2022	162,936	341,251	–	504,187
Depreciation charge for the year	39,474	41,741	–	81,215
Impairment	–	–	–	–
Accumulated impairment and depreciation on assets sold	(7,145)	(10,174)	–	(17,319)
Transfers	(6,260)	(810)	–	(7,070)
Exchange differences	1,758	(3,442)	–	(1,684)
At 31 December 2022	**190,763**	**368,566**	–	**559,329**
Carrying amount 31 December 2022	**269,320**	**63,543**	**1,123**	**333,985**

There are no restrictions on title, pledges, nor contractual commitments to acquire property, plant and equipment.

Note 13 Leases

Details of the Group's leases are as follow:

In thousands DKK	2022	2021
Amounts recognized in the consolidated balance sheet:		
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets		
Properties	1,356,879	1,399,993
Others	422	5,215
	1,357,301	**1,405,208**
Additions to the right-of-use assets	139,384	62,695
Lease liabilities		
Current	163,019	140,000
Non-current	1,375,790	1,408,822
	1,538,809	**1,548,822**
Amounts recognized in the consolidated statements of loss:		
The statement of loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets		
Properties	227,753	205,715
Others	3,520	13,967
	231,273	**219,682**
Interest expense on lease liabilities	98,327	97,403
Expense relating to short-term leases	564	1,405
Expense relating to variable lease payments not included in lease liabilities	48,859	28,442
Total cash outflow related to leases	**147,750**	**127,250**

Key money amounted to 27,318 TDKK (2021: 26,123 TDKK).

Determination of lease term

The Group generally leases its properties and to a limited extent other assets. The carrying amount of the right of use assets in the respective jurisdictions is as follows:

In thousands DKK	2022	2021
Denmark	357,453	372,522
United States	459,374	456,378
United Kingdom	304,666	307,286
Others	235,808	269,022
	1,357,301	**1,405,208**

Most of the leased properties are in Denmark, the United Kingdom and the United States. The Danish lease contracts have extension options for the lessee and are considered non-cancelable from the perspective of the lessor according to normal practice in Denmark and are therefore considered perpetual leases. The Group can generally terminate the leases with short term notice and taking into consideration both the degree of historic exercise of extension options and unexpected events, the Group has assessed that it is reasonably certain that the

Note 13 Leases

remaining lease term will be up to 7-10 years for the Danish property leases commenced as per the balance sheet date. The Group reassesses the lease term upon the occurrence of either a significant event or significant changes in circumstances that are within the control of the Group. The market in which the Group operates is characterized by being a relatively mature market, and historically, only a few stores have been closed.

Lease contracts on Danish property leases are generally subject to indexed rent escalation clauses and tenant improvement allowances. Other property leases are mainly fixed term leases and comprise renegotiation clauses effective upon expiry of the original lease term. All other leases are fixed term leases with a 12-to-60-month fixed time span.

Expenses relating to variable lease payments comprise mainly revenue-based lease payments and lease payments for stores located in airports, where the final payments are dependent on the number of passengers.

The property leases in the United States and the United Kingdom generally have a predetermined term and have an option to extend the lease at the end of the non-cancellable period.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Some rental agreements comprise revenue-based lease payments in addition to fixed payments. The variable lease payments disclosed above comprise such revenue-based payments. Overall, the variable payments constitute up to 10-20% of the Group's entire lease payments. The Group expects this ratio to remain within this range in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Considering the development of sales expected over the next years, variable rent expenses are expected to continue to present a similar proportion of the entire lease payments in future years. The discount rates applied on the lease contracts are determined using the incremental borrowing rate adjusted for lease specific measures and currency. The discount rates applied are within a spread of 5.5%-9.0% (2021:5.5%-9.0%) where discount rates of 5.5%-9.0% (2021:7.0%-9.0%) for lease additions during the year have been used.

The Group has committed itself to lease agreements of an amount of DKK 9.8 million to leases not yet commenced as of 31 December 2022.

For maturity of lease liabilities see Note 20.

Note 14 Deferred tax

Details of the Group's deferred tax are as follows:

In thousands DKK	2022	2021
Deferred tax asset at the beginning of period	14,032	32,675
Change in deferred tax for the year	3,899	(6,732)
Adjustment of deferred tax concerning previous years	–	(14,107)
Exchange adjustment	–	2,196
Deferred tax asset as at December 31	**17,931**	**14,032**
Deferred tax relates to:		
Intangible assets	(7,211)	(4,820)
Property, plant and equipment	15,523	6,970
Right-of-use assets	(272,041)	(311,409)
Lease liabilities	314,188	401,294
Borrowings	34,334	8,414
Tax losses carried forward	229,666	150,131
Total deferred tax	**314,459**	**250,580**
Deferred tax asset not recognized in the balance sheet	296,528	236,548
Amount presented as deferred tax assets	17,931	14,032
Amount presented as deferred tax liabilities	–	–
Deferred tax as at December 31	**17,931**	**14,032**

Deferred tax assets and liabilities within each tax jurisdiction are offset if there is a legally enforceable right to set off and the income taxes were levied by the same taxation authority.

The recognized tax assets that relate to tax losses carried forward, mainly relates to operations outside Denmark. In connection with the assessment of the utilization of the tax assets, special emphasis has been placed on the fact that the most significant tax loss carry forwards are in markets, where the Group now is well established, and these operations are expected to generate positive results going forward.

In 2022, the Group has unrecognized tax assets in a number of jurisdictions primarily within the United States and Denmark. The unrecognized tax assets related to tax losses carried forward are DKK 218 million and have not been recognized due to uncertainties of the utilization within the next 5 years. There is no expiration date on tax loss carried forward and the use of tax losses is restricted upon changes in ownership. A change in ownership of the Group or Group entity may result in restrictions on the Group's ability to use tax losses in certain jurisdictions.

The Group operates across many tax jurisdictions. Application of tax law can be complex and requires judgement to assess risk and estimate outcomes, particularly in relation to the Group's cross-border operations and transactions. These judgements are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of tax assets and tax liabilities, including deferred tax, recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized. Uncertain tax positions have been evaluated in accordance with the accounting policies. Management believes that the provisions made are adequate.

Note 15 Provisions

Movement of the Group's provisions and their classification are as follows:

In thousands DKK	Refurbishment obligation	Other provisions	Total
As at January 01, 2021	59,190	8,300	67,490
Additional provisions recognized	5,095	360	5,455
Amounts used during the year	(866)	(5,862)	(6,728)
As at December 31, 2021	**63,419**	**2,798**	**66,217**
As at 1 January 2022	63,419	2,798	66,217
Additional provisions recognized	6,962	12,588	19,550
Amounts used during the year	(3,507)	(1,837)	(5,344)
Other transfers	–	3,641	3,641
Effect of discounting	(11,816)	–	(11,816)
As at December 31, 2022	**55,058**	**17,190**	**72,248**

The Groups provisions are presented as follows in the balance sheet:

	Refurbishment obligation	Other provisions	Total
As at December 31, 2021:			
Non-current liabilities	59,396	1,447	60,843
Current liabilities	4,023	1,351	5,374
Total	**63,419**	**2,798**	**66,217**
As at December 31, 2022:			
Non-current liabilities	55,058	7,711	62,769
Current liabilities	–	9,479	9,479
Total	**55,058**	**17,190**	**72,248**

Refurbishment obligation

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognized for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalized as part of the cost of leasehold improvements and are amortized over the shorter of the term of the lease and the useful life of the assets.

Other provisions

In the normal course of business, the Group is subject to contingencies related to legal proceedings and claims and assessment that cover a wide range of matters. Liabilities for such contingencies are recorded to the extent that it is probable the liability is incurred, and the amount is reasonably estimable. Associated legal costs to such contingencies are expensed as incurred. The timing of settlement of legal disputes cannot be determined whereas the remaining provisions are expected to be settled in one to two years.

Note 16 Borrowings

The Group had the following outstanding loan facilities as of December 31, 2022:

Facility	Outstanding amount (TDKK)	Interest	Expiry
Syndicated bank loans:			
Term loans..........................	622,587 (2021:614,070)	Floating based on CIBOR plus variable margin	June 30, 2024: 518.8 MDKK September 30, 2024: 34.6 MDKK March 31, 2025, 34.6 MDKK March 31, 2026: 34.6 MDKK
Capex facility A loan...........	259,411 (2021:255,862)	Floating based on CIBOR plus variable margin	March 31 2024, 10% May 31, 2024, 90%
Capex facility B loan...........	103,764 (2021:102,345)	Floating based on CIBOR plus variable margin	March 31, 2024, 20% May 31, 2024, 80%
Revolving credit facility......	11,293 (2021: 7,035)	Floating based on CIBOR plus variable margin	June 30, 2024
Subordinated loan:			
Subordinated loan................	131,390 (2021:121,253)	Floating based on CIBOR plus variable margin	July 31, 2024

During 2022, the Group, the Bank Syndicate and subordinated loan provider extended the term of the loans and credit facilities. The loan modification in 2022 resulted in an increase to the margin. The Group incurred a modification loss amounting to 22.8 MDKK as disclosed in Note 8 in relation to the loan extension. No other substantial changes such as to collateral and seniority were made to the loan agreement. Additionally, the 131 MDKK Subordinated Loan has been extended from July 31, 2023 to July 31, 2024.

Following the provisions of IAS 1, and due to a waiver of financial covenants granted in December 2022 not being unconditional, associated debt to the bank syndicate (term loan, Capex Facility A+B, and RCF) was classified as short-term on the reporting date. Had the original waiver been unconditional on the reporting date, all borrowings presented as current would have been presented as non-current, in accordance with the agreed maturity profile. The event is non-adjusting for reporting purposes.

The Syndicated Bank Loans are subject to certain loan covenants as further described in Note 19.

Term loans consist of the original term loan facility and a subsequent term loan facility guaranteed by the subordinated loan provider. The term loan facilities will be repaid in full on its termination date. A margin will be added to the interest payment depending on the Group's leverage ratios. The Subordinated Loan is subordinated to the Syndicated Bank Loans, but not to other creditors. The lender can require repayment upon a change in control.

The loan agreements with Skandinaviska Enskilda Banken AB (publ) as lead arranger in a bank syndicate, have a change in control clause in place, where the lender can require repayment if such an event should occur. A change of control event occurs if the joint shareholdings of the two main shareholders falls below 50.1%

The unutilized revolving facility amounted to 162 MDKK as of December 31, 2022 (2021: 161 MDKK).

Capitalized costs related to the loan facilities amounted to 14.4 MDKK (2021:11.4 MDKK) and are amortized over the term of the loans.

Note 16 Borrowings

The table below sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented:

In thousands DKK	January 01, 2022	Cash flows*	Non-cash changes: New loans / leases*	Non-cash changes: Changes in foreign exchange rates	Non-cash changes: Other changes**	December 31, 2022
Borrowings	967,817	–	–	–	37,665	1,005,482
Lease liabilities	1,548,822	(201,787)	190,325	10,431	(8,982)	1,538,809
Subordinated loan	121,253	–	–	–	10,137	131,390
Total liabilities from financing activities	**2,637,892**	**(201,787)**	**190,325**	**10,431**	**38,820**	**2,675,681**

* New leases include remeasurements.

** Other changes include non-cash movements such as accrued interest expense, loan modification and termination settlements on lease liabilities.

In thousands DKK	January 01, 2021	Cash flows	Non-cash changes: New loans / leases*	Non-cash changes: Changes in foreign exchange rates	Non-cash changes: Other changes**	December 31, 2021
Borrowings, non-current	940,659	–	–	–	27,158	967,817
Lease liabilities	1,575,279	(149,988)	62,695	67,931	(7,095)	1,548,822
Subordinated loan	115,197	–	–	–	6,056	121,253
Total liabilities from financing activities	**2,631,135**	**(149,988)**	**62,695**	**67,931**	**26,122**	**2,637,892**

* New leases include remeasurements.

** Other changes include non-cash movements such as accrued interest expense and lease modifications mainly due to COVID-19.

Note 17 Contract balances

The Group has recognized the following assets and liabilities related to contracts with customers:

In thousands DKK	2022	2021	As at 1 January 2021
Contract asset:			
Trade receivables	29,548	25,781	12,888
	29,548	**25,781**	**12,888**
Contract liability:			
Deferred revenue	74,156	36,209	7,531
	74,156	**36,209**	**7,531**

Trade receivables consists of credit card receivables and receivables from delivery partners.

Deferred revenue consists of payments received in respect of unfulfilled performance obligations. As of December 31, 2022, deferred revenue consists of DKK 54.3 million (2021:24.8 million) related to deferred franchise fees, which will be recognized as revenue over the contractual term of 10 years, DKK 16.5 million (2021:11.4 million) related to prepaid loyalty cards, and DKK 3.4 million (2021: nil) related to gifts and rewards treated as customer options. DKK 8.5 million of deferred revenue at the beginning of the year was recognized as revenue during 2022 (2021: DKK 7.5 million).

Note 18 Share capital

The Group's share capital is comprised of A-shares (ordinary shares) and B-shares (cumulative preference shares) as shown below:

	2022		2021	
	Number of shares	**Nominal value TDKK**	**Number of shares**	**Nominal value TDKK**
A-shares	2,011,244,066	20,112	2,011,244,066	20,112
B-shares	4,444,489,635	44,445	4,444,489,635	44,445
Share capital (fully paid)	6,455,733,701	64,557	6,455,733,701	64,557

Changes in share capital during the year are shown below:

	A-shares		B-Shares	
	2022	**2021**	**2022**	**2021**
	Number of shares	**Number of shares**	**Number of shares**	**Number of shares**
Changes in share capital				
Opening balance	2,011,244,066	1,577,299,910	4,444,489,635	3,431,953,397
Capital increase	–	433,944,156	–	1,012,536,238
Capital decrease	–	–	–	–
Total	2,011,244,066	2,011,244,066	4,444,489,635	4,444,489,635

All shares have a nominal value of 0.01 (2021:0.01).

All shares have equal voting rights. B-shares have a preferential dividend and liquidation right comprising the amount paid in plus 10% interest per annum on a non-compounding basis, which amounted to 222.2 MDKK (2021: 215.7 MDKK) at December 31, 2022. Holders of A-shares are entitled to all proceeds in excess of the B-shares preference amount. All decisions about dividend distributions and capital decreases are decided at the general meeting based on proposals by the Board of Directors.

There were no changes in the share capital of the Group in 2022.

Authorization to issue shares

The shareholders have authorized the Board of Directors to issue shares up until October 01, 2023 as follows:

- Ordinary shares: nominal amount up to DKK 664,075 (2021:664,075)
- Preference shares: nominal amount up to DKK 1,257,465 (2021:1,257,465)

The shareholders have authorized the Board of Directors to issue 2,919,975 warrants entitling the holders to subscribe for nominal 29,199.75 ordinary shares. At December 31, 2022, none of the warrants were issued. There were no additional authorizations during 2022.

Treasury shares

As of December 31, 2022, the Group holds a total of 407,980 (2021: 407,980) shares comprising 391,490 (2021:391,490) A-shares and 16,490 (2021:16,490) B-shares with a nominal value of DKK 0.01 corresponding to 0.01% of the total share capital. In 2021, the Group sold 2,659,125 shares for a sale price of DKK 730 thousand to existing shareholders. There were no changes in the treasury shares in 2022.

Note 19 Capital management

The Group's objectives when managing capital are to:

- safeguard the ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to aid such objectives, Management prepares cash flow budgets regularly and forecasts when required. This enables Management to act in due time in order to comply with the capital management objectives.

Loan covenants

The Group obtained debt facilities from the Bank Syndicate in 2016. The loan agreement and the subsequent amendments in connection with the debt facilities included certain financial covenants relating to 1) Net Senior Debt to Adjusted EBITDA as defined in the agreement, and 2) Adjusted EBITDA as defined in the agreement to Finance Charges. The Group must report and meet these covenants on a quarterly basis.

Under the major borrowing facilities, the Group is required to comply with financial covenants relating to leverage ratio (Net Senior Debt to Adjusted EBITDA), interest coverage (Adjusted EBITDA to Finance Charges) and a liquidity.

On December 22, 2022, the Group obtained a conditional waiver from the Bank Syndicate. Following adverse effects of COVID-19 on the Group's capital structure and the failure of a committed financing partner to contribute capital in Q1 2023, the Group ended up being in breach with loan covenants relating to leverage and interest coverage from Q3 2022 until Q1 2023. The Group 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. Based on strong operational performance, Management expects to meet financial covenants set out in the new loan agreements and to achieve a leverage ratio (net debt/EBITDA) at or below 4.0x prior to maturity of loans.

Refer further to Note 28 – Subsequent events in relation to changes in the terms of the loan agreements and waiver of financial covenants during 2023.

Note 20 Financial risk management

The Group's principal financial liabilities comprise borrowings, subordinated loans, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash.

The Group is exposed to market risk (interest rate and foreign currency), credit risk and liquidity risk. The Group's management oversees the management of these risks on an ongoing basis and responds to those risks as appropriate. The Group does not take on any speculative positions.

Interest rate risk

The Group is exposed to interest risk arising from floating rate loans. The interest rate risk is economically partially hedged through interest rate swaps under which the Group receives a floating interest rate and pays a fixed interest rate. They are not designated as qualifying hedges, and consequently, fair value changes affect the statement of loss. An increase or decrease in the Copenhagen Interbank Offered Rate (Cibor) will result in a gain or decrease, as applicable, in the fair value of the interest rate swap. Refer to Note 22 for an overview of the outstanding interest rate swaps.

The Cibor base rate on the loans has a 0% floor. As of December 31, 2022, the applicable Cibor rate was positive (2021: negative).

A reasonably possible change in the three months Cibor rate would have the following impact in profit/loss before tax determined on an annual basis:

In thousands DKK	2022	2021
1% increase (2021: 1.0% increase)	7,477	5,485
0.25% decrease (2021: 0.25% decrease)	(1,682)	(3,608)

The amounts are determined based on the loans and swaps outstanding as of the respective balance sheet dates.

When assessing what is a reasonably possible change in interest rates, Management has considered the increased interest rate volatility throughout 2022 and increased/decreased the change from +1.0% to -0.25% (2021: +1.0% to -0.25%).

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.

The individual Group entities generate their revenue and incur expenses mainly in the local currency which is their functional currency. Therefore, the operating activities do not give rise to foreign currency risk. The Group is exposed to foreign currency risk on intercompany balances, and arises primarily from balances in USD, GBP, SEK and NOK.

Note 20 Financial risk management

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates. based on the exposure as of December 31. With all other variables held constant, the Group's profit is affected as follows (in local currency base):

	Impact on post tax profit	
	2022	**2021**
DKK/GBP exchange rate - increase/decrease 10%...................	19,657 / (19,657)	19,049 / (19,049)
DKK/NOK exchange rate - Increase/decrease 10%..................	16,153 / (16,153)	14,842 / (14,843)
DKK/USD exchange rate - increase/decrease 10%...................	16,281 / (16,281)	12,396 / (12,396)
DKK/SEK exchange rate - increase/decrease 10%...................	2,921 / (2,921)	6,028 / (6,028)
SEK/USD exchange rate - increase/decrease 10%....................	12,257 / (12,257)	11,304 / (11,304)
NOK/USD exchange rate - increase/decrease 10%...................	4,879 / (4,879)	4,500 / (4,500)

Credit risk

Credit risk arises from cash and deposits with banks and financial institutions, as well as credit card sales.

Customers of the Group generally pay on credit or with cash. The credit risk that arises from credit card sales exposes the Group to the respective credit card issuers. Credit card issuers have a high credit rating. Therefore, the risk is considered immaterial.

The most significant counterparty risk is related to deposits with banks and financial institutions, as the Group's cash balance at December 31, 2022, amounts to 67,364 TDKK (2021:258.247 TDKK). To mitigate this risk, the Group only enters into bank demand deposits with financial counterparties processing a satisfactory long-term credit rating from an internationally recognized agency (credit rating of minimum A-). The carrying amounts represent the maximum credit exposure.

Liquidity risk

Maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted future cash flows, including interest payments.

In thousands DKK **Contractual maturities of financial liabilities**	**0-1 years**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total contractual cash flows**
At December 31, 2022:					
Trade payables	226,374	2,383	–	–	228,757
Borrowings...	1,137,810	–	–	–	1,137,810
Lease liabilities.....................................	292,175	282,412	737,559	686,147	1,998,293
Subordinated loan.................................	14,803	140,025	–	–	154,828
	1,671,162	**424,820**	**737,559**	**686,147**	**3,519,688**
At December 31, 2021:					
Trade & other payables	189,134	3,444	–	–	192,578
Borrowings...	48,512	908,830	109,000	–	1,066,342
Lease liabilities.....................................	275,875	276,910	765,709	856,429	2,174,923
Subordinated loan.................................	10,398	131,141	–	–	141,539
Derivative financial instruments	3,361	5,438	–	–	8,799
	527,280	**1,325,763**	**874,709**	**856,429**	**3,584,181**

Note 20 Financial risk management

The Group holds the following financial instruments:

In thousands DKK	2022	2021
Financial assets:		
Financial assets at amortized cost		
Trade receivables	29,548	25,781
Cash	67,364	258,247
Other receivables	41,357	10,115
	138,269	**294,143**
Financial liabilities:		
Liabilities at amortized cost		
Trade & other payables	226,374	192,578
Borrowings	1,005,482	967,817
Lease liabilities	1,538,809	1,548,822
Subordinated loan	131,390	121,253
	2,919,922	**2,830,470**
Liabilities (asset) at fair value through profit or loss		
Derivative financial instruments	(4,001)	8,799
	(4,001)	**8,799**

Note 21 Fair value information

The categorization of fair value measurements into different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement.

The following table gives information about how the fair values of the Group's assets and liabilities, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31		Fair value hierarchy	Valuation techniques	Significant unobservable input	Relationship of unobservable inputs to fair value
	2022	2021				
Derivative financial instruments:						
Interest rate swap	(4,001)	8,799	Level 2	Discounted cash flow (a)	Not applicable	Not applicable
	(4,001)	8,799				

a. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties (level 2 in the fair value measurement hierarchy).

There are no recurring fair value measurements categorized within Level 3 of the fair value hierarchy in 2022 and 2021 and therefore no sensitivity of the fair value measurements is required.

There were no transfers to other levels during 2022 and 2021.

The total gains and losses for the year included fair value gains amounting to 12,800 TDKK and 7,739 TDKK in 2022 and 2021, respectively and loss relating to recycling of fair value changes related to discontinued interest rate hedges amounting to 3,104 TDKK and 4,582 TDKK in 2022 and 2021, respectively. Such fair value gains or losses are included in 'financial income and expenses', as disclosed in Note 8.

The following financial liabilities are not measured at fair values on recurring basis but the fair value disclosure is required:

	2022		2021		
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial Liabilities:					
Borrowings	1,005,482	1,005,482	967,817	967,817	Level 3
Subordinated loan.......................	131,390	131,390	121,253	121,253	Level 3
Lease liabilities...........................	1,538,809	1,538,809	1,548,822	1,548,822	Level 3
	2,675,681	**2,675,681**	**2,637,892**	**2,637,892**	

The fair value of borrowings is determined as the present value of the contractual cash flows discounted at a risk-free rate plus a market credit spread for a credit rating determined based on a synthetic rating of the Group. Fair value amounts to 1,005,482 TDKK (2021:967.817 TDKK).

For the subordinated loan, the same methodology has been applied, however, including an additional margin to reflect the subordination. Fair value amounts to 131,390 TDKK (2021:121.253 TDKK). The fair values are considered level 3 measurements in the fair value measurement hierarchy.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 21 Fair value information

Management believes that cash, trade and other receivables, and trade and other payables approximate their fair values. Accordingly, fair value of such financial assets and liabilities are not disclosed.

Note 22 Derivative financial instruments

As of December 31, 2022, and 2021, the Group had the below interest rate swaps outstanding for the purpose of partially managing interest rate risk on its loan portfolio.

Principal	Start date	Maturity date	Fixed interest rate
As at December 31, 2021:			
450 MDKK	December 31, 2019	June 30, 2022	1,10 %
135 MDKK	December 31, 2019	June 30, 2022	0,56 %
As at December 31, 2022:			
385 MDKK	June 30, 2022	July 30, 2023	1,195%

The swaps were on inception designated as cash flow hedges of the interest rate. The hedges were considered ineffective as of January 01, 2019, thus hedge accounting was discontinued prospectively. The cumulative loss deferred through equity is presented as a separate reserve within equity and recycled through the statements of loss within financial items over the remaining term of the loans. A loss of 3,103 TDKK (2021:4,582 TDKK) was recycled in 2022.

Fair value of the interest rate swaps amounts to 4,001 TDKK as of 31 December 2022 (2021: (-8,799 TDKK). Fair value is determined as the present value of future payments, based on observable interest rate curves (level 2 in the fair value measurement hierarchy). Interest rate swaps are recognized as other receivables and other payables respectively.

Note 23 Related party transactions

The Parent is controlled by Valedo Partners Fund II AB, which is also the ultimate controlling party. General Atlantic exercises significant influence through its shareholding.

Valedo, General Atlantic and Key Management personnel participated in capital increases in 2021 as follows:

	2021		
	Number of shares		Subscription price
	A-shares	B-shares	TDKK
Valedo Partners	59,790,065	139,510,102	41,335
General Atlantic JTJ B.V.	61,814,777	144,234,425	42,735
Key Management	5,147,361	12,010,503	3,558

There were no capital increases in 2022 for these related parties.

Remuneration and share-based payment to Key Management personnel are disclosed in Note 5 “Staff expenses” and Note 6 “Share-based payment”.

No other transactions took place during the year with Key Management personnel, major shareholders or other related parties.

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

Note 24 Fee to auditors

Details of the Group's fee to auditors for various services are as follows:

In thousands DKK	2022	2021
Deloitte:		
Audit fee	15,580	11,272
Tax advisory services	568	3,074
Other assurance engagements	6,510	29
Other services	–	149
	22,658	**14,524**

Note 25 Security, commitments and contingent liabilities

Charges and security

The following assets have been placed as security with bank and credit institutions:

Shares in the companies JOE & THE JUICE HOLDING A/S, JTJ HEARTBEAT A/S, JOE & THE JUICE A/S, JOE & THE JUICE US HOLDING INC., JOE & THE JUICE NEW YORK LLC, JOE & THE JUICE SFO LLC, 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 with a booked value of nil as at December 31, 2021 and 2022, have been provided as security under certain circumstances for all accounts with the Bank Syndicate.

The Parent has, as security for the landlords, issued bank guarantees through SEB totaling DKK 138 million (2021:139 million) on behalf of subsidiaries.

Note 26 Interests in other entities

The Group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interests held by the Group	
		2022	2021
JTJ HEARTBEAT A/S	Denmark	100%	100%
JOE & THE JUICE A/S	Denmark	100%	100%
JOE & THE JUICE (Switzerland) AG	Switzerland	100%	100%
JOE & THE JUICE NICE SARL	France	100%	100%
JOE & THE JUICE UK Ltd	England	100%	100%
JOE & THE JUICE BLEICHENHOF GmbH	Germany	100%	100%
JOE & THE JUICE DE GmbH	Germany	100%	–
JOE & THE JUICE Finland Oy	Finland	100%	100%
JOE & THE JUICE Netherlands B.V.	Netherlands	100%	100%
JOE & THE JUICE Belgium NV	Belgium	100%	100%
JOE & THE JUICE Norge AS	Norway	100%	100%
JOE & THE JUICE NG AB	Sweden	100%	100%
JOE & THE JUICE Sydney Pty Limited	Australia	100%	100%
JOE & THE JUICE US HOLDINGS INC	USA	100%	100%
JOE & THE JUICE LA LLC	USA	100%	100%
JOE & THE JUICE MIAMI LLC	USA	100%	100%
JOE & THE JUICE SFO LLC	USA	100%	100%
JOE & THE JUICE 1165 Broadway LLC	USA	100%	100%
JOE & THE JUICE NEW YORK LLC	USA	100%	100%
JOE & THE JUICE 286 MADISON LLC	USA	100%	100%
JOE & THE JUICE WTC LLC	USA	100%	100%
JJ-PCS MSP VENTURE LLC	USA	82%	82%
JOE & THE JUICE PITTSBURGH LLC	USA	100%	100%
JOE & THE JUICE MANAGEMENT LLC	USA	100%	100%
JOE & THE JUICE CENTRAL STREET LLC	USA	100%	100%
JOE & THE JUICE VANCOUVER AIRPORT LIMITED	Canada	100%	100%
NFB Asia Pte. Ltd.	Singapore	100%	100%
JOE & THE JUICE (SHANGHAI) FOOD AND BEVERAGE MANAGEMENT COMPANY LIMITED	China	100%	100%
NFB Asia (Hong Kong) Pte. Ltd.	Hong Kong	100%	100%

JOE & THE JUICE CENTRAL STREET LLC was incorporated in 2021 while JOE & THE JUICE DE GmbH was incorporated in 2022.

Note 27 Restatements

During 2022, the Group concluded that restatements of the previously issued financial statements were needed to correct the presentation of revenues arising from sales of products through delivery services, reclassification between inventories and prepayments, and the presentation of cash flows associated with sales of treasury shares, rent deposits and fair value adjustments of derivative financial instruments.

The following errors identified were identified due to lack of formalized and documented processes, including controls within these processes resulting in restatements to the previously issued consolidated financial statements as at December 31, 2021:

- Increase in amount of revenue by DKK 40,979 thousand with corresponding increase in other external expenses because of correction of presentation of delivery fees. Previously, it was assessed that the delivery platforms acted as principal when performing delivery services, thus, revenue was measured at the sales price to the delivery platforms, or in other words the delivery fees were presented net against revenue. Subsequently, management has determined that the delivery platforms are acting as agents. This has resulted in revenue being the sale to the end user and delivery fees presented as other external expenses.

- Restatement of DKK 2,691 thousand in the consolidated balance sheet between inventory and prepayments because of incorrect classification of prepayments related to cleaning supplies for the stores.

- Increase in cash flows from financing activities by DKK 1,460 thousand with corresponding decrease in cash flow from operating activities as a result the incorrect classification of sales of treasury sales as cash flows from operating activities.

- Increase in cash flows used in investing activities by DKK 479 thousand with corresponding increase in cash flow from operating activities as a result of correction of classification of payments relating to rent deposits on the statement of cash flows.

- Restatement of DKK 7,738 thousand between interest received and changes in net working capital within cash flow from operating activities because of fair value adjustment of derivative financial instruments incorrect included in interest received.

The above restatements did not result to any change in the Group’s loss for the year and equity as at December 31, 2021.

Summary of changes on profit or loss and on other comprehensive loss arising from prior period restatements are shown below:

In thousands DKK	**December 31, 2021 (Previously Stated)**	**Effects of restatements**	**December 31, 2021 (As Restated)**
Revenue	1,109,826	40,979	1,150,805
Other external expenses	(298,662)	(40,979)	(330,641)
Loss before tax	(205,580)	–	(205,580)
Loss for the year	**(232,511)**	–	**(232,511)**
Total comprehensive loss	**(278,638)**	–	**(278,638)**

Note 27 Restatements

A summary of changes on net assets and equity arising from prior period restatements are shown below:

In thousands DKK	December 31, 2021 (Previously Stated)	Effects of restatements	December 31, 2021 (Restated)
Inventories	19,534	(2,691)	16,843
Prepayments	13,586	2,691	16,277
Total net assets	**(774,224)**	**–**	**(774,224)**
Accumulated deficit	(812,431)	–	(812,431)
Total equity	**(774,224)**	**–**	**(774,224)**

A summary of changes on cash flows arising from prior period restatements are shown below:

In thousands DKK	December 31, 2021 (Previously Stated)	Effects of restatements	December 31, 2021 (Restated)
Cash flow from operating activities	116,235	(980)	115,255
Cash flows used in investing activities	(77,012)	(479)	(77,491)
Cash flows from financing activities	148,175	1,460	149,635
Net impact in cash flow	**187,398**	**–**	**187,398**

Note 28 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 to the Group's updated business plans following strong operational results in the first half of 2023. Following the provisions of IAS 1, and due to the waiver granted in December 2022 not being unconditional, associated debt to the bank syndicate was classified as current on the reporting date. Had the original waiver been unconditional on the reporting date, all borrowings presented as current would have been presented as non-current, in accordance with the agreed maturity profile. The event is non-adjusting for reporting purposes.

Other than those disclosed above, the Group has determined that no other material events occurred after the reporting date.

Note 29 Definition of financial highlights

Financial ratios and key figures are prepared in accordance with recommendations and guidelines issued by the Danish Society of Financial Analysts with the addition of other financial ratios deemed relevant for understanding the Group's financial performance and situation.

Key figures for financial position:

Net working capital (NWC)

Receivables and other current operating assets less trade payables and other current operating liabilities.

Invested capital

NWC with the addition of property, plant and equipment, right-of-use assets, intangible assets including goodwill less long-term provision, pensions and similar obligations.

Net financial expenses

Financial income less expenses.

Non-controlling interests' share of adjusted EBIT

Share of individual subsidiaries' contribution to the Group's adjusted EBIT allocated to non-controlling interests for the given subsidiary calculated using ownership percentages at the balance sheet date.

Adjusted EBITDA

Reported EBITDA adjusted to exclude effects of any financial items, depreciation and amortization, income taxes, and other extraordinary items.

Gross margin $\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$

EBITDA margin $\dfrac{\text{EBITDA x 100}}{\text{Revenue}}$

Solvency ratio $\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

Gross margin $\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$

Effective tax rate $\dfrac{\text{Tax on profit for the year}}{\text{Profit before tax}}$

Return on equity $\dfrac{\text{Profit for the year x 100}}{\text{Average equity}}$

Leverage ratio $\dfrac{\text{Net interest-bearing debt}}{\text{EBITDA}}$

Parent Company

JOE & THE JUICE HOLDING A/S
Parent Statements of Loss
for the years ended December 31, 2022 and 2021

In thousands DKK	Notes	2022	2021
Other operating income (loss)		7,937	3,847
Gross profit (loss)		**7,937**	**3,847**
Other external expenses		(47,437)	(4,619)
Staff expenses	2	(10,230)	(6,171)
Earnings before depreciation and amortization (EBITDA)		**(49,730)**	**(6,943)**
Depreciation, amortization and impairment		–	–
Loss before financial income and expenses (EBIT)		**(49,730)**	**(6,943)**
Loss from investment in subsidiaries	3	–	(290,000)
Financial income	4	1,039	964
Financial expenses	5	(780)	(130)
Loss before income tax		**(49,471)**	**(296,109)**
Tax	6	312	–
Loss for the year		**(49,159)**	**(296,109)**

See accompanying Notes to Parent Financial Statements.

JOE & THE JUICE HOLDING A/S
Parent Balance Sheet
as of December 31, 2022 and 2021

In thousands DKK	Notes	2022	2021
Assets			
Non–current assets			
Investment in subsidiaries	7	–	–
Receivables from group entities		12,436	16,465
Total non–current assets		**12,436**	**16,465**
Current assets			
Other receivables		1,885	–
Cash		1,005	1,815
Total current assets		**2,890**	**1,815**
Total assets		**15,326**	**18,280**
Equity			
Share capital	8	64,557	64,557
Accumulated deficit		(99,621)	(50,762)
Total equity		**(35,064)**	**13,795**
Liabilities			
Non–current liabilities			
Payables to group enterprises	9	15,707	–
Total non–current liabilities		**15,707**	**–**
Current liabilities			
Trade payables		34,387	379
Payables to group enterprises	9	–	1,749
Other payables		296	2,358
Total current liabilities		**34,683**	**4,486**
Total liabilities		**50,390**	**4,486**
Total liabilities and equity		**15,326**	**18,280**

JOE & THE JUICE HOLDING A/S
Parent Statement of Changes in Equity
for the years ended December 31, 2022 and 2021

In thousands DKK	Notes	Share capital	Accumulated deficit	Total equity
Equity at 1 January, 2022		**64,557**	**(50,762)**	**13,795**
Share-based payment		–	300	300
Loss for the year		–	(49,159)	(49,159)
Equity at 31 December 2022		**64,557**	**(99,621)**	**(35,064)**

See accompanying Notes to Parent Financial Statements.

Notes to Parent Financial Statements

Contents of the Notes to Parent Financial Statements

Note 1 Summary of significant accounting policies

Basis of preparation

The financial statements of the parent company have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C.

The financial statements are presented in Danish Kroner (DKK) and have been rounded to the nearest thousand except when otherwise stated.

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 earlier recognized in the income statement.

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.

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 from 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.

Translation policies

Danish Kroner (DKK) 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. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and financial expenses in the income statement.

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 transaction date rates are recognized in financial income and financial expenses in the income statement.

Income statement

Other operating income

Other operating income comprise items of a secondary nature to the main activities of the Company, including compensation from government grants etc.

Other external expenses

Other external expenses comprise of external administrative expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll related expenses.

Loss from investments in subsidiaries

Loss from investments in subsidiaries in the income statement includes the proportionate share of the loss for the year and impairment of receivables with subsidiaries with negative net assets.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/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/loss for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Subsidiaries with a negative net asset value are recognized at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

Receivables from group enterprises

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 and doubtful debts.

Financial liabilities

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

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the cash flow statement for the group.

Note 2 Staff expenses

In thousands DKK	2022	2021
Wages and salaries	10,230	6,164
Other social security costs	–	7
Total	**10,230**	**6,171**

Including remuneration to the Executive and Board of Directors of:

In thousands DKK	2022	2021
Executive Management	4,560	4,384
Board of Directors	2,300	2,300
Total	**6,860**	**6,684**
Average number of employees	**5**	**5**

Remuneration of the Executive Board and the Board of Directors is based on the proportional time spent on the assignment of the Executive Board and the Board of Directors. The disclosed remuneration will therefore differ from the actual total remuneration of the Executive Board and the Board of Directors

Remuneration to the Executive Management and Board of Directors are in 2021 paid from both the Parent and JOE & The JUICE UK Ltd.

Refer to Note 6 in the consolidated financial statements for more information about management remuneration. and refer to Note 7 in the consolidated financial statements for more information about share-based payments.

Note 3 Loss from investments in subsidiaries

In thousands DKK	2022	2021
Share of losses in subsidiaries	–	(290,000)
Total	–	**(290,000)**

Note 4 Financial income

In thousands DKK	2022	2021
Interest received from group enterprises	1,039	964
Total	**1,039**	**964**

Note 5 **Financial expense**

In thousands DKK	2022	2021
Other financial expenses	–	(98)
Interest paid to group enterprises	(253)	–
Exchange adjustments, expenses	(527)	(32)
Total	**(780)**	**(130)**

Note 6 **Tax on loss for the year**

In thousands DKK	2022	2021
Adjustment to prior year (income)/expense	(312)	–
Total	**(312)**	–

Note 7 **Investments in subsidiaries**

In thousands DKK	2022	2021
Cost at 1 January	1,235,143	945,143
Additions for the year	–	290,000
Cost at 31 December	**1,235,143**	**1,235,143**
Value adjustments at 1 January	(1,235,143)	(945,143)
Net profit/loss for the year	(173,169)	(165,432)
Other equity movements, net	(8,963)	(8,830)
Amortization of goodwill	(14,122)	(14,122)
Reversal of negative result for the year	196,254	(101,616)
Value adjustments at 31 December	**(1,235,143)**	**(1,235,143)**
Carrying amount at 31 December	–	–
Remaining positive difference included in the above carrying amount at 31 December	**138,868**	**152,990**

The net asset value in the subsidiary JTJ HEARTBEAT A/S is negative. Until the net asset value is positive the company does not recognize income from the subsidiary in the income statement. Negative values relating to subsidiaries not recognized as at 31 December 2022 amount to DKK 782 million (2021 DKK 586 million) The remaining positive difference of DKK 139 million comprises goodwill (2021: DKK 153 million).

Refer to Note 27 "Interests in other entities" in the consolidated financial statements for a specification of the investments in subsidiaries.

Note 8 **Share capital**

Refer to Note 19 "Share capital" in the consolidated financial statements for an overview of the changes in share capital.

Note 9 Long-term liabilities

In thousands DKK	2022	2021
Payables to group companies		
Between 1 and 5 years	15,707	–
Long-term part	15,707	–
Other short-term payables	–	–
	15,707	–

Note 10 Contingent assets, liabilities and commitments

The Danish group companies are jointly and severally liable for tax on the jointly taxed income of the Group. The Parent acts as administration company for the Danish joint taxation. The total amount of corporation tax receivable by the Parent amounts to 312 TDKK (2021: 0). Moreover, the 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.

Refer to Note 25 in the consolidated financial statements for more information.

Note 11 Related parties

Payables and receivables to group entities are disclosed in the balance sheet. Apart from loans to subsidiaries, which have been written down, no other intercompany transactions have occurred.

Refer to Note 23 in the consolidated financial statements for more information about related parties.

Consolidated Financial Statements:

The separate financial statements and the consolidated financial statements of JOE & THE JUICE HOLDING A/S are included in the ultimate controlling party's consolidated financial statements:

Name	Place of registered office
Valedo Partners Fund II AB	Stockholm, Sverige

Note 12 Events after the balance sheet date

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.