

JOE & THE JUICE HOLDING A/S

Østergade 26, DK-1100 København K

CVR no 35 52 79 90

Annual Report for January 01, 2023 to December 31, 2023

The Annual Report was presented and
adopted at the Annual General Meeting
of the Company on May 15, 2024

Anders Hagstrøm
Chairman of the General Meeting

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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 January 01 – December 31, 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting 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 as at December 31, 2023 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 January 01 – December 31, 2023.

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, April 25, 2024

Executive Board

Thomas Kusk Nørøxe
CEO

Jørn Vestergaard
CFO

Board of Directors

Andrew William Crawford
Chairman

Tue Mantoni

Andrea Calabro

Melis Zeynep Kahya

Nassef Sawiris

Harrison Robert DiGia

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 company financial statements of Joe & The Juice Holding A/S for the financial year 1 January 2023 - 31 December 2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and income statement, balance sheet, statement of changes in equity, and notes, including material accounting policy information for the Parent Company. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company 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 2023, and of the results of its operations and cash flows for the financial year 1 January 2023 - 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent company financial statements give a true and fair view of the Parent Company's financial position at 31 December 2023, and of the results of its operations for the financial year 1 January 2023 - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Statement on the management review

Management is responsible for the management review.

Our opinion on the consolidated financial statements and the parent company 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 company 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 company 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the relevant law and regulations. We did not identify any material misstatement of the management review.

Independent Auditor's Report

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent company 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent company financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

- 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.

Copenhagen, April 25, 2024
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: January 01 – December 31 Municipality of reg. office: Copenhagen
Board of Directors	Andrew William Crawford, Chairman Tue Mantoni Andrea Calabro Melis Zeynep Kahya Nassif Sawiris Harrison Robert DiGia
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	2023	2022	2021	2020	2019*
Consolidated Statements of Loss					
Revenue	2,424,303	1,709,637	1,150,805	834,504	1.179,082
Profit before depreciations (EBITDA)	497,587	276,874	271,942	249,452	5,332
Profit (loss) before financial income and expenses (EBIT)	178,113	(47,138)	(49,882)	(212,619)	(281,511)
Net financial income (expense)	(279,048)	(212,264)	(155,698)	(251,597)	(82,831)
Net result for the year	(107,840)	(260,091)	(232,511)	(474,170)	(361,768)
Consolidated Balance Sheet					
Total assets	2,153,176	2,113,938	2,257,486	2,180,979	904,193
Equity	(140,704)	(1,045,112)	(774,224)	(794,763)	(551,153)
Equity including subordinated loan capital	(140,704)	(913,722)	(652,971)	(679,566)	(447,240)
Consolidated Statements of Cash Flows					
Cash flows from (used in) operating activities.....	288,878	178,353	115,255	40,383	(15,582)
Cash flows used in investing activities.....	(194,234)	(162,383)	(77,491)	(64,630)	(222,976)
-Hereof cash flows used in investment in PP&E	(185,885)	(149,689)	(63,855)	(54,349)	(204,940)
Cash flows from (used in) financing activities.....	(35,524)	(207,165)	149,635	42,046	263,267
Change in cash for the year	59,120	(191,195)	187,398	17,799	24,709
Number of employees.....	2,374	1,829	2,120	1,946	2,030
Financial ratios (%)					
EBITDA margin	20.5%	16.2%	23.6%	29.9%	0.5%

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts. Refer to note 28 for definition of financial highlights.

* The Group has implemented IFRS on January 01, 2020. The figures for 2019 have not been adjusted to reflect the implementation of IFRS or correction of errors made in the 2020 consolidated financial statements as it is impracticable to determine the effect on a year-by-year basis prior to January 01, 2020.

Management's Review

Developments in the Financial Year

Topline Growth Continuing to Outperform Expectations

The Group's revenue continued to display a strong growth momentum by crossing the DKK 2 billion mark for the first time, up by 42% to DKK 2.4 billion in 2023 from the previous record set in 2022 of DKK 1.7 billion and doubling 2021's revenue of DKK 1.2 billion. Management's expectations for revenue of DKK 2.1 billion was thereby surpassed. The Group's 12-month-running average unit volume (AUV) from own stores exceeded USD 1 million in 2023, made possible by our juicers' efforts and dedication to serving customers freshly made products of high quality.

Revenue growth was mainly driven by increase in same-store-sales of 35%, including price increases to absorb impacts of a high inflationary pressure on input prices throughout 2023. Growth was supported by 40 new store openings, consisting of both company-owned and franchise stores, and activity ramp-up in newly entered franchise markets in the Middle East. Full neutralization of prior years' headwinds from COVID-19 also provided an upward effect on revenue in 2023. Focus on increasing activity through digital sales channels, mainly third-party delivery and conversion of customers to the JOE App, continued a positive trajectory in 2023.

A New Chapter of Financial Performance

Whilst the Group continue to invest significantly in the future, the operating results showed significant improvement in 2023 compared to recent years. EBITDA almost doubled to DKK 498 million from previously established levels (2022: DKK 277 million) and EBIT broke the barrier into positive territory by reaching a first-time DKK 178 million (2022: DKK -47 million). Increase in operating results is driven by an uplift in store-level profitability across all regions, mainly in the United Kingdom and the United States primarily as the AUV is increasing. Heritage stores in both regions are maturing at a good pace, and Management believes the opportunities for future expansion in both regions bear the potential of being attractive sources of future profitable growth.

Seeing as positive returns of prior years' investments into strengthening the Group's organization started to materialize in 2023, focus was kept on underpinning long-term structural stability. Furthermore, a refinancing of the Group, including a capital increase of DKK 1,015 million, was concluded in December 2023, going towards decreasing leverage and securing capital reserves. One-off costs related to afore-mentioned initiatives had a downward effect of DKK 72 million on net result for the year. Investments into continued capability uplift across key staff functions, increased predictability, risk mitigation and organizational sustainability will continue in coming years, in conjunction with the Group's planned growth trajectory.

In thousands DKK	2023	2022	2021
Reported Operating Result (EBIT).....	178,113	(47,138)	(49,882)
Adjustment for one-off items incl. Other Operating Income.....	50,431	52,237	(57,957)
Adjusted Operating Result (EBIT).....	228,544	5,099	(107,839)

Management is satisfied with the Group's operational performance, exceeding previously communicated expectations, and believes 2023 results underline the robustness and growth capacity of the JOE & THE JUICE brand and business model.

Continuing to Leverage Potential of Digital Sales

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 29% of the Group's revenue in 2023 and it is Management's expectation that the relative share of revenue coming from digital sales in the future will increase significantly.

Management's Review

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.

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 19 countries. The products, ambience and brand have a broad appeal while being unique and difficult for competitors to replicate at scale. A total of 17 new company-owned stores opened in 2023, following the Group's scalable and low-cost store opening "shop-in-a-box" concept, which can be deployed across regions. 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. In 2023, the Group further expanded franchise operations in the Middle East and opened a total of 23 franchise stores across the UAE, Kuwait, Kingdom of Saudi Arabia, Qatar and Bahrain, demonstrating first-hand the strong brand appeal across cultures and geographies.

Having concluded a capital increase and refinancing in 2023, resources are now deployed towards ramping up expansion of the Group's store footprint over the coming years. Work on re-establishing a strong pipeline of attractive locations has started with the goal of increasing the number of annual store openings. In 2023, the Group's own stores in Australia were closed, whereby the Group's activities are now fully focused on the core markets in Europe, the United Kingdom and the United States supported by franchise activities in other regions in the Middle-East and Asia-Pacific.

Expectations for the year ahead

JOE & THE JUICE's near-term growth strategy is centred around profitable and sustainable expansion, obtained by building scale within existing primary markets, mainly the United States, the United Kingdom 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 driving increased same-store-sales in heritage stores. Efforts build on reinforcing guest loyalty by driving innovation across menu and offerings, enhancing convenience and guest service through digital initiatives, and further cultivating brand awareness. In parallel, JOE & THE JUICE's unique culture will continue to be nurtured and development of workforce for improved staff seniority and strengthening of operational skillset.

Building on the strong financial performance in 2023 and revenue growth trajectory from prior years, Management expects 2024 results to continue the upward trend. Revenue is expected to display double-digit growth to 2024 with Operating results in a range of DKK 200 - 250 million and a positive net result. Expectation for operational results is affected by full-year impact from organizational investments made in 2023 and continued investments planned for 2024.

Cash flow

At the beginning of the year, the Group had cash of DKK 67 million and DKK 128 million at the end of the year. Net cash inflow for the period of DKK 59 million comes from positive net cash inflow from operating activities of DKK 289 million and net cash outflows to financing activities of DKK 36 million and in investing activities of DKK 194 million.

Risks

Uncertainties remains in the Group's operating markets, mainly regarding inflationary and interest rate pressures. Furthermore, geopolitical instabilities may potentially influence consumer behavior and purchasing power in the Group's operating markets. 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.

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.

Management's Review

Financing and capital management

The Group is dependent on loan financing to maintain the current capital structure. Loan agreements until December 2027 are in place to secure the Group's liquidity needs. Following the capital increase and refinancing completed in December 2023 Management's deems the Group's capital resources adequate to cover future obligations as they arise. The Group complies with financial covenants as set forth in loan agreements. The Group's leverage ratio (net debt/EBITDA) was 1.0x as of December 31, 2023.

For further information, reference is made to Note 19 to the financial statements.

Management's Review

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

The Group Business Model

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 third-party suppliers.

At the end of 2023, the Group had 363 stores (incl. franchise stores) across 19 countries across Europe, North America, Middle East and Asia-Pacific.

Key Activities

JOE & THE JUICE's primary activities are the operation of retail F&B stores. This review covers both the Parent Company and all its subsidiaries ('the Group').

Risk Management

JOE & THE JUICE recognizes the risks associated with the CSR/ESG matters such as human rights violation, environment and climate damage, breaches of business ethics, bribery and fraud, social and employee relations, Health and Safety risks and has developed and adopted policies and procedures to address these. The Group also has a Risk and Reputation Committee consisting of selected members of the Group Board of Directors which meets on a quarterly basis. In 2024, JOE & THE JUICE will be undertaking a full review of all risks and associated mitigations.

CSR Policy

JOE & THE JUICE is committed to economic, legal, ethical, environmental and social responsibility when conducting the business. We strive to operate efficiently, act responsibly, and exceed compliance requirements and industry standards, while keeping our focus on people and the impact we have on our workforce, customers, community, environment and society as a whole.

JOE & THE JUICE adheres to high standards of integrity and responsible corporate governance practices through a business conduct based on accountability, fairness, transparency and responsibility. Group policies and systems, such as Whistleblower and Code of Conduct, help us maintain high standards and best practices.

We are a signatory to the United Nations Global Compact which further signifies our commitment and dedication to responsible business practices. We believe that human rights, responsible labor, health & safety, anti-bribery and socially and environmentally responsible business conduct are critical CSR (Corporate Social Responsibility) Requirements for a Group's continuous development into more sustainable, modern and competitive business.

Environment and Climate

Policy

Through the development and delivery of sustainability, JOE & THE JUICE is focused on reducing any negative impact that our business may have on the environment.

Due to its business activities JOE & THE JUICE is exposed to climate and environmental risks, that are frequently associated with the Food & Beverage industry. With its global presence JOE & THE JUICE is subject to risks, such as potential supply chain disruptions, increased energy costs, market demands and changing consumer preferences, as well as existing and emerging environmental regulations and regulatory compliance, which may have a material adverse impact on the Group's operations.

Through our CSR-policy for business partners, we extend our expectations for responsible business conduct to our business partners and require them to operate in a sustainable and environmentally responsible manner, and work towards reducing the environmental impact of their operations.

Management's Review

Actions and Results

JOE & THE JUICE has commenced the implementation of its Environmental Policy and works systematically towards enhancing environmental awareness amongst its employees through sustainability awareness campaigns and workshops. JOE & THE JUICE further promotes sustainability to its customers through vegan products and option and sustainable packaging.

In 2023, the Group procured a new carbon accounting system, which helps us measure, analyze and better understand our footprint across our operations, supply chain and value chain. Calculating our carbon footprint in alignment with the Greenhouse Gas Protocol enables us to create a strong foundation and establish a baseline for setting science-based reduction targets for the years ahead.

In addition to capturing our corporate carbon footprint, JOE & THE JUICE also monitors and is aware of its energy consumption, food waste, general waste and the corresponding CO₂ emissions stemming from these activities separately and collectively. By tracking these metrics, we can identify areas for improvement, implement more efficient practices, and ultimately reduce our negative impact on the environment.

Furthermore, in 2023, the Group performed several energy audits across different markets to ensure that opportunities for energy savings are identified and utilized. The Group will seek to implement the identified energy saving measures in 2024.

JOE & THE JUICE has successfully transitioned from plastic to bagasse coffee cup lids, achieving an implementation rate of 75%. The Group has set the target of transitioning fully to only using biodegradable bagasse coffee lids in the upcoming years.

Plans

The Group recognizes the growing importance of ESG reporting and during 2024 we intend to invest and procure a market leading solution for ESG data management. Further on, we aim to establish a CSRD compliant reporting framework, based on the double-materiality concept, which would allow us to update our current non-financial KPIs in accordance with CSRD, and report accordingly in the upcoming years. The Group intends to continue its commitment and support the United Nations Global Compact through its annual Communication on Progress reports.

Anti-corruption and Bribery

Policies

JOE & THE JUICE operates a zero-tolerance approach to bribery and corruption. The employee Code of Conduct and the CSR Policy for Business Partners contain sections on all related standards of conduct in relation to these areas. We recognize the risk of bribery or corruption or other unethical conduct in violation of our standards by both internal and external parties. The JOE & THE JUICE CSR Policy for Business Partners requires third parties 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.

All new employees are required to read and confirm they understand the Code of Conduct prior to employment and JOE & THE JUICE monitors for breach of these standards and undertakes disciplinary actions should issues arise.

Actions

In 2023, JOE & THE JUICE completed adoption of the OneTrust platform which includes a Third-Party Risk Management module which will be utilized for the completion of risk assessment and due diligence of third parties.

JOE & THE JUICE enhanced its in-house knowledge through the appointment of a new Head of Risk, Compliance, & Safety who has a background in anti-corruption and anti-bribery including third party risk assessment and due diligence, investigations, and audit.

JOE & THE JUICE commenced classifying its third-party suppliers by risk, taking into account factors such as spend, location, and nature of services, and this work will be concluded in 2024.

Management's Review

Results

Staff and suppliers continue to be aware of Code of Conduct expectations. Third party risk assessment and subsequent due diligence has begun and will be further enhanced in 2024.

Plans

JOE & THE JUICE will enhance its risk assessment and due diligence process in 2024 which will include the utilization of the OneTrust platform and will provide enhanced training to all staff involved with contracting and management of third parties.

Social, Staff Matters and Impact on Human Rights

Policy

JOE & THE JUICE maintains policies addressing health and safety, and IT safety including Code of Conduct, Data Ethics, CSR for business partners, and IT security. Our Code of Conduct includes sections on equal opportunities, freedom of association and collective bargaining, and anti-modern slavery.

JOE & THE JUICE is committed to equal employment opportunities for all applicants and employees. All employment decisions are based on merit and business needs, without regard to:

- race, ethnicity, color, national origin, citizenship status,
- age, marital status,
- sex, sexual orientation, gender identity, gender reassignment or gender expression
- medical condition, pregnancy or maternity, physical or mental disability,
- religion, belief, ancestry, veteran status, or any other factor protected by applicable law.

JOE & THE JUICE also has policies relating to human rights and modern slavery. These are contained in the employee Code of Conduct and the CSR policy for third parties. These policies expressly prohibit use of child labor in any form of work, prohibit the use of any forced or compulsory labor, prohibit bribery in any form.

As part of our commitment to United Nations Guiding Principles on Business and Human Rights, we work hard to achieve work life balance and adequate working conditions for each and every one of our employees through focus on working environment and employees' needs.

Activities and results

In 2023, JOE & THE JUICE invested substantial resources in the development of employee engagement and retention including assessment of working conditions. This assessment was done through quarterly surveys on employee satisfaction via the PeakOn portal.

All office-based staff received training on GDPR/CCPA in 2023.

JOE & THE JUICE introduced a leadership program aimed at improving working conditions for juicers, engagement, and job satisfaction. 84 staff were trained in 2023. We also launched our Employee Talent Program in collaboration with the Copenhagen Business Academy.

In the UK, we introduced a service for employees where they can independently access free services such as counselling.

In 2023, we have not had any significant development to disclose regarding human rights.

Management's Review

Plans

JOE & THE JUICE will continue to enhance its efforts in relation to human rights in 2024.

JOE & THE JUICE will expand its efforts in relation to workplace safety with the introduction of revised bar and food safety policies and procedures. The People and Development department has initiated a working committee for office health and safety which includes representatives from head office staff.

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

Gender distribution

The Management and the Board of Directors aim to follow the recommendations of the Danish Business Authority concerning underrepresented gender.

In 2023, the gender composition of the Board of Directors changed, and the percentage of women decreased from 25% in 2022 to 17% in the end of 2023. That means that only one out of the six Board of Directors is female. A new target was set in 2023, that by 2028 a minimum of 29% of the Board of Directors are of the under-represented gender.

Top Management Body:	2023	2028 target
Total number	6	7
Percentage of the underrepresented gender	17%	29%
Other Management Levels:		
Total number	22	29
Percentage of the underrepresented gender	5%	24%

The Group recognizes the importance of attracting, developing, and retaining the right talent of all genders, nationalities, and races, who are all chosen without bias or prejudice.

In 2023, JOE & THE JUICE continued focusing on attracting and hiring employees of all genders equally to increasing employee diversity. The gender composition of the entire workforce in 2023 remained similar to 2022, with a slight increase of the percentage of female employees from 53% in 2022 to 55% female employees and 45% male employees in 2023.

The percentage of women in managerial roles in 2023 was 5%. The Group has set the target to reach 24% of the under-represented gender in managerial roles by 2028.

In 2024, the Group will continue focusing on attracting and hiring employees of all genders with a focus on increasing the underrepresented gender percentage to 50% over time. The Group will be particularly focusing on increasing the percentage of women in managerial roles over the course of the upcoming years.

In 2024, 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.

Management's Review

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

Data Privacy

Policies

We approach the data with a view on data ethics principles of compliance and privacy, trust, fairness, respect, transparency, and accountability. JOE & THE JUICE 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

All headquarter staffs globally received training on data privacy in 2023 and we have seen an increased engagement in this area from the business and development of a 'privacy by design'.

Plans

In 2024, the Group will continue with training and awareness programs and implement enhancements to its data privacy procedures and systems.

Subsequent events

The Group has determined that there are no material events which occurred after the reporting date but before the consolidated financial statements are authorized for issue.

JOE & THE JUICE HOLDING A/S
Consolidated Statements of Loss
for the years ended December 31, 2023 and 2022

In thousands DKK	Notes	2023	2022
Revenue	4	2,424,303	1,709,637
Raw materials and consumables used		(483,238)	(355,070)
Staff expenses.....	5,6	(794,222)	(598,120)
Other external expenses		(649,256)	(505,296)
Other operating income	7	–	25,723
Depreciation, amortization, and impairment	11,12,13	(319,474)	(324,012)
Operating profit (loss).....		178,113	(47,138)
Financial income	8	–	26,725
Financial expenses.....	8	(279,048)	(238,989)
Loss before tax.....		(100,935)	(259,402)
Tax on loss for the year	9	(6,905)	(689)
Loss for the year		(107,840)	(260,091)
Profit attributable to non-controlling interests.....		433	581
Loss attributable to the Group.....		(108,273)	(260,672)

See accompanying Notes to Consolidated Financial Statements.

JOE & THE JUICE HOLDING A/S
Consolidated Statements of Comprehensive Loss
for the years ended December 31, 2023 and 2022

In thousands DKK	Notes	2023	2022
Loss for the year		(107,840)	(260,091)
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		13,907	(13,480)
Gain on hedging instruments related to discontinued cash flow hedges, reclassified to financial expenses.....	8,22	-	3,104
Other comprehensive loss, net of tax		13,907	(10,376)
Comprehensive loss		(93,933)	(270,467)
Comprehensive profit attributable to non-controlling interests.....		420	573
Comprehensive loss attributable to the Group		(94,353)	(271,040)

See accompanying Notes to Consolidated Financial Statements.

JOE & THE JUICE HOLDING A/S
Consolidated Balance Sheet
as of December 31, 2023 and 2022

In thousands DKK	Notes	2023	2022
Assets			
Non-current assets			
Goodwill	11	181,235	181,235
Other intangible assets	11	27,172	32,776
Property, plant and equipment	12	385,470	333,985
Right-of-use assets	13	1,248,754	1,357,301
Deferred tax assets	14	30,756	17,931
Rent deposits		9,734	8,860
Total non-current assets		1,883,121	1,932,088
Current assets			
Inventories	10	24,677	16,812
Trade receivables	17,20	47,470	29,548
Prepayments		37,908	26,769
Other receivables	20	32,029	41,357
Cash		127,971	67,364
Total current assets		270,055	181,850
Total assets		2,153,176	2,113,938
Equity			
Share capital	18	86,591	64,557
Total reserves		(21,653)	(22,237)
Accumulated deficit		(205,961)	(1,087,558)
JOE & THE JUICE shareholders' share of equity		(141,023)	(1,045,238)
Non-controlling interests		319	126
Total equity		(140,704)	(1,045,112)
Liabilities			
Non-current liabilities			
Provisions	15	71,427	62,769
Lease liabilities	13,20	1,239,135	1,375,790
Borrowings	16,20	332,010	-
Subordinated loan	16,20	-	131,390
Trade and other payables		2,383	2,383
Deferred revenue	17	84,308	48,670
Total non-current liabilities		1,729,263	1,621,002
Current liabilities			
Provisions	15	14,726	9,479
Lease liabilities	13,20	198,415	163,019
Borrowings	16	-	1,005,482
Tax liabilities		12,773	7,890
Trade payables	20	187,861	226,374
Other payables		130,198	100,318
Deferred revenue	17	20,644	25,486
Total current liabilities		564,617	1,538,048
Total liabilities		2,293,880	3,159,050
Total liabilities and equity		2,153,176	2,113,938

JOE & THE JUICE HOLDING A/S
Consolidated Statements of Changes in Equity
for the years ended December 31, 2023 and 2022

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, 2022.....	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 December 31, 2022.....	64,557	(4)	(35,757)	(958)	14,482	(22,237)	(1,087,558)	(1,045,238)	126	(1,045,112)
Loss for the year.....	-	-	-	-	-	-	(108,273)	(108,273)	433	(107,840)
Other comprehensive loss.....	-	-	13,920	958	-	14,878	(958)	13,920	(13)	13,907
Total comprehensive loss for the year.....	-	-	13,920	958	-	14,878	(109,231)	(94,353)	420	(93,933)
Dividends distributed.....	-	-	-	-	-	-	-	-	(227)	(227)
Share-based payments.....	-	-	-	-	(14,294)	(14,294)	-	(14,294)	-	(14,294)
Capital increase.....	22,034	-	-	-	-	-	993,197	1,015,231	-	1,015,231
Costs related to capital increase.....	-	-	-	-	-	-	(2,369)	(2,369)	-	(2,369)
Equity at December 31, 2023.....	86,591	(4)	(21,837)	-	188	(21,653)	(205,961)	(141,023)	319	(140,704)

* 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, 2023 and 2022

In thousands DKK	Notes	2023	2022
Cash flows from (used in) operating activities			
Operating profit (loss) for the year		178,113	(47,138)
Adjustments for non-cash items:			
Depreciation, amortization and impairment	11,12,13	319,474	324,012
Share-based payments	5	(14,294)	300
Loss from disposal of property, plant and equipment ...		3,057	–
Changes in working capital		20,774	80,615
Changes in provisions		4,727	7,244
Interest received		–	1,758
Interest paid on leasing contracts		(96,873)	(98,327)
Other financial expenses paid		(114,016)	(88,493)
Income taxes paid	9	(12,084)	(1,618)
Net cash flows from operating activities		<u>288,878</u>	<u>178,353</u>
Cash flows from (used in) investing activities			
Purchase of intangible assets	11	(7,475)	(11,350)
Purchase of property, plant and equipment*	12	(185,885)	(149,689)
Payment of rent deposit		(874)	(1,344)
Net cash flows used in investing activities		<u>(194,234)</u>	<u>(162,383)</u>
Cash flows from (used in) financing activities			
Proceeds from issues of shares	18	1,015,231	–
Proceeds from loans, net of transaction costs	16	332,010	–
Repayment of loans	16	(1,183,578)	–
Payment of lease liabilities	16	(196,591)	(201,787)
Repayments of other financial liabilities		–	(4,658)
Payment of costs attributable to issuance of shares		(2,369)	–
Dividends paid		(227)	(720)
Net cash flows used in financing activities		<u>(35,524)</u>	<u>(207,165)</u>
Net increase (decrease) in cash		59,120	(191,195)
Cash as of January 01		67,364	258,247
Exchange rate translation on cash		1,487	312
Cash as of December 31		<u>127,971</u>	<u>67,364</u>

* both years include assets which were in use in prior years but paid during 2022 and 2023
See accompanying Notes to Consolidated Financial Statements.

JOE & THE JUICE HOLDING A/S
Notes to Consolidated Financial Statements

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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 (the Parent Company) 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 2023, the Group had 363 stores (including franchise stores) across 19 countries across Europe, North America, Middle East and Asia-Pacific.

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 April 25, 2024.

Note 2 Summary of significant accounting policies

Basis of preparation

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

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.

Certain immaterial reclassifications in the comparative figures have been performed when preparing the consolidated financial statements of the Group for 2023.

The Group realized a loss in 2023 and the total equity was negative as at December 31, 2023. The Board of Directors have, at the time of approving the consolidated financial statements, following the capital increase and the subsequent refinancing in December 2023, assessed that the Group has adequate liquidity and financial resources to continue its operations in the foreseeable future. Based on this assessment, the consolidated financial statements are presented under the going concern assumption.

New standards, interpretation and amendments adopted by the Group

On January 01, 2023, 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 January 01 – December 31, 2023, which consist of the following:

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

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, 2024 or later, including:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Noncurrent Liabilities with Covenants (applicable for annual periods beginning on or after January 01, 2024 or later)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after January 01, 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after January 01, 2024, but not yet adopted in the EU).
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after January 01, 2025, but not yet adopted in the EU).

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

Note 2 Summary of significant accounting policies

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.

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.

Intercompany transactions, balances and unrealized gains or losses 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-

Note 2 Summary of significant accounting policies

controlling interest and the consideration paid or received is recognized directly in retained earnings attributable to owners of JOE & JUICE HOLDING A/S.

Revenue recognition

Retail revenue

The Group's retail 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.

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.

Retail revenue consists of revenue from sales in stores, revenue from JOE App orders, and revenue from sales through delivery services providers.

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 is considered distinct, is recognized along with provision of the service.

Incremental costs of obtaining a franchise contract are recognized as an asset only if the Group expects to recover those costs, either directly or indirectly. Costs incurred to fulfil a franchise contract is recognized as an asset if the costs relate directly to the franchise contract, the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered. These costs are amortized over the franchise period.

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 in the statement of loss when the inventory is sold whereas distribution/freight costs are expensed as incurred.

Note 2 Summary of significant accounting policies

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.

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 of government grants.

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.

Note 2 Summary of significant accounting policies

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 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.

Note 2 Summary of significant accounting policies

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.

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.

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.

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

Note 2 Summary of significant accounting policies

- 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.

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 using a provision matrix in estimating the expected credit losses which uses historical loss rates adjusted for forward-looking information.

Note 2 Summary of significant accounting policies

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. Incremental transaction costs that are directly attributable to the acquisition or issue of financial liabilities are included in the initial measurement of the financial liabilities other than those at fair value through profit or loss.

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.

Note 2 Summary of significant accounting policies

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.

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 techniques 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.

Note 2 Summary of significant accounting policies

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.

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 in a subsequent year 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.

Note 3 Significant accounting estimates and judgements

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 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:

2023

In thousands DKK

	Retail			Franchise	Total
	Revenue from sales in stores	Revenue from JOE App orders	Revenue from sales through delivery services providers	Revenue from franchise arrangements	
Europe	868,064	124,640	131,078	–	1,123,782
United Kingdom	437,498	64,215	157,665	–	659,378
United States	384,331	76,832	144,323	–	605,486
Other	2,554	589	146	32,368	35,657
Total	<u>1,692,447</u>	<u>266,276</u>	<u>433,212</u>	<u>32,368</u>	<u>2,424,303</u>

2022

In thousands DKK

	Retail			Franchise	Total
	Revenue from sales in stores	Revenue from JOE App orders	Revenue from sales through delivery services providers	Revenue from franchise arrangements	
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	<u>1,278,520</u>	<u>170,025</u>	<u>251,148</u>	<u>9,944</u>	<u>1,709,637</u>

Note 5 Staff expenses

The Group's staff expenses are as follows:

In thousands DKK	2023	2022
Wages and salaries	(794,942)	(584,513)
Defined contribution plans	(7,134)	(6,884)
Share based payment.....	14,294	(300)
Other social security costs.....	(5,467)	(2,393)
Other staff costs	(973)	(4,030)
Staff expenses total.....	<u>(794,222)</u>	<u>(598,120)</u>
Average number of full-time equivalent employees	<u>2,374</u>	<u>1,829</u>

Key Management Compensation

Key Management consists of the Chief Executive Officer, Chief Financial Officer, Chief Growth Officer, Chief Commercial Officer, and Chief Technology Officer.

The compensation paid or payable to Key Management and the Board of Directors is shown below:

2023	Key Management	Board of Directors	Total
In thousands DKK			
Wages and salaries	(21,589)	–	(21,589)
Share-based payment.....	(10)	9,906	9,896
Board compensation.....	–	(7,075)	(7,075)
Total.....	<u>(21,599)</u>	<u>2,831</u>	<u>(18,768)</u>
2022	Key Management	Board of Directors	Total
In thousands DKK			
Wages and salaries	(6,999)	–	(6,999)
Share-based payment.....	(45)	(36)	(81)
Board compensation.....	–	(2,300)	(2,300)
Total.....	<u>(7,044)</u>	<u>(2,336)</u>	<u>(9,380)</u>

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

Note 6 Share-based payments

A number of key employees and members of Management have been granted warrants to acquire shares in the Parent, described as the “2016 warrant program”, “2020 warrant program”, and “2023 warrant program” below. The warrants are exercisable only upon continued employment, varying minimum enterprise value as applicable to each warrant program, and upon an 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. Warrants lapse upon ceasing of employment subject to certain leaver provisions. Employees deemed “good leavers” are employees who are terminated without cause, who die or who terminate employment due to serious illness. “Good leavers” retain a right to cash compensation subject to varying limited periods. All other employees are deemed “bad leavers”.

The Group measured the fair value of services received from parties other than employees by reference to the fair value of the equity instruments granted at grant date, being the most appropriate date for purposes of providing a surrogate measure of the value of the unidentifiable services received by the Group.

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 at the time. 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 will expire on 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 JTJ B.V. 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 7.6 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.

During 2023, the warrant program ceased, resulting in a reversal of the cumulative expense recognized to date of DKK 14.1 million for the year ended December 31, 2023. Participants are deemed “good leavers” in accordance with the program, thus, the value of the program for “good leavers” has instead been expensed.

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 warrants have no expiry date. The expected term has been originally assessed at 1.9 years based on expected timing of an Exit Event through an IPO and subsequently changed to 3.8 years. 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 was assessed at DKK 0.6 million.

During 2023, the expected term was reassessed from 3.8 years to 4.8 years, resulting in a cumulative catch-up adjustment of approximately DKK 0.1 million (2022: DKK 0.2 million). The net income relating to these warrants was DKK 0.2 million for the year ended December 31, 2023 (2022: DKK 0.2 million).

Note 6 Share-based payments

2023 warrant program

In June 2023, a warrant program comprising 109,466,970 warrants was offered to a number of key employees. 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 warrants will expire on December 31, 2025.

The grant date fair value of the warrants was estimated using the Black-Scholes-Merton option pricing model. The key assumptions used include the current value of the underlying shares, exercise price, performance hurdle, term of the option, risk-free interest rate and expected volatility of the share. The risk-free interest rate was based on the yield curve for Danish government bonds. The expected volatility was based on observable historical volatility of peer companies which are deemed to be as closely comparable to the Group as possible, adjusted for differences in size, capital structure, and other risk factors, including the effect of COVID-19 pandemic and 2022 market uncertainties induced by high inflation rates and Ukraine conflict. The expected term has been assessed at 2 years. The grant date fair value was assessed at DKK 0.9 million. The net expense relating to these warrants was below DKK 0.1 million for the year ended December 31, 2023.

Movements in the outstanding warrants are shown below:

In thousands	Key Management	Other key employees	Board of Directors	Total
Outstanding on January 01, 2022	2,621	71,155	18,854	92,630
Forfeited	–	(5,393)	–	(5,393)
Transfers.....	10,368	(10,368)	–	–
Outstanding on December 31, 2022	<u>12,989</u>	<u>55,394</u>	<u>18,854</u>	<u>87,237</u>
Granted.....	14,930	68,398	26,139	109,467
Forfeited	(12,909)	(89,552)	(33,430)	(135,891)
Transfer	860	(860)	–	–
Outstanding on December 31, 2023	<u>15,870</u>	<u>33,380</u>	<u>11,563</u>	<u>60,813</u>

None of the warrants were exercisable as of December 31, 2023 and 2022.

All outstanding warrants have a weighted exercise price of DKK 0.01 per warrant.

Contents of the notes to the consolidated financial statements

Note 7 Other operating income

The Group's other operating income is as follows:

In thousands DKK	<u>2023</u>	<u>2022</u>
Government grants:		
Fixed cost and salary compensation	—	<u>25,723</u>
Total other operating income	<u>—</u>	<u>25,723</u>

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

Note 8 Financial income and expenses

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

In thousands DKK	<u>2023</u>	<u>2022</u>
Financial income:		
Interest income determined on an amortized cost basis	–	1,758
Foreign exchange rate gains, net	–	12,167
Fair value gain on interest rate derivatives	–	12,800
Total financial income	<u>–</u>	<u>26,725</u>
Financial expenses:		
Interest expense on borrowings and subordinated loan determined on an amortized costs basis	(142,677)	(107,379)
Interest expense on lease liabilities	(96,498)	(98,327)
Cost of loan modification and other charges	(17,205)	(22,849)
Foreign exchange rate loss, net	(13,094)	–
Fair value loss on interest rate derivatives	(3,331)	–
Other financial expenses	(6,243)	(7,330)
Recycling of fair value changes related to discontinued interest rate hedges.....	–	(3,104)
Total financial expenses	<u>(279,048)</u>	<u>(238,989)</u>

Contents of the notes to the consolidated financial statements

Note 9 Income tax expense

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

In thousands DKK	<u>2023</u>	<u>2022</u>
Current tax		
Current tax on profits for the year	13,958	3,613
Adjustments for current tax of prior periods	<u>5,558</u>	<u>975</u>
Total current tax expense	<u>19,516</u>	<u>4,588</u>
Deferred tax		
Change in deferred tax for the year	(12,611)	(3,899)
Adjustment of deferred tax concerning previous years	–	–
Total deferred tax expense (benefit)	<u>(12,611)</u>	<u>(3,899)</u>
Income tax expense (benefit)	<u>6,905</u>	<u>689</u>
Reconciliation of effective tax rate		
Calculated 22% (statutory Danish tax rate) tax on loss for the period		
before income tax.....	(22,206)	(57,069)
Adjusted for tax rate in foreign group entities compared with 22% rate.....	602	402
Tax effects of:		
Change in deferred tax assets not recognized.....	13,032	46,611
Non-deductible expenses.....	42,158	21,352
Tax asset valuation adjustment.....	(12,396)	(2,208)
Utilized tax loss carry forward not previously recognized.....	(19,568)	(9,374)
Adjustments for current tax of prior periods	5,558	975
Other temporary differences.....	<u>(275)</u>	–
Income tax expense (benefit) for the year	<u>6,905</u>	<u>689</u>

Non-deductible expenses include non-deductible advisory costs and interest expenses due to interest ceiling.

Note 10 Inventories

Details of the Group's inventories are as follows:

In thousands DKK	<u>2023</u>	<u>2022</u>
Raw materials	15,779	11,545
Finished goods	<u>8,898</u>	<u>5,267</u>
Total inventory	<u>24,677</u>	<u>16,812</u>

The cost of inventories recognized as an expense on continuing operations during the period was 483,238 TDKK in 2023 and 355,070 TDKK in 2022.

There is no allowance for inventory obsolescence provided in 2023 and 2022 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 is no write-down in 2023.

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, 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
Cost:				
At January 01, 2023.....	181,235	10,335	53,238	244,808
Additions	–	6,925	550	7,475
Disposals	–	–	–	–
At December 31, 2023.....	181,235	17,260	53,788	252,283
Accumulated amortization and impairment:				
At January 01, 2023.....	–	–	30,798	30,798
Amortization charge for the year.....	–	–	13,078	13,078
Impairment	–	–	–	–
At December 31, 2023.....	–	–	43,876	43,876
Carrying amount December 31, 2023	181,235	17,260	9,912	208,407

There were no disposals nor impairment during 2023 and 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, 2023 and 2022. No impairment has been recognized in 2023 and 2022.

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 budget and business forecast approved by Management for the year 2024 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 2023 forecasted periods are within an interval of 6.4% to 8.7% (2022: 6.4% to 15.3%). Following lifting of the COVID-19 restrictions in the beginning of 2022, earnings gradually returned to the pre-COVID-19 level.

The discount rate applied is 9.8% (2022: 9.8%), corresponding to a pre-tax rate of 12.6% (2022:12.6%). The applied growth rate that was assessed in 2023 for the terminal period is 2.5% (2022: 2.5%) per annum. The terminal growth rate correlates with the general long-term expected growth rate as the market in which the Group's Danish operation serves 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, 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 December 31, 2022.....	460,083	432,108	1,123	893,314
Accumulated depreciation and impairment:				
At January 01, 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 December 31, 2022.....	190,763	368,566	–	559,329
Carrying amount December 31, 2022.....	269,320	63,543	1,123	333,985
Cost:				
At January 01, 2023.....	460,083	432,108	1,123	893,314
Additions.....	83,105	60,089	–	143,194
Transfers.....	–	1,123	(1,123)	–
Disposals.....	(16,706)	(11,727)	–	(28,433)
Exchange differences.....	(3,714)	(2,843)	–	(6,557)
At December 31, 2023.....	522,768	478,750	–	1,001,518
Accumulated depreciation and impairment:				
At January 01, 2023.....	190,763	368,566	–	559,329
Depreciation charge for the year.....	46,064	41,909	–	87,973
Impairment.....	–	–	–	–
Accumulated impairment and depreciation on assets sold.....	(13,677)	(11,663)	–	(25,340)
Transfers.....	–	–	–	–
Exchange differences.....	(2,704)	(3,210)	–	(5,914)
At December 31, 2023.....	220,446	395,602	–	616,048
Carrying amount December 31, 2023.....	302,322	83,148	–	385,470

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	<u>2023</u>	<u>2022</u>
Amounts recognized in the consolidated balance sheet:		
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets		
Properties.....	1,248,703	1,356,879
Others	51	422
	<u>1,248,754</u>	<u>1,357,301</u>
Additions to the right-of-use assets	90,071	139,384
Lease liabilities		
Current.....	198,415	163,019
Non-current	1,239,135	1,375,790
	<u>1,437,550</u>	<u>1,538,809</u>
Amounts recognized in the consolidated statements of loss:		
The statements of loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets		
Properties.....	218,050	227,753
Others	372	3,520
	<u>218,422</u>	<u>231,273</u>
Interest expense on lease liabilities	96,873	98,327
Expense relating to short-term leases	–	564
Expense relating to variable lease payments not included in lease liabilities.....	78,410	48,859
Total cash outflow related to leases.....	<u>175,283</u>	<u>147,750</u>

Key money amounted to 22,335 TDKK (2022: 27,318 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	<u>2023</u>	<u>2022</u>
Denmark.....	331,564	357,453
United States	403,075	459,374
United Kingdom	300,670	304,666
Others	213,445	235,808
	<u>1,248,754</u>	<u>1,357,301</u>

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

Note 13 Leases

and unexpected events, the Group has assessed that it is reasonably certain that the 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%-11.0% (2022:5.5%-9.0%) where discount rates of 8.0%-11.0% (2022: 5.5%-9.0%) for lease additions during the year have been used.

The Group has committed itself to lease agreements of an amount of DKK 6.4 million (2022: DKK 9.8 million) to leases not yet commenced as of December 31, 2023.

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	2023	2022
Deferred tax asset at the beginning of period	17,931	14,032
Change in deferred tax for the year	12,611	3,899
Exchange adjustment.....	214	–
Deferred tax asset as at December 31	<u>30,756</u>	<u>17,931</u>
Deferred tax relates to:		
Intangible assets	(6,090)	(7,211)
Property, plant and equipment.....	(14,114)	15,523
Right-of-use assets	(246,199)	(272,041)
Lease liabilities.....	290,044	314,188
Prepayments, provisions, and deferred revenues.....	54,096	34,334
Tax losses carried forward.....	218,860	229,666
Total deferred tax	<u>296,597</u>	<u>314,459</u>
Deferred tax asset not recognized in the balance sheet.....	<u>265,841</u>	<u>296,528</u>
Amount presented as deferred tax assets	30,756	17,931
Amount presented as deferred tax liabilities	–	–
Deferred tax as at December 31	<u>30,756</u>	<u>17,931</u>

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 2023, 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 amounts to DKK 190 million (2022: 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, 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	<u>55,058</u>	<u>17,190</u>	<u>72,248</u>
As at January 01, 2023	55,058	17,190	72,248
Additional provisions recognized	20,507	8,857	29,364
Amounts used during the year	(1,329)	(8,029)	(9,358)
Effect of discounting	(6,101)	–	(6,101)
As at December 31, 2023	<u>68,135</u>	<u>18,018</u>	<u>86,153</u>

The Group's provisions are presented as follows in the balance sheet:

In thousands DKK	Refurbishment obligation	Other provisions	Total
As at December 31, 2022:			
Non-current liabilities	55,058	7,711	62,769
Current liabilities	–	9,479	9,479
Total	<u>55,058</u>	<u>17,190</u>	<u>72,248</u>
As at December 31, 2023:			
Non-current liabilities	68,135	3,292	71,427
Current liabilities	–	14,726	14,726
Total	<u>68,135</u>	<u>18,018</u>	<u>86,153</u>

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, 2023:

Facility	Outstanding amount (TDKK)	Interest	Expiry
Bank loans:			
Term loan (DKK)	322,257	Floating based on CIBOR plus variable margin	December 21, 2027
Term loan (USD).....	27,045	Term SOFR plus variable margin	December 21, 2027
Revolving credit facility	–	Floating based on CIBOR plus variable margin	December 21, 2027

On December 21, 2023, upon General Atlantic JTJ B.V. becoming the majority shareholder of the Group, all term loans, including the term loan facility guaranteed by Vækstfonden, CAPEX facilities, and other ancillary facilities, that are owed to the Bank Syndicate with Skandinaviska Enskilda Banken AB (publ) as lead arranger and subordinated loan owed to Vækstfonden were refinanced through a primary fund injection and the old loan agreements were terminated.

On the same date, a new Senior Facilities Agreement was entered into between the Group and Skandinaviska Enskilda Banken AB (publ) with a total commitment amount of MDKK 600 consisting of the following loan facilities:

- a. term loan facilities, denominated in DKK and USD, with total commitment amount of MDKK 350
- b. multicurrency revolving facility with total commitment amount of MDKK 250

In addition, the new agreement includes an available Accordion facility with a commitment amount of MDKK 150 which can be used, subject to certain conditions, either as a new additional commitment or facility, or as an additional tranche of any facility, or as an increase to existing term loan facilities.

As part of the repayment process of the old loan agreements and establishment of the new bank loan, the Group incurred loan repayment fees of 22 MDKK, and other legal, administrative, and other costs associated with the repayment and loan establishment, which are presented under financial expenses in Note 8.

Capitalized costs related to the new loan facilities amounted to 17.3 MDKK (2022: 14.4 MDKK) and are amortized over the term of the loans. These include the bank facility fee of 16.5 MDKK and other direct transaction costs.

The bank loans are subject to certain loan covenants as further described in Note 19.

Note 16 Borrowings

As of December 31, 2022:

Facility	Outstanding amount (TDKK)	Interest	Expiry
Syndicated bank loans:			
Term loans.....	622,587	Floating based on CIBOR plus variable margin	Repaid on December 21, 2023
CAPEX facility A loan.....	259,411	Floating based on CIBOR plus variable margin	Repaid on December 21, 2023
CAPEX facility B loan.....	103,764	Floating based on CIBOR plus variable margin	Repaid on December 21, 2023
Revolving credit facility.....	11,293	Floating based on CIBOR plus variable margin	Repaid on December 21, 2023
Subordinated loan:			
Subordinated loan.....	131,390	Floating based on CIBOR plus variable margin	Repaid on December 21, 2023

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 was extended from July 31, 2023 to July 31, 2024.

As at December 31, 2022 the term loans consisted of the original term loan facility and a subsequent term loan facility guaranteed by the subordination provider. The term loan facilities would be repaid in full on its termination date. A margin was added to the interest payment depending on the Group's leverage ratios. The Subordinated Loan was subordinated to the Syndicated Bank Loans, but not to other creditors. The lenders could require repayment of all loans upon a change in control.

The unutilized revolving facility amounted to 162 MDKK as of December 31, 2022.

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, 2023	Cash flows	Non-cash changes			December 31, 2023
			New loans / leases*	Changes in foreign exchange rates	Other changes**	
Borrowings.....	1,005,482	(701,108)	–	–	27,636	332,010
Lease liabilities.....	1,538,809	(196,591)	108,931	(10,382)	(3,217)	1,437,550
Subordinated loan.....	131,390	(150,460)	–	–	19,070	–
Total liabilities from financing activities.....	2,675,681	(1,048,159)	108,931	(10,382)	43,489	1,769,560

* New leases include remeasurements.

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

Contents of the notes to the consolidated financial statements

Note 16 Borrowings

In thousands DKK	January 01, 2022	Cash flows	Non-cash changes			December 31, 2022
			New loans / leases*	Changes in foreign exchange rates	Other changes**	
Borrowings, non-current.....	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	<u>2,637,892</u>	<u>(201,787)</u>	<u>190,325</u>	<u>10,431</u>	<u>38,820</u>	<u>2,675,681</u>

* 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	2023	2022	As at January 01, 2022
Contract asset:			
Trade receivables.....	47,470	29,548	25,781
	<u>47,470</u>	<u>29,548</u>	<u>25,781</u>
Contract liability:			
Deferred revenue.....	104,952	74,156	36,209
	<u>104,952</u>	<u>74,156</u>	<u>36,209</u>

Trade receivables consists of credit card receivables and receivables from delivery services providers.

The Group's contract liabilities are presented as follows in the balance sheet:

In thousands DKK	Deferred revenue	Total
As at December 31, 2022:		
Non-current liabilities.....	48,670	48,670
Current liabilities.....	<u>25,486</u>	<u>25,486</u>
Total.....	<u>74,156</u>	<u>74,156</u>
As at December 31, 2023:		
Non-current liabilities.....	84,308	84,308
Current liabilities.....	<u>20,644</u>	<u>20,644</u>
Total.....	<u>104,952</u>	<u>104,952</u>

Deferred revenue consists of payments received in respect of unfulfilled performance obligations. As of December 31, 2023, deferred revenue consists of DKK 82.3 million (2022: DKK 54.3 million) related to deferred franchise fees, which will be recognized as revenue over the contractual term of 10 years, DKK 18.4 million (2022: DKK 16.5 million) related to prepaid loyalty cards, DKK 4.3 million (2022: DKK 3.4 million) related to gifts and rewards. DKK 18.6 million of deferred revenue at the beginning of the year was recognized as revenue during 2023 (2022: DKK 8.5 million).

Note 18 Share capital

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

	2023		2022	
	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
C-shares.....	2,203,330,842	22,034	–	–
Share capital (fully paid)	<u>8,659,064,543</u>	<u>86,591</u>	<u>6,455,733,701</u>	<u>64,557</u>

Changes in share capital during the year are shown below:

	A-shares		B-shares		C-shares	
	2023	2022	2023	2022	2023	2022
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
Changes in share capital						
Opening balance	2,011,244,066	2,011,244,066	4,444,489,635	4,444,489,635	–	–
Capital increase.....	–	–	–	–	2,203,330,842	–
Total.....	<u>2,011,244,066</u>	<u>2,011,244,066</u>	<u>4,444,489,635</u>	<u>4,444,489,635</u>	<u>2,203,330,842</u>	<u>–</u>

A-shares, B-shares, and C-shares have a nominal value of 0.01 (2022:0.01).

A-shares and B-shares 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 224.4 MDKK (2022: 222.2 MDKK) as at December 31, 2023. 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.

During 2023, the Group issued three classes of convertible C-shares totaling 2,203,330,842. These were issued as C1-shares totaling 1,516,896,691 shares, C2-shares totaling 505,632,230 shares and C3-shares totaling 180,801,921 shares. All C-shares carry equal voting rights as A-shares and B-shares. C1-shares are convertible into B-shares on a 1:1 basis while C2-shares and C3-shares are convertible into A-shares on a 1:1 basis. C1-shares are stapled to C2-shares on a ratio of 3:1 and are transferable and convertible as a unit while C3-shares are transferable and convertible separately. All C-shares have senior priority preference to all other shares of the Group, except among each C-share, on receiving preferential interest upon occurrence of an Exit Event or such other amount as would be payable upon conversion prior such Exit Event.

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
- Preference shares: nominal amount up to DKK 1,257,465

The shareholders have delegated authority to the Board of Directors up until September 14, 2025, to issue 2,919,975 warrants entitling the holders to subscribe for nominal 29,199.75 ordinary shares. There were no additional delegations of authority during 2023.

Treasury shares

As of December 31, 2023, the Group holds a total of 407,980 (2022: 407,980) shares comprising 391,490 (2022: 391,490) A-shares and 16,490 (2022:16,490) B-shares with a nominal value of DKK 0.01 corresponding to 0.01% of the total share capital. There were no changes in the treasury shares in 2023.

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

On December 21, 2023, all outstanding loans as disclosed in Note 16 were refinanced and a new senior facilities agreement was entered into between the Group and Skandinaviska Enskilda Banken AB (publ). The new senior facilities agreement included financial covenants relating only to leverage ratio (Net Senior Debt to Adjusted EBITDA) and interest coverage (Adjusted EBITDA to Finance Charges). The Group must report and meet these covenants on a quarterly basis, starting in Q3 2024.

Refer further to Note 16 – Borrowings.

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. Until July 30, 2023, the interest rate risk is 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 loss, as applicable, in the fair value of the interest rate swap. Refer to Note 22 for an overview of the outstanding interest rate swaps.

Upon entering into a new Senior Facilities Agreement as disclosed in Note 16, a new floating interest rate for the USD Term Loan was applied which is based on Term Secured Overnight Financing Rate (SOFR). The CIBOR and Term SOFR base rates on the new loans have a 0% floor. As of December 31, 2023, the applicable CIBOR and Term SOFR rates were positive (2022: positive).

A reasonably possible change in the three months CIBOR and Term SOFR rates would have the following impact in profit/loss before tax determined on an annual basis:

In thousands DKK	2023	2022
1% increase (2022: 1.0% increase)	3,493	7,477
0.25% decrease (2022: 0.25% decrease)	(873)	(1,682)

The amounts are determined based on the loans and swaps outstanding as at December 31, 2022 and loans outstanding as at December 31, 2023.

When assessing what is a reasonably possible change in interest rates, Management has considered the increased interest rate volatility throughout 2023 and increased/decreased the change from +1.0% to -0.25% (2022: +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):

In thousands DKK	Impact on post tax profit	
	2023	2022
DKK/GBP exchange rate - increase/decrease 10%	16,544 / (16,544)	19,657 / (19,657)
DKK/NOK exchange rate - Increase/decrease 10%	12,039 / (12,039)	16,153 / (16,153)
DKK/USD exchange rate - increase/decrease 10%	17,549 / (17,549)	16,281 / (16,281)
DKK/SEK exchange rate - increase/decrease 10%	278 / (278)	2,921 / (2,921)
SEK/USD exchange rate - increase/decrease 10%	8,548 / (8,548)	12,257 / (12,257)
NOK/USD exchange rate - increase/decrease 10%	3,339 / (3,339)	4,879 / (4,879)

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, 2023, amounts to 127,971 TDKK (2022:67,364 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					Total
Contractual maturities of financial liabilities	0-1 years	1-2 years	2-5 years	More than 5 years	contractual cash flows
At December 31, 2023:					
Trade payables	187,861	2,383	–	–	190,244
Borrowings	31,314	31,314	411,121	–	473,749
Lease liabilities	293,626	285,271	682,406	549,303	1,810,606
	<u>512,801</u>	<u>318,968</u>	<u>1,093,527</u>	<u>549,303</u>	<u>2,474,599</u>
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
Trade payables	<u>1,671,162</u>	<u>424,820</u>	<u>737,559</u>	<u>686,147</u>	<u>3,519,688</u>

Note 20 Financial risk management

The Group holds the following financial instruments:

In thousands DKK	<u>2023</u>	<u>2022</u>
Financial assets:		
Financial assets at amortized cost		
Trade receivables	47,470	29,548
Cash	127,971	67,364
Other receivables	<u>32,029</u>	<u>41,357</u>
	<u>207,470</u>	<u>138,269</u>
Financial liabilities:		
Liabilities at amortized cost		
Trade payables	187,861	226,374
Borrowings.....	332,010	1,005,482
Lease liabilities	1,437,550	1,538,809
Subordinated loan	–	131,390
	<u>1,957,421</u>	<u>2,902,055</u>
Liabilities (asset) at fair value through profit or loss		
Derivative financial instruments	–	(4,001)
	<u>–</u>	<u>(4,001)</u>

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).

In thousands DKK	Fair value as at		Fair value hierarchy	Valuation techniques	Significant unobservable input	Relationship of unobservable inputs to fair value
	December 31, 2023	December 31, 2022				
Derivative financial instruments:						
Interest rate swap	–	(4,001)	Level 2	Discounted cash flow (a)	Not applicable	Not applicable
	–	(4,001)				

- 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 2023 and 2022 and therefore no sensitivity of the fair value measurements is required.

There were no transfers to other levels during 2023 and 2022.

The total gains and losses for the year included fair value gains (loss) amounting to (3,331) TDKK and 12,800 TDKK in 2023 and 2022, respectively and loss relating to recycling of fair value changes related to discontinued interest rate hedges amounting to 958 TDKK and 3,104 TDKK in 2023 and 2022, 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:

In thousands DKK	2023		2022		Fair Value Hierarchy
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial Liabilities:					
Borrowings	332,010	332,010	1,005,482	1,005,482	Level 3
Subordinated loan	–	–	131,390	131,390	Level 3
Lease liabilities	1,437,550	1,437,550	1,538,809	1,538,809	Level 3
	1,769,560	1,769,560	2,675,681	2,675,681	

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. The carrying amount is a reasonable approximation of fair value due to the borrowings having floating interest rates. Fair value amounted to 332,010 TDKK as of December 31, 2023 (2022: 1,005,482 TDKK).

For the subordinated loan, the same methodology has been applied, however, including an additional margin to reflect the subordination. Fair value amounted to 131,390 TDKK as of December 31, 2022. The subordinated loan was repaid during 2023. The fair values are considered level 3 measurements in the fair value measurement hierarchy.

Note 21 Fair value information

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.

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

There were no derivative financial instruments outstanding as at December 31, 2023.

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 July 30, 2023:			
350 MDKK	June 30, 2022	July 30, 2023	1,195%
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 958 TDKK was recycled in 2023 through the equity statement upon maturity (2022: 3,104 TDKK through statement of loss).

Fair value of the interest rate swaps amounts to 4,001 TDKK as of December 31, 2022 and 670 TDKK as of July 30, 2023, before settlement. The Group received a cash settlement amounting to 670 TDKK upon maturity of the interest rate swap agreement on July 30, 2023.

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

As at December 31, 2022, the Parent is controlled by Valedo Partners Fund II AB and Valedo Partners III AB, which are also the ultimate controlling parties. General Atlantic JTJ B.V. exercises significant influence through its shareholding, until its acquisition of majority shareholdings on December 21, 2023. From thereon, it became the ultimate controlling party of the Parent.

On December 21, 2023, General Atlantic JTJ B.V. acquired the shareholdings of Valedo Partners Fund II AB and Valedo Partners III AB resulting to their loss of control, and shareholdings of other minority shareholdings, resulting to a transfer of 1,074,244,068 A-shares and 2,292,196,369 B-shares.

On similar date, General Atlantic JTJ B.V. and Key Management participated in a capital increase following issuance of C-shares as follows:

In thousands DKK	<u>Number of C-shares</u>	<u>Subscription price TDKK</u>
General Atlantic JTJ B.V.	1,746,850,367	804,897
Key Management	24,399,612	11,243

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

Balances and transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

Other than those disclosed above, no other transactions took place during the year with Key Management, major shareholders or other related parties.

Note 24 Fee to auditors

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

In thousands DKK	<u>2023</u>	<u>2022</u>
Deloitte:		
Audit fee	4,048	15,580
Tax advisory services	2,046	568
Other assurance engagements.....	<u>7,951</u>	<u>6,510</u>
	<u>14,045</u>	<u>22,658</u>

Note 25 Security, commitments and contingent liabilities

Charges and security

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

As of December 31, 2022, 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 have been provided as security under certain circumstances for all accounts with the Bank Syndicate.

As of December 31, 2023, upon execution of the new Senior Facilities Agreement as disclosed in Note 16, shares in JOE & THE JUICE HOLDING A/S, JTJ HEARTBEAT A/S and JOE & THE JUICE A/S have been pledged as security for all accounts with Skandinaviska Enskilda Banken AB (publ).

The Parent has, as security for the landlords, issued bank guarantees through Skandinaviska Enskilda Banken AB (publ) totaling DKK 136 million (2022:138 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	
		2023	2022
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%	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 DE GmbH was incorporated in 2022. JOE & THE JUICE Sydney Pty Limited became dormant in 2023.

Note 27 Subsequent events

The Group has determined that there are no material events which occurred after the reporting date but before the consolidated financial statements are authorized for issue.

Note 28 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	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Effective tax rate	$\frac{\text{Tax on profit for the year}}{\text{Profit before tax}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Leverage ratio	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$

Parent Company

JOE & THE JUICE HOLDING A/S
Parent Statements of Profit and Loss
for the years ended December 31, 2023 and 2022

In thousands DKK	Notes	2023	2022
Other operating income	11	55,507	7,937
Other external expenses		(21,664)	(47,437)
Staff expenses.....	2	(12,554)	(10,230)
Earnings before depreciation and amortization (EBITDA) ..		<u>(21,289)</u>	<u>(49,730)</u>
Depreciation, amortization and impairment		—	—
Profit (loss) before financial income and expenses (EBIT)		<u>21,289</u>	<u>(49,730)</u>
Financial income	3	2,408	1,039
Financial expenses.....	4	(297)	(780)
Profit (loss) before income tax.....		<u>23,400</u>	<u>(49,471)</u>
Tax on profit (loss) during the year	5	(1,197)	312
Profit (loss) for the year		<u>22,203</u>	<u>(49,159)</u>

See accompanying Notes to Parent Financial Statements.

JOE & THE JUICE HOLDING A/S
Parent Balance Sheet
as of December 31, 2023 and 2022

In thousands DKK	Notes	2023	2022
Assets			
Non-current assets			
Investments in subsidiaries.....	6	–	–
Receivables from group entities	7,11	909,434	12,436
Total non-current assets		<u>909,434</u>	<u>12,436</u>
Current assets			
Other receivables.....		–	1,885
Cash.....		118,954	1,005
Total current assets		<u>118,954</u>	<u>2,890</u>
Total assets.....		<u><u>1,028,388</u></u>	<u><u>15,326</u></u>
Equity			
Share capital	7	86,591	64,557
Retained earnings (accumulated deficit)		899,116	(99,621)
Total equity		<u>985,707</u>	<u>(35,064)</u>
Provisions			
Provision for deferred tax.....	8	3,121	–
Total provisions		<u>3,121</u>	<u>–</u>
Liabilities			
Non-current liabilities			
Payables to group enterprises	9,11	4,311	15,707
Total non-current liabilities		<u>4,311</u>	<u>15,707</u>
Current liabilities			
Trade payables.....		24,416	34,387
Other payables.....		10,702	296
Tax liabilities.....		131	–
Total current liabilities.....		<u>35,249</u>	<u>34,683</u>
Total liabilities		<u>39,560</u>	<u>50,390</u>
Total liabilities and equity		<u><u>1,028,388</u></u>	<u><u>15,326</u></u>

JOE & THE JUICE HOLDING A/S
Parent Statements of Changes in Equity
for the years ended December 31, 2023 and 2022

In thousands DKK	Notes	Share capital	Retained earnings (accumulated deficit)	Total equity
Equity at January 01, 2022		64,557	(50,762)	13,795
Share-based payment		–	300	300
Loss for the year		–	(49,159)	(49,159)
Equity at December 31, 2022 ...		64,557	(99,621)	(35,064)
Capital increase	7	22,034	993,197	1,015,231
Costs related to capital increase..		–	(2,369)	(2,369)
Share-based payment		–	(14,294)	(14,294)
Profit for the year		–	22,203	22,203
Equity at December 31, 2023 ...		86,591	899,116	985,707

See accompanying Notes to Parent Financial Statements.

JOE & THE JUICE HOLDING A/S
Notes to Parent Financial Statements

Note 1	Summary of significant accounting policies
Note 2	Staff expenses
Note 3	Financial income
Note 4	Financial expenses
Note 5	Tax on profit (loss) during the year
Note 6	Investments in subsidiaries
Note 7	Share capital
Note 8	Provision for deferred tax
Note 9	Long-term liabilities
Note 10	Contingent assets, liabilities and commitments
Note 11	Related parties
Note 12	Events after the balance sheet date

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 accounting policies used in the preparation of the Parent Financial Statements are consistent with those of prior year.

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 statements of profit and loss 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 statements of profit and loss, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts earlier recognized in the statements of profit and loss.

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 statements of profit and loss.

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 statements of profit and loss.

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 statements of profit and loss.

Statements of profit and loss

Other operating income

Other operating income comprises items of a secondary nature to the main activities of the Parent Company, including recharges to other group entities for services and costs incurred by the Parent Company, compensation from government grants and others.

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.

Financial income and expenses

Financial income and expenses are recognized in the statements of profit and loss at the amounts relating to the financial year.

Tax on profit (loss) during 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 statements of profit and loss, whereas the tax attributable to equity transactions is recognized directly in statements of changes 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, other equity movements, and amortization of 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.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to become due as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

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 based on Danish Financial Statement Act section 86.4.

Note 2 Staff expenses

In thousands DKK	2023	2022
Wages and salaries	12,554	10,230
Other social security costs	—	—
Total	<u>12,554</u>	<u>10,230</u>

Including remuneration to the Executive Board and Board of Directors of:

In thousands DKK	2023	2022
Executive Management	12,600	4,560
Board of Directors	<u>7,075</u>	<u>2,300</u>
Total	<u>19,675</u>	<u>6,860</u>
Average number of employees	<u>5</u>	<u>5</u>

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.

Refer to Note 5 in the consolidated financial statements for more information about management remuneration and refer to Note 6 in the consolidated financial statements for more information about share-based payments.

Note 3 Financial income

In thousands DKK	2023	2022
Interest received from group enterprises	1,599	1,039
Exchange adjustment, income	766	—
Interest received, external	<u>43</u>	<u>—</u>
Total	<u>2,408</u>	<u>1,039</u>

Note 4 Financial expenses

In thousands DKK	2023	2022
Interest paid to group enterprises	(282)	(253)
Interest paid, external	(15)	(527)
Exchange adjustments, expenses	<u>—</u>	<u>(527)</u>
Total	<u>(297)</u>	<u>(780)</u>

Note 5 Tax on profit (loss) during the year

In thousands DKK	2023	2022
Current tax for the year	(3,302)	–
Deferred tax for the year	(3,121)	–
Adjustment to prior year income (expense)	<u>5,226</u>	<u>312</u>
Total.....	<u>(1,197)</u>	<u>312</u>

Note 6 Investments in subsidiaries

In thousands DKK	2023	2022
Cost at January 01	1,235,143	1,235,143
Additions for the year	<u>–</u>	<u>–</u>
Cost at December 31	<u>1,235,143</u>	<u>1,235,143</u>
Value adjustments at January 01	(1,235,143)	(1,235,143)
Net profit/loss for the year	(116,003)	(173,169)
Other equity movements, net.....	(11,912)	(8,963)
Amortization of goodwill	(14,122)	(14,122)
Reversal of negative result for the year	<u>142,037</u>	<u>196,254</u>
Value adjustments at December 31	<u>(1,235,143)</u>	<u>(1,235,143)</u>
Carrying amount at December 31.....	<u>–</u>	<u>–</u>

The net asset value in the one subsidiary directly owned, JTJ HEARTBEAT A/S, is negative by DKK 924 million (2022: DKK 782 million). This amount is net of goodwill of DKK 125 million (2022: DKK 139 million). Until the net asset value is positive, the Parent Company does not recognize income from the subsidiary in the statements of profit and loss.

Refer to Note 26 in the consolidated financial statements for a specification of investments in subsidiaries.

Note 7 Share capital

On December 21, 2023, General Atlantic JTJ B.V. and other minority shareholders invested on new C-shares issued by the Parent Company. Total proceeds from the capital increase amounted to 1,015,231 TDKK. Out of this amount, 811,390 TDKK was injected directly to other group entities.

Refer to Note 18 in the consolidated financial statements for an overview of changes in share capital.

Note 8 Provision for deferred tax

In thousands DKK	2023	2022
Provision for deferred tax:		
Provision for deferred tax, January 01	–	–
Change in deferred tax for the year	<u>3,121</u>	<u>–</u>
Provision for deferred tax, December 31.....	<u>3,121</u>	<u>–</u>

Note 9 Long-term liabilities

In thousands DKK	2023	2022
Payables to group companies:		
Between 1 and 5 years	4,311	15,707
Long-term part	4,311	15,707
Other short-term payables	–	–
Total.....	4,311	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 corporate tax liability (receivable) by the Parent amounts to 131 TDKK (2022: -312 TDKK). 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 corporate taxes and withholding taxes may increase the Parent's liability.

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

Note 11 Related parties

Recharges to other group entities for services and costs incurred by the Parent Company amounted to 55,507 TDKK during the year (2022: 7,937 TDKK). Interest received from and paid to group enterprises are disclosed in Note 3 and Note 4, respectively.

Receivables from and payables to group entities are disclosed in the Parent Balance Sheet. Receivables from group entities pertain mainly to the capital increase in 2023 as disclosed in Note 7.

Refer to Note 2 for remuneration of the Executive Board and the Board of Directors. Refer further 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
General Atlantic JTJ B.V.	Amsterdam, Holland

Note 12 Events after the balance sheet date

There are no material events which occurred after the reporting date but before the Parent Financial Statements are authorized for issue.