JS World Media A/S

Aros Allé 1, 8000 Aarhus C

CVR no. 21 42 72 84

Annual report 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:

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Peter V. Ekstrøm

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of JS World Media A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 31 May 2019
Executive Board:

Jens B. Stausholm
CEO

Board of Directors:

Peter V. Ekstrøm Chairman	Jens B. Stausholm	Rasmus S. Nielsen

Independent auditor's report

To the shareholders of JS World Media A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of JS World Media A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are 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 of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 31 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen State Authorised Public Accountant mne10121	Morten Klarskov Larsen State Authorised Public Accountant mne32736

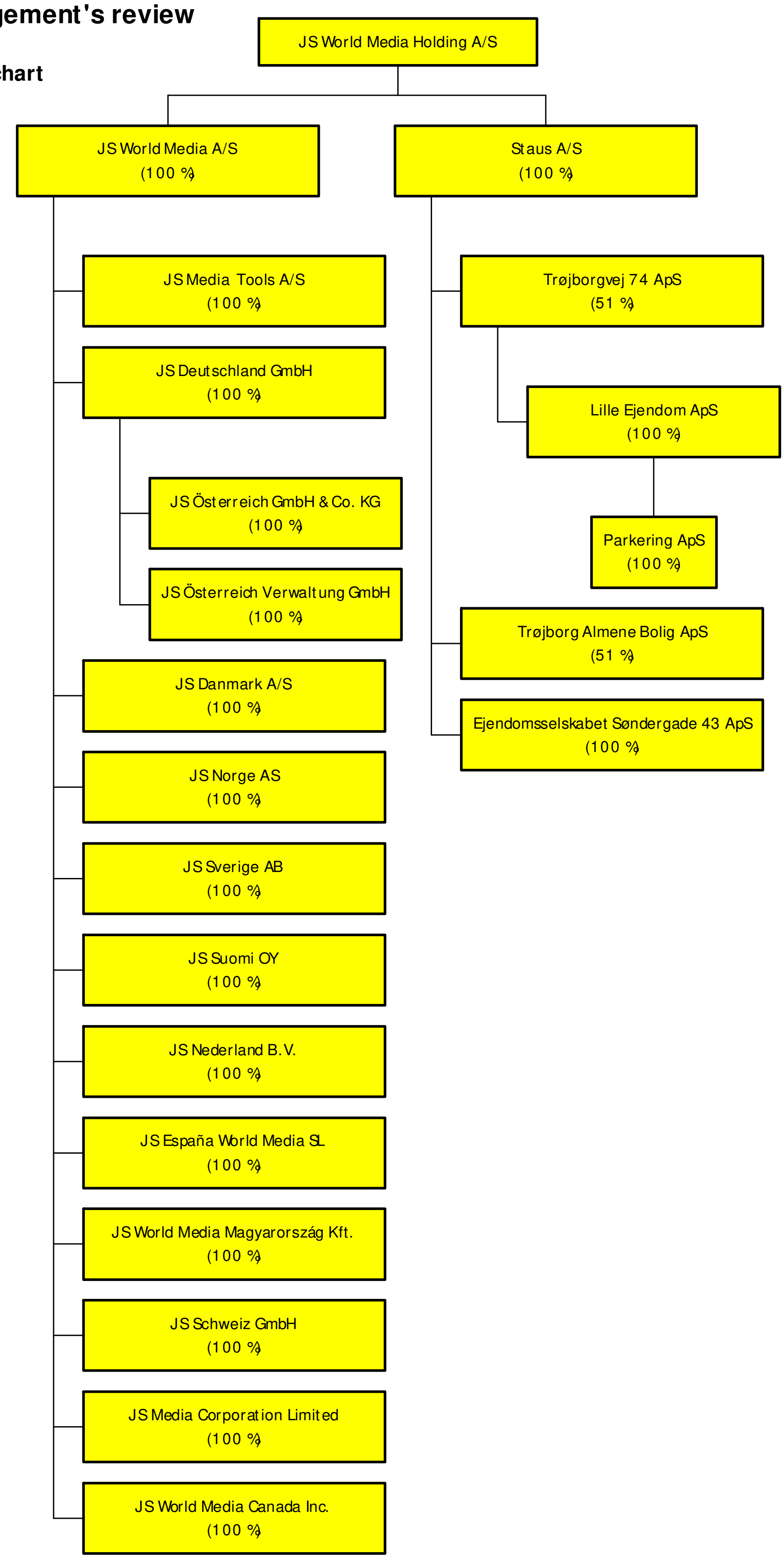
Management's review

Company details

Name	JS World Media A/S
Address, zip code, city	Aros Allé 1, 8000 Aarhus C
CVR no.	21 42 72 84
Established	20 November 1998
Registered office	Aarhus
Financial year	1 January – 31 December
Board of Directors	Peter V. Ekstrøm, Chairman Rasmus S. Nielsen Jens B. Stausholm
Executive Board	Jens B. Stausholm
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, 8000 Aarhus C

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	236,489	266,815	305,985	318,848	284,969
Gross profit/loss	166,764	188,386	208,566	224,185	184,728
Operating profit/loss	11,363	21,065	17,496	37,684	15,964
Profit/loss from net financials	547	1,148	899	704	1,396
Profit/loss for the year	**8,075**	**16,167**	**12,159**	**29,059**	**11,650**
Total assets	182,432	171,294	163,115	168.386	154,293
Portion relating to investment in property, plant and equipment	912	3,267	4,614	6,426	3,619
Equity	**124,745**	**116,723**	**100,863**	**97,890**	**88,312**
Cash flows from operating activities	-4,953	29,239	-7,153	38,575	28,890
Cash flows from investing activities	-904	-940	-4,148	-5,538	-1,583
Cash flows from financing activities	0	0	-9,059	-20,000	-20,000
Total cash flows	**-5,858**	**15,135**	**-20,360**	**13,037**	**7,307**
Financial ratios					
Operating margin	4.8	7.9	5.7	11.8	5.6
Return on invested capital	9.3	15.0	26.6	28.0	13.3
Gross margin	70.5	70.6	68.2	70.3	64.8
Current ratio	328.7	312.3	251.5	227.9	218.8
Solvency ratio	68.5	68.1	61.8	58.1	57.2
Return on equity	7.1	15.1	24.1	31.2	12.6
Average number of full-time employees	**368**	**431**	**480**	**490**	**403**

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

Management's review

Business review for the Group

The Group's business model is sale and production of interactive brochures funded by suppliers, and the Company has activities in Denmark, Iceland, Norway, Sweden, Finland, Germany, the Netherlands, Austria, Switzerland and Spain. The Group established its activities in 1993, and the corporate form has changed to company over the years. All sales are made by our employees through telesales and physical meetings with brochure customers. Sale of advertisements is made solely through telesales. The production of the interactive brochures is handled partly by our own employees and partly by external subsuppliers.

Development in activities and financial matters

The Group's income statement for 2018 shows a decreased profit compared with 2017. Profit for the year amounts to DKK 8,075 thousand against a profit of DKK 16,167 thousand in 2017.

The Group's balance sheet at 31 December 2018 shows equity of DKK 124,745 thousand (2017: DKK 116,723 thousand) and equity interest of 68.5%(2017: 68.1%).

Group Management considers the results satisfactory in light of the design and implementation of the new Corporate Identity, massive investments in new products and investments in a difficult recruitment market.

Investments

In line with the Group's strategy, further investments were made in a new Corporate Identity in 2018, which was introduced to the market in March 2018. The Group will continue to invest in new products and markets in 2019.

Intellectual capital

In 2018, according to Group strategy, major investments were made in the recruitment and training of employees to increase their skills. These investments form part of the group strategy to support the Group's future growth potential.

Corporate social responsibility, incl. human rights and climate

The Group's primary activities comprise sale and production of brochures, magazines and films. Based on an analysis of the Group's activities, the Group is not considered to have significant risks associated with and as a consequence of:

- human rights
- climate
- environment
- social matters
- anti-corruption

Consequently, the Group has not prepared any policies on these matters and does not register actions within these areas, if any. Moreover, no performance in these areas is measured either.

Goals and policies regarding gender distribution in Management

The Group always strives at recruiting the best suitable board members; managers and other employees irrespective of gender, race or religion. The Group's and the Company's recruitment and staff policies support this practice.

As a family-owned business, the Group has a long-term strategy and objective. The members of the Board of Directors are recruited with this in mind and therefore have a long-standing relation with the Group. The aim is to maintain stability and continuity in the composition of the Board of Directors going forward.

The Board of Directors of the Company consists of three members who are elected at the annual general meeting. At present, all the members are men. A target is set at a 33/67 distribution so that the gender ratio of the Board of Directors will be one member of one gender and two members of the other gender. We aim to achieve the target no later than in 2023.

Rasmus S. Nielsen was elected to the Board of Directors this year. In connection with the new election, the elected member was considered the best candidate for the Board of Directors taking into consideration the Company's current situation, but a different gender composition is still the target.

The Board of Directors and the Executive Board commit to continuously work for and encourage that persons of the underrepresented gender run for election for the Board of Directors at the annual general meetings.

The Group's target/policy is to increase the ratio of the underrepresented gender at the other levels of management. The other level of management in the Group is defined as the Group Executive Board and other executives with staff responsibilities. This level of management usually consists of 6-8 people. A target ratio of 33/67 in Management has been set; the low target is due to industry factors. It is regularly considered how to strengthen the other level of management by increased diversity, including in terms of gender. The Group strives to interview qualified candidates of both genders when executive positions are refilled.

The Executive Board and Management of the JS World Media Holding Group currently consist of six people in charge of management, of whom one is female. As there have been no replacements during the year but only a reduction, one gender has been overrepresented since the beginning of 2013. The Company still strives to achieve the target through future recruitment.

The aim is at least one of each gender among the final three candidates in the recruitment process.

Outlook

The Group's Management expects improved results for 2019 compared with 2018.

Risks

The Group is not exposed to any unusual risks.

The Group's currency risks primarily relate to foreign subsidiaries' results at year end, which are translated into Danish kroner based on average exchange rates; however, the main part of the Group's foreign entities are domiciled in EUR countries. In general, the foreign entities are not affected by exchange rate fluctuations, as income and expenses are settled in local currencies.

The Group's credit risks relate to financial assets. Credit risks in relation to financial assets correspond to the values recognised in the balance sheet. The Group is not exposed to any major risks regarding one particular customer or business partner.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
2	**Revenue**	236,489	266,815	16,066	17,215
	Other operating income	131	807	0	84
	Cost of sales/production costs	-27,881	-33,839	0	0
3	Other external costs	-41,975	-45,397	-5,550	-5,701
	Gross profit/loss	166,764	188,386	10,516	11,598
4	Staff costs	-151,637	-161,906	-9,323	-10,312
5	Depreciation on property, plant and equipment and amortisation of intangible assets	-3,756	-5,311	-317	-470
	Other operating costs	-8	-104	0	-24
	Operating profit/loss	11,363	21,065	876	792
	Share of profit/loss in subsidiaries	0	0	7,538	14,808
6	Financial income	1,031	1,354	922	1,487
7	Financial expenses	-484	-206	-480	-541
	Profit/loss before tax	11,910	22,213	8,856	16,546
8	Tax for the year	-3,835	-6,046	-781	-379
	Profit/loss for the year	8,075	16,167	8,075	16,167

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Consolidated		Parent Company	
Note	DKK'000	2018	2017	2018	2017
	ASSETS				
	Non-current assets				
9	**Intangible assets**				
	Goodwill	0	802	0	0
	Software	0	0	0	0
		0	802	0	0
10	**Property, plant and equipment**				
	Fixtures and fittings, tools and equipment	4,295	6,364	857	1,056
		4,295	6,364	857	1,056
	Investments				
11	Equity investments in subsidiaries	0	0	41,295	44,510
	Receivables from owners and Management	0	49	0	49
	Other receivables	883	400	0	0
		883	449	41,295	44,559
	Total non-current assets	5,178	7,615	42,152	45,615
	Current assets				
	Receivables				
	Trade receivables	26,617	27,500	0	0
12	Construction contracts	4,158	3,894	0	0
	Receivables from group entities	90,391	77,601	94,626	84,732
	Receivables from associates	0	100	0	100
16	Corporation tax receivable	3,149	917	0	0
15	Deferred tax asset	328	225	321	331
	Other receivables	5,240	3,581	2,072	2,139
	Receivables from owners and Management	0	69	0	69
13	Prepayments	4,403	3,867	749	642
		134,286	117,754	97,768	88,013
	Cash	42,968	45,925	6,411	6,183
	Total current assets	177,254	163,679	104,179	94,196
	TOTAL ASSETS	182,432	171,294	146,331	139,811

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	558	558	558	558
	Retained earnings	124,187	116,165	124,187	116,165
	Total equity	124,745	116,723	124,745	116,723
	Provisions				
15	Deferred tax	3,606	2,166	0	0
	Provision, equity investments in group entities	0	0	309	0
	Total provisions	3,606	2,166	309	0
	Current liabilities other than provisions				
	Bank loans	3,254	60	3,254	0
12	Construction contracts	17,269	18,086	0	0
	Trade payables	3,984	3,908	425	566
	Payables to group entities	0	0	14,792	18,400
	Payables to associate entities	28	0	28	0
16	Corporation tax	991	2,787	266	357
	Other payables	25,785	26,953	2,512	3,765
17	Deferred income	2,770	611	0	0
		54,081	52,405	21,277	23,088
	Total liabilities other than provisions	54,081	52,405	21,277	23,088
	TOTAL EQUITY AND LIABILITIES	182,432	171,294	146,331	139,811

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Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	558	100,306	100,864
22	Transfer, see "Distribution of profit/loss"	0	16,167	16,167
	Foreign exchange adjustments, foreign subsidiary	0	-308	-308
	Equity at 1 January 2018	558	116,165	116,723
22	Transfer, see "Distribution of profit/loss"	0	8,075	8,075
	Foreign exchange adjustments, foreign subsidiary	0	-53	-53
	Equity at 31 December 2018	558	124,187	124,745

		Parent Company		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	558	100,306	100,864
22	Transfer, see "Distribution of profit/loss"	0	16,167	16,167
	Foreign exchange adjustments, foreign subsidiary	0	-308	-308
	Equity at 1 January 2018	558	116,165	116,723
22	Transfer, see "Distribution of profit/loss"	0	8,075	8,075
	Foreign exchange adjustments, foreign subsidiary	0	-53	-53
	Equity at 31 December 2018	558	124,187	124,745

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2018	2018
	Revenue	236,489	266,815
	Costs	-221,370	-240,439
	Cash generated from operations before changes in working capital	15,119	26,376
23	Changes in working capital	-14,858	-5,024
	Cash generated from operations	261	21,352
	Net interest received and paid	519	1,305
	Cash generated from operations	780	22,657
	Corporation tax paid	-5,735	-6,582
	Cash flows from operating activities	-4,955	16,075
	Acquisition of property, plant and equipment	-912	-3,267
	Disposal of property, plant and equipment	8	2,327
	Cash flows from investing activities	-904	-940
	Net cash flows from operating, investing and financing activities	-5,859	15,135
	Cash and cash equivalents at 1 January	45,865	31,545
	Foreign exchange adjustments	-292	-815
	Cash and cash equivalents at 31 December	39,714	45,865

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of JS World Media A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, JS World Media A/S, and subsidiaries in which JS World Media A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions or disposals.

Gains or losses on the disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of entities are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired entities in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Goodwill and negative goodwill from acquired entities can be adjusted until the end of the year following the year of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk in the form of magazine production to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Construction contracts are recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

The share of hosting fees relating to the current financial year is recognised in the income statement. The remaining share is accrued over the term of the licence.

Cost of sales

Cost of sales includes the cost of goods, subsuppliers, etc., used in generating the year's revenue.

External costs

External costs comprise costs related to distribution, sales, advertising, administration, premises, bad debts, operating leases, etc.

Other operating income

Other operating income comprises items secondary to the principal activities of the entities.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Profit/loss from investments in subsidiaries

The proportionate share of profit/loss after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Tax for the year

The Company is subject to the Danish rules on compulsory joint taxation of the JS World Media Holding A/S Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The current Danish corporation tax is allocated by settlement of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contribution from companies that have been able to use the tax losses to reduce their taxable income.

Tax for the year comprises current corporation tax for the year, joint taxation contributions for the year and changes in deferred tax due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of ten years.

Software

Software is measured at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over the expected useful life. The amortisation period is five years.

Property, plant and equipment

Fixtures and fittings, tools and equipment as well as aircraft are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is calculated as cost less any residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Equity investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Equity investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a loss that exceeds the amount owed, the remaining amount is recognised in provisions.

Net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be adopted before the approval of the annual report of JS World Media A/S are not recognised in the net revaluation reserve.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Construction contracts

Construction contracts are measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual construction contracts are recognised in the balance sheet as either receivables or payables. Net assets are determined as the sum of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of construction contracts where progress billings exceed the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries is recognised at cost in the net revaluation reserve according to the equity method.

The reserve may be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate line item under equity.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes, and on other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net assets, if any, are measured at net realisable value.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less and which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
2 Revenue				
Scandinavia	121,875	123,230	9,345	9,405
Central Europe	95,562	123,175	5,432	6,370
Southern Europe	19,052	20,410	1,289	1,440
	236,489	266,815	16,066	17,215
3 Fees paid to auditor appointed at the annual general meeting				
Total fee to paid to auditor	1,032	1,427	255	439
Fee for statutory audit	565	555	103	100
Fees for tax advisory services	114	387	89	142
Other assistance	353	485	63	197
	1,032	1,427	255	439
4 Staff costs				
Wages and salaries	128,268	137,278	8,849	9,806
Pensions	4,661	5,084	473	564
Other social security costs	18,708	19,544	1	-58
	151,637	161,906	9,323	10,312
Average number of full-time employees	368	431	13	17

Staff costs include remuneration to the Parent Company's Executive Board and Board of Directors, totalling DKK 3,490 thousand (2017: DKK 3,567 thousand).

DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
5 Depreciation and amortisation				
Goodwill	802	807	0	0
Software	0	0	0	0
Fixtures and fitting, tools and equipment	2,954	4,504	317	470
	3,756	5,311	317	470
6 Financial income				
Interest income from group entities	756	1,228	885	1,340
Other interest income, foreign exchange gains, etc.	275	126	37	147
	1,031	1,354	922	1,487

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
7 Financial expenses				
Interest expense to group entities	0	0	307	243
Other interest expense, foreign exchange losses, etc.	484	206	173	298
	484	206	480	541

	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
8 Tax for the year				
Current tax for the year	1,996	5,822	266	357
Deferred tax adjustment	1,334	362	10	22
Adjustment in respect of previous years	505	-138	505	0
	3,835	6,046	781	379

9 Intangible assets

DKK'000	Consolidated Goodwill	Consolidated Software	Consolidated Total
Cost at 1 January 2018	8,105	333	8,438
Disposals	0	-333	-333
Cost at 31 December 2018	8,105	0	8,105
Amortisation and impairment losses at 1 January 2018	7,303	333	7,636
Amortisation	802	0	802
Disposals	0	-333	-333
Amortisation and impairment losses at 31 December 2018	8,105	0	8,105
Carrying amount at 31 December **2018**	0	0	0
Amortised over	10 years	5 years	

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

10 Property, plant and equipment

DKK'000	Consolidated Fixtures and fittings, tools and equipment	Parent Company Fixtures and fittings, tools and equipment
Cost at 1 January 2018	25,735	4,596
Foreign exchange adjustments	-104	0
Additions	912	118
Disposals	-1,026	0
Cost at 31 December 2018	25,517	4,714
Depreciation at 1 January 2018	19,371	3,540
Foreign exchange adjustments	-85	0
Depreciation	2,954	317
Disposals	-1,018	0
Depreciation at 31 December 2018	21,222	3,857
Carrying amount at 31 December 2018	4,295	857
Depreciated over	3-5 years	3-5 years

DKK'000	Parent Company 2018	2017
11 Equity investments in subsidiaries		
Cost at 1 January	53,619	53,619
Additions	1,225	0
Cost at 31 December	54,844	53,619
Value adjustments at 1 January	-9,109	-9,608
Exchange rate adjustments	8	-220
Distributed dividends	-12,367	-13,986
Profit/loss for the year	8,251	15,512
Amortisation of goodwill	-802	-807
Set-off of negative values in receivables from group entities	161	0
Transferred to provisions	309	0
Value adjustments at 31 December	-13,549	-9,109
Carrying amount at 31 December	41,295	44,510

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

11 Equity investments in subsidiaries (continued)

The carrying amount at 31 December 2018 comprised goodwill of DKK 0 thousand (2017: DKK 802 thousand).

Name	Registered office	Voting rights and ownership
JS Media Tools A/S	Denmark	100%
JS Danmark A/S	Denmark	100%
JS Norge AS	Norway	100%
JS Sverige AB	Sweden	100%
JS Suomi OY	Finland	100%
JS Deutschland GmbH	Germany	100%
JS Österreich GmbH & Co. KG	Germany	100%
JS Österreich Verwaltungs-GmbH	Germany	100%
JS Nederland B.V.	The Netherlands	100%
JS España World Media SL	Spain	100%
JS Schweiz GmbH	Switzerland	100%
JS World Media Magyarország Kft.	Hungary	100%
JS Media Corporation Limited	United Kingdom	100%
JS World Media Canada Inc.	Canada	100%

All subsidiaries are considered separate entities.

JS Media Corporation Limited is exempt from the requirements of the Act relating to the audit of individual accounts pursuant to section 479A.

	Consolidated		Parent Company	
DKK'000	2018	2017	2018	2017
12 Construction contracts				
Selling price of work performed	61,366	60,880	0	0
Progress billings	-74,477	-75,072	0	0
	-13,111	-14,192	0	0
recognised as follows:				
Construction contracts (assets)	4,158	3,894	0	0
Construction contracts (liabilities)	-17,269	-18,086	0	0
	-13,111	-14,192	0	0

13 Prepayments

Consolidated

Prepayments comprise costs incurred concerning subsequent financial years.

Parent Company

Prepayments comprise costs incurred concerning subsequent financial years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

14 Share capital

The share capital comprises 558,334 shares of a nominal value of DKK 1 each. The share capital is not divided into classes.

The share capital has not changed for the past five years.

		Consolidated		Parent Company	
	DKK'000	2017	2017	2018	2017
15	**Deferred tax**				
	Deferred tax at 1 January	-1,941	-1,507	331	352
	Deferred tax adjustment	-1,334	-362	-10	-21
	Adjustment in respect of previous years	11	-62	0	0
	Foreign exchange adjustments	-14	-10	0	0
	Deferred tax at 31 December	-3,278	-1,941	321	331
	Deferred tax relates to:				
	Deferred tax asset (assets)	328	225	321	331
	Deferred tax (provisions)	-3,606	-2,166	0	0
		-3,278	-1,941	321	331
16	**Corporation tax**				
	Corporation tax at 1 January	-1,870	-3,274	-357	-409
	Current tax for the year	-1,996	-5,822	-266	-357
	Corporation tax paid during the year	5,735	6,720	357	409
	Foreign exchange adjustments	2	50	0	0
	Adjustment in respect of previous years	287	456	0	0
	Corporation tax at 31 December	2,158	-1,870	-266	-357
	recognised as follows:				
	Corporation tax receivable	3,149	917	0	0
	Corporation tax	-991	-2,787	-266	-357
		2,158	-1,870	-266	-357

17 Deferred income

Deferred income consists of payments received from customers which cannot be recognised as revenue until in the subsequent financial year.

18 Treasury shares

Treasury shares comprise 25,000 shares of a nominal value of DKK 25 thousand, corresponding to 4.48% of the share capital (2017: 4.48%).

Treasury shares relate to mergers and acquisitions of non-controlling interests.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

19 Contractual obligations and contingencies, etc.

Consolidated

The Danish group entities are jointly taxed with the other group entities. The Group has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' net liabilities to SKAT are disclosed in the financial statements of the administrative company, JS World Media Holding A/S, CVR no. 33 77 09 52. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

Lease commitments relate to rent, licence fees and lease of vehicles totalling DKK 17,364 thousand (2017: DKK 15,041 thousand).

Parent Company

The Company is jointly taxed with the other group entities. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' net liabilities to SKAT are disclosed in the financial statements of the administrative company, JS World Media Holding A/S, CVR no. 33 77 09 52. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

The Company is involved in a trial that is not expected to have a significant impact on the Company's financial statements.

Lease commitments relate to rent, licence fees and lease of vehicles totalling DKK 756 thousand (2017: DKK 2,634 thousand).

20 Mortgages and collateral

Parent Company

The Company has provided a guarantee for JS Danmark A/S, JS Media Tools A/S and JS World Media Holding A/S' balance with the companies' bankers.

21 Related parties

Consolidated

Related party transactions

The Group solely discloses related party transactions that have not been carried out on an arm's length basis, see section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Parent Company

JS World Media A/S' related parties comprise the following:

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

21 Related parties (continued)

Parties exercising control

JS World Media Holding A/S, who is the principal shareholder.

Related party transactions

Other related parties with whom the Company has had transactions are; subsidiaries, see note 11; the parent company, JS World Media Holding A/S; and the associate Staus A/S.

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, see section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the Parent Company's consolidated financial statements
JS World Media Holding A/S	Aarhus	JS World Media Holding A/S

DKK'000	Parent 2018	Parent 2017
22 Distribution of profit/loss		
Recommended appropriation of profit/loss		
Transferred to reserves under equity	8,075	16,167
	8,075	16,167

DKK'000	Parent 2018	Parent 2017
23 Changes in working capital		
Changes in receivables and construction contracts	-2,346	18,422
Changes in balances with group entities	-12,790	-16,579
Changes in trade and other payables	278	-6,767
	-14,858	-4,924

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Jens Bjørnstad Stausholm
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2019-06-04 09:22:01Z
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Rasmus Samsø Nielsen
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Morten Klarskov Larsen
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Jes Østergaard Lauritzen
Statsautoriseret revisor
På vegne af: ERNST & YOUNG P/S
Serienummer: PID:9208-2002-2-767513552340
IP: 145.62.xxx.xxx
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