
Joe & The Juice A/S

Østergade 26, DK-1100 København K

Annual Report for 1 January - 31 December 2019

CVR No 26 58 93 55

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/4 2020

Jacob Hjortshøj
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Joe & The Juice A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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, 7 April 2020

Executive Board

Thomas Kusk Nørøxe

Allan Auning-Hansen

Board of Directors

Kaspar Basse
Chairman

Tue Manton
Deputy Chairman

Morten Nødgaard Albæk

Melis Zeynep Kahya

Per Forsberg

Laurie Ann Goldman

Andrew William Crawford

Björn Lundgren

Independent Auditor's Report

To the Shareholders of Joe & The Juice A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Joe & The Juice A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 7 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Josephine Kilsgaard Holm
State Authorised Public Accountant
mne44114

Company Information

The Company

Joe & The Juice A/S
Østergade 26
DK-1100 København K

CVR No: 26 58 93 55
Financial period: 1 January - 31 December
Municipality of reg. office: København K

Board of Directors

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

Executive Board

Thomas Kusk Nørøxe
Allan Auning-Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Revenue	280.826	269.049	261.081	247.680	238.575
Gross profit/loss	241.392	239.155	258.764	244.637	207.316
Result before depreciations (EBITDA)	62.090	62.113	79.971	76.466	57.473
Profit/loss before financial income and expenses	2.421	28.382	49.512	43.917	38.792
Net financials	-253.662	-39.401	3.574	-1.393	5.298
Net profit/loss for the year	-250.801	-16.518	38.702	34.922	34.941
Balance sheet					
Balance sheet total	767.233	776.497	565.965	296.119	172.672
Equity	-90.552	156.416	174.379	137.971	102.077
Number of employees	312	318	315	274	259
Ratios					
Gross margin	85,3%	87,3%	99,1%	98,8%	86,9%
EBITDA margin	22,1%	23,1%	30,7%	30,9%	24,1%
Solvency ratio	-11,8%	20,1%	30,8%	46,6%	59,1%

For definitions of the ratios above, see under accounting policies.

Management's Review

Key activities

The object of the Company is to operate Joe & The Juice stores and related activities.

Development in the year

The Company operates 60 stores in Denmark which is the same level as in 2018.

The income statement of the Company for 2019 shows a loss of DKK 263 million, which is driven by investments in digital platforms, the continued expansion in the US market and a change in accounting estimates on depreciations on assets, which resulted in an increase in depreciations, both in Joe & The Juice A/S and its subsidiaries.

The Company's revenue for 2019 equaled DKK 280 million compared to DKK 269 million in 2018, an increase of 4%, and at 31 December 2019 the balance sheet of the Company shows equity of DKK -90.6 million.

Management is overall satisfied with the development and the financial results of the Company in 2019 and will continue to expand in international markets.

Capital resources

The Company's capital resources are considered adequate to support future growth.

Special risks - operating risks and financial risks

Market conditions

As a consequence of the Corona outbreak in March 2020 the Group expects limited store openings in 2020.

Strategy and objectives

The Group's strategy is to continue expanding the successful and proven Joe & The Juice experience by focusing exclusively on healthy food and beverage offerings in attractive retail locations. The Group expects to leverage this positioning and launch a number of new products (e.g. counter-top products) and digital experiences (e.g. the Joe App).

Management's Review

Targets and expectations for the year ahead

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Refer to going concern disclosures in note 1 and subsequent events in note 2.

Before the COVID-19 outbreak, Management expected revenue growth of 5-10% compared to 2019. During the first two months of 2020, the Company experienced a revenue growth of 14% compared to 2019 and a growth in EBITDA of 14%. However, the COVID-19 outbreak hit both the foreign markets and the Danish market, and Management expects this to have a negative impact on both revenue and EBITDA for 2020. Please refer to note 1 and 2.

Knowledge resources

The key for Joe & The Juice is to continuously develop and retain its employees. It is also important for the continued growth of the Group to attract and retain new, talented employees.

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

In accordance with section 99 a (6) of the Danish Financial Statements Act, the reporting on corporatesocial responsibility has been omitted as the parent company Joe & The Juice Holding A/S has prepared a corporate social responsibility report for the entire group.

The corporate social responsibility report is included in the Annual Report for Joe & The Juice HoldingA/S for 2019.

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

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

The composition of the Board of Directors did not change during 2019, and hence neither did the percentage of the underrepresented gender. The percentage of women is 25%, meaning that two out of eight Board of Directors members are women. The Group had previously, in 2017, set a target for a number of women on the Board of Directors to be two out of eight by 2022.

The Group recognizes the importance of attracting, developing, and retaining the right talent of all genders, nationalities, and races, which are chosen solely because of their professional qualifications. In 2019, the Group's focus was on attracting and hiring employees of all genders equally to increase employee diversity and consequently has increased the percentage of female employees from 25% at the beginning of the year to 31% at year-end and is one of the HR KPIs.

The same hiring principles apply to organizational levels, including Management. Considering

Management's Review

organizational changes in 2019, the percentage of women in managerial roles was around 4%.

In 2020, the Group will continue focusing on attracting and hiring employees of all genders equally.

In 2020, the Group will continue to increase awareness about career opportunities for all employees, with a particular focus on underrepresented gender, and encourage female candidates to pursue their career goals within the Group.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Revenue	3	280.825.903	269.048.987
Work on own account recognised in assets		11.805.066	4.229.197
Other operating income		7.375.570	8.967.448
Expenses for raw materials and consumables		-46.809.435	-43.091.031
Gross profit/loss		253.197.104	239.154.601
Other external expenses		-85.874.839	-74.662.584
Staff expenses	4	-105.232.102	-102.379.345
Result before depreciations (EBITDA)		62.090.163	62.112.672
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-59.669.395	-33.730.360
Profit/loss before financial income and expenses		2.420.768	28.382.312
Result from investments in subsidiaries		-249.020.861	-32.781.884
Financial income	5	17.213.002	18.884.766
Financial expenses	6	-21.854.088	-25.504.282
Profit/loss before tax		-251.241.179	-11.019.088
Tax on profit/loss for the year	7	440.190	-5.499.049
Net profit/loss for the year		-250.800.989	-16.518.137

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Completed development projects		58.202.530	29.355.597
Trademarks and rights		13.208.582	14.486.417
Goodwill		1.283.241	1.796.538
Intangible assets in progress		7.104	14.826.321
Intangible assets	8	<u>72.701.457</u>	<u>60.464.873</u>
Other fixtures and fittings, tools and equipment		36.765.370	53.774.445
Leasehold improvements		43.694.210	26.077.392
Property, plant and equipment in progress		8.626.560	20.241.473
Property, plant and equipment	9	<u>89.086.140</u>	<u>100.093.310</u>
Investments in subsidiaries	10	226.104.126	122.746.097
Receivables from group enterprises	11	348.137.292	0
Deposits	11	1.245.104	1.206.617
Fixed asset investments		<u>575.486.522</u>	<u>123.952.714</u>
Fixed assets		<u>737.274.119</u>	<u>284.510.897</u>
Inventories		<u>4.864.021</u>	<u>4.295.302</u>
Trade receivables		14.451.511	12.938.383
Receivables from group enterprises		0	466.259.570
Other receivables		691.569	806.437
Prepayments	12	8.761.689	6.482.346
Receivables		<u>23.904.769</u>	<u>486.486.736</u>
Cash at bank and in hand		<u>1.190.119</u>	<u>1.204.342</u>
Currents assets		<u>29.958.909</u>	<u>491.986.380</u>
Assets		<u>767.233.028</u>	<u>776.497.277</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		618.490	618.490
Reserve for development costs		45.403.515	34.461.896
Retained earnings		-136.573.845	121.335.171
Equity		-90.551.840	156.415.557
Provision for deferred tax	14	8.532.306	9.891.875
Other provisions	15	6.548.825	2.400.000
Provisions		15.081.131	12.291.875
Credit institutions		324.115.900	286.096.100
Lease obligations		9.735.195	11.987.480
Payables to group enterprises		346.290.532	0
Long-term debt	16	680.141.627	298.083.580
Credit institutions	16	62.277.930	72.099.791
Lease obligations	16	7.651.813	7.523.334
Trade payables		69.392.926	71.259.289
Payables to group enterprises	16	0	144.608.400
Payables to group enterprises relating to corporation tax		722.509	802.673
Other payables		21.170.370	12.359.816
Deferred income	17	1.346.562	1.052.962
Short-term debt		162.562.110	309.706.265
Debt		842.703.737	607.789.845
Liabilities and equity		767.233.028	776.497.277
Going concern	1		
Subsequent events	2		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Accounting Policies	21		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	618.490	34.461.896	121.335.171	156.415.557
Exchange adjustments relating to foreign entities	0	0	5.196.912	5.196.912
Fair value adjustment of hedging instruments, end of year	0	0	-1.747.846	-1.747.846
Tax on adjustment of hedging instruments for the year	0	0	384.526	384.526
Development costs for the year	0	13.984.283	-13.984.283	0
Depreciation, amortisation and impairment for the year	0	-3.042.664	3.042.664	0
Net profit/loss for the year	0	0	-250.800.989	-250.800.989
Equity at 31 December	618.490	45.403.515	-136.573.845	-90.551.840

Notes to the Financial Statements

1 Going concern

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.

To date, the Group has been negatively impacted by the effects of COVID-19 as governments in many parts of the world have decided to close all restaurants and only some countries allow take away, and as governments urge people to stay home.

As a consequence, the Group has obtained loan finance from its bank with a nominal value of DKK 100 million under the Danish economic stimulus package on government guaranteed loans. The Group's bank has moreover waived any breach of covenants for all of 2020. In addition to this, the shareholders of Joe & The Juice Holding A/S have decided to contribute capital to Joe & The Juice Holding A/S in the level of DKK 200 million through a capital increase which will be carried out in connection with the annual general meeting in April 2020.

With the funding from the bank and the capital injection it is Management's assessment that the Groups cash position is sufficient for the whole financial year 2020. The assessment is based on an updated liquidity budget for the Group prepared by Management including the expected economic effect of the current COVID-19 situation. It is Management's current expectation that the negative COVID-19 impact will lead to a decrease in revenue of 20 - 30 percent compared to original expectations for the whole year 2020. Based on this the Annual Report is presented under the going concern assumption.

2 Subsequent events

Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

In consequence, the impairment test performed by Management at 31 December 2019 is based on the future cash flows expected by Management at 31 December 2019, which of course differ from the cash flows expected by Management at the time of adoption of the Annual Report.

As described in note 1 about going concern, the Company has so far been negatively impacted by the implications of COVID-19.

Management is monitoring developments closely, but at this time, it is very uncertain to determine the total size of the negative COVID-19 impact.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

	2019 <u>DKK</u>	2018 <u>DKK</u>
3 Revenue		
Geographical segments		
Revenue, Denmark	280.825.903	269.048.987
	<u>280.825.903</u>	<u>269.048.987</u>
4 Staff expenses		
Wages and salaries	101.740.785	96.604.674
Pensions	1.314.911	1.428.646
Other social security expenses	851.999	1.637.196
Other staff expenses	1.324.407	2.708.829
	<u>105.232.102</u>	<u>102.379.345</u>
Including remuneration to the Executive Board	<u>1.360.000</u>	<u>1.590.000</u>
Average number of employees	<u>312</u>	<u>318</u>
5 Financial income		
Interest received from group enterprises	17.210.354	18.884.766
Other financial income	2.648	0
	<u>17.213.002</u>	<u>18.884.766</u>
6 Financial expenses		
Interest paid to group enterprises	8.514.038	5.083.369
Other financial expenses	13.222.426	19.288.080
Exchange adjustments, expenses	117.624	1.132.833
	<u>21.854.088</u>	<u>25.504.282</u>

Notes to the Financial Statements

	2019	2018
	DKK	DKK
7 Tax on profit/loss for the year		
Current tax for the year	722.509	1.112.673
Deferred tax for the year	-1.359.569	3.698.181
Adjustment of tax concerning previous years	-187.656	289.790
Adjustment of deferred tax concerning previous years	0	16.240
	-824.716	5.116.884
which breaks down as follows:		
Tax on profit/loss for the year	-440.190	5.499.049
Tax on changes in equity	-384.526	-382.165
	-824.716	5.116.884

8 Intangible assets

	Completed development projects	Trademarks and rights	Goodwill	Intangible assets in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	31.554.242	21.865.763	5.132.968	14.826.321
Additions for the year	0	0	0	22.485.169
Disposals for the year	0	-600.000	0	-3.582.112
Transfers for the year	32.747.784	974.490	0	-33.722.274
Cost at 31 December	64.302.026	22.240.253	5.132.968	7.104
Impairment losses and amortisation at 1 January	2.198.645	7.379.346	3.336.430	0
Amortisation for the year	3.900.851	2.247.325	513.297	0
Impairment and amortisation of sold assets for the year	0	-595.000	0	0
Impairment losses and amortisation at 31 December	6.099.496	9.031.671	3.849.727	0
Carrying amount at 31 December	58.202.530	13.208.582	1.283.241	7.104

Development projects relate to the development of new software for Joe & The Juice stores, including internal reporting tools. Management has assessed that the projects meet the requirements for capitalisation. Some of the projects were completed end of 2019 and thus transferred to completed development projects. The remaining projects are expected to be completed in 2020 and 2021. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The software is expected to result in improved efficiency and also support the Company in its further expansion.

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK
Cost at 1 January	131.170.794	54.965.119	20.241.473
Additions for the year	2.448.205	8.548.879	26.443.520
Disposals for the year	-19.821.822	-2.794.086	-1.907.512
Transfers for the year	18.527.247	17.623.674	-36.150.921
Cost at 31 December	<u>132.324.424</u>	<u>78.343.586</u>	<u>8.626.560</u>
Impairment losses and depreciation at 1 January	77.396.349	28.887.727	0
Depreciation for the year	35.906.923	8.109.529	0
Reversal of impairment and depreciation of disposed assets	-16.771.183	-2.347.880	0
Transfers for the year	-973.035	0	0
Impairment losses and depreciation at 31 December	<u>95.559.054</u>	<u>34.649.376</u>	<u>0</u>
Carrying amount at 31 December	<u>36.765.370</u>	<u>43.694.210</u>	<u>8.626.560</u>
Including assets under finance leases amounting to	<u>15.988.612</u>	<u>0</u>	<u>0</u>
Interest expenses recognised as part of cost	<u>0</u>	<u>103.607</u>	<u>0</u>

Notes to the Financial Statements

	2019 <u>DKK</u>	2018 <u>DKK</u>
10 Investments in subsidiaries		
Cost at 1 January	162.759.965	134.653.069
Additions for the year	<u>295.258.758</u>	<u>28.106.896</u>
Cost at 31 December	<u>458.018.723</u>	<u>162.759.965</u>
Value adjustments at 1 January	-40.013.868	-7.142.032
Exchange adjustment	5.196.912	-89.952
Net profit/loss for the year	-223.077.722	-30.087.948
Amortisation and impairment of goodwill	<u>-25.943.139</u>	<u>-2.693.936</u>
Value adjustments at 31 December	<u>-283.837.817</u>	<u>-40.013.868</u>
Equity investments with negative net asset value amortised over receivables	<u>51.923.220</u>	<u>0</u>
Carrying amount at 31 December	<u>226.104.126</u>	<u>122.746.097</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>0</u>	<u>25.943.139</u>

Notes to the Financial Statements

10 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
JOE & THE JUICE AG	Switzerland	100%
JOE & THE JUICE NICE SARL	France	100%
JOE & THE JUICE UK Ltd.	England	100%
JOE & THE JUICE Bleichenhof GmbH	Germany	100%
JOE & THE JUICE Finland Oy	Finland	100%
JOE & THE JUICE Netherlands B.V.	Netherlands	100%
JOE & THE JUICE Ng AB	Sweden	100%
JOE & THE JUICE Norge AS	Norway	100%
JOE & THE JUICE Sydney Pty Limited	Australia	100%
JOE & THE JUICE US HOLDING INC	USA	100%
JOE & THE JUICE ILLINOIS LLC	USA	100%
JOE & THE JUICE LA LLC	USA	100%
JOE & THE JUICE MIAMI LLC	USA	100%
JOE & THE JUICE SFO LLC	USA	100%
JOE & THE JUICE WASHINGTON LLC	USA	100%
JOE & THE JUICE NEW YORK LLC	USA	100%
JOE & THE JUICE WTC LLC	USA	100%
JOE & THE JUICE PITTSBURGH LLC	USA	100%
JJ-PCG MSP VENTURE, LLC	USA	100%
JOE & THE JUICE BELGIUM NV	Belgium	100%
JOE & THE JUICE VANCOUVER AIRPORT LIMITED	Canada	100%
NFB Asia Pte. Ltd.	Singapore	100%
NFB Asia (Hong Kong) Limited	Hong Kong	100%
JOE & THE JUICE Shanghai WFOE	China	100%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

11 Other fixed asset investments

	Receivables from group enterprises <u>DKK</u>	Deposits <u>DKK</u>
Cost at 1 January	0	1.206.617
Additions for the year	348.137.292	38.487
Cost at 31 December	<u>348.137.292</u>	<u>1.245.104</u>
Carrying amount at 31 December	<u>348.137.292</u>	<u>1.245.104</u>

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions as well.

	<u>2019</u> DKK	<u>2018</u> DKK
13 Distribution of profit		
Retained earnings	-250.800.989	-16.518.137
	<u>-250.800.989</u>	<u>-16.518.137</u>

14 Provision for deferred tax

Provision for deferred tax at 1 January	9.891.875	6.177.454
Amounts recognised in the income statement for the year	-1.359.569	3.698.181
Adjustment of deferred tax concerning previous years	0	16.240
Provision for deferred tax at 31 December	<u>8.532.306</u>	<u>9.891.875</u>

15 Other provisions

Provision for restoration obligations on leases	<u>6.548.825</u>	<u>2.400.000</u>
	<u>6.548.825</u>	<u>2.400.000</u>

Notes to the Financial Statements

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2019</u> DKK	<u>2018</u> DKK
Credit institutions		
Between 1 and 5 years	324.115.900	286.096.100
Long-term part	324.115.900	286.096.100
Other short-term debt to credit institutions	62.277.930	72.099.791
	<u>386.393.830</u>	<u>358.195.891</u>
Lease obligations		
Between 1 and 5 years	9.735.195	11.987.480
Long-term part	9.735.195	11.987.480
Within 1 year	7.651.813	7.523.334
	<u>17.387.008</u>	<u>19.510.814</u>
Payables to group enterprises		
Between 1 and 5 years	346.290.532	0
Long-term part	346.290.532	0
Other short-term debt to group enterprises	0	144.608.400
	<u>346.290.532</u>	<u>144.608.400</u>

17 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	2019	2018
	DKK	DKK
18 Contingent assets, liabilities and other financial obligations		

Charges and security

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

Shares in the companies Joe & The Juice US Holdings Inc., Joe & The Juice Bleichenhof GmbH, Joe & The Juice Norge AS, Joe & The Juice NG AB, Joe and The Juice UK Ltd., Joe & The Juice Sydney Pty Ltd., Joe & The Juice Nice SARL, Joe & The Juice (Switzerland) AG, Joe & The Juice SFO LLC and Joe & The Juice Netherlands B.V. have been provided as security under certain circumstances for all accounts with SEB.

Rental obligations

Total future rental payments:

Within 1 year	28.587.068	26.114.742
Between 1 and 5 years	28.790.950	29.021.581
After 5 years	2.636.165	9.980.470
	60.014.183	65.116.793

Other contingent liabilities

The Company has provided guarantee of payments for subsidiaries' outstanding balances with Danske Bank.

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

Notes to the Financial Statements

19 Related parties

	<u>Basis</u>
Controlling interest	
Joe & The Juice Holding A/S	Ultimate Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There are no related party transactions that have not been carried through on market terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company Joe & Juice Holding A/S.

<u>Name</u>	<u>Place of registered office</u>
Joe & The Juice Holding A/S	Copenhagen, Denmark

20 Fee to auditors appointed at the general meeting

Referring to the Danish Statements Act § 96, sub section 3, information on fees to Auditors elected on a general meeting, has been omitted. We refer to the financial statement of Joe & The Juice Holding A/S.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Joe & The Juice A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Changes in accounting estimates

The Company has changed the accounting estimates related to useful lifes of Leasehold improvements and Other fixtures and fittings, tools and equipment.

The useful lifes of Leasehold improvements have been changed from 5 years to 10 years to reflect more accurate asset value based on average lease periods.

The useful lifes of Other fixtures and fittings, tools and equipment have been changed from 5 years to 3 years to reflect more accurate lifetime on the underlying assets.

In addition the estimate of provision for restoration obligation has changed this year to reflect more accurately costs related to restoring of rented premises when terminated.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Joe & The Juice Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Joe & The Juice Holding A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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

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

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

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

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

recognised directly in equity.

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

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

21 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including management and franchise fees and gains and losses on leases.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Trademarks and rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Development projects are measured at the lower of cost less accumulated amortisation and recoverable amount. Development projects are amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Investments in subsidiaries

Investments in subsidiaries are recognised 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 addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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 realised, 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 crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$