BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

GEORG JENSEN INVESTMENT ApS

CVR: 34 72 08 19

SØNDRE FASANVEJ 7 | DK-2000 FREDERIKSBERG

ANNUAL REPORT 2018

THE ANNUAL REPORT WAS APPROVED AT THE COMPANY'S
ORDINARY GENERAL MEETING HELD ON 31 May 2019
CHAIRMAN OF THE MEETING:

JACOB MELANDER

CONTENS

COMPANY INFORMATION

Company:	Georg Jensen Investment ApS Søndre Fasanvej 7 DK-2000 Frederiksberg Phone: +45 38 14 98 98 Fax: +45 38 14 99 13 Web site: www.georgjensen.com CVR No.: 34 72 08 19 Financial year: 1 January – 31 December Municipality of residence: Frederiksberg
Board of Directors:	David Ching Chi Chu, Chairman Hazem Ben-Gacem, Deputy Chairman Karl Sebastian Inger Andrea Jayne Davis Francesco Pesci
Executive Board:	Francesco Pesci
Auditor:	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (a Danish limited liability company)

The general meeting will be held on 31 May 2019
at the Company's address.

KEY FIGURES AND FINANCIAL RATIOS

DKK million	2018 IFRS	2017 IFRS	2016 ÅRL	2015 ÅRL	2014 ÅRL
INCOME STATEMENT					
Revenue	1.041	1.089	1.091	1.144	1.009
Gross Profit	652	676	649	708	616
EBITDA	145	146	55	17	43
EBIT	-17	-35	-108	-70	-21
Net Financials	-33	-47	-17	-11	-23
Profit for the year	-125	-61	-119	-80	-40
STATEMENT OF FINANCIAL POSITION					
Total assets	1.192	1.379	1.127	1.210	1.146
Invested capital	669	819	812	933	567
Net working capital	275	290	284	422	328
Total Equity	436	558	625	751	466
Net interest-bearing debt	447	530	185	183	403
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	138	92	53	-148	-24
Investment in tangible assets	19	21	28	69	37
Cash flow from financing activities	-97	-65	-4	183	40
Net cash flow for the year	2	-2	-2	35	-36

DKK million	2018 IFRS	2017 IFRS	2016 ÅRL	2015 ÅRL	2014 ÅRL
KEY RATIOS					
Revenue development	-4%	0%	-5%	13%	2%
Gross margin	63%	62%	59%	62%	61%
EBITDA margin	14%	13%	5%	1%	4%
EBIT margin	-2%	-3%	-10%	-6%	-2%
Return on equity	-55%	-10%	-17%	-13%	3%
Equity ratio	37%	40%	55%	62%	41%
Return on invested capital	-3%	-4%	-13%	-8%	-4%
Revenue/invested capital	1,6	1,3	1,3	1,2	1,8
Financial gearing	102%	95%	30%	24%	86%
EMPLOYEES					
Average number of employees	1.230	1.287	1.352	1.440	1.302
NUMBER OF STORES					
Retail stores	97	106	120	118	108

*ÅRL = Danish GAAP The company has implemented IFRS as per January 2017. The comparative figures for 2014-2016 are stated under Danish GAAP. Definition of Key Ratios is on page 25.

HIGHLIGHTS OF 2018

Revenue growth of 1,0%
Growth in revenue in 2018 of 1,0% when adjusting for the effect of closed stores during the year and the impact of development in exchange rates from 2017 to 2018. Reported revenue declined 4,4%.

Europe & other markets 2,5% (-0,9% reported)
Asia Pacific -1,7% (-9,4% reported)
North America 5,1% (2,4% reported)

Stores
In 2018 one new store was opened and 10 stores were closed primarily in the Asia Pacific region.

A total of 97 stores operated worldwide at the end of December 2018 (106 by the end of December 2017). Georg Jensen was represented across 13 countries by the end of 2018.

Operating profit and cash flow improvement compared to last year
Operating profit increased by DKK 18,3 million.

Cash flow from operations improved by DKK 46,0 million compared to last year, primarily driven by a reduction in inventory. Total cash flow for the year was positive by DKK 1,6 million.

In 2018 Georg Jensen A/S issued a bond of EUR 40 million.

Net revenue excl. closed stores in regions and FX development

- Europe & other markets DKK 564,0 million(DKK 571 million) 53% of total revenue
- Asia Pacific DKK 430,8 million(DKK 464 million) 41% of total revenue
- North America DKK 58,5 million(DKK 58 million) 6% of total revenue

PRODUCT HIGHLIGHTS

In 2018 product launches were among the strongest in the history of Georg Jensen.

In February, the Offspring collection debuted and soon emerged as the best-selling jewellery launch in the history of Georg Jensen. Designed by Jacqueline Rabun, Offspring captures the emotion of human bonds through sweeping and sculptural shapes for which Georg Jensen is known. By year end, sales of the collection were more than double initial estimates and it has become clear that Offspring is firmly positioned as an icon in the Georg Jensen portfolio. September marked a return to our design roots through Halo, a gold and diamond jewellery collaboration with Danish designer Sophie Bille Brahe. Halo has strengthened the product offering in gold, as well as creating new interest in Georg Jensen's uniquely Scandinavian designs among global influencers.

In 2018, we celebrated the 100th birthday of the Georg Jensen designer, Henning Koppel. Koppel created some of the most iconic Scandinavian designs of the 20th century and to celebrate his influence, 15 new items were launched in the Home, Jewellery, and Silver categories to show a complete Koppel universe. Most importantly, a lost Henning Koppel design masterpiece, the 1041, was remade in our Copenhagen smithy and became the centerpiece of Koppel celebrations around the world, demonstrating both the importance of Koppel design and the heritage of our craftsmanship that continues today.

FINANCIAL REVIEW

Net Revenue

Net revenue excluding the impact from closed stores and excluding impact of FX fluctuations amounted to DKK 1.053 million (DKK 1.044 million) an increase of 1%. Reported net revenue in 2018 amounted to DKK 1.041 million (DKK 1.089 million). The decrease in reported net revenue is impacted by the decision to close non-performing retail stores in the APAC region. Furthermore, reported net revenue is affected by about DKK 25,3 million in exchange rate changes compared to 2017 which predominately relate to our sales in Australia, Taiwan, Sweden and North America.

Europe delivered net revenue excluding closed stores and FX Fluctuations of DKK 564 million (53% of total net revenue) growing at 2,5%. The APAC region delivered net revenue excluding closed stores and currency changes of DKK 431 million (41% of total net revenue), which is a decrease of 1,7% compared to 2017. North America grew 5,1% when excluding the impact of closed stores and currency changes.

Gross Profit

The gross margin percentage increased from 62,1% to 62,7%. Overall gross profit decreased by DKK 23 million to DKK 652 million (DKK 676 million) due to lower net sales.

Other external cost

In 2018, other external cost declined by DKK 22,4 million from DKK 242,3 million to DKK 219,9 million. The savings compared to last year is a result of continuing efforts to bring down operating costs through various cost optimization efforts and tight control of spending, including closing loss making stores.

Staff cost

In 2018 cost was reduced by DKK 5,9 million, from DKK 294,4 million to DKK 288,5 million.

Operating Profit before Depreciation and Amortization

In 2018 the operating profit before depreciation and amortization amounted to DKK 145,1 million compared to DKK 146,4 million in 2017.

Operating profit

Operating profit improved by DKK 18,3 million in the year to DKK -16,8 million compared to a loss of DKK 35,1 million last year.

Net financial items

Net financial items amounted to DKK -33,2 million compared to DKK -47,4 million in 2017.

Profit before taxes

Profit before tax was negative by DKK 50,0 million in 2018 compared to a negative amount of DKK 82,5 million in 2017.

Net profit

Net profit before adjustments of tax assets was negative by DKK -54,2 million compared to DKK -91,9 million last year. In light of increased economic uncertainty, increased documentation requirements regarding tax assets and during the conversion to IFRS, management decided to write off the tax asset of DKK 105,3 million in the subsidiaries, resulting in DKK 71,0 for the Group. Hence profit for the year was negative by DKK -125,2 million. See note 7.4 for deferred tax impact.

FINANCIAL REVIEW

Assets and Cash and Cash Equivalents
Total assets amounted to DKK 1.192,2 million as of 31 December 2018 compared to DKK 1.379,1 million in 2017. The decrease of DKK 186,9 million primarily concerns fixed assets, lease assets and write down of deferred tax asset. In 2018 we have seen a decrease in inventory of DKK 39 million and in trade receivables of DKK 6,5 million. The decrease in inventory is a result of a continuous focus on reducing our Net working capital items.

Equity
Equity decreased by DKK 122,0 million to DKK 436,4 million (DKK 558,4 million)

Cash Flow and Net Interest Bearing Debt
Cash flow from Operations ended at DKK 137,8 million compared to DKK 91,8 million in 2017, an increase of DKK 46,0 million. The main contributor to this is thde operating result and the development in the net working capital.

Cash flow from Investment activities was flat compared to last year. In 2017 Investment was affected by income from sale of a leasehold right (Key money) in Sweden of DKK 14,4 million, hence the total gross Investments in 2018 were lower than in 2017.

In 2018 Georg Jensen A/S issued a bond with a value of DKK 298 million (40 million Euro) and entered into a new financing agreement with DNB, replacing the previous financing agreements with Nordea overall improving the cash position of Georg Jensen A/S.

Change in accounting policies
In 2018 the consolidated financial statements is prepared in accordance with IFRS. The comparative numbers for 2017 is updated as well. See note number 1.1 for further comments to the first time adoption.

In 2018 the Parent Company Georg Jensen Investment ApS has decided to change accounting policy for the profit and loss statement, and is present cost by type instead of cost by function. See accounting polices for the Parent Company for further information on the change in accounting policies.

OUTLOOK

Comments on the outlook expressed for 2018
Georg Jensen expected that net sales from continuing operations and excluding impact from FX would increase.
When adjusted for closed stores and currency effect, the increase in revenue of 1%, where in line with expectations.

Net profit was expected to increase compared to 2017, with EBITDA to increase with a percentage higher than revenue. With EBITDA to end equal to last year, this was somewhat lower than expected.

Investments for 2018 was expected to be in line with 2017 level. The Investment level for 2018 meet this expectations.

Outlook for 2019
The company expects moderate growth in revenue in the range of 2-3 percent.

Earnings in operating profit are expected to improve with a growth exceeding the growth in revenue ending between DKK 30-40 million.

RISK MANAGEMENT

The Board of Directors regularly assesses the Company's overall risks and the individual risk factors associated with its activities. The Board of Directors adopts guidelines for key risk areas, monitors progress and prepares action plans for reducing and managing individual risk factors, including financial and business risks, insurance and environmental conditions and compliance with competition law.

Business Risk

Commercial risk: As an international brand, Georg Jensen is subject to the international economic development, in particular the consumption of luxury goods. The relatively high gross margins for the retail sector, as well as the high fixed costs for lease charges and salaries, mean that the Company's results are sensitive to sales fluctuations. We seek to eliminate the dependency on cyclical economic trends via wider geographical diversification of sales, as well as the use of different sales channels spanning from retail, external retail and to e-commerce and B2B. On the product side, cohesive concepts are being developed, which maintain the brand's position as a leading Scandinavian design company.

Logistics risk: If the right products are not available in the stores at the right time, the amount of returned and surplus products rises, which increases the risk of obsolete products. Late delivery or non-delivery thus poses a risk. Sales, Operations and Planning (S&OP) processes is subject to ongoing review and strengthening in order to ensure alignment between the demand and supply, including delivery time, in order to adjust and manage stock levels.

Production facilities: Georg Jensen depends on three production facilities for Silver/Hollowware (Copenhagen, Denmark), Jewellery (Chiang Mai, Thailand) and Seasonal (Hjoerring, Denmark) whereas the production of Home Decór products is outsourced to 3rd party suppliers primarily in China. Watches is also primarily outsourced to 3rd party suppliers. Contingency plans and training is used and communicated in execution for different scenarios which can trigger interruption of operations, and we work with miscellaneous preventative actions to prevent interruption. Existing inventory levels are a preventive factor for a short period of time; insurance against interruptions in operations partly mitigates negative financial impacts.

IT breakdown: Risk control measures such as firewalls, access control, contingency plans etc. are assessed on a regular basis in order to identify and minimize these risks.

Employees: Georg Jensen strives to offer unique career opportunities and talent development. The HR department is responsible for the development and updating of guidelines and training tools to support managers at all levels. Part of the performance culture ensures that all employees have clear goals and act as accountable, trustworthy ambassadors for our brand and company.

Brand and image: The brand and its reputation are managed through company values and integrated into corporate and social responsibility standards for Georg Jensen. Risks related to brand and reputation are addressed by way of prevention in a communication strategy prepared annually and proactively by way of consistent and transparent public relations and communication efforts, both externally and internally and through relevant channels.

Intellectual property rights: Georg Jensen aims to use and safeguard our intangible assets by securing key trademarks in key markets, selectively defending our trademarks and designs when necessary and appropriate.

Environment: Georg Jensen controls the value chain in our own factories where we continuously work on reducing the use of hazardous materials, noise and pollution and other elements that can cause a risk to employees or the environment. We also continuously work to improve our internal quality system in order to reduce deficiencies.

RISK MANAGEMENT

Financial risk and financial instrument

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risk and the day-to-day operations are handled by the Treasury department. The Board of Directors reviews and agrees on policies for managing each of these risks.

External Risks

Macroeconomic factors: A substantial part of the Company's sourcing and sales takes place in markets which from time to time experience political and economic turmoil. This can affect Georg Jensen's business and thus poses a risk. Reliable and accurate sales forecasting allows flexible planning and reaction time to reduce the impact of macroeconomic factors. We furthermore seek to eliminate the dependency on cyclical economic trends via wider geographical diversification of sales, as well as the use of other sales channels, such as online, B2B and franchise agreements.

CSR

General
Georg Jensen acknowledges our impact on and our responsibility for the countries and communities where we operate. We work proactively to ensure environmentally, socially and economically responsible business processes.

Since 2009, we have been a UN Global Compact signatory. The Ten Principles of the UN Global Compact guide our work and the way we address material sustainability issues throughout our value chain, from design through production to our retail stores. Through our UN Global Compact commitment, all areas of the value chain are integrated into our business procedures and strategy.

The UN Global Compact requires participants to report on their progress and to embed the Ten Principles into their strategies and operations. Since 2009, Georg Jensen has submitted an annual COP (Communication on Progress) report. The most recent progress and results are available in the Georg Jensen Investment 2018 COP report*, cf. Section 99A (7) of the Danish Financial Statement Act. Furthermore the disclosures on gender diversity cf. Section 99B of the Danish Financial Statement Act, is included in the report.

* https://www.georgjensen.com/en-gb/csr

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Georg Jensen Investment ApS for the financial year 1 January to 31 December 2018.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January to 31 December 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2019

Executive Board

____

Francesco Pesci

CEO

Board of Directors

____________________	____________________	____________________
David Ching Chi Chu	Hazem Ben-Gacem	Andrea Jayne Davis
Chairman	Deputy Chairman	

____________________	____________________
Karl Sebastian Inger	Francesco Pesci

INDEPENDENT AUDITORS' REPORTS

To the Shareholders of Georg Jensen Investment ApS

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2018 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Georg Jensen Investment ApS for the financial year 1 January to 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Group 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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 31 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Kaare von Cappeln
State Authorised Public Accountant
mne11629

CONSOLIDATED INCOME STATEMENT

DKK million	Note	2018	2017
Revenue	3.1,3.2	1.040,6	1.088,6
Cost of sales	4.1	-388,2	-413,1
Gross profit		**652,3**	**675,5**
Other external costs		-219,9	-242,3
Staff costs	5.1	-288,5	-294,4
Other operating income and costs		1,2	7,6
Operating profit before depreciation and amortization		**145,1**	**146,4**
Depreciation, amortization and impairment losses	7.1,7.2	-161,9	-181,5
Operating profit		**-16,8**	**-35,1**
Financial income	6.1	31,3	15,0
Financial costs	6.1	-64,5	-62,4
Profit before tax		**-50,0**	**-82,5**
Tax on profit for the year	6.2	-75,2	21,5
Profit for the year		**-125,2**	**-61,0**

OTHER COMPREHENSIVE INCOME

DKK million	Note	2018	2017
Profit for the year		**-125,2**	**-61,0**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	13.1	-0,7	0,0
Items that will be reclassified to profit or loss			
Adjustment Cash flow hedges		0,0	-0,5
Exchange differences on foreign operations		1,5	1,1
Other comprehensive income after tax		**0,8**	**0,6**
Total comprehensive income for the year		**-124,4**	**-60,4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS, ASSETS

DKK million	Note	2018	2017	As At January 2017
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	7.1	267,8	288,0	301,0
Tangible assets	7.2,7.3	316,9	418,5	561,0
Financial Assets		28,9	28,7	33,9
Deferred tax	7.4	0,0	64,9	35,0
Total non-current assets		**613,6**	**800,1**	**930,9**
CURRENT ASSETS				
Inventories	8.1	360,7	399,7	359,2
Trade receivables	8.2	101,1	107,6	153,6
Other receivables		5,9	7,5	19,7
Receivable from group entreprises		14,9	11,4	8,7
Prepayments		19,6	22,5	41,4
Cash and cash equivalents	10.4	76,4	30,3	34,9
Total current assets		**578,6**	**579,0**	**617,5**
TOTAL ASSETS		**1.192,2**	**1.379,1**	**1.548,4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS, LIABILITIES

DKK million	Note	2018	2017	As At January 2017
EQUITY AND LIABILITIES				
EQUITY				
Share capital	9.1	317,0	317,0	317,0
Share premium		594,4	594,4	594,4
Hedging reserve		0,7	0,7	0,0
Translation reserve		-4,9	-6,4	0,0
Retained earnings		-470,8	-347,3	-286,3
Total equity		**436,4**	**558,4**	**625,1**
LIABILITIES				
NON-CURRENT LIABILITIES				
Bonds	10.3	298,0	0,0	0,0
Credit institutions	10.3	2,8	106,2	161,8
Lease liabilities	7.3	151,5	228,7	313,0
Provisions	13.2	12,9	11,8	8,4
Deferred tax	7.4	2,6	0,0	0,0
Retirement benefit obligation	13.1	6,6	5,0	4,6
Total non-current liabilities		**474,4**	**351,7**	**487,8**
CURRENT LIABILITIES				
Credit institutions	10.4	8,7	152,6	58,2
Trade Payables		89,8	101,3	107,6
Other Payables		100,1	122,7	157,2
Lease liabilities	7.3	77,2	84,3	97,9
Tax payables	7.4	2,6	1,8	2,1
Provisions	13.2	3,0	6,3	12,5
Total current liabilities		**281,4**	**469,0**	**435,5**
Total liabilities		**755,8**	**820,7**	**931,4**
TOTAL EQUITY AND LIABILITIES		**1.192,2**	**1.379,1**	**1.548,4**

STATEMENT OF CHANGES IN EQUITY

ACCOUNTING POLICIES APPLIED

Share premium

The share premium comprises the amount received, attributable to shareholders' equity, in excess of the nominal amount of the shares issued. The share premium reserve can be distributed.

Reserve for hedging transactions

Reserve for hedging transactions comprises the accumulated net change of the fair value of hedging transactions which qualify for recognition as cash flow hedges, and where the hedged transaction has not yet been realized, less tax.

Translation reserve

The translation reserve comprises foreing exchange differences arising in connection with the translation of foreing subsidiaries' financial statements reported in their functional currency into the Georg Jensen Group's reporting currency (DKK).

2018 DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
Equity at 1 january 2018	**317,0**	**594,4**	**0,7**	**-6,4**	**-347,3**	**558,4**
Profit for the year	0,0	0,0	0,0	0,0	-125,2	**-125,2**
Other adjustments	0,0	0,0	0,0	0,0	2,4	**2,4**
Other comprehensive income						
Remeasurements of defined benefit pension plans	0,0	0,0	0,0	0,0	-0,7	**-0,7**
Adjustment Cash flow hedges	0,0	0,0	0,0	0,0	0,0	**0,0**
Exchange adjustment	0,0	0,0	0,0	1,5	0,0	**1,5**
Total comprehensive income	**0,0**	**0,0**	**0,0**	**1,5**	**0,0**	**1,5**
Equity at 31 december 2018	**317,0**	**594,4**	**0,7**	**-4,9**	**-470,8**	**436,4**

2017 DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
Equity at 1 january 2017	**317,0**	**594,4**	**0,0**	**0,0**	**-286,3**	**625,1**
Profit for the year	0,0	0,0	0,0	0,0	-61,0	**-61,0**
Other comprehensive income						
Remeasurements of defined benefit pension plans	0,0	0,0	0,0	0,0	0,0	**0,0**
Adjustment cash flow hedges	0,0	0,0	0,7	0,0	0,0	**0,7**
Exchange adjustment	0,0	0,0	0,0	-6,4	0,0	**-6,4**
Total comprehensive income	**0,0**	**0,0**	**0,7**	**-6,4**	**0,0**	**-5,7**
Equity at 31 december 2017	**317,0**	**594,4**	**0,7**	**-6,4**	**-347,3**	**558,4**

CASH FLOW STATEMENT

DKK million	Note	2018	2017
Net profit for the year		-125,2	-61,0
Non-cash items	15.2	270,3	193,0
Change in working capital	15.1	16,6	-25,6
Cash flows from operating activities before financial income and expenses		**161,7**	**106,4**
Financial cost, paid	6.1	-18,8	-11,9
Financial income, received	6.1	0,0	0,4
Cash flows from ordinary activities		**142,9**	**94,9**
Income taxes paid		-5,1	-3,1
Net cash flow from operating activities		**137,8**	**91,8**
Purchase of intangible assets	7.1	-19,9	-22,9
Purchase of property, plant and equipment	7.2	-18,7	-21,2
Sale of fixed asset Investments etc.		0,0	14,4
Change in other financial assets		-0,5	0,5
Net cash flow from investing activities		**-39,1**	**-29,2**
Issued bond		298,0	0,0
Changes in credit institutions		-137,0	62,3
Repayment of loans from credit institutions		-157,7	-21,7
Repayment of lease liabilities		-98,2	-101,6
Loan to Group companies		-2,2	-3,9
Cash flow from financing activities		**-97,1**	**-64,9**
Net cash flow for the year		1,6	-2,3
Cash and cash equivalents, beginning of the year		30,3	34,9
Currency adjustment of cash and cash equivalents		1,8	-2,3
Cash and cash equivalents, end of the year		**33,7**	**30,3**
Cash and cash equivalents in the statements of cash flows comprise:			
Cash and cash equivalents		33,7	30,3
Cash and cash equivalents		**33,7**	**30,3**

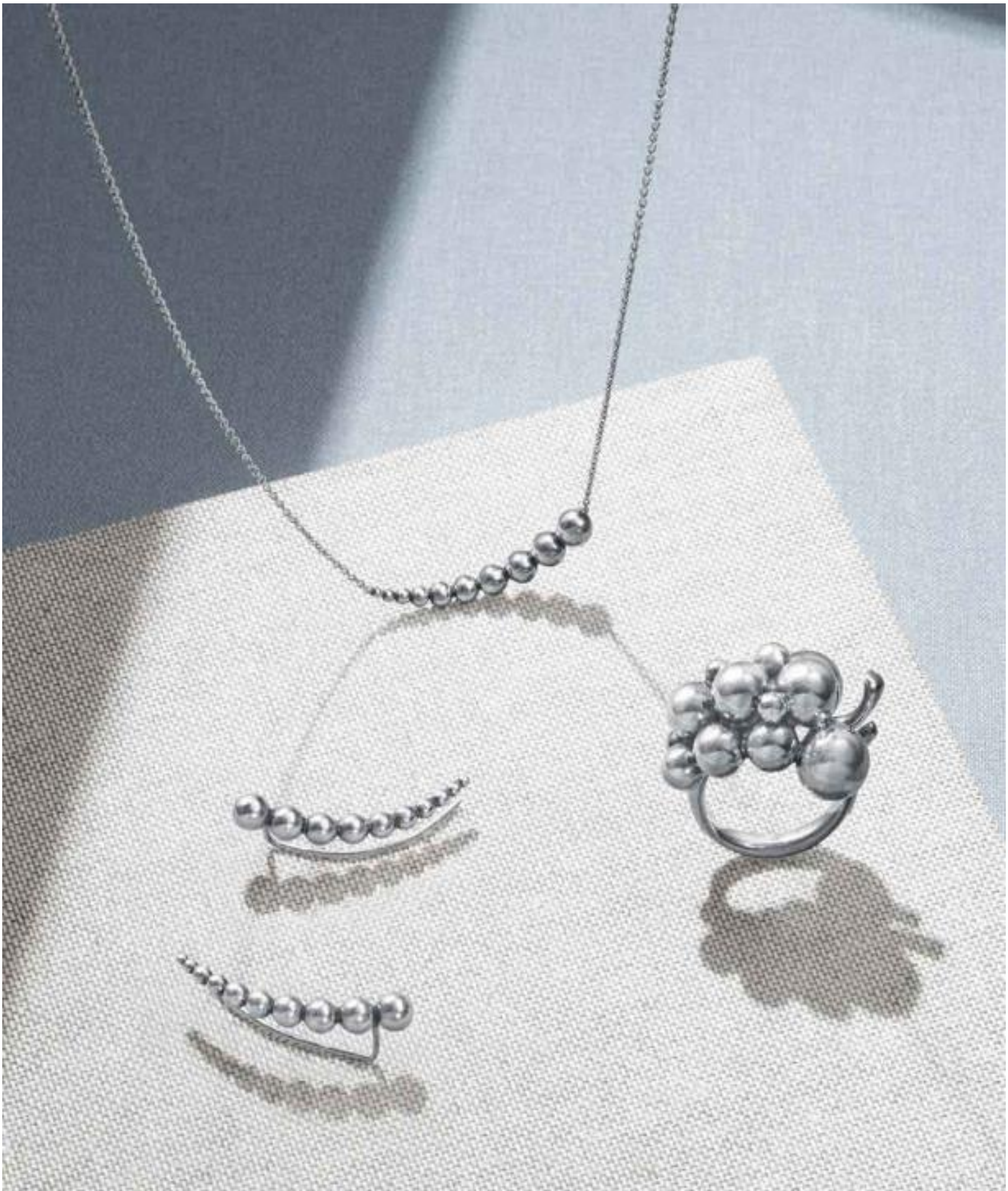
ACCOUNTING POLICIES APPLIED

The statement of cash flows shows the cash flows from operating, investing and financing activities for the year, and the net cash flows for the year as well as cash and cash equivalents at the beginning and at the end of the financial year.

The statement of cash flows presents cash flow from operating activities indirectly based on the net profit for the year.

Cash flow from operating activities is calculated as operating profit adjusted for non-cash operating items, provisions, financials paid, change in working capital as well as taxes paid.

Cash and cash equivalents comprise cash that are an integral part of the Group's cash management.



NOTES

1.1 ACCOUNTING POLICIES

The Annual Report for the period 1 January - 31 December 2018 comprise the financial statements of Georg Jensen Investment ApS.

For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with Danish Financial Statements Act. These financial statements for the year ended 31 December 2018 are the first the Company has prepared in accordance with IFRS.

First time adoption

The Annual Report is the first Annual Report that is presented in accordance with IFRS. The figures for 2017 and 2018 in the income statement and the balance sheet items as at 1 January 2017 were prepared according to IFRS.

The disclosures required by IFRS 1, first-time Adoption of International Financial Reporting Standards, concerning the transition from Danish GAAP to IFRS are provided in note 16.1.

The Annual Report for 2018 was discussed and approved by the Executive Management and the Board of Directors on 31 May 2019 and will be presented for approval at the subsequent Annual General Meeting on 31 May 2019.

EXEMPTIONS APPLIED

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that occurred before 1 January 2017. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the Danish GAAP carrying amount of rights must be used in the opening IFRS statement of financial position (apart from adjustments for rights impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested rights and brand for impairment at the date of transition to IFRS. No rights impairment was deemed necessary at 1 January 2017.

- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2017.

- For lease contracts the entity have applied the exemption to measure the lease liability of 1 of January 2017 at the present value of the remaining lease payments discounted at the incremental borrowing rate at 1. January 2017. The leased assets are measured at 1 January 2017 an amount equal to the lease liability adjusted for any prepaid or accrued lease payments. Furthermore, the practical expedients of low value assets and short-term leases are used to exclude these from recognition.

For revenue contracts the entity have applied the exemption to transfer to IFRS 15 as of 1 January 2017 and have not restated earlier years. Furthermore completed contracts at 1 January 2017 have not been restated.

NOTES

1.1 ACCOUNTING POLICIES, CONTINUED

Early adoption

The Group has early adopted IFRS 16 Leases as of 1 January 2017, where the lease liability is measured as the present value of the remaining lease liabilities and the lease assets are measured at an amount equal to the lease liabilities. The effect of the adoption is shown in note 7.3 and 16.1.

Adoption of new and amended standards

The Group has implemented all new standards and interpretations effective in the EU from 1 January 2018.

The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 1 January 2019. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:

• IFRIC 23, current income tax assets and liabilities where there is uncertainty over a tax treatment including how to determine the appropriate unit of account, that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. Effective date 1 January 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements consist of the financial statements of Georg Jensen Investment ApS and its subsidiaries in which the Company's voting rights directly or indirectly exceed 50%, or in which the Company is able to exercise a controlling interest in any other way.

The consolidated financial statements are prepared on the basis of the Parent Company financial statements and the individual subsidiaries by consolidating items of a uniform nature. Equity interests, intercompany transactions, intercompany balances, unrealized intercompany gains on inventories and dividends are eliminated.

The items of the financial statements of subsidiaries are fully consolidated in the consolidated financial statements.

NOTES

1.1 ACCOUNTING POLICIES, CONTINUED

The significant accounting policies deemed by Management to be material for the understanding of the consolidated financial statements are listed in the statement of changes in equity, statement of cash flows as well as below where they are described in more detail in the relevant notes:

- 2.1 Significant accounting estimates
- 3.1 Segment information
- 3.2 Revenue
- 4.1 Cost of sales
- 5.1 Staff costs
- 6.1 Financial items
- 6.2 Tax on profit for the year
- 7.1 Intangible assets
- 7.2 Tangible assets
- 7.3 Leases
- 7.4 Deferred tax
- 8.1 Inventories
- 8.2 Trade receivables
- 9.1 Equity
- 10.1 Financial instruments by category
- 10.2 Fair value measurement
- 10.3 Financial risk
- 10.4 Net interest-bearing debt
- 10.5 Contingent liabilities
- 11.1 Remuneration to Key management and board of directors
- 12.1 Related Parties
- 13.1 Retirement benefit obligation
- 13.2 Provisions
- 14.1 Fee to auditors elected at the annual general meeting
- 15.1 Working capital
- 15.2 Cash flow statement, Other adjustments
- 16.1 First time Adoption
- 17.1 Events after the reporting period

FOREIGN CURRENCY

Functional currency

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency of each entity in the Group. The functional currency is the currency in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions denominated in foreign currencies.

The consolidated financial statements and the Parent Company financial statements are reported in Danish Kroner (DKK). DKK is considered the primary currency of the Group's operations and the functional currency of the Parent Company.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement under financial income or costs, respectively.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the end of the reporting period.

NOTES

1.1 ACCOUNTING POLICIES, CONTINUED

The difference between the exchange rate ruling at the end of the reporting period and the exchange rate at the date when the receivable or payable arose or was recorded in the most recent financial statements is recognized in the income statement under financial income or costs.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured based on historical cost are translated at the exchange rates ruling at the transaction date.

Translation in the consolidated financial statements
The statements of financial position of foreign subsidiaries are translated into DKK at the exchange rate ruling at the end of the reporting period, while income statements are translated into DKK at monthly average exchange rates during the year.

Foreign exchange differences arising on the translation of foreign subsidiaries' opening equity using the exchange rates ruling at the end of the reporting period as well as on the translation of the income statements using average exchange rates at the end of the reporting period are recognized under other comprehensive income.

KEY FIGURES

The key figures and financial ratios presented in highlights have been prepared for the Company. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Invested capital
Assets less cash and cash equivalents and non-interest-bearing debt

Net interest-bearing debt
Interest-bearing debt less cash and cash equivalents

Development in revenue (%)
Development in revenue as a ratio of last years revenue

Gross margin (%)
Gross profit as a ratio of revenue

EBITDA margin (%)
Operating profit before depreciation and amortization(EBITDA) as a ratio of revenue

EBIT margin (%)
Operating profit (EBIT) as a ratio of revenue

Return on equity (%)
Net profit/(loss) as a percentage of average equity

Equity ratio
Total equity as ratio of total assets

Return on invested capital
Operating profit (EBIT) as a ratio of average invested capital

Revenue/invested capital
Revenue divided by average invested capital

Financial gearing
Interest bearing debt as percentage of total equity

NOTES

2.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant accounting estimates and judgements by management
The preparation of the Annual Report requires that the Management makes estimates and assumptions, which by definition will seldom equal the actual results, that affect the recognized assets and liabilities, including the disclosures made regarding contingent assets and liabilities, when applying the Group's accounting policies.

Management bases its estimates on historical experience and other assumptions considered relevant at the time. These estimates and assumptions form the basis for the recognized carrying amounts of assets and liabilities and the derived effects on the income statement and other comprehensive income. The actual result may deviate over time.

The estimates made and the underlying assumptions are reconsidered on an ongoing basis.

Management considers the following estimates and judgements and the relevant accounting policies essential for preparing the consolidated financial statement. In the opinion of Management, the result of these estimates and uncertainties are reflected in the Annual Report based on the information available and assumptions made.

Inventory valuation
Inventory provision relating to finished items and raw material is assessed on a quarterly basis. The inventory provision is based on the approved policy. A provision is recognized if the expected net realizable value is lower than the cost of the products. Net realizable value is the estimated selling price less the estimated costs of reworking, completion and sale of the inventory. See note number 8.1 for details in the valuation of the inventory.
Deferred tax liabilities and assets

Deferred tax
Deferred tax assets are recognized if it is likely that there will be taxable income in the future against which timing differences or tax loss carry forwards may be used. The significant estimate regarding deferred tax consists of the expectations to future recognition of the asset.

See note 7.4 for deferred tax.

Leases
See note 7.3 for significant judgements in determining the lease term.

Brand
See note 7.1 for significant accounting estimate on brand.

NOTES

3.1 SEGMENT INFORMATION

The group segments are based on a regional split. All regions are operated as independent business units, each with their own well-defined strategy plan, and they are responsible for their financial performance. The financial performance of the individual segment is presented in note 3.1 and 3.2.

ACCOUNTING POLCIES APPLIED

Segment information has been prepared in accordance with the Group's applied accounting policies and is consistent with the Group's internal reporting to the Executive Board, who are considered the Chief operating decision maker(CODM).

The Executive Board evaluates operating profits of business segments separately in order to make decisions in relation to resource allocation and performance measurement, The segment results are evaluated in the basis of operating results, which are calculated by the same methods as in the consolidated financial statements.

Depreciation, financial income, costs and corporate taxes are calculated at group level and are not allocated to the business segments. Other segments comprise group mark-up and cost related to group functions including supply chain.

Segment income and costs comprise income and costs that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Revenue which is reported to Management, is measured by the same methods as in the income statement. Cost allocation between business segments is made on an individual basis.

No information has been provided as to the segments' share of the items concerning financial position or cash flows as the Executive Board does not use this segmentation in the internal reporting.

Profit/loss elements of the segmentation are recognized according to the countries' individual position included in the continental segment, i.e. revenue is recognized according to the country providing the sale and not the position of the customer.

NOTES

DKK million	Europe	APAC	North America	Other segments	Total 2018
Total revenue	556,1	422,5	57,1	4,9	1.040,6
Gross Profit	192,7	238,9	25,1	195,5	652,3
OPEX	70,2	183,7	10,3	243,0	507,2
EBITDA	**122,5**	**55,2**	**14,8**	**-47,5**	**145,1**
Amortisations and depreciations					-161,9
EBIT					**-16,8**
Financial income					31,3
Financial expenses					-64,5
Profit before tax					**-50,0**

DKK million	Europe	APAC	North America	Other segments	Total 2017
Total revenue	563,3	466,5	55,7	3,1	1.088,6
Gross Profit	200,7	267,3	23,9	183,6	675,5
OPEX	103,5	197,2	11,2	217,2	529,1
EBITDA	**97,2**	**70,1**	**12,7**	**-33,6**	**146,4**
Amortisations and depreciations					-181,5
EBIT					**-31,9**
Financial income					15,0
Financial expenses					-62,4
Profit before tax					**-82,5**

NOTES

3.1 SEGMENT INFORMATION, CONTINUED

Georgraphical split	2018 Net Revenue	2018 Non-current assets	2017 Net Revenue	2017 Non-current assets
Denmark	283,2	256,8	298,9	329,1
Australia	205,8	48,6	221,6	68,6
Taiwan	114,4	15,8	125,1	19,7
Other	437,2	292,4	443,0	382,7
Total	**1.040,6**	**613,6**	**1.088,6**	**800,1**

3.2 REVENUE

The group derives revenue from the transfer of goods at a point in time in the following major, sales channels and product lines:

PRIMARY SALES CHANNELS	2018	2017
B2B	426,0	405,9
B2C	600,5	659,8
Other	14,1	22,9
Total	**1.040,6**	**1.088,6**
PRIMARY PRODUCT LINES		
Jewellery	504,2	524,3
Home	421,3	404,4
Other	115,1	159,9
Total	**1.040,6**	**1.088,6**

3.2 REVENUE, CONTINUED

ACCOUNTING POLICIES APPLIED

Sale of goods wholesale

Sales are recognized when control of the products has transferred. The Group has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of maximum 30 days, which is consistent with market practice. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods retail

The Group operates a chain of retail stores selling own branded products. Revenue from the sale of goods is recognized when a group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the item. It is the Group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a contract liability and a right to the returned goods are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

NOTES

4.1 COST OF SALES

ACCOUNTING POLICIES APPLIED

Cost of goods sold
Cost of goods sold includes direct costs incurred when generating the revenue for the year. The Group recognizes costs of goods sold when revenue is recognized.

Direct sales costs
Direct sales costs includes direct costs incurred to assure the revenue, ex. costs related to outbound fairs, royalties etc. Direct sales costs is recognized as the costs occurs.

DKK million	2018	2017
COST OF SALES		
Cost of goods sold	338,9	340,4
Direct sales cost	49,4	72,7
Total	**388,3**	**413,1**

5.1 STAFF COSTS

DKK million	2018	2017
TOTAL SALARIES, REMUNERATION ETC MAY BE SPECIFIED AS FOLLOWS:		
Wages and salaries	261,2	264,3
Pensions, defined contribution plans	16,5	16,7
Other staff costs	10,8	13,4
Total staff costs	**288,5**	**294,4**
Average number of Group employees	**1.230**	**1.287**

Remuneration to Key Management and Board of Directors (note 11.1)

ACCOUNTING POLICIES APPLIED

Staff costs include salaries, remuneration, retirement benefit schemes and other staff costs to the Group's employees, including to the members of the management and Board of Directors.

Staff costs are recognized in the financial year in which the employee performs his/her work. Costs related to long-term employee contribution plans are allocated and recognized in the period to which they relate.

See note 11.1 for further information on remuneration to the Key management and Board of Directors and note 13.1 for further information on the Group's retirement benefit obligation.

NOTES

6.1 FINANCIAL INCOME AND COSTS

DKK million	2018	2017
Financial income:		
Interest on receivables	0,0	0,4
Other interest income	0,5	0,4
Interest income from financial assets measured at amortized costs	**0,5**	**0,8**
Realized gain on derivative financial instruments	22,3	12,9
Unrealized gain on derivative financial instruments	8,5	1,3
Total financial income	**31,3**	**15,0**
Financial costs:		
Interest on liabilities to credit instistutions	-5,3	-11,6
Interest on bond	-11,4	0,0
Interest on leases	-14,2	-18,5
Other interest costs	-0,7	-0,3
Interest cost from financial liabilities measured at amortized costs	**-31,6**	**-30,4**
Other financial costs	-6,8	-7,1
Realized loss on derivative financial instruments	-24,8	-12,2
Unrealized loss on derivative financial instruments	0,0	-6,3
Net loss on foreign currency translation	-1,3	-6,4
Other financial costs	**-32,9**	**-32,0**
Total financial cost	**-64,5**	**-62,4**
Net financials	**-33,2**	**-47,4**

ACCOUNTING POLICIES APPLIED

Financial income and costs include interest, realized and unrealized foreign currency translation adjustments, fair value adjustments of derivative financial instruments which do not qualify for hedge accounting and supplements, deductions and allowances relating to the payment of tax.

Interest income and costs are accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used in discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability, respectively.

NOTES

6.2 TAX FOR THE YEAR

ACCOUNTING POLICIES APPLIED

Tax for the year consists of current tax for the year and adjustments in deferred tax. Tax for the year relating to the profit/loss for the year is recognized in the income statement, and tax for the year relating to items recognized under other comprehensive income or directly in equity is recognized under other comprehensive income or directly in equity, respectively.

Foreign currency translation adjustments of deferred tax are recognized as part of the adjustment of deferred tax for the year.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the end of the reporting period, are expected to apply in the respective countries when the deferred tax is expected to crystallize as current tax.

Changes in deferred tax as a result of changed tax rates or tax rules are recognized in the income statement unless the deferred tax is attributable to transactions which have been recognized previously under other comprehensive income or directly in equity.

The Parent Company is taxed jointly with all consolidated wholly owned Danish subsidiaries. The current tax expense is allocated among the companies of the Danish tax pool in proportion to their taxable income (full absorption with refunds for tax losses).

The jointly taxed companies pay tax under the Danish on-account tax scheme.

DKK million	2018	2017
Current tax		
Current tax on profits for the year	**4,7**	8,2
Prior-year adjustment, current tax	**-0,5**	1,2
Total current tax	**4,2**	**9,4**
Deferred tax		
Recogniztion of tax loss carry forward relating to prior years	**0,0**	-27,7
Deferred tax adjustment for the year	**0,0**	3,2
Write-down of deferred tax asset	**71,0**	0,0
Adjustment attributable to changes in tax rates and law	**0,0**	0,0
Total deferred tax	**71,0**	**-30,9**
Total income tax	**75,2**	**-21,5**
Recognized as follows		
Tax on profit for the year	4,2	9,4
Deferred tax adjustment	71,0	-30,9
Tax for the year	**75,2**	**-21,5**

NOTES

6.2 TAX FOR THE YEAR, CONTINUED

BREAKDOWN ON TAX ON PROFIT FOR THE YEAR

DKK million	2018	2017
Calculated tax on profit before tax, 22%	10,9	14,9
Non recognized tax loss carry forward for the year	-16,1	-18,9
Impact of utilization of tax loss carry forward not recognized	-1,3	-5,8
Recogniztion of tax loss carry forward relating to prior years	0,0	25,0
Writedown of deferred tax asset	-70,3	0,0
Deferred tax adjustment for the year	0,0	3,2
Impact of deviations in tax rates	0,0	1,5
Impact of non-taxable income & non-deductible cost	0,6	1,2
Withholding taxes	-0,2	-0,6
Prior-year adjustment	1,2	1,0
Total tax on profit for the year	**-75,2**	**21,5**
Effective tax rate for the year (%)	**152%**	**26%**

There has been no tax recognized under other comprehensive income in 2017 or 2018.

NOTES

7.1 INTANGIBLE ASSETS

ACCOUNTING POLICIES APPLIED

Intangible assets are measured at cost price, comprising directly and indirectly related expenses, less accumulated impairment losses and amortization.

Software and IT development are amortized over the useful life of 3-7 years. Cost includes the acquisition price as well as costs arising directly in connection with the acquisition and until the point of time when the asset is ready for use. Amortization is provided on a straight-line basis over the expected useful life.

Rights acquired is measured at cost less accumulated amortisation. The depreciation period reflects the expected economic life cycle of the activity relating to the rights.

Expenses relating to the development of products, where the intention is to manufacture and market the product, are recognized in the balance sheet when the applicable criteria are fulfilled. In other cases the expenses are carried to the income statement when they are defrayed.

Development expenses are stated in the balance sheet at cost price, comprising the direct and indirect costs attributable to the development activities, less accumulated depreciation and impairment.

Development projects concern either cost for developing of new products within the Group's current selections as well as cost for developing of software. Cost concerning software relate to either the ERP-upgrade as well as cost for developing a new online sales platform.

Development of new products is only initiated when a business plan documenting the expected cost and the expected future cash flow is prepared and approved. All products developed are up for sale on all markets.

Status on development projects is assessed on a quarterly basis.

The group assess whether there are any indications of an asset may be impaired on an annual basis. If indications are identified the recoverable amount is estimated based on the value in use or fair value less costs to disposal. An impairment loss is recognised if the recoverable amount is less than the carrying amount.

Amortization takes place on a straight line basis as shown below:

Software	3-7 years
Rights	5-10 years
Brand	20 years
Completed development projects	Max. 5 years

Significant accounting estimates

In estimating the recoverable amount for the brand, a test for impairment was performed. The recoverable amount was estimated based on value in use for Georg Jensen as a whole, as the Brand is considered a corporate asset. The recoverable amount was estimated based on the expected future cash flows for a budgeted period of 5 years based on past performance and management's expectations for the future. Further, based on a discount rate of 9% (2017: 9%) reflecting the specific risks relating to Georg Jensen.

The value in use is estimated to be higher than the carrying amount and therefore, no impairment loss is recognised.

NOTES

7.1 INTANGIBLE ASSETS, CONTINUED

2018 DKK million	Software*	Brand	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 January	**61,4**	**235,4**	**102,2**	**27,9**	**5,9**	**432,8**
Additions for the year	0,0	0,0	0,0	0,0	19,9	**19,9**
Exchange adjustments	0,5	0,0	-0,3	0,0	0,0	**0,2**
Disposals	0,0	0,0	0,0	-2,4	0,0	**-2,4**
Transferred to other items	13,6	0,0	0,2	5,1	-18,9	**0,0**
Cost at 31 December	**75,5**	**235,4**	**102,1**	**30,6**	**6,9**	**450,5**
Impairment losses and amortisation at 1 January	**15,7**	**60,8**	**50,7**	**17,6**	**0,0**	**144,8**
Amortization for the year	10,2	11,8	11,5	6,1	0,0	**39,6**
Disposals	0,0	0,0	0,0		0,0	**-2,4**
Exchange adjustmensts	0,2	0,0	0,5	0,0	0,0	**0,7**
Impairment losses and amortisation at 31 December	**26,1**	**72,6**	**62,7**	**21,3**	**0,0**	**182,7**
Carrying amount at 31 December	**49,4**	**162,8**	**39,4**	**9,3**	**6,9**	**267,8**

*Software relating to the business development of ERP systems is significant as an individual asset and has a carrying amount of DKK 28,3 million, and a remaining lifetime of 5 years.

2017 DKK million	Software*	Brand	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 January	**40,4**	**235,4**	**104,3**	**25,3**	**12,1**	**417,5**
Additions for the year	0,0	0,0	4,6	0,0	18,7	**23,3**
Exchange adjustments	-0,4	0,0	-0,9	0,0	0,0	**-1,3**
Disposals	0,0	0,0	0,0	-0,4	0,0	**-0,4**
Transferred to other items	21,4	0,0	0,5	3,0	-24,9	**0,0**
Cost at 31 December	**61,4**	**235,4**	**108,5**	**27,9**	**5,9**	**439,1**
Impairment losses and amortisation at 1 January	**8,0**	**49,0**	**45,3**	**14,1**	**0,0**	**116,4**
Amortization for the year	7,7	11,8	12,0	3,5	0,0	**35,0**
Disposals	0,0	0,0	0,0	0,0	0,0	**0,0**
Exchange adjustments	0,0	0,0	-0,3	0,0	0,0	**-0,3**
Impairment losses and amortisation at 31 December	**15,7**	**60,8**	**57,0**	**17,6**	**0,0**	**151,1**
Carrying amount at 31 December	**45,7**	**174,6**	**51,5**	**10,3**	**5,9**	**288,0**

*Software relating to the business development of ERP systems are significant as an individual asset and has a carrying amount of DKK 14,8 million, and a remaining lifetime of 5 years.

NOTES

7.2 TANGIBLE ASSETS

ACCOUNTING POLICIES APPLIED

Property, plant and equipment primarily consist of leasehold improvements and equipment, which are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use.

The net present value of estimated costs in respect of demounting and disposal of the asset and of restoring the place where the asset was used is added to cost.

The difference between cost and the expected scrap value is depreciated on a straight-line basis over the expected economic lives of the assets. Gains and losses on disposal of property, plant and equipment are computed as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement under other operating income or costs.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Depreciations

The depreciation period is determined on the basis of Management's experience in the Group's business area, and Management believes the following estimates to be the best estimate of the economic lives of the assets:

Buildings	25-30 years
Lease assets	Lease period
Plant and machinery	5-15 years
Other fixtures and fittings etc.	3-5 years
Leasehold improvements	5-10 years

If the depreciation period or the scrap values are changed, the effect on depreciation going forward is recognized as a change in accounting estimates.

NOTES

7.2 TANGIBLE ASSETS, CONTINUED

2018 DKK million	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment*	Leasehold improve-ments	Property, plant and equipment in progress	Total
Cost at 1 January	**446,5**	**34,3**	**219,8**	**226,8**	0,0	**927,5**
Additions for the year	0,0	0,7	0,0	3,7	14,3	**18,7**
Disposals for the year	0,0	-0,2	0,0	-3,8	0,0	**-4,0**
Exchange adjustmensts	1,2	1,2	2,9	-1,2	0,0	**4,0**
Transferred to other items	0,0	0,0	11,4	2,9	-14,3	**0,0**
Cost at 31 December	**447,7**	**36,0**	**234,1**	**228,4**	**0,0**	**946,2**
Impairment losses and depriciation at 1 January	**113,1**	**31,0**	**180,5**	**184,4**	0,0	**509,0**
Depreciation for the year	91,2	1,4	14,7	8,8	0,0	**116,2**
Impairment and depreciation of sold assets for the year	0,0	0,0	0,0	1,8	0,0	**1,8**
Exchange adjustments	0,3	1,1	2,5	-1,5	0,0	**2,4**
Impairment losses and amortisation at 31 December	**204,6**	**33,5**	**197,7**	**193,5**	**0,0**	**629,4**
Carrying amount at 31 December	**243,1**	**2,5**	**36,4**	**34,9**	**0,0**	**316,9**
***Right-of-Use Asset**	**218,0**	**0,0**	**0,3**	**0,0**	**0,0**	**218,3**

2017 DKK million	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment*	Leasehold improve-ments	Property, plant and equipment in progress	Total
Cost at 1 January	**461,0**	**34,0**	**216,2**	**261,9**	**5,4**	**978,5**
Additions for the year	0,0	0,3	1,8	11,7	7,4	**21,2**
Disposals for the year	0,0	0,0	-4,1	-34,8	0,0	**-38,9**
Exchange adjustments	-15,7	-0,9	-4,7	-12,0	0,0	**-33,3**
Transferred to other items	1,3	0,9	10,6	0,0	-12,8	**0,0**
Cost at 31 December	**446,6**	**34,3**	**219,8**	**226,8**	**0,0**	**927,5**
Impairment losses and depriciation at 1 January	**16,0**	**30,0**	**173,1**	**198,4**	**0,0**	**417,5**
Depreciation for the year	97,3	1,8	15,9	29,0	**0,0**	**144,0**
Impairment and depreciation of sold assets for the year	0,0	0,0	-4,1	-34,7	**0,0**	**-38,8**
Exchange adjustments	-0,2	-0,8	-4,4	-8,3	**0,0**	**-13,7**
Impairment losses and amortisation at 31 December	**113,1**	**31,0**	**180,5**	**184,4**	**0,0**	**509,0**
Carrying amount at 31 December	**333,5**	**3,3**	**39,3**	**42,4**	**0,0**	**418,5**
***Right-of-Use Asset**	**307,9**	**0,0**	**1,3**	**0,0**	**0,0**	**309,2**

7.3 LEASES

ACCOUNTING POLICIES APPLIED

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate

The lease payments are discounted using the Group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

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

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

Critical judgements in determining the lease term

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

NOTES

7.3 LEASES, CONTINUED

Right-of-use assets	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2018	307,9	1,3	**309,2**
Depreciation	-89,7	-1,0	**-90,7**
Exchange adjustments	-0,2	0,0	**-0,3**
At 31 December 2018	**218,0**	**0,3**	**218,3**

Right-of-use assets	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2017	418,7	2,6	**421,3**
Depreciation	-96,0	-1,3	**-97,3**
Exchange adjustments	-14,8	0,0	**-14,8**
At 31 December 2017	**307,9**	**1,3**	**309,2**

Lease liabilities	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2018	311,8	1,3	**313,0**
Lease payments	-97,2	-1,0	**-98,2**
Interests	14,1	0,0	**14,2**
Exchange adjustments	-0,3	0,0	**-0,3**
At 31 December 2018	**228,4**	**0,3**	**228,7**

Variable leases(turnover based leases) not included in lease liabilities of DKK 54,3 million in 2018. Furthermore subleases are included with a value of DKK 13,0 million. The total cash out flow for the year from all leases is DKK 152,5 million. For 2019 variable lease payments is expected to amount to DKK 65,0 – 70,0 million.

Lease liabilities	Land and buildings	Other fixtures and fittings, tools and equipment	Total
At 1 January 2017	408,3	2,6	**410,9**
Lease payments	-100,2	-1,4	**-101,6**
Interests	18,4	0,1	**18,5**
Exchange adjustments	-14,7	0,0	**-14,8**
At 31 December 2017	**311,8**	**1,3**	**313,0**

Variable leases(turnover based leases) not included in lease liabilities of DKK 66,9 million in 2017. Furthermore subleases are included with a value of DKK 21,6 million. The total cash out flow for the year from all leases is DKK 168,5 million.

NOTES

7.4 DEFERRED TAX

ACCOUNTING POLICIES APPLIED
Deferred tax assets, including the tax base of deferrable tax losses, are recognized at the expected value of their utilization of future taxable income and are set off against deferred tax liabilities within the same legal entity and jurisdiction.

If deferred tax is an asset, it is included in non-current assets based on an assessment of the potential for future realization. Tax are recognized when it is likely that these will be utilized in the foreseeable future. Deferred tax is calculated based on the planned use of each asset and settlement of each liability, respectively.

Risks relating to transfer pricing, disagreement(s) with local tax authorities, etc. arise as a result of global activity. Based on an assessment and review of the outcome of pending matters, Management considers that the provisions made for uncertain tax positions recognized in payable and deferred tax are adequate.

DKK MILLION	2018	2017
Net tax liability at 1 January	**1,8**	**2,0**
Tax payable on profit for the year	4,2	3,3
Tax paid during the year	-3,5	3,5
Foreign currency translation adjustment etc.	0,1	0,0
Net tax liabilitys 31 December	**2,6**	**1,8**
Recognized as follows		
Tax receivable	0,0	0,0
Tax payable	2,6	1,8
Net tax liabilitys 31 December	**2,6**	**1,8**

DKK million	2018	2017
Deferred tax at 1 January	64,9	35,0
Addition/disposal for the year	2,8	29,9
Writedown of tax asset	-70,3	0,0
Net deferred tax at 31 December	**-2,6**	**64,9**
Recognized as follows:		
Deferred tax assets	0,0	64,9
Deferred tax liabilities	-2,6	0,0
Net deferred tax at 31 December	**-2,6**	**64,9**

NOTES

7.4 DEFERRED TAX, CONTINUED

DKK million	Net deferred tax at 1 January 2018	Write-down on deferred tax Recognized in profit for the year	Net deferred tax at 31 December 2018
Intangible assets	-42,0	42,0	0,0
Property plant and equipment	37,9	-40,5	-2,6
Inventories and receivables	31,6	-31,6	0,0
Provisions and other liabilities	2,7	-2,7	0,0
Tax losses	34,7	-34,7	0,0
Total	**64,9**	**-67,5**	**-2,6**

DKK million	Net deferred tax at 1 January 2017	Write-down on deferred tax Recognized in profit for the year	Net deferred tax at 31 December 2017
Intangible assets	-43,4	1,4	-42,0
Property plant and equipment	33,7	4,2	37,9
Inventories and receivables	35,6	-4,0	31,6
Provisions and other liabilities	3,2	-0,5	2,7
Tax losses	5,9	28,8	34,7
Total	**35,0**	**29,9**	**64,9**

Deferred tax liability for the group make up for DKK 2,6 million at 31 December 2018 (Deferred tax asset DKK 64,9 million in 2017) The deferred tax liability concerns the subsidiary in the UK and Parent Company.

Management has made an updated assessment on the valuation of the deferred tax asset in the subsidiaries and reduced this to DKK 0 by the end of 2018. Management's assessment is based recent performance, economic uncertainty and the requirement of convincing evidence to support the utilization of the tax asset in the near future.

At year end the group has non-recognized tax losses carry forward to an estimated value of DKK 120 – 140 million (In 2017 the amounts was DKK 120-140 million). Tax loss carry forward of DKK 90-95 million will expire within 2019 to 2037. In 2017 tax loss carry forward subject to expiry make up for DKK 100-105 million. Tax loss carried forward is subject to expiry concerns for our subsidiaries in Japan and US.

At year end the group has non-recognized tax assets relating to temporary deviations to an estimated value of DKK 70 – 75 million. (In 2017 the tax value of temporary deviations was fully recognized)

NOTES

8.1 INVENTORY

ACCOUNTING POLICIES APPLIED

Raw materials and components are measured at acquisition price, or net realization value if lower.

Work in progress and finished goods and goods for resale are measured at cost price (compiled by the average method) with addition of indirect production costs, or at net realization value if lower.

Indirect production cost comprise the cost of indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in manufacturing process as well as costs of factory administration and management.

Internal profit on inventory rising from sales between the group companies is eliminated. The calculations is based on the amount of sales between the Georg Jensen A/S and each subsidiary with split in current year and last year, the profit generated by the subsidiary and the inventory in hand.

Significant accounting estimates

The inventory provision is assessed by Stock keeping unit (SKU) level and is based on life cycle code set per item and the months on hands for sale. Furthermore, an individual assessment is made for some items. The inventory provision is split in finished items ready for sales and raw material or spare parts.

Based on the historic performance, and when looking at the product groups as a whole, items are not sold below the cost of the product, with only a few exemptions at SKU level. The majority of the inventory provision in 2018 concerns the part of the inventory that is not finished items for sale. For instance point of sale (POS) material, spare parts and other components and raw material relating to products which is part of our assortment going forward.

The provision for obsolescence decreases in both 2017 and 2018. The decrease reflects a strategic decision taken to reduce the inventory on hand and to sell slow moving items. By the end of 2016 an assessment was made on the cost associated with the reduction initiatives to be carried out in 2017 and 2018 and consequently the provision was increased.

DKK million	**2018**	**2017**	**As at 1 January 2017**
Raw materials and components	42,0	40,8	46,1
Work in progress	19,6	38,3	36,8
Finished goods and goods for resale	320,2	370,3	357,5
Total inventories, gross	**381,8**	**449,4**	**440,3**
Changes in inventory write-downs:			
Inventories write down at 1 January	**49,7**	**81,1**	**49,7**
Write-downs for the year, addition	0,0	0,0	41,0
Write-downs for the year, reversal (utilized)	-17,5	-25,5	-8,6
Write downs, reversed (not utilized)	-11,1	-5,9	-1,0
Total inventory write-downs	**21,1**	**49,7**	**81,1**
Total inventories, net	**360,7**	**399,7**	**359,2**

NOTES

8.2 TRADE RECEIVABLES

ACCOUNTING POLICIES APPLIED

On initial recognition, receivables are measured at fair value and subsequently at amortized cost which usually corresponds to the nominal value less provision for bad debts.

Receivables are written down to net realizable value corresponding to the amount of expected future net payments received on the receivables. Write downs are calculated on the basis of individual assessments of the receivables.

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment of receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

DKK million	2018	2017	As at 1 January 2017
Receivables not due	81,8	105,6	137,6
Less than 90 days overdue	20,4	9,7	19,4
91-180 days overdue	-0,6	0,5	0,8
181-365 days overdue	3,1	-0,8	1,2
More than 1 year overdue	4,3	4,4	3,0
Receivables, gross	109,0	119,3	162,0
Provision for bad debt	-7,9	-11,7	-8,4
Total trade receivables	**101,1**	**107,6**	**153,6**
Change in provision for bad debt			
Provision for bad debt at 1 January	11,7	8,4	6,0
Provision made	0,0	6,6	3,7
Provision used	-3,8	-3,3	-1,3
Provision for bad debt at 31 december	**7,9**	**11,7**	**8,4**

NOTES

9.1 EQUITY

ACCOUNTING POLICIES APPLIED

Proposed dividends are recognized as a liability at the time of adoption by the shareholders at the annual general meeting. Description of capital management in note 10.3, see liquidity risk.

DKK million	Number
Share Capital at 1 January 2017	**3.170.441**
Share capital increase	0,0
Share Capital at 1 January 2018	**3.170.441**
Share capital increase	0,0
Share Capital at 31 December 2018	**3.170.441**

The share capital consists of 3.170.441 shares with a nominal value of DKK 100 each. No shares carry any special rights.

NOTES

10.1 FINANCIAL INSTRUMENTS BY CATEGORY

DKK million	Carrying amount 2018	Carrying amount 2017
Carried at amortised cost		
Receivable from group entreprises	14,9	11,4
Other interest bearing receivables and deposits	28,9	28,7
Trade receivables	101,1	107,6
Cash and cash equivalents	76,4	30,3
Financial assets at amortised cost	**221,3**	**178,0**
Derivatives	**5,6**	**2,4**
Carried at amortised cost		
Credit institutions	11,5	258,8
Lease liabilities	228,7	313,0
Bond	298,0	0,0
Trade payables	89,8	101,3
Other payables (Deposits)	2,6	2,6
Financial liabilities at amortised cost	**630,6**	**682,6**
Derivatives	**1,2**	**6,6**

As carried amounts measured in the balance sheet all are regulated according to the official year end exchange rate, the carried amounts are assesed as representable for fair value.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies, without material changes to the amounts recognised in the financial statements. The new accounting policies relates to classification and measurement of financial assets, impairment of financial assets and hedge accounting.

According to IFRS 9 financial assets should be classified as either amortized cost, fair value through other comprehensive income or fair value through profit and loss depending on the characteristic of the instrument and the business model for holding the instrument. The Group has assessed its holdings of financial items and the new classification did not result in any changes to measurement.

In the group only trade receivables for sales of services is subject to the new IFRS 9 expected credit loss model

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, and the resulting changes to impairment loss were immaterial.

IFRS 9 did not have any impact on The Group's hedge accounting. The Group does not use hedge accounting on foreign currency forwards and interest rate swaps. The group’s risk management strategies and hedge documentation for price hedges on raw materials are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

10.2 FAIR VALUE MEASUREMENT

ACCOUNTING POLICIES APPLIED

Financial instruments measured At fair value
Financial instruments measured at fair value can be divided into three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 — Inputs for the asset or liability that are not based on observable market data.

Fair value of listed securities is within level 1 of the fair value hierarchy. Non-listed shares and other securities are within level 3 of the fair value hierarchy.

Fair value of derivatives is mainly within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Group's profit or equity significantly.

Financial instruments carried at amortised cost
Fair value of the short-term financial assets and other financial liabilities carried at amortized cost is not materially different from the carrying amount.

In general, fair value is determined primarily based on the present value of expected future cash flows. Where a market price was available, this was deemed to be the fair value.

Fair value of listed issued bonds is within level 3 of the fair value hierarchy. Fair value of the remaining borrowing items is within level 2 of the fair value hierarchy and is calculated on the basis of discounted future cash flows.

	Assets	Equity and liabilities	
DKK million	**Derivatives***	**Bond**	**Derivatives***
2018	-	-	-
Level 1	-	-	-
Level 2	5,6	-	1,2
Level 3	-	298,0	-
Total 2018	**5,6**	**298,0**	**1,2**
2017			
Level 1	-	-	-
Level 2	2,4	-	6,6
Level 3	-	-	-
Total 2017	**2,4**	**-**	**6,6**

*Derivatives is accounted for within other receivables and payables in the balance sheet.

10.3 FINANCIAL RISKS

The Group's activities expose it to a variety of financial risks:

- Credit risk
- Market risks, i.e. interest rate risk
- Liquidity risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The financial receivables of the Group all fall due within 12 months. It is the Group's policy that all major customers and other partners undergo regular credit assessment. A credit line is set on the basis of the credit worthiness of the individual customers and counterparties. In 2018 the Group additionally implemented a credit insurance program for sales from Georg Jensen A/S, where 90% of invoice amounts are insured. Exceptions from the insurance program needs senior management approval. The Group does not have any material risks relating to individual private customers or partners.

Historically seen the Group has had relatively small losses as a consequence of non-payment by customers or counterparties. At year end write-downs on bad debt was DKK 7,9 million (DKK 11,7 million).

Other financial assets at amortised cost comprise loans receivable, finance lease receivables and other receivables. All of these financial assets are considered to have low credit risk and thus the impairment provision calculated basis of 12 month expected losses is considered immaterial. The financial assets are considered to be low risk when they have low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or the value of its holdings of financial instruments. The sensitivity analysis is shown in the section relating to currency risk.

The sensitivity analysis for currency risk and interest rate risk have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies remain unchanged from hedge designations in place at 31 December 2018. Furthermore, it is assumed that the exchange rate and interest rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates. The sensitivity analysis shows the effect on profit or loss and equity of a reasonably possible change in exchange rates and interest rates.

10.3 FINANCIAL RISKS, CONTINUED

Interest rate risk

The interest rate risk of Georg Jensen is primarily related to floating rate debt. The interest applied to the loans are variable on 3-month terms. The Board of Directors has assessed the cost of hedging compared to the risk of interest rate increases and has decided to remain related to floating rate. Thus, at the end of 2018 Georg Jensen has no interest rate swaps.

A general increase in interest rates by one percentage point is estimated, all other things being equal, to affect profit before tax and equity, excluding tax effect, negatively by approximately DKK 2,0 million and DKK 2,1 million, respectively (positively by approximately DKK 0 and DKK 0, respectively).

This analysis assumes that all other variables, in particular foreign currency rates remain constant.

		Next interest rate fixing		
Borrowings by interest rate levels	**Carrying amount**	**0-1 year**	**1-5 years**	**5- years**
2018				
0-3%	-	-	-	-
3-6%	11,5	11,5	-	-
6-8%	298,0	298,0	-	-
Total	**308,4**	**308,4**	**-**	**-**
2017				
0-3%	-	-	-	-
3-6%	258,8	258,8	-	-
6-8%	-	-	-	-
Total	**258,8**	**258,8**	**-**	**-**

Currency risk

The currency risks of Georg Jensen are mainly related to the purchase and sales of goods in foreign currencies. The largest exposure for purchases are EUR, THB and USD whereas largest invoicing currencies are EUR, SEK, TWD and AUS.

Currency price risk is hedged for up to 12 months with a decreasing hedging degree over the period pursuant to the Hedging Policy approved by the Board of Directors. However, hedge accounting is not applied and in this regard refers to the economic hedging.

All changes in financial instruments are recognized as financial income and financial expenses in the income statement.

To hedge this price risk Georg Jensen uses a portfolio of financial instruments as FX-forwards, currency swaps as well as options. The table below shows the impact of the year on P/L from exchange rate increases of 10%, (except EUR, where an increase of 0,5% has been applied) in Georg Jensen's primary foreign currencies based on financial assets and liabilities at year end (in DKK millions).

10.3 FINANCIAL RISKS, CONTINUED

	2018	2017
	P/L before tax	P/L before tax
AUD	(2,8)	(3,3)
CNY	1,1	0,3
EUR	(1,4)	0,1
GBP	(4,4)	(1,3)
HKD	(0,2)	(0,2)
JPY	(0,9)	(1,1)
NOK	(0,8)	(2,2)
SEK	(3,8)	(2,6)
THB	2,5	(0,7)
TWD	(1,4)	(2,2)
USD	14,0	18,6

The Board of Directors has approved that EUR (primarily related to the bond issue) is not hedged due to the high correlation to DKK. Georg Jensen has equity investments in foreign affiliated companies, whose net assets are affected by exchange rate fluctuations in connection with translation to DKK in the consolidated accounts. This translation risk is not regarded as a foreign currency risk and is therefore not included in the sensitivity calculations.

At year end the market value of FX derivatives was DKK 3,5 million (DKK -5.0 million). All currency hedging expires within 1 year.

Raw material price risks
Georg Jensen is exposed to fluctuations in commodity prices through its production. The main raw materials are gold and silver. These risks are hedged for up to 12 months with a decreasing hedging degree over the period pursuant to the Hedging Policy approved by the Board of Directors.

To hedge this price risk Georg Jensen uses silver and gold futures.

The sensitivity on profit for the year and equity from raw material price movements of 10% of gold and silver after impact of hedge accounting amounts to DKK 1.1 million (DKK 1.4 million) at year end 2018.

The effective part of the fair values of the raw material price futures, used for and complying with the conditions for hedge accounting for future transactions, is recognized directly in equity until the hedged transactions are realized and subsequently recognized in the income statement.

As per 31 December 2018 the market value of gold and silver futures was DKK 0,9 million (DKK 0,8 million), of which DKK 0,9 million (DKK 0,8 million) was recognized directly in equity. All commodity price hedging expires within 1 year.

10.3 FINANCIAL RISKS, CONTINUED

Liquidity risk

The purpose of Georg Jensen's cash management procedures is to ensure that the Group at all times has an adequate level of cash and debt to meet financial obligations. Liquidity forecasts are continuously updated with a higher granularity for the next three months than the monthly outlooks for a rolling 12 month period.

Georg Jensen has a bond issue of EUR 40 million until May 2023 and a committed revolving credit facility of EUR 10 million with DNB Bank until May 2023. Georg Jensen's loan and credit agreements contain one financial covenant. The covenant has not been breached in 2018.

Furthermore, some of the subsidiaries have smaller facilities in place to manage local cash flow.

The Group's short term budget and longer terms plans show that the Group will be able to meet its commitments on an ongoing basis. In 2023 the bond and the RCF will need to be re-financed and renegotiated with the ensuing re-financing risk.

Maturity analysis of loans and borrowing 2018, DKK million	2019	2020	2021-2022	After 2022	Total
Credit institutions and bond	28,5	21,2	41	307,9	398,6
Lease liabilities	98,2	87,3	127,6	26,4	339,5
Trade payables	89,8	0,0	0,0	0,0	89,8
Derivates	2,4	0,0	0,0	0,0	2,4
Total payment obligations	**218,9**	**108,5**	**168,6**	**334,3**	**830,3**

Maturity analysis of loans and borrowing 2017, DKK million	2018	2019	2020-2021	After 2021	Total
Credit institution	55,7	77,5	163,3	0,0	296,5
Lease liabilities	101,6	98,2	163,6	77,7	441,1
Trade payables	101,3	0,0	0,0	0,0	101,3
Derivates	6,6	0,0	0,0	0,0	6,6
Total payment obligations	**265,2**	**175,7**	**326,9**	**77,7**	**845,5**

10.4 NET INTEREST-BEARING DEBT

ACCOUNTING POLICIES APPLIED

Financial liabilities
On initial recognition, financial liabilities, including bank loans, are measured at fair value. In subsequent periods, financial liabilities are measured at amortized cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognized in the income statement as financial costs over the term of the loan.

DKK million	2018	2017	As at 1 January 2017
Net interest-bearing debt comprises:			
Credit institutions	11,5	258,8	220,0
Lease liabilities	228,7	313,0	410,9
Bond	298,0	-	-
Gross interest-bearing debt	**538,2**	**571,8**	**630,9**
Recevable to group enterprises	-14,9	-11,4	-8,7
Cash and cash equivalents	-76,4	-30,3	-34,9
Gross interest-bearing receivables	**-91,3**	**-41,7**	**-43,6**
Net interest-bearing debt	**446,9**	**530,1**	**587,3**

NOTES

10.5 CONTINGENT LIABILITIES

ACCOUNTING POLICIES APPLIED

Contingent liabilities comprise potential liabilities which have not yet been confirmed as to whether these will cause an outflow of the Group's resources or actual liabilities which are not possible to measure with sufficient reliability.

For the credit facilities with a credit institution a mortgage charge on the Company's assets of DKK 200 million (2017: DKK 200 million) and a mortgage registered to the owner of DKK 10 million (2017: DKK 10 million) on a building with an accounting book value of DKK 5,2 million (2017: DKK 5,4 million) have been recorded in the Land Register. For the same credit facilities, shares in the subsidiaries Georg Jensen Retail A/S and Georg Jensen Pty. Ltd. have been pledged as collateral.

For local credit facility in Thailand a mortgage charge on land and buildings with a net booked value of DKK 19,8 million by the end of 2018 in Georg Jensen (Thailand) Ltd. has been registered. The mortgage charge is maximized to DKK 6,0 million.

For local credit facility Taiwan a mortgage charge on accounts receivable with a net booked value of DKK 21,7 million by the end of 2018, has been registered. The mortgage charge is maximized to the loan which by the end of 2018 end at DKK 6,1 million.

As at 31 December 2018 the Group is involved in two legal disputes. Both disputes derive from Georg Jensen A/S acquisition of a minor Danish vintage silver company in 2013. The first dispute concerns a claim that Georg Jensen A/S and other defendants are liable for damages due to (contributory) negligence and/or breach of the "Share sale and purchase agreement" while the second concerns an alleged claim relating to a Management Equity Programme.

It is Management's assessment that no breach or negligence of the Share Sale and purchase agreement has occurred and that no circumstances could trigger a payment event under the Management Equity Programme.

Georg Jensen Group is subject to tax legislation in the countries in which it operates. Any significant accounting estimates relating to the statements of current tax, deferred tax and pending tax matters in the individual countries have been provided.

11.1 REMUNERATION TO KEY MANAGEMENT AND BOARD OF DIRECTORS

ACCOUNTING POLICIES APPLIED

Key Management includes Board of Directors and Executive Management and the extended Executive Leadership in Georg Jensen Investment ApS employs a total of 7 persons by the end of 2018. The compensation paid or payables to Key Management for employee services is shown below:

DKK million	2018	2017
Wages and salaries	16,3	13,9
Pensions, defined contribution plans	1,0	1,0
Termination benefits	3,8	3,3
Key Management in Total	**21,1**	**18,2**
Fees to board of directors	0,3	0,5
Total	**0,3**	**0,5**
Total Remuneration	**21,4**	**18,7**

NOTES

12.1 RELATED PARTIES

CONTROLLING INTEREST
Georg Jensen Investment ApS's immediate Parent Company is Moonlight II BV, Netherlands. Georg Jensen Investment ApS is fully consolidated in the consolidated annual report for Moonlight Holding UK Ltd. from where it can be obtained. The ultimate Parent Company and ultimate controlling party is GJ Limited located on Cayman Islands.

OTHER RELATED PARTIES
The Company's related parties are the members of the Board of Directors and Executive Board of Georg Jensen Investment ApS, the sole shareholder Georg Jensen Investment ApS and affiliated companies.

TRANSACTIONS
No agreements or other transactions with the Company have been concluded in which the Board of Directors or Executive Board has had an economic interest besides transactions as a consequence of the employment relationship.

TRADING TRANSACTIONS
During the year Group companies entered into the following transactions with related parties who are not members of the group.

		Transaction amount	
DKK million	Type of transaction	**2018**	**2017**
Receivables from group enterprises			
Parent companies	Interest	0,6	0,4
	Addition to loan	2,8	3,5
Total		**3,4**	**3,9**

13.1 RETIREMENT BENEFIT OBLIGATIONS

ACCOUNTING POLICIES APPLIED

Obligations relating to defined contribution plans are recognized in the income statement in the period in which the employees performed their work, and contributions due are recognized in the statement of financial position under other liabilities. For defined benefit plans, an annual actuarial assessment is made of the net present value of future benefits to be paid under the plan.

The net present value is calculated based on assumptions of the future developments of, e.g., salary, interest, inflation and mortality rates. The net present value is only calculated for those benefits to which the employees have earned the right through their past employment for the Group.

The actuarial calculation of the net present value less the fair value of any assets related to the plan is included in the statement of financial position as retirement benefit obligations, however, please see below. Differences between the expected development of assets and liabilities in connection with retirement benefit schemes and the realized values are termed actuarial gains or losses.

Subsequently, all actuarial gains or losses are recognized in the comprehensive income. If a retirement plan represents a net asset, the asset is only recognized to the extent that it offsets future contributions from the plan, or it will reduce future contributions to the plan.

The assumptions used for the actuarial calculations and valuations may vary from country to country due to local, economic and social differences.

The Group has used external and independent actuaries for the statement of retirement benefit obligation.

The retirement benefit obligations are specified as follows:

DKK million	2018	2017
Present value of defined benefit obligation, Thailand	5,4	4,2
Present value of defined benefit obligation, Taiwan	3,1	3,1
Total retirement benefit obligation	**8,5**	**7,3**

The plan assets are specified as follows:

DKK million	2018	2017
Fair value of plan assets, Thailand	0,0	0,0
Fair value of plan assets, Taiwan	1,9	2,4
Total plan assets	**1,9**	**2,4**

NOTES

13.1 RETIREMENT BENEFIT OBLIGATIONS, CONTINUED

The development of the present value of defined benefit obligation is specified as follows:

DKK million	2018	2017
Retirement benefit obligation at 1 January	**7,3**	**7,6**
Current service cost	0,6	0,0
Past service cost	0,0	0,0
Interest expenses	0,2	0,0
Total amount recognized in the profit and loss	**0,8**	**0,0**
Demographical changes	-0,0	0,0
Financial changes	0,7	0,0
Total amount recognized in other comprehensive income	**0,7**	**0,0**
Exchange rate adjustments	0,4	-0,3
Benefit payments	-0,7	0,0
Present value of defined benefit obligations	**8,5**	**7,3**

DKK million	2018	2017
Fair value at 1 January	**2,4**	**3,0**
Interest income	0,0	0,0
Total amount recognized in the profit and loss	**0,0**	**0,0**
Return on plan assets, excl. amounts included in interest	0,2	0,0
Total amount recognized in other comprehensive income	**0,2**	**0,0**
Exchange rate adjustments	0,0	-0,1
Employer's contribution	0,0	0,0
Benefit payments	-0,7	-0,5
Present value of defined benefit asset	**1,9**	**2,4**

	31 December 2018			31 December 2017		
DKK million	**Quoted**	**Un-quoted**	**Total**	**Quoted**	**Un-quoted**	**Total**
Cash and cash equivalents	1,9	0,0	**1,9**	2,4	0,0	**2,4**
Total plan assets	**1,9**	**0,0**	**1,9**	**2,4**	**0,0**	**2,4**

Future cashflows relating to benefit payments are noted as follows:

DKK million	1 year	2-5 years	After 5 years	Total
Taiwan	0,10	0,60	2,60	**3,30**
Thailand	0,90	0,30	8,70	**9,90**
Total	**1,00**	**0,90**	**11,30**	**13,20**

13.1 RETIREMENT BENEFIT OBLIGATIONS, CONTINUED

The significant actuarial assumptions were as follows (weighted averages):

	2018	2017
Discount rate for monthly employee (annual)	1,9%	2,1%
Future salary increases for monthly employee (annual)	4,0%	4,3%

Assumption regarding the mortality and disability rate of Thailand and Taiwan mortality table of 2017, are based on official data, and make up 100% in mortality rate, and 10% in disability rate for male and female respectively.

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are appx. 0.

The weighted average duration of the defined benefit obligation is 16 years for Thailand and 9 years for Taiwan.

13.2 PROVISIONS

ACCOUNTING POLICIES APPLIED
Provisions are recognized when, as a consequence of a past event during the financial year or previous years, the Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the Company's financial resources.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the end of the reporting period. Provisions with an expected term of more than a year at end of the reporting period are measured at present value.

The accounting estimates applied in respect of provisions are based on Management's best estimates of assumptions and judgments. The majority of the provisions are expected to be settled within one year. Due to uncertainty in the settlement process, these estimates may be affected significantly by changes in these assumptions and judgments applied. These estimates are based on existing contractual obligations and past experience. Based on the information available, Georg Jensen Investment ApS considers the provisions to be adequate.

13.2 PROVISIONS, CONTINUED

2018

DKK million	Reestablishment leases	Other	Total
Provisions at 1 January	**15,2**	**0,5**	**15,7**
Exchange adjustment	0,2	0,0	**0,2**
Provisions at 31 December	**15,4**	**0,5**	**15,9**

Provisions specified in the statement of financial positions is as follows:

Non-current liabilities	12,9	0,0	**12,9**
Current liabilities	2,5	0,5	**3,0**
Provisions at 31 December	**15,4**	**0,5**	**15,9**

2017

DKK million	Reestablishment leases	Other	Total
Provisions at 1 January	**15,9**	**5,0**	**20,9**
Actuary remeasurement	0,0	-2,0	**-2,0**
Reclassified provisions	0,0	-2,5	**-2,5**
Exchange adjustment	-0,7	0,0	**-0,7**
Provisions at 31 December	**15,2**	**0,5**	**15,7**

Provisions specified in the statement of financial positions is as follows:

Non current-liabilities	11,8	0,0	**11,8**
Current liabilities	3,4	0,5	**3,9**
Provisions at 31 December	**15,2**	**0,5**	**15,7**

NOTES

14.1 FEE TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

DKK million	2018	2017
Audit fee to PwC	2,2	1,6
Other statements and opinions with guarantees	0,0	0,4
Tax services	0,5	0,3
Non-audit services	0,2	0,5
Total fee to the auditors elected at the annual general meeting	**2,9**	**2,8**

15.1 WORKING CAPITAL

DKK million	2018	2017
Inventories	360,7	399,7
Trade receivables	101,1	107,6
Other receivables	5,9	7,5
Prepayments	19,6	22,5
Total assets	**487,4**	**537,3**
Trade payables	89,8	101,3
Other payables	100,1	122,7
Retirement benefit obligation	6,6	4,9
Other provisions	15,9	18,1
Total liabilities	**212,4**	**247,0**
Working capital	**275,0**	**290,3**
Changes in working capital		
Change in inventory	39,0	-40,5
Change in receivables	11,0	77,1
Change in other provisions	-0,6	-2,4
Change in suppliers etc.	-34,1	-40,8
Other adjustments	1,4	-19,0
Total other adjustments	**16,6**	**-25,6**

15.2 CASH FLOW STATEMENT, NON-CASH ITEMS

DKK million	2018	2017
Financial income	-31,3	-15,0
Financial cost	64,5	62,4
Depreciation, amortisation and impairment losses	161,9	181,5
Losses and gain on sales of fixed assets	0,0	-14,4
Tax on profit/loss for the year	75,2	-21,5
Total other adjustments	**270,3**	**193,0**

16.1 FIRST TIME ADOPTION TO IFRS

DKK million	ÅRL	Remeasure ment	IFRS
Share Capital	317,0	0,0	**317,0**
Share premium account	594,4	0,0	**594,4**
Retained earnings	-160,8	-6,6	**-167,4**
Profit/loss(-) of the year	-118,9	0,0	**-118,9**
Currency adjustment	-6,6	6,6	**0,0**
Group reconciliation of equity as at 1 January 2017 (date of transition to IFRS)	625,1	0	**625,1**

DKK million	ÅRL	Remeasurement	IFRS
Share Capital	317,0	0,0	**317,0**
Share premium account	594,4	0,0	**594,4**
Retained earnings	-286,3	0,0	**-286,3**
Profit/loss(-) of the year	-46,8	-14,2	**-61,0**
Currency adjustment	-6,8	0,4	**-6,4**
Adj. of hedging instruments at fair market value	0,0	0,7	**0,7**
Group reconciliation of equity as at 31 December 2017	**571,5**	**-13,1**	**558,4**

Implementation of IFRS 16 has resulted in an increase of assets as of 1 January 2017 of DKK 421,3 million and and equal increase in liabilities. At 31 December 2017 the increase is DKK 309,3 million for leased assets and DKK 313,0 million for leased liabilities. The result in 2017 has declined DKK -14,2 million due to IFRS 16, where EBITDA has increased DKK 101,6 million.

NOTES

16.1 FIRST TIME ADOPTION TO IFRS, CONTINUED

DKK million	ÅRL	Remeasurement	IFRS
Other external costs	343,8	101,6	**242,2**
Operating profit before depreciation and amortization	**44,8**	**101,6**	**146,4**
Depreciation, amortization and impairment losses	-84,2	-97,3	**-181,5**
Operating profit	**-39,4**	**4,3**	**-35,1**
Financial items, net	-28,9	-18,5	**-47,4**
Profit before tax	**-68,3**	**-14,2**	**-82,5**

DKK million	ÅRL	Remeasurement	IFRS
Net profit for the year	-46,8	-14,2	**-61,0**
Non-cash items	74,7	115,7	190,4
Change in working capital	-22,1	-0,9	-23,0
Cash flows from operating activities before financial income and expenses	**5,8**	**100,6**	**106,4**
Financial cost, paid	-19,5	7,6	-11,9
Financial income, received	7,0	-6,6	0,4
Cash flows from ordinary activities	**-6,7**	**101,6**	**94,9**
Net cash flow from operating activities	**-9,8**	**101,6**	**91,8**
Net cash flow from investing activities	**-29,2**	**0,0**	**-29,2**
Repayment of lease obligation	0,0	-101,6	-101,6
Changes in credit institutions	0,0	62,3	62,3
Cash flow from financing activities	**-25,6**	**-39,3**	**-64,9**
Net cash flow 31 December 2017	**-64,6**	**62,3**	**-2,3**

17.1 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the balance sheet date, no other events that could significantly affect the financial statements as of 31 december 2018 have occurred.

BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

FOR THE PARENT COMPANY

ANNUAL REPORT 2018

INCOME STATEMENT

DKK million	Note	2018	2017
Staff costs	3	-0,2	0,0
Operating profit		**-0,2**	**0,0**
Result of Investments in subsidiaries	2	-163,2	-61,0
Profit before tax		**-163,4**	**-61,0**
Tax on profit for the year		-3,2	0,0
Profit for the year		**-166,6**	**-61,0**

PROFIT DISTRIBUTION

DKK million	2018	2017
Transfered to retained earnings	-166,6	-61,0
Profit for the year	**-166,6**	**-61,0**

BALANCE SHEET, ASSETS

DKK million	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Financial assets			
Investments in subsidiaries	2	388,9	549,1
Total non-current assets		**388,9**	**549,1**
CURRENT ASSETS			
Receivables			
Receivables from group enterprises		7,4	6,9
Deferred tax assets	4	0,0	3,2
Total current assets		**7,4**	**10,1**
TOTAL ASSETS		**396,3**	**559,2**

BALANCE SHEET, LIABILITIES

DKK million	Note	2018	2017
EQUITY AND LIABILITIES			
EQUITY			
Share capital		317,0	317,0
Share premium account		594,4	594,4
Retained earnings		-516,4	-353,0
Total equity		**395,0**	**558,4**
CURRENT LIABILITIES			
Credit institutions		1,1	0,1
Trade payables		0,0	0,3
Other payables		0,2	0,4
Total liabilities		**1,3**	**0,8**
TOTAL EQUITY AND LIABILITIES		**396,3**	**559,2**

STATEMENT OF CHANGES IN EQUITY

2018 DKK million	Share capital	Share premium account	Retained earnings	Total Equity
Equity as at January 1	**317,0**	**594,4**	**-353,0**	**558,4**
Profit/loss of the year	0,0	0,0	-166,6	**-166,6**
Equity adjustments in subsidiaries	0,0	0,0	3,2	**3,2**
Equity as at December 31	**317,0**	**594,4**	**-516,4**	**395,0**

NOTES

1. ACCOUNTING POLICIES

The financial statements of the Parent Company have been prepared in accordance with the Danish Financial Statements Act (Class B).

The accounting policies are the same as for the consolidated financial statements with the adjustments described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements, page 22-27.

Change in accounting policies
In 2018 the income statement present cost by type of expense instead of cost by function as previous years. The change to cost by type of expense is made to present cost in the same manor as in the internal reporting.

Besides the changes mentioned above the accounting policies for the financial statements of the Parent Company are unchanged from the previous financial year.

Cash flow statement
No separate statement of cash flows has been prepared for the Parent Company; please refer to the statement of cash flows for the Group page 20.

Supplementary accounting policies for the Parent Company
Shares in subsidiaries recognized via the equity method. See note 9 for further description.

Equity
Refer to note 9.1 of the group.

Financial instruments and risks
Information regarding financial instruments and risks are disclosed in note 10.3 of the group.

Contingent liabilities
Information regarding contingent liabilities are disclosed in note 10.5 of the group.

Tax
The jointly-taxed companies are subject to the on-account taxation system. See note 6.2 and 7.4.

Events after the reporting period
Information regarding subsequent events after the reporting are disclosed in note 17.1 of the group.

NOTES

2. INVESTMENT IN SUBSIDIARIES

ACCOUNTING POLICIES APPLIED

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

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

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 subsidiaries.

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

DKK million	**2018**	**2017**
Cost at 1 January	876,3	876,3
Additions for the year	0,0	0,0
Cost at 31 December	**876,3**	**876,3**
Impairment gain/losses at 1 January	**-327,2**	**-260,5**
Share of profits of subsidiaries after taxes	-166,6	-61,0
Equity adjustment in subsidiaries	6,4	-5,7
Impairment losses and amortisation at 31 December	**-487,4**	**-327,2**
Carrying amount at 31 December	**388,9**	**549,1**

NOTES

3. STAFF COST

DKK MILLION	2018	2017
Wages and salaries	0,2	0,0
Total wages	**0,2**	**0,0**
Remuneration to Key Management and Board of Directors		
Fee to board of directors	0,2	0,0
Total remuneration to Key management and board of directors	**0,2**	**0,0**

4. DEFERRED TAX

DKK million	2018	2017
Deferred tax at 1 January	3,2	0,0
Addition / Disposal for the year	-3,2	3,2
Deferred tax at 31 December	**0,0**	**3,2**

See note 7.4 for the group for full disclosure on deferred tax.