Joe & The Juice Holding A/S

Østergade 26, DK-1100 København K

Annual Report for 1 January - 31 December 2019

CVR No 35 52 79 90

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

Jacob Hjortshøj
Chairman of the General Meeting

Contents

Management's Statement

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

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

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

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 7 April 2020

Executive Board

Sebastian Vestergaard
CEO

Board of Directors

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

Independent Auditor's Report

To the Shareholders of Joe & The Juice Holding A/S

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Joe & The Juice Holding A/S for the financial year 1 January - 31 December 2019, 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 consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the 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 Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the 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 Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Hellerup, 7 April 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild	Josephine Kilsgaard Holm
State Authorised Public Accountant	State Authorised Public Accountant
mne33262	mne44114

Company Information

The Company	Joe & The Juice Holding A/S Østergade 26 DK-1100 København K CVR No: 35 52 79 90 Financial period: 1 January - 31 December Municipality of reg. office: København K
Board of Directors	Kaspar Basse, Chairman Tue Mantoni Björn Lundgren Melis Zeynep Kahya Per Forsberg Laurie Ann Goldman Andrew William Crawford Morten Nødgaard Albæk
Executive Board	Sebastian Vestergaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.179.082	1.000.986	790.678	551.350	404.551
Gross profit/loss	981.984	828.954	655.111	466.937	332.306
Profit before depreciations (EBITDA)	93.501	119.673	115.552	82.333	69.043
Profit/loss before financial income and expenses	-265.973	-43.792	5.396	8.804	21.969
Net financials	-74.142	-63.033	-40.909	-32.367	-14.655
Net profit/loss for the year	-332.970	-113.062	-27.341	-15.133	3.036
Balance sheet					
Balance sheet total	1.214.838	1.239.861	1.031.023	710.305	485.581
Equity	-247.853	-154.617	-74.678	-103.931	191.508
Equity including subordinated loan capital	-142.546	-54.648	14.157	-103.931	191.508
Cash flows					
Cash flows from:					
- operating activities	67.386	88.938	98.137	104.020	94.301
- investing activities	-314.546	-431.374	-353.602	-247.881	-128.056
including investment in property, plant and equipment	-288.498	-394.619	-270.988	-201.396	-106.751
- financing activities	271.869	258.094	309.079	159.368	41.339
Change in cash and cash equivalents for the year	24.709	-84.342	53.614	15.507	7.584
Number of employees	2.030	1.626	1.346	983	696

Financial Highlights

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	83,3%	82,8%	82,9%	84,7%	82,1%
EBITDA margin	7,9%	12,0%	14,6%	14,9%	17,1%
Solvency ratio including subordinated loan capital	-11,7%	-4,4%	1,4%	-14,6%	39,4%

For definitions of ratios, see under accounting policies.

Management's Review

Key activities

The objective of the Company is to provide services to companies in the Joe & The Juice group (the Group) and hold ownership shares in companies that operate Joe & The Juice stores and related activities.

Development in the year

The Group has continued its expansion in existing and new markets including the opening of stores in new cities in Belgium, France and the US. In total, the Group opened 35 stores in 2019 and operates 280 own stores at 31 December 2019 and 21 stores with partners.

The Group's revenue for 2019 equaled DKK 1.179 million compared to DKK 1.001 million in 2018, an increase of 17.6%. The growth in revenue was a result of a positive like-for-like development in existing stores and a contribution from new store openings.

The Group's earnings before interest, tax, depreciations and amortizations (EBITDA) for 2019 amounted to DKK 94 million compared to DKK 120 million in 2018, a decrease of 21.6%. The decrease relates to non-recurring costs in 2019 related to the operation, investment in digital platforms and continued expansion in the US market, to support the future growth of the Company.

The Group's continuous investment in the opening of new stores and a change in accounting estimates on depreciations on assets has resulted in an increase in depreciations and amortizations in 2019 going from DKK 162 million in 2018 to DKK 358 million in 2019.

Management is overall satisfied with the development and financial results of the Group in 2019 and will continue to expand and invest in digital platforms and the international roll out of the concept.

Capital resources

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

Risks

Market conditions

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

Currency exposure

The Group operates in several markets and is therefore exposed to a natural currency risk, mainly in USD, NOK, SEK and GBP.

Management's Review

Strategy

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

Targets and expectations for the year ahead

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

Before the COVID-19 outbreak, Management expected revenue growth of 10-20% compared to 2019. During the first two months of 2020, the Group experienced a revenue growth of 24% compared to 2019 and a growth in EBITDA of 650%. However, the COVID-19 outbreak have impact on all markets, and Management expects this to have a negative impact on both revenue and EBITDA for 2020. Please refer to note 1 and 2.

Knowledge resources

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

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

The Company Business Model

Joe & The Juice is a retail chain of juice bars offering fresh, made-to-order fruit and vegetable juices, smoothies, shots, unique sandwiches and salads, coffee, and tea prepared on the premises and cakes made by a third-party supplier. In 2019, the Group started selling its food via third-party delivery platforms, and via its digital application called Joe App. The Group has a strong focus on people, therefore meaningfulness and wellbeing at work. The Group has 2011 employees and operates 301 stores (280 excl. franchise) in 16 countries (13 excl. franchise) in Europe, the US, Asia, and Oceania.

Risk Management (CSR)

Due to its business activities, Joe & The Juice is exposed to risks, frequently associated with food chains that operate across different countries.

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

Joe & The Juice recognizes the risks associated with the CSR matters such as Labour and Human Rights, Environment and Climate, Anti-corruption and Bribery, Social and Employee relations, and successfully manages and mitigates those through policies that the Group has adopted.

Policy implementation, risk mitigation actions, and results are presented in this report.

Labor and Human rights

Policy
The Group recognizes the importance of international human rights and has incorporated human rights considerations in several policies related to corporate culture, recruitment, and supply chain.

In 2019, the Group was working to sustain and evolve the culture in the Group and set out standards and policies for equal employment opportunities and employee conduct on all levels. Among others, employee Code of Conduct consists of policies regarding Equal Employment Opportunity, Child Labor, Forced or Compulsory Labor, Freedom of Association, Collective Bargaining, Anti-discrimination and Anti-harassment. The Group provided employees with training, learning modules, tests, and quizzes related to adopted policies. During the year, various campaigns have increased awareness of employees about adopted policies, that they committed to follow. Based on the training during the year, the employees have obtained knowledge of labor and human rights.

Plans
In 2020, the Group will continue its activities related to promoting and implementing adopted policies.

Environment and climate

Policy
The Group is environmentally aware and works to reduce the environmental and climate impact of business operations. The Group recognizes the challenges of managing waste and reducing energy consumption. In 2019, the Group conducted a comprehensive environmental and climate impact assessment of business operations that provided a better understanding of organizational challenges and opportunities and resulted in the development of an environmental policy. The Group commenced implementation of the environmental policy and ran a public sustainability campaign on its website and social media to showcase its sustainability initiatives.

Activities and Results
During 2019, the Group has continued the implementation of a comprehensive waste control program that tracks waste KPIs weekly and helps the improvement of waste management as well as decision-making related to operations and purchasing of goods.

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

To determine the scale of environmental and climate impact, the Group has conducted a CO2 emissions calculation exercise for 2018, establishing the organizational approach and performing an energy consumption estimate.

Management's Review

In 2019, the Group performed the mandatory Energy Audits in different markets to identify potential energy savings. The Group also conducted a detailed analysis of waste production and management, focusing on single-use packaging and various recycling options across all markets.

Based on the activities, campaigns and waste measuring program during the year, we have incorporated environmentally friendly actions into the daily routines of the employees.

Plans
In 2020, the Group intends to remain focused on reducing waste and decreasing the use of plastic in operations following global tendencies and applicable local laws. The Group focus will be on promoting keep-cups, single-use recycling, and introducing multi-use containers for to-stay customers. The focus will also be on ensuring that single-use containers are made from natural compostable or recycled materials. The Group will continue with its external and internal sustainability campaigns.

Future plans
In 2020, the Group intends to focus on decreasing use of plastic in operations across the world.

Anti corruption and bribery

Policy
The Group understands the importance of maintaining a high level of integrity among its employees and has incorporated anti-corruption and anti-bribery considerations in several policies related to corporate culture, management, and supply chain.

Activities and results
In 2019, the Group was working to sustain the right culture in the Group and set out standards and policies for transparency, corporate integrity, and employee conduct on all levels. The Group has a fully functional whistleblower service provided by a third-party and readily available to all employees with the option to report anonymously. The employees are provided with relevant training related to our policies and services. The Group had a month-long campaign on the intranet that has increased awareness of employees about adopted policies and services, which they are committed to follow.
Based on the activities and campaigns during the year, the employees have obtained knowledge of anti-corruption policies and our internal reporting systems such as the whistleblower service.

Plans
In 2020, the Group will continue its activities related to promoting and implementing adopted policies and culture of fairness and transparency.

Social and employee relations

Policy
The Group has a strong focus on its employees and has incorporated meaningfulness, wellbeing, employee retention, and gender balance considerations in several policies and KPIs related to corporate culture and Management. In 2019, the Group was working to sustain the right culture in the Group and

set out standards and policies for anti-harassment, discrimination, employee retention, gender balance, and employee conduct on all levels.

Activities and results
In 2019, the Group provided employees with training, learning modules, tests, and quizzes related to adopted policies. A month-long campaign has increased awareness of employees about adopted policies, which they are committed to follow. The groups have made significant progress related to the gender balance on the Group level.

Based on the activities, KPI's and campaigns during the year, the employees have obtained a good understanding of social and employee relations at the workplace.

Plans
In 2020, the Group will continue its activities related to promoting and implementing adopted policies.

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

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

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

Joe & The Juice Holding A/S has below 50 employees and is therefore not obligated to establish and account for a policy to increase the underrepresented gender of other management levels.

Uncertainty relating to recognition and measurement

The Group has a net deferred tax asset at a level of DKK 37.8 million, which primarily consists of tax losses for carry-forward and offset in future positive income. There is uncertainty related to future forecast and when the tax asset will be fully utilized.

Besides the area above, recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

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

Income Statement 1 January - 31 December

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Revenue	3	**1.179.082**	**1.000.986**	**0**	**0**
Work on own account recognised in assets		11.805	4.229	0	0
Other operating income		11.349	10.077	1.574	1.461
Expenses for raw materials and consumables		-220.252	-186.338	0	0
Gross profit/loss		**981.984**	**828.954**	**1.574**	**1.461**
Other external expenses		-517.463	-392.517	-72	-379
Staff expenses	4	-371.020	-316.764	-7.840	-6.808
Result before depreciations (EBITDA)		**93.501**	**119.673**	**-6.338**	**-5.726**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-359.474	-163.465	0	0
Profit/loss before financial income and expenses		**-265.973**	**-43.792**	**-6.338**	**-5.726**
Income from investments in subsidiaries	5	0	0	0	2.000
Financial income	6	5.970	2.075	19.207	6.603
Financial expenses	7	-80.112	-65.108	-70	-40
Profit/loss before tax		**-340.115**	**-106.825**	**12.799**	**2.837**
Tax on profit/loss for the year	8	7.145	-6.237	-2.817	-182
Net profit/loss for the year		**-332.970**	**-113.062**	**9.982**	**2.655**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Completed development projects		57.856	29.355	0	0
Trademarks and rights		76.188	82.569	0	0
Goodwill		181.235	221.300	0	0
Intangible assets in progress		379	14.826	0	0
Intangible assets	9	**315.658**	**348.050**	**0**	**0**
Other fixtures and fittings, tools and equipment		227.768	298.609	0	0
Leasehold improvements		440.234	226.862	0	0
Property, plant and equipment in progress		42.315	198.015	0	0
Property, plant and equipment	10	**710.317**	**723.486**	**0**	**0**
Investments in subsidiaries	11	0	0	0	0
Receivables from group enterprises	12	0	0	423.746	15.942
Deposits	12	9.535	13.224	0	0
Fixed asset investments		**9.535**	**13.224**	**423.746**	**15.942**
Fixed assets		**1.035.510**	**1.084.760**	**423.746**	**15.942**
Inventories		**17.527**	**15.193**	**0**	**0**
Trade receivables		38.253	47.382	0	0
Receivables from group enterprises		0	0	0	152.507
Other receivables		9.007	10.843	0	0
Deferred tax asset	16	49.881	37.888	0	0
Corporation tax		405	0	405	126
Prepayments	13	13.898	18.147	0	0
Receivables		**111.444**	**114.260**	**405**	**152.633**
Cash at bank and in hand		**50.357**	**25.648**	**901**	**67**
Currents assets		**179.328**	**155.101**	**1.306**	**152.700**
Assets		**1.214.838**	**1.239.861**	**425.052**	**168.642**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Share capital		37.063	33.038	37.063	33.038
Retained earnings		-284.916	-187.655	382.720	134.668
Equity	14	**-247.853**	**-154.617**	**419.783**	**167.706**
Provision for deferred tax	16	12.111	9.892	0	0
Other provisions	17	32.495	12.589	0	0
Provisions		**44.606**	**22.481**	**0**	**0**
Subordinate loan capital		105.277	96.674	0	0
Credit institutions		831.796	790.686	0	0
Lease obligations		50.626	60.616	0	0
Trade payables		8.420	11.876	0	0
Payables to group enterprises		0	0	579	0
Long-term debt	18	**996.119**	**959.852**	**579**	**0**
Credit institutions	18	73.906	87.579	0	0
Lease obligations	18	29.291	25.567	0	0
Trade payables	18	245.251	258.656	0	0
Payables to group enterprises	18	0	0	0	3
Corporation tax		187	1.453	0	0
Payables to group enterprises relating to corporation tax		0	0	2.817	0
Other payables		72.196	37.681	1.873	933
Deferred income	19	1.135	1.209	0	0
Short-term debt		**421.966**	**412.145**	**4.690**	**936**
Debt		**1.418.085**	**1.371.997**	**5.269**	**936**
Liabilities and equity		**1.214.838**	**1.239.861**	**425.052**	**168.642**

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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	33.038	-187.655	-154.617
Cash capital increase	4.025	241.916	245.941
Capital increase costs	0	-1.535	-1.535
Exchange adjustments relating to foreign entities	0	3.499	3.499
Purchase of treasury shares	0	-6.249	-6.249
Sale of treasury shares	0	3.938	3.938
Fair value adjustment of hedging instruments, end of year	0	-7.514	-7.514
Tax on adjustment of hedging instruments for the year	0	1.654	1.654
Net profit/loss for the year	0	-332.970	-332.970
Equity at 31 December	**37.063**	**-284.916**	**-247.853**

Parent Company

	Share capital	Retained earnings	Total
Equity at 1 January	33.038	134.668	167.706
Cash capital increase	4.025	241.916	245.941
Capital increase costs	0	-1.535	-1.535
Purchase of treasury shares	0	-6.249	-6.249
Sale of treasury shares	0	3.938	3.938
Net profit/loss for the year	0	9.982	9.982
Equity at 31 December	**37.063**	**382.720**	**419.783**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		-332.970	-113.062
Adjustments	20	424.989	231.777
Change in working capital	21	46.401	27.686
Cash flows from operating activities before financial income and expenses		**138.420**	**146.401**
Financial income		5.970	3.364
Financial expenses		-75.146	-58.125
Cash flows from ordinary activities		**69.244**	**91.640**
Corporation tax paid		-1.858	-2.702
Cash flows from operating activities		**67.386**	**88.938**
Purchase of intangible assets		-26.000	-35.715
Purchase of property, plant and equipment		-288.498	-394.619
Fixed asset investments made etc		-48	-1.506
Sale of fixed asset investments etc		0	466
Cash flows from investing activities		**-314.546**	**-431.374**
Raising of loans from credit institutions		27.437	191.488
Lease obligations incurred/repaid, net		-6.266	25.159
Subordinated loan capital received		8.603	7.839
Purchase of treasury shares		-2.311	-1.860
Cash capital increase		244.406	35.468
Cash flows from financing activities		**271.869**	**258.094**
Change in cash and cash equivalents		**24.709**	**-84.342**
Cash and cash equivalents at 1 January		25.648	109.990
Cash and cash equivalents at 31 December		**50.357**	**25.648**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		50.357	25.648
Cash and cash equivalents at 31 December		**50.357**	**25.648**

Notes to the Financial Statements

1 Going concern

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

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

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

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

2 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down the countries” will have great impact on Global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

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

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

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

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

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

3 Revenue

Geographical segments

	2019	2018	2019	2018
Revenue, Denmark	280.826	267.590	0	0
Revenue, Europe	568.924	474.135	0	0
Revenue, non-Europe	329.332	259.261	0	0
	1.179.082	**1.000.986**	**0**	**0**

The Group has one business segment related to selling food and beverages in the stores.

4 Staff expenses

	2019	2018	2019	2018
Wages and salaries	355.162	299.925	7.854	6.740
Pensions	2.412	2.580	0	0
Other social security expenses	7.146	6.930	9	9
Other staff expenses	6.300	7.329	-23	59
	371.020	**316.764**	**7.840**	**6.808**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	1.227	3.725	1.227	3.725
Board of Directors	2.768	1.500	2.768	1.500
	3.995	**5.225**	**3.995**	**5.225**
Average number of employees	**2.030**	**1.626**	**4**	**4**

	Parent Company	
	2019	2018
	TDKK	TDKK

5 Income from investments in subsidiaries

	2019	2018
Share of profits of subsidiaries	0	2.000
	0	**2.000**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

6 Financial income

Interest received from group enterprises	0	0	19.207	6.603
Other financial income	182	0	0	0
Exchange adjustments	5.788	2.075	0	0
	5.970	**2.075**	**19.207**	**6.603**

7 Financial expenses

Interest paid to group enterprises	0	0	24	0
Other financial expenses	80.082	65.108	24	40
Exchange adjustments, expenses	0	0	22	0
Exchange loss	30	0	0	0
	80.112	**65.108**	**70**	**40**

8 Tax on profit/loss for the year

Current tax for the year	187	1.453	2.817	184
Deferred tax for the year	-9.368	-315	0	0
Adjustment of tax concerning previous years	0	1.147	0	-2
Adjustment of deferred tax concerning previous years	382	2.139	0	0
	-8.799	**4.424**	**2.817**	**182**
which breaks down as follows:				
Tax on profit/loss for the year	-7.145	6.237	2.817	182
Tax on changes in equity	-1.654	-1.813	0	0
	-8.799	**4.424**	**2.817**	**182**

Notes to the Financial Statements

9 Intangible assets

Group

	Completed development projects	Trademarks and rights	Goodwill	Intangible assets in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	31.554	105.152	311.837	14.826
Exchange adjustment	0	238	0	113
Additions for the year	0	0	0	26.000
Disposals for the year	0	-4.028	0	-3.789
Transfers for the year	33.372	3.234	0	-36.771
Cost at 31 December	64.926	104.596	311.837	379
Impairment losses and amortisation at 1 January	2.199	22.583	90.537	0
Exchange adjustment	0	-229	0	0
Impairment losses for the year	0	0	24.541	0
Amortisation for the year	4.871	7.860	15.524	0
Reversal of amortisation of disposals for the year	0	-1.806	0	0
Impairment losses and amortisation at 31 December	7.070	28.408	130.602	0
Carrying amount at 31 December	**57.856**	**76.188**	**181.235**	**379**

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

10 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	493.691	339.788	198.015
Exchange adjustment	4.690	4.589	6.608
Additions for the year	14.773	29.203	228.635
Disposals for the year	-69.268	-32.958	-14.058
Transfers for the year	112.860	264.025	-376.885
Cost at 31 December	556.746	604.647	42.315
Impairment losses and depreciation at 1 January	195.082	111.782	0
Exchange adjustment	820	993	0
Impairment losses for the year	0	6.008	0
Depreciation for the year	177.344	63.980	0
Reversal of impairment and depreciation of disposed assets	-44.268	-18.350	0
Impairment losses and depreciation at 31 December	328.978	164.413	0
Carrying amount at 31 December	**227.768**	**440.234**	**42.315**
Including assets under finance leases amounting to	72.673	0	0
Interest expenses recognised as part of cost	0	3.840	0

Notes to the Financial Statements

	Parent Company	
	2019	2018
	TDKK	TDKK
11 Investments in subsidiaries		
Cost at 1 January	324.594	324.594
Cost at 31 December	324.594	324.594
Value adjustments at 1 January	-324.594	-324.594
Net profit/loss for the year	-296.678	-51.935
Other equity movements, net	-664	-6.520
Amortisation and impairment of goodwill	-14.122	-14.122
Reversal of negative result for the year	311.464	72.577
Value adjustments at 31 December	-324.594	-324.594
Carrying amount at 31 December	**0**	**0**
Remaining positive difference included in the above carrying amount at 31 December	181.234	195.356

The company has in previous years received dividend payments, which exceeded the equity value of the shares in subsidiaries. The dividend payments were part of a restructuring in the ownership of the group. The amount exceeding the book value of the shares was recognised in the income statement. Until this income has been earned in the subsidiary, the company does not recognise income from the subsidiary in the income statement. Negative adjustments relating to subsidiaries not recognised as at 31 December 2019 amount to DKK 539 million (2018: DKK 227.5 million). The remaining positive difference of DKK 181.2 million comprises goodwill.

Notes to the Financial Statements

11 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

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

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

12 Other fixed asset investments

	Group	Parent Company
	Deposits	Receivables from group enterprises
	TDKK	TDKK
Cost at 1 January	13.224	15.942
Exchange adjustment	-29	0
Additions for the year	48	407.804
Disposals for the year	-3.708	0
Cost at 31 December	9.535	423.746
Carrying amount at 31 December	**9.535**	**423.746**

13 Prepayments

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

Notes to the Financial Statements

14 Equity

The share capital is broken down as follow:

	Number	Nominal value TDKK
A-shares	1.186.420.912	11.864
B-shares	2.519.901.257	25.199
		37.063

In June and October 2019, the Company acquired 8.108.185 treasury shares comprising 3.125.898 A-shares and 4.982.287 B-shares. The total payment for the shares amounted to kDKK 6,249, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. In June and December 2019 the Company sold 5.641.747 treasury shares, comprising 2.174.965 A-shares and 3.466.782 B-shares. The total payment for the shares amounted to kDKK 3,938, which has been transferred to retained earnings under equity. The Company may choose to sell these shares at a later time. The shares have been acquired as part of the Company's strategy.

The Company holds a total of 5.625.428 shares, comprising 2.168.825 A-shares and 3.456.603 B-shares, with a nominal value of DKK 0,01 corresponding to 0.2% of the total capital.

The share capital has developed as follows:

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Share capital at 1 January	33.038	32.486	31.362	4.187	4.187
Capital increase	4.025	552	1.124	31.713	0
Capital decrease	0	0	0	-4.538	0
Share capital at 31 December	**37.063**	**33.038**	**32.486**	**31.362**	**4.187**

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
15 Distribution of profit				
Retained earnings	-332.970	-113.062	9.982	2.655
	-332.970	**-113.062**	**9.982**	**2.655**

16 Deferred tax asset

Deferred tax asset at 1 January	27.996	27.681	0	0
Amounts recognised in the income statement for the year	8.120	315	0	0
Amounts recognised in equity for the year	1.654	0	0	0
Deferred tax asset at 31 December	**37.770**	**27.996**	**0**	**0**

Gross deferred tax assets amounts to DKK 49.9 million and has been recognised in the balance sheet as a current asset. Gross provision for deferred tax amounts to DKK 8.5 million.

The recognised tax asset comprises tax loss carry-forwards from operations outside Denmark and the Danish subsidiary JTJ Heartbeat A/S. The tax loss carry-forwards are expected to be utilised within the next three to five years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on that the most significant tax loss carry-forwards are in markets, where the Group now is well established and these operations are expected to generate positive results going forward.

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
17 Other provisions				
Restoration obligation on leases	30.708	12.589	0	0
Other provisions	1.787	0	0	0
	32.495	**12.589**	**0**	**0**

Notes to the Financial Statements

18 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
Between 1 and 5 years	105.277	96.674	0	0
Long-term part	105.277	96.674	0	0
Within 1 year	0	0	0	0
	105.277	**96.674**	**0**	**0**
Credit institutions				
Between 1 and 5 years	831.796	790.686	0	0
Long-term part	831.796	790.686	0	0
Other short-term debt to credit institutions	73.906	87.579	0	0
	905.702	**878.265**	**0**	**0**
Lease obligations				
Between 1 and 5 years	50.626	60.616	0	0
Long-term part	50.626	60.616	0	0
Within 1 year	29.291	25.567	0	0
	79.917	**86.183**	**0**	**0**
Trade payables				
Between 1 and 5 years	8.420	11.876	0	0
Long-term part	8.420	11.876	0	0
Other short-tem trade payables	245.251	258.656	0	0
	253.671	**270.532**	**0**	**0**

18 Long-term debt (continued)

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Payables to group enterprises				
Between 1 and 5 years	0	0	579	0
Long-term part	0	0	579	0
Other short-term debt to group enterprises	0	0	0	3
	0	**0**	**579**	**3**

19 Deferred income

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

20 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	-5.970	-2.075
Financial expenses	80.112	65.108
Depreciation, amortisation and impairment losses, including losses and gains on sales	359.474	163.465
Tax on profit/loss for the year	-7.145	6.237
Other adjustments	-1.482	-958
	424.989	**231.777**

21 Cash flow statement - change in working capital

Change in inventories	-2.334	-2.478
Change in receivables	15.214	-21.567
Change in other provisions	17.551	5.736
Change in trade payables, etc	23.485	54.239
Fair value adjustments of hedging instruments	-7.515	-8.244
	46.401	**27.686**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

22 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bank and credit institutions:
Shares in the companies JTJ Heartbeat A/S, Joe & The Juice A/S, Joe & The Juice US Holdings Inc., Joe & The Juice Bleichenhof GmbH, Joe & The Juice Norge AS, Joe & The Juice NG AB, Joe and The Juice UK Ltd., Joe & The Juice Sydney Pty Ltd., Joe & The Juice Nice SARL and Joe & The Juice (Switzerland) AG have been provided as security under certain circumstances for all accounts with SEB.

Rental and lease obligations

	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	303.909	285.640	0	0
Between 1 and 5 years	901.058	885.078	0	0
After 5 years	574.204	672.877	0	0
	1.779.171	**1.843.595**	**0**	**0**

In relation to the rental obligations, the Parent Company has as security for the landlords, issued bank guarantees through SEB of total DKK 126 million on behalf of subsidiaries.

Other contingent liabilities

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

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

23 Related parties

	Basis
Other related parties	
Valedo Partners Fund II AB, Stockholm, Sweden	Shareholder with significant influence
General Atlantic JTJ B.V., Amsterdam, Netherlands	Shareholder with significant influence

Transactions

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

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

24 Fee to auditors appointed at the general meeting

	Group	
	2019	2018
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	843	520
Other assurance engagements	254	245
Tax advisory services	519	397
Other services	792	725
	2.408	**1.887**
Other		
Audit fee	740	70
Tax advisory services	206	61
Other services	33	0
	979	**131**
	3.387	**2.018**

Notes to the Financial Statements

25 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in TDKK.

Changes in accounting estimates

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

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

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

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

Recognition and measurement

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

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

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

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

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

25 Accounting Policies (continued)

cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Joe & The Juice Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Notes to the Financial Statements

25 Accounting Policies (continued)

Leases

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

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

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

Translation policies

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

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

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

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

Hedge accounting

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

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

Notes to the Financial Statements

25 Accounting Policies (continued)

recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

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

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

25 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment, franchise fees etc.

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Notes to the Financial Statements

25 Accounting Policies (continued)

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 10 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years. determined on the basis of Management's experience with the individual business areas. interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Notes to the Financial Statements

25 Accounting Policies (continued)

Property, plant and equipment

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

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

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

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

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

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

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

Notes to the Financial Statements

25 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Prepayments

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

Equity

Dividend

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Notes to the Financial Statements

25 Accounting Policies (continued)

Provisions

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

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

Deferred income

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

Notes to the Financial Statements

25 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

25 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
Solvency ratio including subordinated loan capital	$\frac{\text{Equity including subordinated loan capital}}{\text{Total assets at year end}}$