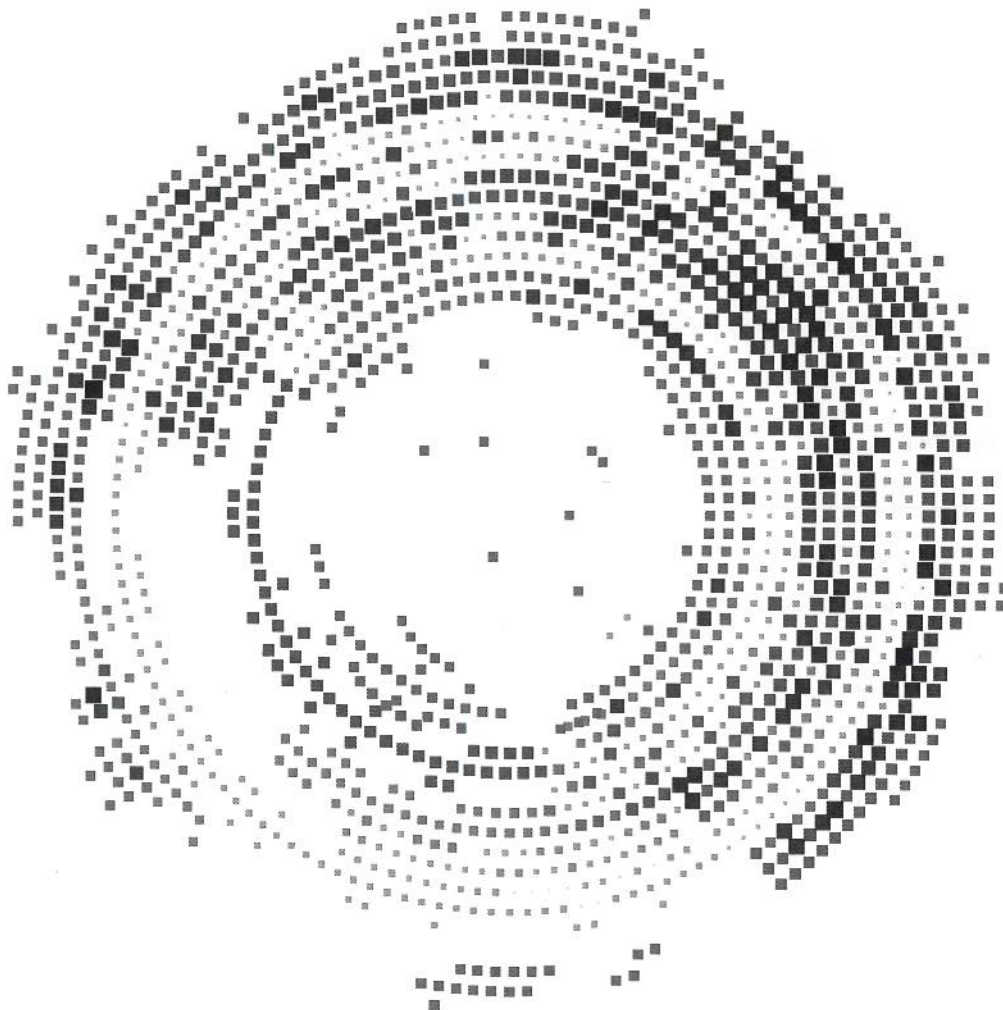


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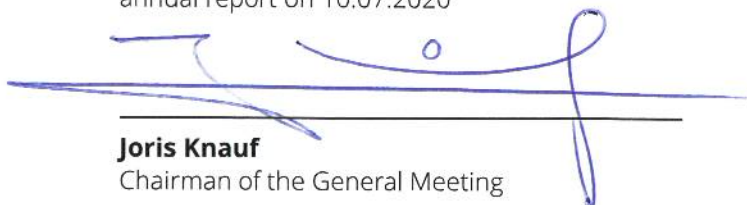


Jacobs Douwe Egberts DK ApS

Nyvang 16
5500 Middelfart
CVR No. 36473959

Annual report 2019

The Annual General Meeting adopted the
annual report on 10.07.2020



Joris Knauf
Chairman of the General Meeting

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Entity details

Entity

Jacobs Douwe Egberts DK ApS

Nyvang 16

5500 Middelfart

CVR No.: 36473959

Registered office: Middelfart

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Kasper Grønnegaard, Chairman

Jan Spenner Carlsson

Janne Paarup

Bjarne Storm Rasmussen

George Johannes Schoof

Majvi Anja Wulff Christensen

Executive Board

Kasper Grønnegaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Jacobs Douwe Egberts DK ApS for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 18.06.2020

Executive Board

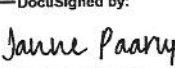
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Board of Directors

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Chairman

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Janne Paarup

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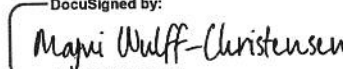
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George Johannes Schoof

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Jan Spenner Carlsson

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Bjarne Storm Rasmussen

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Majvi Anja Wulff Christensen

Independent auditor's report

To the shareholder of Jacobs Douwe Egberts DK ApS

Opinion

We have audited the financial statements of Jacobs Douwe Egberts DK ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

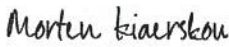
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 18.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

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Morten Dandanell Kiærskou

State Authorised Public Accountant

Identification No (MNE) mne33749

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Henrik Brorsbøl Jakobsen

State Authorised Public Accountant

Identification No (MNE) mne33233

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Revenue	774,343	816,627	666,356	649,434	889,091
Gross profit/loss	265,114	245,574	138,896	150,336	420,913
Operating profit/loss	14,979	(3,800)	22,353	43,216	286,002
Net financials	312	(3,823)	(887)	(1,110)	(1,175)
Profit/loss for the year	3,267	(9,301)	8,242	16,068	214,482
Total assets	694,723	618,977	249,670	209,312	495,781
Investments in property, plant and equipment	15,778	56,825	15,897	12,125	5,912
Equity	406,529	403,262	36,516	28,274	237,206
Ratios					
Gross margin (%)	34.24	30.07	20.84	23.15	47.34
EBIT margin (%)	1.93	(0.47)	3.35	6.65	32.17
Net margin (%)	0.42	(1.14)	1.24	2.47	24.12
Return on equity (%)	0.81	(4.23)	25.44	12.10	180.8
Equity ratio (%)	58.52	65.15	14.63	13.51	47.84

With effect per 01.01.2018 there has been an intra-group merger between Cafax ApS and Jacobs Douwe Egbert ApS according to the "book value" method (ÅRL §123, paragraph 2), why comparative figures for 2015-2017 have not been adjusted.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The primary activities in Jacobs Douwe Egberts DK ApS ("JDE") are sale of coffee, readypacked tea, coffee pads and instant coffee as well as coffee, chocolate and juice concentrates and machinery to the professional market. The products are only sold nationally.

Strategy and objectives

It is the Company's strategy to deliver quality products within the Company's business areas. It is the strategy to follow the consumer demand and trends to fulfil the demand to the benefit of both consumers and the company. It is the Company's strategy currently to support the quality development of the total market and to gain market shares at the same time as the earning capacity is maintained.

Development in activities and finances

The Company's income statement for 2019 shows a profit of 3,2 mio dk., and the Company's balance sheet at 31 December 2019 shows equity of 406,5 mio dk. The future financial development is expected to be stable. Activities in the past year have been below expectations in the acquired part of the business while broadly on expectation in the existing part. The company has successfully expanded further into the Single Serve category to cater the individual consumer needs

The company merged February 2019 with Cafax ApS, a subsidiary in JDE-Group, with accounting retrospectively effect from 1. January 2018. This contributed to significant revenue and balance sheet growth from 2017 to 2018. The 2019 results for this part of the business has been below expectations.

Outlook

A stable development is expected in the national coffee market over the next few years. The multiserve segment is declining but replaced by Single serve, which better covers the individual consumers' individual needs. At the same time, there is a shift from grocery to foodservice as a result of a larger proportion of the coffee consumption taking place outside the home.

The exception of this is naturally the post BS close Covid19 quarantine period where volume has moved in the opposite direction. It is too early to assess the full year effect of Covid19 on the Danish business. In March we have seen a positive volume in the retail part of our business but a negative volume in the professional part, with a slight positive overall effect.

The company is well positioned both within grocery, food service and the corporate market, and the opportunities to further strengthen the company's position in the market are considered as good.

Particular risks**Operating risks**

The Company purchases the main part of its products from group enterprises, which ensures a stable supply and minimize potential operating risks

Market risks

The Company has a material market share in competition with other large suppliers of comparable products. The Retail trade is characterised by few, but large chains which buy a major part of the Company's products. The Professional trade is characterised by a big variety of companies across the country. The company is exposed to fluctuations in raw material price and currency through the purchase of raw materials from an associated company in Netherlands. The raw coffee price is determined through listing on the international raw coffee exchanges and is bound for varying periods of time.

Foreign exchange risks

The Company performs some transactions in foreign currencies, mainly in EUR. Pricing of raw materials, purchased from the associated company performs in EUR, is affected by EUR/USD currency fluctuations. The foreign exchange risks are considered limited.

Interest rate risks

The Company has no material interest-bearing debt where the interest follows the market rate. Therefore, the Company's interest income and interest expenses are independent thereon.

Credit risks

According to the Company's policy for assuming credit risks, all major customers and other business partners are credit-rated regularly. This policy minimizes the credit risk.

Intellectual capital resources

As the Company is operating in a very competitive market with all its products, it is of vital importance continuously to be able to recruit and maintain employees with a high professional level within sales and marketing. Through current training and courses the Company ensures that a high level of knowledge is maintained at all times. The Company's support functions should possess the qualifications and show the stability which ensure maintaining competences and the ability to act as a support function. This is ensured through the Company's training and human resource policy and knowledge sharing internally and with group enterprises.

Environmental performance

JDE DK's CSR policies consist of an 'Environmental strategy', Advancing sustainability' and 'A responsible workplace'. In relation to human rights, JDE DK does not have a separate local policy as this is covered by JDE's Global Supplier Codes of Conduct Policy. The Global Supplier Code of Conduct Policies aims at ensuring basic human rights at the JDE's Group suppliers. JDE DK has not received any reports in 2019 concerning breaches of human rights.

Business model

The Company is part of the Jacobs Douwe Egberts group of companies ("JDE Group"). The Company is a local sales and marketing unit ("MSU") operating in the Danish market in accordance with JDE Group policies, including the JDE Groups policies on sustainability. These are available on www.jacobsdouweegberts.com. Risks associated to the points mentioned below in this section are that, the Company may not achieve its ambition due to legal and reputational impact to the Company. This may again impact the financial performance of the Company.

Environment, social conditions and human rights

The JDE Group's Corporate Responsibility efforts cover all areas including business ethics, people management, human rights, responsible sourcing, community engagement and environmental management. Of particular importance to the JDE Group and its business are three prominent issues; coffee & tea sourcing, environmental footprints and packaging. JDE recognizes that there can be risks as described in figure 1 and therefore JDE has set out an ambition to mitigate the risks hereunder through responsible sourcing. JDE defines responsible sourcing as certified, verified or sourced from coffee and tea producing origins where JDE jointly addresses priority social and environmental challenges through impactful engagement with our suppliers and farmers by partnering with relevant governments, NGOs and civil society. The JDE Group has relevant objectives for these issues by working towards 100% responsibly sourced coffee & tea by 2025. In order to achieve the final goal in 2025, a "COMMON GROUNDS" project in collaboration with Rainforest Alliance, which aims to train our coffee farmers in sustainable use of natural resources, has been established in 2016. 56% of 500.000 smallholders have been reached through the project.

Since 2014, JDE has reduced its energy use by 5.8% and renewable energy already constitutes one-sixth of our energy use, increasing by one-third since 2014, and in 2019 we continued working on reducing our energy consumption and increasing use of renewable energy. JDE is committed to reducing our manufacturing energy use (gigajoules/ton) by 10% per category by 2025 (baseline 2013). Furthermore, in 2018, JDE committed to 100% recyclable or compostable Packaging by 2025.

We have also recognized the need to add new environmental targets for our manufacturing units and in 2020, we will be adding water and greenhouse gas emissions targets.

Further, during November 2018, IDH (a sustainable trade initiative) launched a new €100 Million Farmfit Fund and €30 million IDH Farmfit Business Support Facility in partnership with the JDE Group and other leading public and private organisations. The game changing initiative aims to provide increased access to financial assistance to more than 5 million small holder farmers.



Figure 1

Human resources and statutory statement on the underrepresented gender, cf. section 99b of the Danish Financial Statements Act

JDE Group recognizes the importance of a diverse composition of its Board. The Board aim to achieve a well-balanced composition in the future. While taking this into account, as Board seats become available, the Board of Directors as a whole will have the opportunity, to the extent practicable and appropriate under the circumstances, to target for a diverse composition in line with the global nature and identity of the Group and its business.

At JDE we value and strive for an equal and balanced workplace for men and women, as well as a good workplace environment. Associates are recruited, developed and rewarded based on qualification and merit without differentiation between gender.

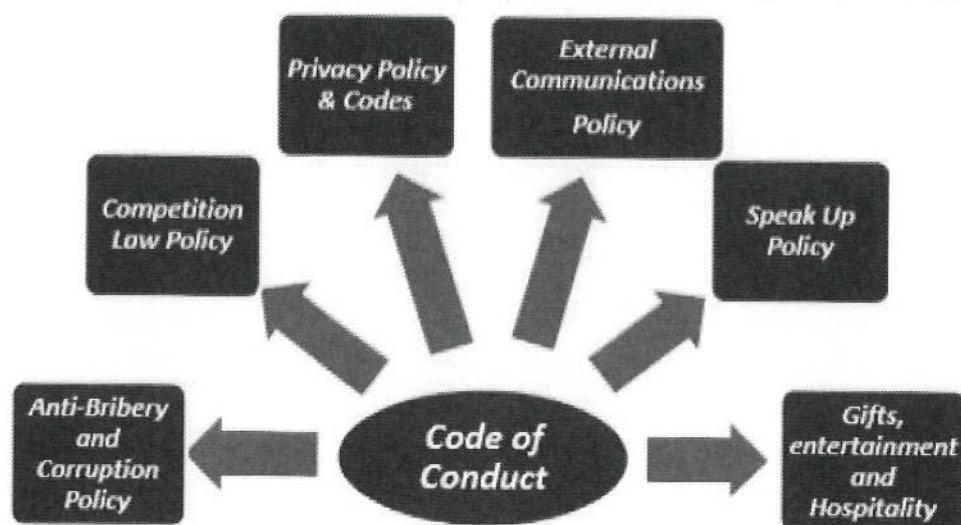
On a yearly basis, JDE runs a Gallup study to measure employee engagement. As results of surveys differs from year to year action plans are prepared yearly to address potential findings. Based on this it is our assessment that JDE have managed to maintain a good workplace environment in 2019.

The Board of JDE consist of 4 members elected at the general assembly, 3 men and 1 woman.

Among employees are elected 1 man and 1 woman for the board. This is considered equal gender diversification. The representation at the Company's other management levels in 2019 was 28% women and 72% men, while the gender representation of the total associates of Jacobs Douwe Egberts DK ApS was 33% woman and 67%. There will be continuous focus on this area also in the future

Anti-corruption

JDE Group is exposed to various risks at strategic, operational, reporting and compliance level. Managing these risks is embedded in the review, monitoring and control processes which JDE Group has in place, allowing to take risks in a well-balanced and controlled manner. Entrepreneurship is a core value of the JDE Group, which implies taking risks. The level of risk the JDE Group is willing to take depends on the nature of the risk. The JDE Group is risk averse regarding risks at reporting and compliance level and consequently avoids taking risks that would jeopardize the reporting integrity and compliance with ethical values, applicable laws, e.g. anti-corruption laws, and regulations and the JDE Group's internal Code of Conduct. The Code of Conduct is available on the JDE Group website. The Company has also deployed reporting tools and policies for employees to raise concerns about compliance matters, hereunder an Alert Line (Whistle Blower Function). The whistle blower line has successfully been tested during the year. To exemplify a risk on the subject; On the selling side, there is a potential risk of bribery. To mitigate this risk, a Gifts, Entertainment and Hospitality policy has been implemented for all JDE employees. JDE DK has not received any reports in 2019, concerning corruption or bribery.



Research and development activities

The Company does not incur any actual research costs; however, together with group enterprises, product development costs are incurred, which are expensed on a current basis, in this way the company benefit from being part of a global Group where R&D can provide the best products and strongest brand development approaches to the market with L'Or capsules as a clear example.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report. Covid19 impact comments provided earlier in the management report.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	1	774,343	816,627
Other operating income	2	63,911	56,982
Cost of sales		(437,902)	(491,270)
Other external expenses	3	(135,238)	(136,765)
Gross profit/loss		265,114	245,574
Staff costs	4	(196,162)	(187,899)
Depreciation, amortisation and impairment losses	5	(53,973)	(61,475)
Operating profit/loss		14,979	(3,800)
Other financial income	6	1,385	279
Other financial expenses	7	(1,073)	(4,102)
Profit/loss before tax		15,291	(7,623)
Tax on profit/loss for the year	8	(12,024)	(1,678)
Profit/loss for the year	9	3,267	(9,301)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Acquired intangible assets		100,292	113,030
Acquired trademarks		55,713	57,774
Acquired rights		0	1,067
Goodwill		152,872	173,690
Intangible assets	10	308,877	345,561
Plant and machinery		44,515	48,674
Other fixtures and fittings, tools and equipment		5,743	2,919
Leasehold improvements		1,576	2,032
Property, plant and equipment	11	51,834	53,625
Deposits		955	1,534
Other financial assets	12	955	1,534
Fixed assets		361,666	400,720
Manufactured goods and goods for resale		13,563	14,976
Inventories		13,563	14,976
Trade receivables		126,067	102,910
Receivables from group enterprises		131,445	31,191
Other receivables		8,393	3,399
Prepayments	13	9,549	4,722
Receivables		275,454	142,222
Cash	14	44,040	61,059
Current assets		333,057	218,257
Assets		694,723	618,977

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		51	51
Retained earnings		406,478	403,211
Equity		406,529	403,262
Deferred tax	15	31,825	33,301
Provisions		31,825	33,301
Finance lease liabilities		916	652
Non-current liabilities other than provisions	16	916	652
Current portion of non-current liabilities other than provisions	16	412	1,839
Trade payables		29,365	36,018
Payables to group enterprises		23,817	28,581
Income tax payable		5,579	5,259
Other payables	17	112,540	89,457
Deferred income	18	83,740	20,608
Current liabilities other than provisions		255,453	181,762
Liabilities other than provisions		256,369	182,414
Equity and liabilities		694,723	618,977
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Non-arm's length related party transactions	21		
Group relations	22		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	51	403,211	403,262
Profit/loss for the year	0	3,267	3,267
Equity end of year	51	406,478	406,529

Notes

1 Revenue

	2019 DKK'000	2018 DKK'000
Retail market	311,904	305,470
Professional market	462,439	511,157
Total revenue by activity	774,343	816,627

Revenue in Jacobs Douwe Egberts ApS relates to sale in Denmark, which in relation to the segment information is the only geographical market.

2 Other operating income

Other operating income contains income related to costs incurred for other group companies.

3 Fees to the auditor appointed by the Annual General Meeting

Fee to auditors appointed at the general meeting has not been disclosed in accordance with section 96 (3) of the Danish Financial Statements Act. Reference is made to the consolidated Financial Statements of Jacobs Douwe Egbert B.V.

4 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	171,132	159,153
Pension costs	13,624	14,024
Other social security costs	2,125	4,929
Other staff costs	9,281	9,793
	196,162	187,899

Average number of full-time employees	308	300
---------------------------------------	------------	------------

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Total amount for management categories	3,755	3,825
	3,755	3,825

5 Depreciation, amortisation and impairment losses

	2019	2018
	DKK'000	DKK'000
Amortisation of intangible assets	36,684	41,551
Depreciation of property, plant and equipment	17,289	18,624
Profit/loss from sale of intangible assets and property, plant and equipment	0	1,300
	53,973	61,475

6 Other financial income

	2019	2018
	DKK'000	DKK'000
Other interest income	148	139
Other financial income	1,237	140
	1,385	279

7 Other financial expenses

	2019	2018
	DKK'000	DKK'000
Financial expenses from group enterprises	424	630
Other interest expenses	246	881
Interest regarding tax paid on account	310	2,409
Other financial expenses	93	182
	1,073	4,102

8 Tax on profit/loss for the year

	2019	2018
	DKK'000	DKK'000
Current tax	11,435	8,463
Change in deferred tax	(3,141)	(5,474)
Adjustment concerning previous years	3,730	(1,311)
	12,024	1,678

9 Proposed distribution of profit and loss

	2019	2018
	DKK'000	DKK'000
Retained earnings	3,267	(9,301)
	3,267	(9,301)

10 Intangible assets

	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	138,197	61,900	10,597	227,310
Cost end of year	138,197	61,900	10,597	227,310
Amortisation and impairment losses beginning of year	(25,167)	(4,125)	(9,530)	(53,620)
Amortisation for the year	(12,738)	(2,062)	(1,067)	(20,818)
Amortisation and impairment losses end of year	(37,905)	(6,187)	(10,597)	(74,438)
Carrying amount end of year	100,292	55,713	0	152,872

11 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	92,268	6,403	2,503
Additions	12,218	3,560	0
Disposals	0	0	(279)
Cost end of year	104,486	9,963	2,224
Depreciation and impairment losses beginning of year	(43,594)	(3,484)	(471)
Depreciation for the year	(16,377)	(736)	(177)
Depreciation and impairment losses end of year	(59,971)	(4,220)	(648)
Carrying amount end of year	44,515	5,743	1,576

12 Financial assets

	Deposits DKK'000
Cost beginning of year	1,534
Disposals	(579)
Cost end of year	955
Carrying amount end of year	955

13 Prepayments

The account relates to prepaid costs for the new fiscal year to come.

14 Cash

The company participates in a cash pool agreement with other JDE companies internationally. The Company is liable for other companies' usage of credit facilities, however with a maximum of the amount recognised in the financial statements, totaling DKK 44m (DKK 61m in 2018).

15 Deferred tax

	2019	2018
	DKK'000	DKK'000
Intangible assets	33,514	36,580
Property, plant and equipment	(181)	(1,890)
Receivables	(953)	(947)
Provisions	(556)	(442)
Deferred tax	31,824	33,301

	2019	2018
	DKK'000	DKK'000
Changes during the year		
Beginning of year	33,301	(3,041)
Recognised in the income statement	(2,796)	(5,474)
Addition from corporate merger		41,816
Changes related to previous years	1,319	
End of year	31,824	33,301

16 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months
	2019	2018	2019
	DKK'000	DKK'000	DKK'000
Finance lease liabilities	412	1,839	916
	412	1,839	916

17 Other payables

	2019	2018
	DKK'000	DKK'000
VAT and duties	12,823	4,529
Wages and salaries, personal income taxes, social security costs, etc payable	17,635	12,216
Holiday pay obligation	22,889	22,141
Other costs payable	59,193	50,571
	112,540	89,457

18 Deferred income

Deferred income comprises deferred income from leasing and service contracts regarding coffee machines placed at customers. Furthermore deferred income contains intercompany charges billed to other group companies, but relating to coming years.

19 Unrecognised rental and lease commitments

	2019	2018
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	30,469	19,478

20 Contingent liabilities

Skattestyrelsen's tax assessment for 2013-2015 was finalized and settled in 2019. There is an ongoing tax review for tax years 2016-2018, but a preliminary assessment has not yet been issued by Skattestyrelsen. It is the management's assessment that it is not probable that the assessment for 2016-2018 will have a material impact on the company's financial position.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

Jacobs Douwe Egberts DK ApS has guaranteed for certain group companies debt to credit institutions. The maximum limit of the guarantee is DKK 22.409k.

21 Non-arm's length related party transactions

The company has not had any transactions with related parties that have not been concluded on an arm's length basis.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Acorn Holdings B.V., Holland

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Jacobs Douwe Egberts B.V., Holland

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and income related to costs incurred for other group companies.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The Entity is jointly taxed with other Danish group companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually 5 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed on an annual basis. The amortisation period is 10 years according to Management's specific assessment.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Other intangible assets comprise intangible resources, which as part of the acquisition it has been possible to recognise as separate assets.

Other intangible assets are amortised on a straight-line basis using the estimated residual useful lives of the assets. Useful lives are reassessed annually.

Acquired intangible assets comprise the recognised value of customer relations and are amortised over a period of 11 years.

Acquired trademarks are amortised over a period of 30 years.

Acquired rights comprise the recognised value of tender contracts, non-compete agreements and soft-ware and are amortised over a period of 2-3 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

According to S. 86(4) of the Danish Financial Statements Act, the Company has chosen not to prepare a cash flow statement as this is included in the consolidated financial statements of Jacobs Douwe Egberts B.V.

