Joe & The Juice Holding A/S

Østergade 26, DK-1100 København K

Annual Report for 1 January - 31 December 2018

CVR No 35 52 79 90

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11/4 2019

Morten Askekilde
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 2018.

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 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

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, 9 April 2019

Executive Board

Sebastian Vestergaard
CEO

Board of Directors

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

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 2018 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 2018 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 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as 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, 9 April 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild State Authorised Public Accountant mne33262	Claus Damhave State Authorised Public Accountant mne34166

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 Morten Nødgaard Albæk Melis Zeynep Kahya Per Forsberg Laurie Ann Goldman Andrew William Crawford Thomas Kusk Nørøxe
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				
	2018	2017	2016	2015	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.002.447	790.678	551.350	404.551	309.610
Gross profit/loss	825.578	655.111	466.937	332.306	243.206
Operating profit/loss	-52.408	-7.663	-9.275	15.336	22.285
Profit/loss before financial income and expenses	-43.792	5.396	8.804	21.969	31.598
Net financials	-63.033	-40.909	-32.367	-14.655	2.216
Net profit/loss for the year	-113.062	-27.341	-15.133	3.036	21.798
Balance sheet					
Balance sheet total	1.239.861	1.031.023	710.305	485.581	131.936
Equity	-154.617	-74.678	-103.931	191.508	67.515
Equity including subordinated loan capital	-54.648	14.157	-103.931	191.508	67.515
Cash flows					
Cash flows from:					
- operating activities	88.938	98.137	104.020	94.301	84.472
- investing activities	-431.374	-353.602	-247.881	-128.056	-369.440
including investment in property, plant and equipment	-394.619	-270.988	-201.396	-106.751	-71.580
- financing activities	258.094	309.079	159.368	41.339	318.252
Change in cash and cash equivalents for the year	-84.342	53.614	15.507	7.584	33.284
Number of employees	1.626	1.346	983	696	535

Financial Highlights

	Group				
	2018	2017	2016	2015	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	82,4%	82,9%	84,7%	82,1%	78,6%
Profit margin	-4,4%	0,7%	1,6%	5,4%	10,2%
Return on assets	-3,5%	0,5%	1,2%	4,5%	23,9%
Solvency ratio	-12,5%	-7,2%	-14,6%	39,4%	51,2%
Solvency ratio including subordinated loan capital	-4,4%	1,4%	-14,6%	39,4%	51,2%
Return on equity	98,6%	30,6%	-34,6%	2,3%	64,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, 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 US, including Chicago and San Diego. In total, the Group opened 62 stores in 2018 and operates 272 own stores at 31 December 2018 and 17 stores with partners.

The Group's revenue for 2018 equaled DKK 1.002 million compared to DKK 791 million in 2017, an increase of 26.6%. The Group's earnings before interest, tax, depreciations and amortizations (EBITDA) for 2018 amounted to DKK 119 million compared to DKK 116 million in 2017, an increase of 2,6%.

The Group's continuous investment in the opening of new stores has resulted in a 47% increase in depreciations and amortisations in 2018 going from DKK 110 million in 2017 to DKK 162 million in 2018.

Management is overall satisfied with the development and financial results of the Group in 2018 and will continue to expand and invest in the international roll-out of the concept.

The group made a cash capital increase of DKK 35.5 million to include key employees as shareholders.

Capital resources

The Group's capital resources are considered adequate to support future growth. The shareholders have decided to inject equity of DKK 245 million in 2019 to ensure the continued roll-out pace.

Risks

Market conditions

The Group's is expecting to grow with additionally 30-40 stores in 2019. The expansion pace is depended on the Group being able to enter favorable leases of premises for Joe & The Juice stores.

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 its current growth with continued expansion in existing markets and to include new markets.

Targets and expectations for the year ahead

The Management has positive expectations to the coming financial year and expects to increase the total number of stores, especially internationally. The Group expects a further increase in revenue in 2019 of approx. 15-20% compared to 2018.

Knowledge resources

It is important for the continued growth of the Group to attract and maintain 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 located in trendy neighborhoods or places with heavy traffic. Joe & The Juice sells fresh, made-to-order fruit and vegetable juices, smoothies, and veggie shots, unique sandwiches, coffee and tea prepared on the premises. The Company has strong focus on people, therefore meaningfulness and wellbeing at work. The Company has 2100 employees and operates around 272 stores in 14 countries in Europe, US, Asia and Oceania.

Risk Management (CSR)

Due to its business activities, Joe & The Juice is exposed to a number of risks frequently associated to the food chains and retail industry that is employee driven and operating across different cultures and regions.

The Management is regularly assessing the risks, adequate control measures and is engaged in efficient risk management and mitigation as an integral part of the Company activity.

Joe & The Juice recognizes the risks associated to 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 which the Company has adopted.

Policy implementation, risk mitigation, actions and the results are presented through this report.
In 2018, the Group did not exercise due diligence of its processes and policies.

Management's Review

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.

Activities and results
In 2018, the Group has been working to sustain and evolve the right culture in the Group and set out standards and policies for equal employment opportunities and employee conduct on all levels. The Group provided employees with training, learning modules, tests, and quizzes related to adopted policies. During the year, a month-long campaign has increased awareness of employees about adopted policies, that they committed to follow.

Future plans
In 2019, the Group will continue it's activities related to promoting and mainstreaming adopted policies.

Environment and climate

Policy
The Group is environmentally aware and works to reduce the environmental and climate impact of business operations. The company recognizes the challenges from managing waste and reducing energy consumption. To improve performance in these areas, in 2018, the Company commenced mandatory energy audit to identify potential savings. The Company also conducted detailed analysis of waste production, focusing on one-time-use plastic packaging, piloted recycling program and is considering various recycling options across all markets.

Activities and Results
During 2018, the Group has continued implementation of a comprehensive waste control program that tracks waste KPIs on a weekly basis and helps the improvement of the waste management as well as decision-making related to operations and purchasing of goods.

The result is a decrease of 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 according to GHG protocol guidelines. This exercise has provided valuable insights related to energy consumption as well as data collection practices.

In late 2018, the Group commenced work on comprehensive environmental and climate impact assessment of business operations that will provide a better understanding of organizational challenges and opportunities and will result in the development of an environmental policy.

Management's Review

Future plans
In 2019, the Group intends to focus on decreasing use of plastic in operations following global tendencies and applicable local laws.

Anti-corruption and bribery

Policy
The Group understands the importance of maintaining 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 2018, the Group has been 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. During the year, the Group has implemented whistleblower service provided by third party and readily available to all employees with the option to report anonymously and provided relevant employees with training related to adopted policies and services. The Group had a month long campaign in intranet that has increased awareness of employees about adopted policies and services, that they committed to follow.

Future plans
In 2019, the Group will continue it's activities related to promoting and mainstreaming adopted policies.

Social and employee relations

Policy
The Group has strong focus on its employees and has incorporated systematic tracking regarding employee wellbeing, retention and gender balance considerations in several policies and KPIs related to corporate culture and management. In 2018, the Group has been working to sustain the right culture in the Group and set out standards and policies for anti-harassment, discrimination, employee rentention, gender balance and employee conduct on all levels.

Activities and results
In 2018, 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, that they committed to follow. The groups has made significant progress related to the gender balance on the Group level.

Future plans
In 2019, the Group will continue it's activities related to promoting and mainstreaming adopted policies.

Management's Review

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 Group was actively working on increasing a number of representatives of underrepresented gender, even though there was no change in 2018.

The genders composition of Board of Directors did not change during 2018 and the percentage of women is 25%, meaning that two out of eight Board of Director members are women. The Group has previous in 2017 set a target of number of women on the Board of Directors to be two out of eight by 2022.

The Group recognizes the importance of attracting, developing and retaining the right talent of all genders, nationalities, and races, which are chosen solely because of their professional qualifications. In 2018, the Group focus was on attracting and hiring employees of all genders equally to increase the employee diversity and consequently has increased the percentage of female employees from 14% at the beginning of the year to 25% at year-end and is one of the HR KPIs.

Same hiring principles apply to organizational levels including management. Considering organizational changes in 2018, the percentage of women in managerial roles was around 10%.

In 2019, the Group will continue focusing on attracting and hiring employees of all genders equally.

In 2019, the Group aims to increase awareness about career opportunities for all employees, with a particular focus on underrepresented gender and encourage female candidates to pursue their career goals within the Group.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	Group 2018 TDKK	Group 2017 TDKK	Parent Compamy 2018 TDKK	Parent Compamy 2017 TDKK
Revenue	1	**1.002.447**	**790.678**	**1.461**	**3.089**
Work on own account recognised in assets		4.229	2.531	0	0
Other operating income		8.616	13.059	0	0
Expenses for raw materials and consumables		-186.338	-148.626	0	0
Gross profit/loss		**828.954**	**657.642**	**1.461**	**3.089**
Other external expenses		-393.475	-265.446	-379	-1.727
Staff expenses	2	-316.764	-276.644	-6.808	-7.276
Result before depreciations (EBITDA)		**118.715**	**115.552**	**-5.726**	**-5.914**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-162.507	-110.156	0	0
Profit/loss before financial income and expenses		**-43.792**	**5.396**	**-5.726**	**-5.914**
Income from investments in subsidiaries	3	0	0	2.000	0
Financial income	4	2.075	31.343	6.603	5.850
Financial expenses	5	-65.108	-72.252	-40	-72
Profit/loss before tax		**-106.825**	**-35.513**	**2.837**	**-136**
Tax on profit/loss for the year	6	-6.237	8.172	-182	-1.355
Net profit/loss for the year		**-113.062**	**-27.341**	**2.655**	**-1.491**

Balance Sheet 31 December

Assets

		Group		Parent Compamy	
	Note	2018	2017	2018	2017
		TDKK	TDKK	TDKK	TDKK
Completed development projects		29.355	17.202	0	0
Trademarks and rights		82.569	71.059	0	0
Goodwill		221.300	238.403	0	0
Intangible assets in progress		14.826	17.164	0	0
Intangible assets	7	**348.050**	**343.828**	**0**	**0**
Other fixtures and fittings, tools and equipment		298.609	213.801	0	0
Leasehold improvements		226.862	174.077	0	0
Property, plant and equipment in progress		198.015	74.732	0	0
Property, plant and equipment	8	**723.486**	**462.610**	**0**	**0**
Investments in subsidiaries	9	0	0	0	0
Receivables from group enterprises	10	0	0	15.942	15.942
Deposits	10	13.224	11.951	0	0
Fixed asset investments		**13.224**	**11.951**	**15.942**	**15.942**
Fixed assets		**1.084.760**	**818.389**	**15.942**	**15.942**
Inventories		**15.193**	**12.715**	**0**	**0**
Trade receivables		47.382	23.478	0	0
Receivables from group enterprises		0	0	152.507	117.498
Other receivables		10.843	18.004	0	0
Deferred tax asset	14	37.888	33.858	0	0
Corporation tax		0	0	126	28
Prepayments	11	18.147	14.589	0	0
Receivables		**114.260**	**89.929**	**152.633**	**117.526**
Cash at bank and in hand		**25.648**	**109.990**	**67**	**33**
Currents assets		**155.101**	**212.634**	**152.700**	**117.559**
Assets		**1.239.861**	**1.031.023**	**168.642**	**133.501**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2018	Group 2017	Parent Compamy 2018	Parent Compamy 2017
		TDKK	TDKK	TDKK	TDKK
Share capital		33.038	32.486	33.038	32.486
Retained earnings		-187.655	-107.164	134.668	98.957
Equity	12	**-154.617**	**-74.678**	**167.706**	**131.443**
Provision for deferred tax	14	9.892	6.177	0	0
Other provisions	15	12.589	6.853	0	0
Provisions		**22.481**	**13.030**	**0**	**0**
Subordinate loan capital		96.674	88.835	0	0
Credit institutions		790.686	650.054	0	0
Lease obligations		60.616	44.679	0	0
Trade payables		11.876	12.057	0	0
Long-term debt	16	**959.852**	**795.625**	**0**	**0**
Credit institutions	16	87.579	36.723	0	0
Lease obligations	16	25.567	16.345	0	0
Trade payables	16	258.656	214.222	0	1.183
Payables to group enterprises		0	0	3	0
Corporation tax		1.453	855	0	0
Other payables		37.681	27.338	933	875
Deferred income	17	1.209	1.563	0	0
Short-term debt		**412.145**	**297.046**	**936**	**2.058**
Debt		**1.371.997**	**1.092.671**	**936**	**2.058**
Liabilities and equity		**1.239.861**	**1.031.023**	**168.642**	**133.501**

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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	32.486	-107.164	-74.678
Cash capital increase	552	34.916	35.468
Exchange adjustments relating to foreign entities	0	5.945	5.945
Purchase of treasury shares	0	-1.860	-1.860
Fair value adjustment of hedging instruments, end of year	0	-8.243	-8.243
Tax on adjustment of hedging instruments for the year	0	1.813	1.813
Net profit/loss for the year	0	-113.062	-113.062
Equity at 31 December	**33.038**	**-187.655**	**-154.617**

Parent Compamy

	Share capital	Retained earnings	Total
Equity at 1 January	32.486	98.957	131.443
Cash capital increase	552	34.916	35.468
Purchase of treasury shares	0	-1.860	-1.860
Net profit/loss for the year	0	2.655	2.655
Equity at 31 December	**33.038**	**134.668**	**167.706**

Cash Flow Statement 1 January - 31 December

	Note	Group 2018	Group 2017
		TDKK	TDKK
Net profit/loss for the year		-113.062	-27.341
Adjustments	18	231.777	142.893
Change in working capital	19	27.686	14.265
Cash flows from operating activities before financial income and expenses		**146.401**	**129.817**
Financial income		3.364	31.343
Financial expenses		-58.125	-60.224
Cash flows from ordinary activities		**91.640**	**100.936**
Corporation tax paid		-2.702	-2.799
Cash flows from operating activities		**88.938**	**98.137**
Purchase of intangible assets		-35.715	-75.311
Purchase of property, plant and equipment		-394.619	-270.988
Fixed asset investments made etc		-1.506	-7.745
Sale of fixed asset investments etc		466	442
Cash flows from investing activities		**-431.374**	**-353.602**
Raising of loans from credit institutions		191.488	147.311
Lease obligations incurred, net		25.159	10.974
Subordinated loan capital received		7.839	88.835
Purchase of treasury shares		-1.860	0
Cash capital increase		35.468	61.959
Cash flows from financing activities		**258.094**	**309.079**
Change in cash and cash equivalents		**-84.342**	**53.614**
Cash and cash equivalents at 1 January		109.990	56.376
Cash and cash equivalents at 31 December		**25.648**	**109.990**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		25.648	109.990
Cash and cash equivalents at 31 December		**25.648**	**109.990**

Notes to the Financial Statements

		Group		Parent Company	
		2018	2017	2018	2017
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Geographical segments				
	Revenue, Denmark	269.051	261.080	1.461	3.089
	Revenue, Europe	474.135	372.120	0	0
	Revenue, non-Europe	259.261	157.478	0	0
		1.002.447	**790.678**	**1.461**	**3.089**
2	**Staff expenses**				
	Wages and salaries	299.925	258.868	6.740	7.023
	Pensions	2.580	1.332	0	0
	Other social security expenses	6.930	8.666	9	13
	Other staff expenses	7.329	7.778	59	240
		316.764	**276.644**	**6.808**	**7.276**
	Including remuneration to the Executive Board and Board of Directors of:				
	Executive Board	6.598	6.532	3.725	5.377
	Board of Directors	1.500	1.300	1.500	1.300
		8.098	**7.832**	**5.225**	**6.677**
	Average number of employees	**1.626**	**1.346**	**4**	**5**

		Parent Company	
		2018	2017
		TDKK	TDKK
3	**Income from investments in subsidiaries**		
	Share of profits of subsidiaries	2.000	0
		2.000	**0**

Notes to the Financial Statements

	Group		Parent Compamy	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
4 Financial income				
Interest received from group enterprises	0	0	6.603	5.107
Other financial income	0	31.050	0	450
Exchange adjustments	2.075	293	0	293
	2.075	**31.343**	**6.603**	**5.850**
5 Financial expenses				
Other financial expenses	65.108	40.135	40	72
Exchange adjustments, expenses	0	32.117	0	0
	65.108	**72.252**	**40**	**72**
6 Tax on profit/loss for the year				
Current tax for the year	1.453	1.506	184	-28
Deferred tax for the year	-315	-13.192	0	0
Adjustment of tax concerning previous years	1.147	3.515	-2	1.383
Adjustment of deferred tax concerning previous years	2.139	-1.514	0	0
	4.424	**-9.685**	**182**	**1.355**
which breaks down as follows:				
Tax on profit/loss for the year	6.237	-8.172	182	1.355
Tax on changes in equity	-1.813	-1.513	0	0
	4.424	**-9.685**	**182**	**1.355**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Trademarks and rights	Goodwill	Intangible assets in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	17.202	85.313	312.124	17.164
Exchange adjustment	0	-2.505	-287	-1.272
Additions for the year	0	13.613	0	22.102
Disposals for the year	0	0	0	-85
Transfers for the year	14.352	8.731	0	-23.083
Cost at 31 December	31.554	105.152	311.837	14.826
Impairment losses and amortisation at 1 January	0	14.254	73.721	0
Exchange adjustment	0	-20	0	0
Impairment losses for the year	0	0	1.224	0
Amortisation for the year	2.199	8.329	15.592	0
Transfers for the year	0	20	0	0
Impairment losses and amortisation at 31 December	2.199	22.583	90.537	0
Carrying amount at 31 December	**29.355**	**82.569**	**221.300**	**14.826**

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 2018 and thus transferred to completed development projects. The remaining projects are expected to be completed in 2019 and 2020. 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.

Notes to the Financial Statements

8 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	341.007	235.119	74.732
Exchange adjustment	1.551	2.015	-18
Additions for the year	2.548	4.073	387.998
Disposals for the year	-1.963	-6.356	-10.356
Transfers for the year	150.548	103.793	-254.341
Cost at 31 December	493.691	338.644	198.015
Impairment losses and depreciation at 1 January	127.206	61.042	0
Exchange adjustment	20	52	0
Depreciation for the year	68.987	51.888	0
Reversal of impairment and depreciation of sold assets	-1.111	-1.200	0
Transfers for the year	-20	0	0
Impairment losses and depreciation at 31 December	195.082	111.782	0
Carrying amount at 31 December	**298.609**	**226.862**	**198.015**
Including assets under finance leases amounting to	83.534	0	0
Interest expenses recognised as part of cost	0	4.424	0

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent Compamy 2018 TDKK	Parent Compamy 2017 TDKK
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	-51.935	12.881
Other equity movements, net	-6.520	-5.365
Amortisation and impairment of goodwill	-14.122	-14.122
Remaining positive difference	72.577	6.606
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	195.356	209.478

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.

Notes to the Financial Statements

9 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 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%
NFB Asia Pte. Ltd.	Singapore	100%
NFB Asia (Hong Kong) Pte. Ltd.	Hong Kong	100%
JOE & THE JUICE Shanghai WFOE	China	100%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

10 Other fixed asset investments

	Group	Parent Compamy
	Deposits	Receivables from group enterprises
	TDKK	TDKK
Cost at 1 January	11.951	15.942
Exchange adjustment	233	0
Additions for the year	1.506	0
Disposals for the year	-466	0
Cost at 31 December	13.224	15.942
Carrying amount at 31 December	**13.224**	**15.942**

11 Prepayments

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

Notes to the Financial Statements

12 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	1.065.663.244	10.657
B-shares	2.238.136.549	22.381
		33.038

In the Financial year 2018, the Company acquired 3,158,990 treasury shares, broken down by 1,217,892 A-shares and 1,941,098 B-shares, corresponding to 0.1% of total shares. The total payment for the shares amounted to TDKK 1,860, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. 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 3,158,990 shares with a nominal value of TDKK 1,860 corresponding to 0,1% of the total capital.

The share capital has developed as follows:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	32.486	31.362	4.187	4.187	4.187
Capital increase	552	1.124	31.713	0	0
Capital decrease	0	0	-4.538	0	0
Share capital at 31 December	**33.038**	**32.486**	**31.362**	**4.187**	**4.187**

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
13 Distribution of profit				
Retained earnings	-113.062	-27.341	2.655	-1.491
	-113.062	**-27.341**	**2.655**	**-1.491**
14 Deferred tax asset				
Deferred tax asset at 1 January	27.681	14.489	0	0
Amounts recognised in the income statement for the year	315	13.192	0	0
Deferred tax asset at 31 December	**27.996**	**27.681**	**0**	**0**

Gross deferred tax assets amounts to DKK 37.9 million and has been recognised in the balance sheet as a current asset. Gross provision for deferred tax amounts to DKK 9.9 million.
The recognised tax asset comprises tax loss carry-forwards from operations outside Denmark. 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	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
15 Other provisions				
Restoration obligation on leases	12.589	6.853	0	0
	12.589	**6.853**	**0**	**0**

Notes to the Financial Statements

16 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
After 5 years	0	88.835	0	0
Between 1 and 5 years	96.674	0	0	0
Long-term part	96.674	88.835	0	0
Within 1 year	0	0	0	0
	96.674	**88.835**	**0**	**0**
Credit institutions				
After 5 years	0	426.534	0	0
Between 1 and 5 years	790.686	223.520	0	0
Long-term part	790.686	650.054	0	0
Other short-term debt to credit institutions	87.579	36.723	0	0
	878.265	**686.777**	**0**	**0**
Lease obligations				
Between 1 and 5 years	60.616	44.679	0	0
Long-term part	60.616	44.679	0	0
Within 1 year	25.567	16.345	0	0
	86.183	**61.024**	**0**	**0**
Trade payables				
Between 1 and 5 years	11.876	12.057	0	0
Long-term part	11.876	12.057	0	0
Other short-tem trade payables	258.656	214.222	0	1.183
	270.532	**226.279**	**0**	**1.183**

Notes to the Financial Statements

17 Deferred income

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

18 Cash flow statement - adjustments

	Group	
	2018	2017
	TDKK	TDKK
Financial income	-2.075	-31.343
Financial expenses	65.108	72.252
Depreciation, amortisation and impairment losses, including losses and gains on sales	162.507	110.156
Tax on profit/loss for the year	6.237	-8.172
	231.777	**142.893**

19 Cash flow statement - change in working capital

	2018	2017
Change in inventories	-2.478	-4.813
Change in receivables	-21.567	-15.738
Change in other provisions	5.736	4.018
Change in trade payables, etc	54.239	37.676
Fair value adjustments of hedging instruments	-8.244	-6.878
	27.686	**14.265**

Notes to the Financial Statements

	Group		Parent Compamy	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK

20 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 2018 TDKK	Group 2017 TDKK	Parent Company 2018 TDKK	Parent Company 2017 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	285.640	285.071	0	0
Between 1 and 5 years	885.078	1.015.113	0	0
After 5 years	672.877	1.017.566	0	0
	1.843.595	**2.317.750**	**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 147 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.

Notes to the Financial Statements

21 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.

	Group	
	Group	
	2018	2017
	TDKK	TDKK
22 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	520	475
Tax advisory services	397	691
Other services	725	1.219
	1.642	**2.385**

23 Subsequent events

The shareholders have decided to inject equity of DKK 245 million in 2019 to ensure the continued roll-out pace.

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

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Joe & The Juice Holding A/S for 2018 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 2018 are presented in TDKK.

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 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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, 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. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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

24 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

24 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	5	years
Leasehold improvements	5-10	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

24 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

24 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

24 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

24 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Solvency ratio including subordinated loan capital	$\frac{\text{Equity including subordinated loan capital}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$