



BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

CONSOLIDATED INTERIM FINANCIAL REPORT

SEPTEMBER 2019

January 1 – September 30, 2019

(9 months)

GEORG JENSEN A/S, SDR. FASANVEJ 7, DK-2000 FREDERIKSBERG

COMPANY REG.NO.: 26573645

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MANAGEMENT'S REVIEW FIRST NINE MONTHS 2019

FINANCIAL HIGHLIGHTS	Q3			9 MONTHS		
DKK million, except for number of stores	2019	2018	Change	2019	2018	Change
Net Sales	241,4	243,5	-1%	640,6	661,1	-3%
Closed stores	-0,1	-2,3		-0,4	-12,9	
Net sales continuing operations	241,3	241,2	0%	640,2	648,2	-1%
EBITDA	28,1	31,3		39,3	54,6	
EBIT	-6,9	-3,9		-67,0	-53,9	
Profit before tax	-10,9	-13,1		-84,0	-83,7	
Profit for the period	-12,7	-10,3		-88,0	-67,0	
Cash flow from operating activities	11,6	-2,7		0,4	-13,4	
Total cash flow	-7,2	-0,5		-58,2	-11,0	
Number of stores	100	101		100	101	

- Revenue and profit before tax on par with last year, after a slower start.
- Adjusted for closed stores, Q3 revenue was flat on prior year.
- The largest market, Denmark grew 2 % YTD compared to last year and Japan, the fourth most important retail market, is up by 16% YTD.
- Both Australia and UK suffered macro-economic challenges early in the year and experienced slowdown in the first half. However, both markets picked up in Q3 by growing 1 % and 2% respectively.
- Taiwan and Hong Kong are challenged by the Chinese travel pattern and the unstable situation in the region.
- E-commerce delivered 21 % growth YTD driven by a strong performance in the Jewellery category.
- The B2C channel grew by 2% in Q3 and is now flat on prior year's first nine months.

- The B2B channel declined this year which mainly affects the Home category.
- The Jewellery category is up 2 % for the year and in Q3 growing 8 %.
- The development of the Thai Baht exchange rate has negatively affected gross margin and hence EBITDA by DKK 9.6 million this year compared to last year. The impact in Q3 alone is DKK 4.4 million. This has partly been offset by FX hedging recognized in the financial income.
- EBITDA for the first nine months is DKK 39.3 million compared to DKK 54.6 million last year. EBITDA in Q3 was DKK 28.1 million compared to DKK 31.3 million last year.
- Staff costs have been reduced by 3 % compared to last year whilst investment in marketing has been increased leaving other external costs almost unchanged.
- Profit before tax is DKK -84.0 million and DKK -83.7 million in 2018. In Q3 it was DKK -10.9 million versus DKK -13.1 million last year. This is still in line with normal seasonality, where a high part of the company's income is in the last quarter of the year.
- Net operating cash-flow of the first nine months was DKK 23.8m better than last year.
- Net interest bearing debt has been reduced to DKK 473.7 million from DKK 579.1 million last year. The main driver is the reduction in lease liabilities. Last twelve months (LTM) adjusted EBITDA was DKK 147.2 million with sundry of DKK 28.4 million, hence a leverage of 3.2.
- The company heads into its peak period and management expect a small acceleration in sales.

MANAGEMENT'S COMMENTARY

The first nine months of 2019 presented satisfactory results in many aspects of the business. The early sales decline in Australia and UK was reversed in Q3, but especially in the UK uncertainty remains. Japan has had a very strong Q3 – growing 44 % in the quarter and 16 % YTD. The largest market overall, Denmark, has also performed nicely and has seen a growth of 2 % this year. US was weaker in Q3 but has still had a growth of 1 % this year.

On the other hand, Taiwan and Hong Kong experienced a slow-down in Q3 due to changed Chinese travelling patterns and an unstable situation in the area.

The E-commerce channel grew by 21 % this year and continued the good development for the Group's omni channel retail business. Georg Jensen will continue to invest in digital platforms to ensure that the entire B2C-channel shows growth. The growth in the E-commerce channel was mainly based on Jewellery that was up by 33 % year to date. In total the B2C channel was up 2 % in Q3 leaving the channel stable YTD compared to last year.

B2B declined year to date, which mainly affected the Home category. This is among other things a result of more selective sales in the international market.

The Jewellery category had a very strong Q3 with growth of 8% - strongly supported by the launch of the next chapter of the Fusion design series in the third quarter. For the first nine months Jewellery is up 2 % compared to 2018.

The gross margin of the first nine months is reduced from 61.7 % in 2018 to 61.2 % mainly due to an increase in the Thai Baht exchange rate costing DKK 9.6 million compared to last year impacting the EBITDA negatively. The Group's FX hedging is recognized in the financial items that in total are DKK 12.8 million lower than last year.

Fixed costs have been reduced compared to last year due to staff reductions but as marketing expenses were higher, overall fixed cost are only slightly lower than last year. Year to date earnings before interest, depreciation and amortization (EBITDA) was DKK 39.3 million compared to DKK 54.6 million last year. Ongoing cost adjustment and efficiency measures continues being implemented to improve the operating leverage of the company.

The lower financial items off-sets the lower EBIT and the profit before taxes for the first nine month is almost unchanged and in Q3 it is DKK 2.2 million lower than last year.

Net cash flow from operating activities for the first nine months was DKK 23.8 million better than last year. A lower net profit was offset by better net working capital developments, where especially inventory levels improved being DKK 55.8 million lower than last year.

Net interest-bearing debt was reduced from DKK 579,1 million last year to DKK 473,7 million primarily driven by a reduction in lease obligations, but also from the improved cash flow.

Equity for the period ending September 2019 is DKK 190,4 million compared to DKK 257,0 million for 2018.

New product launches

Georg Jensen has launched the Helix collection in mid-October; a five-piece, stainless steel coffee and tea set designed by acclaimed Swedish duo Bernadotte & Kylberg. Featuring elegant silhouettes that clearly prioritize both function and form, the Helix collection represents a sleek continuation of Georg Jensen's longstanding mission to craft minimalist, Scandinavian design of the highest caliber.

Furthermore, the company will introduce the new Curve jewellery collection in the first quarter of 2020 designed by Danish Regitze Overgaard, who has been working closely with Georg Jensen since 1986. The collection consists of 15 pieces with a truly bold and sculptural expression crafted in either silver, gold or a mix of both materials; a meticulous example of Georg Jensen's superior design language that speaks to women across generations.

Other developments

Georg Jensen has expanded its network of stores by using partner operated retail stores and a strong presence in digital sales. This strategy has in 2019 lead to the opening of mono-brand stores in Singapore, Bangkok, Manila and Athens.

Outlook

Management's expectations for the sales is a small acceleration as the company heads into its peak period.

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have reviewed and approved the consolidated interim financial report of Georg Jensen A/S for the period January to September 2019. The consolidated interim financial report has not been audited or reviewed by the company's independent auditors.

The consolidated interim financial report for the period January to September of 2019 has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies adopted in the preparation are consistent with those applied in the Annual Report 2018 of Georg Jensen A/S.

Furthermore, the consolidated interim financial report for January to September of 2019 and Management's Review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

Copenhagen, 28th of November 2019

Executive Board

Francesco Pesci
CEO

Board of Directors

Hazem Ben-Gacem
Chairman

David Ching Chi Chu

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Francesco Pesci

Karl Sebastian Inger

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Inge Andersen

Ida Heiberg Bøttiger

DISCLAIMER

This company announcement contains forward looking statements, which include estimates of financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ from what is forecast in this report due to a variety of factors.

CONSOLIDATED INCOME AND COMPREHENSIVE INCOME STATEMENT

INCOME STATEMENT	Q3		9 MONTHS	
	2019	2018	2019	2018
DKK million				
Revenue	241,4	243,5	640,6	661,1
Cost of sales	-94,6	-94,1	-248,4	-253,3
Gross profit	146,8	149,4	392,2	407,8
Other external costs	-52,1	-51,8	-149,3	-147,1
Staff costs	-66,5	-67,6	-202,8	-208,2
Other operating income and costs	-0,1	1,3	-0,8	2,1
Operating profit before depreciation and amortization	28,1	31,3	39,3	54,6
Depreciation, amortization and impairment losses	-35,0	-35,2	-106,3	-108,5
Operating profit	-6,9	-3,9	-67,0	-53,9
Financial income	7,0	9,8	18,3	13,8
Financial costs	-11,0	-19,0	-35,3	-43,6
Profit before tax	-10,9	-13,1	-84,0	-83,7
Tax on profit for the year	-1,8	2,8	-4,0	16,7
Profit for the year	-12,7	-10,3	-88,0	-67,0
OTHER COMPREHENSIVE INCOME	Q3		9 MONTHS	
	2019	2018	2019	2018
Profit for the year	-12,7	-10,3	-88,0	-67,0
OTHER COMPREHENSIVE INCOME				
<i>Items that will be reclassified to profit or loss</i>				
Adjustment Cash flow hedges	0,0	0,0	0,0	3,0
Exchange differences on foreign operations	19,9	0,0	21,4	1,7
Other comprehensive income after tax	19,9	0,0	21,4	4,7
Total comprehensive income for the year	7,2	-10,3	-66,6	-62,3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, ASSETS

DKK million	30/9 2019	30/9 2018	31/12 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	71,0	38,8	94,3
Tangible assets	254,5	395,4	316,9
Financial Assets	40,0	28,8	28,9
Deferred tax	-	125,9	0,0
Total non-current assets	365,5	588,9	440,1
CURRENT ASSETS			
Inventories	364,5	420,3	360,7
Trade receivables	100,9	101,4	101,1
Other receivables	6,1	12,9	5,9
Receivable from group enterprises	18,7	13,6	14,9
Prepayments	18,2	20,8	19,6
Cash and cash equivalents	18,2	19,3	76,4
Total current assets	526,6	588,3	578,7
TOTAL ASSETS	892,1	1.172,2	1.018,8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, LIABILITIES

DKK million	30/9 2019	30/9 2018	31/12 2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	139,6	139,6	139,6
Share premium	488,3	488,3	488,3
Hedging reserve	0,7	0,7	0,7
Translation reserve	16,5	-1,7	-4,9
Retained earnings	-454,7	-286,9	-366,7
Total equity	190,4	340,0	257,0
LIABILITIES			
NON-CURRENT LIABILITIES			
Bond	298,0	298,0	298,0
Credit institutions	2,8	4,2	2,8
Lease liabilities	91,1	172,2	151,5
Provisions	14,4	12,6	12,9
Deferred tax	1,9	2,6	2,6
Retirement benefit obligation	6,6	4,9	6,6
Total non-current liabilities	414,8	494,5	474,4
CURRENT LIABILITIES			
Credit institutions	38,2	57,7	7,6
Trade Payables	71,4	110,2	89,8
Other Payables	88,9	86,0	99,8
Payable to group enterprises	6,1	6,9	7,4
Lease liabilities	77,2	77,2	77,2
Tax payables	2,1	1,7	2,6
Provisions	3,0	3,0	3,0
Total current liabilities	286,9	342,7	287,4
Total liabilities	701,7	837,2	761,8
TOTAL EQUITY AND LIABILITIES	892,1	1.177,2	1.018,8

CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW STATEMENT	Q3		9 MONTHS	
DKK million	2019	2018	2019	2018
Net profit for the period	-12,7	-10,3	-88,0	-67,0
Non-cash items	39,9	41,6	130,0	121,5
Change in working capital	0,7	-28,0	-13,2	-40,8
Cash flows from operating activities before financial income and expenses	27,9	3,3	28,8	13,7
Financial cost, paid	-5,3	-5,7	-15,5	-23,6
Financial income, received	0,0	0,0	0,0	0,0
Cash flows from ordinary activities	22,6	-2,4	13,3	-9,9
Income taxes paid	-1,0	-0,3	-2,9	-3,5
Net cash flow from operating activities	21,6	-2,7	10,4	-13,4
Purchase of intangible assets	0,0	0,0	0,0	0,0
Purchase of property, plant and equipment	-8,0	-9,5	-15,6	-20,6
Sale of fixed asset investments etc.	0,0	0,0	0,0	0,0
Change in other financial assets	-12,0	-0,5	-12,8	-0,6
Net cash flow from investing activities	-20,0	-10,0	-28,4	-21,2
Issued bond	0,0	0,0	0,0	298,0
Changes in credit institutions	13,3	37,8	30,6	-41,0
Repayment of loans from credit institutions	0,0	0,0	0,0	-157,7
Repayment of lease liabilities	-22,1	-24,1	-68,3	-74,2
Upstream to Group companies	0,0	-1,5	-2,5	-1,5
Cash flow from financing activities	-8,8	12,2	-40,2	23,6
Net cash flow for the period	-7,2	-0,5	-58,2	-11,0
Cash and cash equivalents, beginning of the period	25,4	19,8	76,4	30,3
Cash and cash equivalents, end of the period	18,2	19,3	18,2	19,3

STATEMENT OF CHANGES IN EQUITY

September 2019

DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
Balance at the beginning of the period	139,6	488,3	0,7	-4,9	-366,7	257,0
Profit for the period	0,0	0,0	0,0	0,0	-88,0	-88,0
<i>Other comprehensive income</i>						
Exchange adjustment	0,0	0,0	0,0	21,4	0,0	21,4
Balance at the end of the period	139,6	488,3	0,7	16,5	-454,7	190,4

September 2018

DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
Balance at the beginning of the period	139,6	488,3	0,7	-6,4	-219,9	402,3
Profit for the period	0,0	0,0	0,0	0,0	-67,0	-67,0
<i>Other comprehensive income</i>						
Adjustment cash flow hedges	0,0	0,0	0,0	3,0	0,0	3,0
Exchange adjustment	0,0	0,0	0,0	1,7	0,0	1,7
Balance at the end of the period	139,6	488,3	0,7	-1,7	-286,9	340,0

NOTES

1 ACCOUNTING POLICIES

The unaudited consolidated interim financial statements for the period January to September of 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies and significant accounting estimates adopted in the preparation are consistent with those applied in the Annual Report 2018 of Georg Jensen A/S.

Furthermore, the consolidated interim financial report including the consolidated financial statements for the period January to September of 2019 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

2 SEGMENT INFORMATION

Q3 2019

DKK million	Europe	APAC	North America	Other	Total
Total revenue	129,9	93,3	12,3	5,9	241,4
Gross Profit	48,1	54,7	5,1	38,9	146,8
OPEX	23,9	45,3	7,1	42,4	118,7
EBITDA	24,2	9,4	-2,0	-3,5	28,1
Amortizations & depreciations					-35,0
EBIT					-6,9
Financial income					7,0
Financial expenses					-11,0
Profit before tax					-10,9

Q3 2018

DKK million	Europe	APAC	North America	Other	Total
Total revenue	138,9	87,6	13,6	3,4	243,5
Gross Profit	49,2	49,1	5,5	45,6	149,4
OPEX	24,6	41,1	5,6	47,0	118,1
EBITDA	24,6	8,0	-0,1	-1,2	31,3
Amortizations & depreciations					-35,2
EBIT					-3,9
Financial income					9,8
Financial expenses					-19,0
Profit before tax					-13,1

9 MONTHS 2019

DKK million	Europe	APAC	North America	Other	Total
Total revenue	329,9	266,7	36,7	7,3	640,6
Gross Profit	117,4	153,4	15,1	106,3	392,2
OPEX	72,3	129,1	19,1	132,4	352,9
EBITDA	45,1	24,3	-4,0	-26,1	39,3
Amortizations & depreciations					-106,3
EBIT					-67,0
Financial income					18,3
Financial expenses					-35,3
Profit before tax					-84,0

9 MONTHS 2018

DKK million	Europe	APAC	North America	Other	Total
Total revenue	352,2	270,1	34,2	4,6	661,1
Gross Profit	124,2	153,5	14,5	115,6	407,8
OPEX	76,8	123,2	15,5	137,7	353,2
EBITDA	47,4	30,3	-1,0	-22,1	54,6
Amortizations & depreciations					-108,5
EBIT					-53,9
Financial income					13,7
Financial expenses					-43,6
Profit before tax					-83,7

3 REVENUE

PRIMARY SALES CHANNELS	Q3 2019	Q3 2018
B2B	101,8	109,1
B2C	132,9	129,6
Other	6,7	4,8
Total	241,4	243,5

PRIMARY PRODUCT LINES	Q3 2019	Q3 2018
Jewellery	122,1	113,5
Home	92,3	104,2
Other	27,0	25,8
Total	241,4	243,5

PRIMARY SALES CHANNELS	9 MONTHS 2019	9 MONTHS 2018
B2B	246,4	266,4
B2C	377,6	383,7
Other	16,6	11,0
Total	640,6	661,1

PRIMARY PRODUCT LINES	9 MONTHS 2019	9 MONTHS 2018
Jewellery	337,0	332,1
Home	233,4	249,0
Other	70,2	80,0
Total	640,6	661,1

4 NET INTEREST-BEARING DEBT

DKK million	30/9 2019	30/9 2018	31/12 2018
Net interest-bearing debt comprises:			
Credit institutions (current)	38,3	57,7	7,6
Payable to group enterprises	6,1	6,9	7,4
Lease liabilities	168,2	249,4	228,7
Issued bond	298,0	298,0	298,0
Gross interest-bearing debt	510,6	612,0	541,7
Receivable from group enterprises	-18,7	-13,6	-14,9
Cash and cash equivalents	-18,2	-19,3	-76,4
Gross interest-bearing receivables	-36,9	-32,9	-91,3
Net interest-bearing debt	473,7	579,1	450,4

See note 10.3 in the annual report for in depth description on financial risks.

5 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the balance sheet date, no other events that could significantly affect the consolidated interim financial statements as of 30 September 2019 have occurred.