



BY APPOINTMENT TO  
HER MAJESTY THE QUEEN OF DENMARK

**GEORG JENSEN**

ESTABLISHED 1904

CONSOLIDATED INTERIM FINANCIAL REPORT

Q1 2020

January 1 – March 31, 2020

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

COMPANY REG.NO.: 26573645

# CONTENT

Page 3	Management's review and financial highlights
Page 5	Management's commentary
Page 7	Management statement
Page 8	Consolidated Income and Other comprehensive income statement
Page 9	Consolidated statement of financial position, Assets
Page 10	Consolidated statement of financial position, Liabilities
Page 11	Consolidated cash flow statement
Page 12	Statement of changes in equity
Page 13	Notes

# MANAGEMENT'S REVIEW

FINANCIAL HIGHLIGHTS		Q1			YTD March		
DKK million, except for number of stores	2020	2019	Change	2020	2019	Change	
Net Sales	172,2	197,6	-13%	172,2	197,6	-13%	
Closed stores	-0,5	-3,3		-0,5	-3,3		
<b>Net sales continuing operations</b>	<b>171,7</b>	<b>194,3</b>	<b>-12%</b>	<b>171,7</b>	<b>194,3</b>	<b>-12%</b>	
<b>EBITDA</b>	<b>-1,8</b>	<b>5,0</b>		<b>-1,8</b>	<b>5,0</b>		
<b>EBIT</b>	<b>-38,5</b>	<b>-31,0</b>		<b>-38,5</b>	<b>-31,0</b>		
<b>Profit before tax</b>	<b>-32,5</b>	<b>-38,2</b>		<b>-32,5</b>	<b>-38,2</b>		
<b>Profit for the period</b>	<b>-32,6</b>	<b>-38,6</b>		<b>-32,6</b>	<b>-38,6</b>		
Cash flow from operating activities	-25,3	-12,5		-25,3	-12,5		
<b>Total cash flow</b>	<b>-33,0</b>	<b>-40,3</b>		<b>-33,0</b>	<b>-40,3</b>		
<b>Number of stores</b>	<b>96</b>	<b>97</b>		<b>96</b>	<b>97</b>		

- Revenue was up by 4% in January, but due to the effects from Covid-19 the quarter ended 12% down.
- The APAC region that was affected by the corona virus first saw turnover reduced by 17%. Europe was impacted a little later and the fall was only 12% here. US was 15% down.
- All markets fell in Q1, except UK that grew by 13%, due to strong wholesale sales.
- The B2C channel has been hit by a 14% reduction vs. 9% in the B2B channel.
- E-commerce began the year down vs. last year due to not having large January sales as in 2019 but grew by 24% in February and March driven by a strong performance in both the Jewellery category (up 14%) and the Home category (up 84%).
- Overall the Jewellery category fell by 8% and the Home category by 19%.

- Gross margin increased from 61,6% to 62,2%
- Operating costs were lowered significantly in Q1 2020. Overall, they came down by 7%.
- The reduction in operating cost and the margin increase offset some of the lower revenue and EBITDA decreased from DKK 5,0 million in Q1 2019 to DKK –1,8 million in Q1 2020.
- Net cash flow from operating activities was DKK 12,8 million below last year, mainly due to lower EBITDA.
- Net interest-bearing debt increased to DKK 520,5 million from DKK 466,6 million last year. The main driver is an increase in lease liabilities. Adjusted EBITDA was DKK 162,6 million with sundry of DKK 19,9 million, hence a leverage of 3,2.
- The cash balance increased DKK 48,1 million vs. Q1 2019 and is at DKK 84,2 million.

# MANAGEMENT'S COMMENTARY

2020 started on a positive note for Georg Jensen as sales were up 4% in January. Unfortunately, we saw the arrival of the corona virus which has had and will have a significant effect on our business in 2020.

Total revenue was down by 13% for the quarter as especially March was badly hit with a sales reduction of 30%. Net sales for continuing operations decreased 12%.

All markets have been affected by the situation and we have falling sales except in the UK where sales grew 13% due to strong sales in the wholesale channel.

The E-commerce channel grew by 24% in February and March driven by strong performance in both the Jewellery category (up 14%) and the Home category (up 84%).

In total the B2C channel dropped by 14% and B2B fell by 9%. The Home category sales is reduced by 19%, whereas Jewellery fell by 8%.

The gross margin in Q1 is 62,2% compared to 61,6% in Q1 2019.

Operating costs continued the downward trend and was significantly lower than in 2019. Other external cost was reduced by 10% and staff cost by 4%.

The reduction in operating cost and the improved margin has offset some of the lower revenue and EBITDA decreased from DKK 5,0 million in Q1 2019 to DKK -1,8 million in Q1 2020. Ongoing cost adjustment and efficiency measures continue to be implemented to improve and protect the results of the company.

Operating profit improved by DKK 5,6 million compared to Q1 2019 due to positive financial items.

Net cash flow from operating activities was DKK 12,8 million below last year, mainly due to lower EBITDA.

Net interest-bearing debt increased from DKK 466,6 million last year to DKK 520,5 million primarily driven by an increase in lease obligations.

## **New product launches**

In February, Georg Jensen launched Bloom Botanica; a collection of stunning vases and candleholders to complement the iconic Bloom collection. Designed by Helle Damkjær, Bloom Botanica both celebrates 20 years of Bloom and elevates its organic design language to new heights through Damkjaer's masterful eye for minimalist design language combined with a poetic approach. Also in February, new Mercy jewellery design were introduced in gold and diamond. Designed by American designer Jacqueline Rabun, Mercy is an emotional and soulful collection that merges Georg Jensen's organic and Scandinavian design DNA with Rabun's talent for a sleek and sophisticated expression.

In March, Georg Jensen introduced the new Curve jewellery collection 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.

## OUTLOOK

### **Outlook for 2020**

Management confirms the outlook stated in the Annual Report 2019:

The Groups outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world and Management to mitigate the impacts of the outbreak. See also disclosures in Capital Resources and Going Concern Assumption in note 1.1 and Subsequent Events in note 18.1 of the Annual Report 2019.

# 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 March 2020. 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 March 2020 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 2019 of Georg Jensen A/S.

Furthermore, the consolidated interim financial report for January to March 2020 and Management's Review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

Copenhagen, 28<sup>th</sup> of May 2020

## Executive Board

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Francesco Pesci  
CEO

## Board of Directors

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Hazem Ben-Gacem  
Chairman

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David Ching Chi Chu

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Andrea Jayne Davis

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Francesco Pesci

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Duncan Zheng

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Karl Sebastian Inger

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Annick E. M. Desmecht

---

Inge Andersen

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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

<b>INCOME STATEMENT</b>	<b>Q1</b>		<b>YTD March</b>	
<b>DKK million</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue	172,2	197,6	172,2	197,6
Cost of sales	-65,1	-75,9	-65,1	-75,9
<b>Gross profit</b>	<b>107,1</b>	<b>121,7</b>	<b>107,1</b>	<b>121,7</b>
Other external costs	-45,3	-50,2	-45,3	-50,2
Staff costs	-63,4	-66,3	-63,4	-66,3
Other operating income and costs	-0,2	-0,2	-0,2	-0,2
<b>Operating profit before depreciation and amortization</b>	<b>-1,8</b>	<b>5,0</b>	<b>-1,8</b>	<b>5,0</b>
Depreciation, amortization and impairment losses	-36,7	-36,0	-36,7	-36,0
<b>Operating profit</b>	<b>-38,5</b>	<b>-31,0</b>	<b>-38,5</b>	<b>-31,0</b>
Financial income	18,1	8,0	18,1	8,0
Financial costs	-12,1	-15,2	-12,1	-15,2
<b>Profit before tax</b>	<b>-32,5</b>	<b>-38,2</b>	<b>-32,5</b>	<b>-38,2</b>
Tax on profit for the year	-0,1	-0,4	-0,1	-0,4
<b>Profit for the year</b>	<b>-32,6</b>	<b>-38,6</b>	<b>-32,6</b>	<b>-38,6</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>Q1</b>		<b>YTD March</b>	
<b>DKK million</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Profit for the year</b>	<b>-32,6</b>	<b>-38,6</b>	<b>-32,6</b>	<b>-38,6</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit pension plans	0,0	0,0	0,0	0,0
<i>Items that will be reclassified to profit or loss</i>				
Adjustment Cash flow hedges	0,0	0,0	0,0	0,0
Exchange differences on foreign operations	-19,5	1,5	-19,5	1,5
<b>Other comprehensive income after tax</b>	<b>-19,5</b>	<b>-1,5</b>	<b>-19,5</b>	<b>1,5</b>
<b>Total comprehensive income for the year</b>	<b>-52,1</b>	<b>-37,1</b>	<b>-52,1</b>	<b>-37,1</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION, ASSETS

DKK million	31/03 2020	31/03 2019	31/12 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	63,2	77,8	77,7
Tangible assets	361,4	303,1	283,7
Financial Assets	43,8	28,8	39,2
<b>Total non-current assets</b>	<b>468,4</b>	<b>409,7</b>	<b>400,6</b>
<b>CURRENT ASSETS</b>			
Inventories	301,8	372,3	288,2
Trade receivables	60,6	69,2	103,8
Other receivables	7,8	4,1	2,5
Receivable from group enterprises	21,0	14,7	19,2
Prepayments	22,0	21,9	19,5
Cash and cash equivalents	84,2	36,1	117,2
<b>Total current assets</b>	<b>497,4</b>	<b>518,3</b>	<b>550,4</b>
<b>TOTAL ASSETS</b>	<b>965,8</b>	<b>928,0</b>	<b>951,0</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION, LIABILITIES

DKK million	31/03 2020	31/03 2019	31/12 2019
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	139,6	139,6	139,6
Share premium	488,3	488,3	488,3
Hedging reserve	1,1	0,7	1,1
Translation reserve	-1,0	-3,4	18,5
Retained earnings	-448,7	-405,3	-416,1
<b>Total equity</b>	<b>179,3</b>	<b>219,9</b>	<b>231,4</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bond	298,0	298,0	298,0
Credit institutions	1,4	2,8	1,4
Lease liabilities	202,2	130,6	126,1
Provisions	13,3	15,9	12,8
Deferred tax	1,9	2,6	2,0
Retirement benefit obligation	7,8	6,6	8,1
Other Payables	6,1	0,0	3,8
<b>Total non-current liabilities</b>	<b>530,7</b>	<b>456,5</b>	<b>452,2</b>
<b>CURRENT LIABILITIES</b>			
Credit institutions	37,7	1,4	6,1
Trade Payables	58,1	69,2	64,3
Other Payables	69,2	89,5	100,9
Payable to group enterprises	6,1	7,4	6,0
Lease liabilities	80,3	77,2	85,3
Tax payables	1,4	3,9	1,8
Provisions	3,0	3,0	3,0
<b>Total current liabilities</b>	<b>255,8</b>	<b>251,6</b>	<b>267,4</b>
<b>Total liabilities</b>	<b>786,5</b>	<b>708,1</b>	<b>719,6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>965,8</b>	<b>928,0</b>	<b>951,0</b>

# CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW STATEMENT	Q1		YTD March	
DKK million	2020	2019	2020	2019
Net profit for the period	-32,6	-38,6	-32,6	-38,6
Non-cash items	20,4	37,4	20,4	37,4
Change in working capital	-7,7	-6,1	-7,7	-6,1
<b>Cash flows from operating activities before financial income and expenses</b>	<b>-19,9</b>	<b>-7,3</b>	<b>-19,9</b>	<b>-7,3</b>
Financial cost, paid	-5,4	-5,1	-5,4	-5,1
Financial income, received	0,0	0,0	0,0	0,0
<b>Cash flows from ordinary activities</b>	<b>-25,3</b>	<b>-12,4</b>	<b>-25,3</b>	<b>-12,4</b>
Income taxes paid	0,0	-0,1	0,0	-0,1
<b>Net cash flow from operating activities</b>	<b>-25,3</b>	<b>-12,5</b>	<b>-25,3</b>	<b>-12,5</b>
Purchase of intangible assets	0,0	0,0	0,0	0,0
Purchase of property, plant and equipment	-9,3	-3,9	-9,3	-3,9
Sale of fixed asset investments etc.	0,0	0,4	0,0	0,4
Change in other financial assets	-4,4	-0,7	-4,4	-0,7
<b>Net cash flow from investing activities</b>	<b>-13,7</b>	<b>-4,2</b>	<b>-13,7</b>	<b>-4,2</b>
Issued bond	0,0	0,0	0,0	0,0
Changes in credit institutions	33,0	0,0	33,0	0,0
Repayment of loans from credit institutions	0,0	0,0	0,0	0,0
Repayment of lease liabilities	-25,0	-23,6	-25,0	-23,6
Upstream to Group companies	-2,0	-0,0	-2,0	-0,0
<b>Cash flow from financing activities</b>	<b>6,0</b>	<b>-23,6</b>	<b>6,0</b>	<b>-23,6</b>
Net cash flow for the period	-33,0	-40,3	-33,0	-40,3
Cash and cash equivalents, beginning of the period	117,2	76,4	117,2	76,4
Currency adjustment of cash and cash equivalents	0,0	0,0	0,0	0,0
<b>Cash and cash equivalents, end of the period</b>	<b>84,2</b>	<b>36,1</b>	<b>84,2</b>	<b>36,1</b>

# STATEMENT OF CHANGES IN EQUITY

## Q1 2020

DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
<b>Balance at the beginning of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>1,1</b>	<b>18,5</b>	<b>-416,1</b>	<b>231,4</b>
Profit for the period	0,0	0,0	0,0	0,0	-32,6	-32,6
<i>Other comprehensive income</i>						
Adjustment cash flow hedges	0,0	0,0	0,0	0,0	0,0	0,0
Exchange adjustment	0,0	0,0	0,0	-19,5	0,0	-19,5
<b>Balance at the end of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>1,1</b>	<b>-1,0</b>	<b>-448,7</b>	<b>179,3</b>

## Q1 2019

DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
<b>Balance at the beginning of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>0,7</b>	<b>-4,9</b>	<b>-366,7</b>	<b>257,0</b>
Profit for the period	0,0	0,0	0,0	0,0	-38,6	-38,6
<i>Other comprehensive income</i>						
Adjustment cash flow hedges	0,0	0,0	0,0	0,0	0,0	0,0
Exchange adjustment	0,0	0,0	0,0	1,5	0,0	1,5
<b>Balance at the end of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>0,7</b>	<b>-3,4</b>	<b>-405,3</b>	<b>219,9</b>

# NOTES

## 1 ACCOUNTING POLICIES

The unaudited consolidated interim financial statements for the period January to March 2020 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 2019 of Georg Jensen A/S.

Furthermore, the consolidated interim financial report including the consolidated financial statements for the period January to March of 2020 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

## 2 SEGMENT INFORMATION

Q1 2020					
DKK million	Europe	APAC	North America	Other	Total
Total revenue	89,2	70,5	10,9	1,6	172,2
<b>Gross Profit</b>	<b>27,8</b>	<b>40,4</b>	<b>4,4</b>	<b>34,5</b>	<b>107,1</b>
OPEX	-23,6	-38,0	-5,1	-42,2	-108,9
<b>EBITDA</b>	<b>4,2</b>	<b>2,4</b>	<b>-0,7</b>	<b>-7,7</b>	<b>-1,8</b>
Amortizations & depreciations					-36,7
<b>EBIT</b>					<b>-38,5</b>
Financial income					18,1
Financial expenses					-12,1
<b>Profit before tax</b>					<b>-32,5</b>

Q1 2019					
DKK million	Europe	APAC	North America	Other	Total
Total revenue	101,4	83,5	12,2	0,5	197,6
<b>Gross Profit</b>	<b>31,7</b>	<b>46,6</b>	<b>4,9</b>	<b>38,5</b>	<b>121,7</b>
OPEX	-24,1	-39,7	-5,9	-47,0	-116,7
<b>EBITDA</b>	<b>7,6</b>	<b>6,9</b>	<b>-1,0</b>	<b>-8,5</b>	<b>5,0</b>
Amortizations & depreciations					-36,0
<b>EBIT</b>					<b>-31,0</b>
Financial income					8,0
Financial expenses					-15,2
<b>Profit before tax</b>					<b>-38,2</b>

### 3 REVENUE

PRIMARY SALES CHANNELS	Q1 2020	Q1 2019
B2B	67,9	76,6
B2C	101,5	118,2
Other	2,8	2,8
<b>Total</b>	<b>172,2</b>	<b>197,6</b>

PRIMARY PRODUCT LINES	Q1 2020	Q1 2019
Jewellery	93,4	103,2
Home	60,9	75,7
Other	17,9	18,7
<b>Total</b>	<b>172,2</b>	<b>197,6</b>

### 4 NET INTEREST-BEARING DEBT

DKK million	31/03 2020	31/03 2019	31/12 2019
<b>Net interest-bearing debt comprises:</b>			
Credit institutions (current)	37,8	1,4	7,5
Payable to group enterprises	6,1	7,4	6,0
Lease liabilities	282,5	207,8	211,4
Issued bond	298,0	298,0	298,0
<b>Gross interest-bearing debt</b>	<b>624,4</b>	<b>541,6</b>	<b>522,9</b>
Receivable from group enterprises	-21,0	-14,7	-19,2
Cash and cash equivalents	-84,2	-36,1	-117,2
<b>Gross interest-bearing receivables</b>	<b>-105,2</b>	<b>-50,8</b>	<b>-136,4</b>
<b>Net interest-bearing debt</b>	<b>519,2</b>	<b>463,8</b>	<b>386,5</b>

### 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 31 March 2020 have occurred.