

# **JYSK A/S**

**CVR No 13 59 04 00**

**Sødalsparken 18  
DK-8220 Brabrand**

**Annual Report 2015/16  
26th accounting year**

The Annual Report was presented and  
adopted at the Annual General Meeting  
of the Company on 31 / 1 2017

**Uffe Baller**

# Contents

	<u>Page</u>
<b>Management's Review</b>	
Company Information	1
Financial Highlights	2
Management's Review	3
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	4
Independent Auditor's Report	5
<b>Financial Statements</b>	
Income Statement	7
Balance Sheet	8
Notes to the Annual Report	10
Accounting Policies	15

## **Company Information**

### **The Company**

JYSK A/S  
Sødalsparken 18  
DK-8220 Brabrand

Telephone: +45 89 39 75 00

Facsimile: +45 89 39 75 01

Website: [www.jysk.com](http://www.jysk.com)

CVR No: 13 59 04 00

Accounting year: 1 September - 31 August

Municipality: Aarhus

### **Board of Directors**

Lars Larsen, Chairman  
Hans Henrik Kjølby  
Jan Bøgh  
Jacob Brunsborg

### **Executive Board**

Jan Bøgh, CEO  
Henrik Naundrup  
Mikael Nielsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

### **Banks**

Nordjyske Bank A/S  
Torvet 4  
Postboks 123  
DK-9400 Nørresundby

Nordea Bank Danmark A/S  
Skt. Clemens Torv 2-6  
DK-8100 Aarhus C

## Financial Highlights

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

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	3 673 825	3 450 551	3 275 573	3 049 174	2 920 682
Operating profit/loss	232 655	250 754	252 074	171 146	166 464
Profit/loss before financial income and expenses (EBIT)	968 567	924 427	876 850	759 084	474 803
Net financials	-1 334	2 526	116	-5 787	-2 938
Net profit/loss for the year	754 672	708 402	660 573	562 357	351 657
<b>Balance sheet</b>					
Balance sheet total	2 650 126	2 478 102	2 981 279	2 490 578	2 099 454
Equity	1 887 076	1 840 404	2 332 002	1 671 429	1 359 071
<b>Cash flows</b>					
Investment in property, plant and equipment	135 184	22 378	17 541	17 758	22 517
<b>Ratios</b>					
Return on assets	36,5%	37,3%	29,4%	30,5%	22,6%
Solvency ratio	71,2%	74,3%	78,2%	67,1%	64,7%
Return on equity	40,5%	34,0%	33,0%	37,1%	29,0%
<b>Number of employees</b>	1 372	1 326	1 288	1 233	1 196

The ratios have been prepared in accordance with the definitions in the section on accounting policies.

# **Management's Review**

## **Principal activity**

The principal activity of the Company is primarily retail and wholesale trade of everything for the bedroom, bathroom, living/dining room, curtains and garden furniture.

Our retail and wholesale activities are carried out from 100 stores in Denmark in addition to online sales, sales to fellow companies and franchise sales from the distribution centre in Uldum.

## **Development in the year**

Revenue in JYSK A/S reached DKK 3,674 million compared to DKK 3,451 million in FY 2014/15. The improvement is attributable to increases in sales in existing stores, online sales, sales to fellow companies and in franchise sales.

Profit before financial income and expenses reached DKK 969 million compared to DKK 924 million last year.

Profit after tax for the year amounts to DKK 755 million.

## **Environmental initiatives**

JYSK A/S makes an effort to constantly reduce the environmental impact related to our activities. Energy efficient store fittings and lighting are used in connection with new openings and store renovations, where possible, and we moreover work on reducing the use of air conditioning.

JYSK A/S currently seeks to upgrade to efficient operation and minimise mileage through optimised route planning.

## **Intellectual capital resources**

Through specific, customised training programmes and our own training centre, JYSK A/S continues to develop competent employees who are able to handle operational and management functions in the Group's retail stores.

## **Subsequent events**

No material subsequent events have been identified.

## **Development expectations**

JYSK A/S expects the 2016/17 profit to reach a level which is unchanged compared to 2015/16.

## **Management's Statement**

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of JYSK A/S for the financial year 1 September 2015 - 31 August 2016.

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

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2016 and of the results of the Company operations for 2015/16.

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.

Aarhus, 31 / 1 2017

### **Executive Board**

Jan Bøgh  
CEO

Henrik Naundrup

Mikael Nielsen

### **Board of Directors**

Lars Larsen  
Chairman

Hans Henrik Kjølby

Jan Bøgh

Jacob Brunsborg

# **Independent Auditor's Report**

To the Shareholders of JYSK A/S

## **Report on the Financial Statements**

We have audited the Financial Statements of JYSK A/S for the financial year 1 September 2015 – 31 August 2016, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2016 and of the results of the Company operations for the financial year 1 September 2015 - 31 August 2016 in accordance with the Danish Financial Statements Act.

# **Independent Auditor's Report**

## **Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Aarhus, den 31 / 1 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR-nr. 33 77 12 31*

Jesper Lund

State Authorised Public Accountant



## Income Statement 1 September - 31 August

	Note	2015/16	2014/15
		DKK '000	DKK '000
<b>Revenue</b>		<b>3 673 825</b>	<b>3 450 551</b>
Cost of goods sold		-2 298 497	-2 142 397
Other operating income		735 942	673 891
Other external expenses		-575 621	-523 977
<b>Gross profit/loss</b>		<b>1 535 649</b>	<b>1 458 068</b>
Staff expenses	13	-547 876	-514 797
Impairment losses and depreciation on fixed assets	1	-19 176	-18 626
Other operating expenses		-30	-218
<b>Profit/loss before financial income and expenses</b>		<b>968 567</b>	<b>924 427</b>
Financial income	2	6 717	8 232
Financial expenses	3	-8 051	-5 706
<b>Profit/loss before tax</b>		<b>967 233</b>	<b>926 953</b>
Tax on profit/loss for the year	4	-212 561	-218 551
<b>Net profit/loss for the year</b>		<b>754 672</b>	<b>708 402</b>
 <b>Distribution of profit</b>			
<b>Proposed distribution of profit</b>			
Proposed dividend for the year		754 000	708 000
Retained earnings		672	402
		<b>754 672</b>	<b>708 402</b>

## Balance Sheet 31 August

### Assets

	Note	2016 DKK '000	2015 DKK '000
Other fixtures and fittings, tools and equipment		16 825	10 394
Trucks and cars		24 978	22 270
Leasehold improvements		11 681	10 173
Assets under construction		103 738	1 375
<b>Property, plant and equipment</b>	5	<b>157 222</b>	<b>44 212</b>
Deposits		56 559	55 627
Other investments		398 707	398 707
<b>Fixed asset investments</b>	6	<b>455 266</b>	<b>454 334</b>
<b>Fixed assets</b>		<b>612 488</b>	<b>498 546</b>
Commercial products		834 453	868 993
<b>Inventories</b>		<b>834 453</b>	<b>868 993</b>
Trade receivables		228 329	232 972
Receivables from group enterprises		22 592	60 098
Other receivables		851 145	617 900
Deferred tax asset	9	11 905	10 678
Prepayments	7	7 940	9 167
<b>Receivables</b>		<b>1 121 911</b>	<b>930 815</b>
<b>Cash at bank and in hand</b>		<b>81 274</b>	<b>179 748</b>
<b>Current assets</b>		<b>2 037 638</b>	<b>1 979 556</b>
<b>Assets</b>		<b>2 650 126</b>	<b>2 478 102</b>

## Balance Sheet 31 August

### Liabilities and equity

	Note	2016	2015
		DKK '000	DKK '000
Share capital		500	500
Retained earnings		1 132 576	1 131 904
Proposed dividend for the year		754 000	708 000
<b>Equity</b>	8	<b>1 887 076</b>	<b>1 840 404</b>
Credit institutions		75 346	61 776
Prepayments received from customers		19 504	21 101
Trade payables		275 561	187 309
Corporation tax		213 788	215 634
Deferred income	10	5 928	5 493
Other payables		172 923	146 385
<b>Short-term debt</b>		<b>763 050</b>	<b>637 698</b>
<b>Debt</b>		<b>763 050</b>	<b>637 698</b>
<b>Liabilities and equity</b>		<b>2 650 126</b>	<b>2 478 102</b>
Contractual obligations	11		
Contingent assets	12		
Staff	13		
Related parties and ownership	14		

## Notes

	<u>2015/16</u>	<u>2014/15</u>
	DKK '000	DKK '000
<b>1 Impairment losses and depreciation on fixed assets</b>		
Other fixtures and fittings, tools and equipment	6 881	6 803
Trucks and cars	9 395	8 911
Leasehold improvements	2 900	2 912
	<u><b>19 176</b></u>	<u><b>18 626</b></u>
<b>2 Financial income</b>		
Interest income group enterprises	13	149
	<u><b>13</b></u>	<u><b>149</b></u>
<b>3 Financial expenses</b>		
Interest expenses group enterprises	290	-1
	<u><b>290</b></u>	<u><b>-1</b></u>
<b>4 Tax on profit/loss for the year</b>		
Current tax	213 788	215 634
Deferred tax for the year	-1 227	2 917
	<u><b>212 561</b></u>	<u><b>218 551</b></u>

## Notes

### 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Trucks and cars	Leasehold improvements	Assets under construction
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 September	333 492	43 188	27 000	1 375
Additions for the year	13 369	15 044	4 018	102 753
Disposals for the year	885	10 356	77	0
Transfers	0	0	390	-390
Cost at 31 August	<u>345 976</u>	<u>47 876</u>	<u>31 331</u>	<u>103 738</u>
Impairment losses and depreciation at 1 September	323 097	20 919	16 827	0
Depreciation for the year	6 881	9 395	2 900	0
Depreciation of sold assets for the year	827	7 416	77	0
Impairment losses and depreciation at 31 August	<u>329 151</u>	<u>22 898</u>	<u>19 650</u>	<u>0</u>
<b>Carrying amount at 31 August</b>	<b><u>16 825</u></b>	<b><u>24 978</u></b>	<b><u>11 681</u></b>	<b><u>103 738</u></b>
Depreciated over	<u>3-5 years</u>	<u>4 years</u>	<u>Term of the lease</u>	

### 6 Fixed asset investments

	Deposits	Other investments
	DKK '000	DKK '000
Cost at 1 September	55 625	398 707
Additions for the year	1 094	0
Disposals for the year	160	0
<b>Carrying amount at 31 August</b>	<b><u>56 559</u></b>	<b><u>398 707</u></b>

### 7 Prepayments

Prepayments primarily consist of prepaid expenses regarding rent, electricity and insurances etc.

## Notes

### 8 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 September	500	1 131 904	708 000	1 840 404
Dividend paid			- 708 000	- 708 000
Net profit/loss for the year		754 672	0	754 672
Proposed dividend for the year		-754 000	754 000	0
<b>Equity at 31 August</b>	<b>500</b>	<b>1 132 576</b>	<b>754 000</b>	<b>1 887 076</b>

The share capital, DKK 500,000, is specified as follows:

50 A shares of DKK 1,000  
450 B shares of DKK 1,000

### 9 Deferred tax asset

	31 August 2016	31 August 2015
	DKK '000	DKK '000
Property, plant and equipment	9 259	11 691
Other	2 646	-1 013
	<b>11 905</b>	<b>10 678</b>

Deferred tax has been provided by 22 %.

### 10 Deferred income

Deferred income is made up of pre-received marketing contributions and royalty.

## Notes

	<u>31 August 2016</u>	<u>31 August 2015</u>
	DKK '000	DKK '000
<b>11 Contractual obligations</b>		
Tenancy commitments	1 379 713	1 400 010
Letters of credit etc	38 812	43 588
Other contractual obligations	56 130	8 268

## 12 Contingent assets

Warranties	7 362	9 311
------------	-------	-------

The Company is jointly taxed with Anpartsselskabet af 19. december 2014. The due corporation tax can be seen in the annual accounts for Anpartsselskabet af 19. december 2014. Furthermore, the Danish companies of the group are jointly and severally liable within each of the groups for withholding tax such as dividend tax, royalty tax and withholding tax. Any subsequent adjustments to corporation taxes and withholding taxes will result in an increase in the Company's liabilities.

	<u>2015/16</u>	<u>2014/15</u>
	DKK '000	DKK '000
<b>13 Staff</b>		
Wages and salaries	503 985	473 188
Pensions	34 719	32 547
Other social security expenses	9 172	9 062
	<u><b>547 876</b></u>	<u><b>514 797</b></u>
<b>Average number of employees</b>	<u><b>1 372</b></u>	<u><b>1 326</b></u>
Remuneration:		
Executive board	21 948	21 462
Board of directors	0	0
	<u><b>21 948</b></u>	<u><b>21 462</b></u>

## Notes

### 14 Related parties and ownership

<b>Controlling interest</b>	<b>Basis</b>
Anpartsselskabet af 19. december 2014, Sødalsparken 18, DK-8220 Brabrand Lars Larsen, Svejbæk Søvej 14, DK-8600 Silkeborg	Controlling shareholder  Controlling shareholder in Anparts- selskabet af 19. december 2014



## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of JYSK A/S for 1 September 2015 - 31 August 2016 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 remain unchanged compared to last year.

### **Consolidated Financial Statements**

The Annual Report of JYSK A/S is included in the Consolidated Financial Statements of Anpartsselskabet af 19. december 2014, Aarhus.

### **Translation policies**

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Exchange gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included in other receivables and other debt, respectively.

Changes in fair values of derivative financial instruments are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability.

### **Corporation tax and deferred tax**

The Company is jointly taxed with its Parent Company. The tax effect of the joint taxation with Danish group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## **Accounting Policies**

### **Corporation tax and deferred tax (continued)**

Tax on profit for the year which comprises current tax for the year and adjustment of deferred tax is recognised in the income statement. Any share of the tax recognised in the income statement which is related to the extraordinary profit is attributed to the extraordinary profit, and the remaining part is attributed to the profit on ordinary activities for the year.

Current tax liabilities are recognised in the balance sheet as debt.

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. 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.

### **Segment reporting**

With reference to 96(1) of the Danish Financial Statements Act, no disclosure is made of the breakdown of revenue into business segments as Company Management and the Board of Directors find that such disclosure would be very detrimental to the Company.

## **Income statement**

### **Revenue**

Revenue from the sale of goods for resale is recognised in the income statement where delivery and transfer of risk have been made to the buyer by year end. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### **Cost of sales**

Cost of sales comprises costs related to purchases of goods for resale.

### **Other external expenses**

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

### **Staff expenses**

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

## **Accounting Policies**

### **Depreciation**

Depreciation comprises depreciation of property, plant and equipment for the year as well as gains and losses from current replacement of fixed assets.

### **Other operating income and other operating expenses**

Other operating income and other operating expenses comprise income and expenses, respectively, of a secondary nature to the principal activities of the Company.

### **Financial income and expenses**

Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

### **Balance sheet**

#### **Property, plant and equipment**

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

Cost comprises the cost of acquisition as well as 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:

Fixtures and fittings, tools and equipment	3 – 5 years
Trucks and passenger cars	4 years
Leasehold improvements	Over the term of the lease

Gains and losses from current replacement of property, plant and equipment are expensed in “Depreciation”.

Fixtures and fittings, tools and equipment costing less than DKK 25,000 are expensed as small investments/small acquisitions.

#### **Fixed asset investments**

Deposits are recognised and measured at cost.

## **Accounting Policies**

### **Inventories**

Inventories are measured at the lower of cost under the average cost formula and net realisable value. The net realisable value of inventories is calculated as the total of future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum less the estimated expenses necessary to make the sale.

The cost of goods for resale and consumables equals landed cost.

### **Receivables**

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

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience.

### **Equity**

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be distributed for the year is disclosed as a separate equity item.

### **Financial debts**

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

### **Prepayments and accrued income**

Prepayments comprise expenses incurred concerning the following financial year.

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

### **Additional information**

The statements required under section 86(4) (cash flow statement), section 99(a) (CSR statement) and section 99(b) (statement on target figure and policy for the under-represented gender) of the Danish Financial Statements Act are contained in the Consolidated Financial Statements of Anpartsselskabet af 19. december 2014, Aarhus.

## Accounting Policies

### Financial Highlights

The ratios have been calculated as follows:

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$