
JYSK A/S

Sødalsparken 18, DK-8220 Brabrand

Annual Report for 1 September 2019 - 31 August 2020

CVR No 13 59 04 00

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/1 2021

Jesper Lund
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of JYSK A/S for the financial year 1 September 2019 - 31 August 2020.

The Annual Report is 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 at 31 August 2020 of the Company and of the results of the Company operations for 2019/20.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 28 January 2021

Executive Board

Jan Bøgh
CEO

Henrik Naundrup

Mikael Havndrup Nielsen

Board of Directors

Jacob Brunsborg
Chairman

Jan Bøgh

Jesper Lund

Independent Auditor's Report

To the Shareholders of JYSK A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2020 and of the results of the Company's operations for the financial year 1 September 2019 - 31 August 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of JYSK A/S for the financial year 1 September 2019 - 31 August 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company 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 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.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing 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 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 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 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 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.

We communicate with those charged with governance regarding, among other matters, the planned

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 28 January 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

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

CVR No: 13 59 04 00
Financial period: 1 September - 31 August
Municipality of reg. office: Aarhus

Board of Directors

Jacob Brunsborg, Chairman
Jan Bøgh
Jesper Lund

Executive Board

Jan Bøgh
Henrik Naundrup
Mikael Havndrup Nielsen

Auditors

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

Bankers

Nordjyske Bank A/S
Torvet 4
Postboks 123
9400 Nørresundby

Nordea Bank Danmark A/S
Skt. Clemens Torv 2-6
8000 Aarhus C

Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	5.038.216	4.446.156	4.062.389	3.887.000	3.673.825
Operating profit/loss	295.662	178.900	218.872	266.601	232.655
Profit/loss before financial income and expenses	1.471.000	1.166.563	1.147.805	1.043.266	968.567
Net financials	-10.576	-3.484	-8.918	-22.102	-1.334
Net profit/loss for the year	1.134.773	913.455	888.345	799.296	754.672
Balance sheet					
Balance sheet total	3.613.061	2.767.788	2.716.543	2.675.596	2.650.126
Equity	2.151.753	1.901.829	2.021.717	1.932.372	1.887.076
Investment in property, plant and equipment	52.328	75.697	241.849	324.012	135.184
Number of employees	1.707	1.571	1.494	1.394	1.372
Ratios					
Return on assets	40,7%	42,1%	42,3%	39,0%	36,5%
Solvency ratio	59,6%	68,7%	74,4%	72,2%	71,2%
Return on equity	56,0%	46,6%	44,9%	41,9%	40,5%

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

Main 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 108 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 5.038 million compared to DKK 4.446 million in FY 2018/19. 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 1.471 million compared to DKK 1.167 million last year.

Profit after tax for the year amounts to DKK 1.135 million.

The Covid-19 had a negative impact in March and April, due to the many restrictions. On the other hand there was a positive impact in the last 4 months of the fiscal year.

Development expectations

JYSK A/S expects the 2020/21 profit to reach a level which is unchanged compared to 2019/20. There is a risk of negative impact from the Covid-19 if the restrictions will be stronger.

Environmental initiatives

JYSK A/S makes an effort to constantly reduce the environmental impact related to our activities. Energy efficient store fittings and lightning 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 management in the Group's retail stores.

Statement of corporate social responsibility

The statement required under section 99(a) of the Danish Financial Statements Act are contained in the Consolidated Financial Statement of LKL ApS, Aarhus.

Management's Review

Statement on gender composition

The statement required under section 99(b) of the Danish Financial Statements Act are contained in the Consolidated Financial Statement of LKL ApS, Aarhus.

Subsequent events

No material subsequent events have been identified.

Income Statement 1 September - 31 August

	Note	2019/20 DKK '000	2018/19 DKK '000
Revenue		5.038.216	4.446.156
Other operating income		1.175.514	987.715
Cost of goods sold		-3.098.981	-2.787.461
Other external expenses		-695.550	-686.952
Gross profit/loss		2.419.199	1.959.458
Staff expenses	1	-859.668	-719.098
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-88.355	-73.745
Other operating expenses		-176	-52
Profit/loss before financial income and expenses		1.471.000	1.166.563
Financial income	3	326	3.058
Financial expenses		-10.902	-6.542
Profit/loss before tax		1.460.424	1.163.079
Tax on profit/loss for the year	4	-325.651	-249.624
Net profit/loss for the year		1.134.773	913.455

Balance Sheet 31 August

Assets

	Note	2020 DKK '000	2019 DKK '000
Other fixtures and fittings, tools and equipment		128.200	138.998
Trucks and cars		26.981	24.981
Leasehold improvements		103.393	134.808
Assets under construction		23.171	20.646
Property, plant and equipment	5	281.745	319.433
Deposits		80.980	79.443
Other investments		0	95.611
Fixed asset investments	6	80.980	175.054
Fixed assets		362.725	494.487
Inventories		908.762	1.083.494
Trade receivables		577.006	326.505
Receivables from group enterprises		84.449	17.323
Other receivables		1.595.291	756.405
Deferred tax asset	7	16.995	17.496
Prepayments	8	30.116	20.952
Receivables		2.303.857	1.138.681
Cash at bank and in hand		37.717	51.126
Currents assets		3.250.336	2.273.301
Assets		3.613.061	2.767.788

Balance Sheet 31 August

Liabilities and equity

	Note	2020 DKK '000	2019 DKK '000
Share capital		500	500
Retained earnings		1.016.480	1.016.480
Proposed dividend for the year		1.134.773	884.849
Equity	9	2.151.753	1.901.829
Credit institutions		0	11.911
Prepayments received from customers		23.222	17.074
Trade payables		322.684	246.201
Payables to group enterprises		116.074	0
Corporation tax		273.550	203.706
Other payables		722.296	382.829
Deferred income	11	3.482	4.238
Short-term debt		1.461.308	865.959
Debt		1.461.308	865.959
Liabilities and equity		3.613.061	2.767.788
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 September	500	1.132.872	884.849	2.018.221
Adjustment	0	-116.392	0	-116.392
Adjusted equity at 1 September	500	1.016.480	884.849	1.901.829
Ordinary dividend paid	0	0	-884.849	-884.849
Net profit/loss for the year	0	0	1.134.773	1.134.773
Equity at 31 August	500	1.016.480	1.134.773	2.151.753

Notes to the Financial Statements

	2019/20 DKK '000	2018/19 DKK '000
1 Staff expenses		
Wages and salaries	796.524	664.017
Pensions	51.864	44.088
Other social security expenses	11.280	10.993
	859.668	719.098
 Including remuneration to the Executive Board of: Executive Board	 47.409	 23.586
	47.409	23.586
 Average number of employees	 1.707	 1.571
 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	88.355	73.745
	88.355	73.745
 Which is specified as follows:		
Other fixtures and fittings, tools and equipment	41.175	27.293
Trucks and cars	12.044	11.540
Leasehold improvements	35.136	34.912
	88.355	73.745
 3 Financial income		
Interest received from group enterprises	0	1.327
Other financial income	326	1.731
	326	3.058

Notes to the Financial Statements

	2019/20	2018/19		
	DKK '000	DKK '000		
4 Tax on profit/loss for the year				
Current tax for the year	325.150	253.445		
Deferred tax for the year	501	-3.821		
Adjustment of tax concerning previous years	1.860	5.780		
Adjustment of deferred tax concerning previous years	-1.860	-5.780		
	325.651	249.624		
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	507.256	51.232	195.746	20.646
Additions for the year	30.535	15.571	3.721	2.525
Disposals for the year	-1.019	-9.509	-314	0
Cost at 31 August	536.772	57.294	199.153	23.171
Impairment losses and depreciation at 1 September	368.258	26.251	60.938	0
Depreciation for the year	41.175	12.044	35.136	0
Reversal of impairment and depreciation of sold assets	-861	-7.982	-314	0
Impairment losses and depreciation at 31 August	408.572	30.313	95.760	0
Carrying amount at 31 August	128.200	26.981	103.393	23.171
Depreciated over	3-5 years	4 years	5 years	

Notes to the Financial Statements

6 Fixed asset investments

	Deposits DKK '000	Other investments DKK '000
Cost at 1 September	79.443	95.611
Additions for the year	1.537	0
Disposals for the year	0	-95.611
Cost at 31 August	<u>80.980</u>	<u>0</u>
Carrying amount at 31 August	<u>80.980</u>	<u>0</u>

7 Deferred tax asset

	2020 DKK '000	2019 DKK '000
Deferred tax asset at 1 September	17.496	7.895
Amounts recognised in the income statement for the year	-501	9.601
Deferred tax asset at 31 August	<u>16.995</u>	<u>17.496</u>
Property, plant and equipment	-11.128	-5.733
Inventories	-2.461	-3.592
Other	-3.406	-8.171
Transferred to deferred tax asset	16.995	17.496
	<u>0</u>	<u>0</u>

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

Deferred tax asset

Calculated tax asset	<u>16.995</u>	<u>17.496</u>
Carrying amount	<u>16.995</u>	<u>17.496</u>

The recognised tax asset comprises property, plant and equipments expected to be utilised within the nearest future. In connection with the assessment of the utilisation of the tax asset, it is expected that the Company's profit will be increasing.

8 Prepayments

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

Notes to the Financial Statements

9 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK '000
A-shares	50	50
B-shares	450	<u>450</u>
		<u>500</u>

There have been no changes in the share capital during the last 5 years.

10 Distribution of profit

	<u>2019/20</u> DKK '000	<u>2018/19</u> DKK '000
Proposed dividend for the year	1.134.773	884.849
Retained earnings	<u>0</u>	<u>28.606</u>
	<u>1.134.773</u>	<u>913.455</u>

11 Deferred income

Deferred income consists of payments received regarding gift vouchers and prepaid sales.

Notes to the Financial Statements

	2020 DKK '000	2019 DKK '000
12 Contingent assets, liabilities and other financial obligations		
Contingent assets		
Warranties	5.652	5.525
Rental and lease obligations		
Tenancy commitments	2.322.078	2.410.022
Other contingent liabilities		
Letters of credit etc	38.362	34.571
Other contractual obligations	46.571	82.409

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of LKL ApS, which is the management company of the joint taxation purposes. Moreover, the 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.

LLG A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2020, mDKK 7 have been drawn. As a participant in the cash pool arrangement, JYSK A/S has provided the credit institutions with a guarantee of payment as security for LLG A/S' obligations pursuant to the cash pool agreement.

Notes to the Financial Statements

13 Related parties

Basis

Controlling interest

LKL ApS

Controlling shareholder

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.

Consolidated Financial Statements

The company is included in the Group Annual Report of

Name

Place of registered office

LKL ApS

Brabrand, Denmark

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of JYSK A/S for 2019/20 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 Financial Statements for 2019/20 are presented in DKK '000.

JYSKs group internal prices between JYSK A/S and the group related company JYSK BV, Holland has been adjusted. The adjustment has increased the profit after tax by DKK 97 mio. in 2019/20 and DKK 28 in 2018/19. The adjustment has implied an adjustment of equity as of 1. September 2019 by DKK 116 mio. Total assets have thus been increased by DKK 166 mio. as of 31 August 2020 and DKK 0 mio. as of 31 August 2019.

There have been minor changes to the comparative figures in the notes. The changes do not affect result for the year or equity.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of LKL ApS, the Company has not prepared a cash flow statement.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Translation policies

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.

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.

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 Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

Cost of goods sold

Cost of goods sold 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 administrative expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Notes to the Financial Statements

14 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

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 its Parent Company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

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:

Trucks and passenger cars	4 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

Fixed asset investments

Fixed asset investments consist of deposits and other investment.

Inventories

Inventories are measured at the lower of cost based on weighted average prices 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.

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. 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 from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Deferred tax assets 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

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.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$