

# **LEGO Juris A/S**

Koldingvej 2  
7190 Billund

CVR No. 28122454

## **Annual Report 2016**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28 April 2017

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Conductor

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## Management's Statement

Today, Management has considered and adopted the Annual Report of LEGO Juris A/S for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

In our opinion, the 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.

Billund, 3 April 2017

### Executive Management

Søren Thorup Sørensen

### Board of Directors

Jørgen Vig Knudstorp  
Chairman

Thomas Kirk Kristiansen

Søren Thorup Sørensen

## Independent Auditor's Report

To the shareholder of LEGO Juris A/S

### Opinion

We have audited the financial statements of LEGO Juris A/S for the financial year 1 January 2016 - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January 2016 - 31 December 2016 in accordance with the Danish Financial Statements Act.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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.

### 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 considers 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 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

## Independent Auditor's Report

- \* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

### Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Aarhus, 3 April 2017

### Deloitte

#### Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Bill Haudal Pedersen  
State Authorised Public Accountant

Nikolaj Thomsen  
State Authorised Public Accountant

## Company Information

<b>Company</b>	LEGO Juris A/S Koldingvej 2 7190 Billund
CVR No. Financial year	28122454 1 January 2016 - 31 December 2016
<b>Board of Directors</b>	Jørgen Vig Knudstorp, Chairman Thomas Kirk Kristiansen Søren Thorup Sørensen
<b>Executive Management</b>	Søren Thorup Sørensen
<b>Group</b>	The annual report is included in the consolidated financial statement of the ultimate Parent KIRKBI A/S, Billund
<b>Auditors</b>	Deloitte Statsautoriseret Revisionspartnerselskab CVR-no.: 33963556

## Management's Review

### Primary activity

The company's objective is to own, administer and grant the right of use of all kinds of intellectual property rights, first and foremost trademarks.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2016 - 31 December 2016 shows a result of T.DKK 877,160 and the Balance Sheet at 31 December 2016 a balance sheet total of T.DKK 1,651,313 and an equity of T.DKK 1,268,116.

### Environmental performance

LEGO Juris A/S' activities do not have any material impact on environment as there is no other impact than consumption of resources for lighting and heating.

### Research and development activities

No research and development activities have been carried out in LEGO Juris A/S.

### Profit for the year compared with expected developments in the most recently published annual report

Profit for 2016 has met expectations.

### Corporate Responsibility

For further information, please refer to the section "Corporate Responsibility" in the management's review in the annual report of the ultimate Parent KIRKBI A/S.

### Outlook

A positive development is expected in the company's activities for the coming year.

### Statement on the gender composition of management

The Board of Directors of LEGO Juris A/S has decided to follow the ambition of the Parent KIRKBI A/S to recruit one female board member over the next five years provided that such person has the right qualifications for the directorship.

The Board of Directors aims to reach the target figure by the end of 2021. At present the share of the underrepresented gender on the Board of Directors elected at the Annual General Meeting is 0 %, which is unchanged compared to last year.

## Management's Review

### Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

	2016	2015	2014	2013	2012
Key figures (T.DKK)					
Revenue	1,436,888	1,391,898	1,089,315	995,226	918,175
Profit from ordinary operating activities	1,124,611	1,099,603	803,259	661,071	587,928
Net financials	-46	-93	-43,918	329	-9,495
Profit for the year	877,160	841,125	561,067	515,343	433,808
Total assets	1,651,313	1,735,785	1,700,321	1,891,372	1,585,332
Total equity	1,268,116	1,290,956	1,348,797	1,587,730	1,072,388
Ratios (%)					
Return on equity	68.55	63.73	38.21	38.75	50.71
Return on capital employed	66.41	64.00	44.79	38.05	34.05
Solvency ratio	76.79	74.37	79.33	83.95	67.64
Average number of full-time employees					
	0	0	0	27	25

For definitions of key ratios, see Accounting Policies



## Accounting Policies

### Reporting Class

The Annual Report of LEGO Juris A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has decided not to include a cash flow statement due to Danish Financial Statements Act § 86, 4.

The accounting policies applied remain unchanged from last year. There has been minor reclassification to the comparative figures due to a merger with a subsidiary.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

## General Information

### Basis of recognition and measurement

Income is recognised in the income statement when earned. Furthermore, all costs incurred to generate earnings for the year are recognised in the income statement, including amortisation, impairment losses and provisions.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

## Income Statement

### Revenue

Licence and royalty income is recognised at the time where the underlying transaction was performed.

### Other external expenses

Other external expenses comprise administrative expenses.

## Accounting Policies

### Amortisation of intangible assets

Amortisation of intangible assets is made on the basis of a current assessment of the useful lives of the assets. Intangible assets are amortised based at cost. Amortisation is calculated over a period of 10 years using the straight-line method based on management's experience.

	<b>Useful life</b>	<b>Residual value</b>
Trademark rights	10 years	0%

Profits or losses on disposal of intangible assets are recognised in the income statement under other operating income or expenses.

### Financial income and expenses

Financial income and expenses are recognised in the income statement by the amounts attributable to this financial year. Financial income and expenses consist of interest income and expenses, realised and unrealised foreign exchange gains and losses.

### Tax on net profit for the year

Tax on profit for the year comprises current tax on the expected taxable income for the year and adjustments for the year of deferred tax less the portion of tax for the year which concerns changes in equity. Current and deferred tax relating to changes in equity is recognised directly in equity. The company and the Danish group enterprises are jointly taxed. The Danish income tax is allocated between profit-making and loss-making Danish companies in ratio to their taxable income.

## Balance Sheet

### Intangible assets

Intangible assets are measured at cost less accumulated amortisation.

Impairment tests of acquired intangible assets are performed if there are indications of impairment. The impairment tests are made of each asset and group of assets, respectively. The assets are written down to the higher of the asset's or the group of assets' value in use and net selling price (recoverable amount) if this is lower than the carrying amount.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Cash

Cash comprises cash at bank

### Equity

Proposed dividend for the year is recognised as a separate item in equity.

## Accounting Policies

### Deferred tax

Deferred tax and adjustment for the year are measured in accordance with the balance-sheet liability method of all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the amount at which they are expected to be utilised, either by setting off tax on future earnings or by a set-off against deferred tax liabilities in enterprises within the same legal tax entity and jurisdiction.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered.

### Financial liabilities

Liabilities are measured at amortised cost, usually equalling the nominal amount.

### Current tax liabilities

Current tax liabilities are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

## Explanation of financial ratios

Return on equity (%)

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Return on capital employed (%)

$$\frac{(\text{Operating profit/loss} + \text{Financial income}) \times 100}{\text{Average assets}}$$

Solvency ratio (%)

$$\frac{\text{Total equity} \times 100}{\text{Total liabilities and equity}}$$

## Income Statement

	Note	2016 T.DKK	2015 T.DKK
Revenue	1	1,436,888	1,391,898
Other external expenses		-64,277	-44,295
<b>Gross result</b>		<b>1,372,611</b>	<b>1,347,603</b>
Amortisation of intangible assets		-248,000	-248,000
<b>Profit from ordinary operating activities</b>		<b>1,124,611</b>	<b>1,099,603</b>
Financial expenses		-46	-93
<b>Profit before tax</b>		<b>1,124,565</b>	<b>1,099,510</b>
Tax on profit for the year		-247,405	-258,385
<b>Profit for the year</b>	2	<b>877,160</b>	<b>841,125</b>

## Balance Sheet as of 31 December

	Note	2016 T.DKK	2015 T.DKK
<b>Assets</b>			
Trademark rights	3	248,000	496,000
<b>Intangible assets</b>		<b>248,000</b>	<b>496,000</b>
<b>Fixed assets</b>		<b>248,000</b>	<b>496,000</b>
Receivables from group enterprises		1,355,993	1,217,284
Short-term receivables from associates		47,283	21,663
Other receivables		0	256
<b>Receivables</b>		<b>1,403,276</b>	<b>1,239,203</b>
<b>Cash</b>		<b>37</b>	<b>582</b>
<b>Current assets</b>		<b>1,403,313</b>	<b>1,239,785</b>
<b>Assets</b>		<b>1,651,313</b>	<b>1,735,785</b>

## Balance Sheet as of 31 December

	Note	2016 T.DKK	2015 T.DKK
<b>Liabilities and equity</b>			
Share capital		10,000	10,000
Retained earnings		258,116	380,956
Proposed dividend recognised in equity		1,000,000	900,000
<b>Equity</b>		<b>1,268,116</b>	<b>1,290,956</b>
Provisions for deferred tax	4	54,193	108,676
<b>Provisions</b>		<b>54,193</b>	<b>108,676</b>
Trade payables		100	5
Payables to group enterprises		16,962	9,367
Tax payables		300,843	316,350
Other payables		11,099	10,431
<b>Short-term liabilities</b>		<b>329,004</b>	<b>336,153</b>
<b>Liabilities</b>		<b>329,004</b>	<b>336,153</b>
<b>Liabilities and equity</b>		<b>1,651,313</b>	<b>1,735,785</b>
Contingent liabilities	5		
Assets charged and security	6		
Related parties	7		

## Statement of changes in Equity

2016

(Amounts in T.DKK)

	Share capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity at 1/1	10,000	380,956	900,000	1,290,956
Dividend paid	0	0	-900,000	-900,000
Profit for the year	0	-122,840	1,000,000	877,160
<b>Equity at 31/12</b>	<b>10,000</b>	<b>258,116</b>	<b>1,000,000</b>	<b>1,268,116</b>

**Notes**

	<b>2016</b> <b>T.DKK</b>	<b>2015</b> <b>T.DKK</b>
<b>1. Revenue</b>		
Licence income and royalty income	1,436,888	1,391,898
	<b>1,436,888</b>	<b>1,391,898</b>
As license and royalty income accounts for 100 %, no geographic segmentation has been made.		
<b>2. Profit distribution</b>		
Proposed dividend recognised in equity	1,000,000	900,000
Retained earnings	-122,840	-58,875
	<b>877,160</b>	<b>841,125</b>
<b>3. Trademark rights</b>		
Cost at 1/1	2,625,200	2,625,200
<b>Cost at 31/12</b>	<b>2,625,200</b>	<b>2,625,200</b>
Amortisation at 1/1	-2,129,200	-1,881,200
Amortisation for the year	-248,000	-248,000
<b>Amortisation at 31/12</b>	<b>-2,377,200</b>	<b>-2,129,200</b>
<b>Carrying amount at 31/12</b>	<b>248,000</b>	<b>496,000</b>
<b>4. Provisions for deferred tax</b>		
Deferred tax at 1/1	108,676	166,947
Regulation of deferred tax in the income statement	-54,483	-58,271
<b>Balance at 31/12</b>	<b>54,193</b>	<b>108,676</b>

**5. Contingent liabilities**

The company has lease commitments relating to cars of a total of T.DKK 70.

The company is part of a joint taxation arrangement in which the ultimate parent, KIRKBI A/S is the management company. Therefore, the company is jointly and severally liable for tax on the group's joint taxation income, etc., including surcharges and interest. Also, the company is jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax, including surcharges and interest, to which the jointly taxed entities are liable. Any subsequent changes in corporate income taxes and withholding taxes may imply that the company becomes liable to pay tax.

Apart from the above, there are no contingent liabilities.



## Notes

### **6. Assets charged and security**

The company has provided a payment guarantee of T.DKK 127.

Apart from the above, there are no security provided or assets charged at the balance sheet date.

### **7. Related parties**

The Parent KIRKBI Invest A/S, Billund and the ultimate Parent KIRKBI A/S, Billund have a controlling interest.

All transactions with related parties are made on market terms.