

LEGO Juris A/S

Koldingvej 2
7190 Billund

CVR no. 28 12 24 54

Annual report for 2020

Adopted at the annual general
meeting on 29 April 2021

chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Financial highlights	6
Management's review	7
Financial statements	
Accounting policies	8
Income statement 1 January - 31 December	11
Balance sheet 31 December	12
Statement of changes in equity	14
Notes to the annual report	15

LEGO Juris A/S

Statement by management on the annual report

The management has today discussed and approved the annual report of LEGO Juris A/S for the financial year 1 January - 31 December 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 company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the shareholder at the annual general meeting.

Billund, 22 February 2021

Executive management

Søren Thorup Sørensen

Board of directors

Sidsel Marie Kristensen
chairman

Anders Kirketerp-Møller

Jørgen Vig Knudstorp

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 - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under 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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

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.

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 the 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 liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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.

Independent auditor's report

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 that we identify during our audit.

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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of management's review.

Aarhus, 22 February 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Thomas Rosquist Andersen
State Authorised Public Accountant
MNE no. mne31482

Søren Alsen Lauridsen
State Authorised Public Accountant
MNE no. mne40040

Company details

The company

LEGO Juris A/S
Koldingvej 2
7190 Billund

CVR no.: 28 12 24 54

Reporting period: 1 January - 31 December 2020

Domicile: Billund

Board of directors

Sidsel Marie Kristensen, chairman
Anders Kirketerp-Møller
Jørgen Vig Knudstorp

Executive management

Søren Thorup Sørensen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
8000 Aarhus

Consolidated financial statements

The company is included in the consolidated financial statements of the ultimate parent company KIRKBI A/S, Billund.

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	2020	2019	2018	2017	2016
	m.DKK	m.DKK	m.DKK	m.DKK	m.DKK
Key figures					
Profit/loss					
Revenue	1,594	1,495	1,400	1,345	1,437
Profit from ordinary operating activities	1,063	1,163	1,280	1,029	1,125
Net financials	-1	0	0	0	0
Profit/loss for the year	829	907	999	803	877
Balance sheet					
Balance sheet total	1,578	1,461	1,408	1,379	1,651
Equity	906	1,077	1,070	1,071	1,268
Financial ratios					
Solvency ratio	57.4%	73.7%	76.0%	77.7%	76.8%
Return on equity	83.6%	84.5%	93.3%	68.7%	68.5%

For definitions, see accounting policies.

Management's review

Business review

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

Financial review

The company's income statement for the year ended 31 December 2020 shows a profit of m.DKK 829, and the balance sheet at 31 December 2020 shows equity of m.DKK 906.

Profit for 2020 is in line with expectations.

Expectations for 2021

The profit for the coming year is expected to be around the level of 2020.

Corporate responsibility

Reference is made to the management's review of the ultimate parent company KIRKBI A/S in the section "How we work with sustainability". The KIRKBI A/S annual report 2020 is published on the website: www.kirkbi.com/about/annual-reports/.

Diversity policy

LEGO Juris A/S has the ambition to have a balanced composition of the gender in the board of directors. The target is at least one female and one male board member provided that such person has the right qualifications for the directorship. The current board of directors consist of one woman and two men, which is living up to the ambition.

Accounting policies

The annual report of LEGO Juris A/S for 2020 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 are consistent with those of last year.

The annual report is presented in Danish kroner.

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 and impairment losses.

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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

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

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external expenses

Other external expenses comprise administrative expenses.

Fee to auditors appointed at the general meeting is included in a note in the Annual Report of the ultimate parent company KIRKBI A/S.

Accounting policies

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 gains and losses.

Tax on profit for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Trademark rights

Trademark rights recognised in the balance sheet are measured at cost less accumulated amortisation.

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

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.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Equity

Proposed dividends are disclosed as a separate item under equity.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

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.

Liabilities

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

Foreign currency translation

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.

Cash flow statement

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

Financial highlights

Definitions of financial ratios.

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

Income statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> m.DKK	<u>2019</u> m.DKK
Revenue	1	1,594	1,495
Other external expenses		<u>-530</u>	<u>-332</u>
Gross profit		1,064	1,163
Amortisation of intangible assets	3	<u>-1</u>	<u>0</u>
Profit from ordinary operating activities		1,063	1,163
Financial expenses		<u>-1</u>	<u>0</u>
Profit before tax		1,062	1,163
Tax on profit for the year		<u>-233</u>	<u>-256</u>
Profit for the year		<u>829</u>	<u>907</u>
Distribution of profit	2		

Balance sheet 31 December

	<u>Note</u>	<u>2020</u> m.DKK	<u>2019</u> m.DKK
Assets			
Trademark rights		13	0
Intangible assets	3	<u>13</u>	<u>0</u>
Total non-current assets		<u>13</u>	<u>0</u>
Receivables from group enterprises		1,443	1,420
Receivables from associates		47	24
Other receivables		75	17
Receivables		<u>1,565</u>	<u>1,461</u>
Total current assets		<u>1,565</u>	<u>1,461</u>
Total assets		<u><u>1,578</u></u>	<u><u>1,461</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2020</u> m.DKK	<u>2019</u> m.DKK
Equity and liabilities			
Share capital		10	10
Retained earnings		96	67
Proposed dividend for the year		800	1,000
Total equity		<u>906</u>	<u>1,077</u>
Trade payables		53	42
Payables to group enterprises		376	77
Corporation tax		233	255
Other payables		10	10
Total current liabilities		<u>672</u>	<u>384</u>
Total liabilities		<u>672</u>	<u>384</u>
Total equity and liabilities		<u><u>1,578</u></u>	<u><u>1,461</u></u>
Contingent liabilities	4		
Assets charged and security	5		
Related parties	6		

Statement of changes in equity

	Share capital	Retained	Proposed	Total
	m.DKK	earnings	dividend for	m.DKK
	m.DKK	m.DKK	the year	m.DKK
	m.DKK	m.DKK	m.DKK	m.DKK
Equity at 1 January	10	67	1,000	1,077
Dividend paid	0	0	-1,000	-1,000
Net profit/loss for the year	0	29	800	829
Equity at 31 December	10	96	800	906

Notes

	<u>2020</u> m.DKK	<u>2019</u> m.DKK
1 Revenue		
Licence income and royalty income	1,594	1,495
Total revenue	<u><u>1,594</u></u>	<u><u>1,495</u></u>

As license and royalty income accounts for 100 %, no geographic segmentation has been made.

2 Distribution of profit		
Proposed dividend for the year	800	1,000
Retained earnings	29	-93
	<u><u>829</u></u>	<u><u>907</u></u>

3 Intangible assets		Trademark rights
		<u>m.DKK</u>
Cost at 1 January		2,625
Additions for the year		14
Cost at 31 December		<u><u>2,639</u></u>
Amortisation at 1 January		2,625
Amortisation for the year		1
Amortisation at 31 December		<u><u>2,626</u></u>
Carrying amount at 31 December		<u><u>13</u></u>

4 Contingent liabilities

The company is part of a joint taxation arrangement in which the ultimate parent company, 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.

Notes

4 Contingent liabilities (continued)

The company has provided a payment guarantee of DKK 109 thousand (2019: DKK 120 thousand).

Apart from the above, there are no contingent liabilities at the balance sheet date.

5 Assets charged and security

There are no security provided or assets charged at the balance sheet date.

6 Related parties

Controlling interest

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

Kjeld Kirk Kristiansen has as shareholder significant influence in LEGO Juris A/S.

Transactions

All transactions with related parties are made on market terms.