LLFR Holding ApS

Sødalsparken 18, 8220 Brabrand

CVR No 30 60 85 85

Annual Report 2022/23

(Financial year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 18 January 2024

Jesper Aabenhus Rasmussen
Chairman

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Company Information

The Company	LLFR Holding ApS Sødalsparken 18 DK-8220 Brabrand www.larslarsengroup.com CVR No 30 60 85 85 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Board of Directors	Jacob Brunsborg, Chairman Mette Brunsborg Jesper Aabenhus Rasmussen
Executive Board	Jesper Lund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bank	Nordea Bank Danmark Grønjordsvej 10 DK-2300 København S

Financial Highlights of the Group (mDKK)

	2022/23	2021/22	2020/21	2019/20	2018/19
Key figures					
Income Statement					
Revenue	4,226	8,579	8,909	7,922	4,516
Profit before financial items (EBIT)	2,107	1,611	1,661	1,586	379
Net financials	1,310	187	164	-46	23
Net profit for the year	3,250	1,403	1,464	1,229	306
Balance sheet					
Balance sheet total	3,977	4,631	4,672	5,541	5,054
Equity	192	3,156	2,803	2,320	2,206
Cash flow statement					
Investment in tangible assets	139	259	208	174	560
Ratios					
Solvency ratio	4.8%	68.1%	60.0%	41.9%	43.7%
Return on equity	194.1%	47.1%	57.2%	54.3%	26.7%
Average number of employees	1,899	3,653	3,361	3,647	3,378

The ratios have been prepared in accordance with the definitions provided under accounting policies.

Management's Review

Main activity

The main activity of the Parent Company is ownership of companies.

The main activity of the Group is within retail.

Development in the financial year

Group revenue amounts to mDKK 4,226 compared to mDKK 8,579 in the financial year 2021/22.

Profit before financial items amounts to mDKK 2,107 compared to mDKK 1,611 in 2021/22.

Net profit for the year amounts to mDKK 3,250 compared to mDKK 1,403 in 2021/22, which is above expectations. The net profit for the year has been positively influenced by the disposal of a number of group companies during the year.

Special risks

The Group's activities abroad imply that profit, cash flows, and equity are affected by the development in exchange and interest rates of a number of currencies.

As a main rule, currency risks relating to investments in foreign subsidiaries and associates are not hedged. In the Group's opinion, current currency hedging of such long-term investments will not be optimal based on overall risk and cost considerations.

Knowledge resources

The Group develops competent employees to undertake operational and management tasks through specially adapted training programs and at own academies.

Corporate social responsibility and statement on underrepresented gender

The statutory statement of corporate social responsibility and statement on underrepresented gender appear on page 31-47.

Management's Review

Data ethics

A policy on data ethics has been implemented.

The policy has been prepared as an overall subject framework which applies to Lars Larsen Group. The Policy for Data Ethics covers use of all data types and is thus not limited to the use and protection of personal data.

The Policy for Data Ethics complements e.g., the principles of transparency and data minimisation in the Data Protection Act as well as rules on integrity and confidentiality. The policy also supplements policies on handling of personal data, use of cookies, etc. The policy is aimed at customers, guests, visitors of Lars Larsen Group's website, current and potential partners, as well as employees. During this financial year initiatives to increase focus on e.g., cyber security, phishing etc. has been implemented and a process of developing an Artificial Intelligence (AI) policy has begun.

The policy is expected to be released in the financial year 2023/24.

Expected development

For the year ahead, LLFR Holding ApS expects to realise a profit before tax at mDKK 10.

Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of LLFR Holding ApS for the financial year 1 September 2022 – 31 August 2023.

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

In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 31 August 2023 and of the results of the Parent Company and the Group operations and cash flows for 2022/23.

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, 18 January 2024

Executive Board

Jesper Lund

Board of Directors

Jacob Brunsborg, Chairman

Mette Brunsborg

Jesper Aabenhus Rasmussen

Independent Auditor's Report

To the shareholders of LLFR Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2022 - 31 August 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of LLFR Holding ApS for the financial year 1 September 2022 - 31 August 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

Independent Auditor's Report

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements and Parent Company 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.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent 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 judgment and maintain professional skepticism 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 Group's and the Parent Company's internal control.

Independent Auditor's Report

- 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Aarhus, 18 January 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
MNE-no. 26783

Income statement 1 September - 31 August (mDKK)

		Parent company		Group	
	Note	2022/23	2021/22	2022/23	2021/22
Revenue	1	**0**	**0**	**4,226**	**8,579**
Cost of sales		0	0	-2,416	-4,836
Other operating income		0	0	2,061	1,262
Other external cost		-3	-2	-929	-1,701
Gross profit		**-3**	**-2**	**2,942**	**3,304**
Staff expenses	2	0	0	-730	-1,455
Depreciation and amortisation		0	0	-93	-166
Other operating expenses		0	0	-12	-72
Profit before financial items		**-3**	**-2**	**2,107**	**1,611**
Result from subsidiaries		1,392	69	0	0
Result from associated companies		1,295	152	1,295	152
Result from other investments		1	9	1	8
Financial income		40	0	52	49
Financial expenses		-12	-4	-38	-22
Profit before tax		**2,713**	**224**	**3,417**	**1,798**
Tax on profit for the year	3	0	2	-167	-395
Result for the year		**2,713**	**226**	**3,250**	**1,403**
Distribution of profit	4				

Balance sheet at 31 August (mDKK)

Assets		Parent company		Group	
	Note	2023	2022	2023	2022
Development projects		0	0	0	16
Software		0	0	0	1
Goodwill		0	0	0	3
Intangible assets	5	**0**	**0**	**0**	**20**
Land and buildings		0	0	0	124
Fixtures and fittings, tools and equipment		0	0	0	177
Trucks and cars		0	0	0	36
Leasehold improvements		0	0	0	223
Tangible assets under construction		0	0	0	139
Tangible assets	6	**0**	**0**	**0**	**699**
Investments in subsidiaries	7	234	953	0	0
Investments in associates	8	0	430	0	430
Other investments	9	12	32	12	32
Deposits	10	0	0	0	105
Fixed asset investments		**246**	**1,415**	**12**	**567**
Fixed assets		**246**	**1,415**	**12**	**1,286**
Commercial products		0	0	0	1,975
Inventories		**0**	**0**	**0**	**1,975**
Trade receivables		0	0	0	202
Receivables from subsidiaries		0	2	0	0
Corporation tax		140	52	139	0
Other receivables		3,591	0	3,826	1,016
Prepayments	11	0	0	0	66
Receivables		**3,731**	**54**	**3,965**	**1,284**
Cash at bank and in hand		**0**	**14**	**0**	**86**
Current assets		**3,731**	**68**	**3,965**	**3,345**
Assets		**3,977**	**1,483**	**3,977**	**4,631**

Balance sheet at 31 August (mDKK)

Liabilities

		Parent company		Group	
	Note	2023	2022	2023	2022
Share capital		22	22	22	22
Reserve exchange adjustment		24	31	24	31
Retained earnings		146	1,002	146	1,002
Equity attributable to parent company shareholders		**192**	**1,055**	**192**	**1,055**
Non-controlling interests		0	0	0	2,101
Equity		**192**	**1,055**	**192**	**3,156**
Other provision		0	0	0	9
Deferred tax	12	90	80	90	49
Provisions		**90**	**80**	**90**	**58**
Mortgage debt, long-term	13	0	0	0	100
Long term debt		**0**	**0**	**0**	**100**
Mortgage debt, short-term	13	0	0	0	5
Prepayments, received		0	0	0	135
Trade payables		0	0	0	463
Corporation tax		0	0	0	343
Other payables		3,695	348	3,695	365
Deferred income		0	0	0	6
Short-term debt		**3,695**	**348**	**3,695**	**1,317**
Debt		**3,695**	**348**	**3,695**	**1,417**
Liabilities and equity		**3,977**	**1,483**	**3,977**	**4,631**

Contractual obligations	14
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Statement of changes in equity (mDKK)

	Share capital	Reserve exchange adjustment	Retained earnings	Equity attributable to parent company shareholders	Non-controlling interests	Equity
Parent company						
Opening at 1st September 2022	10	0	87	97	0	97
Net effect from merger under the book value method	12	31	915	958	0	958
Corrected opening at 1st September 2022	22	31	1,002	1,055	0	1,055
Result for the year	0	0	2,713	2,713	0	2,713
Capital increase	0	0	126	126	0	126
Extraordinary dividend paid	0	0	-3,700	-3,700		-3,700
Exchange adj. on foreign subsidiaries	0	-7	0	-7	0	-7
Other equity movements	0	0	5	5	0	5
Equity at 31st August 2023	**22**	**24**	**146**	**192**	**0**	**192**

	Share capital	Reserve exchange adjustment	Retained earnings	Equity attributable to parent company shareholders	Non-controlling interests	Equity
Group						
Opening at 1st September 2022	22	31	1,002	1,055	2,101	3,156
Result for the year	0	0	2,713	2,713	537	3,250
Capital increase	0	0	126	126	0	126
Paid dividend	0	0	0	0	-1,177	-1,177
Extraordinary dividend paid	0	0	-3,700	-3,700	0	-3,700
Exchange adj. on foreign subsidiaries	0	-7	0	-7	0	-7
Disposal of non-controlling interest	0	0	0	0	-1,461	-1,461
Other equity movements	0	0	5	5	0	5
Equity at 31st August 2023	**22**	**24**	**146**	**192**	**0**	**192**

Specified as follows:

	Parent company		**Group**	
	2023	2022	2023	2022
2,160 A-shares of DKK 1,000	2	2	2	2
19,440 B-shares of DKK 1,000	20	20	20	20
Share capital	**22**	**22**	**22**	**22**

Share capital has been changed per 1st September 2022 from mDKK 10 to mDKK 22.
There have been no further changes to the share capital during the last 5 years.

Consolidated Cash Flows (mDKK)

	Note	2022/23	2021/22
Profit for the year		3,250	1,403
Adjustments	19	-2,492	433
Change in working capital	20	-37	-830
Cash flows from operating activities before financial income and expenses		721	1,006
Financial income		52	49
Financial expenses		-38	-22
Cash flows from ordinary activities		735	1,033
Corporation tax paid		-83	-264
Cash flows from operating activities		**652**	**769**
Purchase of intangible assets		-2	-7
Purchase of tangible assets		-139	-259
Sale of tangible assets		0	14
Purchase of fixed asset investment		-6	-84
Sale of fixed asset investments		1,755	8
Sale of enterprises		2,005	0
Cash at sale of enterprises		59	0
Cash flows from investing activities		**3,672**	**-328**
Proceeds from mortgage debt		0	105
Payment of mortgage debt		-2	-1
Payment of loans		0	-455
Dividend paid		-1,204	-1,078
Capital increase		126	0
Cash flows from financing activities		**-1,080**	**-1,429**
Change in cash and cash equivalents		**3,244**	**-988**
Cash and cash equivalents at 1st September		581	1,569
Cash and cash equivalents at 31st August		**3,825**	**581**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		0	86
Cash pool (Other receivables)		3,825	495
Cash and cash equivalents at 31st August		**3,825**	**581**

Notes to the Annual Report (mDKK)

1 Revenue

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 assess that such disclosures would be very detrimental to the Company.

	Parent company		Group	
	2022/23	2021/22	2022/23	2021/22
2 Staff expenses				
Salaries and wages	0	0	669	1,318
Pensions	0	0	42	86
Other social security costs	0	0	19	51
	0	**0**	**730**	**1,455**
Average number of employees	0	0	1,899	3,653

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Tax on profit for the year

	Parent company 2022/23	Parent company 2021/22	Group 2022/23	Group 2021/22
Current tax for the year	-4	-26	162	374
Deferred tax for the year	10	25	10	22
Current tax for previous years	-6	-1	-5	-1
Tax on profit for the year	**0**	**-2**	**167**	**395**

Reconciliation of tax on profit for the year

	Group 2022/23	Group 2021/22
Profit before tax	3,417	1,798
Result from associated companies after tax	-1,295	-152
	2,122	**1,646**
Income tax calculated at Danish tax rate (22%)	467	362
Effect of differences between foreign and Danish tax rate	0	-3
Effect of other investments	0	-2
Non-taxable income	-316	-1
Non-deductible expenses	0	1
Tax concerning previous years	-6	0
Impairment and reversal of tax losses carry forward	21	34
Other adjustments	1	4
Tax on profit for the year	**167**	**395**
Effective tax rate	**7.9%**	**24.0%**

Non-taxable income is related to disposal of Group companies during the year.

Notes to the Annual Report (mDKK)

		Parent company		Group	
		2022/23	2021/22	2022/23	2021/22
4	**Distribution of profit**				
	Retained earnings	-987	226	-987	226
	Extraordinary dividend paid	3,700	0	3,700	0
	Non-controlling interests' share of profit/loss	0	0	537	1,177
		2,713	**226**	**3,250**	**1,403**

		Development projects	Software	Goodwill
5	**Intangible assets**			
	Group			
	Cost at 1st September	135	4	9
	Additions for the year	3	0	0
	Disposals for the year	-138	-4	-9
	Cost at 31st August	0	0	0
	Amortisation at 1st September	118	3	6
	Amortisation for the year	5	0	0
	Disposals for the year	-123	-3	-6
	Amortisation at 31st August	0	0	0
	Booked value at 31st August	**0**	**0**	**0**
	Depreciated over	5 years	3 - 5 years	5 - 20 years

Notes to the Annual Report (mDKK)

6 Tangible assets

	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements	Assets under constructions
Group				
Cost at 1st September	136	899	652	139
Additions for the year	0	62	52	25
Disposals for the year	-136	-960	-702	-164
Exchange rate adjustments	0	-1	-2	0
Cost at 31st August	0	0	0	0
Depreciation at 1st September	13	687	429	0
Depreciation for the year	2	50	37	0
Depreciation of disposals for the year	-15	-736	-465	0
Exchange rate adjustments	0	-1	-1	0
Depreciation at 31st August	0	0	0	0
Booked value at 31st August	**0**	**0**	**0**	**0**
Depreciated over	25 years	4 - 7 years	Rental period	

7 Investments in subsidiaries

	2023
Parent company	
Cost at 1st September	3,052
Addition for the year	37
Disposals for the year	-1,884
Cost at 31st August	1,205
Value adjustments at 1st September	-2,099
Exchange rate adjustment on foreign subsidiaries	-10
Dividend	-131
Result for the year	-43
Disposals for the year	1,312
Value adjustments at 31st August	-971
Investments in subsidiaries	**234**

Specified as:

	Owner share
LLRU Holding ApS, Denmark	100%

Notes to the Annual Report (mDKK)

	Parent company 2023	Group 2023
8 Investment in associates		
Cost at 1st September	212	212
Disposals for the year	-212	-212
Cost at 31st August	0	0
Value adjustments at 1st September	218	218
Exchange rate adjustment	3	3
Result for the year	73	73
Disposals for the year	-299	-299
Other adjustments	5	5
Value adjustments at 31st August	0	0
Investment in associates	**0**	**0**

Investment in associates has been disposed during the financial year 2022/23.

	Parent company 2023	Group 2023
9 Other investments		
Cost at 1st September	32	32
Disposal for the year	-21	-21
Cost at 31st August	**11**	**11**
Value adjustments at 1st September	0	0
Value adjustments for the year	1	1
Value adjustments at 31st August	**1**	**1**
Other investments	**12**	**12**

	2023
10 Deposits	
Group	
Cost at 1st September	105
Addition for the year	5
Disposals for the year	-110
Cost at 31st August	**0**

Notes to the Annual Report (mDKK)

11 Prepayments

Prepayments comprise prepaid expenses relating to rent, property tax, etc.

	Parent company		Group	
	2023	2022	2023	2022
12 Deferred tax				
Tangible assets	0	0	0	-26
Inventories	0	0	0	-3
Other	90	80	90	78
	90	**80**	**90**	**49**
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax asset	0	0	0	0
Deferred tax liabilities	-90	-80	-90	-49
	-90	**-80**	**-90**	**-49**

13 Mortgage debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised on long-term debt.

The debt falls due for payment as specified below:

	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Mortgage debt, after 5 years	0	0	0	81
Mortgage debt, between 1 and 5 years	0	0	0	19
Mortgage debt, long-term debt	0	0	0	100
Mortgage debt, within 1 year	0	0	0	5
	0	0	0	**105**

Notes to the Annual Report (mDKK)

	Parent company		Group	
	2023	2022	2023	2022
14 Contractual obligations				
Rental obligations	0	0	0	3,324
Lease obligations	0	0	0	138
Letters of credit	0	0	0	10
Other obligations	0	0	0	87
15 Contingent liabilities				
Guarantees	0	0	0	5
Purchase obligations, Investments	5	7	5	7

The Company is jointly liable for tax on the Group's joint taxable income etc. The total amount for corporation tax appears from these Group Financial Statements. Moreover, the Danish enterprises of the Group are jointly liable for withholding tax such as tax on dividend, royalty and interest. Possible later corrections in corporation taxes and withholding taxes may result in the Company being liable for a larger amount.

LLG A/S has entered into a cash pool agreement for Lars Larsen Group. As per 31 August 2023 the withdrawal was MDKK 0. As participant in the cash pool agreement LLFR Holding ApS has issued a guarantee towards credit institutions.

16 Controlling interest

	Basis
Brunsborg Family	Controlling shareholder

Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

Notes to the Annual Report (mDKK)

	Parent company 2022/23	Parent company 2021/22	Group 2022/23	Group 2021/22
17 Fees to the auditors appointed at the annual general meeting				
PricewaterhouseCoopers				
Audit fee	1	1	1	2
Other assurance engagements	1	0	1	0
Tax advisory services	0	0	0	1
Other non-audit services	1	1	2	1
PricewaterhouseCoopers	**3**	**2**	**4**	**4**

18 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	Group 2022/23	Group 2021/22
19 Cash flow statement - adjustments		
Profit/loss, associates	-1,295	-152
Net gain sale of enterprises	-1,434	0
Net gain on sale of intangible/tangible assets	3	44
Profit/loss, other investments	-1	-9
Financial income	-52	-49
Financial expenses	38	22
Depreciation and amortisation	94	166
Tax on profit/loss for the year	167	395
Other adjustments	-12	16
	-2,492	**433**

	Group 2022/23	Group 2021/22
20 Cash flow statement - change in working capital		
Change in inventories	87	-485
Change in receivables	17	277
Change in other receivables	-77	-435
Change in trade payables	-26	-44
Change in other payables	-43	-93
Change in prepayments and deferred income	5	-50
	-37	**-830**

Accounting Policies

Basis of preparation

The Annual Report of LLFR Holding ApS for the financial year 1 September 2022 to 31 August 2023 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 are unchanged compared to last year. The Financial Statements for 2022/23 are presented in mDKK.

During the financial year, LLFR Holding ApS merged with the company LLPT Holding ApS with retrospective effect for accounting purposes at 1 September 2022 as the continuing company. As a result, the comparative figures are restated in accordance with the adjusted pooling-of-interests method ("koncernmetoden").

The effect of the merger for the parent company for 2021/22 is a change in result for the year of DKK 0k, equity of DKK 0k and total assets of 98 mDKK.

Intercompany restructuring processes – book value method

The Company has chosen to use book value method in connection to intercompany restructuring. For accounting purposes the restructuring took place at book value at the date of acquisition. Comparative figures are not adjusted in compliance with the book value method.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, LLFR Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises. The financial statements applied for the Group's Annual Report have been prepared in accordance with the accounting policies of the Group.

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

Accounting Policies

Recognition and measurement (continued)

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

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.

The income statements of foreign subsidiaries and associates that are separate legal entities are translated at the exchange rates at the dates of transaction or an approximated average exchange rate. Balance sheet line items are translated at the exchange rates at the balance sheet dates. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the balance sheet dates are recognised directly in equity.

Accounting Policies

Segment reporting

In accordance with section 96(1) of the Danish Financial Statements Act, 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.

Income Statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises cost incurred in connection with the purchase of commercial products.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the activities of the enterprises, including gains and losses from the sale of intangible assets and tangible assets.

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries, including holiday pay and pensions as well as other social security costs etc. to the Company's employees. Allowances received from public authorities are deducted from staff expenses.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of tangible assets and intangible assets for the year.

Accounting Policies

Result from subsidiaries and associated companies

The items “Result from subsidiaries” and “Result from associated companies” in the income statement include the proportionate share of the profit/loss for the year less goodwill amortisation.

Result from other investments

Result from other investments in the income statement include regulations on fair value and dividend paid.

Financial income and expenses

Financial income and expenses comprise interest, exchange adjustments, fees, etc.

Tax on profit for the year

Tax for the year consists of current tax for the year and any 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its subsidiaries. The tax effect of the joint taxation with group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the

Accounting Policies

Development projects (continued)

project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and impairment loss and the recoverable amount.

Capitalised development costs are amortised as from the date of completion on a straight-line basis over the period during which development work is expected to generate economic benefits.

The amortisation period is 5 years.

Software
Software is measured at the lower of cost less accumulated amortisation and the recoverable amount.

Software is amortised over 3 – 5 years.

Goodwill
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated at 5-20 years.

Tangible assets

Tangible assets are measured at cost with the addition of revaluations and less accumulated depreciation and 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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for the financing of the production of tangible assets are recognised in cost over the period of production. All indirectly attributable borrowing costs are recognised in the income statement.

Depreciation based on cost with the addition of revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Accounting Policies

Tangible assets (continued)

Land and buildings	25 years
Fixtures and fittings, tools and equipment	4-7 years
Trucks and cars	4-5 years
Leasehold improvements	Rental period

Profit and losses from current replacement of tangible assets are recognised in “Other operating income” or “Other operating expenses”.

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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the date of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of positive or negative differences (goodwill or negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

Accounting Policies

Investments in subsidiaries and associates (continued)

Subsidiaries with a negative carrying amount are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other investments

Other investments are recognised and measured at fair value.

Deposits

Deposits are recognised and measured at cost.

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 at the total of future sales revenue which the inventories are expected to generate at the balance sheet date in the process of normal operations allowing for marketability, obsolescence and development in expected selling price with deduction of selling expenses expected to be incurred to realise the sale.

The cost of goods for resale equals landed cost.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which generally 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.

Accounting Policies

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax on temporary differences concerning non-taxable amortisable goodwill as well as other items is not recognised where, unless arising from acquisitions, they have arisen at the date of acquisition without affecting the profit/loss for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Corporation tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and for taxes paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in financial income and expenses in the income statement.

Prepayments

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

Debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised costs; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Accounting Policies

Debts (continued)

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

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, tangible assets, fixed asset investments as well as securities.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, other short-term debt under credit institutions as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Cash pool".

The cash flow statement cannot be immediately derived from the published financial records.

Accounting Policies

Financial Highlights

Ratios are calculated as follows:

Solvency ratio = $\dfrac{\text{Equity at year end x 100}}{\text{Total assets}}$

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

Statutory Statement of Corporate Social Responsibility

LLFR Holding ApS

This is the statutory corporate social responsibility (CSR) report, pursuant to sections 99a and 99b of the Danish Financial Statements Act. The report is part of the Management Review for LLFR Holding ApS covering the financial year of 01.09.2022 – 31.08.2023. From hereinafter, this report is addressed as our sustainability report.

Lars Larsen Group

Lars Larsen Group is owned by the Brunsborg-family, descendants of Lars Larsen who founded JYSK and opened the first JYSK store in Aarhus in 1979. The opening of this store marked the beginning of the journey towards the establishment of Lars Larsen Group.

We are active within a broad range of business areas as majority owner and investor.
The way we conduct business in Lars Larsen Group is anchored in the family values; Tradesmanship, Responsibility, and Growth.

With the family values as our framework, we continuously strive towards long-term, successful development of Lars Larsen Group, while at the same time leaving a significant positive impact on society.

Read more about Lars Larsen Group at www.larslarsengroup.com.

Lars Larsen Group sustainability

Our most significant impact within sustainability derives from our role as majority owner and our investment activities.

Responsible investment

Investments are made responsibly with the purpose to support a more sustainable development. We have implemented a policy for responsible investment. The policy serves as an overall framework, ensuring integration of environmental, social, and governance (ESG) evaluation of our investments, all the way from the initial investment process to our active ownership.

The ESG due diligence supports the overall evaluation of investment opportunities in determining:

- If an investment opportunity is compliant with Lars Larsen Group values and requirements
- If an investment opportunity should not be pursued due to ESG concerns

Furthermore, as part of our overall investment strategy, we work to actively identify areas for investments that contribute to a green transition.

Active ownership

Our sustainability strategy for our active and responsible ownership is based on a governance framework, ensuring a common group foundation for our work with sustainability anchored with our group policies, minimum requirements, and a set of Key Performance Indicators (KPIs) that our companies report on annually. The governance framework communicates a direction and supports standardized structures and processes in line with relevant international standards.

Active and responsible ownership

Values

Tradesmanship / Responsibility / Growth

Governance	Guidance
Lars Larsen Group Employee Code of Conduct and group policies Minimum requirements	We endeavour to guide on sustainability matters, through support and requirements towards companies within Lars Larsen Group Support synergies and knowledge-sharing across the group

Follow-up and reporting on progress and results

Companies within Lars Larsen Group further work with below topics linked to their respective business strategies:

Sustainability strategy

UN Sustainable Development Goals

Risk management

The core of the strategy is the commitment of our companies to comply with Lars Larsen Group Employee Code of Conduct and to work actively with implementation of our shared group policies.

Active ownership, however, is more than governance, requirements, and compliance. Alongside the framework, we aim to support the companies within the group with relevant guidance, tools, and facilitation of training and workshops.

Furthermore, anchored with the headline “cross-company initiatives”, we have identified areas, where we encourage our companies to work together and benefit from synergies across the group.

During the last couple of years, we have worked with a shared ambition to:

- Reduce our negative climate impact
- Reduce plastic from packaging
- Increase the use of more sustainable raw material

Within this group framework, the companies manage and operate their respective sustainability agendas independently.

Dialogue shows the way forward

As an international group, we are in contact with customers, employees, and business partners as well as other stakeholders.

Doing business in a responsible and sustainable way is a continuous process. We consider dialogue with our stakeholders to be a key element in our work with sustainability. Cooperation, dialogue, and commitment show the way forward when it comes to improving social and environmental conditions.

Whistleblowing service

Lars Larsen Group strives to maintain a transparent business environment and high business ethics. Our whistleblowing service should be regarded as a supplement to the dialogue and openness that we value in Lars Larsen Group.

The whistleblowing service is an early warning system aimed to reduce risk. It is an important tool to foster high ethical standards and maintain confidence in us.

During the financial year, Lars Larsen Group received twenty-three (23) reports of which nineteen (19) were considered relevant for management within the scope of the whistleblowing service.

The whistleblowing service is accessible from the webpage www.larslarsengroup.com.

Data

JYSK is a group of operational companies that are divided in the groups of LLG A/S and LLFR Holding ApS. Sustainability in JYSK is managed centrally from JYSK head office functions, legally included by JYSK A/S. Ownership of sustainability policies, procedures, projects, and initiatives are owned and managed centrally from these head office functions, with effect throughout all JYSK country companies. Thus, we report identical §99a data for both LLG A/S and LLFR Holding ApS. It is our firm belief, that this solution, compared to a report where sustainability data is split on e.g., turnover for LLG A/S and LLFR Holding ApS respectively, will present a more accurate understanding of JYSK's work and progress with sustainability.

Besides data from JYSK, this report encompasses data from ILVA.
ILVA was part of LLFR Holding ApS until March 1st, 2023, where ILVA became part of LLG A/S. Therefore some §99a data regarding ILVA will be identical for LLG A/S and LLFR Holding ApS. The quantitative data, that is possible to divide between the two groups, are divided. As in the above case it is our firm belief that this solution will present the most accurate understanding of ILVA's sustainability work.

Below scheme presents an overview of the companies, as they will be referred to in the report hereinafter.

Legal entities	As referred to hereinafter
JYSK country companies	JYSK
ILVA A/S	ILVA

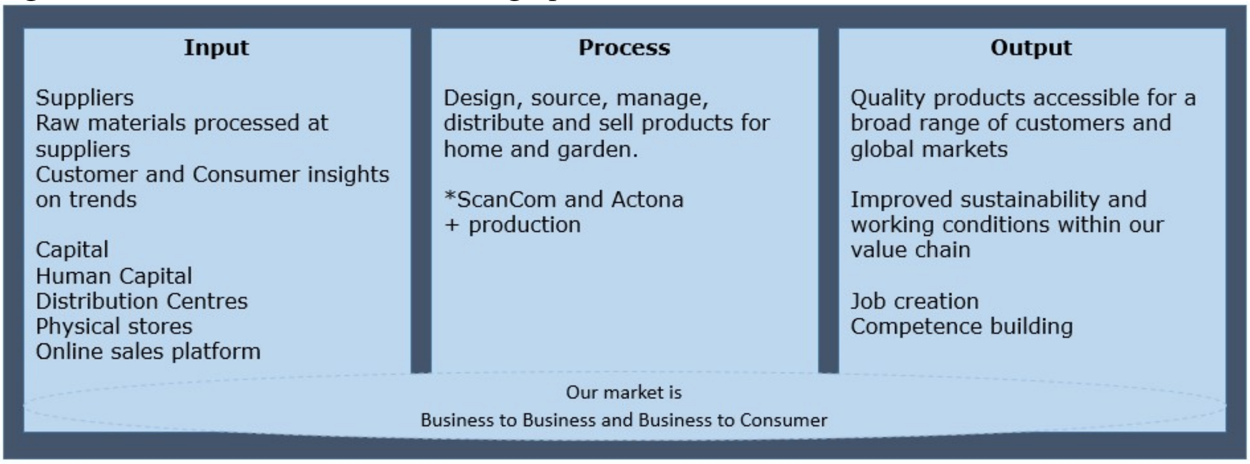
About the company

LLFR Holding ApS is the name of a group.
JYSK and ILVA are furniture retail companies with a primary focus on business-to-consumer markets and some activity within the business-to-business markets. Business activities include to; source, design, manage, distribute, and sell products for home and garden.

Business model

The following model illustrates a business model for LLFR Holding ApS:

Figure 1 Business Model, LLFR *Holding ApS*



Risks

Below schemes present an overview of identified main risks, impact, and action related to each of the policy[1] areas covered by this report.

[1] Cf. The Danish Financial Statements Act §99a

Policy	What is the risk?
Environment and Climate	A dedicated focus on reducing Greenhouse gas (GHG) emissions as well as integrating sustainability considerations within business operations, including sourcing and processing of material, is necessary to reduce our negative environmental impact.
Human Rights	We have a truly global presence. We are present in risk countries with own business units as well as through our supplier network. Our industry and global presence present an exposure to risks related to infringement of Human Rights and/or Labour Rights.
Social and Employee Terms	Employees are the greatest asset of the group. If we fail to provide a safe workplace and a business environment, where employees experience job satisfaction as well as the opportunity to develop professionally, we might risk being unable to attract employees and follow market- and customer development.
Anti-Corruption and Bribery	A global presence as well as more legislation within this area requires a strong focus on compliance with all areas of business ethics. Neglecting to integrate this topic with relevant business procedures will expose our company to significant risk.

Policy	What is the impact?
Environment and Climate	Insufficient focus on GHG emissions will lead to a significant negative impact on environment and climate. Furthermore, there is a long-term risk of shortage of raw material due to unsustainable management of supply chain.
Human Rights	Insufficient implementation of Employee Code of Conduct, Human Rights policy, and supplier requirements may lead to infringement of Human Rights and/or Labour Rights and Standards, with potential severe negative consequences for affected parties.
Social and Employee Terms	Lack of procedures and attention towards work safety, work satisfaction, and development may lead to long-term negative effects on our employees. Moreover, if employee competences are not developed in a direction and pace that corresponds with customer and market demands, there is a risk that our company may not be able to follow market and customer development, leaving us uncompetitive and unable to attract and keep the right competencies within the company.
Anti-Corruption and Bribery	Involvement with non-compliance related to Anti-Corruption and Bribery will expose our company to both direct and indirect financial loss. Direct loss is e.g., through fines and indirect loss is e.g., through severe negative impact on our company image.

Policy	What is the action?
Environment and Climate	A commitment to Science Based Targets initiative (SBTi) and a dedicated effort towards reducing GHG emissions. Ongoing focus to reduce plastic, from packaging, more sustainable design, responsible sourcing and processing of raw material.
Human Rights	Implementation of Employee Code of Conduct and Human Rights policy, Supplier Code of Conduct, and follow up both internally as well as in our supply chain.
Social and Employee Terms	Systematic work with health and safety. Ensure that HR processes support employee satisfaction and competence development in line with market and customer development.
Anti-Corruption and Bribery	Implementation of Employee Code of Conduct, Anti-Corruption and Bribery policy, Gifts and Entertainment policy, and Supplier Code of Conduct supported by systematic risk evaluation as well as ongoing information and training of employees.

Due Diligence

The due diligence model covers Lars Larsen Group at an overall level. Additional due diligence initiatives, which are more company specific, are implemented locally within the respective companies.

Figure 2 Due Diligence

	Environment and Climate	Human Rights	Social and Employee	Anti-Corruption and Bribery
Examples of due diligence processes	Structured follow-up on implementation of group sustainability policies Internal audit of business processes and safety procedures Compliance audits at suppliers and factories			
Examples of topics covered by due diligence processes	Compliance with environment legislation and requirements	Compliance with Human Rights and Labour standards	Work safety and employee competence development	Compliance with Anti-Corruption and Bribery legislation
Reporting a concern of non-compliance	Formalised reporting channels are established for reporting a concern of non-compliance. A group Whistleblowing service is established.			

Code of Conduct and Group Policies

Lars Larsen Group Employee Code of Conduct communicates policies on Human Rights, Environment and Climate, Social and Employee Terms, and Anti-Corruption and Bribery. Furthermore, we work with policies on the topics; Gender Equality and Data Ethics, which are published individually.

The Code of Conduct and policies have been implemented with companies within Lars Larsen Group.

This sustainability report will present a policy excerpt for each of the policies. Following the policy excerpt, the report will present individual reporting on implementation of the respective policy and the results achieved by each respective company.

Environment and Climate

The purpose of this policy is to outline our efforts to reduce the negative environmental and climate impact of our business activities. It is our belief, that consistent and long-term environmental work creates both environmental benefits and value for our company.

Environment and climate considerations are implemented in decision making processes, strategically as well as in our everyday business activities.

Environment and climate considerations are integrated with the management and operations of the companies within Lars Larsen Group, where we strive to reduce the negative impact of business activities.

Science Based Targets initiative

LLG A/S, the parent company of Lars Larsen Group, officially submitted their commitment to the Science Based Targets initiative (SBTi) at the end of summer 2023. So did the Lars Larsen Group subsidiaries JYSK, Actona Group, Bolia, ILVA, ScanCom International, and SOFACOMPANY. The official commitment follows the overall strategy of the group.

LLG A/S and the six subsidiaries stand united in their commitment to the SBTi, but the companies signed up individually. This approach makes more sense in a group of companies with different opportunities for limiting their emissions.

Upon commitment, the work to calculate the full CO2e baseline in each of the companies is ongoing and once it is finalised, it will indicate where the companies can find the biggest reductions to reach their individual goals.

About the SBTi:
The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. It was created in connection with the Paris Agreement in 2015 with the aim of driving ambitious climate action in the private sector based on data. Thus, the SBTi supports the Paris Agreement's commitment to limit global warming to 1.5 degrees.

In addition to our recent SBTi commitment, we have a history of working with strategic partnerships and initiatives across companies within Lars Larsen Group.

In the following we highlight the most essential strategic initiatives shared across the group.

The Forest Stewardship Council®

One of these initiatives is our engagement with The Forest Stewardship Council® (FSC®).

About the FSC®:

- The Forest Stewardship Council® (FSC) is an international non-profit organisation that promotes environmentally appropriate, socially beneficial, and economically viable forestry worldwide.
- FSC forest management certification ensures that the forest is being responsibly managed in a way that preserves biodiversity and benefits the lives of local people and workers.
- FSC-certified material is identified and tracked along the supply chain during the manufacturing and distribution process – from the forest to the market.
- In an FSC-certified forest the forest area will be the same generation after generation. Rare and threatened species and their habitats are protected, all workers along the supply chain are ensured proper working conditions including education, safety equipment, fair pay, and human rights. Furthermore, the rights of indigenous people are respected, and free prior and informed consent is implemented and safeguarded.

It is our aim that an increasing part of the forest-based materials used by the companies in the group should originate from responsibly managed FSC-certified forests and other controlled resources (FSC® N004152).

Amfori Business Environmental Performance Initiative (BEPI)

Another strategic initiative is our ambition to strengthen environmental requirements towards our supply chain. To support this ambition, we have engaged with Amfori Business Environmental Performance Initiative (BEPI).

BEPI is a business-driven service for retailers, importers, and brands committed to improving environmental performance in supply chains. BEPI provides a practical framework including a platform, learning activities, consultancy, and third-party assessments to understand and improve environmental performance as well as reducing the negative environmental impacts throughout the supply chain.

Signing commitment to support green transport transition.

Lastly, the Lars Larsen Group companies who resides in Aarhus have committed to support the transition of green transportation in Aarhus Municipality.

In March 2023, Lars Larsen Group, JYSK, and ILVA signed Climate Alliance Aarhus' Commitment Paper to officially support the goal of Aarhus Municipality becoming carbon neutral in 2030. Emissions from transport is one of the biggest challenges for Aarhus Municipality in reaching the city council's goal.

The companies commit to making a transition in their car fleets to more emission-free vehicles over time.

Policy implementation and progress

JYSK

JYSK has made sustainability a self-standing pillar of the company strategy and added dedicated resources to drive the sustainability agenda.

JYSK has sent in the SBTi Commitment Letter in the financial year 2023. JYSK works with financial year 2021/22 as baseline year and has calculated the scope 1 and 2 baseline. Moreover, an initial screening of scope 3 emissions was performed during this financial year.

In addition to the SBTi commitment, JYSK also works with KPIs related to the use of more sustainable raw material.

Wood:
By the end of 2024, all JYSK products and packaging made from wood, cardboard, or paper will be FSC®-certified.
Within this financial year, more than 60% of the total active assortment that contains wood is FSC-certified. This also includes packaging made from wood. The FSC-certified products range across indoor furniture, mattresses, garden, homeware, and bathroom accessories.

All hard wood products within garden are FSC-certified.

JYSK also made a new packaging design, which will reduce the use of packaging material and make it possible for JYSK to demand that all cardboard used for packaging of JYSK products should be FSC-certified by the end of 2024. Furthermore, all new products from 1 January 2022 are packaged in FSC-certified packaging.

Cotton:
Another raw material in focus at JYSK is cotton. JYSK is a member of Better Cotton (BC). BC is the world's largest cotton sustainability program. Their mission is to help cotton farmers and cotton communities survive and thrive while protecting the environment. JYSK has set the following KPI related to cotton:
By the end of 2024, all cotton sourced for JYSK's textile products will be produced in a more sustainable manner (Better Cotton, Recycled or Organic)
By the end of this financial year 70% of JYSK's textile products contains more sustainable cotton.

Furthermore, JYSK is also working with a new plastic strategy with the aim to limit the number of plastic types used by JYSK and to gradually phase out the use of polystyrene completely. By using fewer types of plastic, JYSK wants to decrease complexity when handling waste and increase recycling of plastic. An example of this is a more responsible packaging for bedsheets. The packaging includes cardboard instead of plastic, which saves more than 26 million plastic bags per year.

To strengthen the external focus on environment and climate, JYSK made a commitment to BEPI.

JYSK became a member of BEPI in 2020 and 77% of JYSK's suppliers were onboarded to the BEPI-platform by the end of this financial year.

ILVA

In August 2023, ILVA committed to the SBTi. In financial year 2022/23, ILVA calculated emissions for scope 1 and 2 and during next financial year, the scope 3 emissions will be calculated.

Furthermore, ILVA performed a risk assessment regarding environment and climate in this financial year. The most significant risks identified, include extraction and use of raw materials, the production, transportation, and disposal of ILVA's products. These risks have negative impacts on e.g., biodiversity and habitats, the environment and GHG emissions related to ILVA's business activities.

Another core environmental focus area is the ambition to increase the number of products that are FSC®-certified. 100% of the wooden garden furniture purchased for ILVA is FSC-certified.

During the financial year 2021, ILVA set the following KPI:
By the end of 2024, all wood products in ILVA will be FSC-certified.

During this financial year, 49% of all wood products in ILVA were made from FSC-certified wood.

Furthermore, ILVA has implemented a new manual for packaging. In the new manual, ILVA communicates directions concerning the use of plastic in packaging, where it is also specified which plastics are authorized for use and which plastics are not authorized to be used together with packaging. Furthermore, the manual has defined the labelling which helps to separate the packaging materials both at the storage facility and with the end consumer.

As part of ILVA's sustainability journey, BEPI was implemented during the financial year 2021. Currently 155 (84%) of ILVA's suppliers have fully onboarded BEPI and 30 suppliers are in the process of onboarding.

Human Rights

Lars Larsen Group respects human rights. We acknowledge the responsibility we have towards our employees and the communities in which we operate, and we expect the same of our suppliers.

We comply with the laws and regulations that apply in the countries in which we operate, and we aim to ensure that Human Rights are an integral part of relevant processes.

Human rights-related processes are primarily anchored with Compliance, Human Resources, and Health and Safety departments.

Safety of the employees is a core focus for all companies within Lars Larsen Group. Health and safety departments are responsible for systematic training and control of adequate safety procedures to meet respective risk levels, with the overall purpose of ensuring a safe workplace for all employees. Moreover, systematic registration, reporting, and follow-up is performed on work accidents. Data on accidents based on below definitions are included in this report:

- Number of lost time injuries (LTI).
  Work related injuries that require the employee to stay away from work more than 24 hours or one shift.
- Lost time injury frequency rate (LTIFR)
  (Number of lost time injuries in reporting period) x 1.000.000) / (Total hours worked in the reporting period)

Across the group, we share the following KPI for work-related accidents:
We strive for zero work accidents and actively work to reduce lost time injury frequency rate year on year.
Common for the companies encompassed by this sustainability report is also their respective memberships of Amfori Business Social Compliance Initiative (BSCI), through which they address Human Rights within the supply chain.

BSCI is a leading supply chain management system that supports companies to drive social compliance and improvements within a global supply chain.

All members of BSCI agree to a common Code of Conduct, which, among other things, prohibits child labour, forced labour, discrimination, and corruption, and sets requirements for safety and decent working hours as well as protection of the environment.
Compliance audits are performed by third party auditors, approved by BSCI, and are based on the requirements communicated in the Code of Conduct.

If necessary, the auditor will issue a corrective action plan (CAP), on how to improve conditions not fully in line with BSCI requirements. If a CAP is issued, the Group closely monitors that conditions are improved to a satisfactory level. The ambition of BSCI is to drive improvements within our global supply chain. Thus, significant resources are invested in supporting such progress, rather than leaving a supplier, who initially may not meet the requirements. Only in cases, where a supplier is reluctant to cooperate to reach a satisfactory compliance level, the cooperation will be terminated.

Going forward, companies within Lars Larsen Group will continue to work dedicatedly with human rights due diligence to regularly identify, prevent, or mitigate potential adverse impacts, internally as well as in our supply chain.

Policy implementation and progress

JYSK

JYSK has continued the work to implement the Human Rights policy as well as ensuring that related work processes are implemented to meet requirements and risk levels of the countries where JYSK is present.

With safety as a core focus, all work-related accidents are reported according to legislation. Accidents encompassed by this sustainability report are work accidents related to the Distribution Centres.

Distribution Centre	Number of lost time injuries (LTI) FY 23	Number of lost time injuries (LTI) FY 22	Number of lost time injuries (LTI) FY 21
Uldum	14	39	21
Radomsko	5	4	7
Nässjö	15	20	9
Bozhurishte	3	7	11
Kammlach	8	3	5
Zarrentin	11	15	9
Homberg	27	12	8
Cheste	1	2	9
Ecser	22	N/A	N/A
Lelystad	2	N/A	N/A

Distribution Centre	Lost time injury frequency rate (LTIFR) FY 23	Lost time injury frequency rate (LTIFR) FY 22	Lost time injury frequency rate (LTIFR) FY 21
Uldum	16,8	37,54*	21,0
Radomsko	6,85	4,85*	7,4
Nässjö	37,27	46,2*	21,9
Bozhurishte	7,56	17,35*	33,4
Kammlach	42,15	17,8	11,6
Zarrentin	36,29	47,2	14,5
Homberg	95,39	45,1	22,4
Cheste	10,25	37,3	64,7
Ecser	55,74	N/A	N/A
Lelystad	26,34	N/A	N/A

**Updated due to update in internal hours*

As preventive measures in the Distribution Centres, JYSK also registers all incidents without absence and near-by accidents. The circumstances are investigated to take the necessary steps to improve the work situation and work safety.

Human rights within the supply chain are addressed through a membership with BSCI.

JYSK has been a member of BSCI since 2006.

JYSK has incorporated the BSCI Code of Conduct in the company's own Supplier Guideline.

All suppliers[2] accept the Supplier Code of Conduct when they sign a supplier contract with JYSK. During this financial year, 1.252 of JYSK's suppliers, based in risk countries, have received audits based on BSCI guidelines.

Audits in percent:
In financial year 2022, 71% of suppliers located in risk countries received audits based on BSCI guidelines against 74% in financial year 2023.

During the financial year, no supplier cooperation has been terminated due to non-compliance with the BSCI Supplier Code of Conduct.

ILVA

ILVA has been working to implement the Human Rights policy as well as ensuring that related work processes are adequately implemented to meet both requirements and risk levels of the countries where ILVA is present.

ILVA performed a risk assessment regarding human rights in April 2023. The most significant risks identified was: Decent working hours, fair remuneration and occupational health and safety. On that background, ILVA has decided to make sure that the ILVA Code of Conduct and BSCI's code of conduct is not just signed but also well implemented at factories producing products to ILVA, especially in risk countries.

Safety is a core focus at ILVA. Below scheme illustrates the number of work accidents which is registered within the period of this financial year where ILVA was owned by LLFR Holding ApS. (As previously mentioned in the data section, ILVA was a part of LLFR Holding ApS from September 1st – February 28th)

[2] Direct suppliers, first tier

Company	Number of lost time injuries (LTI) *From March 1st – August 31st*
ILVA	2*

**The total number of lost time injuries in ILVA for the entire financial year is 3*

Company	Lost time injury frequency rate (LTIFR) *From March 1st – August 31st*
ILVA	4,02*

**The lost time injury frequency rate for ILVA for the entire financial year is 3,02*

Focus on human rights within the supply chain is addressed through the membership with BSCI.

ILVA has been a member of BSCI since 2018. The BSCI Code of Conduct has been implemented with the supplier contracts and supplier audits are managed according to BSCI guidelines.

During the financial year, 100% of ILVA's suppliers based in risk countries have received audits based on the BSCI Code of Conduct.

During this financial year, no supplier cooperation has been terminated due to non-compliance with the BSCI Supplier Code of Conduct.

Social and Employee Terms

Lars Larsen Group aims to provide responsible working conditions and employment terms for all employees within the Group. We follow and comply with legislation, collective agreements as well as International Labour Organization (ILO) conventions.

We seek to attract, develop, and retain qualified and motivated employees in a professional environment.

Our policy on Social and Employee Terms communicates a requirement to perform employee satisfaction surveys (ESS), staff development interviews, as well as workplace assessments. Across the group, we share a KPI related to the ESS: We strive for a response rate of minimum 80%.

ESSs are performed within the respective companies and data in this report is based on the number of employees who have been invited to and responded to the surveys.

Policy implementation and progress

JYSK

At JYSK, corporate values include a right and duty to speak up.

Every second year, an ESS is conducted by an external partner, to invite employees to express their views. The findings of the survey enable JYSK to understand where to take measures to increase satisfaction and loyalty. The latest survey was conducted in January 2022, with a response rate of 94%. The next ESS is planned for January 2024.

Employee Satisfaction Survey	FY 23	FY 22	FY 21
Response rate	Scheduled for next FY	94%	Scheduled for next FY

In addition to the ESS, JYSK performs annual staff development interviews which are performed at all levels of the organisation, ensuring that individual career plans and goals are aligned and clear for each employee.

ILVA

At ILVA, employee development and wellbeing is managed mainly through Human Resource procedures. Every second year, all employees are invited to take part in an ESS. The last ESS was performed during this financial year and the result is illustrated in the scheme below.

Employee Satisfaction Survey	FY 23	FY 22	FY 21
Response rate	99%	Scheduled for next year	94%

Furthermore, ILVA performs staff development interviews once a year. These interviews are conducted with each individual employee.

Anti-Corruption and Bribery

The purpose of this policy is to outline compliance requirements relating to Anti-Corruption and Bribery to reinforce our commitment to conduct business with integrity.

All employees, representatives, and third parties acting on behalf of Lars Larsen Group are expected to show honesty and integrity in dealing with other employees, customers, suppliers, business partners, organisations, and authorities.

Lars Larsen Group has zero tolerance for all forms of corruption and makes active efforts to ensure that this does not occur within the Group.

Our Anti-Corruption and Bribery policy communicates our perspective and guidance related to issues such as bribery, fraud, conflict of interest, and fair competition.

Across the group, we share the following KPI:
Annual information to and training of employees in risk positions regarding anti-corruption and bribery policy and procedures.

Companies within Lars Larsen Group will continue to work dedicatedly with Anti-Corruption due diligence to ensure sufficient analysis of the risk of corruption, and implementation of adequate anti-corruption initiatives.

Policy implementation and progress

JYSK

At JYSK, the responsibility to implement the Anti-Corruption and Bribery policy, as well as related company policies and procedures, is managed from the Group Finance department at the JYSK head office.
Relevant policies are published on the company intranet, to guide employees on adequate behaviour to ensure that employees conduct business in alignment with company expectations. Moreover, based on a systematic approach, relevant policies are included in the introduction program for a selected group of new employees.

Anti-corruption risk assessment is performed annually, most recently within the financial year 2022/23. If the risk profile changes, policies and procedures are updated accordingly, to ensure that the implemented precautions always correspond to the current risk profile.

JYSK takes a risk-based approach when targeting anti-corruptions initiatives including training of employees.

Anti-corruption initiatives are managed at two levels:
1. JYSK head office is responsible for identifying and communicating high risk countries and industries to country management.
2. Based on risk assessment by JYSK head office, country management will initiate proportional and reasonable procedures.

If JYSK head office has classified a country and/or industry as ‘high risk’, local management is responsible for matching the risk with proportional efforts in e.g., training in JYSK’s anti-bribery policy, security screenings, background checks, controlling activities etc.

JYSK has an annual strategy kick-off for all managers in all countries where Anti-Corruption information is presented to a selected group of employees.

Moreover, JYSK has implemented a shared IT-platform for all JYSK entities enabling access to written guidelines for employees regarding travel, representation, and gifts.

ILVA

At ILVA, the Anti-Corruption and Bribery policy has been implemented as part of the implementation of the Lars Larsen Group Employee Code of Conduct.

Supporting the policy on Anti-Corruption and Bribery, ILVA has also implemented related guidelines on e.g., travel, representation and gifts and made these guidelines available in the employee handbook. During financial year 2022/23 ILVA performed an anti-corruption and bribery risk analysis. Findings from the analysis were communicated to the management team and shared with relevant departments.

LLFR Holding ApS, Reporting on §99b

A policy on gender equality has been implemented. The purpose of the policy on gender equality is to ensure career development on an equal basis.
The Board of Directors for LLFR Holding ApS has two males and one female board member. Therefore, gender representation is assumed equal, and no further objective is set.

Board	Total	Women in percent	Men in percent
Board of Directors LLFR Holding ApS	3	33%	67%

LLFR Holding ApS has less than 50 employees. Therefore, no target and no further reporting on gender composition at management levels is included in this report.