

# **LLGB Holding ApS**

Sødalsparken 18, 8220 Brabrand

**CVR No 30 60 86 90**

**Annual Report 2017/18**  
(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 January 2019

Uffe Baller  
**Chairman**

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## **Company Information**

<b>The Company</b>	LLGB Holding ApS Sødalsparken 18 DK-8220 Brabrand  Telephone +45 89 397 500 Facsimile +45 89 397 501 Website: <a href="http://www.jysk.com">www.jysk.com</a>  CVR No 30 60 86 90 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
<b>Executive Board</b>	Lars Larsen
<b>Lawyers</b>	Interlex Advokater Mariane Thomsens Gade 1C, 8.1. DK-8000 Aarhus C
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
<b>Bank</b>	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 DK-8000 Aarhus C

## Financial Highlights of the Group (DKK '000)

	<u>2017/18</u>	<u>2016/17</u>
<b>Key figures</b>		
<b>Income Statement</b>		
Revenue	455.304	210.720
Profit before financial items (EBIT)	24.503	12.174
Net financials	55.310	43.582
Net profit for the year	64.255	37.240
<b>Balance sheet</b>		
Balance sheet total	7.238.338	7.248.866
Equity	1.766.238	1.701.675
<b>Cash flow statement</b>		
Investment in tangible assets	49.740	14.008
<b>Ratios</b>		
Return on assets	0,3%	0,2%
Solvency ratio	24,4%	23,5%
Return on equity	3,6%	2,2%
<b>Number of employees</b>	424	378

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

# Management's Review

## Main activity

The activity of the Parent Company is to carry on investment business, including investments in subsidiaries.

The principal activity of the Group takes place in the subsidiary through retail trade in the JYSK chain stores of everything for the bedroom, bathroom, living or children's room, window and the patio.

## Development in the financial year

Group revenue amounts to DKK 455,304k in financial year 2017/18. Profit before financial income and expenses amounts to DKK 24,503k in 2017/18. Profit for the year after tax amounts to DKK 64,255k in 2017/18. The result is satisfying and in conjunction with management expectations.

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

## External environment

The Company has no environmentally damaging activities, neither through land pollution nor through the discharge of polluting waste.

## Knowledge resources

The Group develops competent employees to undertake operational and management tasks in the Group's retail stores through specially adapted training programmes and at its own academy.

## Corporate social responsibility

The statutory statement of corporate social responsibility and statement on the underrepresented gender appear on pages 29-37.

## Expected development

For the year ahead, LLGB Holding ApS expects to realise a profit in line with the 2017/18 level provided that the financial markets evolve normally.

## Subsequent events

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

## **Management's Statement**

The Executive Board have today considered and adopted the Annual Report of LLGB Holding ApS for the financial year 1 September 2017 – 31 August 2018.

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

In my 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 2018 and of the results of the Parent Company and the Group operations and cash flows for 2017/18.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aarhus, 31 January 2019

### **Executive Board**

Lars Larsen

# Independent Auditor's Report

To the shareholder of LLGB 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 2018, 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 2017 - 31 August 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of LLGB Holding ApS for the financial year 1 September 2017 - 31 August 2018, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

## **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, 31 January 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No. 33 77 12 31*

Jesper Lund

State Authorised Public Accountant

mne10845

## Income statement 1 September - 31 August (DKK '000)

	Note	Parent company		Group	
		2017/18	2016/17	2017/18	2016/17
<b>Revenue</b>	1	<b>0</b>	<b>0</b>	<b>455.304</b>	<b>210.720</b>
Cost of sales		0	0	201.012	97.355
Other operating income		0	0	10.164	8.248
Other external expenses	2	438	307	136.888	64.958
<b>Gross Profit</b>		<b>-438</b>	<b>-307</b>	<b>127.568</b>	<b>56.655</b>
Staff expenses	3	0	0	82.391	35.743
Depreciation and amortisation		0	0	20.152	8.129
Other operating expenses		0	0	522	608
<b>Result before financial items</b>		<b>-438</b>	<b>-307</b>	<b>24.503</b>	<b>12.174</b>
Result from subsidiaries	8	76.594	38.663	0	0
Financial income		9.476	22.629	154.147	87.644
Financial expenses		19.852	11.128	98.837	44.062
<b>Result before tax</b>		<b>65.782</b>	<b>49.857</b>	<b>79.813</b>	<b>55.757</b>
Tax on profit for the year	4	-1.526	-12.617	-15.558	-18.517
<b>Result after tax</b>		<b>64.255</b>	<b>37.240</b>	<b>64.255</b>	<b>37.240</b>
Distribution of profit	5				

## Balance sheet at 31 August (DKK '000)

Assets	Note	Parent company		Group	
		2018	2017	2018	2017
Software		0	0	120	153
Goodwill		0	0	3.882	4.582
<b>Intangible assets</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>4.002</b>	<b>4.736</b>
Fixtures and fittings, tools and equipment		0	0	30.688	21.867
Trucks and cars		0	0	1.308	1.640
Leasehold improvements		0	0	82.033	60.062
Assets under construction		0	0	145	71
<b>Tangible assets</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>114.174</b>	<b>83.640</b>
Investments in subsidiaries	8	1.872.340	1.795.439	0	0
Instruments of debt	9	0	0	5.667.366	5.882.366
Deposits	10	0	0	19.624	16.153
<b>Fixed asset investments</b>		<b>1.872.340</b>	<b>1.795.439</b>	<b>5.686.990</b>	<b>5.898.520</b>
<b>Fixed assets</b>		<b>1.872.340</b>	<b>1.795.439</b>	<b>5.805.166</b>	<b>5.986.896</b>
Commercial products		0	0	135.614	136.464
<b>Inventories</b>		<b>0</b>	<b>0</b>	<b>135.614</b>	<b>136.464</b>
Trade receivables		0	0	321	340
Receivables from subsidiaries		0	462	0	0
Corporation tax		3.419	1.702	0	0
Other receivables		3.991	5.793	68.753	72.924
Prepayments	11	0	0	522	148
<b>Receivables</b>		<b>7.410</b>	<b>7.957</b>	<b>69.596</b>	<b>73.412</b>
<b>Securities</b>		<b>990.370</b>	<b>1.013.316</b>	<b>1.191.178</b>	<b>1.013.316</b>
<b>Cash at bank and in hand</b>		<b>0</b>	<b>0</b>	<b>36.784</b>	<b>38.778</b>
<b>Current assets</b>		<b>997.780</b>	<b>1.021.273</b>	<b>1.433.172</b>	<b>1.261.970</b>
<b>Assets</b>		<b>2.870.120</b>	<b>2.816.712</b>	<b>7.238.338</b>	<b>7.248.866</b>

## Balance sheet at 31 August (DKK '000)

### Liabilities

	Note	Parent company		Group	
		2018	2017	2018	2016/17
Share capital		15.000	15.000	15.000	15.000
Retained earnings		1.635.598	1.609.199	1.751.238	1.686.675
Reserve for net revaluation according to the equity method		115.639	77.476	0	0
<b>Equity</b>		<b>1.766.238</b>	<b>1.701.675</b>	<b>1.766.238</b>	<b>1.701.675</b>
Deferred tax	12	143.433	139.528	142.169	140.870
<b>Provisions</b>		<b>143.433</b>	<b>139.528</b>	<b>142.169</b>	<b>140.870</b>
Subordinated loan capital	13	944.796	944.796	5.134.796	5.134.796
<b>Long-term debt</b>		<b>944.796</b>	<b>944.796</b>	<b>5.134.796</b>	<b>5.134.796</b>
Credit institutions		0	22.942	14.341	39.772
Prepayments, received		0	0	5.815	5.087
Trade payables		0	0	25.961	25.174
Payables to subsidiaries		3.464	0	0	0
Corporation tax		0	0	8.975	2.202
Other payables		12.189	7.772	140.043	199.290
<b>Short-term debt</b>		<b>15.653</b>	<b>30.714</b>	<b>195.135</b>	<b>271.525</b>
<b>Debt</b>		<b>960.449</b>	<b>975.509</b>	<b>5.329.931</b>	<b>5.406.321</b>
<b>Liabilities and equity</b>		<b>2.870.120</b>	<b>2.816.712</b>	<b>7.238.338</b>	<b>7.248.866</b>
Contractual obligations	14				
Contingent liabilities	15				
Related parties and ownership	16				

## Statement of changes in equity (DKK '000)

	Parent company		Group	
	2018	2017	2018	2017
<b>Equity</b>				
Opening at 1st September	1.701.675	1.664.360	1.701.675	1.664.360
Result for the year	64.255	37.240	64.255	37.240
Exchange adjustment on foreign subsidiaries	307	75	307	75
<b>Equity at 31st August</b>	<b>1.766.238</b>	<b>1.701.675</b>	<b>1.766.238</b>	<b>1.701.675</b>
Specified as follows:				
1,500 A-shares of DKK 1,000	1.500	1.500	1.500	1.500
13,500 B-shares of DKK 1,000	13.500	13.500	13.500	13.500
<b>Share capital</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>
Opening at 1st September	38.738	0		
Value adjustment for the year	76.901	38.738		
<b>Reserve for net revaluation according to the equity method at 31st August</b>	<b>115.639</b>	<b>38.738</b>		
Retained earnings at 1st September	1.647.937	1.649.360	1.686.675	1.649.360
Result for the year	-12.646	-1.498	64.255	37.240
Exchange adjustment on foreign subsidiaries	307	75	307	75
<b>Retained earnings at 31st August</b>	<b>1.635.598</b>	<b>1.647.937</b>	<b>1.751.238</b>	<b>1.686.675</b>
<b>Equity at 31st August</b>	<b>1.766.238</b>	<b>1.701.675</b>	<b>1.766.238</b>	<b>1.701.675</b>

Share capital has been changed in financial year 2013 from DKK 13,570k to DKK 15,000k.

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

## Consolidated Cash Flows (DKK '000)

	Note	2017/18	2016/17
Profit for the year		64.255	37.240
Adjustments	17	-19.563	-15.828
Change in working capital	18	3.763	-62.527
Cash flows from operating activities before financial income and expenses		48.455	-41.115
Financial income		154.147	87.644
Financial expenses		-98.837	-44.062
Cash flows from ordinary activities		103.765	2.467
Corporation tax paid		-7.486	-147.584
<b>Cash flows from operating activities</b>		<b>96.279</b>	<b>-145.117</b>
Purchase of intangible assets		-30	-155
Purchase of tangible assets		-49.740	-14.008
Purchase of fixed assets		-3.466	0
Sale of tangible assets		51	0
Sale of fixed assets		34	0
Raising/repayment of instruments of debt		280.177	0
<b>Cash flows from investing activities</b>		<b>227.026</b>	<b>-14.163</b>
Raising/repayment of mortgage debts		0	-6.483.559
Raising/repayment of instruments of debt		0	7.472.376
Loan/payment of instruments of debt		-38.024	0
<b>Cash flows from financing activities</b>		<b>-38.024</b>	<b>988.817</b>
<b>Change in cash and cash equivalents</b>		<b>285.281</b>	<b>829.537</b>
Cash and cash equivalents at 1st September		1.012.322	159.612
Adjustment of cash due to acquisition of enterprises		0	23.173
<b>Cash and cash equivalents at 31st August</b>		<b>1.297.603</b>	<b>1.012.322</b>
Cash and cash equivalents are specified as follows:			
Cash pool		83.982	0
Credit institutions		-14.341	-39.772
Securities		1.191.178	1.013.316
Cash at bank and in hand		36.784	38.778
<b>Cash and cash equivalents at 31st August</b>		<b>1.297.603</b>	<b>1.012.322</b>

## Notes to the Annual Report (DKK '000)

### 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	
	2017/18	2016/17	2017/18	2016/17
<b>2 Fees to the auditors appointed at the annual general meeting</b>				
<b>PricewaterhouseCoopers</b>				
Auditfee	79	74	244	227
Other assurance engagements	0	0	0	0
Tax advisory services	0	0	0	8
Other non-audit services	211	183	185	527
	<b>289</b>	<b>257</b>	<b>430</b>	<b>762</b>
<b>Other auditors</b>				
Auditfee	0	0	270	225
Other assurance engagements	0	0	0	0
Tax advisory services	0	0	0	0
Other non-audit services	0	0	967	564
	<b>0</b>	<b>0</b>	<b>1.237</b>	<b>789</b>

### 3 Staff

Salaries and wages	0	0	62.332	52.922
Pensions	0	0	0	0
Other social security costs	0	0	20.059	18.073
	<b>0</b>	<b>0</b>	<b>82.391</b>	<b>70.995</b>

No separate remuneration has been paid to the Board of Directors or Executive Board.

Average number of employees	0	0	424	378
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## Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2017/18	2016/17	2017/18	2016/17
<b>4 Tax on profit for the year</b>				
Current tax for the year	-2.379	-961	14.647	4.759
Deferred tax for the year	3.905	5.299	1.299	5.479
Tax concerning previous years	0	8.279	-388	8.279
<b>Tax on profit for the year</b>	<b>1.526</b>	<b>12.617</b>	<b>15.558</b>	<b>18.517</b>
<b>5 Distribution of profit</b>				
Retained earnings	-12.646	-1.498	64.255	37.240
Reserve for net revaluation according to the equity method	76.901	38.738	0	0
	<b>64.255</b>	<b>37.240</b>	<b>64.255</b>	<b>37.240</b>
<b>6 Intangible assets</b>				
			Software	Goodwill
<b>Group</b>				
Addition by aquisition			1.318	4.902
Addition			30	0
Exchange adjustment			3	0
Disposals			-372	0
Cost at 31st August			979	4.902
Depreciation at 1st September			-1.165	-320
Depreciation			-64	-700
Exchange adjustment			-2	0
Akk Depreciation reversed			372	0
Depreciation at 31st August			-859	-1.020
<b>Booked value at 31st August</b>			<b>120</b>	<b>3.882</b>
Depreciated over			3 - 5 years	7 years



## Notes to the Annual Report (DKK '000)

### 7 Tangible assets

	Fixtures and fittings, tools and	Trucks and cars	Leasehold improve- ments	Assets under construction
<b>Group</b>				
Cost at 1st September	45.100	3.280	108.498	71
Addition	14.375	170	35.121	74
Exchange adjustment	123	8	296	0
Disposals	-380	-338	-137	0
Cost at 31st August	<u>59.218</u>	<u>3.120</u>	<u>143.778</u>	<u>145</u>
Depreciation at 1st September	-23.233	-1.639	-48.436	0
Depreciation	-5.615	-456	-13.317	0
Exchange adjustment	-62	-5	-129	0
Akk Depreciation reversed	380	287	137	0
Depreciation at 31st August	<u>-28.530</u>	<u>-1.813</u>	<u>-61.745</u>	<u>0</u>
<b>Booked value at 31st August</b>	<b><u>30.688</u></b>	<b><u>1.308</u></b>	<b><u>82.033</u></b>	<b><u>145</u></b>
Depreciated over	4 - 5 years	4 - 5 years	Rental period	

## Notes to the Annual Report (DKK '000)

	2018		
<b>8 Investments in subsidiaries</b>			
<b>Parent company</b>			
Cost at 1st September			1.756.701
Addition for the year			0
Cost at 31st August			<u>1.756.701</u>
Value adjustment at 1st September			38.738
Exchange adjustment on foreign subsidiaries			307
Result for the year			76.594
Impairment at 31st August			<u>115.639</u>
<b>Booked value at 31st August</b>			<u><b>1.872.340</b></u>
<b>Investments in subsidiaries</b>			<u><b>1.872.340</b></u>
Specified as:			
	<u>Ownershare</u>	<u>Result</u>	<u>Equity</u>
LLES Finans ApS, Denmark	100%	76.594	1.872.340
		<u>Parent company</u>	<u>Group</u>
		2018	2018
<b>9 Instruments of debt</b>			
Cost at 1st September		0	5.882.366
Additions for the year		0	0
Disposals for the year		0	-215.000
Cost at 31st august		<u>0</u>	<u>5.667.366</u>
Value adjustment at 1st September		0	0
Exchange adjustments for the year		0	0
Value adjustment at 31st August		<u>0</u>	<u>0</u>
<b>Booked value at 31st August</b>		<u><b>0</b></u>	<u><b>5.667.366</b></u>

## Notes to the Annual Report (DKK '000)

	<b>Parent company</b>	<b>Group</b>
	<u>2018</u>	<u>2018</u>
<b>10 Deposits</b>		
Cost at 1st September	0	16.153
Exchange adjustment at 1st September	0	39
Addition for the year	0	3.466
Disposals for the year	0	-34
<b>Cost at 31st August</b>	<b><u>0</u></b>	<b><u>19.624</u></b>

### 11 Prepayments

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

	<b>Parent company</b>		<b>Group</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>12 Deferred tax</b>				
Other	143.433	139.528	142.169	140.870
	<b><u>143.433</u></b>	<b><u>139.528</u></b>	<b><u>142.169</u></b>	<b><u>140.870</u></b>

### 13 Subordinated loan capital

Subordinated loan capital fall due for payment as specified below:

Subordinated loan capital, after 5 years	944.796	944.796	5.134.796	5.134.796
Subordinated loan capital, between 1 and 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subordinated loan capital, long-term debt	944.796	944.796	5.134.796	5.134.796
Subordinated loan capital, within 1 year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b><u>944.796</u></b>	<b><u>944.796</u></b>	<b><u>5.134.796</u></b>	<b><u>5.134.796</u></b>

## Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2018	2017	2018	2017
<b>14 Contractual obligations</b>				
Rental obligations	0	0	124.022	78.546
<b>15 Contingent liabilities</b>				
Guarantee with primary liabilities	1.549.962	322.388	1.549.962	322.388

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 with holding taxes may result in the Company being liable for a larger amount.

JYSK Holding A/S has entered into a cash pool agreement for Lars Larsen Group. As per 31 August 2018 the withdrawal was DKK 10,4 million. As participant in the cash pool agreement LLGB Holding ApS has issued a guarantee towards credit institutions.

## 16 Related parties and ownership

### Controlling interest

Lars Larsen, Svejbæk Søvej 14, DK-8600 Silkeborg

### Basis

Controlling shareholder

### Transactions

Reffering 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 (DKK '000)

	<b>Group</b> 2017/18	<b>Group</b> 2016/17
<b>17 Cash flow statement - adjustments</b>		
Financial income	-154.147	-87.644
Financial expenses	98.837	44.062
Depreciation and amortisation	20.152	8.129
Tax on profit/loss for the year	15.558	18.517
Other adjustments	37	1.108
	<b>-19.563</b>	<b>-15.828</b>
<b>18 Cash flow statement - change in working capital</b>		
Change in inventories	850	-14.067
Change in receivables	19	3.169
Change in other receivables	-518	-2.435
Change in trade payables	787	-817
Change in other payables	2.271	-49.593
Change in prepayments received from customers	354	1.216
	<b>3.763</b>	<b>-62.527</b>

## **Accounting Policies**

The Annual Report of LLGB Holding ApS for the financial year 1 September 2017 to 31 August 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2017/18 are presented in TDKK.

### **Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, LLGB 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 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.

## **Accounting Policies**

### **Recognition and measurement (continued)**

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.

### **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.

## **Accounting Policies**

### **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**

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

### **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**

#### ***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 7 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.

## Accounting Policies

### Tangible assets (continued)

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:

Fixtures and fittings, tools and equipment	4-5 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

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).

## **Accounting Policies**

### **Investments in subsidiaries (continued)**

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.

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.

### **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.

### **Securities**

Securities consist of listed bonds, which are measured at fair values at the balance sheet date. The fair value is stated on the basis of the most recently quoted selling price.

## **Accounting Policies**

### **Equity - *Dividend***

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

### **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**

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

## **Accounting Policies**

### **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 as well as fixed asset investments.

#### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments" as well as "Other short-term debt" under credit institutions.

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

## Accounting Policies

### Financial Highlights

Ratios are calculated as follows:

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

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

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

## Statutory Statement of Corporate Social Responsibility

### LLGB 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 Management Review for LLGB Holding Aps, covering the financial year of 01.09.2017 – 31.08.2018.

### Lars Larsen Group

LLGB Holding Aps is part of Lars Larsen Group. Lars Larsen Group is named after the founder, Lars Larsen, who established JYSK. Today, JYSK is a well-known brand in Denmark as well as globally. Lars Larsen opened the first JYSK shop in Aarhus in 1979. The opening of this shop marked the beginning of the journey towards the establishment of Lars Larsen Group.

Lars Larsen Group is a Group of international companies, operating in many different countries and within different business areas, ranging from housing interior, golf equipment and hotel- and restaurant management. The majority of business activity within Lars Larsen Group is based on furniture retail in a global context.

Read more about the Lars Larsen Group at: [www.larslarsengroup.com](http://www.larslarsengroup.com)

Lars Larsen Group is, from an overall perspective, structured in three main layers. With reference to our annual reporting cf. The Danish Financial Statements Act §99a and §99b, below scheme illustrates the overall organizational structure of companies encompassed by our CSR reporting.

*Figure 1 Lars Larsen Group  
(Companies encompassed by the Danish Financial Statements Act §99a and §99b).*



## Dialogue is the way forward

LLGB Holding Aps is in contact with customers, employees and business partners as well as other stakeholders every day. That requires commitment.

Corporate Social Responsibility (CSR) is a continuous process where new areas and methods constantly develop. We consider our dialogue with our surroundings a part of the learning process and essential to obtaining a better understanding of the complex challenges we face as an international group. We believe that cooperation, dialogue and commitment is the way forward when it comes to improving social and environmental conditions.

## The Report

As it will appear from the report, a considerable part of the data material is based on actions and results realised in Bettenwelt GmbH. Bettenwelt GmbH is a legal company owned by the Group company JYSK Holding A/S, which is also part of Lars Larsen Group. Nonetheless, at an operational level, Bettenwelt GmbH functions as sourcing unit for LLGB Holding Aps, which is the retail and logistics organisations located in Spain. Moreover, LLGB Holding Aps and Bettenwelt GmbH are operated by the same central head office functions of Dänisches Bettenlager GmbH & Co.KG.

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

Legal entities	As referred to hereinafter
LLGB Holding Aps	LLGB Holding Aps
Dänisches Bettenlager GmbH & Co.KG.	DBL
Bettenwelt GmbH	Bettenwelt

Based on development within CSR legislation as well as requirements from stakeholders towards Lars Larsen Group, our work with CSR has undergone thorough revision. This has led to implementation of a Code of Conduct, Group policies, KPI's, a restructured data collection process as well as an updated reporting structure. Thus, the structure and content of this report is not directly comparable with previous reports.

The structure of this report is as follows:

### Code of Conduct and Group Policies

- **Human Rights**
- **Environment and Climate**
- **Social and Employee Terms**
- **Anti-Corruption and Bribery**
- **Gender Equality**

### Reporting on §99b (Board composition)

### KPI overview



## **Code of Conduct and Group Policies**

As part of our strategic review and strengthening of our work with CSR, we have developed and implemented a Group Code of Conduct. The Lars Larsen Group Employee Code of Conduct communicates our Group policies on Human Rights, Environment and Climate, Social and Employee Terms, Anti-Corruption and Bribery as well as our Gender Equality Policy.

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

The report will present a policy excerpt for each of the Group policies, followed by reporting on implementation of the respective policy and the results achieved by LLGB Holding Aps.

## **Human Rights**

### **Policy excerpt**

Our Policy on Human Rights draws on UN Guiding Principles on Business and Human Rights. This means that we recognize that companies have the responsibility to respect Human Rights and, in the event of involvement of adverse negative impact on Human Rights, to provide remediation. We accept the responsibility we have towards our employees and the communities in which we operate, and we expect the same of suppliers. This commitment extends to any adverse impact we may cause or contribute to through our Group operations.

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 in the supply chain is addressed via a membership of Amfori Business Social Compliance Initiative (BSCI).

Amfori 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.

Audits are performed by third parties, approved by Amfori 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 Amfori BSCI requirements. If a corrective action plan is issued, the Group closely monitors the execution in order to ensure that conditions are improved to a satisfactory level. The ambition by Amfori 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 with the supplier will be terminated.

### Policy implementation and progress

Internally, LLGB Holding ApS have been working to implement the newly launched Human Rights policy as well as ensuring that related work processes are adequately implemented to meet respective requirements and risk level. Human Rights related processes are primarily anchored with Human Resource departments as well as with Health and Safety departments.

Safety of employees is a core focus, with the overall purpose of ensuring a safe workplace for all employees. At the head office, there is a corporate department, with responsibility for corporate health issues at the head office, stores and logistics centres. Moreover, there is a team of specially trained and certified safety inspectors, who performs systematic safety walks as well as manages systematic safety training. In addition, we also cooperate with external 3<sup>rd</sup> parties, ensuring compliance with respective requirements.

Systematic registration, reporting and follow-up is performed on work accidents.

All work accidents are reported according to legislation. Accidents encompassed by this CSR report are work accidents, related to the Distribution Centres managed by Bettenwelt and DBL, supporting LLGB Holding ApS.

Work accidents registered within financial year:

(Def. *Work accidents with one or more days of absence, other than the day of the accidents*)

Distribution Centre <sup>1</sup>	Number of work accidents with absence <sup>2</sup>	Number of work accidents, per million hours worked
Kammlach	1	34,83
Zarrentin	14	43,31
Homberg	4	20,70
Valencia	3	48,80

Human rights within the supply chain, is addressed through Bettenwelt's membership with Amfori Business Social Compliance Initiative (BSCI).

Bettenwelt has been a member of Amfori, BSCI since 2006.

Bettenwelt has incorporated the Amfori BSCI Code of Conduct, into supplier contracts.

All suppliers<sup>3</sup> accept the Supplier Code of Conduct, when they sign a supplier contract. During the financial year, 929<sup>4</sup> of the suppliers, located in risk countries, received audits based on Amfori BSCI guidelines.

<sup>1</sup> Distribution Centres in Kammlach, Zarrentin and Homberg are legally owned by Bettenwelt GmbH. They are included in this report only for comparison.

<sup>2</sup> Accidents with one or more days of absence, other than the day of the accidents

## **Policy implementation and progress (continued)**

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

### **Environment and Climate**

#### **Policy excerpt**

We aim to reduce the negative environmental and climate impact of our business activities, and we expect the same of suppliers. Consistent and long-term environmental work creates both environmental benefit and value for our company.

Companies owned by Lars Larsen Group are required to work to prevent and reduce their negative impact on environment and climate. We aim to have environmental considerations incorporated as an integral part of business activities.

Our work to minimize our negative climate impact is based on a focused effort within, but not limited to, energy, heating and transportation.

Our work to minimize our negative environmental impact is based on a focused effort within, but not limited to, responsible sourcing, responsible use of chemicals, animal welfare and waste management.

Moreover, our engagement with The Forest Stewardship Council® (FSC) is an essential focus area of the Environment and Climate policy.

Forest clearing and illegal harvesting of wood are threats to the environment and the climate. Wood is a raw material that is used for a significant part of our products. Therefore, we have a significant focus on ensuring that the wood used for producing our products originates from legal sources, and we are working to ensure this in accordance with the EU Timber Regulation, EUTR.

Moreover, it is our aim that an increasing part of the wood used, should originate from sustainable forests. Therefore, we are directing efforts at increasing the share of sustainable wood in our product range.

#### **About FSC:**

- The Forest Stewardship Council® (FSC) is an international non-profit organisation that promotes environmentally appropriate, socially beneficial, and economically viable forestry worldwide.
- All FSC certified wood is traceable, which means that all links between the forest and the consumer are checked and have an FSC number.

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<sup>3</sup> Direct suppliers, first tier

<sup>4</sup> Bettenwelt and JYSK Nordic share a membership with Amfori BSCI. The reported figure covers supplier audits for both Bettenwelt and JYSK Nordic.

### **Policy excerpt (continued)**

- Forestry workers in FSC forests are ensured proper working conditions, including education, safety equipment and fair pay.
- In an FSC forest, no more trees are felled than the forest can naturally replace. At the same time, there are areas in the forest where the trees are never cut down as this helps create better conditions for both animals and plants.

A significant part of our business consists of sales of products filled with down and feathers from ducks and geese. In that connection, it is essential to ensure that down and feathers have not been plucked from live birds. This is ensured through supplier requirements and systematic internal and external auditing of suppliers.

### **Policy implementation and progress**

The external focus of the work with the Environment and Climate policy is anchored with the membership of Amfori BSCI, which is the core of responsible supplier management<sup>5</sup> at LLGB Holding ApS. The BSCI Supplier Code of Conduct requires of suppliers to comply with local environmental regulations. As part of the BSCI audits performed, environmental impacts such as wastewater treatment and chemical storage are therefore also audited. Moreover, during this reporting period, Bettenwelt has prepared a strengthening of environmental requirements towards suppliers. This update is expected to be implemented during next financial year.

The internal work to implement the Environment and Climate policy is focused on several core issues.

One of the core environmental focus areas, is the ambition to increase purchase of products with FSC certified wood. Within this financial year, 100% of the wooden garden furniture purchased by Bettenwelt is FSC certified (FSC® N001596). Bettenwelt will continue to work to increase purchase of FSC certified wood for other product groups.

Another focus area is optimization of light sources and energy usage. During this financial year, LED was implemented in several stores, and the project to optimize light sources is expected to continue throughout the next financial year.

LLGB Holding ApS does not tolerate animal abuse. The Supplier Code of Conduct contains an animal welfare directive. Suppliers are committed to supplying only products that have been produced to ethical standards. This for example explicitly includes the exclusion of live plucking. In addition, all bedding suppliers are required to be certified by the Downpass initiative. The "downpass" standard is a tool to ensure the ethical recovery of down and feathers. Products sealed with "downpass" ensure that the down and feathers used as fillers are ethically correct and come from tightly controlled and traceable supply chains. This ensures that down and feathers are not plucked from live birds.

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<sup>5</sup> Read more on Amfori BSCI at the section on Human Rights

## **Social and Employee Terms**

### **Policy excerpt**

We aim to provide responsible work conditions and employment terms for all employees within the Group. We follow and comply with legislation, collective agreements as well as 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 for the company to perform employee satisfaction surveys, employee-Manager dialogue, as well as workplace assessment.

Furthermore, we aim to engage with community work through strategic partnerships, donations, sponsor agreements, events or other ways of supporting.

### **Policy implementation and progress**

Every two years, an employee satisfaction survey is conducted, to allow employees to express their views. The findings of the survey enable LLGB Holding ApS to understand where to take measures to increase satisfaction and loyalty. The latest survey was performed in 2018 and the overall response rate of this recent survey had improved from the previous survey. However, the target defined for response rate was not achieved at the overall Group level<sup>6</sup> or by LLGB Holding ApS. Following the survey, head office functions are responsible for the follow-up process, where results are used actively to create measurable improvement plans within areas identified with potential for improvement.

In addition to the employee satisfaction survey, LLGB Holding ApS perform annual employee-manager dialogue, called a PDP. PDP is an abbreviation for Personal Development Plan. PDP's are performed at all levels of the organisation, ensuring that individual career plans are made for each respective employee.

## **Anti-Corruption and Bribery**

### **Policy excerpt**

All employees and representatives are expected to show honesty and integrity in dealing with other employees, customers, suppliers, business partners, organisations and authorities.

We have zero tolerance for all forms of corruption and make active efforts to ensure that this does not occur within the Group.

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

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<sup>6</sup> Survey is managed by DBL, covering all organisations where DBL provides Head office functions.

## Policy implementation and progress

At LLGB Holding ApS, the Anti-Corruption and Bribery policy has been introduced as part of the implementation of Lars Larsen Group Employee Code of Conduct. It is the expectation to be able to report data related to this policy for the coming financial year.

## Gender Equality

### Policy excerpt

The purpose of the policy on Gender Equality is to ensure career development for men and women on an equal basis.

We aim at reaching a balanced gender composition within our workforce on a long-term perspective. Processes of recruitment and/or promotion must at all times identify the person best qualified for the position at focus. The policy does not require to make changes in top management solely to achieve a more even gender composition. The policy communicates a requirement to ensure equal opportunity.

### Policy implementation and progress

As part of the internal career path at LLGB Holding ApS, the company works with education and development at all levels of the organisation.

During this financial year, training sessions have been conducted within the following areas<sup>7</sup>.

Training area	Number of employees, who attended
Team Leader	370
Store Manager	733
Sales Executive	67
Executive training	151

At the end of this financial year, the gender composition of the main management levels is as illustrated below<sup>8</sup>.

Management level	Gender composition (male/female)
Top management (head office)	100% male employees
Management team <sup>9</sup>	53,9% male employees

The Human Resource department ensures that recruitment and promotion procedures are aligned with the policy.

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<sup>7</sup> Both training courses and the number of employees reported to have participated, are data realized within and across LLGB Holding ApS, Bettenwelt and DBL.

<sup>8</sup> Reported management levels and the respective gender composition is based on data realized within and across LLGB Holding ApS, Bettenwelt and DBL.

<sup>9</sup> Management team including; Store Managers, Sales Executives, Team leaders and Department Heads at head office.

### Reporting on §99b (Board composition)

The top management body of LLGB Holding ApS, the Executive Board, consists of the owner, Lars Larsen. Consequently, no target figure has been determined for the Board. The Parent Company, LLGB Holding ApS, has less than 50 employees, for which reason no policy regarding additional management levels has been implemented.

The Group has opted only to report target figures and policies for subsidiaries that are independently comprised by the Danish Financial Statements Act 99b.

### KPI overview

LLGB Holding ApS	KPI status
Zero accidents	KPI not achieved <sup>10</sup>
To be decided next FY	NA
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI not achieved

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<sup>10</sup> For specific result, see section on Human Rights