LLGB Holding ApS
Sødalsparken 18, 8220 Brabrand

CVR No 30 60 86 90

Annual Report 2016/17
(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 January 2018

Uffe Baller
Chairman

Contents

Company Information

The Company	LLGB Holding ApS Sødalsparken 18 DK-8220 Brabrand Telephone +45 89 397 500 Facsimile +45 89 397 501 Website: www.jysk.com CVR No 30 60 86 90 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Executive Board	Lars Larsen
Lawyers	Interlex Advokater Strandvejen 94 PO Box 161 DK-8100 Aarhus C
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bank	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 DK-8000 Aarhus C

Financial Highlights of the Group (DKK '000)

	2016/17
Key figures	
Income Statement	
Revenue	210.720
Profit before financial items (EBIT)	12.174
Net financials	43.582
Net profit for the year	37.240
Balance sheet	
Balance sheet total	7.248.866
Equity	1.701.675
Cash flow statement	
Investment in tangible assets	14.008
Ratios	
Return on assets	0,2%
Solvency ratio	23,5%
Return on equity	2,2%
Number of employees	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 210,720k in financial year 2016/17. Profit before financial income and expenses amounts to DKK 12,174k in 2016/17. Profit for the year after tax amounts to DKK 37,240k in 2016/17. 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 30 - 35.

Expected development

For the year ahead, LLGB Holding ApS expects to realise a profit in line with the 2016/17 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 2016 – 31 August 2017.

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 2017 and of the results of the Parent Company and the Group operations and cash flows for 2016/17.

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 2018

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 2017, 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 2016 - 31 August 2017 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 2016 - 31 August 2017, 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.
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

Independent Auditor's Report

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.

- 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 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Jesper Lund
State Authorised Public Accountant

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

	Note	Parent company 2016/17	Parent company 2015/16	Group 2016/17
Revenue	1	**0**	**0**	**210.720**
Cost of sales		0	0	97.355
Other operating income		0	0	8.248
Other external expenses	2	307	1.040	64.958
Gross Profit		**-307**	**-1.040**	**56.655**
Staff expenses	3	0	0	35.743
Depreciation and amortisation		0	0	8.129
Other operating expenses		0	0	608
Result before financial items		**-307**	**-1.040**	**12.174**
Result from subsidiaries	8	38.663	0	0
Financial income		22.629	21.770	87.644
Financial expenses		11.128	11.854	44.062
Result before tax		**49.857**	**8.877**	**55.757**
Tax on profit for the year	4	-12.617	21.646	-18.517
Result after tax		**37.240**	**30.523**	**37.240**
Distribution of profit	5			

Balance sheet at 31 August (DKK '000)

Assets

	Note	Parent company 2017	Parent company 2016	Group 2017
Software		0	0	153
Goodwill		0	0	4.582
Intangible assets	6	**0**	**0**	**4.736**
Fixtures and fittings, tools and equipment		0	0	21.867
Trucks and cars		0	0	1.640
Leasehold improvements		0	0	60.062
Assets under construction		0	0	71
Tangible assets	7	**0**	**0**	**83.640**
Investments in subsidiaries	8	1.795.439	0	0
Instruments of debt	9	0	2.337.580	5.882.366
Deposits	10	0	0	16.153
Fixed asset investments		**1.795.439**	**2.337.580**	**5.898.520**
Fixed assets		**1.795.439**	**2.337.580**	**5.986.896**
Commercial products		0	0	136.464
Inventories		**0**	**0**	**136.464**
Trade receivables		0	0	340
Receivables from subsidiaries		462	0	0
Corporation tax		1.702	0	0
Other receivables		5.793	93.164	72.924
Prepayments	11	0	0	148
Receivables		**7.957**	**93.164**	**73.412**
Securities		**1.013.316**	**111.045**	**1.013.316**
Cash at bank and in hand		**0**	**0**	**38.778**
Current assets		**1.021.273**	**204.209**	**1.261.970**
Assets		**2.816.712**	**2.541.789**	**7.248.866**

Balance sheet at 31 August (DKK '000)

Liabilities

	Note	Parent company 2017	Parent company 2016	Group 2017
Share capital		15.000	15.000	15.000
Retained earnings		1.647.937	1.649.360	1.686.675
Reserve for net revaluation according to the equity method		38.738	0	0
Equity		**1.701.675**	**1.664.360**	**1.701.675**
Deferred tax	12	139.528	134.229	140.870
Provisions		**139.528**	**134.229**	**140.870**
Subordinate loan capital	13	944.796		944.796
Instruments of debt, long-term	14	0	0	4.190.000
Long-term debt		**944.796**	**0**	**5.134.796**
Credit institutions		22.942	4.185	39.772
Prepayments, received		0	0	5.087
Trade payables		0	0	25.174
Corporation tax		0	137.749	2.202
Other payables		7.771	601.265	199.290
Short-term debt		**30.713**	**743.199**	**271.525**
Debt		**975.509**	**743.199**	**5.406.321**
Liabilities and equity		**2.816.712**	**2.541.789**	**7.248.866**

Contractual obligations	15
Contingent liabilities	16
Related parties and ownership	17

Statement of changes in equity (DKK '000)

	Parent company 2017	Parent company 2016	Group 2017
Equity			
Opening at 1st September	1.664.360	1.633.837	1.664.360
Result for the year	37.240	30.523	37.240
Exchange adjustment on foreign subsidiaries	75	0	75
Equity at 31st August	**1.701.675**	**1.664.360**	**1.701.675**
Specified as follows:			
1,500 A-shares of DKK 1,000	1.500	1.500	1.500
13,500 B-shares of DKK 1,000	13.500	13.500	13.500
Share capital	**15.000**	**15.000**	**15.000**
Opening at 1st September	0	0	
Value adjustment for the year	38.738	0	
Reserve for net revaluation according to the equity method at 31st August	**38.738**	**0**	
Retained earnings at 1st September	1.649.360	1.618.837	1.649.360
Result for the year	-1.498	30.523	37.240
Exchange adjustment on foreign subsidiaries	75	0	75
Retained earnings at 31st August	**1.647.937**	**1.649.360**	**1.686.675**
Equity at 31st August	**1.701.675**	**1.664.360**	**1.701.675**

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	2016/17
Profit for the year		37.240
Adjustments	18	-15.828
Change in working capital	19	-62.527
Cash flows from operating activities before financial income and expenses		-41.115
Financial income		87.644
Financial expenses		-44.062
Cash flows from ordinary activities		2.467
Corporation tax paid		-147.584
Cash flows from operating activities		**-145.117**
Purchase of intangible assets		-155
Purchase of tangible assets		-14.008
Cash flows from investing activities		**-14.163**
Raising/payment of instruments of debt		-6.483.559
Loan/repayment of instruments of debt		7.472.376
Cash flows from financing activities		**988.817**
Change in cash and cash equivalents		**829.537**
Cash and cash equivalents at 1st September		159.612
Adjustment of cash due to acquisition of enterprises		23.173
Cash and cash equivalents at 31st August		**1.012.322**
Cash and cash equivalents are specified as follows:		
Credit institutions		-39.772
Current asset investments		1.013.316
Cash at bank and in hand		38.778
Cash and cash equivalents at 31st August		**1.012.322**

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
	2016/17	2015/16	2016/17
2 Fees to the auditors appointed at the annual general meeting			
PricewaterhouseCoopers			
Auditfee	74	81	227
Other assurance engagements	0	0	0
Tax advisory services	0	0	8
Other non-audit services	183	1.119	527
	257	**1.200**	**762**
Other auditors			
Auditfee	0	0	225
Other assurance engagements	0	0	0
Tax advisory services	0	0	0
Other non-audit services	0	0	564
	0	**0**	**789**

3 Staff

Salaries and wages	0	0	26.642
Pensions	0	0	0
Other social security costs	0	0	9.101
	0	**0**	**35.743**

No remuneration has been paid to the Executive Board.

Average number of employees	0	0	378

Notes to the Annual Report (DKK '000)

	Parent company 2016/17	Parent company 2015/16	Group 2016/17
4 Tax on profit for the year			
Current tax for the year	961	-4.259	-4.759
Deferred tax for the year	-5.299	-391	-5.479
Other adjustments	-8.279	26.296	-8.279
Tax on profit for the year	**-12.617**	**21.646**	**-18.517**

	Parent company 2016/17	Parent company 2015/16	Group 2016/17
5 Distribution of profit			
Retained earnings	-1.498	30.523	37.240
Reserve for net revaluation according to the equity method	38.738	0	0
	37.240	**30.523**	**37.240**

6 Intangible assets

	Software	Goodwill
Group		
Addition by aquisition	1.163	0
Addition for the year	155	4.902
Cost at 31st August	1.318	4.902
Depreciation at 1st September	0	0
Addition by aquisition	-1.154	0
Depreciation for the year	-11	-320
Depreciation at 31st August	-1.165	-320
Booked value at 31st August	**153**	**4.582**
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
Group				
Cost at 1st September	0	0	0	0
Addition by aquisition	42.188	3.494	102.240	236
Addition	3.005	363	10.640	
Exchange adjustment on movement	-27	-2	-66	-0
Disposals	-66	-575	-4.316	-165
Cost at 31st August	45.100	3.280	108.498	71
Depreciation at 1st September	0	0	0	0
Addition by acquisition	-21.206	-1.881	-45.298	0
Depreciation	-2.107	-201	-5.490	0
Exchange adjustment on movement	14	1	30	0
Depreciation of disposals for the year	66	441	2.323	0
Depreciation at 31st August	-23.233	-1.639	-48.436	0
Booked value at 31st August	**21.867**	**1.640**	**60.062**	**71**
Depreciated over	4 - 5 years	4 - 5 years	Rental period	

Notes to the Annual Report (DKK '000)

			2017
8 Investments in subsidiaries			
Parent company			
Cost at 1st September			0
Addition for the year			1.756.701
Cost at 31st August			1.756.701
Value adjustment at 1st September			0
Exchange adjustment on foreign subsidiaries			75
Result for the year			38.663
Impairment at 31st August			38.738
Booked value at 31st August			**1.795.439**
Investments in subsidiaries			**1.795.439**

Specified as:

	Ownershare	Result	Equity
LLES Finans ApS, Denmark	100%	41.034	1.795.439

Notes to the Annual Report (DKK '000)

	Parent company 2017	Group 2017
9 Instruments of debt		
Cost at 1st September	2.337.580	2.337.580
Additions for the year	0	5.882.366
Disposals for the year	-2.337.580	-2.337.580
Cost at 31st august	0	5.882.366
Booked value at 31st August	**0**	**5.882.366**

10 Deposits

	Parent company 2017	Group 2017
Cost at 1st September	0	0
Addition from acqusitions	0	17.157
Exchange adjustment at 1st September	0	-11
Addition for the year	0	1.364
Disposals for the year	0	-2.357
Cost at 31st August	**0**	**16.153**

11 Prepayments

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

Notes to the Annual Report (DKK '000)

	Parent company 2017	Parent company 2016	Group 2017
12 Deferred tax			
Other	139.528	134.229	140.870
	139.528	**134.229**	**140.870**

13 Subordinate loan capital

Subordinate loan capital fall due for payment as specified below:

	Parent company 2017	Parent company 2016	Group 2017
Subordinate loan capital, after 5 years	944.796	0	944.796
Subordinate loan capital, between 1 and 5 years	0	0	0
Subordinate loan capital, long-term debt	944.796	0	944.796
Subordinate loan capital, within 1 year	0	0	0
	944.796	**0**	**944.796**

14 Instruments of debt

Instruments of debt fall due for payment as specified below:

	Parent company 2017	Parent company 2016	Group 2017
Instrument of debt, after 5 years	0	0	4.190.000
Instrument of debt, between 1 and 5 years	0	0	0
Instrument of debt, long-term debt	0	0	4.190.000
Instrument of debt, within 1 year	0	0	0
	0	**0**	**4.190.000**

15 Contractual obligations

	Parent company 2017	Parent company 2016	Group 2017
Rental obligations	0	0	78.546

Notes to the Annual Report (DKK '000)

	Parent company 2017	Parent company 2016	Group 2017
16 Contingent liabilities			
Guarantee with primary liabilities	322.388	119.871	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 withholding taxes may result in the Company being liable for a larger amount.

17 Related parties and ownership

Controlling interest	Basis
Lars Larsen, Svejbæk Søvej 14, DK-8600 Silkeborg	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)

18 Cash flow statement - adjustments

	Group 2016/17
Financial income	-87.644
Financial expenses	44.062
Depreciation and amortisation	8.129
Tax on profit/loss for the year	18.517
Other adjustments	1.108
	-15.828

19 Cash flow statement - change in working capital

	Group 2016/17
Change in inventories	-14.067
Change in receivables	3.169
Change in other receivables	-2.435
Change in trade payables	-817
Change in other payables	-49.593
Change in prepayment received from customers	1.216
	-62.527

Accounting Policies

The Annual Report of LLGB Holding ApS for the financial year 1 September 2016 to 31 August 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has implemented the amendments of the Danish Financial Statements Act which became effective on 1 January 2016, see Act No 738 of 1 June 2015.

The amendments of the Danish Financial Statements Act have not affected the financial position of the Group or the Parent Company at 31 August 2017, but have only implied additional disclosures in the Annual Report.

The Financial Statements for 2016/17 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.

Accounting Policies

Recognition and measurement (continued)

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 companies

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:

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

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

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

Statutory Statement of Corporate Social Responsibility

This is the statutory corporate social responsibility (CSR) report pursuant to sections 99a and 99b of the Danish Financial Statements Act of the LLGB Holding ApS Group.

LLGB Holding ApS forms part of the Lars Larsen Group, a corporate group which is named after its founder and owner, Lars Larsen. Lars Larsen opened his first JYSK store in Aarhus in Denmark in 1979 thus launching the successful business that forms the basis for establishing the Lars Larsen Group.

The Lars Larsen Group today has activities within a number of business areas and operates globally. To this should be added that several of the group enterprises have large and complex supply chains and thus business relations in many different parts of the world.

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

Data

As it appears from the text, a considerable part of the data material is based on actions and results realised in the legal entity Bettenwelt GmbH & Co.KG. Bettenwelt GmbH & Co.KG is placed in JYSK Holding A/S, which, like LLGB Holding ApS, forms part of the Lars Larsen Group. In practice, Bettenwelt GmbH & Co.KG. ("Bettenwelt") functions as a purchasing organisation for LLGB Holding ApS, and therefore data have been included in these Financial Statements.

Dialogue is the way forward

As a Group, LLGB Holding ApS is in contact with thousands of 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 a group. We believe that cooperation, dialogue and commitment are the way forward when it comes to improving social and environmental conditions.

The different CSR processes interact and influence each other; however, these Financial Statements report on the following five overall themes:

- Human rights
- Environment and climate
- Responsible supplier management
- Employees

Statutory Statement of Corporate Social Responsibility

Human rights

Within the Lars Larsen Group, we launched a process of preparing new CSR policies for the corporate group, including the LLGB Holding ApS Group, during the year. Efforts are being directed at, for example, preparing a new human rights policy applicable to the entire group.

In the financial period, new resources were added to the area through the employment of a CSR Business Analyst at group level.

Business Social Compliance Initiative

At LLGB Holding ApS Group, we take a stand on human rights through our membership of the Business Social Compliance Initiative (BSCI), an international supply chain management system with more than 2000 members.

The membership is represented through Bettenwelt. Bettenwelt has been a member since 2006 and, as a member, accedes to the BSCI Code of Conduct containing 11 principles for running an ethical and socially responsible business. Bettenwelt has thus implemented the principles of the BSCI Code of Conduct into its own Code of Conduct. The principles are as follows:

- The rights of freedom of association and collective bargaining
- Fair remuneration
- Occupational health and safety
- Special protection for young worker
- No bonded labour
- Ethical business behaviour
- No discrimination
- Decent working hours
- No child labour
- No precarious employment
- Protection of the environment

All Bettenwelt suppliers, and thus suppliers of products to LLGB Holding ApS, sign the Code of Conduct.

This report will address how LLGB Holding ApS translates the above human rights principles into actions and results under the other themes presented in the reporting, particularly the theme Responsible supplier management.

Environment and climate

As a global group, we at LLGB Holding ApS work to minimise our own and our suppliers' negative environmental and climate impact.

Statutory Statement of Corporate Social Responsibility

Sustainable wood

Forest clearing and illegal harvesting of wood are threats to the environment. Wood is a raw material that is used for a significant part of our products. At LLGB Holding ApS Group, we have 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 at LLGB Holding ApS Group 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 as we feel that we are able to make a difference in this area.

FSC

FSC®/™ stands for Forest Stewardship Council®/™. In an FSC-labelled forest, the number of trees cut down does not exceed the number of trees produced by the forest, and, at the same time, consideration is shown to local populations as well as to animal and plant lives. At the same time, the label ensures that the people working in the forests are trained, receive the required safety gear and a decent pay.

All wooden garden furniture purchased for LLGB Holding ApS Group in the financial period is made of FSC-certified wood (FSC® N001596). In the financial period, LLGB Holding ApS Group continued the process of increasing the share of FSC-certified indoor furniture.

BSCI, principle 11: Protection of the environment

Bettenwelt, and thus LLGB Holding ApS Group, has adopted the BSCI Code of Conduct, including principle 11 which includes a requirement for compliance with local environmental legislation. In the financial period, BSCI audits were performed at Bettenwelt suppliers.

Read more about the BSCI in the sections 'Responsible supplier management' and 'Human rights'.

Energy reduction and optimisation

By optimising and enhancing our energy efficiency, we will be able to reduce our total energy consumption and CO_2 emission.

Lighting in stores

In connection with rebuilding of existing stores, establishment of new stores, etc, LED lighting is installed/used. LED lighting is both cost- and energy-efficient as compared to traditional lighting.

Moreover, LLGB Holding ApS focuses on optimising systems of air-conditioning.

Statutory Statement of Corporate Social Responsibility

Transport

Bettenwelt requires means of transport to be fully loaded (eg containers without air) so as to optimise packing and thus reduce the number of containers shipped. That means lower CO_2 emission from the transport.

Responsible supplier management

LLGB Holding ApS Group has hundreds of suppliers in many different parts of the world. Teamwork with our suppliers is a fundamental element in our business, and this is thus an area where, as a group, we can make the biggest difference with respect to eg human rights and animal welfare. At LLGB Holding ApS Group, we take responsibility, and we expect and demand that our suppliers do the same.

Business Social Compliance Initiative (BSCI)

In 2006, Bettenwelt joined the BSCI sharing its membership with JYSK Nordic, another Lars Larsen Group enterprise using many of the same suppliers. The BSCI is an international supply chain management system with more than 2000 members. As members, companies agree to follow a shared Code of Conduct building on 11 principles for running an ethical and socially responsible business. The principles are based on international conventions and, among other things, prohibit child labour, forced labour, corruption and discrimination, and set out requirements for safety, working hours and environmental protection.

Read more about the 11 principles in the section 'Human rights' or at the BSCI website: http://www.bsci-intl.org/content/bsci-code-conduct.

Bettenwelt suppliers sign the Code of Conduct. By signing, suppliers commit to complying with the specific requirements and standards described therein. Through BSCI, our suppliers and their production processes are checked thus ensuring compliance with the Code of Conduct. Suppliers are audited by a third party thus obtaining a rating which reflects how well they are doing measured against the 11 BSCI principles. We moreover offer our suppliers the opportunity to receive training through the BSCI in the 11 principles and in current issues.

In the financial period, 471 BSCI audits were performed at Bettenwelt and JYSK Nordic suppliers.

Employees

The underrepresented gender

The supreme governing body of LLGB Holding ApS, the Executive Board, consists of the owner, Lars Larsen. Consequently, no target figure has been determined for the supreme governing body.

The Parent Company, LLGB Holding ApS, has fewer than 50 employees, and therefore no policy has been prepared for the Group.

Statutory Statement of Corporate Social Responsibility

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

Competence development, career paths and talent programmes

At LLGB Holding ApS Group, we all have equal rights irrespective of gender, race, political affiliation and religious beliefs. In LLGB Holding ApS Groups competence development, career paths and talent programmes, we present the opportunities offered by the Company for both genders.

At LLGB Holding ApS Group, we focus strongly on internal recruitment when filling executive positions. As an extension of this, we offer many opportunities for professional development and career.

At LLGB Holding ApS Group, training, especially training of young and new employees, is a focus area.

In the financial period, a new employee with responsibility for trainees was taken on, and we achieved a positive change. This new training manager is directing efforts at further developing and optimising the quality of the training programmes. These efforts will continue in the period ahead.

LLGB Holding ApS Groups training organisation was reorganised in the period. With the creation of the position as Sales, Operations and Communications Trainer, HR is able to provide more and more differentiated training offerings.

In the financial period, LLGB Holding ApS Group developed and implemented a competence development programme for all departmental managers, regional managers and top management. The agenda featured themes such as leadership, individual managerial role, function as a role model and staff management.

Employee satisfaction

LLGB Holding ApS Group regularly performs employee satisfaction surveys to identify focus areas in order to improve satisfaction. Job satisfaction, welfare and loyalty are some of our measuring parameters. The latest survey was performed in 2016 and forms the basis of continuous optimisation of the organisation and cooperation across all departments. The findings of the survey have been communicated to all employees, and responses to the survey were discussed in various working groups.

LLGB Holding ApS Group expects to perform a new employee satisfaction survey in the coming financial period. The employee survey is planned as an online survey. With an online survey, we hope to be able to optimise the response rate.

At LLGB Holding ApS Group, we moreover have a shop steward to whom the employees may go.

Statutory Statement of Corporate Social Responsibility

Safety

LLGB Holding ApS Group finds it very important to offer its employees a safe and healthy working environment.

We are working on improving safety in all work areas, and we have two employees who are available for safety controls and optimisation. We focus on proper lifting techniques and avoiding heavy lifts both in the stores and the warehouses.

Phase-in following long-term absence due to illness

In connection with phase-in following long-term absence due to illness, LLGB Holding ApS offers talks with both internal and external counsellors who can help the employees in question resume their work. The purpose is to optimise the work situation so as to reduce the risk of future issues.