LKL ApS

Sødalsparken 18, 8220 Brabrand

CVR No 31 60 06 69

Annual Report 2018/19

(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24 January 2020

Uffe Baller
Chairman

Contents

Company Information

The Company	LKL ApS Sødalsparken 18 DK-8220 Brabrand Telephone +45 89 397 500 Facsimile +45 89 397 501 Website: www.jysk.com CVR No 31 60 06 69 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Executive Board	Jacob Brunsborg Hans Henrik Kjølby
Lawyers	Interlex Advokater Mariane Thomsens Gade 1 C, 8. 1. DK-8000 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)

	2018/19	2017/18
Key figures		
Income Statement		
Revenue	4.515.754	0
Profit before financial items (EBIT)	379.255	-344
Net financials	22.916	1.735
Net profit for the year	305.516	1.102
Balance sheet		
Balance sheet total	6.182.450	7.333.394
Equity	2.322.787	84.702
Cash flow statement		
Investment in tangible assets	560.214	0
Ratios		
Return on assets	6,1%	0,0%
Solvency ratio	37,6%	1,2%
Return on equity	13,2%	1,3%
Number of employees	3.378	1

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 subsidiaries through retail trade in chain stores selling everything for the bedroom, bathroom, living or children's room, window and the patio. As part of this the Group has been extented with LKL Invest ApS (sub-group) as of 1 September 2018 and JYSK A/S as of 12 April 2019.

Development in the financial year

Group revenue amounts to DKK 4,515,754k compared to DKK 0k in financial year 2017/18.

Profit before financial income and expenses amounts to DKK 379,255k compared to DKK -344k in 2017/18.

Profit for the year after tax amounts to DKK 305,516k compared to DKK 1,102k in 2017/18. The result is satisfying and effected positively by the purchase of JYSK A/S.

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.

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 and underrepresented gender

The statutory statement of corporate social responsibility and statement on the underrepresented gender appears from page 35.

Expected development

For the year ahead, LKL ApS expects to realise a profit in line with the 2018/19 level corrected for the effect of JYSK A/S being owned througout the whole financial year and provided that the financial markets evolve normally.

Management's Review

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 LKL ApS for the financial year 1 September 2018 – 31 August 2019.

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

In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 31 August 2019 and of the results of the Parent Company and the Group operations and cash flows for 2018/19.

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

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

Aarhus, 24 January 2020

Executive Board

Jacob Brunsborg	Hans Henrik Kjølby

Independent Auditor's Report

To the shareholder of LKL 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 2019, 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 2018 - 31 August 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of LKL ApS for the financial year 1 September 2018 - 31 August 2019, 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.

Independent Auditor's Report

- 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, 24 January 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

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

	Note	Parent company 2018/19	Parent company 2017/18	Group 2018/19	Group 2017/18
Revenue	1	**0**	**0**	**4.515.754**	**0**
Cost of sales		0	0	2.565.036	0
Other operating income		0	0	474.735	0
Other external expenses	2	911	289	1.006.373	344
Gross Profit		**-911**	**-289**	**1.419.079**	**-344**
Staff expenses	3	0	0	871.096	0
Depreciation and amortisation		0	0	163.753	0
Other operating expenses		0	0	4.975	0
Result before financial items		**-911**	**-289**	**379.255**	**-344**
Result from subsidiaries	8	-70.727	-75	0	0
Result from associated compani(	9	0	0	1.111	0
Result from other investments		0	0	35.606	0
Financial income		2.309	2.147	129.352	2.147
Financial expenses		2.665	371	143.153	412
Result before tax		**-71.993**	**1.412**	**402.171**	**1.391**
Tax on profit for the year	4	281	-310	-96.656	-289
Result after tax		**-71.711**	**1.102**	**305.516**	**1.102**

Distribution of profit 5

Balance sheet at 31 August (DKK '000)

Assets		Parent company		Group	
	Note	2019	2018	2019	2018
Rights				3.518	663
Delelopment projects				52.526	13.630
Software		0	0	5.741	924
Goodwill		0	0	6.361	333
Intangible assets	6	**0**	**0**	**68.146**	**15.550**
Land and buildings		0	0	798.196	0
Fixtures and fittings, tools and equipment		0	0	253.663	22.477
Trucks and cars		0	0	29.388	1.102
Leasehold improvements		0	0	373.723	53.828
Assets under construction		0	0	38.451	0
Tangible assets	7	**0**	**0**	**1.493.421**	**77.407**
Investments in subsidiaries	8	1.445.087	19.925	0	0
Investments in associates	9	0	0	16.418	3.351
Other investments		0	0	132.541	54.784
Instruments of debt	10	163.000	154.000	590.790	6.465.000
Deposits	11	0	0	37.428	9.093
Fixed asset investments		**1.608.087**	**173.925**	**777.177**	**6.532.228**
Fixed assets		**1.608.087**	**173.925**	**2.338.744**	**6.625.185**
Commercial products		0	0	1.614.465	119.032
Prepayments of goods		0	0	1.055	300
Inventories		**0**	**0**	**1.615.521**	**119.332**
Trade receivables		0	0	396.250	50.265
Corporation tax		32.319	0	0	21.926
Other receivables		966	1.402	1.170.258	157.211
Prepayments	12	0	0	44.459	4.403
Receivables		**33.285**	**1.402**	**1.610.967**	**233.805**
Securities		**0**	**0**	**129.643**	**46.652**
Cash at bank and in hand		**0**	**0**	**487.576**	**308.420**
Current assets		**33.285**	**1.402**	**3.843.706**	**708.209**
Assets		**1.641.372**	**175.327**	**6.182.450**	**7.333.394**

Balance sheet at 31 August (DKK '000)

Liabilities

	Note	Parent company 2019	Parent company 2018	Group 2019	Group 2018
Share capital		9.000	505	9.000	505
Retained earnings		496.880	84.197	496.880	84.197
Equity attributable to parent company shareholders		**505.880**	**84.702**	**505.880**	**84.702**
Non-controlling interests		**0**	**0**	**1.816.907**	**0**
Equity		**505.880**	**84.702**	**2.322.787**	**84.702**
Other provisions		0	0	8.084	3.692
Deferred tax	13	32.317	0	18.700	2.702
Provisions		**32.317**	**0**	**26.784**	**6.394**
Mortgage debt, long-term	14	0	0	276.640	0
Subordinate loan capital	15	0	0	0	6.642.794
Instruments of debt, long-term	16	0	0	30.000	0
Deposits, long-term		0	0	21	18
Long-term debt		**0**	**0**	**306.660**	**6.642.812**
Mortgage debt, short-term	14	0	0	21.565	0
Credit institutions		0	0	33.243	0
Deposits, short-term		0	0	623	0
Instruments of debt, short-term	16	1.000.000	0	1.000.000	0
Prepayments, received		0	0	141.699	223
Trade payables		0	0	440.824	30.635
Corporation tax		0	432	187.908	23.267
Other payables		103.175	90.193	1.688.891	537.321
Accrued expenses		0	0	11.466	8.039
Short-term debt		**1.103.175**	**90.625**	**3.526.219**	**599.485**
Debt		**1.103.175**	**90.625**	**3.832.879**	**7.242.297**
Liabilities and equity		**1.641.372**	**175.327**	**6.182.450**	**7.333.394**

Contractual obligations	17
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Related parties and ownership	20

Statement of changes in equity (DKK '000)

	Parent company		Group	
	2019	2018	2019	2018
Equity				
Opening at 1st September	84.702	60.600	84.702	60.600
Adjustment opening balance	-3.000	0	-3.000	0
Capital increase	1.425.000	23.000	1.425.000	23.000
Result for the year	-71.711	1.102	-71.711	1.102
Acquisition of group company	-840.077	0	-840.077	0
Other adjustments	-83.555	0	-83.555	0
Exchange adjustment on foreign subsidiaries	-5.479	0	-5.479	0
Non-controlling interests	0	0	1.816.907	0
Equity at 31st August	**505.880**	**84.702**	**2.322.787**	**84.702**
Specified as follows:				
503 shares of DKK 1,000	503	503	503	503
2 shares of DKK 1,000	2	2	2	2
8.495 shares of DKK 1,000	8.495	0	8.495	0
Share capital	**9.000**	**505**	**9.000**	**505**
Equity at 1st September	84.197	60.097	84.197	60.097
Adjustment opening balance	-3.000	0	-3.000	0
Capital increase	1.416.505	22.998	1.416.505	22.998
Result for the year	-71.711	1.102	-71.711	1.102
Acquisition of group company	-840.077	0	-840.077	0
Other adjustments	-83.555	0	-83.555	0
Exchange adjustment on foreign subsidiaries	-5.479	0	-5.479	0
Non-controlling interests	0	0	1.816.907	0
Retained earnings at 31st August	**496.880**	**84.197**	**2.313.787**	**84.197**
Equity at 31st August	**505.880**	**84.702**	**2.322.787**	**84.702**

Share capital has been changed in financial year 2019 from DKK 505k to DKK 9.000k.
Share capital has been changed in financial year 2018 from DKK 503k to DKK 505k.
There have been no further changes to the share capital during the last 5 years.

Non-controlling interests

Non-controlling interests at 1st September	0
Additions for the year	1.439.680
Share of profit of the year	377.227
Non-controlling interests at 31st August	**1.816.907**

Consolidated Cash Flows (DKK '000)

	Note	2018/19	2017/18
Profit for the year		305.516	1.102
Adjustments	21	231.767	-1.233
Change in working capital	22	-145.632	0
Cash flows from operating activities before financial income and expenses		391.651	-131
Financial income		129.352	2.147
Financial expenses		-143.153	-412
Cash flows from ordinary activities		377.850	1.604
Corporation tax paid		-226.877	-358
Cash flows from operating activities		**150.973**	**1.246**
Purchase of intangible assets		-21.134	0
Purchase of property, plant and equipment		-560.215	0
Sale of intangible assets		126	0
Sale of property, plant and equipment		2.331	0
Acquisitions of enterprises		-1.970.792	0
Cash and cash equivalents at acquisitions of enterprises		1.344.809	292.744
Cash flows from investing activities		**-1.204.875**	**292.744**
Received payments of instruments of debt		5.102.807	19.945
Raising of instruments of debt		30.000	0
Payment of instruments of debt		-4.873.525	-24.000
Loan of instruments of debt		-439.637	0
Received payments on loans		467.414	0
Payments on loans		-436.558	0
Payments of mortgage debt		-20.731	0
Capital increase		1.422.000	23.000
Cash flows from financing activities		**1.251.770**	**18.945**
Change in cash and cash equivalents		**197.868**	**312.935**
Cash and cash equivalents at 1st September		313.699	764
Cash and cash equivalents at 31st August		**511.567**	**313.699**
Cash and cash equivalents are specified as follows:			
Securities		129.643	46.652
Cash at bank and in hand		487.576	308.420
Credit institutions		-33.243	0
Cash pool		-72.409	-41.373
Cash and cash equivalents at 31st August		**511.567**	**313.699**

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	
	2018/19	2017/18	2018/19	2017/18
2 Fees to the auditors appointed at the annual general meeting				
PricewaterhouseCoopers				
Auditfee	200	200	1.693	230
Other assurance engagements	0	0	36	0
Tax advisory services	0	0	1.454	0
Other non-audit services	661	39	1.363	39
	861	**239**	**4.547**	**269**
Other auditors				
Auditfee	0	0	604	0
Other assurance engagements	0	0	67	0
Tax advisory services	0	0	120	0
Other non-audit services	0	0	131	0
	0	**0**	**923**	**0**

3 Staff

	Parent company 2018/19	Parent company 2017/18	Group 2018/19	Group 2017/18
Salaries and wages	0	0	778.663	0
Pensions	0	0	46.616	0
Other social security costs	0	0	45.817	0
	0	**0**	**871.096**	**0**

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

Average number of employees	0	0	3.378	1

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2018/19	2017/18	2018/19	2017/18
4	**Tax on profit for the year**				
	Current tax for the year	32.596	-328	-59.631	-307
	Deferred tax for the year	-32.317	0	-28.497	0
	Tax concerning previous years	2	18	-8.528	18
	Tax on profit for the year	**281**	**-310**	**-96.656**	**-289**
5	**Distribution of profit**				
	Retained earnings	-71.711	1.102	-71.711	1.102
	Non-controlling interests' share of profit/loss	0	0	377.227	0
		-71.711	**1.102**	**305.516**	**1.102**

		Rights	Development projects	Software	Goodwill
6	**Intangible assets**				
	Group				
	Cost at 1st September	800	18.923	1.281	550
	Addition by acquisition	2.179	100.444	6.490	38.980
	Addition for the year	1.922	18.556	656	0
	Disposals	0	0	0	-15.200
	Cost at 31st August	4.901	137.924	8.427	24.330
	Depreciation at 1st September	-138	-5.293	-356	-217
	Addition by acquisition	-637	-65.112	-792	-22.550
	Depreciation for the year	-607	-14.993	-1.538	-10.277
	Akk Depreciation reversed	0	0	0	15.074
	Depreciation at 31st August	-1.382	-85.398	-2.686	-17.969
	Booked value at 31st August	**3.518**	**52.526**	**5.741**	**6.361**
	Depreciated over	Rental period	5 years	3 - 5 years	5 years

Notes to the Annual Report (DKK '000)

7 Tangible assets

	Land and buildings	Fixtures and fittings, tools and	Trucks and cars	Leasehold improve-ments	Assets under constructions
Group					
Cost at 1st September	0	49.610	2.152	94.517	0
Addition by acquisition	537.150	664.394	56.915	465.403	7.118
Exchange adj. on opening balance	0	-98	-14	5	0
Addition	170	43.727	7.213	80.504	428.601
Exchange adjustment on movement	0	-150	-2	-318	-3
Transfer	341.880	19.729	0	35.384	-396.993
Retirement	0	-17.814	-7.396	-14.365	-273
Cost at 31st August	879.200	759.397	58.867	661.130	38.451
Depreciation at 1st September	0	-27.133	-1.050	-40.690	0
Addition by acquisition	-51.293	-458.754	-28.729	-197.286	0
Exchange adj. on opening balance	0	0	4	-1	0
Depreciation	-29.711	-37.410	-6.143	-63.075	0
Exchange adjustment on depreciation for the year	0	99	7	27	0
Akk Depreciation reversed	0	17.464	6.432	13.618	0
Depreciation at 31st August	-81.004	-505.734	-29.479	-287.407	0
Booked value at 31st August	**798.196**	**253.663**	**29.388**	**373.723**	**38.451**
Depreciated over	25 years	4 - 7 years	4 - 5 years	Rental period	

Notes to the Annual Report (DKK '000)

		2019
8	**Other investments**	
	Group	
	Cost at 1st September	50.650
	Addition by acquisition	95.611
	Disposals	-16.279
	Cost at 31st August	129.982
	Value adjustment at 1st September	4.134
	Value adjustments for the year	-1.575
	Value adjustment at 31st August	2.559
	Other investments	**132.541**

		2019
9	**Investments in subsidiaries**	
	Parent company	
	Cost at 1st September	20.000
	Addition for the year	2.467.060
	Retirement for the year	-1.020.000
	Cost at 31st August	1.467.060
	Value adjustment at 1st September	-75
	Exchange adjustment on foreign subsidiaries	-5.479
	Result for the year	-70.727
	Other adjustments	-83.555
	Disposals for the year	137.864
	Impairment at 31st August	-21.973
	Investments in subsidiaries	**1.445.087**

Specified as:	Ownershare
Kapital LKL ApS, Aarhus	100%
JYSK A/S, Aarhus	10%

Notes to the Annual Report (DKK '000)

9 Investments in subsidiaries (continued)

Subsidiaries owned indirectly:	Ownershare
LKL Investment ApS, Aarhus	100%
LLCL Holding ApS, Aarhus	100%
Anpartsselskabet af 17. maj 2011, Aarhus	100%
Aktieselskabet af 4/11 2005, Aarhus	100%
Sengespecialisten A/S, Aarhus	95%
ILVA A/S, Aarhus	100%
ID Furniture Franchising A/S, Aarhus	100%
Aktieselskabet ID af 06.11.2007, Aarhus	100%
ILVA SWE AB, Sverige	100%
Komplementarselskabet Gammel Lyngvej ApS, Aarhus	100%
Gammel Lyngvej P/S, Aarhus	100%
Uldum P/S, Aarhus	100%
Komplementarselskabet Uldum ApS, Aarhus	100%
LLFR Holding ApS, Aarhus	100%
JYSK SAS, Frankrig	100%
LLCN Holding ApS, Aarhus	100%
JYSK Trading Co. Ltd., Kina	100%
Selskabet af 26. august 2011 ApS, Aarhus	100%
Garia A/S, Greve	100%
Garia Inc., USA	100%
Årets Hotel & Brasserie ApS, Aarhus	100%
LETZ SUSHI ApS, København	100%
LLIE Holding ApS, Aarhus	100%
JYSK Limited, Irland	100%
LKL Invest ApS, Aarhus	100%
LLIT Finans ApS, Aarhus	100%
LLPT Holding ApS, Aarhus	100%
JYSK Unipessoal LDA, Portugal	100%
LLGR Holding ApS, Aarhus	100%
JYSK SA, Grækenland	100%
LLGB Finans ApS, Aarhus	100%
Anpartsselskabet af 5/9 2003, Aarhus	100%
LLRU Holding ApS, Aarhus	100%
JYSK LLC, Rusland	100%
JYSK Ltd., England	100%
LLBE Holding ApS, Aarhus	100%
JYSK BVBA, Belgien	100%

Notes to the Annual Report (DKK '000)

	2019
10 Investment in associates	
Group	
Cost at 1st September	2.632
Addition by acquisition	3.639
Cost at 31st August	6.271
Value adjustment at 1st September	719
Addition by acquisition	8.317
Result for the year	1.329
Depreciation goodwill	-218
Value adjustment at 31st August	10.147
Investment in associates	**16.418**
Including goodwill of	655

Specified as:

	Ownershare
Racehall A/S	20%
Inbodan Service Partner I/S	61,5%

	Parent company 2019	Group 2019
11 Instruments of debt		
Cost at 1st September	154.000	6.465.000
Additions for the year	9.000	436.790
Addition/disposals at acquisition of companies	0	-1.208.193
Disposals for the year	0	-5.102.807
Cost at 31st august	163.000	590.790
Booked value at 31st August	**163.000**	**590.790**

Notes to the Annual Report (DKK '000)

	Parent company 2019	Group 2019
12 Deposits		
Cost at 1st September	0	9.093
Addition from acqusitions	0	28.069
Addition for the year	0	2.906
Disposals for the year	0	-2.618
Exchange adjustment	0	-23
Cost at 31st August	**0**	**37.428**

13 Prepayments

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

	Parent company		**Group**	
	2019	2018	2019	2018
14 Deferred tax				
Intangible assets	0	0	4.134	0
Tangible assets	0	0	-10.223	0
Inventories	0	0	-3.592	0
Other	32.317	0	28.381	2.702
	32.317	**0**	**18.700**	**2.702**

15 Mortgage debt

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

The debt falls due for payment as specified below

Mortage debt, after 5 years	0	0	188.100	0
Mortage debt, between 1 and 5 years	0	0	88.539	0
Mortage debt, long-term debt	0	0	276.640	0
Mortage debt, within 1 year	0	0	21.565	0
	0	**0**	**298.205**	**0**

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2019	2018	2019	2018
16 Subordinate loan capital				
Subordinate loan capital fall due for payment as specified below:				
Subordinate loan capital, after 5 years	0	0	0	6.642.794
Subordinate loan capital, between 1 and 5 years	0	0	0	0
Subordinate loan capital, long-term	0	0	0	6.642.794
Subordinate loan capital, within 1 year	0	0	0	0
	0	**0**	**0**	**6.642.794**

17 Instrument of debt

Instrument of debt fall due for payment as specified below:

	Parent company 2019	Parent company 2018	Group 2019	Group 2018
Instrument of debt, after 5 years	0	0	0	0
Instrument of debt, between 1 and 5 years	0	0	30.000	0
Instrument of debt, long-term debt	0	0	30.000	0
Instrument of debt, within 1 year	1.000.000	0	1.000.000	0
	1.000.000	**0**	**1.030.000**	**0**

18 Contractual obligations

	Parent company 2019	Parent company 2018	Group 2019	Group 2018
Rental obligations	0	0	3.945.714	88.642
Lease obligations	0	0	4.562	749
Letters of credit	0	0	34.571	0
Other obligations	0	0	82.409	0

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2019	2018	2019	2018
19 Security				
Provided as security for mortgage debts: (DKK 298.205k) Buildings and cash at bank and in hand - booked value	0	0	645.793	0
20 Contingent liabilities				
Guarantees	0	0	488	0

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.

JYSK Holding A/S has entered into a cash pool agreement for Lars Larsen Group. As per 31 August 2019 the withdrawal was DKK 0. As participant in the cash pool agreement LKL ApS has issued a guarantee towards credit institutions.

The parent company has issued unlimited letters of support for the following subsidiaries: Garia A/S, Garia Inc., LETZ SUSHI ApS, Årets Hotel & Brasserie ApS, LLGR Holding ApS, LLIE Holding, LLBE Holding ApS and LLPT Holding ApS.

21 Related parties and ownership

Controlling interest	**Basis**
Estate of Lars Larsen, Rådhuspladsen 3, 8000 Aarhus C	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)

	Group 2018/19	Group 2017/18
22 Cash flow statement - adjustments		
Profit/loss, associates	-1.111	0
Profit/loss, other investments	-35.606	0
Financial income	-129.352	-2.147
Financial expenses	143.153	412
Depreciation and amortisation	163.753	0
Tax on profit/loss for the year	96.656	289
Other adjustments	-5.726	213
	231.767	**-1.233**

	Group 2018/19	Group 2017/18
23 Cash flow statement - change in working capital		
Change in inventories	-49.309	0
Change in receivables	381.446	0
Change in other receivables	-219.409	0
Change in trade payables	-8.265	0
Change in other payables	-250.095	0
	-145.632	**0**

Accounting Policies

The Annual Report of LKL ApS for the financial year 1 September 2018 to 31 August 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are unchanged compared to last year.

The Financial Statements for 2018/19 are presented in TDKK.

Intercompany restructuring processes – book value method

The Company has chosen to use book value method in connection to intercompany restructuring.

For accounting purposes the restructuring took place at book value at the date of acquisition. Comparative figures are not shown in compliance with the book value method.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, LKL 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.

Accounting Policies

Recognition and measurement (continued)

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.

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.

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.

Accounting Policies

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

Rights

Rights is measured at the lower of cost less accumulated amortisation and the recoverable amount. Rights is amortised over the term of the agreement.

Development projects, patents and licences

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

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

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

Accounting Policies

Development projects, patents and licences (continued)

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

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

The amortisation period is 5 years.

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

Software is amortised over 3 – 5 years.

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

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:

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

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

Accounting Policies

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

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

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

Investments in subsidiaries and associates

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

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

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

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

Other investments

Other investments are recognised and measured at fair value.

Deposits

Deposits are recognised and measured at cost.

Accounting Policies

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.

Equity - *Dividend*

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

Provisions

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

Accounting Policies

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", Cash pool" 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

LKL 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 LKL ApS, covering the financial year of 01.09.2018 – 31.08.2019.

Lars Larsen Group

LKL ApS forms 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.

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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

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

As an international Group, LKL ApS is in contact with customers, employees and business partners as well as other stakeholders every day. 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. That requires commitment.

CSR-highlights in financial year 2018/2019 across all companies owned by Lars Larsen Group:

Whistleblower

During the financial year 2018/19 Lars Larsen Group has implemented a whistleblower system covering all parts of the group. The whistleblower system covers own employees and it is accessible from the webpage www.larslarsengroup.com.

All Management Teams and board members in companies owned by Lars Larsen Group was informed about the implementation, and written statements confirming that management teams throughout the group has been informed has been signed and collected.

Furthermore all employees have been informed about the existence of the whistleblower system through internal communication channels.

During the financial year, Lars Larsen Group received one report, which was relevant for further investigation.

Shipping

During the financial year 2017/18 Lars Larsen Group made an exclusive agreement with MAERSK Group.

Part of the agreement is that MAERSK is obliged to reduce the CO2-emission per container that MAERSK delivers to LARS LARSEN GROUP companies.

To ensure a baseline making it possible for Lars Larsen Group to track the improvements in regards to reduced CO2-emission MAERSK had to deliver information about the total number of 40 foot containers delivered and the total CO2-emission caused by the transport.

The baseline was made using numbers from May 2018 to April 2019.

It is important to track exactly one year to ensure that the product mix is the same when different periods are compared.

From May 2018 to April 2019 MAERSK shipped 42.700 40 foot containers for Lars Larsen Group, and the total CO2-emissions from these transports were 36.783,100 tons equal to 861 kilo of CO2 per container.

Lars Larsen Group will monitor and report on MAERSK´s effort to reduce emissions per container in future CSR reports.

The Report

As it will appear from the text, a considerable part of the data material is based on actions and results realised in JYSK Nordic. JYSK Nordic is the name of an operational company (not a legal entity) that transcends the Groups of JYSK Holding A/S and LKL ApS, which both form part of the Lars Larsen Group.

Besides data from JYSK Nordic, this report comprises data from ILVA A/S, JYSK U. LDA, JYSK Italia SRL, JYSK S.A.S. France and Bettenwelt GmbH. Bettenwelt GmbH is owned by the Group company JYSK Holding A/S. However, at an operational level, Bettenwelt GmbH functions as sourcing unit for JYSK U. LDA, JYSK Italia SRL, JYSK S.A.S. France, which are the retail organisations of Portugal, Italy and France, respectively. Moreover, these companies are, operated by the same central head office functions referred to as Dänisches Bettenlager (DBL), for which reason JYSK U. LDA, JYSK Italia SRL, JYSK S.A.S. France and Bettenwelt GmbH will report on progress and results in joint sections. Below scheme presents an overview of the companies, as they will be referred to hereinafter.

Legal entities	**As referred to hereinafter**
JYSK Nordic companies (country organisations owned by LKL ApS)	JYSK Nordic
ILVA A/S	ILVA
Bettenwelt GmbH	Bettenwelt
JYSK U. LDA, JYSK Italia SRL, JYSK S.A.S. France	DBL

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:

About the company

- **Business model**
- **Risks**
- **Due Diligence**

Code of Conduct and Group Policies

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

Reporting on §99b

KPI overview

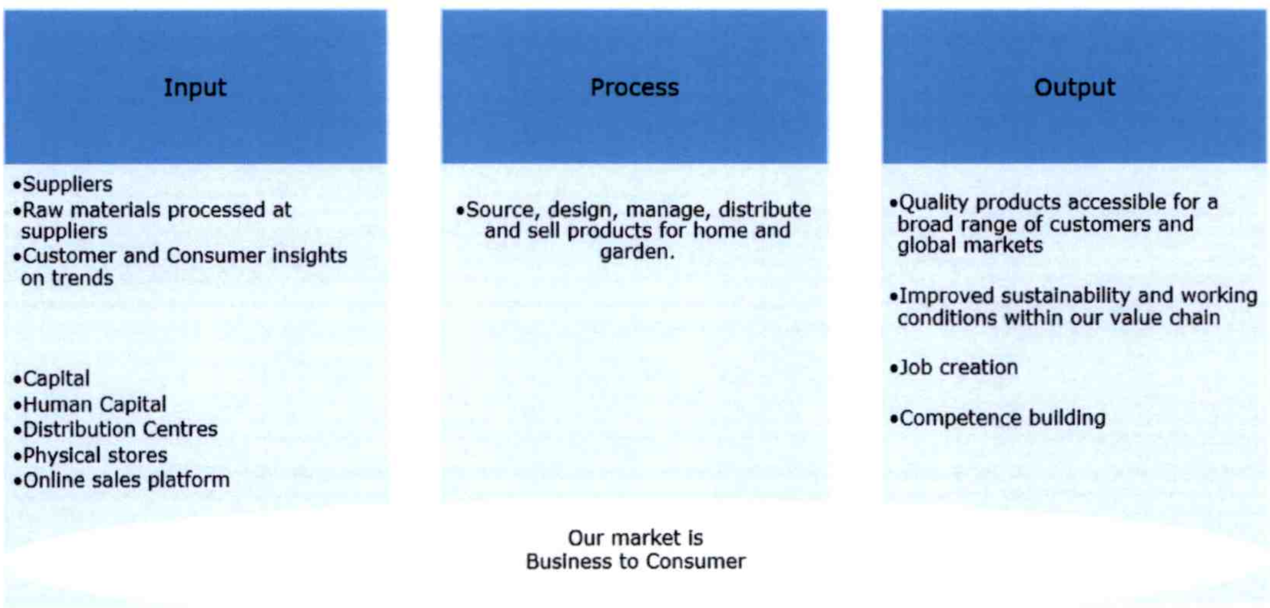
About the company

ILVA, Bettenwelt, DBL and a list of entities under JYSK Nordic are all part of LKL ApS. The companies operate at a business to consumer market and specialise in managing and selling products for home and garden. Products sold through the companies are sourced directly from other suppliers.

Business model

The following model illustrates a business model for LKL ApS.

Figure 2 Business Model, LKL ApS



Risks

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

	Environment and Climate	Human Rights	Social and Employee	Anti-Corruption and bribery
What is the risk?	Sustainable sourcing is considered our most significant environmental focus area. Inadequate due diligence procedures and lack of traceability related to sourcing, may lead to a negative impact on the environment.	With a global presence, with both suppliers and own locations in risk countries, there is a risk of violation of Human Rights and Labour Standards at supplier facilities and/or potentially also own locations.	Employees are the greatest asset of the Group. Ensuring a safe and healthy working environment is our top priority. Also, ensuring high work satisfaction and competence development is a key condition for the company's ongoing success. Failure to meet above key condition may lead to business failure.	Global awareness and strengthening of Anti-Corruption legislation requires constant an ongoing focus on compliance. Furthermore, with a global presence, and with both suppliers and own sites located in risk countries, there is a risk of non-compliance taking place at supplier facilities and/or potentially also own sites in risk countries.
What is the impact?	Inadequate due diligence and communication of requirements may lead to negative impact of the environment in the communities of our supply chain. Long term risk is lack of raw material, due to unsustainable supply chain management.	Inadequate due diligence procedures and communication of requirements may lead to violation of Human Rights and Labour Standards.	Inadequate safety procedures and safety training may lead to serious accidents, affecting employees long term. Inadequate competence development may lead to a gab between customer demands and competence within the business.	Lack of knowledge and/or inadequate due diligence procedures and communication of requirements may lead to both legal consequences as well as direct and indirect costs. Direct financial costs related to fines etc. Indirect financial costs related to damage of image.
What is the action?	Ongoing implementation of Supplier Code of Conduct and strengthening of responsible supplier management processes.	Thorough implementation of Code of Conduct, incl. Human Rights Policy, and ongoing awareness on expected ethical business behaviour. CSR audits at supplier facilities in risk countries.	Thorough implementation of our Policy on Social and Employee terms. Ensuring adequate safety procedures and safety training of employees in risk positions. Also, through HR processes, ensure competence development to continuously match the development of business aligned with customer demands.	Thorough implementation of anti-corruption policy supported by adequate business and due diligence procedures. Furthermore ongoing awareness on expected ethical business behaviour.

Due Diligence

The due diligence model covers Lars Larsen Group. For the individual companies within the Group, supporting due diligence processes are implemented with varying focus, depending on respective business activity.

Common for the companies within Lars Larsen Group, encompassed by annual CSR reporting[2], is that some due diligence processes stand out as more significant based on industry and business activity. To exemplify, our due diligence process related to responsible supplier management, takes high priority because of a higher risk level.

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

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

Figure 3 Due Diligence

	Social and Employee Terms	Environment and Climate	Human Rights	Anti-Corruption and Bribery
Examples of Due Diligence Processes	Structured follow-up on implementation of Group Policies Internal audits of own business processes External audits at suppliers and factories Action plans and structured follow-up			
Examples of topics covered by Due Diligence Processes	Safety and Employee development	Environment and Climate caution	Compliance with Human Rights and Labour Standards	Compliance with Anti-Corruption and Anti-Bribery legislation
How to report a concern regarding non-compliance	Formalized reporting channels available for reporting a concern regarding non-compliance			

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 following will present a policy excerpt for each of the Group policies, shared by all companies encompassed by this CSR report. Following the policy excerpt, the report will present individual reporting on implementation of the respective policy and the results achieved by each individual company.

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.

Common for the companies encompassed by this CSR report, is their respective memberships of Amfori Business Social Compliance Initiative (BSCI), through which they address Human Rights within the supply chain.

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 does 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

JYSK Nordic

Human Rights are addressed both internally within our own company and employees as well as externally towards our suppliers.

Internally, we have continued our work on implementing the Human Rights policy as well as ensuring that related work processes are adequately implemented to meet both requirements and risk level of the countries where we are present. Our Human Rights related processes are primarily anchored with Human Resource departments as well as with Health and Safety departments.

Safety of our employees is a core focus. Health and Safety departments are responsible for systematic training and control of adequate safety procedures to meet respective risk level, with the overall purpose of ensuring a safe workplace for all employees. Moreover, 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 one of the JYSK Nordic Distribution Centres. Going forward, we will work to include all work accidents in below reporting.

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	Number of work accidents with absence[3]	Number of work accidents, per million hours worked
Uldum	10	16,2
Radomsko	2	2,3

[3] Accidents with one or more days of absence, other than the day of the accidents

Nässjö	8	25,6
Bozhurishte	2	N/A (New Distribution Centre – Will be inaugurated during next FY.)

Moreover, JYSK Nordic actively works to emphasize awareness on Human Rights through the membership with the Danish Ethical Trading Initiative (DIEH).

The DIEH is a multi-stakeholder initiative for businesses, trade unions and popular organisations. The objective is to work jointly with ethical trade and find constructive solutions to the challenges faced by Danish enterprises in relation to suppliers in the developing countries and new growth economies.

Our focus on Human rights within our supply chain, is addressed through our membership with Amfori Business Social Compliance Initiative (BSCI).

JYSK Nordic has been a member of Amfori, BSCI since 2006.

JYSK Nordic incorporated the Amfori BSCI Code of Conduct, into their own Supplier Guideline (Supplier Code of Conduct).

All suppliers[4] accept the Supplier Code of Conduct, when they sign a supplier contract. During the financial year, 72% of the suppliers, located in risk countries, received audits based on Amfori BSCI guidelines.

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

JYSK Nordic has decided that continuous improvement of the BSCI performance of suppliers should be a strategic focus area.

Integration of the BSCI efforts internally is essential. Therefore, JYSK Nordic focuses on internal transparency. The overall status is assessed at internal meetings attended by employees with supplier relations. The status of each individual purchase-employee is presented to establish how the suppliers, in their respective product area, are performing measured against the BSCI principles.

After the meeting, each purchase-employee receives a list showing which suppliers have room for improvement. The purchase-employee then enters into a dialogue with the supplier. Moreover, BSCI performance is also discussed with the suppliers when employees from the purchase department conduct supplier visits.

New employees in the purchase department, to whom BSCI is a core focus, receives BSCI training.

This financial year BSCI has lowered the criterias regarding auditors activating the zero-tolerance protocol. Up to now proof of violations were necessary to activate the protocol, while as of now a suspicion of violations is enough. As a result, we have experienced more cases on zero-tolerance this year. Examples include suppliers in Vietnam, Malaysia and China, in which

[4] Direct suppliers, first tier

cases we have initiated activities towards the supplier e.g. factory visits and emphasizing policies.

Bettenwelt & DBL

Internally, DBL and Bettenwelt 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. Our Human Rights related processes are primarily anchored with Human Resource departments as well as with Health and Safety departments.

The safety of our 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, Anpartsselskabet af 31/8 1984 II also cooperates with external 3rd 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.

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[5]	Number of work accidents with absence[6]	Number of work accidents, per million hours worked
Kammlach	1	36,96
Zarrentin	9	25,87
Homberg	10	54,16
Valencia	1	16,94

Our focus on Human rights within our supply chain, is addressed through our 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[7] accept the Supplier Code of Conduct, when they sign a supplier contract. During the financial year, 72%[8] of the suppliers, located in risk countries, received audits based on Amfori BSCI guidelines.

[5] Distribution Centre in Valencia is not legally owned by DBL or Bettenwelt. It is included in this report only for comparison.

[6] Accidents with one or more days of absence, other than the day of the accidents

[7] Direct suppliers, first tier

[8] Bettenwelt and JYSK Nordic share a membership with Amfori BSCI. The reported figure covers supplier audits for both Bettenwelt and JYSK Nordic.

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

ILVA

Human Rights are addressed both internally within our own company and employees as well as externally towards our suppliers.

Internally, we have been working to implement the Human Rights policy as well as ensuring that related work processes are adequately implemented.

Safety of our employees is a core focus. A Health and Safety organisation is responsible for safety training and management of adequate safety procedures to meet respective risk level, with the overall purpose of ensuring a safe workplace for all employees. Moreover, systematic registration, reporting and follow-up is performed on work accidents.

All work accidents are reported according to legislation.

Work accidents registered within financial year:
(Def. *Work accidents with one or more days of absence, other than the day of the accidents*)

Company	Number of work accidents with absence[9]	Number of work accidents, per million hours worked
ILVA	3	39,57

Our focus on Human rights within our supply chain, is addressed through our membership with Amfori Business Social Compliance Initiative (BSCI).

ILVA has been a member of Amfori, BSCI since 2018. Prior to the membership of Amfori BSCI, ILVA had a Code of Conduct implemented with their supplier contract, and they conducted systematic supplier audits, performed by ILVA.

During the financial year we implemented the Amfori BSCI Code of Conduct into supplier contracts, and supplier audits will be managed according to Amfori, BSCI guidelines.

During the financial year, 18% of the suppliers, located in risk countries, received audits based on the Amfori BSCI Code of Conduct.

[9] Accidents with one or more days of absence, other than the day of the accidents

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.

Common for the companies encompassed by this CSR report, is their respective engagement with The Forest Stewardship Council® (FSC), as 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.
- 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 the business, within LKL ApS, 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

JYSK Nordic

Our work to reduce the negative environmental and climate impact of our business activities is addressed both internally at our own operations and externally towards suppliers.

The external focus is anchored with the membership of Amfori BSCI, which is the core of our responsible supplier management[10]. Our BSCI Supplier Code of Conduct requires of suppliers to comply with local environmental regulations. As part of the BSCI audits are performed, environmental impacts such as wastewater treatment and chemical storage are therefore also audited. Moreover, JYSK Nordic has, during this reporting period, prepared a strengthening of environmental requirements towards suppliers. This update is expected to be implemented with the Supplier Code of Conduct during next financial year.

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

One of the core environmental focus areas, is the strategic ambition to increase purchase of products with FSC certified wood. JYSK Nordic has signed the Vancouver Declaration in support of this strategic focus.

Within this financial year, 100% of the wooden garden furniture, except for bamboo, purchased for JYSK Nordic is FSC certified (FSC® N001715).

Moreover, 23% of the indoor furniture[11], containing wood, is made with FSC certified wood.

Energy optimisation is another core focus area at JYSK Nordic. JYSK Nordic has optimized light sources in stores with more energy-efficient light sources, and all new stores are equipped with LED lighting. LED is both cost and energy-efficient and has a longer lifespan than ordinary lighting. Current status is that 80% of all JYSK Nordic stores have implemented LED.

At the distribution centres in Nässjö and Radomsko, our packing machines for online sales produce boxes on demand that correspond exactly to the order. This ensures a reduction of packaging material.

JYSK Nordic does not tolerate animal abuse. As a result, we make sure that down and feathers are not plucked from live birds. Our suppliers commit themselves by contract to only supply down and feathers from slaughtered fowl. In cooperation with International Down and Feather Laboratory (IDFL) JYSK Nordic performs ongoing audits at suppliers.

This financial year we have sharpened the chapter on animal welfare in our supplier code of conduct, by adding the following section:

"We do not tolerate animal abuse or any kind of cruelty to animals and require our suppliers to respect this. This principle must be respected throughout the entirety of the supply chain and in all stages of any animal's life, including farming, transportation and slaughter of the animal. It applies for raw materials such as leather, fur, skins, down, feathers, silk and wool in all products.

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[10] Read more on Amfori BSCI at the section on Human Rights

[11] Percentage is based on sales value from respective financial year

Examples of animal abuse, which are not tolerated, are live plucking of geese and mulesing of sheep. To ensure that this kind of animal abuse will not take place all leather, fur, skins, down and feathers must come from slaughtered animals, meaning animals that were supposed to be slaughtered anyway and is thus not killed solely for the raw material used in production of furniture and textile products.

We do not under any circumstances accept methods resulting in animal abuse and we consider it a breach of contract if a supplier does not meet our requirements."

Moreover, we ensure that all products comply with existing legislation, and we focus e.g. on reducing the use of harmful phthalates and hazardous chemicals in accordance with the EU chemicals regulation, REACH. REACH stands for "Registration, Evaluation and Authorisation of Chemicals". Since January 2017, JYSK has banned all SVHC's (Substances of Very High Concern) in JYSK Nordic products. JYSK Nordic itself tests products and requires testing and documentation of its suppliers. Moreover, JYSK Nordic uses external testing firms which perform tests and regular spot checks.

As part of product quality, JYSK Nordic also works with products' impact on safety, health and environment. Oeko-Tex Standard 100 certification is found on a wide range of JYSK's textile products. Oeko-Tex is the most widespread and best-known label for textiles tested for harmful substances.

The demand for Oeko-Tex and banning of SVCH and biocid reduces the use of undesirable chemicals in products. We encourage our suppliers to upgrade their current Oeko-Tex certificates to appendix 6 which holds more strict limits than the conventional appendix 4, including banning a list of different chemicals.

JYSK Nordic also carry a product group called Scandinavian Sense, which is GOTS certified. GOTS is an abbreviation of Global Organic Textile Standard, and the products are made with cotton, silk, linen or wool that is farmed and processed organically. The GOTS certification ensures a reduced environmental impact as well as compliance with stringent environmental and social criteria during the entire manufacturing process.

Regarding environment and climate, transport is categorized as a 'high risk industry'. Jysk Nordic therefore perform a proportional background investigation/due diligence before entering agreements on transportation.

Bettenwelt & DBL

The external focus of our work with the Environment and Climate policy is anchored with the membership of Amfori BSCI, which is the core of our responsible supplier management[12]. Our 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

[12] Read more on Amfori BSCI at the section on Human Rights

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 cores 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 FCS certified wood for other product groups.

Another focus area is optimization of light sources and energy usage. End of this financial year, approximately 230 stores have intelligent, central control of lighting, heating, air conditioning and ventilation.

Furthermore, we have implemented a load optimization program to reduce excess space in containers. We also require our suppliers to optimize all shipments to DBL and Bettenwelt. Neglecting this may be may lead to a contract penalty.

Anpartsselskabet af 31/8 1984 II does not tolerate animal abuse. Our 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.

Our suppliers are obligated to deliver products free of so called "SVHC" - substances of very high concern. Furthermore, we regularly check compliance with legal regulations (e.g. REACH EC / 1907/2006, POP EG / 850/2004, etc.) by means of our own additional random tests, for example on prohibited AZO dyes, PCP, SCCP. Furthermore, we scan all plastic components in our articles for legally limited heavy metals (cadmium, lead, chromium) by means of X-ray fluorescence scanner (XRF). For all articles, the supplier must provide up-to-date, valid test reports from ISO 17025 accredited test laboratories. In addition, mixtures of liquid chemicals (such as room fragrances, candles, furniture and window cleaning substances) have been adapted in such a way that fewer or no substances classified as hazardous substances according to CLP Regulation EC / 1272/2008 are included. In addition to preventive consumer protection, this also contributes to the improved occupational safety of colleagues in logistics and sales.

ILVA

Our work to reduce the negative environmental and climate impact of our business activities is addressed both internally at our own operations and externally towards suppliers.

The external focus is anchored with the recent membership of Amfori BSCI, which will be the core of our responsible supplier management[13]. The BSCI Supplier Code of Conduct requires of suppliers to comply with local environmental regulations.

Internally, our focus is based on several key areas. Energy optimization is a core focus at ILVA. We implement LED light sources, in all new buildings and we change old light bulbs, in existing buildings, to LED as well.

Another environmental focus area is the ambition to increase purchase of products with FSC certified wood. 100% of the wooden garden furniture purchased for ILVA is FSC certified (FSC®-N001749 and FSC®-N001748).

ILVA does not tolerate animal abuse. As a result, we make sure that down and feathers are not plucked from live birds. Our suppliers commit themselves by contract to only supply down and feathers from slaughtered fowl.

Moreover, we ensure that all products comply with existing legislation, and we focus e.g. on reducing the use of harmful phthalates and hazardous chemicals in accordance with the EU chemicals regulation, REACH. REACH stands for "Registration, Evaluation and Authorisation of Chemicals". During this financial year, ILVA has further strengthened their requirements and has banned all SVHC's (Substances of Very High Concern) in products.

ILVA systematically manages tests and documentation of compliance with product safety legislation.

As part of product quality, ILVA also works with products' impact on safety, health and environment. Oeko-Tex Standard 100 certification is found on a wide range of textile products. Oeko-Tex is the most widespread and best known label for textiles tested for harmful substances.

ILVA is currently implementing GOTS certified products. GOTS is an abbreviation of Global Organic Textile Standard, and the products are made with cotton, silk, linen or wool that is farmed and processed organically. The GOTS certification ensures a reduced environmental impact as well as compliance with stringent environmental and social criteria during the entire manufacturing process. It is the expectation that more GOTS certified products will be launched during next financial year.

In addition to the GOTS certified products, ILVA also launched a group of products, where 80% of the upholstery is made from recycled cotton. The factory, that produces these products, is powered by 90% solar and wind energy.

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[13] 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

JYSK Nordic

At JYSK Nordic, employees and their opinion are of great importance. Therefore, our values include a right and duty to speak up.

Every two years, an employee satisfaction survey is conducted, by an external partner, to allow our employees to express their views. The findings of the survey enable JYSK Nordic to understand where to take measures to increase satisfaction and loyalty. The latest survey was performed during 2018 and 97% of JYSK Nordic's employees participated. JYSK Nordic aims for a response rate of 90% or more, which was achieved both at Group level (JYSK Nordic) as well as for each individual country organisation.

Compared to the previous survey, conducted in 2016, both response rate and satisfaction has increased.

The results for each country, unit and manager are uploaded together with action plans in an online module, where all managers can access, to work actively with their identified focus areas. Follow-up actions are monitored automatically, via the system, and systematically by Human Resource departments.

In addition to the employee satisfaction survey, JYSK Nordic performs 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. Within this financial year, 80% of PDP's for store employees were performed on time.

In JYSK we care about the society and the people who surrounds us. Therefore, it is important to us to take responsibility and to contribute in the best way possible through sponsorships and charity initiatives.

Through our cooperation with NGO's, JYSK contributes to a number of initiatives and organisations, and during the financial year, many people have benefitted from projects supported by JYSK.

During the financial year, JYSK celebrated our 30th anniversary as main sponsor of the Danish Paralympic Team. A cooperation which has since then been expanded to the Paralympic teams in Sweden, Norway, Finland, Czech Republic, Slovakia and Romania.

Another JYSK tradition is to donate 1 million DKK to the joint Danish charity initiative Danmarks Indsamling, which this year focused on raising funds to support projects to benefit girls and women in developing countries.

JYSK also continued the tradition of supplying Kirkens Korshær with sleeping bags, sleeping mats and towels to their shelters in Denmark.

Furthermore JYSK involved in a number of charity initiatives across the countries, which we operate in.

Below is mentioned a number of these projects.

In November 2018, employees planted 20.000 seedlings in Sotânga, Romania, and doubled the area of the JYSK Forest planted the year before. In Croatia, JYSK held a voluntary action to plant 10,000 donated beech seedlings in Zagreb.

JYSK is also engaged in several different projects targeted to improve the lives of children in need. This includes supporting UNICEF and Hopes and Homes for Children in Romania, The Smile of the Child in Greece, Lets Give Children a Chance in the Czech Republic and Slovakia, Pillow For a Baby- campaign in Poland, and child cancer aid in Germany and much more.

Common for all of these projects is the involvement of JYSK employees who wants to make a positive difference in the society surrounding them, and we all look forward to continue those efforts in the current financial year.

Bettenwelt & DBL

Every two years, an employee satisfaction survey is conducted, to allow employees to express their views. The findings of the survey enable Anpartsselskabet af 31/8 1984 II to understand where to take measures to increase satisfaction and loyalty. The latest survey was performed in 2018 and the 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 or by Anpartsselskabet af 31/8 1984 II. 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, Anpartsselskabet af 31/8 1984 II performs 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.

In regard to sponsorships and events we are main sponsor of German handball master SG Flensburg-Handewitt, and conduct blood donating activities in our headquarter on an annual basis. We had a stem cell typification activity on our corporate annual party in October 2018 with more than 600 registrations and we donated tombola money to the stem cell donation organization "Deutsche Stammzellspenderdatei".

ILVA

At ILVA, employee development and wellbeing are put into system, mainly through Human Resource procedures. Every second year, all employees are invited to take part in an employee satisfaction survey. At the most recent survey, conducted in October 2018, ILVA reached a response rate of 97%.

The results on response rate and satisfaction is at a very high level and has been stable for the last couple of surveys. During the next years, ILVA will work systematically with the results of the survey. Each department and store will work with action plans to ensure thorough follow-up.

In addition to above mentioned activities, ILVA also performs employee-manager dialogue, annually. A personal development plan is agreed upon for each individual employee.

In addition to the internal employee focus, ILVA also invests in social community projects. ILVA has engaged in a partnership with Safe the Children, to help improve the opportunity for education and development of children less fortunate.

This financial year ILVA engaged in a collaboration with a parental foundation (Forældre Fonden) that provides a temporary place to live for less fortunate single parents and support them in finding a steady state in life going forward. ILVA contributes by supplying the foundation with non-sellable, but fully functional, furniture for the temporary homes.

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 makes 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.

Policy implementation and progress

JYSK Nordic

At JYSK Nordic, the responsibility to implement the Anti-Corruption and Bribery policy, as well as related company policies and procedures, is managed from the Group Finance department at the Group head office.

Relevant policies are published on the company Intranet, to guide employees on adequate behaviour in order to ensure that employees conduct business in alignment with company expectations. Moreover, based on a systematic risk approach, relevant policies are implemented in the introduction program for a selected group of new employees. Also, policies related to this area of business are introduced and discussed at an annual event for employees, operating within the financially related departments.

Anti-Corruption risk assessment is performed annually. If the risk profile changes, policies and procedures are updated accordingly, in order to ensure that the implemented precautions always are adequately corresponding to the current risk profile.

Precautionary, recurring activities include, but are not limited to, systematic background check, store audit as well as controlling performed at head office locations. All activities are managed systematically.

Furthermore, the implementation of the whistleblower system across Lars Larsen Group has increased the awareness and positively contributed to minimizing risks related to Anti-Corruption and Bribery in JYSK Nordic.

Bettenwelt & DBL

At Anpartsselskabet af 31/8 1984 II the Anti-Corruption and Bribery policy has been introduced as part of the implementation of Lars Larsen Group Employee Code of Conduct. During the coming financial year, we will migrate to the One JYSK it-platform enabling us to share and continuously comply with e.g. written guidelines for employees regarding travel, representation and gifts with JYSK.

Furthermore, the implementation of the whistleblower system across Lars Larsen Group has increased the awareness and positively contributed to minimizing risks related to Anti-Corruption and Bribery in Anpartsselskabet af 31/8 1984 II, Bettenwelt & DBL.

ILVA

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

Supporting the policy on Anti-Corruption and Bribery, ILVA has also implemented related guidelines on Travel, Representation and Gifts and made these guidelines available in the employee handbook.

Furthermore, the implementation of the whistleblower system across Lars Larsen Group has increased the awareness and positively contributed to minimizing risks related to Anti-Corruption and Bribery in LKL ApS and ILVA.

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

JYSK Nordic

As part of JYSK Nordic's internal career paths, JYSK Nordic works with the performance management program 'SIRIUS' to secure the internal pipeline. The purpose of SIRIUS is to evaluate employees - irrespective of their gender, race, political affiliation and religious beliefs - according to their ability to work under JYSK VALUES and JYSK LEADERSHIP. Based on the work with SIRIUS, potential leaders are identified and selected for development programs at different levels.

In addition to the formalized training of employees, with the specific purpose of ensuring talent management and management training, JYSK Nordic also offers annual training courses within various areas, ranging from cultural understanding, presentation techniques to Excel training.

Moreover, during this financial year, JYSK Nordic continued implementing the new HR module for employees across JYSK Nordic called MYCAREER, which enables the Human Resource department to follow up systematically and timely on performance of the annual employee-manager dialogue.

At the end of this financial year, the gender composition of the three main management levels at JYSK Nordic is as illustrated below.

Management level	Gender composition (male/female)
Top management	100% male employees
Nordic management team[14]	Close to 80% male / 20% female
Store manager level	Close to 50% male / 50% female

JYSK Nordic will continue to work for a balanced gender composition throughout the management levels, ensuring a solid talent pipeline. The Human Resource department ensures that recruitment and promotion procedures are aligned with the policy.

[14] Nordic management team, including Directors and Department Heads

Bettenwelt & DBL

As part of the internal career path at Anpartsselskabet af 31/8 1984 II, 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.

Training area	Number of employees, who attended
Store Manager	225
Sales Executive	1592
Executive training	19

At the end of this financial year, the gender composition of the main management levels at Bettenwelt and DBL is as illustrated below.

Management level	Gender composition (male/female)
Top management (head office)	95% male employees
Management team[15]	53,7% male employees

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

ILVA

At ILVA, equal opportunity is essential when working with competence- and talent programs, with the overall purpose to ensure career development for all employees, as well as an equal gender representation at all management levels.

At the end of this financial year, the gender composition of the main management level at ILVA is as illustrated below.

Management level	Gender composition (male/female)
Management team incl. store managers, head of departments and team leaders	65% male employees and 35% female employees

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

Reporting on §99b (Board composition)

The supreme management of LKL ApS consists of 2 persons, who are both male. According to guidance from the Danish Business Authority, there is no requirement to define a target for the gender representation of the supreme management when this consists of less than 3 persons.

[15] Management team including; Store Managers, Sales Executives, Team leaders and Department Heads at head office.

As a consequence of this, and because LKL ApS employs less than 50 employees, no target and no policy regarding gender representation of management has been implemented.

LKL ApS owns two companies which are independently comprised by section 99b of the Danish Financial Statements Act: JYSK A/S and ILVA A/S.

The Board of JYSK A/S has three male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021. During the 2018/2019 financial year, the target of 33.33% was not reached as the Board of Directors did not find any reason to change its composition.

The Board of ILVA A/S has four male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021. During the 2018/2019 financial year, the target of 33.33% was not reached as the Board of Directors did not find any reason to change its composition.

KPI overview

JYSK Nordic	**KPI status**
Zero accidents	KPI not achieved[16]
By 2022, we aim to have LED implemented in all our buildings in all countries	80% percent of stores have LED light sources
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI achieved at Group level as well as for each individual country organisation

ILVA A/S	**KPI status**
Zero accidents	KPI not achieved[17]
By 2020, we aim to have LED implemented in all department stores	83% percent of stores have LED light sources
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI achieved. Response rate of most recent Employee Satisfaction Survey is 97%

Bettenwelt and DBL	**KPI status**
Zero accidents	KPI not achieved[18]
To be decided next FY	N/A
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI not achieved

[16] For specific result, se section on Human Rights

[17] For specific result, se section on Human Rights

[18] For specific result, se section on Human Rights