Anpartsselskabet af 31/8 1984 II

Sødalsparken 18, 8220 Brabrand

CVR No 37 81 00 02

Annual Report 2019/20

(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28 January 2021

Carsten Iversen

Chairman

Contents

Company Information

The Company	Anpartsselskabet af 31/8 1984 II Sødalsparken 18 DK-8220 Brabrand Telephone +45 89 397 500 Website: www.larslarsengroup.com CVR No 37 81 00 02 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Executive Board	Jesper Lund Carsten Iversen
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-8100 Aarhus C

Financial Highlights of the Group (DKK '000)

	2019/20	2018/19	2017/18	2016/17	2015/16
Keyfigures					
Income Statement					
Revenue	8.431.936	8.249.431	8.040.596	7.788.078	7.685.330
Result before financial items (EBIT)	572.326	690.681	937.969	887.060	262.004
Net financials	-4.630	31.387	7.928	7.011	-3.697
Result for the year	391.851	509.073	670.995	660.025	132.955
Balancesheet					
Balancesheet total	6.645.916	5.450.519	4.904.982	4.171.497	3.806.662
Equity	5.153.087	4.764.877	4.255.161	3.575.687	2.917.270
Cashflow statement					
Investment in tangible assets	273.977	270.354	209.505	164.958	79.882
Ratios					
Return on assets	8,6%	12,7%	19,1%	21,3%	6,9%
Solvency ratio	77,5%	87,4%	86,8%	85,7%	76,6%
Return on equity	7,9%	11,3%	17,1%	20,3%	4,6%
Number of employees	6.282	6.145	5.807	5.641	5.574

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 comprises, investments in subsidiaries. The Group's main activities comprise retail trade in the German market selling everything for the home.

Development in the financial year

Group revenue amounts to DKK 8,431,936k compared to DKK 8,249,431k in financial year 2018/19. Profit before financial income and expenses amounts to DKK 572,326k compared to DKK 690,681k in 2018/19. Profit for the year after tax amounts to DKK 391,851k compared to DKK 509,073k in 2018/19. The result is lower than expected, however satisfying compared to the development in the financial year.

As a consequence of COVID-19, a number of governments across the world chose to impose restrictions and temporarily close a number of institutions, businesses and activities, which have had a great impact on the global economy.

However the Group has not been severely impacted by the effects of COVID-19.

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 Group's opinion, current currency hedging of such long-term investments will not be optimal based on overall risk and cost considerations.

External environment

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

Knowledge resources

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

Corporate social responsibility

The statutory statement of corporate social responsibility and statement on the underrepresented gender appear on pages 28 - 44.

Expected development

For the year ahead, The Group expects to realise a profit in line with the 2019/20 level provided that the financial markets evolve normally as well as a limited severity of the impact from COVID-19.

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 Anpartsselskabet af 31/8 1984 II for the financial year 1 September 2019 – 31 August 2020.

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 2020 and of the results of the Parent Company and the Group operations and cash flows for 2019/20.

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, 28 January 2021

Executive Board

Jesper Lund Carsten Iversen

Independent Auditor's Report

To the shareholders of Anpartsselskabet af 31/8 1984 II

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 2020, 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 2019 - 31 August 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Anpartsselskabet af 31/8 1984 II for the financial year 1 September 2019 - 31 August 2020, 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 of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Independent Auditor's Report

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 28 January 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne 26783

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

		Parent company		Group	
	Note	2019/20	2018/19	2019/20	2018/19
Revenue	1	**0**	**0**	**8.431.936**	**8.249.431**
Cost of sales		0	0	-4.560.097	-4.284.017
Other operating income		0	0	85.897	64.423
Other external cost	2	-234	-234	-1.534.235	-1.614.515
Gross Profit		**-234**	**-234**	**2.423.500**	**2.415.322**
Staff expenses	3	0	0	-1.666.632	-1.563.429
Depreciation and amortisation		0	0	-164.692	-126.406
Other operating expenses		0	0	-19.851	-34.806
Profit before financial items		**-234**	**-234**	**572.326**	**690.681**
Result from subsidiaries	8	383.791	503.584	0	0
Financial income		8.294	0	12.254	32.524
Financial expenses		0	-3	-16.883	-1.138
Profit before tax		**391.851**	**503.347**	**567.695**	**722.068**
Tax on profit for the year	4	0	5.726	-175.844	-212.995
Result for the year		**391.851**	**509.073**	**391.851**	**509.073**

Distribution of profit 5

Balance sheet at 31 August (DKK '000)

Assets

	Note	Parent company 2020	Parent company 2019	Group 2020	Group 2019
Software		0	0	44.366	16.326
Intangible assets	6	**0**	**0**	**44.366**	**16.326**
Land and buildings		0	0	445	523
Fixtures and fittings, tools and equipment		0	0	403.082	298.101
Leasehold improvements		0	0	308.755	306.100
Assets under construction		0	0	9.674	6.241
Tangible assets	7	**0**	**0**	**721.956**	**610.965**
Investments in subsidiaries	8	3.423.479	4.760.108	0	0
Fixed asset investments		**3.423.479**	**4.760.108**	**0**	**0**
Fixed assets		**3.423.479**	**4.760.108**	**766.322**	**627.291**
Commercial products		0	0	955.538	1.184.036
Inventories		**0**	**0**	**955.538**	**1.184.036**
Trade receivables		0	0	57.656	7.487
Receivables from subsidiaries		1.724.853	0	0	0
Corporation tax		0	5.726	35.541	137.904
Deferred tax	9	0	0	835.171	995.894
Other receivables		0	0	1.321.535	203.450
Prepayments	10	0	0	10.343	7.075
Receivables		**1.724.853**	**5.726**	**2.260.246**	**1.351.811**
Securities		**0**	**0**	**1.789.727**	**1.716.778**
Cash at bank and in hand		**5.726**	**0**	**874.083**	**570.602**
Current assets		**1.730.579**	**5.726**	**5.879.594**	**4.823.227**
Assets		**5.154.058**	**4.765.834**	**6.645.916**	**5.450.519**

Balance sheet at 31 August (DKK '000)

Liabilities

		Parent company		Group	
	Note	2020	2019	2020	2019
Share capital		12.000	12.000	12.000	12.000
Reserve for net revaluation according to the equity method		632.718	1.969.346		
Retained earnings		4.508.369	2.783.531	5.141.087	4.752.877
Equity		**5.153.087**	**4.764.877**	**5.153.087**	**4.764.877**
Credit institutions		0	0	59.436	68.709
Trade payables		0	0	630.679	521.835
Payables to subsidiaries		0	219	0	0
Other payables		971	737	801.687	95.098
Accrued expenses		0	0	1.028	0
Short-term debt		**971**	**957**	**1.492.830**	**685.642**
Debt		**971**	**957**	**1.492.830**	**685.642**
Liabilities and equity		**5.154.058**	**4.765.834**	**6.645.916**	**5.450.519**
Contractual obligations	11				
Contingent liabilities	12				
Related parties and ownership	13				

Statement of changes in equity (DKK '000)

	Parent company		Group	
	2020	2019	2020	2019
Equity				
Opening at 1st September	4.764.877	4.255.161	4.764.877	4.255.161
Result for the year	391.851	509.073	391.851	509.073
Exchange adjustment on foreign subsidiaries	-3.641	643	-3.641	643
Equity at 31st August	**5.153.087**	**4.764.877**	**5.153.087**	**4.764.877**
Specified as follows:				
300 A-shares	300	300	300	300
10,800 B-shares	10.800	10.800	10.800	10.800
900 C-shares	900	900	900	900
Share capital at 31st August	**12.000**	**12.000**	**12.000**	**12.000**
Opening at 1st September	1.969.346	1.465.119		
Value adjustment for the year	-1.336.628	504.227		
Reserve for net revaluation according to the equity method at 31st August	**632.718**	**1.969.346**		
Opening at 1st September	2.783.531	2.778.042	4.752.877	4.243.161
Adjustment for the year	1.728.479	4.846	391.851	509.073
Exchange adjustment on foreign subsidiaries	-3.641	643	-3.641	643
Retained earnings at 31st August	**4.508.369**	**2.783.531**	**5.141.087**	**4.752.877**
Equity at 31st August	**5.153.087**	**4.764.877**	**5.153.087**	**4.764.877**

Consolidated Cash Flows (DKK '000)

	Note	2019/20	2018/19
Profit for the year		391.851	509.073
Adjustments	14	343.343	308.745
Change in working capital	15	350.738	-3.635
Cash flows from operating activities before financial items		1.085.932	814.183
Financial income		12.254	10.292
Financial expenses		-4.027	-1.138
Cash flows from ordinary activities		1.094.157	823.337
Corporation tax paid/received		86.819	-117.055
Cash flows from operating activities		**1.180.976**	**706.282**
Purchase of intangible assets		-38.394	-21.054
Purchase of tangible assets		-273.977	-270.354
Sale of intangible assets		0	36.343
Sale of tangible assets		7.254	8.894
Acquisition/sale of securities, net		-85.805	-1.277.800
Cash flows from investment activities		**-390.922**	**-1.523.971**
Proceeds/repayment borrowings		409.415	0
Change in credit institutions		-9.273	24.720
Increase/decrease instrument of debt		0	670.000
Cash flows from financial activities		**400.142**	**694.720**
Changes in cash and cash equivalents		**1.190.196**	**-122.969**
Cash and cash equivalents at 1st September		571.691	694.660
Cash and cash equivalents at 31st August		**1.761.887**	**571.691**
Cash and cash equivalents are specified as follows:			
Cash pool		887.804	1.089
Cash at bank and in hand		874.083	570.602
Specification cash and cash equivalents at 31st August		**1.761.887**	**571.691**

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2019/20	2018/19	2019/20	2018/19
1	**Revenue**				
	Revenue is distributed on the following main markets:				
	Germany	0	0	8.431.936	8.249.431
		0	**0**	**8.431.936**	**8.249.431**
2	**Fees to the auditors appointed at the annual general meeting**				
	PricewaterhouseCoopers				
	Auditfee	119	119	159	159
	Tax advisory services	23	23	31	31
	Other non-audit services	39	60	52	73
		181	**202**	**241**	**263**
	Other auditors				
	Auditfee	0	0	451	548
	Tax advisory services	0	0	501	430
	Other non-audit services	0	0	185	30
		0	**0**	**1.137**	**1.008**
3	**Staff expenses**				
	Salaries and wages	0	0	1.218.917	1.188.402
	Pensions	0	0	129.800	113.487
	Other social security costs	0	0	317.915	261.541
		0	**0**	**1.666.632**	**1.563.429**
	Average number of employees	0	0	6.282	6.145

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2019/20	2018/19	2019/20	2018/19
4	**Tax on profit for the year**				
	Current tax for the year	0	-5.726	25.757	53.714
	Deferred tax for the year	0	0	158.669	159.281
	Tax concerning previous years	0	0	-8.581	0
	Tax on profit for the year	**0**	**-5.726**	**175.844**	**212.995**
5	**Distribution of profit**				
	Proposed distribution of profit				
	Retained earnings	1.728.479	4.846	391.851	509.073
	Reserve for net revaluation according to the equity method	-1.336.628	504.227	0	0
		391.851	**509.073**	**391.851**	**509.073**

6 Intangible assets

	Software
Group	
Cost at 1st September	73.283
Exchange adjustment at 1st September	-220
Addition	38.394
Cost at 31st August	111.456
Depreciation at 1st September	56.957
Exchange adjustment at 1st September	-94
Depreciation	10.253
Exchange adjustment on movement	-26
Depreciation at 31st August	67.090
Booked value at 31st August	44.366
Depreciated over	3 - 5 years

Notes to the Annual Report (DKK '000)

7 Tangible assets

	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improve- ments	Assets under construction
Group				
Cost at 1st September	1.143	738.772	702.459	6.241
Adjustment to opening	0	-9	11	0
Exchange adjustment at 1st September	-2	-1.544	-1.241	-10
Addition	0	204.124	66.404	3.449
Transfer	0	-3	3	0
Disposals	0	-78.067	-34.709	0
Cost at 31st August	1.141	863.273	732.927	9.680
Depreciation at 1st September	620	440.672	396.359	0
Adjustment to opening	0	-13	14	0
Exchange adjustment at 1st September	-1	-779	-728	0
Depreciation	77	93.512	60.850	0
Depreciation of disposals	0	-73.200	-32.322	0
Depreciation at 31st August	696	460.191	424.173	0
Booked value at 31st August	**445**	**403.082**	**308.754**	**9.680**
Depreciated over	25 years	4 - 5 years	Rental period	

Notes to the Annual Report (DKK '000)

8 Investments in subsidiaries

	2020
Cost at 1st September	2.790.761
Cost at 31st August	2.790.761
Value adjustment at 1st September	1.969.347
Exchange adjustment on foreign subsidiaries	-3.642
Dividend	-1.716.778
Result for the year	383.791
Value adjustment at 31st August	632.718
Investments in subsidiaries	**3.423.479**

Specified as:

	Ownershare
Anpartsselskabet af 31/8 1984, Aarhus	100%
Dänisches Bettenlager GmbH, Tyskland	100%
Dänisches Bettenlager GmbH & co KG, Tyskland	100%
JYSK DBL GmbH, Handewitt, Tyskland	100%

	Parent company		Group	
	2020	2019	2020	2019
9 Deferred tax				
Intangible assets	0	0	835.171	995.894
	0	**0**	**835.171**	**995.894**

10 Prepayments

Prepayments comprises prepaid expenses relating to rent etc.

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2020	2019	2020	2019
11	**Contractual obligations**				
	Rental obligations	0	0	1.766.732	2.059.074
	Lease obligations	0	0	22.457	14.624
12	**Contingent liabilities**				
	Guarantees	0	0	14.624	12.686

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

LLG A/S has entered into a cash pool agreement for Lars Larsen Group. As per 31 August 2020 the withdrawal was MDKK 7. As participant in the cash pool agreement Anpartsselskabet af 31/8 1984 II has issued a guarantee towards credit institutions.

Anpartsselskabet af 31/8 1984 II has provided garantee for max. TDKK 20.000 for the OTC frame in Anpartsselskabet af 31/8 1984. As per 31 August 2020, there has been deducted TDKK 0.

13 Related parties and ownership

Controlling interest	Basis
The estate after Lars Larsen, Rådhuspladsen 3, DK-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	
		2019/20	2018/19
14	**Cash flow statement - adjustments**		
	Financial income	-12.254	-32.524
	Financial expenses	16.883	1.138
	Depreciation and amortisation	164.692	126.406
	Tax on profit/loss for the year	175.844	212.995
	Other adjustments	-1.824	730
		343.343	**308.745**

15	**Cash flow statement - change in working capital**		
	Change in inventories	228.498	33.001
	Change in receivables	-50.169	-587
	Change in other receivables	-610	-44.893
	Change in prepayments and accrued expenses	-2.240	-2.255
	Change in trade payables	108.844	18.535
	Change in other payables	66.413	-7.436
		350.738	**-3.635**

Accounting Policies

Basis of Preparation

The Annual Report of Anpartsselskabet af 31/8 1984 II for the financial year 1 September 2019 to 31 August 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2019/20 are presented in TDKK.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Anpartsselskabet af 31/8 1984 II, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The financial statements applied for the Group's Annual Report have been prepared in accordance with the accounting policies of the Group.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Accounting Policies

Recognition and measurement (continued)

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

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

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Exchange gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

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

Segment reporting

The Group's primary activity consists of retail trade and, therefore, the Annual Report contains in its entirety information about this segment. There are no other material activities.

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.

Revenue for the parent company incurred in connection with the purchase of commercial products.

Revenue for the parent company is recognized as result from subsidiaries, result from associated companies and result from other investments.

Cost of sales

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

Other operating income and expenses

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

Other external expenses

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

Staff expenses

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

Depreciation and amortisation

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

Accounting Policies

Result from subsidiaries companies

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

Financial income and expenses

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

Tax on profit for the year

Tax for the year consists of current tax for the year and any changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

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

Balance Sheet

Intangible assets

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

Software is amortised over 3 – 5 years.

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.

Accounting Policies

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:

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

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

Investments in subsidiaries

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

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

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

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

Deposits

Deposits are recognised and measured at cost.

Inventories

Inventories are measured at the lower of cost under the average cost formula and net realisable value. The net realisable value of inventories is calculated at the total of future sales revenue which the inventories are expected to generate at the balance sheet date in the process of normal operations allowing for marketability, obsolescence and development in expected selling price with deduction of selling expenses expected to be incurred to realise the sale.

The cost of goods for resale equals landed cost.

Accounting Policies

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.

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.

Accounting Policies

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.

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 investment activities

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

Accounting Policies

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Ratios are calculated as follows:

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

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

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

Statutory Statement of Corporate Social Responsibility

Anpartsselskabet af 31/8 1984 II A/S

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 Anpartsselskabet af 31/8 1984 II A/S, covering the financial year of 01.09.2019 – 31.08.2020. From hereinafter, this report is discussed as our sustainability report.

Lars Larsen Group

Lars Larsen Group is owned by the Brunsborg Family, and named after the founder of JYSK, Lars Larsen. We are active within a broad range of business areas as majority owner and investor.

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.

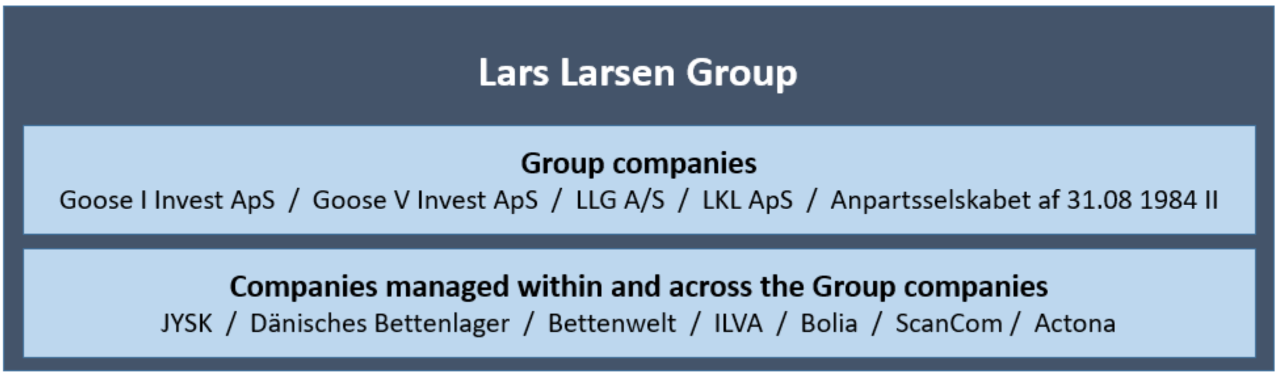
The way we do business in Lars Larsen Group is anchored with the family values; Tradesmanship, Responsibility and Growth.

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

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

With reference to our annual reporting cf. The Danish Financial Statements Act §99a and §99b, below scheme presents an overall view of companies included in our sustainability reports.

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



Lars Larsen Group sustainability strategy

During this financial year, Lars Larsen Group introduced a sustainability strategy, which communicates how we address sustainability through majority ownership and investments.

The strategy is founded on our shared values; Tradesmanship, Responsibility, and Growth. Moreover, the central core of the strategy is the commitment that all companies have to comply with Lars Larsen Group Employee Code of Conduct and to work actively to implement our shared group sustainability policies. Moreover, anchored with the headline “cross-company-initiatives”, we have identified three areas, where we expect our companies to work together to reach a set of shared targets. These areas cover;

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

The strategy will have effect as of financial year 2020/2021.

Dialogue is the way forward

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

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

Highlights in financial year 2019/2020 across companies owned by Lars Larsen Group;

Whistleblower service;

Lars Larsen Group Whistleblower service was implemented during the spring of 2019. The Whistleblowing service is an early warning system to reduce risks. It is an important tool to foster high ethical standards and maintain confidence in us. Inquiries that will be processed through our Whistleblowing service are scoped to concern employees and other persons who act directly on behalf of companies within Lars Larsen Group.

During financial year 2019/2020, we evaluated our work with the Whistleblowing service. Based on our evaluation, which included both the case management of reports as well as new legislation affecting us in the near future, it was decided to broaden the scope. With effect from September 2020, the Whistleblowing service would enable case management of reports within the following scope. "*Concerns of suspected violations of the Lars Larsen Group Employee Code of Conduct, criminal acts, other serious matters that can have a serious effect on the company and its reputation, as well as matters that may have a significant impact on a person's life or health"*.

During financial year 2019/2020 all board members, management, and employees in the companies owned by Lars Larsen Group, were informed of the new scope, with effect from September 2020.

During the financial year, Lars Larsen Group received five reports.

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

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 companies within Lars Larsen Group.

In order to be able to track improvements related to reducing CO2 emission, we established a baseline together with MAERSK. MAERSK delivered data on the total number of 40 foot containers delivered and the total CO2-emission caused by the transport.

From 1 September 2019 to 31 August 2020 MAERSK shipped 50.933 40 foot containers for Lars Larsen Group, and the total CO2-emissions from these transports were 43.829,100 tons equal to 861 kilo of CO2 per container.

The comparable number for FY19 where 51.669 containers and 44.002 tons of CO2 equaling 852 kilo of CO2 per container.

By exclusively choosing MAERSK for shipping, JYSK have saved 8.084 tons of CO2 compared to the average carrier emissions, based on numbers from Clean-cargo org. Further information can be found at https://www.clean-cargo.org/data-methods.

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

Lars Larsen Group and JYSK Head Office;

During this financial year, we started the building process of expanding the head office of Lars Larsen Group and JYSK (housing employees of LLG A/S and JYSK).

The existing head office will be expanded by close to 6,000m2, split on two new buildings.

The buildings are constructed in accordance with a DGNB[1] certification and the aim is to reach a gold certification.

With this certification, we look into the global and local environmental impact of the construction. This is done by making a life cycle assessment (LCA) of the building as well as looking into environmental risks and impact of the building material.
Moreover, in the design of the building, there is a great focus on resource consumption and waste, so that the building has a low energy and domestic water consumption. The new buildings will have close to 300m2 solar power cells installed.

The new buildings are expected to be taken into use during the spring of 2022.

The Report

During this financial year, JYSK Nordic, Dänisches Bettenlager and Bettenwelt have initiated a process towards merging their business activities, to operate united under the name of JYSK. Only exception are the stores in Germany, which will keep the name of Dänisches Bettenlager[2]. Nonetheless, the stores of Dänisches Bettenlager will be included by JYSK group strategy, business activities etc.

JYSK is the name of an operational company (not a legal entity) that transcends the Groups of LLG A/S, LKL ApS, and Anpartsselskabet af 31.8 1984 II.
This merger within JYSK, includes an alignment of strategy, policies, procedures and business activities. Naturally, this is an extensive transformation, affecting many business areas for some time to come. Going forward, Executive Management Team of JYSK, located at the Danish head office, will decide the strategic direction for JYSK. The alignment of strategy and business activities will, as a natural consequence, be reflected in the data communicated in these sustainability reports.

[1] Deutsche Gesellschaft für Nachhaltiges Bauen
[2] Dänisches Bettenlager stores are included in the Group annual report for Anpartsselskabet af 31.8 1984 II

This sustainability report for the group company, Anpartsselskabet af 31/8 1984 II, is based on data related to the German retail unit of JYSK, i.e. Dänisches Bettenlager (DBL).

Report Structure

About the company

- Business model
- Risks
- Due Diligence

Code of Conduct

Group Policies

Reporting on §99b (Board composition)

KPI overview

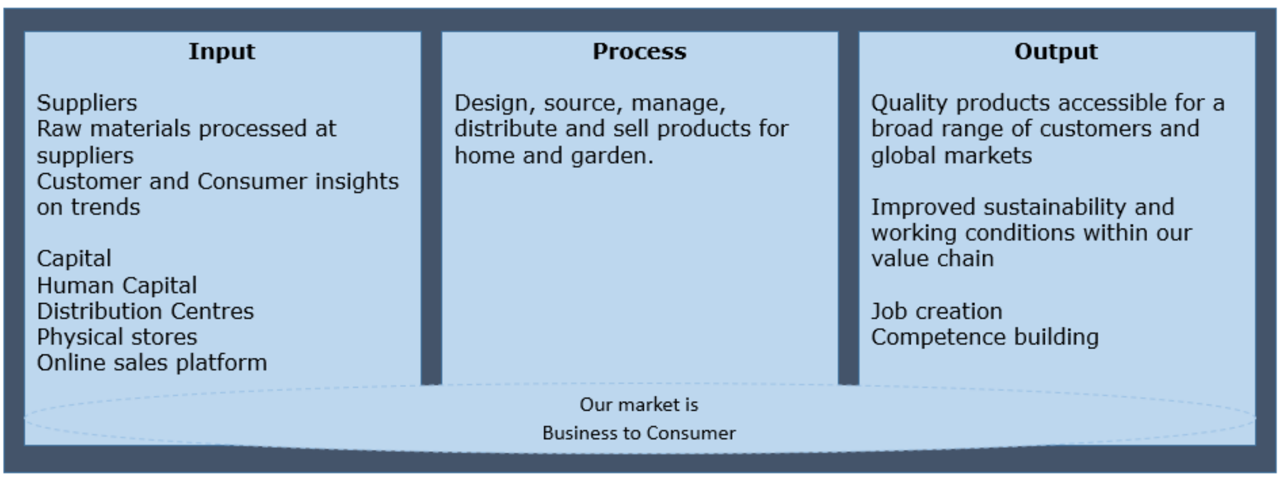
About the company

Dänisches Bettenlager is the German retail organisation of the furniture company, JYSK, i.e. the stores located in Germany. Primary focus is on business-to-consumer markets. Business activities include to; source, design, manage, distribute and sell products for home and garden.

Business model

The following model illustrates a business model for Anpartsselskabet af 31/8-1984 II. Included by below model, is the organisational and strategic ownership of Dänisches Bettenlager with JYSK.

Figure 2 Business Model, Anpartsselskabet af 31/8-1984 II



Risks

Below scheme, presents an overview of identified main risks, impact, and action related to each of the policy[3] areas covered by this report. Included by below scheme, is the organisational and strategic ownership of Dänisches Bettenlager with JYSK.

Policy	What is the risk?
Environment and Climate	Sustainable sourcing is a significant focus area. If we do not integrate sustainability within the choice of raw material, both in regards to sourcing and processing of raw material, there is a risk of contributing to a negative climate impact.
Human Rights	We have a truly global presence. We are present in risk countries with own business units as well as through our supplier network. Particularly in risk countries, there is a risk, within our industry, to be involved with non-compliance of Human Rights and/or Labour Rights.
Social and Employee	Employees are the greatest asset of the group. If we fail to provide a safe workplace and a business environment, where employees experience job satisfaction as well as the opportunity to develop personally and professionally, it will have a significant negative effect on our business.
Anti-Corruption and Bribery	A global presence as well as increasing legislation within this area requires a strong focus on compliance with all areas of business ethics. Neglecting to integrate this topic with relevant business procedures, will expose our company to significant risk.

Policy	What is the impact?
Environment and Climate	Inadequate due diligence, supplier requirements, traceability, and auditing my lead to significant negative impact on environment and climate. Long term risk is lack of raw material due to unsustainable management of supply chain.
Human Rights	Inadequate due diligence, supplier requirements and auditing may lead to violation of Human Rights and/or Labour Standards, with severe negative effect on the local communities within our supply chain. Such violation would also expose our company to severe negative impact on our company image.
Social and Employee	Inadequate procedures regarding work safety, work satisfaction and development may lead to long term negative effect on our employees. Moreover, if employee competences are not developed in a direction and pace that correspond with customer and market demands, there is a risk that our company will loose customers.
Anti-Corruption and Bribery	Involvement with non-compliance related to Anti-Corruption and Bribery will expose our company to both direct and indirect financial loss. Direct loss is e.g. through fines and indirect loss is e.g. through severe negative impact on our company image.

Policy	What is the action?
Environment and Climate	Ongoing implementation of supplier Code of Conduct and other relevant supplier requirements. Ongoing focus to increasingly source more sustainable raw material.
Human Rights	Ongoing implementation of supplier Code of Conduct and thorough follow up via BSCI managed compliance audits. Continuous implementation of Human Rights policy.
Social and Employee	Thorough and systematic work with health and safety. Ensure that HR processes will support employee satisfaction and competence development. This should be done in a way that will both benefit employees as well as ensure that competences within the company will develop in accordance with customer and market demands.
Anti-Corruption and Bribery	Thorough implementation of Anti-Corruption and Bribery policy and procedures, including systematic risk assessment to ensure that our efforts will match the risk profile. Ongoing awareness and information on rules and requirements is key to avoid incidents of non-compliance.

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

Due Diligence

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

Common for the companies within Lars Larsen Group, included by our annual sustainability reporting, 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.

Figure 3 Due Diligence

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

Code of Conduct and Group Policies

Lars Larsen Group Employee Code of Conduct communicates 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.

This sustainability report will present a policy excerpt for each of the group policies, shared by all companies. Following the policy excerpt, the report will present individual reporting on implementation of the respective policy and the results achieved by each respective company. Where relevant, the report will comment on initiatives addressed both internally and externally.

Environment and Climate

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

We aim to have environment and climate considerations incorporated as an integral part of business activities, striving to reduce the negative impact of our business activities.

Our Environment and Climate policy is supported by initiatives defined within the individual companies, including company specific actions to reduce CO2 emissions.

Common for the companies included by this annual 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 our group 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, Dänisches Bettenlager

Internal focus;

JYSK has made sustainability the sixth pillar of the company strategy and employed a Sustainability Manager to be part the CSR department. One of the main goals of this is to do a full mapping of JYSK´s global footprint, including a full GHG mapping.

Moreover, during this financial year, JYSK finalized the company´s FSC-strategy making it possible to publicly state the ambition of making sure that all JYSK products will be made from FSC-certified wood by 1 January 2025.

Within this financial year, 100% of the wooden garden furniture, except for bamboo, purchased for JYSK is FSC certified (FSC® N001715) and (FSC® N001596).

Moreover, 7,17 % of indoor furniture for JYSK (DBL region) is FSC certified.

JYSK also made a new packaging design, which will reduce the use of packaging material and make it possible for JYSK to demand that all cardboard used for packaging of JYSK products should be FSC-certified by 1 January 2025.

During the financial year JYSK also decided on a new plastic strategy. The aim of this strategy is to limit the number of plastic types used by JYSK and to gradually out-phase the use of flamingo totally. By using fewer types of plastic JYSK wants to decrease complexity when handling waste and increase recycling of plastic.

Furthermore, JYSK introduced a number of new products made from recycled materials. This includes boxes made from recycled plastic. Duvets made from recycled plastic and recycled cotton, and a chair made partly from recycled plastic.

JYSK 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.

One of the issues faced by JYSK is also to ensure that resources do not go to waste in situations where JYSK has had a product produced and delivered, and then discovering that the product does not live up to JYSK´s requirements regarding product quality.

In these situations, JYSK will try to dispose of the products as environmentally friendly as possible. A good example of that is JYSK´s newly established cooperation with clothing designer Clara Hjelt. She has in several occasions, received bed linen from JYSK, which she has upcycled into clothes, and then sold this clothes on her website.

Energy optimisation is another core focus area. JYSK has optimized light sources in stores with more energy-efficient LED 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 close to 350 JYSK stores (DBL region) have LED light sources. Distribution Centres also have LED implemented.

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

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.

Lastly, regarding environment and climate, transport is categorised as a ‘high risk industry’. Therefore, JYSK performs a proportional due diligence before entering agreements on transportation.

External focus;

External focus on Environment and Climate is addressed via the membership of Amfori BSCI[4]. The BSCI Supplier Code of Conduct requires suppliers to comply with local environmental regulations. Environmental impacts such as wastewater treatment and chemical storage are included in supplier audits. Moreover, during this financial year, JYSK has initiated a project to strengthen environment and climate requirements towards suppliers. More specifically, selected suppliers will be audited based on a standard referred to as BEPI, which is an environment and climate branch of Amfori BSCI. During this financial year, ten suppliers have been selected for the BEPI program. It is the expectation that more suppliers during the coming years will be included, equally to the Amfori BSCI process.

Human Rights

Lars Larsen Group respect Human Rights. We accept the responsibility we have towards our employees and the communities in which we operate, and we expect the same of suppliers.

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

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

Human Rights related processes are primarily anchored with Human Resource departments as well as with Health and Safety departments.

Safety of the employees is a core focus for all companies within Lars Larsen Group. Health and Safety departments are responsible for systematic training and control of adequate safety procedures to meet respective risk 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. Included in this report, are data on accidents based on below definitions.

- Work accidents with one or more days of absence, other than the day of the accident
- Work accidents per million hours worked (accident frequency)

Common for the companies encompassed by this annual report, is also 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.

Compliance audits are performed by third party auditors, 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 that conditions are improved to a satisfactory level. The ambition by Amfori BSCI is to drive improvements within our global supply chain. Thus, significant resources are invested in supporting such progress, rather than leaving a supplier, who initially may not meet the requirements. Only in cases, where a supplier is reluctant to cooperate to reach a satisfactory compliance level, the cooperation with the supplier will be terminated.

Policy implementation and progress

JYSK, Dänisches Bettenlager

Internal focus;

JYSK has continued the work to implement 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 JYSK is present.

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

Distribution Centre	Accidents with absence, 2018/2019[5]	Accidents with absence, 2019/2020
Kammlach	1	4
Zarrentin	9	18
Homberg	10	6
Valencia	1	4

Distribution Centre	Accident frequency, 2018/2019[6]	Accident frequency, 2019/2020
Kammlach	NA	9,83
Zarrentin	NA	32,96
Homberg	NA	17,08
Valencia	NA	46,82

Moreover, JYSK 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.

External focus;

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

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

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

All suppliers[7] accept the Supplier Code of Conduct, when they sign a supplier contract. During this financial year, 75% 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.

During the last couple of years, criteria in regards to auditors activating the zero-tolerance protocol have been adjusted. Up until now, proof of violations were necessary to activate the protocol, while

[5] Accidents with one or more days of absence, other than the day of the accidents
[6] Accidents per million hours worked
[7] Direct suppliers, first tier

as of now a suspicion of violations is enough. As a result, we have experienced a few more cases on zero tolerance this year. In all cases, remediation groups were established to cooperate on an improvement plan.

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

Integration of the BSCI efforts internally is essential. Therefore, JYSK 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, purchase-employees will enter into dialogue with suppliers, where improvement is encouraged. 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.

Social and Employee Terms

Lars Larsen Group 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[8] 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 (ESS), 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, Dänisches Bettenlager

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

Every two years, an employee satisfaction survey (ESS) is conducted, by an external partner, to invite employees to express their views. The findings of the survey enable JYSK to understand where to take measures to increase satisfaction and loyalty.

[8] International Labour Organisation

The results of the ESS are communicated to managers. Managers can then work with an action plan in an online module.

The latest survey for JYSK DBL region was performed in 2018 and the response rate of this survey had improved compared to the previous survey. Going forward, JYSK DBL region will be included by the ESS process performed by JYSK. Next ESS is planned for 2022.

In addition to the employee satisfaction survey, JYSK performs annual employee-appraisal 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 and goals are aligned and clear for each employee.

As a big company JYSK has a natural obligation to contribute to society in many ways. Of course this includes paying taxes and creating safe and attractive jobs, but it also includes contributing by donating money or products for organisations or people in need.

All country organisations at JYSK are encouraged to cooperate with local charities, across the countries, where JYSK operates. We are engaged in a number of different initiatives including donations for Danmarks Indsamling, DanChurch Social, UNICEF, Hopes and Homes for Children and much more.

During this financial year, JYSK also participated in a project related to planting trees, and a number of our country organisations also helped hospitals or municipalities struggling with coronavirus by providing, pillows, duvets, blankets or other products needed to ensure that all patients were treated well.

Anti-Corruption and Bribery

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

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

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

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

Policy implementation and progress

JYSK, Dänisches Bettenlager

At JYSK, the responsibility to implement the Anti-Corruption and Bribery policy, as well as related company policies and procedures, is managed from the Group Finance department at the 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 approach, relevant policies are implemented in the introduction program for a selected group of new employees.

Anti-Corruption risk assessment is performed annually, most recently within this financial year. 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.

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

Anti-corruption initiatives are managed in 2 levels.

1. Group head office is responsible of identifying and communicating high risk countries and industries to country management
2. Based on risk assessment, by Group head office, country management will initiate proportional and reasonable procedures

If Group head office have classified a country and/or industry as 'high risk', local management is responsible of matching the risk with proportionally efforts in e.g. training in JYSKs anti-bribery policy, security screenings, background checks, controlling activities etc.

JYSK has an annual strategy kick-off for all managers, in all countries, where Anti-Corruption information are presented to s selected group of employees. However, due to Covid-19 this event has been cancelled for this financial year. Information on this topic has been directed to employees via other channels, including by written format.

Moreover, during this financial year, JYSK DBL region have prepared to integrate business processes with JYSK. Also, JYSK DBL region have been working to implement a shared it-platform enabling access to written guidelines for employees regarding travel, representation and gifts with JYSK.

Gender Equality

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 always 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, Dänisches Bettenlager

As part of JYSK's internal career paths, JYSK works with the performance management programs to secure the internal pipeline. The purpose of these programs are 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 the performance management programs, potential leaders are identified and selected for development programs at different levels within the organisation.

At JYSK, the goal is to secure a 90% internal pipeline. That means that JYSK want 90% of the managers in JYSK to be trained and developed internally. To be able to do that, JYSK follow up on each employee from the moment they start to work in JYSK.

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

Moreover, JYSK work with an HR module, which enables the Human Resource department to follow up systematically on timely performance of the annual employee-manager dialogue.

At JYSK DBL Region, JYSK Values & Leadership training was rolled out as a result of the merger between business units. Starting with training sessions for employees at the Regional Head Office and the retail managers, the training was then passed on to 970 German store managers. By the end of March, store trainings took place, and close to 6,800 employees of the retail organisation were trained in JYSK Values & Leadership.

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

JYSK Management	Gender composition FY 2019/2020
Executive Management Team	100% male employees
JYSK management team[9]	Close to 80% male employees and 20% female employees
Store manager level (Nordic Region countries)	Close to 50% male employees and 50% female employees
Store manager level (DBL Region countries)	43% male employees and 57% female employees

[9] JYSK management team, including Directors and Department Heads

JYSK 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.

Reporting on §99b (Board composition)

During the last two financial years, Lars Larsen Group have implemented substantial organizational changes, the most significant change being the generational handover from founder, Lars Larsen to the next generation of the family.

In June 2019, after more than 40 years of managing JYSK and Lars Larsen Group, Lars Larsen decided to step back as Chairman of the Board of Lars Larsen Group.

Jacob Brunsborg took over the position as Chairman of the Board of Lars Larsen Group, LLG A/S (former JYSK Holding A/S).

Moreover, by February 2020, Jesper Lund was appointed President and CEO of Lars Larsen Group, taking over after CEO, Hans Henrik Kjølby.

The top management of Anpartsselskabet af 31/8 1984 II 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 top management when this consists of less than 3 persons.

Anpartsselskabet af 31/8 1984 II has less than 50 employees. Therefore, no target and no further reporting on the policy on Gender Equality at Anpartsselskabet af 31/8 1984 II is included by this report.

KPI overview

Dänisches Bettenlager	KPI status
Zero accidents	KPI not achieved[10]
By 2022, we aim to have LED implemented in all our buildings in all countries	In progress. 350 stores have LED (DBL region)
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI not achieved. Will be included by JYSK ESS by 2022.

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