J.S. Reklame, Århus ApS

Sødalsparken 18, 8220 Brabrand

CVR No 70 99 02 10

Annual Report 2017/18

(Annual year 1/9 – 31/8)

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

Uffe Baller
Chairman

Contents

Company Information

The Company	J.S. Reklame, Århus ApS Sødalsparken 18 DK-8220 Brabrand CVR No 70 99 02 10 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Board of Directors	Hans Henrik Kjølby Lars Larsen
Executive Board	Lars Larsen
Lawyers	Interlex Advokater Mariane Thomsens Gade 1C, 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)

	2017/18	2016/17
Key figures		
Income Statement		
Revenue	1.807.899	1.259.068
Profit before financial items (EBIT)	17.555	58.752
Net financials	242.227	217.835
Result for the year	242.140	257.244
Balance sheet		
Balance sheet total	2.344.564	2.280.931
Equity	1.992.851	1.768.522
Cash flow statement		
Investment in tangible assets	6.644	3.620
Ratios		
Return on assets	0,7%	2,6%
Solvency ratio	85,0%	77,5%
Return on equity	12,9%	15,7%
Number of employees	1.349	1.243

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 and associates as well as current asset investments. The Group's main activities are carried out in subsidiaries producing and selling high-quality furniture to retailers all over the world.

Development in the financial year

Group revenue amounts to DKK 1.807.899k compared to DKK 1.259.068k in financial year 2016/17.

Profit before financial income and expenses amounts to DKK 17.555k compared to DKK 58.752k in 2016/17.

Profit for the year after tax amounts to DKK 242.140k compared to DKK 257.244k in 2016/17. The result is satisfying and in conjunction with management expectations.

Special risks

The Group's activities abroad imply that profit, cash flows and equity are affected by the development in exchange and interest rates of a number of currencies. Currency risks relating to investments in foreign subsidiaries and associates are, as a main rule, not hedged as, in the Company's opinion, current currency hedging of such long-term investments will not be optimal based on overall risk and cost considerations.

External environment

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

Knowledge resources

The Group develops competent employees to undertake operational and management tasks in the Group's production facilities 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 appears on page 32-42.

Expected development

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

Subsequent events

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

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of J.S. Reklame, Århus ApS for the financial year 1 September 2017 – 31 August 2018.

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

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

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, 31 January 2019

Executive Board

Lars Larsen

Board of Directors

Hans Henrik Kjølby

Lars Larsen

Independent Auditor's Report

To the shareholders of J.S. Reklame ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2018, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2017 - 31 August 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of J.S. Reklame, Århus ApS for the financial year 1 September 2017 - 31 August 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Independent Auditor's Report

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

Aarhus, 31 January 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Jesper Lund
State Authorised Public Accountant
mne10845

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

		Parent company		Group	
	Note	2017/18	2016/17	2017/18	2016/17
Revenue	1	**0**	**0**	**1.807.899**	**1.259.068**
Cost of sales		0	0	1.407.674	935.246
Other operating income		0	0	5.451	2.625
Other external cost	2	403	590	129.057	87.279
Gross Profit		**-403**	**-590**	**276.618**	**239.169**
Staff expenses	3	0	0	165.465	121.443
Depreciation and amortisation		0	0	69.939	58.974
Other operating expenses		0	0	23.659	0
Result before financial items		**-403**	**-590**	**17.555**	**58.752**
Result from subsidiaries	10	-4.786	28.429	0	0
Result from other investments	12	246.937	221.099	246.937	221.099
Financial income	4	1.358	2.930	1.117	1.790
Financial expenses	5	434	458	5.827	5.054
Result before tax		**242.673**	**251.409**	**259.782**	**276.586**
Tax on profit for the year	6	-115	2.561	-17.642	-19.342
Result for the year		**242.558**	**253.972**	**242.140**	**257.244**
Distribution of profit	7				

Balance sheet at 31st August (DKK '000)

Assets		Parent company		Group	
	Note	2018	2017	2018	2017
Software		0	0	0	10.610
Goodwill		0	0	117.872	166.823
Intangible assets	8	**0**	**0**	**117.872**	**177.433**
Land and buildings		0	0	102.560	113.821
Fixtures and fittings, tools and equipment		0	0	7.461	5.399
Trucks and cars		0	0	233	46
Leasehold improvements		0	0	400	377
Tangible assets	9	**0**	**0**	**110.654**	**119.643**
Investments in subsidiaries	10	198.426	218.360	0	0
Receivables from subsidiaries	11	50.268	106.956	0	0
Other investments	12	1.562.534	1.328.144	1.562.534	1.328.144
Deposits	13	0	0	5.664	10.720
Fixed asset investments		**1.811.228**	**1.653.460**	**1.568.198**	**1.338.864**
Fixed assets		**1.811.228**	**1.653.460**	**1.796.725**	**1.635.941**
Commercial products		0	0	122.427	210.226
Inventories		**0**	**0**	**122.427**	**210.226**
Trade receivables		0	0	177.268	206.916
Receivables from subsidiaries		303	680	0	0
Corporation tax		0	6.258	434	8.799
Other receivables		205.105	117.051	223.160	129.505
Prepayments	14	0	0	6.251	6.558
Receivables		**205.408**	**123.989**	**407.113**	**351.779**
Securities		**0**	**0**	**4**	**5**
Cash at bank and in hand		**0**	**9.687**	**18.295**	**82.981**
Current assets		**205.408**	**133.676**	**547.840**	**644.990**
Assets		**2.016.636**	**1.787.135**	**2.344.564**	**2.280.931**

Balance sheet at 31st August (DKK '000)

Liabilities		Parent company		Group	
	Note	2018	2017	2018	2017
Share capital		1.000	1.000	1.000	1.000
Retained earnings		1.698.862	1.684.177	1.970.031	1.740.890
Reserve for net revaluation method		271.169	56.713	0	0
Proposed dividend		0	106	0	106
Equity attributable to parent company shareholders		**1.971.031**	**1.741.996**	**1.971.031**	**1.741.996**
Non-controlling interests		**0**	**0**	**21.820**	**26.527**
Equity		**1.971.031**	**1.741.996**	**1.992.851**	**1.768.522**
Deferred tax	16	0	0	3.391	5.751
Provisions		**0**	**0**	**3.391**	**5.751**
Mortgage debt, long-term	17	0	0	63.360	68.599
Instruments of debt, long-term	18	0	0	5.585	11.884
Long term debt		**0**	**0**	**68.945**	**80.483**
Mortgage debt, short-term	17	0	0	5.234	5.237
Credit institutions		0	0	0	28.271
Instruments of debt, short-term	18	0	0	8.717	10.844
Trade payables		0	0	117.695	106.636
Corporation tax		383	0	19.820	23.734
Other payables		45.222	45.140	127.911	247.057
Deferred income	19	0	0	0	4.395
Short-term debt		**45.605**	**45.140**	**279.377**	**426.175**
Debt		**45.605**	**45.140**	**348.322**	**506.658**
Liabilities and equity		**2.016.636**	**1.787.135**	**2.344.564**	**2.280.931**

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Statement of changes in equity (DKK '000)

	Parent company		Group	
	2018	2017	2018	2017
Equity				
Opening at 1st September	1.741.996	1.486.279	1.768.522	1.486.279
Adjustment to opening - Non-controlling interests	0	0	0	23.013
Corrected equity at 1 st September	1.741.996	1.486.279	1.768.522	1.509.292
Paid dividend	0	-101	0	-101
Result for the year	242.558	253.972	242.140	257.244
Other adjustments	1.493	1.805	1.493	1.805
Exchange adjustment on foreign subsidiaries	-15.016	42	-15.016	42
Non-controlling interests	0	0	-4.289	241
Equity at 31st August	**1.971.031**	**1.741.996**	**1.992.851**	**1.768.522**
Specified as follows:				
5 A-shares of DKK 1,000	5	5	5	5
15 B-shares of DKK 1,000	15	15	15	15
180 C-shares of DKK 1,000	180	180	180	180
800 D-shares of DKK 1,000	800	800	800	800
Share capital	**1.000**	**1.000**	**1.000**	**1.000**
Opening at 1st September	56.713	0		
Value adjustment for the year	214.456	56.713		
Reserve for net revaluation according to the equity method at 31st August	**271.169**	**56.713**		

Statement of changes in equity (DKK '000)

	Parent company		Group	
	2018	2017	2018	2017
Retained earnings at 1 September	1.684.283	1.485.279	1.767.522	1.508.292
Paid dividend	0	-101	0	-101
Result for the year	28.102	197.153	242.558	253.866
Proposed dividend for the year	0	106	0	106
Other adjustments	1.493	1.805	1.493	1.805
Exchange adjustment on foreign subsidiaries	-15.016	42	-15.016	42
Non-controlling interests	0	0	-4.707	3.513
Retained earnings at 31st August	**1.698.862**	**1.684.283**	**1.991.851**	**1.767.522**
Equity at 31st August	**1.971.031**	**1.741.996**	**1.992.851**	**1.768.522**

Non-controlling interests		
Specified as follows:		
Opening at 1st September	26.527	23.013
Additions for the year	0	2.605
Disposals for the year	-2.880	0
Dividend	-1.575	-2.354
Fair value adjustment etc.	166	-10
Share of profit of the year	-418	3.272
Non-controlling interests at 31st August	**21.820**	**26.527**

Consolidated Cash Flows (DKK '000)

	Note	2017/18	2016/17
Profit for the year		242.140	257.244
Adjustments	24	-158.336	-140.334
Change in working capital	25	102.944	-7.316
Cash flows from operating activities before financial income and expenses		186.748	109.594
Financial income		1.117	1.791
Financial expenses		-5.827	-5.054
Cash flows from ordinary activities		182.038	106.331
Corporation tax paid		-15.552	-13.419
Cash flows from operating activities		**166.486**	**92.912**
Cash and cash equivalents at acquisitions of enterprises		0	-26.346
Purchase of intangible assets		-77	-33
Purchase of tangible assets		-6.644	-3.620
Sale of tangible assets		5.332	250
Cash flows from investing activities		**-1.389**	**-29.749**
Net proceeds from borrowings		16.398	-117.051
Raising/repayment of mortgage loans		-5.242	-5.084
Instruments of debt		-106.641	-9.416
Dividend paid		-1.575	-2.455
Cash flows from financing activities		**-97.060**	**-134.006**
Change in cash and cash equivalents		**68.037**	**-70.843**
Cash and cash equivalents at 1 September		54.715	125.557
Cash and cash equivalents at 31 August		**122.752**	**54.714**
Cash and cash equivalents are specified as follows:			
Credit institutions		0	-28.271
Current asset investments		4	5
Cash at bank and in hand		18.295	82.981
Cash pool		104.453	0
Cash and cash equivalents at 31 August		**122.752**	**54.714**

Notes to the Annual Report (DKK '000)

1 Revenue

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board assess that such disclosures would be very detrimental to the Company.

	Parent company		Group	
	2017/18	2016/17	2017/18	2016/17
2 Fees to the auditors appointed general				
PricewaterhouseCoopers				
Auditfee	163	163	530	471
Other assurance engagements	0	0	95	32
Tax advisory services	0	0	98	175
Other non-audit services	190	378	390	569
	353	**540**	**1.113**	**1.248**
Other auditors				
Auditfee	0	0	295	288
Other assurance engagements	0	0	0	0
Tax advisory services	0	0	0	0
Other non-audit services	0	0	37	23
	0	**0**	**332**	**311**

3 Staff

Salaries and wages	0	0	150.631	110.988
Pensions	0	0	7.794	5.536
Other social security costs	0	0	7.041	4.918
	0	**0**	**165.465**	**121.443**

No remuneration has been paid to the Executive Board and to the Board of Directors

Average number of employees	0	0	1.349	1.243

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2017/18	2016/17	2017/18	2016/17
4	**Financial income**				
	Interest income subsidiaries	**756**	**1.491**		
5	**Financial expenses**				
	Interest expense subsidiaries	**2**	**0**		
6	**Tax on profit for the year**				
	Current tax for the year	115	182	19.753	19.953
	Deferred tax for the year	0	0	-2.111	2.133
	Tax concerning previous years	0	-2.744	0	-2.744
	Tax on profit for the year	**115**	**-2.562**	**17.642**	**19.342**
7	**Distribution of profit**				
	Proposed distribution of profit				
	Proposed dividend for the year	0	106	0	106
	Retained earnings	28.102	197.153	242.558	253.866
	Reserve for net revaluation according to the equity	214.456	56.713	0	0
	Non-controlling interests' share of profit/loss	0	0	-418	3.272
		242.558	**253.972**	**242.140**	**257.244**

Notes to the Annual Report (DKK '000)

8 Intangible assets

	Software	Goodwill
Group		
Cost at 1st September	11.230	244.755
Addition	77	0
Cost at 31st August	11.307	244.755
Depreciation at 1st September	-620	-77.932
Depreciation for the year	-1.734	-48.951
Depreciation write down	-8.953	0
Depreciation at 31st August	-11.307	-126.883
Booked value at 31st August	**0**	**117.872**
Depreciated over	3 - 5 years	5 years

9 Tangible assets

	Land and buildings	Fixtures and fittings, tools and equipment	Trucks and cars	Leasehold improve-ments
Group				
Cost at 1st September	125.781	6.504	215	1.690
Addition	860	4.853	334	597
Disposals	-4.705	-15.204	0	-365
Transfer	0	12	0	-12
Cost at 31st August	121.935	-3.834	549	1.909
Depreciation at 1st September	-11.960	-1.105	-169	-1.313
Depreciation	-7.415	-2.543	-147	-196
Depreciation of disposals for the year	0	14.943	0	0
Depreciation at 31st August	-19.375	11.295	-316	-1.509
Booked value at 31st August	**102.560**	**7.461**	**233**	**400**
Depreciated over	25 years	3 - 10 years	3 - 6 years	Lease period

Notes to the Annual Report (DKK '000)

		Parent company 2018
10	**Investments in subsidiaries**	
	Cost at 1st September	212.113
	Cost at 31st August	212.113
	Value adjustements at 1st September	6.247
	Exchange adjustments on foreign subsidiaries	-2.468
	Dividend	-14.172
	Result for the year	-3.764
	Other adjustments	1.493
	Depreciation for the year	-1.023
	Value adjustments at 31st August	-13.687
	Investments in subsidiaries	**198.426**
	Including goodwill of	2.045
	Specified as:	Ownershare
	A.C. Holding A/S, Aarhus	90%

Notes to the Annual Report (DKK '000)

		Parent company 2018	Group 2018
11	**Receivables from subsidiaries**		
	Cost at 1st September	106.956	0
	Disposals	-56.688	0
	Cost at 31st August	50.268	0
	Booked value at 31st August	**50.268**	**0**
12	**Other investments**		
	Cost at 1st September	1.277.678	1.277.678
	Cost at 31st August	1.277.678	1.277.678
	Impairment at 1st September	50.466	50.466
	Exchance adjustment	-12.548	-12.548
	Result for the year	246.937	246.937
	Impairment at 31st August	284.856	284.856
	Booked value at 31st August	**1.562.534**	**1.562.534**
13	**Deposits**		
	Cost at 1st September	0	10.720
	Exchange adjustment		
	Addition for the year	0	760
	Disposals for the year	0	-5.816
	Booked value at 31st August	**0**	**5.664**

14 Prepayments

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

Notes to the Annual Report (DKK '000)

15 Derivative financial instruments

In order to hedge the payment of interest on mortgage loans of DKK 73,8 million, the Group has entered into interest rate swaps. At the balance sheet date, the contracts have a negative value of DKK 10,8 million that has been recognised in equity.

	Parent company		Group	
	2018	2017	2018	2017
16 Deferred tax				
Intangible assets	0	0	-19	2.241
Tangible assets	0	0	3.847	3.665
Inventories	0	0	-660	-660
Trade receivables	0	0	-264	-264
Other	0	0	488	769
	0	**0**	**3.391**	**5.751**

17 Mortgage debt

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

The debt falls due for payment as specified below:

Mortage debt, after 5 years	0	0	42.465	47.677
Mortage debt, between 1 and 5 years	0	0	20.895	20.922
Mortage debt, long-term debt	0	0	63.360	68.599
Mortage debt, within 1 year	0	0	5.234	5.237
	0	**0**	**68.594**	**73.836**

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2018	2017	2018	2017
18 Instruments of debt				
Instruments of debt fall due for payment as specified below:				
Instrument of debt, after 5 year	0	0	0	0
Instrument of debt, between 1 and 5 years	0	0	5.585	11.884
Instrument of debt, long-term debt	0	0	5.585	11.884
Instrument of debt, within 1 year	0	0	8.717	10.844
	0	**0**	**14.302**	**22.728**

19 Deferred income

Deferred income comprises accrued interest and payments received relating to income in subsequent years.

20 Contractual obligations

	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Rental obligations	0	0	55.809	57.634
Lease obligations	0	0	3.211	9.155
Letters of credit	0	0	0	0
Other obligations	0	0	0	0

21 Security

	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Provided as security for mortgage debts: (DKK 73.836k) Buildings and cash at bank and in hand - booked value	0	0	104.856	114.016

Notes to the Annual Report (DKK '000)

22 Contingent liabilities

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

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

23 Related parties and ownership

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

Transactions

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

Notes to the Annual Report (DKK '000)

	Group 2017/18	Group 2016/17
24 Cash flow statement - adjustments		
Profit/loss, other investments	-246.938	-221.099
Financial income	-1.117	-1.791
Financial expenses	5.827	5.054
Depreciation and amortisation	69.939	58.974
Tax on profit/loss for the year	17.642	19.342
Other adjustments	-3.689	-814
	-158.336	**-140.334**

	Group 2017/18	Group 2016/17
25 Cash flow statement - change in working capital		
Change in inventories	87.799	-715
Change in receivables	29.648	-2.479
Change in other receivables	-237	6.765
Change in prepayments	-4.395	4.395
Change in trade payables	11.059	-5.258
Change in other payables	-20.930	-10.024
	102.944	**-7.316**

Accounting Policies

Basis of Preparation

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

The accounting policies are unchanged compared to last year.

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

Basis of consolidation

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

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

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

Recognition and measurement

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

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

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

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

Accounting Policies

Recognition and measurement (continued)

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

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

Translation policies

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

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

The income statements of foreign subsidiaries and associates that are separate legal entities are translated at the exchange rates at the dates of transaction or an approximated average exchange rate. Balance sheet line items are translated at the exchange rates at the balance sheet dates.

Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the balance sheet dates are recognised directly in equity.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Accounting Policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is classified and qualify as a hedge.

Segment reporting

In accordance with section 96(1) of the Danish Financial Statements Act, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

Income Statement

Revenue

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

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

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

Cost of sales

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

Other operating income and expenses

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

Other external expenses

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

Accounting Policies

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

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

Result from other investments

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

Financial income and expenses

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

Tax on profit for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. The Company is jointly taxed with its subsidiaries. The tax effect of the joint taxation with group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme.

Accounting Policies

Balance Sheet

Intangible assets

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

Software is amortised over 3 - 5 years.

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

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	3-10 years
Trucks and cars	3-6 years
Leasehold improvements	Lease period

Accounting Policies

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

Impairment of fixed assets

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

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

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

Investments in subsidiaries

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

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

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 and associates 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.

Accounting Policies

Deposits

Deposits are recognised and measured at cost.

Inventories

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

The cost of goods for resale equals landed cost.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which generally corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Securities

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

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.

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.

Accounting Policies

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Ratios are calculated as follows:

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

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

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

Statutory Statement of Corporate Social Responsibility

J.S.Reklame

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 J.S.Reklame, covering the financial year of 01.09.2017 – 31.08.2018.

Lars Larsen Group

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

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

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

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).

Lars Larsen Group

Anpartsselskabet af 31.08.1984 II	J.S. Reklame, Århus ApS	JYSK Holding A/S	ApS af 19.12.2014	LLGB Holding ApS	LKL ApS

(Companies mananged within and across the six legal group companies)

JYSK /Dänishes Bettenlager / Bettenwelt / Bolia / IDdesign / Actona

The Report

The report encompasses data from the company Actona A/S, hereinafter referred to as Actona, as well as the two factories owned by Actona, S.C Ambiente Furniture (Ambiente) and Actona Seating Limited (ASL) located in Ukraine and China respectively. Actona A/S is owned by J.S.Reklame.

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

Legal entities	As referred to hereinafter
J.S.Reklame	J.S.Reklame
Actona A/S	Actona
S.C Ambiente Furniture	Ambiente
Actona Seating Limited	ASL

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**

KPI overview

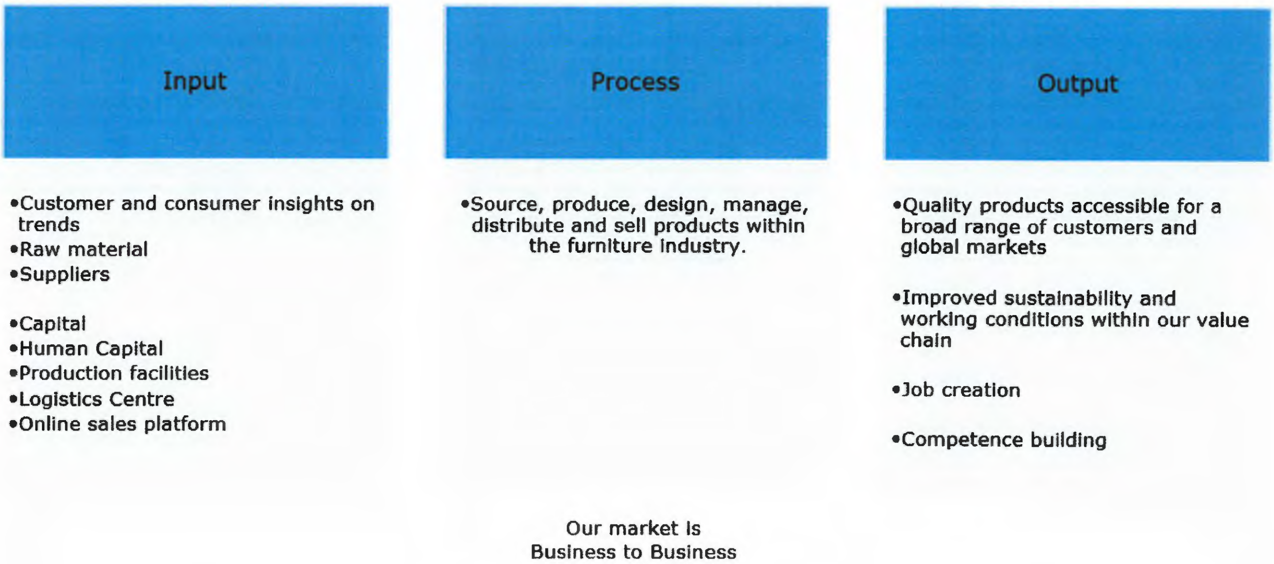
About the company

Actona is a furniture company, operating at a business-to-business market, with their head office located in Denmark. Actona owns production facilities located in China and Ukraine. Approximately 15 % and 10 % of the products sold through Actona is produced at the factories, owned by Actona, in China and Ukraine, respectively. Remaining part of the products, sold through Actona, is sourced directly from other suppliers.

Business model

The following model illustrates a business model for J.S.Reklame.

Figure 2 Business Model, J.S.Reklame



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?	The risk of negative environmental impact from our own two facilities is limited. The activity at our own facilities is light production and assembly. Thus, the most significant environmental impact is located at suppliers and sub-suppliers where raw material is harvested, manufactured and processed. Inadequate due diligence procedures and lack of traceability related to sourcing of raw material, may lead to a negative impact on the environment where raw material is sourced.	With a global presence, and with both suppliers and own production sites located in risk countries, there is a risk of non-compliance of Human Rights and Labour Standards at supplier facilities and/or potentially also own production sites in countries, where compliance with Human Rights and Labour Standards is not a given.	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 production sites located in risk countries, there is a risk of non-compliance taking place at supplier facilities and/or potentially also own production sites in risk countries.
What is the impact?	Inadequate due diligence and communication of requirements may lead to pollution of environment in the communities of our supply chain. Long term risk is lack of raw material, due to unsustainable harvest and processing.	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?	Responsible and thorough supplier management processes. Implementation of Code of Conduct and communication of requirements related to sustainable sourcing and management of raw material. Ensuring structured CSR audits at suppliers and a continued focus on value adding certifications related to sourcing and management of raw material.	Thorough implementation of Code of Conduct, incl. Human Rights Policy, and ongoing awareness on expected ethical business behaviour. CSR audits at supplier facilities and own production sites located in risk countries. Focus on healthy management philosophy at own production sites, located 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. Actona A/S has two own production factories located in China and Ukraine. Requirements and audits for these two factories are managed similar to requirements and audits at supplier factories.

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[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.

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.

Policy implementation and progress

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

Internally, we have been working to implement the newly launched 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 with own companies. 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 at all three locations in Denmark, Ukraine and China. Health and Safety departments are responsible for systematic 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.

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

Company	Accidents with absence, FY 2017/2018
Actona (Denmark)	2
ASL (China)	25
Ambiente (Ukraine)	0

In addition to the systematic work by Human Resource- and Health and Safety departments, the two factories, owned by Actona, located in China and Ukraine, are audited regularly by 3rd party audit companies. This audit process is managed equally to the audit process at suppliers, explained in the following section.

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

The company has been a member of Amfori, BSCI for 9 years.

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

The Amfori BSCI Code of Conduct, has been implemented with own policies. The Code of Conduct sets out 11 principles for good corporate ethics, including prohibition of child labour, forced labour, discrimination and corruption, and sets requirements for safety and decent working hours as well as protection of the environment.

Audits are performed by third parties, approved by Amfori BSCI, and are based on the requirements communicated in the Code of Conduct.

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

During the financial year more than 76% of the suppliers to Actona, 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.

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.

Policy implementation and progress

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[3]. 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.

Internally, J.S.Reklame cooperates with external third parties in order to map consumption and pinpoint areas to improve.

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

During this financial year, a new ventilation system has been installed at Actona's office building, leading to increased efficiency as well as lower costs. Moreover, investigation on changing the heating system at Actona's warehouse, showroom and new office building has been initiated. This project is expected to be finalized during next financial year.

Also LED lighting is a focus area at Actona. Status regarding implementation of LED light sources is, that approximately 15% of all light sources at Actona's Danish buildings is LED. Main focus has, this financial year, been at the warehouse, where approximately 60% of the light sources are now LED.

At the Actona owned factory, Ambiente, an LED project has also been initiated and a new ventilation system has been installed.

Another essential focus area for J.S.Reklame is working with FSC certified wood.

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.

Actona is FSC®/™ certified (FSC-C132796), and all wood used in products from the Actona owned factory, Ambiente, is FSC certified. Moreover, Actona aims to gradually increase the percentage of FSC certified wood used for their products.

J.S.Reklame has a zero tolerance policy regarding use of illegally harvested wood, and control that the wood used in products originates from legal sources.

Social and Employee Terms

Policy excerpt

We aim to provide responsible work conditions and employment terms for all employees within the Lars Larsen 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

The employees are the greatest asset in J.S.Reklame and a safe and healthy working environment combined with employee development is a key condition for the company's ongoing success. This is secured through a dedicated HR department and a clear HR strategy aimed at attracting and maintaining qualified employees at all levels.

At Actona, surveys on employee satisfaction are performed systematically. The results of these studies are followed by a process, where we work attentively to improve identified focus areas, while also maintaining a continued effort within already successful areas.

Also, at Actona, employee/manager-dialogue, which is a structured dialogue between employee and nearest Manager, with the purpose to follow and support the development of the individual employee, is performed annually.

The purpose of this combination of the employee/manager-dialogue and the employee satisfaction survey is to establish a foundation for continued development, leading to improved employee satisfaction and thereby a balanced and effective workplace.

Workplace assessment is performed according to national legislation.

The result of the latest employee satisfaction survey, performed in June 2017, was a response rate of 91%. In addition to the satisfactory response rate, the survey also demonstrated an overall improvement compared to the previous survey. The main reason for this development is a high degree of leadership awareness compared with a focus on the individual employee.

With reference to our focus on social engagement, J.S.Reklame has, during this financial year, supported both local community projects as well as larger charity projects through sponsorships.

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 Lars Larsen Group.

Our Anti-Corruption and Bribery policy communicates our viewpoint and guidance related to issues such as, but not limited to, bribery, fraud, conflict of interest and fair competition.

Policy implementation and progress

The Anti-Corruption and Bribery policy was launched during this financial year. Supporting the policy on Anti-Corruption and Bribery, Actona has also implemented related guidelines on Travel, Representation and Gifts and made these guidelines available at the employee information site. Moreover, the policy is presented to new employees during an introduction program.

At the Actona owned factory, ASL in China, an Anti-Corruption risk assessment was performed, during this financial year, as part of a BSCI social audit. Moreover, at ASL, information on this topic is communicated via an Employee Handbook as well as by annual employee training.

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 to reach 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

The top management body of J.S.Reklame is the board, consisting of two persons, therefore gender representation is assumed equal, and no goal is set. The J.S.Reklame has less than 50 employees, for which reason no policy regarding additional management levels has been implemented.

The only daughter company within the J.S.Reklame, which is also required to set a target for the underrepresented gender on the Board of Directors, is Actona A/S. Currently, Actona A/S has four members on the Board of Directors, which are all men.

The policy on Gender Equality is supported by the following objective:

By end of 2021, the Board of Directors of Actona A/S aim for the female board members to represent a minimum of 33,33%.

The target was not reached within financial year 2017/2018 as the general assembly saw no need to make changes to the current composition of the board.

By end of this financial year, Actona's Management Group consists of 5 women and 13 men.

Actona will continue the work to further support the development towards equal gender representation at both Board level as well as other management levels throughout the organisation. Initiatives will primarily be managed via systematic and individual Management training as well as via an implemented program for Talent management training.

KPI Overview

Actona A/S	KPI status
Zero accidents	KPI not achieved[4]
By 2022, all of Actona's Danish buildings will have LED implemented	In total, 15% of light sources are LED. At the warehouse 60% of the light sources are now LED
Response rate of our employee satisfaction survey is expected to be 75% or higher	KPI achieved. Response rate of most recent Employee Satisfaction Survey is 91%

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