

# **JYSK Holding A/S**

Sødalsparken 18, 8220 Brabrand

**CVR No 86 00 15 19**

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

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

Uffe Baller  
**Chairman**

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## Company Information

### The Company

JYSK Holding A/S  
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DK-8220 Brabrand

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Website: [www.jysk.com](http://www.jysk.com)

CVR No 86 00 15 19

Financial year: 1 September – 31 August

Municipality of reg. office: Aarhus

### Board of Directors

Kristine Brunsborg  
Jacob Brunsborg  
Lars Larsen  
Hans Henrik Kjølby  
Uffe Baller  
Mette Brunsborg

### Executive Board

Hans Henrik Kjølby

### Lawyers

Interlex Advokater  
Strandvejen 94  
PO Box 161  
DK-8100 Aarhus C

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

### Bank

Nørresundby Bank A/S  
Torvet 4  
PO Box 123  
DK-9400 Nørresundby

## Financial Highlights of the Group

|                                      | 2016/17    | 2015/16    | 2014/15    | 2013/14    | 2012/13    |
|--------------------------------------|------------|------------|------------|------------|------------|
|                                      | DKK '000   | DKK '000   | DKK '000   | DKK '000   | DKK '000   |
| <b>Key figures</b>                   |            |            |            |            |            |
| <b>Income Statement</b>              |            |            |            |            |            |
| Revenue                              | 16.663.229 | 15.052.474 | 14.072.238 | 12.717.550 | 11.738.329 |
| Profit before financial items (EBIT) | 1.325.128  | 1.092.408  | 1.069.902  | 818.138    | 543.211    |
| Net financials                       | 875.847    | 695.821    | 587.254    | 665.678    | 943.555    |
| Net profit for the year              | 1.894.274  | 1.550.238  | 1.407.888  | 1.305.245  | 1.315.777  |
| <b>Balance sheet</b>                 |            |            |            |            |            |
| Balance sheet total                  | 18.351.826 | 16.627.459 | 15.197.801 | 13.388.955 | 12.620.634 |
| Equity                               | 11.334.075 | 9.424.091  | 10.913.111 | 9.609.883  | 8.350.698  |
| <b>Cash flow statement</b>           |            |            |            |            |            |
| Investment in tangible assets        | 467.315    | 437.490    | 646.021    | 639.038    | 251.427    |
| <b>Ratios</b>                        |            |            |            |            |            |
| Return on assets                     | 7,2%       | 6,6%       | 7,0%       | 6,1%       | 4,3%       |
| Solvency ratio                       | 61,8%      | 56,7%      | 71,8%      | 71,8%      | 66,2%      |
| Return on equity                     | 18,3%      | 15,2%      | 13,7%      | 14,5%      | 16,9%      |
| <b>Number of employees</b>           |            |            |            |            |            |
|                                      | 9.746      | 8.601      | 8.159      | 7.734      | 6.896      |

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 operation of real property, investments in subsidiaries and associates as well as current asset investments. The Group's main activities are carried out in subsidiaries dealing in retail trade through the retail chain JYSK selling everything for the bed room, bath room, other rooms, the window and the patio. The activities take place in retail stores in Denmark, Sweden, Norway, Finland, Poland, The Czech Republic, Austria, Hungary, Switzerland, Slovakia, Slovenia, Croatia, Bosnia, Serbia, The Ukraine, Rumania, Bulgaria, The Netherlands and the USA.

### **Development in the financial year**

Group revenue amounts to DKK 16,663,229k compared to DKK 15,052,474k in financial year 2015/16. Profit before financial income and expenses amounts to DKK 1,325,128k compared to DKK 1,092,408k in 2015/16. Profit for the year after tax amounts to DKK 1,889,218k compared to DKK 1,542,884k in 2015/16. 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 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 37 - 52.

### **Expected development**

For the year ahead, JYSK Holding A/S expects to realise a profit in line with the 2016/17 level provided that the financial markets evolve normally.

### **Subsequent events**

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

## **Management's Statement**

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of JYSK Holding A/S for the financial year 1 September 2016 – 31 August 2017.

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

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 2018

### **Executive Board**

Hans Henrik Kjølby

### **Board of Directors**

Kristine Brunsborg

Lars Larsen

Hans Henrik Kjølby

Jacob Brunsborg

Uffe Baller

Mette Brunsborg

# Independent Auditor's Report

To the shareholders of JYSK Holding A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2016 - 31 August 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JYSK Holding A/S for the financial year 1 September 2016 - 31 August 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

## **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 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No. 33 77 12 31*

Henrik Kragh

State Authorised Public Accountant

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

|                                      | Note     | Parent company   |                  | Group             |                   |
|--------------------------------------|----------|------------------|------------------|-------------------|-------------------|
|                                      |          | 2016/17          | 2015/16          | 2016/17           | 2015/16           |
| Result from subsidiaries             |          | 1.013.340        | 768.090          |                   |                   |
| Result from associated companies     |          | 723.209          | 688.558          |                   |                   |
| Result from other investments        |          | 242.686          | 139.752          |                   |                   |
| <b>Revenue</b>                       | <b>1</b> | <b>1.979.235</b> | <b>1.596.400</b> | <b>16.663.229</b> | <b>15.052.474</b> |
| Cost of sales                        |          | 0                | 0                | 9.303.901         | 8.552.728         |
| Other operating income               |          | 7.051            | 4.793            | 148.224           | 99.524            |
| Other external cost                  | <b>2</b> | <b>10.306</b>    | <b>11.897</b>    | <b>3.519.038</b>  | <b>3.500.687</b>  |
| <b>Gross Profit</b>                  |          | <b>1.975.980</b> | <b>1.589.296</b> | <b>3.988.513</b>  | <b>3.098.583</b>  |
| Staff expenses                       | <b>3</b> | 11.922           | 10.368           | 1.874.578         | 1.679.167         |
| Depreciation and amortisation        |          | 41.122           | 12.738           | 393.177           | 323.305           |
| Other operating expenses             |          | 76               | 0                | 395.631           | 3.703             |
| <b>Result before financial items</b> |          | <b>1.922.859</b> | <b>1.566.190</b> | <b>1.325.128</b>  | <b>1.092.408</b>  |
| Result from associated companies     |          |                  |                  | 723.209           | 688.558           |
| Result from other investments        |          |                  |                  | 7.568             | 6.385             |
| Financial income                     | <b>4</b> | 51.964           | 42.524           | 250.552           | 184.126           |
| Financial expenses                   | <b>5</b> | <b>34.623</b>    | <b>45.760</b>    | <b>105.482</b>    | <b>183.248</b>    |
| <b>Result before tax</b>             |          | <b>1.940.200</b> | <b>1.562.954</b> | <b>2.200.974</b>  | <b>1.788.229</b>  |
| Tax on profit for the year           | <b>6</b> | 45.926           | 12.716           | 311.756           | 245.345           |
| <b>Result for the year</b>           |          | <b>1.894.274</b> | <b>1.550.238</b> | <b>1.889.218</b>  | <b>1.542.884</b>  |
| Distribution of profit               | <b>7</b> |                  |                  |                   |                   |

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

| Assets                                     | Note     | Parent company    |                   | Group             |                   |
|--|----------|-------------------|-------------------|-------------------|-------------------|
|  |          | 2017              | 2016              | 2017              | 2016              |
| Software                                   |          | 0                 | 0                 | 26.780            | 32.420            |
| Goodwill                                   |          | 0                 | 0                 | 27.199            | 48.217            |
| <b>Intangible assets</b>                   | <b>8</b> | <b>0</b>          | <b>0</b>          | <b>53.979</b>     | <b>80.637</b>     |
| Land and buildings                         |          | 810.913           | 115.008           | 2.097.005         | 1.380.969         |
| Fixtures and fittings, tools and equipment |          | 201               | 269               | 618.272           | 617.232           |
| Trucks and cars                            |          | 3.637             | 3.653             | 66.131            | 55.228            |
| Leasehold improvements                     |          | 0                 | 0                 | 283.961           | 197.362           |
| Assets under construction                  |          | 5.568             | 741.558           | 126.895           | 792.158           |
| <b>Tangible assets</b>                     | <b>9</b> | <b>820.319</b>    | <b>860.489</b>    | <b>3.192.264</b>  | <b>3.042.948</b>  |
| Investments in subsidiaries                | 10       | 5.193.809         | 4.482.361         | 0                 | 0                 |
| Receivables from subsidiaries              | 11       | 446.417           | 476.612           | 0                 | 0                 |
| Investments in associates                  | 12       | 1.869.047         | 1.809.276         | 1.869.047         | 1.809.276         |
| Receivables from associates                | 14       | 70.323            | 73.490            | 70.323            | 73.490            |
| Other investments                          | 13       | 49.726            | 47.955            | 49.726            | 47.955            |
| Instruments of debt                        | 15       | 229.469           | 0                 | 232.552           | 609               |
| Deposits                                   | 16       | 390               | 418               | 11.094            | 28.955            |
| <b>Fixed asset investments</b>             |          | <b>7.859.181</b>  | <b>6.890.113</b>  | <b>2.232.741</b>  | <b>1.960.285</b>  |
| <b>Fixed assets</b>                        |          | <b>8.679.500</b>  | <b>7.750.602</b>  | <b>5.478.985</b>  | <b>5.083.870</b>  |
| Commercial products                        |          | 0                 | 0                 | 3.914.094         | 3.301.345         |
| <b>Inventories</b>                         |          | <b>0</b>          | <b>0</b>          | <b>3.914.094</b>  | <b>3.301.345</b>  |
| Trade receivables                          |          | 0                 | 0                 | 315.926           | 381.663           |
| Receivables from subsidiaries              |          | 645.166           | 580.100           | 0                 | 0                 |
| Corporation tax                            |          | 0                 | 0                 | 103.410           | 39.274            |
| Other receivables                          |          | 314.964           | 914.333           | 702.790           | 988.561           |
| Prepayments                                | 17       | 117               | 123               | 221.045           | 67.250            |
| <b>Receivables</b>                         |          | <b>960.247</b>    | <b>1.494.555</b>  | <b>1.343.172</b>  | <b>1.476.748</b>  |
| <b>Securities</b>                          |          | <b>5.925.262</b>  | <b>4.689.056</b>  | <b>5.925.262</b>  | <b>4.689.056</b>  |
| <b>Cash at bank and in hand</b>            |          | <b>138.863</b>    | <b>237.270</b>    | <b>1.690.314</b>  | <b>2.076.441</b>  |
| <b>Current assets</b>                      |          | <b>7.024.372</b>  | <b>6.420.882</b>  | <b>12.872.841</b> | <b>11.543.589</b> |
| <b>Assets</b>                              |          | <b>15.703.872</b> | <b>14.171.484</b> | <b>18.351.826</b> | <b>16.627.459</b> |

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

| Liabilities  | Note | Parent company    |                   | Group             |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
|  |      | 2017              | 2016              | 2017              | 2016              |
| Share capital  |      | 50.000            | 50.000            | 50.000            | 50.000            |
| Reserve for net revaluation according to the equity method |      | 3.187.167         | 2.531.246         | 0                 | 0                 |
| Retained earnings  |      | 8.146.921         | 6.891.948         | 11.334.088        | 9.423.194         |
| <b>Equity attributable to parent company shareholders</b>  |      | <b>11.384.088</b> | <b>9.473.194</b>  | <b>11.384.088</b> | <b>9.473.194</b>  |
| <b>Non-controlling interests</b>                           |      | <b>0</b>          | <b>0</b>          | <b>-50.013</b>    | <b>-49.103</b>    |
| <b>Equity</b>  |      | <b>11.384.088</b> | <b>9.473.194</b>  | <b>11.334.075</b> | <b>9.424.091</b>  |
| Negative balance subsidiaries                              | 10   | 229.411           | 156.241           | 0                 | 0                 |
| Deferred tax   | 18   | 52.631            | 54.630            | 35.850            | 47.589            |
| <b>Provisions</b>  |      | <b>282.042</b>    | <b>210.872</b>    | <b>35.850</b>     | <b>47.589</b>     |
| Mortgage debt, long-term                                   | 19   | 145.276           | 186.573           | 258.852           | 307.024           |
| Instruments of debt, long-term                             | 20   | 1.775.000         | 2.649.900         | 1.905.000         | 2.769.833         |
| <b>Long term debt</b>                                      |      | <b>1.920.276</b>  | <b>2.836.473</b>  | <b>2.163.852</b>  | <b>3.076.857</b>  |
| Mortgage debt, short-term                                  | 19   | 23.250            | 0                 | 27.870            | 3.522             |
| Credit institutions  |      | 229.065           | 166.086           | 1.109.888         | 1.102.232         |
| Deposits, short-term                                       | 21   | 7.795             | 8.198             | 8.338             | 8.739             |
| Instruments of debt, short-term                            | 20   | 0                 | 0                 | 0                 | 1.624             |
| Prepayments, received                                      |      | 0                 | 0                 | 53.148            | 39.267            |
| Trade payables   |      | 0                 | 0                 | 816.405           | 640.724           |
| Payables to subsidiaries                                   |      | 447.632           | 228.209           | 0                 | 0                 |
| Payables to associates                                     |      | 525.211           | 840.268           | 715.396           | 840.268           |
| Corporation tax  |      | 36.166            | 10.875            | 119.408           | 100.177           |
| Other payables   |      | 848.347           | 397.309           | 1.847.782         | 1.244.339         |
| Deferred income  | 22   | 0                 | 0                 | 119.812           | 98.030            |
| <b>Short-term debt</b>                                     |      | <b>2.117.465</b>  | <b>1.650.945</b>  | <b>4.818.048</b>  | <b>4.078.922</b>  |
| <b>Debt</b>  |      | <b>4.037.741</b>  | <b>4.487.418</b>  | <b>6.981.900</b>  | <b>7.155.779</b>  |
| <b>Liabilities and equity</b>                              |      | <b>15.703.872</b> | <b>14.171.484</b> | <b>18.351.826</b> | <b>16.627.459</b> |
| Contractual obligations                                    | 23   |                   |                   |                   |                   |
| Security   | 24   |                   |                   |                   |                   |
| Contingent liabilities                                     | 25   |                   |                   |                   |                   |
| Controlling interest and ownership                         | 26   |                   |                   |                   |                   |

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

| Equity   | Parent company    |                  | Group             |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | 2017              | 2016             | 2017              | 2016             |
| Equity at 1st September  | 9.473.194         | 10.951.525       | 9.473.194         | 10.951.526       |
| Adjustment to opening - non-controlling interests                                | 0                 | 0                | -49.103           | -38.415          |
| Corrected equity at 1st September  | 9.473.194         | 10.951.525       | 9.424.091         | 10.913.111       |
| Dividend   | 0                 | -3.000.000       | 0                 | -3.000.000       |
| Result for the year  | 1.894.274         | 1.550.238        | 1.889.218         | 1.542.884        |
| Exchange adjustment on foreign subsidiaries                                      | 16.620            | -28.569          | 16.620            | -28.569          |
| Non-controlling interests  | 0                 | 0                | 4.146             | -3.335           |
| <b>Equity at 31st August</b>   | <b>11.384.088</b> | <b>9.473.194</b> | <b>11.334.075</b> | <b>9.424.091</b> |
| Specified as follows:  |                   |                  |                   |                  |
| 250 A-shares of DKK 1,000k   | 250               | 250              | 250               | 250              |
| 750 B-shares of DKK 1,000k   | 750               | 750              | 750               | 750              |
| 9,000 C-shares of DKK 1,000k   | 9.000             | 9.000            | 9.000             | 9.000            |
| 40,000 D-shares of DKK 1,000k  | 40.000            | 40.000           | 40.000            | 40.000           |
| <b>Share capital</b>   | <b>50.000</b>     | <b>50.000</b>    | <b>50.000</b>     | <b>50.000</b>    |
| Opening at 1st September   | 2.531.246         | 2.636.197        |                   |                  |
| Value adjustment for the year  | 655.921           | -104.951         |                   |                  |
| <b>Reserve for net revaluation according to the equity method at 31st August</b> | <b>3.187.167</b>  | <b>2.531.246</b> |                   |                  |
| Retained earnings at 1st September   | 6.891.948         | 8.265.329        | 9.374.091         | 10.863.111       |
| Dividend   | 0                 | -3.000.000       | 0                 | -3.000.000       |
| Result for the year  | 1.238.353         | 1.655.189        | 1.889.218         | 1.542.884        |
| Exchange adjustment on foreign subsidiaries                                      | 16.620            | -28.569          | 16.620            | -28.569          |
| Fair value adjustment  | 0                 | 0                | 4.146             | -3.334           |
| <b>Retained earnings at 31 August</b>  | <b>8.146.921</b>  | <b>6.891.948</b> | <b>11.284.075</b> | <b>9.374.091</b> |
| <b>Equity at 31 August</b>   | <b>11.384.088</b> | <b>9.473.194</b> | <b>11.334.075</b> | <b>9.424.091</b> |
| <b>Non-controlling interests</b>   |                   |                  |                   |                  |
| Opening at 1st September   |                   |                  | -49.103           | -38.415          |
| Fair value adjustment etc.   |                   |                  | 4.146             | -3.334           |
| Result for the year  |                   |                  | -5.056            | -7.354           |
| <b>Non-controlling interests at 31st August</b>                                  |                   |                  | <b>-50.013</b>    | <b>-49.103</b>   |

## Consolidated Cash Flows (DKK '000)

|   | Note | 2016/17          | 2015/16          |
|---|------|------------------|------------------|
| Profit for the year   |      | 1.889.218        | 1.542.884        |
| Adjustments   | 27   | -158.027         | -126.049         |
| Change in working capital   | 28   | -380.716         | 418.540          |
| Cash flows from operating activities before financial income and expenses |      | 1.350.475        | 1.835.375        |
| Financial income  |      | 250.552          | 184.126          |
| Financial expenses  |      | -105.482         | -183.248         |
| Cash flows from ordinary activities                                       |      | 1.495.545        | 1.836.253        |
| Corporation tax paid  |      | -350.296         | -255.951         |
| <b>Cash flows from operating activities</b>                               |      | <b>1.145.249</b> | <b>1.580.302</b> |
| Purchase of intangible assets   |      | -25.482          | -19.121          |
| Purchase of tangible assets   |      | -467.315         | -437.490         |
| Purchase of investments   |      | -22.491          | -2.870           |
| Sale of intangible assets   |      | 18               | 0                |
| Sale of tangible assets   |      | 18.974           | 57.652           |
| Cash at purchase of enterprises   |      | 46.351           | 0                |
| Cash at sale of enterprises   |      | 26.346           | 0                |
| Purchase of enterprises   |      | -9.103           | 0                |
| <b>Cash flows from investing activities</b>                               |      | <b>-432.702</b>  | <b>-401.829</b>  |
| Net proceeds from borrowings  |      | -991.329         | 3.587.393        |
| Raising/repayment of mortgage loans                                       |      | 456.166          | -4.681           |
| Repayment credit institutions   |      | -23.824          | 0                |
| Dividend received from associates and other investments                   |      | 688.863          | 645.910          |
| Dividend paid   |      | 0                | -3.002.200       |
| <b>Cash flows from financing activities</b>                               |      | <b>129.876</b>   | <b>1.226.422</b> |
| <b>Change in cash and cash equivalents</b>                                |      | <b>842.423</b>   | <b>2.404.895</b> |
| Cash and cash equivalents at 1 September                                  |      | 5.663.265        | 3.258.370        |
| <b>Cash and cash equivalents at 31 August</b>                             |      | <b>6.505.688</b> | <b>5.663.265</b> |
| Cash and cash equivalents are specified as follows:                       |      |                  |                  |
| Credit institutions   |      | -1.109.888       | -1.102.232       |
| Current asset investments   |      | 5.925.262        | 4.689.056        |
| Cash at bank and in hand  |      | 1.690.314        | 2.076.441        |
| <b>Cash and cash equivalents at 31 August</b>                             |      | <b>6.505.688</b> | <b>5.663.265</b> |

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

### 1 Revenue

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

|   | Parent company |              | Group        |              |
|---|----------------|--------------|--------------|--------------|
|   | 2016/17        | 2015/16      | 2016/17      | 2015/16      |
| <b>2 Fees to the auditors appointed at the annual general meeting</b> |                |              |              |              |
| <b>PricewaterhouseCoopers</b>   |                |              |              |              |
| Auditfee  | 230            | 230          | 2.403        | 2.492        |
| Other assurance engagements   | 0              | 50           | 68           | 85           |
| Tax advisory services   | 2.205          | 2.972        | 2.476        | 3.344        |
| Other non-audit services  | 944            | 946          | 1.468        | 1.612        |
|   | <b>3.379</b>   | <b>4.198</b> | <b>6.415</b> | <b>7.533</b> |
| <b>Other auditors</b>   |                |              |              |              |
| Auditfee  | 0              | 0            | 2.228        | 1.979        |
| Other assurance engagements   | 0              | 0            | 65           | 35           |
| Tax advisory services   | 0              | 0            | 316          | 211          |
| Other non-audit services  | 0              | 0            | 395          | 216          |
|   | <b>0</b>       | <b>0</b>     | <b>3.004</b> | <b>2.442</b> |

### 3 Staff

|                             |               |               |                  |                  |
|-----------------------------|---------------|---------------|------------------|------------------|
| Salaries and wages          | 11.052        | 9.522         | 1.484.928        | 1.331.652        |
| Pensions                    | 507           | 465           | 118.787          | 103.765          |
| Other social security costs | 363           | 381           | 270.864          | 243.750          |
|                             | <b>11.922</b> | <b>10.368</b> | <b>1.874.578</b> | <b>1.679.167</b> |

No remuneration has been paid to the board of directors. Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

|                             |   |   |       |       |
|-----------------------------|---|---|-------|-------|
| Average number of employees | 9 | 9 | 9.746 | 8.601 |
|-----------------------------|---|---|-------|-------|

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

|  | Parent company   |                  | Group            |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2016/17          | 2015/16          | 2016/17          | 2015/16          |
| <b>4 Financial income</b>                                  |                  |                  |                  |                  |
| Interest income subsidiaries                               | <b>18.160</b>    | <b>17.220</b>    |                  |                  |
| <b>5 Financial expenses</b>                                |                  |                  |                  |                  |
| Interest expense subsidiaries                              | <b>3.752</b>     | <b>5.242</b>     |                  |                  |
| <b>6 Tax on profit for the year</b>                        |                  |                  |                  |                  |
| Current tax for the year                                   | 44.220           | 24.369           | 318.864          | 238.366          |
| Deferred tax for the year                                  | -1.999           | 170              | -10.973          | 6.692            |
| Tax concerning previous years                              | 3.706            | -11.823          | 3.866            | 286              |
| <b>Tax on profit for the year</b>                          | <b>45.926</b>    | <b>12.716</b>    | <b>311.756</b>   | <b>245.345</b>   |
| <b>7 Distribution of profit</b>                            |                  |                  |                  |                  |
| Reserve for net revaluation according to the equity method | 655.921          | -104.951         | 0                | 0                |
| Retained earnings  | 1.238.353        | 1.655.189        | 1.894.274        | 1.550.238        |
| Non-controlling interests' share of profit/loss            | 0                | 0                | -5.056           | -7.354           |
|  | <b>1.894.274</b> | <b>1.550.238</b> | <b>1.889.218</b> | <b>1.542.884</b> |



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

### 8 Intangible assets

|  | <u>Software</u>      | <u>Goodwill</u>      |
|--|----------------------|----------------------|
| <b>Group</b>                           |                      |                      |
| Cost at 1st September                  | 146.175              | 175.158              |
| Addition for the year                  | 20.516               | 4.966                |
| Exchange adjustment on movement        | -45                  | -2.394               |
| Disposals for the year                 | -10.605              | 0                    |
| Cost at 31st August                    | <u>156.041</u>       | <u>177.731</u>       |
| Depreciation at 1st September          | -113.755             | -126.941             |
| Depreciation for the year              | -14.787              | -24.979              |
| Exchange adjustment on movement        | -727                 | 1.389                |
| Depreciation of disposals for the year | 8                    | 0                    |
| Depreciation at 31st August            | <u>-129.261</u>      | <u>-150.531</u>      |
| <b>Booked value at 31st August</b>     | <b><u>26.780</u></b> | <b><u>27.199</u></b> |
| Depreciated over                       | <u>3 - 5 years</u>   | <u>5 - 15 years</u>  |

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

### 9 Tangible assets

|   | Land and<br>buildings | Fixtures<br>and fittings,<br>tools and<br>equipment | Trucks and<br>cars  | Assets<br>under<br>construction |
|---|-----------------------|---|---------------------|---------------------------------|
| <b>Parent company</b>                     |                       |   |                     |                                 |
| Cost at 1st September                     | 357.669               | 2.331   | 6.493               | 741.558                         |
| Addition for the year                     | 0                     | 0   | 1.894               | 3.978                           |
| Transfer                                  | 739.941               | 0   | 0                   | -739.941                        |
| Exchange adjustments on<br>movement       | -594                  | 0   | 0                   | 0                               |
| Disposals for the year                    | -9.482                | -1.559  | -2.150              | -27                             |
| Cost at 31st August                       | <u>1.087.534</u>      | <u>772</u>  | <u>6.237</u>        | <u>5.568</u>                    |
| Depreciation at 1st September             | -242.661              | -2.062  | -2.840              | 0                               |
| Depreciation for the year                 | -39.206               | -69   | -1.848              | 0                               |
| Depreciation of disposals for the<br>year | 5.246                 | 1.559   | 2.087               | 0                               |
| Depreciation at 31st August               | <u>-276.621</u>       | <u>-571</u>   | <u>-2.600</u>       | <u>0</u>                        |
| <b>Booked value at 31st August</b>        | <u><b>810.913</b></u> | <u><b>201</b></u>                                   | <u><b>3.637</b></u> | <u><b>5.568</b></u>             |
| Depreciated over                          | <u>25 years</u>       | <u>4 - 5 years</u>                                  | <u>4 - 5 years</u>  |                                 |

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

### 9 Tangible assets

|   | Land and<br>buildings   | Fixtures<br>and fittings,<br>tools and<br>equipment | Trucks and<br>cars   | Leasehold<br>improvements | Assets<br>under<br>construction |
|---|-------------------------|---|----------------------|---------------------------|---------------------------------|
| <b>Group</b>                                |                         |   |                      |                           |                                 |
| Cost at 1st<br>September                    | 2.219.439               | 1.905.008   | 122.733              | 401.781                   | 792.158                         |
| Addition for the<br>year                    | 30.594                  | 150.455   | 34.106               | 105.257                   | 146.681                         |
| Addition by<br>acquisitions                 | 0                       | 16.777  | 2.860                | 31.401                    | 253                             |
| Transfer                                    | 780.504                 | 22.176  | -170                 | 8.316                     | -810.827                        |
| Exchange adjustment<br>on movement          | 9.383                   | -8.745  | 439                  | -952                      | -10                             |
| Disposals for the<br>year                   | -15.015                 | -39.761   | -18.687              | -14.114                   | -1.360                          |
| Cost at 31st<br>August                      | <u>3.024.905</u>        | <u>2.045.911</u>                                    | <u>141.281</u>       | <u>531.689</u>            | <u>126.895</u>                  |
| Depreciation at 1st<br>September            | -838.470                | -1.287.776  | -67.505              | -204.419                  | 0                               |
| Exchange adjustment<br>on movement          | -2.857                  | 9.973   | -130                 | 1.267                     | 0                               |
| Depreciation for<br>the year                | -92.041                 | -187.479  | -21.433              | -52.457                   | 0                               |
| Depreciation of dis-<br>posals for the year | 5.467                   | 37.643  | 13.917               | 7.881                     | 0                               |
| Depreciation at<br>31st August              | <u>-927.901</u>         | <u>-1.427.638</u>                                   | <u>-75.151</u>       | <u>-247.728</u>           | <u>0</u>                        |
| <b>Booked value at<br/>31st August</b>      | <b><u>2.097.005</u></b> | <b><u>618.272</u></b>                               | <b><u>66.131</u></b> | <b><u>283.961</u></b>     | <b><u>126.895</u></b>           |
| Depreciated over                            | <u>25 years</u>         | <u>4 - 5 years</u>                                  | <u>4 - 5 years</u>   | <u>Rental period</u>      |                                 |

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

| <b>10 Investments in subsidiaries</b>       | <u>2017</u>             |
|---|-------------------------|
| Cost at 1st September                       | 3.326.505               |
| Addition                                    | <u>23.803</u>           |
| Cost at 31st August                         | <u>3.350.308</u>        |
| Value adjustment at 1st September           | 999.615                 |
| Exchange adjustment on foreign subsidiaries | 14.233                  |
| Dividend                                    | -418.349                |
| Result for the year                         | 1.038.274               |
| Fair value adjustments of the year          | 5.251                   |
| Amortisation for the year                   | <u>-24.934</u>          |
| Value adjustment at 31st August             | <u>1.614.090</u>        |
| <b>Booked value at 31st August</b>          | <b>4.964.398</b>        |
| Negative investments                        | <u>229.411</u>          |
| <b>Investments in subsidiaries</b>          | <b><u>5.193.809</u></b> |

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

### 10 Investments in subsidiaries

Specified as:

|  | <u>Ownership</u> |
|--|------------------|
| Dänisches Bettenlager HmbH, Austria        | 100,00%          |
| JYSK GmbH, Switzerland                     | 100,00%          |
| Aktieselskabet af 9/6 2006, Denmark        | 100,00%          |
| Bolia A/S, Denmark                         | 90,00%           |
| Backtee A/S, Denmark                       | 99,23%           |
| Himmerland Golf & Spa Resort A/S, Denmark  | 100,00%          |
| Interior Direct A/S, Denmark               | 75,00%           |
| JYSK d.o.o., Bosnia                        | 100,00%          |
| JYSK BUL Ltd., Bulgaria                    | 100,00%          |
| JYSK AB, Sweden                            | 100,00%          |
| JYSK s.r.o., Czech Republic                | 100,00%          |
| JYSK d.o.o., Croatia                       | 100,00%          |
| JYSK kft., Hungary                         | 100,00%          |
| JYSK SP z.o.o., Poland                     | 100,00%          |
| Nordic Investment Fund Retail SRL, Romania | 100,00%          |
| JYSK d.o.o., Serbia                        | 100,00%          |
| JYSK d.o.o., Slovenia                      | 100,00%          |
| JYSK s.r.o., Slovakia                      | 100,00%          |
| JYSK Ukraine Ltd, Ukraine                  | 100,00%          |
| JYSK BV, Holland                           | 100,00%          |
| JULL A/S, Denmark                          | 78,00%           |
| JYSK OY, Finland                           | 100,00%          |
| NJK2 ApS, Denmark                          | 100,00%          |
| JYSK AS, Norway                            | 100,00%          |
| Ready Made A/S, Denmark                    | 100,00%          |
| Jysk Bed'n Linen Inc. & affiliate, USA     | 100,00%          |
| JYSK Ejendomme A/S                         | 70,00%           |
| Interstil A/S, Denmark                     | 100,00%          |
| LJH Invest ApS, Denmark                    | 90,00%           |
| JYSK BW GmbH, Germany                      | 100,00%          |

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

| <b>11 Receivables from subsidiaries</b> | <u>2017</u>           |
|---|-----------------------|
| Cost at 1st September                   | 515.738               |
| Disposals                               | <u>-38.720</u>        |
| Cost at 31st August                     | <u>477.018</u>        |
| Value adjustment at 1st September       | -39.126               |
| Exchange rate adjustments               | <u>8.525</u>          |
| Value adjustment at 31st August         | <u>-30.601</u>        |
| <b>Booked value at 31st August</b>      | <u><b>446.417</b></u> |

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

|                                     | <b>Parent<br/>company</b> | <b>Group</b>            |
|-------------------------------------|---------------------------|-------------------------|
|                                     | 2017                      | 2017                    |
| <b>12 Investments in associates</b> |                           |                         |
| Cost at 1st September               | 277.646                   | 277.646                 |
| Addition for the year               | 18.325                    | 18.325                  |
| Cost at 31st August                 | <u>295.971</u>            | <u>295.971</u>          |
| Value adjustment at 1st September   | 1.531.630                 | 1.531.630               |
| Result for the year                 | 723.209                   | 723.209                 |
| Fair value adjustments              | -152                      | -152                    |
| Exchange adjustments for the year   | -2.711                    | -2.711                  |
| Dividend                            | -678.900                  | -678.900                |
| Value adjustment at 31st August     | <u>1.573.076</u>          | <u>1.573.076</u>        |
| <b>Booked value at 31st August</b>  | <b><u>1.869.047</u></b>   | <b><u>1.869.047</u></b> |
| Specified as:                       |                           | <u>Ownershare</u>       |
| JYSK A/S                            |                           | 90,00%                  |
| Scancom International A/S           |                           | 49,50%                  |
| K/S Himmark Air                     |                           | 40,00%                  |
| Himmark Aviation                    |                           | 40,00%                  |
| Vision Properties A/S               |                           | 50,00%                  |
| Hank Invest ApS                     |                           | 50,00%                  |
| HP Shou Holding ApS                 |                           | 49,00%                  |
| K/S Joinflight                      |                           | 48,00%                  |
| JF III ApS                          |                           | 50,00%                  |

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

|                                       | <b>Parent<br/>company</b> | <b>Group</b>         |
|---------------------------------------|---------------------------|----------------------|
|                                       | 2017                      | 2017                 |
| <b>13 Other investments</b>           |                           |                      |
| Cost at 1st September                 | 41.985                    | 41.985               |
| Addition for the year                 | 4.166                     | 4.166                |
| Cost at 31st August                   | <u>46.151</u>             | <u>46.151</u>        |
| Value adjustment at 1st September     | 5.970                     | 5.970                |
| Dividend                              | -9.963                    | -9.963               |
| Result for the year                   | 7.568                     | 7.568                |
| Value adjustment at 31st August       | <u>3.575</u>              | <u>3.575</u>         |
| <b>Booked value at 31st August</b>    | <b><u>49.726</u></b>      | <b><u>49.726</u></b> |
| <b>14 Receivables from associates</b> |                           |                      |
| Cost at 1st September                 | <u>60.037</u>             | <u>60.037</u>        |
| Cost at 31st September                | <u>60.037</u>             | <u>60.037</u>        |
| Value adjustment at 1st September     | 13.453                    | 13.453               |
| Exchange adjustment for the year      | -3.167                    | -3.167               |
| Value adjustment at 31st August       | <u>10.286</u>             | <u>10.286</u>        |
| <b>Booked value at 31st August</b>    | <b><u>70.323</u></b>      | <b><u>70.323</u></b> |



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

|                                    | <b>Parent<br/>company<br/>2017</b> | <b>Group<br/>2017</b> |
|------------------------------------|------------------------------------|-----------------------|
|                                    | <u>          </u>                  | <u>          </u>     |
| <b>15 Instruments of debt</b>      |                                    |                       |
| Cost at 1st September              | 0                                  | 791                   |
| Addition                           | 229.551                            | 232.633               |
| Disposals for the year             | 0                                  | -608                  |
| Cost at 31st August                | <u>229.551</u>                     | <u>232.816</u>        |
| Value adjustment at 1st September  | 0                                  | -182                  |
| Exchange adjustments for the year  | -82                                | -82                   |
| Value adjustment at 31st August    | <u>-82</u>                         | <u>-264</u>           |
| <b>Booked value at 31st August</b> | <u><b>229.469</b></u>              | <u><b>232.552</b></u> |
| <b>16 Deposits</b>                 |                                    |                       |
| Cost at 1st September              | 418                                | 28.955                |
| Addition for the year              | 2                                  | 6.729                 |
| Disposals for the year             | -30                                | -24.590               |
| <b>Cost at 31st August</b>         | <u><b>390</b></u>                  | <u><b>11.094</b></u>  |
| <b>17 Prepayments</b>              |                                    |                       |

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

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

|                        | Parent company |               | Group         |               |
|------------------------|----------------|---------------|---------------|---------------|
|                        | 2017           | 2016          | 2017          | 2016          |
| <b>18 Deferred tax</b> |                |               |               |               |
| Intangible assets      | 0              | 0             | -2.753        | -3.291        |
| Tangible assets        | 5.642          | 6.009         | 10.737        | 4.829         |
| Inventories            | 0              | 0             | 1.993         | 2.569         |
| Securities             | 22.000         | 22.000        | 22.000        | 22.000        |
| Trade receivables      | 0              | 0             | 3.265         | 3.674         |
| Other                  | 24.989         | 26.621        | 609           | 17.809        |
|                        | <b>52.631</b>  | <b>54.630</b> | <b>35.850</b> | <b>47.589</b> |

### 19 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:

|                                      |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Mortgage debt, after 5 years         | 52.276         | 186.573        | 151.752        | 287.584        |
| Mortgage debt, between 1 and 5 years | 93.000         | 0              | 107.100        | 19.439         |
| Mortgage debt, long-term debt        | 145.276        | 186.573        | 258.852        | 307.024        |
| Mortgage debt, within 1 year         | 23.250         | 0              | 27.870         | 3.522          |
|                                      | <b>168.526</b> | <b>186.573</b> | <b>286.722</b> | <b>310.546</b> |

### 20 Instruments of debt

Instruments of debt fall due for payment as specified below:

|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Instrument of debt, after 5 years         | 0                | 0                | 130.000          | 119.933          |
| Instrument of debt, between 1 and 5 years | 1.775.000        | 2.649.900        | 1.775.000        | 2.649.900        |
| Instrument of debt, long-term debt        | 1.775.000        | 2.649.900        | 1.905.000        | 2.769.833        |
| Instrument of debt, within 1 year         | 0                | 0                | 0                | 1.624            |
|   | <b>1.775.000</b> | <b>2.649.900</b> | <b>1.905.000</b> | <b>2.771.457</b> |

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

|   | Parent company |              | Group        |              |
|---|----------------|--------------|--------------|--------------|
|   | 2017           | 2016         | 2017         | 2016         |
| <b>21 Deposits</b>                                |                |              |              |              |
| Deposits fall due for payment as specified below: |                |              |              |              |
| Deposita, after 5 years                           | 0              | 0            | 0            | 0            |
| Deposita, between 1 and 5 years                   | 0              | 0            | 0            | 0            |
| Deposita, long-term debt                          | 0              | 0            | 0            | 0            |
| Deposita, within 1 year                           | 7.795          | 8.198        | 8.338        | 8.739        |
|   | <b>7.795</b>   | <b>8.198</b> | <b>8.338</b> | <b>8.739</b> |

## 22 Deferred income

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

|                                   | Parent company |         | Group     |           |
|-----------------------------------|----------------|---------|-----------|-----------|
|                                   | 2016/17        | 2015/16 | 2016/17   | 2015/16   |
| <b>23 Contractual obligations</b> |                |         |           |           |
| Rental obligations                | 0              | 0       | 4.973.305 | 4.517.877 |
| Lease obligations                 | 0              | 0       | 6.650     | 12.173    |
| Letters of credit                 | 0              | 0       | 81.809    | 16.408    |
| Other obligations                 | 0              | 0       | 26.217    | 8.791     |

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

|  | Parent company |         | Group   |         |
|--|----------------|---------|---------|---------|
|  | 2016/17        | 2015/16 | 2016/17 | 2015/16 |
| <b>24 Security</b>   |                |         |         |         |
| Provided as security for mortgage loans:   |                |         |         |         |
| Land and buildings, etc. with a carrying amount of:  | 0              | 0       | 111.384 | 123.980 |
| Mortgage deeds registered to the mortgager totalling DKK 28,500k providing security in land and buildings at a total carrying amount of: | 0              | 0       | 111.384 | 108.383 |

The parent company has issued unlimited letter of support for the following subsidiaries: Eovendo ApS, LJH Invest ApS, Backtee A/S and JYSK Bed'n'Linen.

### 25 Contingent liabilities

|                                    |           |           |         |         |
|------------------------------------|-----------|-----------|---------|---------|
| Guarantee with primary liabilities | 1.437.416 | 1.467.903 | 484.782 | 373.776 |
| Guarantees                         | 0         | 0         | 27.338  | 25.793  |

### 26 Controlling interest and ownership

Lars Larsen, Svejbæk Søvej 14, 8600 Silkeborg

#### Basis

Controlling shareholder

#### Transactions

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

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

|   | <b>Group</b>           |                        |
|---|------------------------|------------------------|
|   | <u>2016/17</u>         | <u>2015/16</u>         |
| <b>27 Cash flow statement - adjustments</b>               |                        |                        |
| Profit/loss, associates                                   | -723.209               | -688.558               |
| Profit/loss, other investments                            | -7.568                 | -6.385                 |
| Financial income  | -250.552               | -184.126               |
| Financial expenses  | 105.482                | 183.248                |
| Depreciation and amortisation                             | 393.177                | 323.305                |
| Tax on profit/loss for the year                           | 311.756                | 245.345                |
| Exchange adjustment on foreign subsidiaries               | 12.887                 | -7.450                 |
| Other adjustments   | 0                      | 8.572                  |
|   | <u><b>-158.027</b></u> | <u><b>-126.049</b></u> |
| <b>28 Cash flow statement - change in working capital</b> |                        |                        |
| Change in inventories                                     | -603.906               | 412.691                |
| Change in receivables                                     | -12.316                | -147.423               |
| Change in other receivables etc.                          | -88.846                | 71.284                 |
| Change in prepayments received from customers             | 13.881                 | 1.921                  |
| Change in trade payables                                  | 156.154                | -16.591                |
| Change in deferred income                                 | 21.782                 | 14.165                 |
| Change in other payables etc.                             | 132.535                | 82.493                 |
|   | <u><b>-380.716</b></u> | <u><b>418.540</b></u>  |

## **Accounting Policies**

### **Basis of Preparation**

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

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

In consequence of these amendments, minority interests' share of subsidiaries is shown separately from the distribution of net profit and has not as previously been set off against the profit for the year. Consequently, minority interests' share of subsidiaries is presented as an equity item and not as a separate balance sheet item as previously. The comparative figures have been restated to ensure comparability.

The change has the following effect on the Group's financial position at 31 August 2017:

- Profit for the year is decreased by DKK 5,056k
- The balance sheet total is decreased by DKK 0k
- Equity is decreased by DKK 50,013k

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

The Financial Statements for 2016/17 are presented in TDKK.

### **Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, JYSK Holding A/S, 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.

## **Accounting Policies**

### **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.

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.

## **Accounting Policies**

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.

### **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.



## **Accounting Policies**

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

### **Cost of sales**

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

### **Other operating income and expenses**

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

### **Other external expenses**

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

### **Staff expenses**

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

### **Depreciation and amortisation**

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

### **Result from subsidiaries and associated companies**

The items “Result from subsidiaries” and “Result from associated companies” 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.

## Accounting Policies

### Tax on profit for the year

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

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

### Balance Sheet

#### Intangible assets

##### *Software*

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

Software is amortised over 3 – 5 years.

##### *Goodwill*

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated at 5 – 15 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 | 4-5 years     |
| Trucks and cars                            | 4-5 years     |
| Leasehold improvements                     | Rental 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 and associates**

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

The items “Investments in subsidiaries” and “Investments in associates” 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:

|                  |   |   |
|------------------|---|---|
| Return on assets | = | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$  |
| Solvency ratio   | = | $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$        |
| Return on equity | = | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |

## **Statutory Statement of Corporate Social Responsibility**

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

JYSK Holding A/S is an international group comprising a number of companies. JYSK Holding A/S forms part of the Lars Larsen Group, a corporate group which is named after its founder and owner, Lars Larsen. Lars Larsen opened his first JYSK store in Aarhus in Denmark in 1979 thus launching the successful business that forms the basis for establishing the Lars Larsen Group.

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

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

### **Data**

As it will appear from the text, a considerable part of the data material is based on actions and results realised in JYSK Nordic. JYSK Nordic is the name of an operational company (not a legal entity) that transcends the JYSK Holding A/S and Anpartsselskabet af 19. december 2014 Groups, which both form part of the Lars Larsen Group.

Besides data from JYSK Nordic, this report comprises data from Bolia A/S, Bettenwelt GmbH & Co.KG as well as Dänisches Bettenlager GmbH and JYSK GmbH.

### **Dialogue is the way forward**

As an international Group, JYSK Holding A/S is in contact with thousands of customers, employees and business partners as well as other stakeholders every day. That requires commitment.

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

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

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

## Statutory Statement of Corporate Social Responsibility

- Customers
- Employees

### Human rights

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

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

### Business Social Compliance Initiative

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

JYSK Nordic has together with Bettenwelt been a member since 2006. JYSK Nordic and Bettenwelt share a joint membership as the two enterprises share many suppliers.

As members, JYSK Nordic and Bettenwelt accede to the BSCI Code of Conduct containing 11 principles for running an ethical and socially responsible business. JYSK Nordic and Bettenwelt have thus implemented the principles of the BSCI Code of Conduct into their own Codes of Conduct. The principles are as follows:

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

All JYSK Nordic and Bettenwelt suppliers sign the Code of Conduct. In practice, Bettenwelt functions as a purchasing organisation for Dänisches Bettenlager GmbH and JYSK GmbH; therefore, these two enterprises are also comprised by the BSCI membership.



## **Statutory Statement of Corporate Social Responsibility**

It is moreover a requirement that the manufacturers supplying JYSK Nordic with goods must be audited under the BSCI scheme before the first shipment.

Bolia takes a stand on human rights by way of its trading agreement which refers to the International Labour Organization (ILO). All suppliers sign the agreement. Bolia expects to join the BSCI in the coming financial period and in the current financial period began the initial work and engaged in a dialogue with suppliers on this.

### **FSC®/™**

Moreover, JYSK Nordic takes a stand on human rights through its membership of FSC Denmark. Besides focus on climate and the environment, social responsibility is a cornerstone of FSC's work. Among other things, native people's traditional right to use the forest is protected, and areas of cultural, religious or other importance are mapped and protected. Those who work in the forests are trained and have the necessary safety equipment at their disposal. At the same time, they are guaranteed decent working conditions, fair pay and the right to unionise. Besides being a member of FSC Denmark, JYSK Nordic also supports FSC's work by carrying FSC-certified products in its range.

Bolia expects to join FSC Denmark in the coming financial period.

JYSK Nordic furthermore helps highlight social conditions, including human rights, through its membership of the Danish Ethical Trading Initiative and partnerships with Save the Children and the Danish Church Army.

This report will address how JYSK Holding A/S translates the above human rights principles into actions and results under the other themes, particularly the themes Responsible supplier management and Partnerships.

## **Environment and climate**

As a global group, we at JYSK Holding A/S work to minimise our own and our suppliers' negative environmental and climate impact.

### **Sustainable wood**

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. At JYSK Holding A/S, we therefore have strong 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.

## **Statutory Statement of Corporate Social Responsibility**

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 as we feel that we are able to make a difference in this area.

### **FSC**

FSC stands for Forest Stewardship Council<sup>®/™</sup>. In an FSC-labelled forest, the number of trees cut down does not exceed the number of trees produced by the forest, and, at the same time, consideration is shown to local populations as well as to animal and plant lives.

All wooden garden furniture purchased for JYSK Nordic and Bettenwelt in the financial period is made of FSC-certified wood (FSC<sup>®</sup> N001715/FSC<sup>®</sup> N001596). In the financial period, JYSK Nordic and Bettenwelt continued the process of increasing the share of FSC-certified indoor furniture.

Based on JYSK Nordic's total purchases of indoor furniture containing wood products, 29% consists of FSC-certified wood (measured at cost).

During the year, JYSK Nordic adopted an internal strategic focus committing the company to increasing the share of products made of FSC-certified wood.

In the financial period, JYSK Nordic moreover signed the Vancouver Declaration which supports the UN Sustainable Development Goals and the FSC certification. Through the declaration, JYSK Nordic commits to increasing the volumes of FSC-certified wood in its product range.

### **PEFC**

Like the FSC label, the PEFC label is a guarantee that the wood used originates from sustainable forestry. The PEFC label (Programme of the Endorsement of Forest Certification Schemes) is found on several of JYSK Nordic's indoor wood furniture products.

However, JYSK Nordic's long-term target is for all products to be FSC-certified, which is a process we will continue in financial year 2016/17.

### **Energy reduction and optimisation**

By optimising and enhancing our energy efficiency, we will be able to reduce our total energy consumption and CO<sub>2</sub> emission.

### **Lighting in stores**

During the year, JYSK Nordic focused on optimising lighting in its stores with more energy-efficient light sources and with all new stores being fitted with LED lighting. LED is both cost- and energy-efficient and has a longer lifespan than ordinary lighting.

## **Statutory Statement of Corporate Social Responsibility**

At the end of the financial period, 716 of 1147 JYSK Nordic stores had switched to LED lighting. The replacement is an ongoing process, and the long-term target is for all JYSK stores to be fitted with LED lighting or other more energy-efficient alternatives.

Since 2013, the total energy consumption of JYSK Nordic stores has declined in spite of the number of stores growing by more than 200.

JYSK GmbH and Dänisches Bettenlager GmbH (below, “DBL” is used to refer to both JYSK GmbH and Dänisches Bettenlager GmbH) have launched a light switch project replacing 70W lights in DBL stores by 35W lights. Energy consumption for lighting is moreover reduced by also currently fitting all new stores with LED lighting. The project continued in the financial period.

Furthermore, DBL is making continuous improvements in connection with replacement of electronic equipment such as heating pumps and central monitoring and control systems of air-conditioning via our own web portal.

### **Warehouse facilities**

In the past financial period, the distribution centre in Radomsko in Poland implemented a LED project which contributed towards reducing energy consumption for the current period. In the financial period, capacity (total volumes transmitted through the distribution centre) increased by 27.5%, and energy consumption decreased by 5%.

### **Transport**

Every day, JYSK Holding A/S transports thousands of goods from suppliers to distribution centres and from distribution centres to stores. This requires much transport, which adds to our CO<sub>2</sub> emission. We want to reduce this emission and have therefore taken a number of initiatives in this respect.

JYSK Nordic is working on eg packing the goods more efficiently on the pallets before they are dispatched from the distribution centres to the stores. In this respect, e-learning is used to train our employees in packing the goods as efficiently as possible, and a number of technical tools are made available for the same purpose.

In the period, the distribution centre in Radomsko in Poland increased its m<sup>3</sup> per loading metre by 0.9%, and the distribution centre in Nässjö in Sweden increased its m<sup>3</sup> per loading metre by 3.9%. This means that there are 0.9% and 3.9% more goods per loading metre in the lorries. Ultimately, this means that fewer lorries are driving from the distribution centres to the stores, which saves CO<sub>2</sub>.

During the period, JYSK Nordic moreover visited and trained suppliers with a view to optimising the packing of containers.

## **Statutory Statement of Corporate Social Responsibility**

Bettenwelt is also directing efforts at optimisation and requires that means of transport should be fully loaded (eg containers without air).

Bolia too has launched a project with focus on minimising item volumes in order to get the lorries to carry more, resulting in fewer lorries. This is a process that is, as far as possible, introduced with respect to new products. The existing range will, to the extent possible, be updated in the coming financial period.

Besides that, JYSK Nordic is in the process of rolling out the Code of Conduct to all JYSK Nordic carriers in connection with contract negotiations. This Code of Conduct will contribute towards ensuring that carriers live up to JYSK Nordic's environmental requirements.

### **Focus on employee responsibility**

DBL focuses on minimising the energy costs of stores; among other things, energy efficiency guidelines have been prepared. A future project will concern an audit of these guidelines. The purpose of the guidelines is to strengthen the individual employee's responsibility for the energy consumption of the store; for example, by ensuring that unnecessary consumption is detected and reported and by monitoring that energy (lighting) is not consumed unnecessarily outside the opening hours of the store.

### **Recycled materials**

Bolia is aiming at suppliers, to the extent possible, using recycled materials eg for packing of the products as this results in less waste, among other things. Bolia requires that the plastic foil used by upholstery suppliers for the packing of sofas should be recycled plastic. In the financial period, three of seven suppliers lived fully up to this requirement.

As regards recycled cardboard with the various suppliers, this ongoing process was initiated in August 2017.

### **BSCI, principle 11: Protection of the environment**

JYSK Nordic and Bettenwelt have adopted the BSCI Code of Conduct, including principle 11 which includes a requirement for compliance with local environmental legislation. In the financial period, 471 BSCI audits were performed at JYSK and Bettenwelt suppliers.

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

## **Statutory Statement of Corporate Social Responsibility**

Bolia expects to join the BSCI in the coming financial period. In the current financial period, Bolia suppliers have signed the company's trading agreement addressing environmental issues, eg a requirement for compliance with international and local environmental legislation. This is followed up by visits to suppliers. In the period, an agreement for annual auditing at factories was made with a third party.

### **Responsible supplier management**

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

### **Business Social Compliance Initiative (BSCI)**

JYSK Nordic and Bettenwelt joined the BSCI in 2006. JYSK Nordic and Bettenwelt share a joint membership as the two enterprises both form part of the Lars Larsen Group and share many suppliers.

The BSCI is an international supply chain management system with more than 2000 members. As members, companies agree to follow a shared Code of Conduct containing 11 principles for running an ethical and socially responsible business. The principles are based on international conventions and, among other things, prohibit child labour, forced labour, corruption and discrimination, and set out requirements for safety, working hours and environmental protection.

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

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

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

Moreover, JYSK Nordic itself visited selected factories in the period to ensure quality and compliance with the BSCI requirements.

JYSK Nordic also holds quarterly meetings with selected/key suppliers to ensure focus and development in accordance with the BSCI. The individual factories are assessed in relation to the BSCI requirements, and requirements for action plans and follow-up are made for each factory.

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Bolia expects to join the BSCI in the coming financial period, and in the current financial period began the initial work. In the period, Bolia upgraded the number of its own supplier audits and prepares reports after each visit with text and images in accordance with internal guidelines, MUST-15. Moreover, third-party auditing is performed annually.

### **Involvement is the way forward**

The Group works systematically on improving the situation and processes in cooperation with our suppliers. We consider cooperation and involvement an important approach. Through involvement, we will contribute to influencing development in a positive direction. If we see a supplier making mistakes and therefore achieving less favourable results of an audit, our initial response will be to hold on to the supplier and ensure that improvements are made rather than immediately terminate our cooperation. It is, however, essential that we subsequently see progress with the supplier.

In the financial period, JYSK Nordic showed commitment and involvement in the BSCI work, eg through participation in a BSCI webinar, national BSCI meetings as well as the BSCI Annual Conference in Brussels.

### **Integrating BSCI internally**

Integration of the BSCI efforts internally is essential. Therefore, JYSK Nordic focuses on internal transparency. Twice a year, the overall situation is assessed at a large, internal meeting attended by all employees with supplier relations. The individual purchasers' results are presented to establish how the suppliers in their product area are performing measured against the 11 BSCI principles.

After the meeting, each purchaser receives a list showing which suppliers have room for improvement. The purchaser then enters into a dialogue with the supplier.

In the financial period, JYSK Nordic held two BSCI situation meetings, and the company is generally seeing progress with suppliers. The company wants this progress to continue; therefore, JYSK Nordic has decided that continuous improvement of suppliers' BSCI performance should be a strategic focus area.

Moreover, the period has seen internal focus on various BSCI topics, eg information on the importance of Zero Tolerance and the procedures established by JYSK Nordic in this respect. All new employees in the purchase department received BSCI training.

### **Animal welfare**

At the Group, we do not tolerate animal abuse.

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A significant part of JYSK Holding A/S's business consists of sales of pillows and duvets 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.

The debate about down and feathers plucked from live birds has been on the agenda several times during the past couple of years. Therefore, many people consider it more a rule than an exception for down and feathers to be plucked from live birds. However, according to the International Down and Feather Laboratory (IDFL) the reality is different as 99% of the down and feathers in the world are byproducts from the food industry and, thus, originate from slaughtered fowl.

Nevertheless, JYSK Nordic has opted to continuously monitor suppliers of down and feathers. In the financial period, audits were performed at 50% of the suppliers in cooperation with IDFL. The audits did not give rise to any suspicion of the suppliers delivering down and feathers from live fowl.

Furthermore, JYSK Nordic suppliers enter into a contractual commitment to supplying only down and feathers from slaughterhouses - ie from fowl slaughtered before plucking. This is ensured through trading documents and visits to suppliers. JYSK Nordic has ten suppliers of down and feathers, and the relatively few suppliers compared to our large product range reflect our focus on ethics and quality.

Bolia collects information from suppliers on the source farms of feathers. Moreover, animal welfare is addressed, including whether the animals have been put down correctly and according to applicable rules. Audits at feather suppliers are performed either by Bolia or through cooperation with IDFL.

Bolia's woollen products are certified by the International Wool Textile Organisation (IWTO), which focuses on, among other things, treating animals in a respectful manner.

### **Partnerships**

The surrounding world affects our company, just as our company has an impact on the surroundings. Therefore, the Group wants dialogue and cooperation as they provide the best basis for fulfilling our responsibilities and meeting the challenges which we face as an international group.

#### **Danish Ethical Trading Initiative (DIEH)**

JYSK Nordic is a member of the 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.

## **Statutory Statement of Corporate Social Responsibility**

In the financial period, JYSK has been in an ongoing dialogue with DIEH and has participated in various meetings and courses.

### **Save the Children**

JYSK Nordic has been a business partner to Save the Children since 2008. In 2015, JYSK Nordic along with IDdesign<sup>1</sup> and SengeSpecialisten<sup>2</sup> became the main sponsor of Save the Children in Denmark. The object of the sponsorship is to make a difference for the children and young people who are worst off – in Denmark and abroad.

As part of the sponsorship, JYSK Nordic worked actively in the financial period to help Save the Children. For example, in December 2016 JYSK sold scratch cards for Save the Children at JYSK Nordic's Danish stores.

In the spring of 2017, JYSK Nordic carried out sales training for the volunteers at several Save the Children second-hand shops in Denmark.

Besides the sponsorship agreement with Save the Children in Denmark, JYSK Nordic sold 6,300 stuffed goose animal toys at its Swedish stores in aid of Save the Children (Rädda Barnen) in Sweden in the period from 19 to 31 December 2016. An initiative which meant that JYSK Nordic was able to donate SEK 150,000 to Save the Children in Sweden.

### **FSC Denmark**

JYSK Nordic is a member of FSC Denmark which, among other things, works for the positioning and dissemination of the FSC label in Denmark.

In the financial period, JYSK Nordic supported FSC Ugen (FSC week), eg by raising awareness of FSC and FSC Ugen through social media. Moreover, JYSK Nordic supported FSC Design Awards in the period, financially and by raising awareness through social media and in its own international, online staff magazine, GOJYSK.com.

In the period, JYSK Nordic attended the FSC general assembly and a meeting on chain of custody certification.

### **Danmarks Indsamling**

Danmarks Indsamling is a national fund raising event in aid of the developing countries in Africa, Asia and Latin America arranged by the Danish Broadcasting Corporation and 12 of Denmark's largest humanitarian organisations.

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<sup>1</sup> Another Lars Larsen Group enterprise

<sup>2</sup> Another Lars Larsen Group enterprise



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In the financial period, JYSK Nordic donated one million Danish kroner to Danmarks Indsamling. This year, the money went to projects in aid of some of the more than three million children who die of starvation every year.

### The Danish Church Army

The Danish Church Army organisation operates warm shelters, hostels and group homes to help vulnerable people in Denmark. Close to 10,000 people visit the organisation's many facilities every week.

In the period, as a sponsor, JYSK Nordic donated sleeping bags, mattresses and towels to the Danish Church Army for the benefit of its many visitors.

### Customers

Consideration and thought for our customers and our surroundings are cornerstones for the Group. Therefore, we naturally take responsibility for the products we sell.

### Product safety and quality

At the Group, we ensure that all products comply with existing legislation, and we focus eg on reducing the use of harmful phthalates and hazardous chemicals in accordance with the EU chemicals regulation, REACH. REACH stands for "Registration, Evaluation and Authorisation of Chemicals".

JYSK Nordic currently focuses on reducing the use of substances which are suspected of having a problematic effect and therefore makes a number of requirements which are beyond statutory requirements. Since 1 January 2017, JYSK Nordic has not allowed substances of very high concern (SVHCs) in any of its products even if the substances are not prohibited according to law. JYSK Nordic itself tests products and requires testing and documentation of its suppliers. Moreover, JYSK Nordic uses external testing firms which perform tests and regular spot checks. In the financial period, external testing firms performed 371 tests and inspections on behalf of JYSK Nordic.

JYSK Nordic has prepared an annual wheel that gives an overview of the various product groups, which helps ensure that all product groups are tested within a given period.

JYSK Nordic has also prepared a model for quality checking which, among other things, comprises quality assurance, assembly days, quality check at reception at distribution centres and feedback from the stores.



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In the financial period, JYSK Nordic had “assembly days” both in relation to indoor, outdoor and mattresses, during which the furniture was assembled and tested by JYSK employees. The purpose of these “assembly days” is to ensure that the furniture which is subsequently sold in the stores meets our quality requirements.

Bolia has focus on both own and third-party tests of furniture and fabrics. 40 third-party furniture tests were ongoing at the end of the financial period. Bolia wants to avoid hazardous substances and ozone-depleting materials. For example, Bolia ensures that leather is 100% chrome- and lead-free and is made without using PCP or CFC. Moreover, Bolia ensures that impregnation fluids are water-based, and that the leather has been impregnated without fluorocarbon.

Bolia will continue regular testing in the coming financial period.

### **The Oeko-Tex label**

The label ensures that the products are inspected for dangerous colouring agents and chemicals, and that the Oeko-Tex Standard 100 requirements have been met.

In the financial period, JYSK Nordic continued its work of extending the range of products which may be Oeko-Tex Standard 100 certified. The Oeko-Tex Standard 100 label is found on a large number of our products, for example on 96% of our bed linen, sheets, towels, shower curtains and bath mats (calculated on the basis of number of products). All textiles meet the requirements of the Oeko-Tex label.

### **The CertiPUR Label**

The label is a voluntary standard to promote safety, health and environmental performance in flexible polyurethane foams used for, among other things, mattresses.

In the financial period, 28% of the mattresses and top mattresses sold by JYSK Nordic were labelled with the CertiPUR Label.

## **Employees**

### **The underrepresented gender**

The supreme governing body of JYSK Holding A/S, the Board of Directors, has six members two of whom are women. Consequently, no target figure has been determined for the supreme governing body.

The Parent Company, JYSK Holding A/S, has fewer than 50 employees, and therefore no policy has been prepared for the company.

## **Statutory Statement of Corporate Social Responsibility**

JYSK Holding A/S owns a company, Bolia A/S, which is independently comprised by section 99b of the Danish Financial Statements Act.

The supreme governing body of Bolia A/S, the Board of Directors, has four male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021. In the 2016/2017 financial period, the target of 33.33% was not reached as the Board of Directors did not find any reason to change its composition.

The other management body of Bolia A/S has seven members three of whom are women. There will thus be no further reporting on Bolia A/S's policy in this area.

### **Competence development, career paths and talent programmes**

At JYSK Holding A/S, we all have equal rights irrespective of gender, race, political affiliation and religious beliefs. In JYSK Holding A/S's competence development, career paths and talent programmes, we present the opportunities offered by the company for both genders.

At JYSK Holding A/S, we focus strongly on internal recruitment when filling executive positions. As an extension of this, we offer many opportunities for professional development and career.

As part of its internal career paths, JYSK Nordic works at all levels of the organisation under the performance management programme 'SIRIUS' to secure the internal pipeline. The object of SIRIUS is to evaluate all employees - irrespective of their gender, race, political affiliation and religious beliefs - according to their ability to work under JYSK VALUES and JYSK LEADERSHIP. Based on the work with SIRIUS, potential leaders are identified and selected for development programmes at different levels. In the period, development programmes were carried through at four levels.

At DBL, training, especially training of young and new employees, is a focus area.

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

DBL's training organisation was reorganised in the period. With the creation of the position Sales, Operations and Communications Trainer, HR is able to provide more and more differentiated training offerings.

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As part of our internal career path and to retain internal talents, DBL offers training at all staff levels. In the financial period, DBL developed and implemented a competence development programme for all departmental managers, regional managers and top management. The agenda featured themes such as leadership, individual managerial role, function as a role model and staff management.

### External recruitment

In the external recruitment process, JYSK Nordic wants to continuously ensure that all candidates have an equal opportunity to be considered for an executive position. This is achieved for example through training of the employees responsible for the recruitment.

In the period, more than 400 participated in JYSK Nordic training programmes touching on recruitment topics.

DBL works continuously with optimisation and further development within recruitment.

### Employee satisfaction

At JYSK Nordic, employees and their views matter; therefore, our values include a right and duty to raise ones voice.

About every two years, employee satisfaction surveys are performed to allow our employees to express their views. The survey findings help us understand where to take measures to increase satisfaction and loyalty. The latest survey was performed in 2016 and 96% of JYSK Nordic's employees participated.

Employees are asked to express their satisfaction and loyalty on a scale from 1 to 100 as shown below.



In respect of the employees in the stores, at the offices and the distribution centres, satisfaction at JYSK Nordic reached an average rate of 78% in the latest survey, and loyalty reached 79%.

In the areas where the satisfaction or loyalty rates showed declines, the company is making an effort to improve based on the feedback given by employees.

## **Statutory Statement of Corporate Social Responsibility**

In the financial period, efforts were directed at proactive planning and prioritisation, motivation and internal organisation in the stores – among other things, as part of the local action plans. At the same time, these are aspects which are expressed through strategic focus areas such as Great Store Management and Attractive Stores.

JYSK Nordic expects to perform another satisfaction survey in early 2018.

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

DBL expects to perform a new employee satisfaction survey in the coming financial period. The satisfaction survey is planned as an online survey. With an online survey, DBL hopes to be able to optimise the response rate.

DBL moreover has a shop steward to whom the employees may go.

Bolia performs annual employee satisfaction surveys and conducts two annual personal employee interviews.

### **Mission Statement**

At the beginning of financial year 2015/16, the Group presented its new Mission Statement. The model comprises 10 values that form the basis of successful cooperation and business development. The values were presented to the employees in various training sessions and now form the basis of everyday work.

Based on the Mission Statement, the company has been working at developing a new leadership model in the past financial year.

### **Safety**

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

At the distribution centres in Poland and Sweden, 7 and 12 work-related accidents were registered in financial year 2016/17 resulting in the involved employee's/employees' absence, compared to 6 and 11 last year.

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All distribution centres have an objective of reducing the number of accidents. This will be realised eg through e-learning during the introductory period introducing the employees to safety at the distribution centre. The employees are trained in eg safe pallet handling, for example the way in which to pack the goods on the pallets to prevent them from tipping.

Focus on safety will continue in the coming financial years, and the objective forms part of the JYSK Nordic Business Plan.

JYSK Nordic has moreover implemented processes to analyse work-related accidents at the distribution centres for the purpose of preventing future accidents from occurring. Furthermore, other measures focus on changing the attitude to correct, safe behaviour at the workplace.

JYSK Nordic also focuses on avoiding heavy lifts by investing in tools and new technology for both the distribution centres and the stores.

DBL is continuously working on improving safety in all work areas and has two employees who are available for safety controls and optimisation. There is focus on proper lifting techniques and avoiding heavy lifts both in stores and at warehouses.

### **Phase-in following long-term absence due to illness**

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