JYSK Holding A/S

Sødalsparken 18, 8220 Brabrand

CVR No 86 00 15 19

Annual Report 2018/19

(Annual year 1/9 – 31/8)

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

Uffe Baller
Chairman

Contents

Company Information

The Company	JYSK Holding A/S Sødalsparken 18 DK-8220 Brabrand Telephone +45 89 397 500 Facsimile +45 89 397 501 Website: www.jysk.com CVR No 86 00 15 19 Financial year: 1 September – 31 August Municipality of reg. office: Aarhus
Board of Directors	Jacob Brunsborg Kristine Brunsborg 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	Nordjyske Bank A/S Torvet 4 PO Box 123 DK-9400 Nørresundby

Financial Highlights of the Group

	2018/19	2017/18	2016/17	2015/16	2014/15
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Income Statement					
Revenue	20.756.237	18.222.865	16.663.229	15.052.474	14.072.238
Profit before financial items (EBIT)	1.546.138	1.482.439	1.325.128	1.092.408	1.069.902
Net financials	979.230	923.132	875.847	695.821	587.254
Net profit for the year	2.178.608	2.112.046	1.889.218	1.542.884	1.407.888
Balance sheet					
Balance sheet total	24.588.871	19.025.189	18.351.826	16.627.459	15.197.801
Equity	15.363.352	13.322.884	11.334.075	9.424.091	10.913.111
Cash flow statement					
Investment in tangible assets	1.013.292	1.066.306	467.315	437.490	646.021
Ratios					
Return on assets	6,3%	7,8%	7,2%	6,6%	7,0%
Solvency ratio	62,5%	70,0%	61,8%	56,7%	71,8%
Return on equity	15,2%	17,1%	18,2%	15,2%	13,7%
Number of employees	16.698	10.841	9.746	8.601	8.159

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 Sweden, Norway, Finland, Poland, Czech Republic, Austria, Hungary, Switzerland, Slovakia, Slovenia, Croatia, Bosnia, Serbia, Ukraine, Romania, Bulgaria, The Netherlands, Spain, Italy and the USA.

Development in the financial year

Group revenue amounts to DKK 20,756,237k compared to DKK 18,222,865k in financial year 2017/18. Profit before financial income and expenses amounts to DKK 1,546,138k compared to DKK 1,482,439k in 2017/18. Profit for the year after tax amounts to DKK 2,178,608k compared to DKK 2,112,046k in 2017/18. The result is satisfying and in conjunction with management expectations.

Special risks

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

Knowledge resources

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

Corporate social responsibility and statement on the underrepresented gender

The statutory statement of corporate social responsibility and statement on the underrepresented gender appear from page 39.

Expected development

For the year ahead, JYSK Holding A/S expects to realise a profit in line with the 2018/19 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 2018 – 31 August 2019.

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

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

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

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

Aarhus, 24 January 2020

Executive Board

Hans Henrik Kjølby

Board of Directors

Jacob Brunsborg	Kristine Brunsborg
Hans Henrik Kjølby	Mette Brunsborg
Uffe Baller	

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 2019, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2018 - 31 August 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JYSK Holding A/S for the financial year 1 September 2018 - 31 August 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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.

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

Henrik Kragh
State Authorised Public Accountant
mne26783

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

		Parent company		Group	
	Note	2018/19	2017/18	2018/19	2017/18
Result from subsidiaries		1.161.115	1.148.448		
Result from associated companies		846.688	852.069		
Result from other investments		229.340	183.229		
Revenue	1	**2.237.143**	**2.183.746**	**20.756.237**	**18.222.865**
Cost of sales		0	0	11.245.442	10.009.732
Other operating income		1.359	1.581	123.660	68.313
Other external cost	2	17.971	15.475	4.575.265	3.857.392
Gross Profit		**2.220.531**	**2.169.852**	**5.059.190**	**4.424.054**
Staff expenses	3	14.804	13.279	2.544.905	2.138.462
Depreciation and amortisation		41.912	40.385	543.076	430.017
Other operating expenses		0	0	425.071	373.136
Result before financial items		**2.163.815**	**2.116.189**	**1.546.138**	**1.482.439**
Result from associated companies				846.688	852.069
Result from other investments				11.734	-317
Financial income	4	82.461	59.088	244.009	221.771
Financial expenses	5	19.784	25.853	123.202	150.391
Result before tax		**2.226.491**	**2.149.424**	**2.525.368**	**2.405.571**
Tax on profit for the year	6	42.415	32.818	346.759	293.526
Result for the year		**2.184.077**	**2.116.606**	**2.178.608**	**2.112.046**
Distribution of profit	7				

Balance sheet at 31 August (DKK '000)

Assets	Note	Parent company 2019	Parent company 2018	Group 2019	Group 2018
Software		0	0	78.151	59.726
Goodwill		0	0	22.782	31.376
Intangible assets	8	**0**	**0**	**100.933**	**91.102**
Land and buildings		860.205	820.983	2.787.689	2.218.674
Fixtures and fittings, tools and equipment		63	132	852.014	570.309
Trucks and cars		992	1.721	90.591	77.846
Leasehold improvements		0	0	630.717	385.787
Assets under construction		3.316	2.119	230.237	505.364
Tangible assets	9	**864.577**	**824.954**	**4.591.247**	**3.757.980**
Investments in subsidiaries	10	8.853.455	6.476.135	0	0
Receivables from subsidiaries	11	215.718	44.735	0	0
Investments in associates	12	3.724.529	1.986.951	3.724.529	1.986.951
Receivables from associates	13	0	71.194	0	71.194
Other investments	14	178.476	145.389	178.476	145.389
Instruments of debt	15	30.000	230.394	36.882	236.756
Deposits	16	581	396	50.702	15.116
Fixed asset investments		**13.002.759**	**8.955.194**	**3.990.590**	**2.455.406**
Fixed assets		**13.867.336**	**9.780.148**	**8.682.770**	**6.304.489**
Commercial products		0	0	5.569.020	4.039.450
Inventories		**0**	**0**	**5.569.020**	**4.039.450**
Trade receivables		0	0	596.438	284.084
Receivables from subsidiaries		821.006	503.131	0	0
Corporation tax		0	0	0	115.490
Other receivables		1.639.118	1.184.988	1.909.725	1.466.199
Prepayments	17	67	130	155.163	186.628
Receivables		**2.460.191**	**1.688.248**	**2.661.326**	**2.052.401**
Securities		**3.780.526**	**4.968.229**	**4.847.628**	**4.968.229**
Cash at bank and in hand		**1.106.321**	**41.780**	**2.828.127**	**1.660.621**
Current assets		**7.347.038**	**6.698.257**	**15.906.101**	**12.720.700**
Assets		**21.214.374**	**16.478.405**	**24.588.871**	**19.025.189**

Balance sheet at 31 August (DKK '000)

Liabilities		Parent company		Group	
	Note	2019	2018	2019	2018
Share capital		50.000	50.000	50.000	50.000
Reserve for net revaluation according to the equity method		4.406.905	3.909.380	0	0
Retained earnings		10.982.175	9.433.764	15.389.080	13.343.144
Equity attributable to parent company shareholders		**15.439.080**	**13.393.144**	**15.439.080**	**13.393.144**
Non-controlling interests		**0**	**0**	**-75.728**	**-70.260**
Equity		**15.439.080**	**13.393.144**	**15.363.352**	**13.322.884**
Negative balance subsidiaries	10	271.884	249.651	0	0
Deferred tax	18	50.946	50.206	26.952	39.658
Provisions		**322.830**	**299.857**	**26.952**	**39.658**
Mortgage debt, long-term	19	99.328	122.621	227.826	231.772
Subordinated loan capital, long-term	20	824.310	0	987.310	154.000
Deposits, long-term		0	0	1.480	0
Long term debt		**923.639**	**122.621**	**1.216.617**	**385.772**
Mortgage debt, short-term	19	23.000	23.000	32.797	27.562
Credit institutions		0	10.384	1.752.966	1.110.053
Deposits, short-term	21	15.071	7.907	28.802	28.634
Subordinate loan capital, short-term	20	1.905.325	0	1.906.318	0
Prepayments, received		0	0	70.094	56.436
Trade payables		0	0	698.628	747.212
Payables to subsidiaries		471.088	679.324	0	0
Payables to associates		1.418.238	430.150	1.418.238	430.150
Corporation tax		59.493	46.057	86.484	96.062
Other payables		636.611	1.465.961	1.858.267	2.647.602
Accrued expenses	22	0	0	129.356	133.164
Short-term debt		**4.528.825**	**2.662.783**	**7.981.950**	**5.276.876**
Debt		**5.452.464**	**2.785.404**	**9.198.567**	**5.662.648**
Liabilities and equity		**21.214.374**	**16.478.405**	**24.588.871**	**19.025.189**

Contractual obligations	23
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Statement of changes in equity (DKK '000)

	Parent company		Group	
	2019	2018	2019	2018
Equity				
Equity at 1st September	13.393.144	11.384.088	13.322.884	11.334.075
Result for the year	2.184.077	2.116.606	2.178.608	2.112.046
Exchange adjustment on foreign subsidiaries	-31.966	-107.550	-31.966	-107.550
Acquisition of group company	-106.175	0	-106.175	0
Non-controlling interests	0	0	0	-15.686
Equity at 31st August	**15.439.080**	**13.393.144**	**15.363.352**	**13.322.884**
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
Share capital	**50.000**	**50.000**	**50.000**	**50.000**
Opening at 1st September	3.909.380	3.187.167		
Value adjustment for the year	497.525	722.213		
Reserve for net revaluation according to the equity method at 31st August	**4.406.905**	**3.909.380**		
Retained earnings at 1st September	9.433.764	8.146.921	13.272.884	11.284.075
Result for the year	1.686.552	1.394.393	2.178.608	2.112.046
Exchange adjustment on foreign subsidiaries	-31.966	-107.550	-31.966	-107.550
Acquisition of group company	-106.175	0	-106.175	0
Fair value adjustment	0	0	0	-15.686
Retained earnings at 31 August	**10.982.175**	**9.433.764**	**15.313.352**	**13.272.884**
Equity at 31 August	**15.439.080**	**13.393.144**	**15.363.352**	**13.322.884**
Non-controlling interests				
Opening at 1st September			-70.260	-50.013
Fair value adjustment etc.			0	-15.686
Result for the year			-5.468	-4.560
Non-controlling interests at 31st August			**-75.728**	**-70.260**

Consolidated Cash Flows (DKK '000)

	Note	2018/19	2017/18
Profit for the year		2.178.608	2.112.046
Adjustments	27	-81.121	-285.901
Change in working capital	28	-1.351.496	-152.796
Cash flows from operating activities before financial income and expenses		745.991	1.673.349
Financial income		244.009	221.771
Financial expenses		-123.202	-150.391
Cash flows from ordinary activities		866.798	1.744.729
Corporation tax paid		-283.789	-325.144
Cash flows from operating activities		**583.009**	**1.419.585**
Purchase of intangible assets		-42.256	-52.675
Purchase of tangible assets		-1.013.292	-1.066.306
Purchase of fixed asset investments		-63.563	-87.932
Sale of tangible assets		52.825	47.769
Purchase of enterprises		-1.241.979	0
Cash at purchase of enterprises		713.005	0
Received repayments on loans		358.612	401.787
Loans given		-454.130	-499.279
Cash flows from investing activities		**-1.690.778**	**-1.256.636**
Payment of instruments of debt		0	-1.850.000
Raising of instruments of debt		728.129	0
Payment of mortgage loans		-24.265	-27.388
Dividend received from associates and other investments		807.897	727.548
Cash flows from financing activities		**1.511.761**	**-1.149.840**
Change in cash and cash equivalents		**403.992**	**-986.891**
Cash and cash equivalents at 1 September		5.518.797	6.505.688
Cash and cash equivalents at 31 August		**5.922.789**	**5.518.797**
Cash and cash equivalents are specified as follows:			
Credit institutions		-1.752.966	-1.110.053
Current asset investments		4.847.628	4.968.229
Cash at bank and in hand		2.828.127	1.660.621
Cash and cash equivalents at 31 August		**5.922.789**	**5.518.797**

Notes to the Annual Report (DKK '000)

1 Revenue

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

	Parent company		Group	
	2018/19	2017/18	2018/19	2017/18
2 Fees to the auditors appointed at the annual general meeting				
PricewaterhouseCoopers				
Auditfee	230	230	3.722	3.928
Other assurance engagements	0	0	112	86
Tax advisory services	4.554	4.439	4.870	4.596
Other non-audit services	788	841	895	889
	5.572	**5.510**	**9.600**	**9.499**
Other auditors				
Auditfee	0	0	3.215	1.339
Other assurance engagements	0	0	248	150
Tax advisory services	0	0	300	162
Other non-audit services	0	0	877	454
	0	**0**	**4.640**	**2.105**

3 Staff

Salaries and wages	13.480	12.353	2.021.292	1.697.882
Pensions	693	586	149.929	140.627
Other social security costs	631	339	373.684	299.953
	14.804	**13.279**	**2.544.905**	**2.138.462**

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	11	9	16.698	10.841

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2018/19	2017/18	2018/19	2017/18
4	**Financial income**				
	Interest income subsidiaries	16.597	18.654		
5	**Financial expenses**				
	Interest expense subsidiaries	2.304	3.755		
6	**Tax on profit for the year**				
	Current tax for the year	44.672	35.243	346.793	296.476
	Deferred tax for the year	-2.997	-2.425	1.120	3.808
	Tax concerning previous years	740	0	-1.154	-6.758
		42.415	**32.818**	**346.759**	**293.526**
7	**Distribution of profit**				
	Reserve for net revaluation according to the equity method	497.525	722.213	0	0
	Retained earnings	1.686.552	1.394.393	2.184.077	2.116.606
	Non-controlling interests' share of profit/loss	0	0	-5.468	-4.560
		2.184.077	**2.116.606**	**2.178.608**	**2.112.046**

Notes to the Annual Report (DKK '000)

8 Intangible assets

	Software	Goodwill
Group		
Cost at 1st September	207.675	193.142
Adjustment to opening	-1.101	-42.687
Addition for the year	42.196	60
Addition by acquisition	13.123	13.376
Exchange adjustment	4	1.805
Disposals for the year	-30.712	-97
Cost at 31st August	231.186	165.599
Depreciation at 1st September	-147.949	-161.766
Adjustment to opening	941	42.309
Addition by acquisition	-12.620	-7.888
Depreciation for the year	-24.119	-13.764
Exchange adjustment on movement	0	-1.805
Depreciation of disposals for the year	30.712	97
Depreciation at 31st August	-153.035	-142.817
Booked value at 31st August	**78.151**	**22.782**
Depreciated over	3 - 5 years	5 - 15 years

Notes to the Annual Report (DKK '000)

9 Tangible assets

	Land and buildings	Fixtures and fittings, tools and equipment	Trucks and cars	Assets under construction
Parent company				
Cost at 1st September	1.137.010	772	3.788	2.119
Addition for the year	77.750	0	276	6.629
Transfer	2.631	0	0	-2.631
Exchange adjustments on movement	37	0	0	0
Disposals for the year	-300	-428	-340	-2.801
Cost at 31st August	1.217.129	344	3.725	3.316
Depreciation at 1st September	-316.028	-640	-2.068	0
Depreciation for the year	-40.896	-69	-948	0
Depreciation of disposals for the year	0	428	283	0
Depreciation at 31st August	-356.923	-281	-2.733	0
Booked value at 31st August	**860.205**	**63**	**992**	**3.316**
Depreciated over	25 years	4 - 5 years	4 - 5 years	

Notes to the Annual Report (DKK '000)

		Land and buildings	Fixtures and fittings, tools and equipment	Trucks and cars	Leasehold improvements	Assets under construction
9	**Group**					
	Cost at 1st September	3.227.467	2.080.683	152.091	694.829	505.364
	Adjustments to opening	-23.526	74.465	3.327	42.308	1.305
	Addition for the year	160.002	132.580	30.231	161.488	528.991
	Addition by acquisitions	168.111	339.277	6.055	275.328	11.004
	Transfer	408.233	303.834	17.403	52.738	-782.208
	Exchange adjustment	-15.151	-15.686	-1.322	394	451
	Disposals for the year	-299	-66.123	-26.464	-62.846	-34.671
	Cost at 31st August	3.924.835	2.849.030	181.322	1.164.239	230.237
	Depreciation at 1st September	-1.008.793	-1.510.374	-74.245	-309.043	0
	Adjustment to opening	-8.045	-84.109	-3.459	-45.887	0
	Addition by acquisitions	-16.426	-227.434	-3.605	-119.098	0
	Depreciation for the year	-109.410	-250.613	-28.727	-116.442	0
	Transfer	-68	33	0	35	0
	Exchange adjustment	5.618	13.292	571	237	0
	Depreciation of disposals for the year	-21	62.189	18.734	56.676	0
	Depreciation at 31st August	-1.137.146	-1.997.016	-90.731	-533.522	0
	Booked value at 31st August	**2.787.689**	**852.014**	**90.591**	**630.717**	**230.237**
	Depreciated over	25 years	4 - 5 years	4 - 5 years	Rental period	

Notes to the Annual Report (DKK '000)

10 Investments in subsidiaries

	2019
Cost at 1st September	4.013.121
Addition	1.874.351
Transfer	75.055
Disposals	-38.298
Cost at 31st August	5.924.230
Value adjustment at 1st September	2.213.423
Transfer	5.788
Exchange adjustment on foreign subsidiaries	-30.667
Dividend	-729.815
Result for the year	1.131.304
Fair value adjustements of the year	-7.735
Amortisation for the year	75.711
Adjustment internal profit	-1.770
Value adjustment at 31st August	2.656.239
Booked value at 31st August	**8.580.469**
Negative investments	272.986
Investments in subsidiaries	**8.853.455**

Notes to the Annual Report (DKK '000)

10 Investments in subsidiaries

Specified as:	Ownershare
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, Demark	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	74,00%
Aktieselskabet af 1. april 1993, Denmark	100,00%
LJH Invest ApS, Denmark	90,00%
JYSK BW GmbH, Germany	100,00%
Hank Invest ApS, Denmark	100,00%
SOLID Leasing, Denmark	51,00%
Slangerupgade 48 ApS, Denmark	100,00%
JYSK Iberia, Spain	100,00%
JYSK Italia, Italy	100,00%
BW DBL Logistica, Spain	100,00%
Kapital 31/8 ApS, Denmark	100,00%
Scancom International A/S, Denmark	100,00%

Notes to the Annual Report (DKK '000)

10 Investments in subsidiaries

	Ownershare
Erhvervspark Silkeborg I ApS, Denmark	100,00%
Erhvervspark Silkeborg II ApS, Denmark	100,00%
Viborgvej 16-18, Silkeborg ApS, Denmark	100,00%
Subsidiaries owned indirectly	
Eovendo ApS, Denmark	51,30%
Bettenwelt GmbH, Germany	100,00%
JYSK Logistik GmbH, Germany	100,00%
Bettenwelt GmbH & Co. KG, Germany	100,00%
JYSK Immobilen, Germany	100,00%

11 Receivables from subsidiaries

	2019
Cost at 1st September	75.231
Addition	120.136
Disposals	-52.839
Transfer	59.194
Cost at 31st August	201.723
Value adjustment at 1st September	-30.496
Exchange adjustments	-837
Transfer	14.856
Disposals	30.473
Value adjustment at 31st August	13.995
Booked value at 31st August	**215.718**

Notes to the Annual Report (DKK '000)

12 Investments in associates	Parent company 2019	Group 2019
Cost at 1st September	290.934	290.934
Transfer	-75.055	-75.055
Addition for the year	1.773.614	1.773.614
Disposals	-15.631	-15.631
Cost at 31st August	1.973.863	1.973.863
Value adjustment at 1st September	1.696.017	1.696.017
Transfer	-5.788	-5.788
Result for the year	846.688	846.688
Disposals	15.631	15.631
Exchange adjustments	-594	-594
Dividend	-801.287	-801.287
Value adjustment at 31st August	1.750.666	1.750.666
Booked value at 31st August	**3.724.529**	**3.724.529**

Specified as:

	Ownershare
JYSK A/S	90,00%
Anpartsselskabet af 19.december 2014	90,00%
Vision Properties A/S	50,00%
Schou Holding II ApS	49,00%
K/S Joinflight III	48,00%
JF III ApS	50,00%

Notes to the Annual Report (DKK '000)

13 Other investments	Parent company 2019	Group 2019
Cost at 1st September	134.080	134.080
Addition for the year	27.977	27.977
Cost at 31st August	162.057	162.057
Value adjustment at 1st September	11.309	11.309
Exchange adjustments for the year	-14	-14
Dividend	-6.610	-6.610
Result for the year	11.928	11.928
Fair value adjustements of the year	-194	-194
Value adjustment at 31st August	16.419	16.419
Booked value at 31st August	**178.476**	**178.476**

14 Receivables from associates		
Cost at 1st September	60.037	60.037
Disposals	-60.037	-60.037
Cost at 31st September	0	0
Value adjustment at 1st September	11.157	11.157
Exchange adjustment for the year	0	0
Disposals	-11.157	-11.157
Value adjustment at 31st August	0	0
Booked value at 31st August	**0**	**0**

Notes to the Annual Report (DKK '000)

		Parent company 2019	Group 2019
15	**Instruments of debt**		
	Cost at 1st September	229.551	236.096
	Adjustment to opening		
	Addition	30.000	31.965
	Disposals for the year	-170.357	-171.802
	Transfer	-59.194	-59.194
	Cost at 31st August	30.000	37.065
	Value adjustment at 1st September	843	661
	Exchange adjustments for the year	2.856	2.856
	Transfer	-3.699	-3.699
	Value adjustment at 31st August	0	-182
	Booked value at 31st August	**30.000**	**36.882**
16	**Deposits**		
	Cost at 1st September	396	15.116
	Exchange adjustment at 1st September	0	358
	Addition for the year	185	36.239
	Disposals for the year	0	-1.012
	Cost at 31st August	**581**	**50.702**

17 Prepayments

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

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2019	2018	2019	2018
18 Deferred tax				
Intangible assets	0	0	-3.541	-3.114
Tangible assets	6.443	5.688	4.412	16.214
Inventories	0	0	1.622	1.424
Securities	22.000	22.000	22.000	22.000
Trade receivables	0	0	2.091	2.353
Other	22.504	22.518	368	781
	50.946	**50.206**	**26.952**	**39.658**

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:

Mortage debt, after 5 years	7.328	30.621	100.796	125.683
Mortage debt, between 1 and 5 years	92.000	92.000	127.031	106.089
Mortage debt, long-term debt	99.328	122.621	227.826	231.772
Mortage debt, within 1 year	23.000	23.000	32.797	27.562
	122.328	**145.621**	**260.623**	**259.334**

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2019	2018	2019	2018
20 Subordinated loan capital				

Subordinated loan capital fall due for payment as specified below:

Subordinated loan capital, after 5 years	824.310	0	987.310	154.000
Subordinated loan capital, between 1 and 5 years	0	0	0	0
Subordinated loan capital, long-term	824.310	0	987.310	154.000
Subordinated loan capital, within 1 year	1.905.325	0	1.906.318	0
	2.729.635	**0**	**2.893.628**	**154.000**

21 Deposits

Deposits fall due for payment as specified below:

Deposita, after 5 years	0	0	0	0
Deposita, between 1 and 5 years	0	0	1.480	0
Deposita, long-term debt	0	0	1.480	0
Deposita, within 1 year	30.141	7.907	28.802	28.634
	30.141	**7.907**	**30.282**	**28.634**

22 Deferred income

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

23 Contractual obligations

Rental obligations	0	0	5.750.940	5.246.077
Lease obligations	0	0	54.754	1.927
Letters of credit	0	0	93.378	76.073
Other obligations	0	0	10.459	13.159

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2018/19	2017/18	2018/19	2017/18
24 Security				
Provided as security for mortgage loans: Land and buildings, etc. with a carrying amount of:	0	0	151.263	114.196
Mortgage deeds registered to the mortgager totalling DKK 55,500k providing security in land and buildings at a total	0	0	151.263	114.196

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

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

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

25 Contingent liabilities

Guarantees	2.568.565	1.294.229	1.998.008	1.103.136

26 Controlling interest and ownership

	Basis
Estate of Lars Larsen, Rådhuspladsen 3, DK-8000 Aarhus C	Controlling shareholer

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)

	Group	
	2018/19	2017/18
27 Cash flow statement - adjustments		
Profit/loss, associates	-846.688	-852.069
Profit/loss, other investments	-11.734	317
Other operating income	-44.977	0
Financial income	-244.009	-221.771
Financial expenses	123.202	150.391
Depreciation and amortisation	543.076	430.017
Tax on profit/loss for the year	346.759	293.526
Exchange adjustment on foreign subsidiaries	-19.768	-70.625
Other adjustments	73.018	-15.687
	-81.121	**-285.901**

28 Cash flow statement - change in working capital

Change in inventories	-950.161	-125.356
Change in receivables	-115.155	31.842
Change in other receivables etc.	209.758	0
Change in prepayments received from customers	0	0
Change in trade payables	-170.086	-69.193
Change in deferred income	2.486	16.640
Change in other payables etc.	-328.338	-6.729
	-1.351.496	**-152.796**

Accounting Policies

Basis of Preparation

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

The accounting policies are unchanged compared to last year.

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

There have been minor changes to the comparative figures. The changes do not affect result for the year or equity.

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.

Intercompany restructuring process

The Company has chosen to use book value method in connection to intercompany restructuring. For accounting purposes, the restructuring took place at book value at the date of acquisition. Comparative figures are not shown in compliance with the book value method.

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:

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

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

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

Statutory Statement of Corporate Social Responsibility

JYSK Holding A/S

This is the statutory corporate social responsibility (CSR) report, pursuant to sections 99a and 99b of the Danish Financial Statements Act. The report is part of Management Review for JYSK Holding A/S, covering the financial year of 01.09.2018 – 31.08.2019.

Lars Larsen Group

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

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

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

Lars Larsen Group is, from an overall perspective, structured in three main layers. With reference to our annual reporting cf. The Danish Financial Statements Act §99a and §99b, below scheme illustrates the overall organizational structure of companies encompassed by our CSR reporting.

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

Dialogue is the way forward

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

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

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

Whistleblower

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

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

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

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

Shipping

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

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

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

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

It is important to track exactly one year to ensure that the product mix is the same when different periods are compared. From May 2018 to April 2019 MAERSK shipped 42.700 40 foot containers for Lars Larsen Group, and the total CO2-emissions from these transports were 36.783,100 tons equal to 861 kilo of CO2 per container.

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

The Report

As it will appear from the text, a considerable part of the data material is based on actions and results realised in JYSK Nordic. JYSK Nordic is the name of an operational company (not a legal entity) that transcends the Groups of JYSK Holding A/S and Anpartsselskabet af 19. december 2014 ApS (As of April 1st 2019 Anpartsselskabet af 19. December 2014 ApS is part of LKL ApS and will be handled in the LKL ApS report), which both form part of the Lars Larsen Group.

Besides data from JYSK Nordic, this report comprises data from Bolia A/S, Scancom A/S, Bettenwelt GmbH as well as Dänisches Bettenlager HmbH and JYSK GmbH. At an operational level, Bettenwelt GmbH functions as sourcing unit for both Dänisches Bettenlager HmbH and JYSK GmbH, which are the retail organisations of Austria and Switzerland. Moreover, the three companies are, operated by the same central head office functions, for which reason Bettenwelt GmbH, Dänisches Bettenlager HmbH and JYSK GmbH will report on progress and results in joint sections.

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

Legal entities	**As referred to hereinafter**
JYSK Nordic companies (country organisations owned by JYSK Holding A/S)	JYSK Nordic
Bolia A/S	Bolia
Scancom A/S	Scancom
Bettenwelt GmbH	Bettenwelt
Dänisches Bettenlager HmbH and JYSK GmbH	DBL

Based on development within CSR legislation as well as requirements from stakeholders towards Lars Larsen Group, our work with CSR has undergone thorough revision. This has led to implementation of a Code of Conduct, Group policies, KPI's, a restructured data collection process as well as an updated reporting structure. Thus, the structure and content of this report is not directly comparable with previous reports.

The structure of this report is as follows:

About the company

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

Code of Conduct and Group Policies

- **Human Rights**
- **Environment and Climate**
- **Social and Employee Terms**

- **Anti-Corruption and Bribery**
- **Gender Equality**

Reporting on §99b (Board composition)

KPI overview

About the company

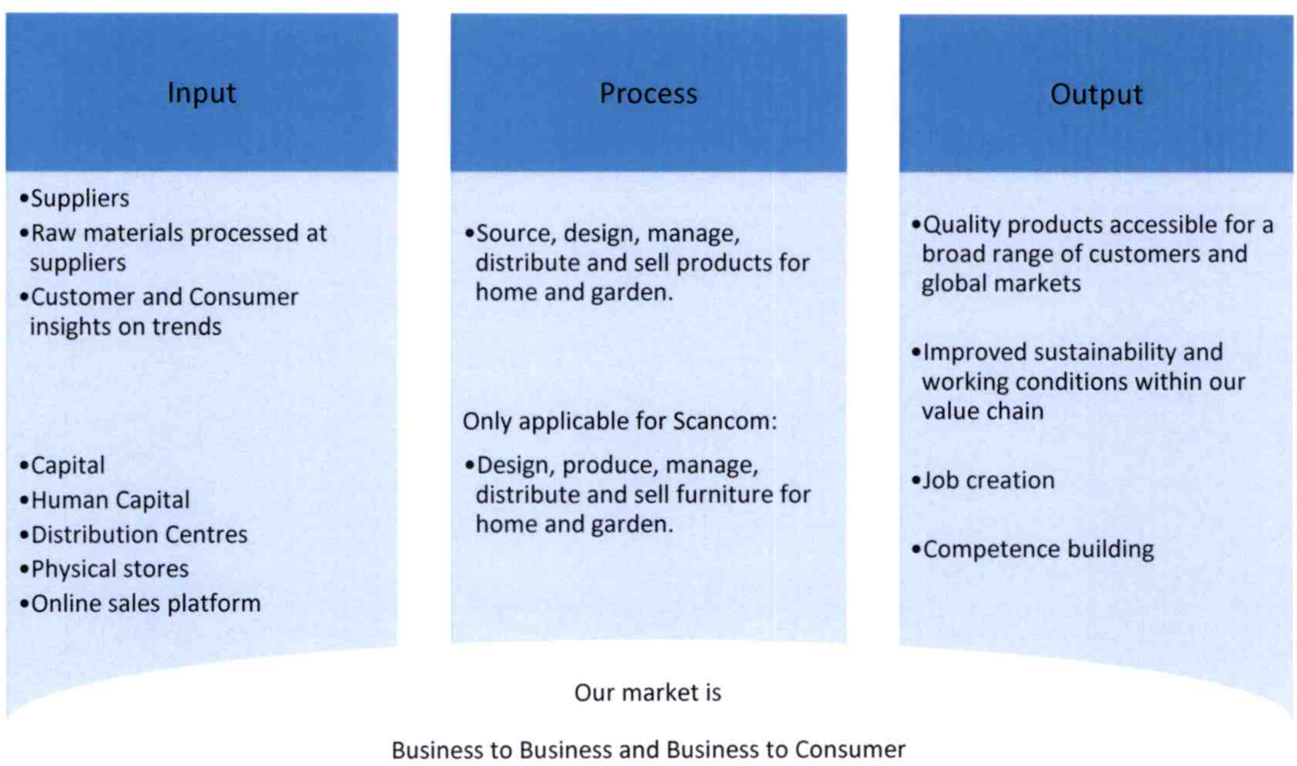
JYSK Nordic, Bolia, Bettenwelt and DBL are all companies operating at business-to-business and business-to-consumer markets respectively with a common business core which is to source, design, manage, distribute and sell products for home and garden.

Scancom is a furniture company, operating at a business-to-business market, with their head office located in Denmark. Scancom owns production facilities in Vietnam, Brazil and Indonesia differentiating Scancom from the other companies included in this report.

Business model

The following model illustrates a business model for Jysk Holding.

Figure 2 Business Model, Jysk Holding



Risks

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

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

Due Diligence

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

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

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

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

production factories located in Vietnam, Brazil and Indonesia. Requirements and audits for these factories are managed similar to requirements and audits at supplier factories.

Figure 3 Due Diligence

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

Code of Conduct and Group Policies

As part of our strategic review and strengthening of our work with CSR, we have developed and implemented a Group Code of Conduct. The Lars Larsen Group Employee Code of Conduct communicates our Group policies on Human Rights, Environment and Climate, Social and Employee Terms, Anti-Corruption and Bribery as well as our Gender Equality Policy.

The Code of Conduct and Group Policies have been implemented with companies within Lars Larsen Group.

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

Human Rights

Policy excerpt

Our Policy on Human Rights draws on UN Guiding Principles on Business and Human Rights. This means that we recognize that companies have the responsibility to respect Human Rights and, in the event of involvement of adverse negative impact on Human Rights, to provide remediation. We accept the responsibility we have towards our employees and the communities in which we operate, and we expect the same of suppliers. This commitment extends to any adverse impact we may cause or contribute to through our Group operations.

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

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

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

All members of BSCI agree to a common Code of Conduct, which, among other things, prohibits child labour, forced labour, discrimination and corruption, and sets requirements for safety and decent working hours as well as protection of the environment.

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

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

Policy implementation and progress

JYSK Nordic

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

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

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

All work accidents are reported according to legislation. Accidents encompassed by this CSR report are work accidents, related to one of the JYSK Nordic Distribution Centres. Going forward, we will work to include all work accidents in below reporting.

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

Distribution Centre	Number of work accidents with absence[3]	Number of work accidents, per million hours worked
Uldum	10	16,2
Radomsko	2	2,3
Nässjö	8	25,6
Bozhurishte	2	N/A (New Distribution Centre – Will be inaugurated during next FY.)

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

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

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

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

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

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

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

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

Integration of the BSCI efforts internally is essential. Therefore, JYSK Nordic focuses on internal transparency. The overall status is assessed at internal meetings attended by employees with supplier relations. The status of each individual purchase-employee is

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

[4] Direct suppliers, first tier

presented to establish how the suppliers, in their respective product area, are performing measured against the BSCI principles.

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

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

This financial year BSCI has lowered the criterias in regard to auditors activating the zero-tolerance protocol. Up until now proof of violations were necessary to activate the protocol, while as of now a suspicion of violations is enough. As a result, we have experienced more cases on zero tolerance this year. This includes suppliers in Vietnam, Malaysia and China, where we have initiated activities towards the supplier e.g. factory visits and emphasizing policies.

Scancom

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

During the financial year we have broadened our focus on implementing relevant Code of Conduct topics externally, e.g. by assessing topics related to purchase of core transportation. We source transportation services on long term contracts, and Scancom Code of Conduct holds an article on compliance with human rights.

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

Safety of our employees is a core focus at all four locations in respectively Denmark, Vietnam, Brazil and Indonesia. Health and Safety departments are responsible for systematic control of adequate safety procedures to meet respective risk level, with the overall purpose of ensuring a safe workplace for all employees. Moreover, systematic registration, reporting and follow-up is performed on work accidents.

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

Company	Accidents with absence, FY 2018/2019
Scancom (Denmark, Vietnam, Brazil and Indonesia)	58 (July 1st 2018-June 30th 2019)

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

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

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

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

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

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

During the financial year 100% of the suppliers to Scancom, located in risk countries, received audits based on Amfori BSCI guidelines.

During the financial year, three supplier cooperations has been terminated due to non-compliance with the Amfori BSCI Supplier Code of Conduct.

Bettenwelt & DBL

Internally, DBL and Bettenwelt have been working to implement the newly launched Human Rights policy as well as ensuring that related work processes are adequately implemented to meet respective requirements and risk level. Our Human Rights related processes are primarily anchored with Human Resource departments as well as with Health and Safety departments.

The safety of our employees is a core focus, with the overall purpose of ensuring a safe workplace for all employees. At the head office, there is a corporate department, with responsibility for corporate health issues at the head office, stores and logistics centres. Moreover, there is a team of specially trained and certified safety inspectors, who performs systematic safety walks as well as manages systematic safety training. In addition, Anpartsselskabet af 31/8 1984 II also cooperates with external 3rd parties, ensuring compliance with respective requirements.

Systematic registration, reporting and follow-up is performed on work accidents.

All work accidents are reported according to legislation. Accidents encompassed by this CSR report are work accidents, related to the Distribution Centres managed by Bettenwelt and DBL.

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

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

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

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

Bettenwelt has incorporated the Amfori BSCI Code of Conduct, into supplier contracts.

All suppliers[7] accept the Supplier Code of Conduct, when they sign a supplier contract. During the financial year, 72%[8] of the suppliers, located in risk countries, received audits based on Amfori BSCI guidelines.

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

Bolia

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

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

Safety of our employees is a core focus, and all work accidents are reported according to legislation.

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

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

[7] Direct suppliers, first tier

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

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

Company	**Number of work accidents with absence**[9]	**Number of work accidents, per million hours worked**
Bolia	0	N/A

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

Bolia A/S has been a member of Amfori, BSCI since August 2018. Prior to the membership of Amfori BSCI, Bolia conducted systematic supplier audits, performed either by a Quality Manager or by a third party.

During this financial year, Bolia has implemented the Amfori BSCI Code of Conduct into supplier contracts and going forward supplier audits will be managed according to Amfori, BSCI guidelines.

Furthermore, all Bolia transport HUB partners have signed our Code of Conduct.

Environment and Climate

Policy excerpt

We aim to reduce the negative environmental and climate impact of our business activities, and we expect the same of suppliers. Consistent and long-term environmental work creates both environmental benefit and value for our company.

Companies owned by Lars Larsen Group are required to work to prevent and reduce their negative impact on environment and climate. We aim to have environmental considerations incorporated as an integral part of business activities.

Our work to minimize our negative climate impact is based on a focused effort within, but not limited to, energy, heating and transportation.

Our work to minimize our negative environmental impact is based on a focused effort within, but not limited to, responsible sourcing, responsible use of chemicals, animal welfare and waste management.

Common for the companies encompassed by this CSR report, is their respective engagement with The Forest Stewardship Council® (FSC), as an essential focus area of the Environment and Climate policy.

Forest clearing and illegal harvesting of wood are threats to the environment and the climate. Wood is a raw material that is used for a significant part of our products. Therefore, we have a significant focus on ensuring that the wood used for producing our products originates from legal sources, and we are working to ensure this in accordance with the EU Timber Regulation, EUTR.

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

Moreover, it is our aim that an increasing part of the wood used, should originate from sustainable forests. Therefore, we are directing efforts at increasing the share of sustainable wood in our product range.

About FSC:

- The Forest Stewardship Council® (FSC) is an international non-profit organisation that promotes environmentally appropriate, socially beneficial, and economically viable forestry worldwide.
- All FSC certified wood is traceable, which means that all links between the forest and the consumer are checked and have an FSC number.
- Forestry workers in FSC forests are ensured proper working conditions, including education, safety equipment and fair pay.
- In an FSC forest, no more trees are felled than the forest can naturally replace. At the same time, there are areas in the forest where the trees are never cut down as this helps create better conditions for both animals and plants.

A significant part of JYSK Holding A/S's business consists of sales of products filled with down and feathers from ducks and geese. In that connection, it is essential to ensure that down and feathers have not been plucked from live birds. This is ensured through supplier requirements and systematic internal and external auditing of suppliers.

Policy implementation and progress

JYSK Nordic

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

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

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

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

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

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

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

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

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

At the distribution centres in Nässjö and Radomsko, our packing machines for online sales produce boxes on demand that exactly fit the order, ensuring a reduction of packaging materials.

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

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

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

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

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

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

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

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

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

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

Scancom

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

The external focus is anchored with the membership of Amfori BSCI, which is the core of our responsible supplier management[12], and all partner contract manufacturers must be BSCI certified at minimum C level at the point of exporting. This ensures adherence to the local environmental laws and regulations.

Internally, Scancom has implemented:

- Inverters on most electrical motors (all sites)
- Close vent in OM wood site 2 exhaust system
- LED light for all area's
- Close loop system on boilers Site 2 and 3
- Insulated roofs in most factories and warehouses
- Biomass energy boilers in Vietnam and Brazil

All ScanCom production facilities are ISO 14001-2015 certified.

During this financial year, we have been focusing on:

- Optimizing packing of shipments to fit containers as well as using container loading optimization software.
- Incorporating internal recycling of Aluminum, Plastic, Wood plastic composite and Wood waste in production.
- Ensuring that hazardous waste handling procedures are in place and reviewed annually. In alignment with compliance with REACH we actively seek to replace environmental hazardous chemical with better options.

Bettenwelt & DBL

The external focus of our work with the Environment and Climate policy is anchored with the membership of Amfori BSCI, which is the core of our responsible supplier management[13]. Our BSCI Supplier Code of Conduct requires of suppliers to comply with local environmental regulations. As part of the BSCI audits performed, environmental impacts such as wastewater treatment and chemical storage are therefore also audited. Moreover, during this reporting

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

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

period, Bettenwelt has prepared a strengthening of environmental requirements towards suppliers. This update is expected to be implemented during next financial year.

The internal work to implement the Environment and Climate policy is focused on several cores issues.

One of the core environmental focus areas, is the ambition to increase purchase of products with FSC certified wood. Within this financial year, 100% of the wooden garden furniture purchased by Bettenwelt is FSC certified (FSC® N001596). Bettenwelt will continue to work to increase purchase of FCS certified wood for other product groups.

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

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

We do not tolerate animal abuse. Our Supplier Code of Conduct contains an animal welfare directive. Suppliers are committed to supplying only products that have been produced to ethical standards. This for example explicitly includes the exclusion of live plucking. In addition, all bedding suppliers are required to be certified by the Downpass initiative. The "downpass" standard is a tool to ensure the ethical recovery of down and feathers. Products sealed with "downpass" ensure that the down and feathers used as fillers are ethically correct and come from tightly controlled and traceable supply chains. This ensures that down and feathers are not plucked from live birds.

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

Bolia

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

Internally, our focus is based on several key areas. Energy optimization is a core focus at Bolia. We implement LED light sources, in all new buildings and we change old light bulbs to LED in existing buildings. Current status is that 50% of all stores exclusively have LED light sources implemented.

Another focus area is to increasingly improve the raw material of our products, by focusing on certain certifications and labelling schemes applied for raw material. At the end of this financial year all fabrics used by Bolia are Oeko-Tex certified. In addition to this, one of our fabrics is made from reused plastic bottles and 50% of our leather is traceable. Traceability in leather allows Bolia to track back where the cow is originated and thereby making sure the leather a is by-product from the food industry.

Bolia does not tolerate animal abuse. As a result, we make sure that down and feathers are not plucked from live birds. Our suppliers of feathers are all located within EU and they commit themselves by contract to only supply down and feathers from slaughtered fowl. Audits at feather suppliers are performed either by Bolia or through cooperation with an external audit partner.

Bolia is using IWTO certified and recycled wool. Bolia has four suppliers of feathers all within EU. The wool either originates from New Zealand or holds a certificate that no mulesing has taken place.

Bolia is phasing in FSC certified raw material. The current status is that 70% of our furniture collection is made with FSC certified wood. Due to high stock some of our dining products are made in non-FSC certified wood. These products are being phased out and when our stock is empty it is replenished with FSC certified wood.

Regarding packaging Bolia is continually working on optimizing the loading factor at our suppliers. We receive weekly updates of the realized loading factor for each supplier.

Bolia is working with "Grüner Punkt" in Germany, Norway and Sweden and follow the WEEE regulations for waste management of electrical products.

Social and Employee Terms

Policy excerpt

We aim to provide responsible work conditions and employment terms for all employees within the Group. We follow and comply with legislation, collective agreements as well as ILO conventions.

We seek to attract, develop and retain qualified and motivated employees in a professional environment. Our policy on Social and Employee Terms communicates a requirement for the company to perform employee satisfaction surveys, employee-Manager dialogue, as well as workplace assessment.

Furthermore, we aim to engage with community work through strategic partnerships, donations, sponsor agreements, events or other ways of supporting.

Policy implementation and progress

JYSK Nordic

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

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

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

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

In addition to the employee satisfaction survey, JYSK Nordic performs annual employee-manager dialogue, called a PDP. PDP is an abbreviation for Personal Development Plan. PDP's are performed at all levels of the organisation, ensuring that individual career plans are made for each respective employee. Within this financial year, 80% of PDP's for store employees were performed on time.

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

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

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

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

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

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

Below is mentioned a number of these projects.

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

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

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

Scancom

The employees are the greatest asset in Scancom and a safe and healthy working environment combined with employee development is a key condition for the company's ongoing success.

We aim that "A Personal Development and Self Appraisal" meeting is held between superiors and staff at least once a year. Individual satisfaction and concerns should be raised in this forum. In addition to this, quarterly employee dialogues are held with worker representatives.

At Scancom, surveys on employee satisfaction are performed systematically.

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

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

Workplace assessment is performed according to national legislation.

The result of the latest employee satisfaction survey, performed in July 2018, was a response rate close to 100%.

With reference to our focus on social engagement, Scancom has, during this financial year, supported local community through young worker projects, the Trainee Management Program, Soft skill training at universities and charity to local causes.

Bettenwelt & DBL

Every two years, an employee satisfaction survey is conducted, to allow employees to express their views. The findings of the survey enable Anpartsselskabet af 31/8 1984 II to understand where to take measures to increase satisfaction and loyalty. The latest survey was performed in 2018 and the response rate of this recent survey had improved from the previous survey. However, the target defined for response rate was not achieved at the overall Group level or by Anpartsselskabet af 31/8 1984 II. Following the survey, head office functions are responsible for the follow-up process, where results are used actively to create measurable improvement plans within areas identified with potential for improvement.

In addition to the employee satisfaction survey, Anpartsselskabet af 31/8 1984 II performs annual employee-manager dialogue, called a PDP. PDP is an abbreviation for Personal Development Plan. PDP's are performed at all levels of the organisation, ensuring that individual career plans are made for each respective employee.

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

Bolia

At Bolia, employee development and wellbeing are put into system, mainly through Human Resource procedures. Every second year, all employees are invited to take part in an employee satisfaction survey. The most recent survey was conducted during March 2018, and Bolia reached a response rate of 86%.

The result and satisfaction rate have increased, compared to the previous survey. One of the main reasons for the positive development, is ascribed to the recent focus on office environment and rebuilding of offices. During the coming years, Bolia will work systematically with the results of the survey. One of the areas highlighted as having potential for improvement is employee training and development. Bolia engage in this focus area and has initiated training activities as well as performed organisational changes with the objective of more employees to be assigned with greater responsibility.

In addition to above mentioned activities, Bolia also performs employee-manager dialogue twice a year.

Bolia is a Member of Upcycling forum and provided a sponsorship of the Forest Stewardship Council conference "Design for sustainability".

Anti-Corruption and Bribery

Policy excerpt

All employees and representatives are expected to show honesty and integrity in dealing with other employees, customers, suppliers, business partners, organisations and authorities.

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

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

Policy implementation and progress

JYSK Nordic

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

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

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

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

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

Scancom

To ensure an ongoing focus on Anti-Corruption and Bribery, it is part of our Code of Conduct which are updated annually and distributed to all staff and suppliers. The policy is updated on the company internet and part of the commercial contracts, as well as a part of onboarding new employees.

We have implemented related guidelines on Travel, Representation and Gifts, and implemented written guidelines on internal control/audit regarding financial activities.

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

Bettenwelt & DBL

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

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

Bolia

Bolia works systematically with implementing the Anti-Corruption and Bribery policy. Guidelines to support the policy, with the overall aim to guide the employees to conduct business according to company expectations, has been published at the company intranet, and relevant information has been given at information meetings held for both office employees and store employees.

Moreover, Bolia has implemented an Employee Guideline, addressing the overall topic as well as instructs employees at a more detailed level. The Employee Guideline is introduced to all employees.

This financial year Bolia has implemented clear guidance on the company intranet regarding travel, representation and gifts. Furthermore, written guidelines for systematic internal control of financial activities is implemented in the Lars Larsen Group Code of Conduct.

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

Gender Equality

Policy excerpt

The purpose of the Policy on Gender Equality is to ensure career development for men and women on an equal basis.

We aim at reaching a balanced gender composition within our workforce on a long-term perspective. Processes of recruitment and/or promotion must always identify the person best qualified for the position at focus. The policy does not require to make changes in top management solely to achieve a more even gender composition. The policy communicates a requirement to ensure equal opportunity.

Policy implementation and progress

JYSK Nordic

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

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

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

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

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

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

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

Scancom

Scancom has an equal gender distribution (40/60) when looking at management levels other than the board.

Scancom will continue the work to further support the development towards equal gender representation also at Board level.

Management level	Gender composition (male/female)
Board	Only male representatives
Other management levels	Equal gender distribution

Bettenwelt & DBL

As part of the internal career path at Anpartsselskabet af 31/8 1984 II, the company works with education and development at all levels of the organisation.

During this financial year, training sessions have been conducted within the following areas.

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

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

Management level	Gender composition (male/female)
Top management (head office)	95% male employees and 5% female employees
Management team[15]	53,7% male employees and 46,3% female employees

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

Bolia

At Bolia, all employees are offered relevant training. Employees have access to an internal platform referred to as Products' academy. Every week, store employees take part in sales- and product training and employees at the head office attends mini-training within each respective department. The Human Resource department ensures that employee development, recruitment and promotion procedures are aligned with the policy.

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

Management level	Gender composition (male/female)

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

Management group including store managers	40% male employees and 60% female employees

Thus, there will be no further reporting on Bolia A/S's policy in this area.

Reporting on §99b (Board composition)

The Board of JYSK Holding A/S has five members, two of whom are women, therefore gender representation is assumed equal, and no goal is set.

JYSK Holding A/S has less than 50 employees. Therefore, no target and no further reporting on the policy on Gender Equality at JYSK Holding A/S is included by this CSR report.

JYSK Holding A/S owns the companies Bolia A/S and Scancom A/S which are independently comprised by section 99b of the Danish Financial Statements Act.

The Board of Bolia A/S has three male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021.

In the 2018/2019 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 Board of Scancom A/S has three male members. The Board of Directors has a target of at least 33.33% female members on the Board of Directors by 2021.

In the 2018/2019 financial period, the target of 33.33% was not reached, as there has not been elections or nominations for the Board of Directors during this financial year.

KPI overview

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

Bolia	KPI status
Zero accidents	KPI achieved[17]
By 2022, we aim to have LED implemented in all Bolia stores	50% percent of stores have LED light sources
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI not achieved. Response rate of most recent Employee Satisfaction Survey is 86%

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

Bettenwelt and DBL	KPI status
Zero accidents	KPI not achieved[19]
To be decided next FY	N/A
Employee satisfaction survey, performed every second year, with a response rate on 90% or more	KPI not achieved

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

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

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

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