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hb/lb**BoConcept concludes strategic partnering agreement with Kinetic to boost expansion in China**

To boost its expansion in number of stores in the Chinese market, BoConcept has concluded a strategic partnering agreement with Kinetic, whose solid presence and excellent track record in the Chinese market should attract new franchisees to BoConcept.

Realising the global expansion potential of its brand by expanding its franchise chain – in both established markets and in growth markets in Latin America and Asia – is a key element in the growth strategy of BoConcept A/S ('BoConcept').

In line with its strategic focus on improving its growth potential, BoConcept acquired the master rights to the attractive Chinese market in May 2013. At the same time, the company set up a new dedicated market organisation, which has since been overseeing the effective implementation of the full concept in a market that holds considerable growth potential for BoConcept.

New partnering agreement to boost expansion in China

To further accelerate its expansion in China, BoConcept now concludes a long-term strategic partnering agreement with Guangzhou Kinetic Home Furnishings Co. Ltd. ('Kinetic') through its subsidiary BoConcept Retail China Ltd. ('BoConcept China').

Kinetic is a leading Chinese furniture retailer and manufacturer owned and managed by Mr Liu Yong Kang, who is also the president of the Chinese Furniture Brand Federation and an executive committee member of the China Furniture Association, two of the principal trade associations for the furniture industry in China. With his solid experience in production, distribution, branding and franchisee sourcing, Mr Kang and Kinetic have built up a large and successful business addressing the mid-level price range segment with Kinetic's own collections, which are distributed by more than 400 Chinese franchise stores.

Under the partnering agreement, Kinetic will, in close collaboration with BoConcept's Chinese market organisation, source new franchisees and attractive locations for BoConcept, thereby strengthening BoConcept's presence and brand in China. BoConcept will thus continue to handle general marketing, training and support etc., while Kinetic, based on agreed franchise criteria and objectives, will have the exclusive right to solicit potential franchisees in available geographical areas and submit them for BoConcept's approval, in return for a commission based on revenue.

If the growth and expansion targets set for the collaboration continue to be reached, Kinetic may also exercise an option to acquire a minority share of BoConcept China in 2016.

'We are eagerly awaiting our collaboration with Kinetic to develop this vital market. Mr Kang and his people at Kinetic have achieved impressive results through their unique insight into the market and a powerful network of shopping centre owners and operators, potential franchisees, and the furniture industry as a whole. BoConcept will benefit from this wealth of experience, skills and contacts when we and Kinetic accelerate the opening of new BoConcept franchise stores in China, thus exploiting the brand's Chinese potential,' says Mr Torben Paulin, CEO of BoConcept Holding A/S.

Mr Kang, founder and president of Kinetic, says, 'BoConcept and Kinetic have the same DNA. Both enterprises were founded by industrious families, are franchise-based and hold shared values. BoConcept is already a highly respected international brand in China, addressing a rapidly growing segment with substantial purchasing power. We are looking forward to and are proud to be working closely together with BoConcept's team to make our success even greater by increasing brand awareness and the number of stores substantially.'

Expected effect from 2015

We expect the agreement with Kinetic to increase growth in BoConcept's Chinese activities from 2015 onwards, but this will not change management's forecast of group financial results for the 2014/2015 financial year as most recently published in the company's 2013/2014 annual report and Announcement no. 8/2014.

For further information, please contact President & CEO Torben Paulin or CFO Hans Barslund on +45 7013 1366.

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