

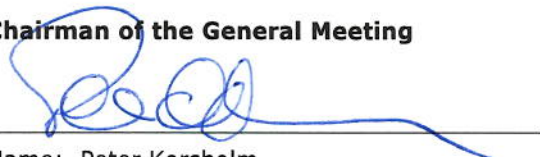
**Lomax A/S**  
Elsenbakken 37

3600 Frederikssund  
Business Registration No  
14749292

**Annual report 2017**

The Annual General Meeting adopted the annual report on 13.03.2018

**Chairman of the General Meeting**



Name: Peter Korsholm

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## Entity details

### Entity

Lomax A/S  
Elsenbakken 37  
3600 Frederikssund

Central Business Registration No (CVR): 14749292

Founded: 21.12.1990

Registered in: Frederikssund

Financial year: 01.01.2017 - 31.12.2017

Website: <http://www.lomax.dk>

### Board of Directors

Peter Korsholm, chairman  
Karsten Johan Busck  
Morten Strømsted  
Gunnar Michael Eggert Lerche

### Executive Board

Kenneth Tjørnelunde Borup

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Lomax A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Frederikssund, 13.03.2018

### Executive Board

Kenneth Tjørnelunde Borup

### Board of Directors



Peter Korsholm  
chairman



Karsten Johan Busck



Morten Strømsted



Gunnar Michael Eggert Lerche

# Independent auditor's report

## To the shareholder of Lomax A/S

### Opinion

We have audited the financial statements of Lomax A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

## Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 13.03.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556



Henrik Hjort Kjelgaard  
State Authorised Public Accountant  
Identification No (MNE) mne29484



Christian Dahlstrøm  
State Authorised Public Accountant  
Identification No (MNE) mne35660

## Management commentary

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	485.150	455.036	414.089	366.429	300.353
Gross profit/loss	99.615	92.756	81.987	74.636	62.913
EBITDA	45.254	41.074	34.106	30.386	22.825
Operating profit/loss	40.080	35.854	29.009	14.697	12.870
Net financials	1.067	956	1.155	919	(118)
Profit/loss for the year	32.094	28.490	23.332	11.973	14.383
Total assets	165.100	123.277	105.007	99.663	87.326
Investments in property, plant and equipment	2.129	2.595	1.737	222	4.760
Equity	56.162	39.069	35.580	39.246	51.328
Average numbers of employees	125	114	108	99	89
<b>Ratios</b>					
Return on equity (%)	67,4	76,3	62,4	26,4	28,7
Equity ratio (%)	34,0	31,7	33,9	39,4	58,8
Earnings ratio	9,4	9,0	7,9	8,3	7,5
Return on assets	19,4	22,0	35,8	17,7	25,9

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Earnings ratio	$\frac{\text{EBITDA}}{\text{Revenue}}$	The entity's percentage of earnings remaining after operating expenses
Return on assets	$\frac{\text{Profit for the year}}{\text{Total assets}}$	The entity's profitability relative to its total assets



## Management commentary

### Primary activities

Lomax A/S provides office equipment, office technology, furniture and accessories via web sales throughout the country.

### Development in activities and finances

Lomax A/S' revenue in 2017 amounts to DKK 483,2 million, which corresponds to an increase of 6.4 % compared to the revenue in 2016

Earning Before Interest Taxes Depreciation and Amortisation (EBITDA) amounted to DKK 45,3 million, which corresponds to an increase of DKK 4.2 million or 10.2 % compared to 2016.

The Company has had an increase in EBITDA, which is the result of increased revenue and a stronger profile in the market. At consolidated Lomax Group level, EBITDA totals DKK 49,0 million for 2017, corresponding to an increase of 9.4 % compared to 2016. The performance and growth are perceived as being very strong and satisfactory.

### Outlook

The Company expects for 2018 an increase in both revenue and net result after tax.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Revenue		485.150.421	455.036
Cost of sales		(297.575.545)	(278.536)
Other external expenses		<u>(87.959.856)</u>	<u>(83.744)</u>
<b>Gross profit/loss</b>		<b>99.615.020</b>	<b>92.756</b>
Staff costs	1	(54.361.488)	(51.683)
Depreciation, amortisation and impairment losses		(5.173.080)	(3.219)
Other operating expenses	2	<u>0</u>	<u>(2.000)</u>
<b>Operating profit/loss</b>		<b>40.080.452</b>	<b>35.854</b>
Income from investments in group enterprises		2.675.567	2.046
Other financial income	3	311.788	260
Other financial expenses	4	<u>(1.920.420)</u>	<u>(1.350)</u>
<b>Profit/loss before tax</b>		<b>41.147.387</b>	<b>36.810</b>
Tax on profit/loss for the year	5	<u>(9.053.498)</u>	<u>(8.320)</u>
<b>Profit/loss for the year</b>	6	<u><b>32.093.889</b></u>	<u><b>28.490</b></u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Completed development projects		31.285.682	0
Development projects in progress		6.856.767	25.228
<b>Intangible assets</b>	7	<b>38.142.449</b>	<b>25.228</b>
Other fixtures and fittings, tools and equipment		2.964.269	4.267
Leasehold improvements		1.932.736	1.527
<b>Property, plant and equipment</b>	8	<b>4.897.005</b>	<b>5.794</b>
Investments in group enterprises		11.697.696	9.022
<b>Fixed asset investments</b>	9	<b>11.697.696</b>	<b>9.022</b>
<b>Fixed assets</b>		<b>54.737.150</b>	<b>40.044</b>
Manufactured goods and goods for resale		46.360.801	39.955
Prepayments for goods		2.132.099	2.940
<b>Inventories</b>		<b>48.492.900</b>	<b>42.895</b>
Trade receivables		29.904.479	29.215
Receivables from group enterprises		5.033.844	0
Other receivables		10.523.863	8.461
Income tax receivable		0	96
Prepayments	10	1.701.113	1.542
<b>Receivables</b>		<b>47.163.299</b>	<b>39.314</b>
<b>Cash</b>		<b>14.706.363</b>	<b>1.024</b>
<b>Current assets</b>		<b>110.362.562</b>	<b>83.233</b>
<b>Assets</b>		<b>165.099.712</b>	<b>123.277</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Contributed capital		1.063.627	1.064
Reserve for development expenditure		19.387.277	0
Retained earnings		<u>35.711.175</u>	<u>38.005</u>
<b>Equity</b>		<b><u>56.162.079</u></b>	<b><u>39.069</u></b>
Deferred tax		<u>9.609.977</u>	<u>6.713</u>
<b>Provisions</b>		<b><u>9.609.977</u></b>	<b><u>6.713</u></b>
Bank loans		0	2.319
Trade payables		48.699.643	35.924
Payables to group enterprises		27.315.330	20.119
Income tax payable		6.060.357	0
Other payables		<u>17.252.326</u>	<u>19.133</u>
<b>Current liabilities other than provisions</b>		<b><u>99.327.656</u></b>	<b><u>77.495</u></b>
<b>Liabilities other than provisions</b>		<b><u>99.327.656</u></b>	<b><u>77.495</u></b>
<b>Equity and liabilities</b>		<b><u>165.099.712</u></b>	<b><u>123.277</u></b>
Contingent liabilities	11		
Assets charged and collateral	12		
Related parties with controlling interest	13		
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## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Reserve for development expenditure DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed extraordinary dividend DKK</b>
Equity beginning of year	1.063.627	0	38.004.563	0
Extraordinary dividend paid	0	0	0	(15.000.000)
Transfer to reserves	0	19.387.277	(19.387.277)	0
Profit/loss for the year	0	0	17.093.889	15.000.000
<b>Equity end of year</b>	<b>1.063.627</b>	<b>19.387.277</b>	<b>35.711.175</b>	<b>0</b>
				<b>Total DKK</b>
Equity beginning of year				39.068.190
Extraordinary dividend paid				(15.000.000)
Transfer to reserves				0
Profit/loss for the year				32.093.889
<b>Equity end of year</b>				<b>56.162.079</b>

No change in contributed capital in the last 5 years.

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	50.746.140	47.718
Pension costs	869.567	749
Other social security costs	777.856	774
Other staff costs	1.967.925	2.442
	<b>54.361.488</b>	<b>51.683</b>
Average number of employees	<b>125</b>	<b>114</b>

Pursuant to the Danish Financial Statements Act section 98 B (3 no 2) remuneration of the Company's Management has not been disclosed.

### 2. Other operating expenses

Other operating expenses consist of certain staff costs and other external costs of a non-recurring nature.

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	45.290	73
Other financial income	266.498	187
	<b>311.788</b>	<b>260</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	753.792	0
Other financial expenses	1.166.628	1.350
	<b>1.920.420</b>	<b>1.350</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Current tax	6.156.167	5.304
Change in deferred tax	2.897.331	2.737
Adjustment concerning previous years	0	279
	<b>9.053.498</b>	<b>8.320</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Extraordinary dividend distributed in the financial year	15.000.000	0
Retained earnings	17.093.889	28.490
	<b>32.093.889</b>	<b>28.490</b>
	<b>Completed</b>	<b>Develop-</b>
	<b>develop-</b>	<b>ment</b>
	<b>ment</b>	<b>projects in</b>
	<b>projects</b>	<b>progress</b>
	<b>DKK</b>	<b>DKK</b>
<b>7. Intangible assets</b>		
Cost beginning of year	0	25.228.498
Transfers	33.453.132	(33.453.132)
Additions	0	15.081.401
<b>Cost end of year</b>	<b>33.453.132</b>	<b>6.856.767</b>
Impairment losses for the year	(2.167.450)	0
<b>Amortisation and impairment losses end of year</b>	<b>(2.167.450)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>31.285.682</b>	<b>6.856.767</b>

### Development projects

Development projects in progress relates to development of the Company's home page and new external storage setup. Management expects that development projects in progress are completed in 2018.

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>8. Property, plant and equipment</b>		
Cost beginning of year	26.261.423	3.213.538
Additions	1.162.295	966.598
Disposals	(114.405)	0
<b>Cost end of year</b>	<b><u>27.309.313</u></b>	<b><u>4.180.136</u></b>
Depreciation and impairment losses beginning of year	(21.994.469)	(1.686.775)
Depreciation for the year	(2.403.976)	(560.625)
Reversal regarding disposals	53.401	0
<b>Depreciation and impairment losses end of year</b>	<b><u>(24.345.044)</u></b>	<b><u>(2.247.400)</u></b>
<b>Carrying amount end of year</b>	<b><u>2.964.269</u></b>	<b><u>1.932.736</u></b>
		<b>Invest- ments in group enterprises DKK</b>
<b>9. Fixed asset investments</b>		
Cost beginning of year		6.976.028
<b>Cost end of year</b>		<b><u>6.976.028</u></b>
Revaluations beginning of year		2.046.101
Share of profit/loss for the year		2.675.567
<b>Revaluations end of year</b>		<b><u>4.721.668</u></b>
<b>Carrying amount end of year</b>		<b><u>11.697.696</u></b>
	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:		
Komplementarselskabet Elsenbakken	Copenhagen	ApS 100,0
K/S Elsenbakken	Copenhagen	K/S 100,0



## Notes

### 10. Prepayments

Prepayments consist of prepaid expenses etc.

### 11. Contingent liabilities

Rent obligation amounts to DKK 26,726 thousand (2016: DKK 30,499 thousand).

Not paid share capital liabilities regarding K/S Elsenbakken amounts to DKK 16,500 thousand as at 31 December 2017.

The Company participates in a Danish joint taxation arrangement in which Lion Danmark I ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

### 12. Assets charged and collateral

The Company has a guarantee obligation towards K/S Elsenbakken for mortgage loans.

The Company has pledged the Company's intangible assets, tangible assets, investments in group enterprises, inventory, and receivables as security for the loan agreement.

### 13. Related parties with controlling interest

The following shareholder is recorded in the Company's register of shareholders as holding at least 5 % of the votes or at least 5 % of the share capital:

Lion Danmark II ApS  
Elsenbakken 37  
3600 Frederikssund

### 14. Transactions with related parties

Transactions with related parties are carried out on market conditions.

### 15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Lion Danmark I ApS, Denmark

The consolidated financial statements for the smallest group is also the largest group.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied for these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue from sales of goods is recognised in the income statement when delivery and transfer of risk has been made and when it can be measured reliably. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales comprises cost of goods, freight, inventory write-downs, taxes and other delivery costs.

#### Other external expenses

Other external expenses include expenses relating to indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

## Accounting policies

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for Entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year.

### Other operating expenses

Other operating expenses include certain staff and other external costs of a non-recurring nature.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### Other financial income

Other financial income comprises interest income on receivables from group enterprises, foreign currency transactions, amortisation of financial assets, etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, foreign currency transactions, amortisation of financial liabilities etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise of development projects in progress which relate to development the of the Entity's new homepage and new external storage setup.

Development projects on clearly defined and identifiable processes, for which the technical rate of utilisation, adequate resources and development opportunity in the Entity can be established, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

## Accounting policies

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

### Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation and less any accumulated 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.

Depreciation is based on cost less the expected residual value based on the useful lives of the assets.

The depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Assets with a cost less than DKK 12,600 are expensed in the year of the acquisition.

Profit or loss from sale of property, plant and equipment is measured as the difference between the actual sales price less sales cost and the booked value. Profit or loss from sale of property, plant and equipment is recognised in the income statement under depreciation, amortisation and impairment losses.

### Investments in group enterprises

The item "Investments in group enterprises" in the balance sheet includes 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 time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries, which is structured as ApS, A/S or similar, 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.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the parent company to cover the negative balance of the enterprise will be recognised in provisions. If the carrying amount of the negative equity value exceeds receivables, the remaining amount is recognised under provisions, to the extent that the parent company has a legal or actual obligation to cover the subsidiaries' obligations.

## Accounting policies

### Inventories

Inventories are measured at the lower of cost using the FIFO method. Whenever cost exceeds net realisable value, cost is adjusted to the net realisable value.

The cost of goods for resale includes cost and other delivery expenses.

The net realisable value of inventories is calculated as the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in the expected sales price.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad and doubtful debts.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other financial liabilities

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to the nominal value. Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

## Accounting policies

### **Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### **Cash flow statement**

In accordance with the Danish Financial Statements Act §86, 4, the Company has chosen to omit the cash flow statement.