

# Deloitte.



## Lomax A/S

Elsenbakken 37  
3600 Frederikssund  
CVR No. 14749292

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 11.03.2021

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**Peter Korsholm**  
Chairman of the General Meeting

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# Entity details

## Entity

Lomax A/S  
Elsenbakken 37  
3600 Frederikssund

CVR No.: 14749292  
Registered office: Frederikssund  
Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Peter Korsholm, Chairman  
Johanne Christiane Frazer Riegels Østergård  
Morten Strømsted

## Executive Board

Kenneth Tjørnelunde Borup, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Lomax A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 11.03.2021

## Executive Board

**Kenneth Tjørnelunde Borup**  
CEO

## Board of Directors



**Peter Korsholm**  
Chairman



**Morten Strømsted**



**Johanne Christiane Frazer Riegels Østergård**



# Independent auditor's report

## To the shareholders of Lomax A/S

### Opinion

We have audited the financial statements of Lomax A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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:



- 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.


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, 11.03.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

  
**Eskild Nørregaard Jakobsen**  
State Authorised Public Accountant  
Identification No (MNE) mne11681

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



# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Revenue	754,713	542,201	522,354	485,150	455,036
Gross profit/loss	164,198	101,372	109,266	99,616	92,756
EBITDA	87,104	41,024	51,830	45,254	41,074
Operating profit/loss	68,149	25,249	40,522	40,081	35,854
Net financials	(2,515)	1,645	1,471	1,066	956
Profit/loss for the year	51,330	20,954	32,635	32,094	28,490
Total assets	303,555	175,666	205,943	165,102	123,277
Investments in property, plant and equipment	1,313	2,395	578	2,129	2,595
Equity	111,059	59,751	88,798	56,163	39,069
Average number of employees	154	144	132	125	114
<b>Ratios</b>					
Gross margin (%)	21.76	18.70	20.92	20.53	20.38
EBIT margin (%)	9.03	4.66	7.76	8.26	7.88
Net margin (%)	6.80	3.86	6.25	6.62	6.26
Return on equity (%)	60.10	28.21	45.03	67.40	76.3
Equity ratio (%)	36.59	34.01	43.12	34.02	31.69

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

The merger between Lomax, K/S Elsenbakken and Komplementarselskabet Elsenbakken as of 01.01.2020 have not been adjusted in the comparative figures for 2016 to 2019.

**EBITDA:** Operating profit + depreciation, amortization and impairment losses excl. other operating expenses

**Gross margin (%):**

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

**EBIT margin (%):**

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Revenue



**Net margin (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

**Return on equity (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

**Equity ratio (%):**

$\frac{\text{Equity} * 100}{\text{Total assets}}$

### Primary activities

The Group provides office equipment, office technology, furniture and accessories via web sales throughout the country.

### Development in activities and finances

Lomax A/S' revenue in 2020 amounts to DKK 755 million, which corresponds to an increase of 39% compared to the revenue in 2019.

Earning Before Interest Taxes Depreciation and Amortisation (EBITDA) amounted to DKK 87 million compared to DKK 41 million in 2019. Result after tax amounted to DKK 51 million compared to DKK 21 million in 2019.

The Company has had an increase in EBITDA and result after tax, which is considered very satisfactory. At consolidated Lomax Group level, EBITDA totals DKK 87 million for 2020, which is also considered very satisfactory.

Lomax A/S has with effect from 01.01.2020 completed a merger with K/S Elsenbakken and Komplementarselskabet Elsenbakken ApS. The book-value method is applied, where the enterprises concerned are controlled by the Parent. Under this method, the combination is considered completed at the restructuring date without restatement of comparative figures.

### Outlook

The Company expects for 2021 an increase in revenue, and net result after tax in line with 2020, however this cannot be substantiated by specific percentage at this time.

### Statutory report on corporate social responsibility

A statement regarding the Company's policies, actions and results within matters relating to CSR appears from the annual report of the ultimate Parent, Lion Danmark I ApS.

The Group has on-going focus on its CSR policy including clear visions on environmental and climate protection and human rights. The Group has identified the following risks as the most relevant based on our business model:

**Human rights:** risk of not providing equal opportunity disregarding sex, gender and religion towards employees and business partners. If the risk materializes, this could impact our reputation and our ability to attract and retain employees.

**Social/employee matters:** risk of not behaving in an ethical manner in general across the entire organization, risk of not putting enough effort into engaging with the local community, and risk of not providing proper work conditions for the employees of the company. If the risk materializes, this could impact our ability to attract and retain employees.

**Environment:** risk of not having sufficient green alternatives in product assortment, and risk of not improving satisfactory on carbon footprint on the company premises including warehouse facilities. If the risk materializes, this may impact the local environment.

**Anti-corruption:** risk of not being compliant with anti-corruption rules when having transactions with partners in various countries. If the risk materializes, this could impact our reputation and lead to criticism from stakeholders.

The Group takes the CSR policy very seriously, and has clear ambitions and strategy for the efforts within. The concrete efforts and strategy of the Group are explained in details below.



**Environment:**

The overall strategy is year by year to take various actions, which will have positive effects on climate and environment in general. During 2018 LED lighting was implemented in the entire warehouse, which will reduce CO2 emission. In beginning of 2019 use of plastic bottles for own consumption of water was cancelled and replaced by durable bottles for each employee. During 2020 the consumption of plastic has been further diminished through various actions connected to internal cleaning of the premises. These actions are recent examples, which support the strategy.

**Social/employee matters & human rights:**

The Group also works very focused with social- and employee matters. Specific objectives have been defined in a number of relevant areas. It is our company policy to secure diversity in aspects such as gender, education, and work experience. As part of the yearly strategy planning, the constitution of the board- and management layers are discussed. This aspect is also an integrated part of both the recruitment processes and the daily work. We believe in equal opportunity disregarding sex, gender and religion etc., and integrate this belief in all aspects of our daily business. Our policy is to treat customers, suppliers, employees and all other business partners professionally, with respect and with high level of ethical standards. This means also that we accept no disrespect to rules, laws and agreements hereunder also corruption, and that potential breaks will not be accepted. We have implemented strong business controls and standards, which should also serve to prevent any misconduct. We have not experienced any incidents of misconduct in 2020.

The Group pays great attention to creating a strong and motivating company culture. We believe that strong culture and strong leadership are the foundation for securing continued growth in our company. In this perspective, we work with various objectives, which support employee growth and development and, at the same time, create a fun and interesting workplace. We believe that the continuous efforts in 2020 in this area has resulted in the Group maintaining its position as an attractive workplace.

**Anti-corruption:**

The Group pays high attention to securing high ethical standards across the entire organization. This also implies strong focus on always dealing at arms lengths principles and staying within the boundaries of laws and regulations in all countries which we have transactions within. In areas such as bribe, fraud and money laundering there is a zero acceptance policy within the Group. The entire organization is well aware the company's policy in this area.

We have designed our business procedures to support the overall strategy in the above mentioned areas. As an example of this, we have very clear procedure for the entire recruitment process, which secures equal opportunity for all applicants, and which seeks to encourage diversity.

The Group evaluates the results of the efforts on an on-going basis. We have been very satisfied with the 2020 results, especially concerning CO2 emission. We will continue our focus on implementing various improvements year by year, and evaluation of results will continuously be made during strategy/management meetings.

**Statutory report on the underrepresented gender**

It is our company policy to hire employees on the basis of their professional qualifications, regardless of sex, age, religion and nationality. At the same time, Lomax also seeks to achieve a good gender balance, both at Management level and in the operating positions of the Company. We believe that our terms of employment provides equal opportunities for employees in managing positions of both gender. More specifically, we

encourage our employees with management ambitions and talent, regardless of gender, to take on managerial tasks, and we support their development without gender bias. We are also conscious of using gender-neutral language in our job advertisements. Our preliminary analysis shows, that we receive an equally mix of female and male applicants for all open positions. Therefore, we conclude that our policy shows positive results. In the coming years, we will follow the gender balance in the management levels and consider the need for further specific initiatives in this area.

Currently, our Board of Directors constitutes three members, of which one is a woman. We have thereby fulfilled our goal from previous years of having at least one female member of the board by end of 2019. During 2019 the board was reduced from four members to three members, and one new member was elected for the board.

#### **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 2020

	Notes	2020 DKK	2019 DKK
Revenue	2	754,713,441	542,200,842
Cost of sales		(458,727,416)	(338,608,236)
Other external expenses	3	(131,788,327)	(102,220,734)
<b>Gross profit/loss</b>		<b>164,197,698</b>	<b>101,371,872</b>
Staff costs	4	(77,093,243)	(60,348,322)
Depreciation; amortisation and impairment losses	5	(16,222,520)	(13,568,099)
Other operating expenses	6	(2,732,886)	(2,206,150)
<b>Operating profit/loss</b>		<b>68,149,049</b>	<b>25,249,301</b>
Income from investments in group enterprises		22,237	3,159,563
Other financial income	7	260,402	420,826
Other financial expenses	8	(2,775,941)	(1,934,989)
<b>Profit/loss before tax</b>		<b>65,655,747</b>	<b>26,894,701</b>
Tax on profit/loss for the year	9	(14,325,426)	(5,940,627)
<b>Profit/loss for the year</b>	10	<b>51,330,321</b>	<b>20,954,074</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	12	45,409,745	42,955,711
Acquired trademarks		399,004	413,782
Development projects in progress	12	0	3,372,339
<b>Intangible assets</b>	11	<b>45,808,749</b>	<b>46,741,832</b>
Land and buildings		34,737,890	0
Other fixtures and fittings, tools and equipment		3,744,883	950,830
Leasehold improvements		0	2,793,400
<b>Property, plant and equipment</b>	13	<b>38,482,773</b>	<b>3,744,230</b>
Investments in group enterprises		81,429	17,735,672
<b>Financial assets</b>	14	<b>81,429</b>	<b>17,735,672</b>
<b>Fixed assets</b>		<b>84,372,951</b>	<b>68,221,734</b>
Manufactured goods and goods for resale		55,530,347	48,736,161
Prepayments for goods		7,042,750	3,725,197
<b>Inventories</b>		<b>62,573,097</b>	<b>52,461,358</b>
Trade receivables		40,367,705	28,613,477
Receivables from group enterprises		101,544,895	12,908,042
Other receivables		12,535,619	11,801,849
Prepayments	15	1,864,608	1,692,352
<b>Receivables</b>		<b>156,312,827</b>	<b>55,015,720</b>
<b>Cash</b>	16	<b>295,848</b>	<b>101,974</b>
<b>Current assets</b>		<b>219,181,772</b>	<b>107,579,052</b>
<b>Assets</b>		<b>303,554,723</b>	<b>175,800,786</b>



**Equity and liabilities**

	Notes	2020 DKK	2019 DKK
Contributed capital		1,063,627	1,063,627
Reserve for development expenditure		35,837,182	36,135,882
Retained earnings		74,158,670	22,551,834
<b>Equity</b>		<b>111,059,479</b>	<b>59,751,343</b>
Deferred tax	17	11,637,000	11,757,000
<b>Provisions</b>		<b>11,637,000</b>	<b>11,757,000</b>
Bank loans		17,710,398	0
<b>Non-current liabilities other than provisions</b>	18	<b>17,710,398</b>	<b>0</b>
Current portion of non-current liabilities other than provisions	18	1,508,072	0
Trade payables		71,761,207	37,766,732
Payables to group enterprises		42,730,365	35,699,326
Tax payable		14,440,111	13,144,332
Other payables		32,708,091	17,682,053
<b>Current liabilities other than provisions</b>		<b>163,147,846</b>	<b>104,292,443</b>
<b>Liabilities other than provisions</b>		<b>180,858,244</b>	<b>104,292,443</b>
<b>Equity and liabilities</b>		<b>303,554,723</b>	<b>175,800,786</b>
Events after the balance sheet date	1		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Transactions with related parties	22		
Group relations	23		

## Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,063,627	36,135,882	22,551,834	59,751,343
Effect of mergers and business combinations	0	0	(22,185)	(22,185)
Transfer to reserves	0	(298,700)	298,700	0
Profit/loss for the year	0	0	51,330,321	51,330,321
<b>Equity end of year</b>	<b>1,063,627</b>	<b>35,837,182</b>	<b>74,158,670</b>	<b>111,059,479</b>

No change in contributed capital in the last 5 years.

# Notes

## 1 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

## 2 Revenue

Revenue distributed into activities and geographic markets are omitted in the financial statements since the Company has its primary revenue in Denmark in according to the Danish Financial Statements Act, section 96.

## 3 Fees to the auditor appointed by the Annual General Meeting

With reference to section 96(3) of the Danish Financial Statement Act and to the fee to auditors appointed at the general meeting included in the consolidated financial statements of Lion Danmark I ApS. (largest group), the Company has not disclosed fee to auditors appointed at the general meeting.

## 4 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	72,894,027	56,796,510
Pension costs	1,054,662	910,933
Other social security costs	967,163	1,000,566
Other staff costs	2,177,391	1,640,313
	<b>77,093,243</b>	<b>60,348,322</b>
Average number of full-time employees	154	144

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

## 5 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	14,197,985	11,882,153
Depreciation of property, plant and equipment	2,024,535	1,753,946
Profit/loss from sale of intangible assets and property, plant and equipment	0	(68,000)
	<b>16,222,520</b>	<b>13,568,099</b>

## 6 Other operating expenses

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



**7 Other financial income**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	91,836	213,738
Other financial income	168,566	207,088
	<b>260,402</b>	<b>420,826</b>

**8 Other financial expenses**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	813,574	1,068,023
Other financial expenses	1,962,367	866,966
	<b>2,775,941</b>	<b>1,934,989</b>

**9 Tax on profit/loss for the year**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	14,445,426	5,851,627
Change in deferred tax	(120,000)	89,000
	<b>14,325,426</b>	<b>5,940,627</b>

**10 Proposed distribution of profit and loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Extraordinary dividend distributed in the financial year	0	50,000,000
Retained earnings	51,330,321	(29,045,926)
	<b>51,330,321</b>	<b>20,954,074</b>

**11 Intangible assets**

	<b>Completed development projects DKK</b>	<b>Acquired trademarks DKK</b>	<b>Development projects in progress DKK</b>
Cost beginning of year	64,798,727	413,782	3,372,339
Transfers	3,372,339	0	(3,372,339)
Additions	13,264,895	0	0
<b>Cost end of year</b>	<b>81,435,961</b>	<b>413,782</b>	<b>0</b>
Amortisation and impairment losses beginning of year	(21,843,009)	0	0
Amortisation for the year	(14,183,207)	(14,778)	0
<b>Amortisation and impairment losses end of year</b>	<b>(36,026,216)</b>	<b>(14,778)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>45,409,745</b>	<b>399,004</b>	<b>0</b>

## 12 Development projects

Lomax's development projects relate to homepage and ERP-systems. The projects contribute to improving processes in the Company and are therefore capitalized.

## 13 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	0	27,362,739	6,580,503
Addition through business combinations etc	35,435,111	0	0
Transfers	0	6,580,503	(6,580,503)
Additions	0	1,313,189	0
<b>Cost end of year</b>	<b>35,435,111</b>	<b>35,256,431</b>	<b>0</b>
Depreciation and impairment losses beginning of year	0	(26,397,131)	(3,787,103)
Transfers	0	(3,787,103)	3,787,103
Depreciation for the year	(697,221)	(1,327,314)	0
<b>Depreciation and impairment losses end of year</b>	<b>(697,221)</b>	<b>(31,511,548)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>34,737,890</b>	<b>3,744,883</b>	<b>0</b>

As of 01.01.2020 Lomax A/S has recognised the properties Elsenbakken 1A, Elsenbakken 33 and Elsenbakken 37 due to the merger of Lomax A/S and K/S Elsenbakken.

## 14 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	7,083,003
Disposals on divestments etc	(7,023,811)
Additions	22,237
<b>Cost end of year</b>	<b>81,429</b>
Revaluations beginning of year	(10,673,260)
Disposals on divestments etc	10,673,260
<b>Revaluations end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>81,429</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Lomax Sweden AB	Helsingborg	AB	100



### 15 Prepayments

Prepayments consist of prepaid expenses relating to distribution, licences agreements, catalogues, freight etc.

### 16 Cash

The Company participates in a cash pool scheme with other entities within the Lion Denmark Group. Cash include bank accounts affiliated with cash pool agreement with Nykredit. Lion Denmark 2019 ApS is the legal owner of the main cash pool agreement with Nykredit.

Consequently, DKK 83,652 thousand of the Company's bank deposits is included in receivables from group enterprises. Lomax A/S is jointly and severally liable with other participating Group entities for the total debt of DKK 75,135 thousand within the cash pool scheme.

### 17 Deferred tax

	2020 DKK	2019 DKK
<b>Changes during the year</b>		
Beginning of year	11,757,000	11,668
Recognised in the income statement	(120,000)	11,745,332
<b>End of year</b>	<b>11,637,000</b>	<b>11,757,000</b>

Deferred tax comprises to intangible assets, property, plant and equipment, inventories and other provisions.

### 18 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due after more than 12 months 2020 DKK
Bank loans	1,508,072	17,710,398
	<b>1,508,072</b>	<b>17,710,398</b>

### 19 Contingent liabilities

Rent obligation amounts to DKK 1,243 thousand (2019: DKK 17,229 thousand).

The Company participates in a Danish joint taxation arrangement in which Lion Denmark 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.

### 20 Assets charged and collateral

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

### 21 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 Denmark II ApS



## **22 Transactions with related parties**

Transactions with related parties are carried out on market conditions.

## **23 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 (large).

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

## Non-comparability

Lomax A/S has with effect from 01.01.2020 completed a merger with K/S Elsenbakken and Komplementarselskabet Elsenbakken ApS. The book-value method is applied, where the enterprises concerned are controlled by the Parent. Under this method, the combination is considered completed at the restructuring date without restatement of comparative figures.

## 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.

## Business combinations

The book-value method is applied on demergers where the enterprises concerned are controlled by the parent, under which method the combination is considered completed at the date of restructuring without restatement of comparative figures. Under the book-value method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

## 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.

### 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 the 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.

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.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **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:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Assets with a cost less than DKK 13,500 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.

**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.

**Cash pool**

The Company is part of a cash pool scheme with other companies within the Group. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from group enterprises.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns 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.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Deferred tax**

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

**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.