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Lion Danmark I ApS
Elsenbakken 37
3600 Frederikssund
Central Business Registration
No 36026642

Annual report 2016

The Annual General Meeting adopted the annual report on 13.03.2017

Chairman of the General Meeting

____
Name: Kenneth Borup

Contents

Entity details

Entity
Lion Danmark I ApS
Elsenbakken 37
3600 Frederikssund

Central Business Registration No: 36026642
Founded: 01.07.2014
Registered in: Frederikssund
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Peter Korsholm, Chairman
Karsten Busck
Morten Strømsted
Michael Lerche

Executive Board
Kenneth Borup

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
PO Box 1600
0900 Copenhagen 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 Lion Danmark I ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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, 13.03.2017

Executive Board

Kenneth Borup

Board of Directors

Peter Korsholm Chairman	Karsten Busck	Morten Strømsted
Michael Lerche		

Independent auditor's report

To the shareholders of Lion Danmark I ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Lion Danmark I ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 exits. Misstatements

Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 13.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Henrik Hjort Kjelgaard
State Authorised Public Accountant

Christian Dahlstrøm
State Authorised Public Accountant

Management commentary

	2016 DKK'000 12 months	2015 DKK'000 12 months	2014/2015 DKK'000 18 months
Financial highlights			
Key figures			
Revenue	454.214	413.383	606.401
Gross profit/loss	96.439	85.387	127.378
EBITDA	44.756	37.601	55.435
Operating profit/loss	31.715	24.600	35.432
Net financials	-11.379	-10.560	-15.659
Profit/loss for the year	14.074	9.154	12.889
Total assets	269.850	267.849	267.849
Investments in property, plant and equipment	2.594	8.818	48.640
Equity	77.992	63.570	63.570
Ratios			
Gross margin (%)	21,2	20,7	21
Net margin (%)	3,1	2,2	2,1
Return on equity (%)	19,9	15,5	20,3
Equity ratio (%)	28,9	24,1	23,7

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

Ratios	Calculation formula	Ratios
Gross margin (%)	Gross profit/loss x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on equity (%)	Profit/loss for the year x 100 / Average equity	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.

Management commentary

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

Development in activities and finances
The Group's revenue in 2016 amounts to DKK 454 million, which corresponds to an increase of 9.9% compared to the revenue in 2015.

Earning Before Interest Taxes Depreciation and Amortisation (EBITDA) amounted to DKK 44.8 million, which corresponds to an increase of DKK 7.2 million or 19.1% compared to 2015.

Outlook
The Group expects an increase in revenue and net result for 2017.

Statutory report on corporate social responsibility
Lomax works with specific objectives in a number of relevant areas, but a formalized CSR policy has not been prepared and adopted.

In Lomax, we pay 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.

Diversity in the Board
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.

Currently, our Board of Directors comprises 4 members, of which there is no women. We have set a goal of having at least one (25%) female members by the end of 2019.

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.

Consolidated income statement for 2016

	Notes	2016 DKK	2014/2015 DKK
Revenue		454.214.337	606.400.587
Cost of sales		(278.535.823)	(373.219.075)
Other external expenses	1	(79.239.445)	(105.803.081)
Gross profit/loss		**96.439.069**	**127.378.431**
Staff costs	2	(51.682.720)	(71.943.671)
Depreciation, amortisation and impairment losses		(11.041.663)	(16.681.682)
Other operating expenses	3	(2.000.000)	(3.321.459)
Operating profit/loss		**31.714.686**	**35.431.619**
Other financial income	4	199.505	1.399.271
Other financial expenses	5	(11.578.568)	(17.058.541)
Profit/loss before tax		**20.335.623**	**19.772.349**
Tax on profit/loss for the year	6	(6.261.562)	(6.883.411)
Profit/loss for the year	7	**14.074.061**	**12.888.938**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2014/2015 DKK
Goodwill		124.371.930	131.497.000
Development projects in progress		25.227.497	15.274.614
Intangible assets	8	**149.599.427**	**146.771.614**
Land and buildings		39.053.539	39.810.709
Other fixtures and fittings, tools and equipment		4.266.956	2.859.996
Property, plant and equipment	9	**43.320.495**	**42.670.705**
Fixed assets		**192.919.922**	**189.442.319**
Manufactured goods and goods for resale		39.955.480	34.696.305
Prepayments for goods		2.940.368	2.276.671
Inventories		**42.895.848**	**36.972.976**
Trade receivables		29.215.084	26.772.998
Receivables from group enterprises		15.040	0
Other receivables		6.562.793	7.517.789
Income tax receivable		2.056.550	0
Prepayments	10	1.542.297	2.540.921
Receivables		**39.391.764**	**36.831.708**
Cash		**1.353.648**	**4.602.403**
Current assets		**83.641.260**	**78.407.087**
Assets		**276.561.182**	**267.849.406**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2014/2015 DKK
Contributed capital		100.000	100.000
Retained earnings		77.892.343	63.469.917
Equity		**77.992.343**	**63.569.917**
Deferred tax		6.712.646	3.975.378
Provisions		**6.712.646**	**3.975.378**
Debt to other credit institutions	11	111.555.957	129.884.041
Non-current liabilities other than provisions		**111.555.957**	**129.884.041**
Payables to other credit institutions		23.659.758	15.758.000
Trade payables		35.924.155	28.297.005
Income tax payable		0	4.115.865
Other payables		20.716.323	21.961.400
Deferred income	12	0	287.800
Current liabilities other than provisions		**80.300.236**	**70.420.070**
Liabilities other than provisions		**191.856.193**	**200.304.111**
Equity and liabilities		**276.561.182**	**267.849.406**
Mortgages and securities	14		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100.000	63.469.916	63.569.916
Fair value adjustments of hedging instruments	0	446.911	446.911
Tax of equity postings	0	(98.545)	(98.545)
Profit/loss for the year	0	14.074.061	14.074.061
Equity end of year	**100.000**	**77.892.343**	**77.992.343**

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2014/2015 DKK
Operating profit/loss		31.714.685	35.431.619
Amortisation, depreciation and impairment losses		11.041.663	16.681.682
Working capital changes	13	(9.663.450)	(17.910.960)
Cash flow from ordinary operating activities		**33.092.898**	**34.202.341**
Financial income paid		(11.379.063)	(9.593.541)
Cash flows from operating activities		**21.713.835**	**24.608.800**
Acquisition etc of intangible assets		(11.941.853)	(15.274.614)
Acquisition etc of property, plant and equipment		(2.594.411)	(8.818.579)
Acquisition of enterprises		0	(170.907.500)
Cash flows from investing activities		**(14.536.264)**	**(195.000.693)**
Loans raised		0	142.861.993
Instalments on loans etc		(10.426.326)	(19.375.000)
Cash increase of capital		0	51.507.303
Cash flows from financing activities		**(10.426.326)**	**174.994.296**
Increase/decrease in cash and cash equivalents		**(3.248.755)**	**4.602.403**
Cash and cash equivalents beginning of year		4.602.403	0
Cash and cash equivalents end of year		**1.353.648**	**4.602.403**

Notes to consolidated financial statements

	2016 DKK	2014/2015 DKK
1. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	0	196.000
Tax services	0	30.000
Other services	0	134.095
	0	**360.095**

	2016 DKK	2014/2015 DKK
2. Staff costs		
Wages and salaries	47.718.238	66.513.028
Pension costs	748.821	1.004.440
Other social security costs	774.098	1.098.590
Other staff costs	2.441.563	3.327.613
	51.682.720	**71.943.671**
Average number of employees	**114**	**108**

Pursuant to the Danish Financial Statements Act section 98 B (3 no 2) remuneration of the Company's Management.

3. Other operating expenses

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

	2016 DKK	2014/2015 DKK
4. Other financial income		
Other financial income	199.505	1.399.271
	199.505	**1.399.271**

	2016 DKK	2014/2015 DKK
5. Other financial expenses		
Other financial expenses	11.578.568	17.058.541
	11.578.568	**17.058.541**

	2016 DKK	2014/2015 DKK
6. Tax on profit/loss for the year		
Tax on current year taxable income	3.244.906	4.470.485
Change in deferred tax for the year	2.737.268	2.496.171
Adjustment concerning previous years	279.388	(83.245)
	6.261.562	**6.883.411**

Notes to consolidated financial statements

	2016 DKK	2014/2015 DKK
7. Proposed distribution of profit/loss		
Retained earnings	14.074.061	12.888.938
	14.074.061	**12.888.938**

	Goodwill DKK	Development projects in progress DKK
8. Intangible assets		
Cost beginning of year	142.209.605	15.274.614
Transfers	0	(1.988.970)
Additions	0	11.941.853
Cost end of year	**142.209.605**	**25.227.497**
Amortisation and impairment losses beginning of year	(10.712.605)	0
Amortisation for the year	(7.125.070)	0
Amortisation and impairment losses end of year	**(17.837.675)**	**0**
Carrying amount end of year	**124.371.930**	**25.227.497**

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
9. Property, plant and equipment		
Cost beginning of year	41.361.119	6.639.663
Transfers	0	1.988.970
Additions	418.828	2.175.584
Disposals	0	(211.070)
Cost end of year	**41.779.947**	**10.593.147**
Depreciation and impairment losses beginning of the year	(1.550.410)	(3.779.667)
Depreciation for the year	(1.175.998)	(2.757.594)
Reversal regarding disposals	0	211.070
Depreciation and impairment losses end of the year	**(2.726.408)**	**(6.326.191)**
Carrying amount end of year	**39.053.539**	**4.266.956**

Notes to consolidated financial statements

10. Prepayments

Prepayments consist of prepaid expenses etc.

11. Long-term debt to other credit institutions

Other credit institutions due after 5 years amount to DKK 32.268k as at 31 December 2016.

12. Short-term deferred income

Deferred income consists of invoices where the risk has not been transferred to the customer.

	2016 DKK	2014/2015 DKK
13. Change in working capital		
Increase/decrease in inventories	(5.922.872)	(8.389.698)
Increase/decrease in receivables	(2.384.960)	(10.373.159)
Increase/decrease in trade payables etc	7.627.150	851.897
Other changes	(8.982.768)	0
	(9.663.450)	**(17.910.960)**

14. Mortgages and securities

The Company has pledged the Company's intangible asset, tangible asset, inventory and receivables as security for loan agreement.

Parent income statement for 2016

	Notes	2016 DKK	2014/2015 DKK
Other external expenses		(43.751)	(37.500)
Operating profit/loss		**(43.751)**	**(37.500)**
Income from investments in group enterprises		14.072.362	12.846.491
Other financial income	1	47.577	94.001
Other financial expenses	2	(1.650)	(1.015)
Profit/loss before tax		**14.074.538**	**12.901.977**
Tax on profit/loss for the year		(479)	(13.039)
Profit/loss for the year	3	**14.074.059**	**12.888.938**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2014/2015 DKK
Investments in group enterprises		77.948.198	63.526.447
Fixed asset investments	4	**77.948.198**	**63.526.447**
Fixed assets		**77.948.198**	**63.526.447**
Receivables from group enterprises		86.039	3.199.438
Receivables		**86.039**	**3.199.438**
Cash		**2.334**	**3.984**
Current assets		**88.373**	**3.203.422**
Assets		**78.036.571**	**66.729.869**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2014/2015 DKK
Contributed capital		100.000	100.000
Reserve for net revaluation according to the equity method		26.441.918	12.020.167
Retained earnings		51.450.424	51.448.727
Equity		**77.992.342**	**63.568.894**
Income tax payable		479	3.123.475
Non-current liabilities other than provisions		**479**	**3.123.475**
Other payables		43.750	37.500
Current liabilities other than provisions		**43.750**	**37.500**
Liabilities other than provisions		**44.229**	**3.160.975**
Equity and liabilities		**78.036.571**	**66.729.869**
Mortgages and securities	5		
Related parties with controlling interest	6		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100.000	12.020.167	51.448.727	63.568.894
Other equity postings	0	349.389	0	349.389
Profit/loss for the year	0	14.072.362	1.697	14.074.059
Equity end of year	**100.000**	**26.441.918**	**51.450.424**	**77.992.342**

Notes to parent financial statements

	2016 DKK	2014/2015 DKK
1. Other financial income		
Financial income arising from group enterprises	47.577	94.001
	47.577	**94.001**

	2016 DKK	2014/2015 DKK
2. Other financial expenses		
Other financial expenses	1.650	1.015
	1.650	**1.015**

	2016 DKK	2014/2015 DKK
3. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	14.072.362	12.846.491
Retained earnings	1.697	42.447
	14.074.059	**12.888.938**

	Investment s in group enterprises DKK
4. Fixed asset investments	
Cost beginning of year	51.506.280
Cost end of year	**51.506.280**
Revaluations beginning of year	12.020.167
Share of profit/loss for the year	14.072.362
Other adjustments	349.389
Revaluations end of year	**26.441.918**
Carrying amount end of year	**77.948.198**

5. Mortgages and securities

The Company has pledged the Company’s investment in subsidiaries as security for group loan agreement.

Notes to parent financial statements

6. 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:

Nordic Mezzanine Fund III Limited Partnership
33 St. James's Square
London, SW1Y 4JS
United Kingdom

Lion Management Invest ApS
Elsenbakken 37
3600 Frederikssund
Denmark

Togu ApS
Gardes Alle 30
2900 Hellerup
Denmark

Lerche A/S
Dronning Louises Vej 11
2920 Charlottenlund
Denmark

MST Finance & Consult ApS
Edlevej 4
2900 Hellerup
Denmark

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).

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 Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group 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 Group, 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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date.

Accounting policies

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives, however, no more than 20 years.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

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 Group staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Group’s primary activities.

Accounting policies

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 Parent 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
Goodwill
Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period ranges from 5 - 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise of development projects in progress which relate to development of the ERP-system.

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

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Accounting policies

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.

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.

Accounting policies

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.

Income tax payable or receivable
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.

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.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Accounting policies

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.

Deferred income
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, and instalments on interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.