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Lion Danmark I ApS

Elsenbakken 37
3600 Frederikssund
Central Business Registration
No 36026642

Annual report 2017

The Annual General Meeting adopted the annual report on 13.03.2018

Chairman of the General Meeting

Name: Kenneth Tjørnelunde Borup

Contents

Entity details

Entity
Lion Danmark I ApS
Elsenbakken 37
3600 Frederikssund

Central Business Registration No (CVR): 36026642
Founded: 01.07.2014
Registered in: Frederikssund
Financial year: 01.01.2017 - 31.12.2017

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 Lion Danmark I ApS 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 and cash flows 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 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 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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.

Other matterManagement'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

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 exists. 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, 13.03.2018

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

	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights			
Key figures			
Revenue	485.150	455.036	606.401
Gross profit/loss	103.395	96.439	127.378
EBITDA	44.756	55.435	N/A
Operating profit/loss	36.038	31.715	35.432
Net financials	(5.014)	(11.379)	(15.659)
Profit/loss for the year	22.863	14.074	12.889
Profit/loss for the year excl minority interests	22.863	14.074	12.889
Total assets	286.301	276.561	267.849
Investments in property, plant and equipment	2.129	2.594	48.640
Equity	87.273	77.992	63.570
Equity excl minority interests	87.273	77.992	63.570
Ratios			
Gross margin (%)	21,3	21,2	21,0
Net margin (%)	4,7	3,1	2,1
Return on equity (%)	27,7	19,9	20,3
Equity ratio (%)	30,5	28,2	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	Calculation formula reflects
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 excl minority interests x 100 / Average equity excl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity excl minority interests 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 2017 amounts to DKK 485 million, which corresponds to an increase of 6.6% compared to the revenue in 2016.

Earning Before Interest Taxes Depreciation and Amortisation (EBITDA) amounted to DKK 49.0 million, which corresponds to an increase of DKK 4.3 million or 9.6% compared to 2016.

Outlook

The Group expects an increase in revenue and net result for 2018.

Statutory report on corporate social responsibility

The Group does not have specific CSR policies laid down, including in relation to environmental and climate protection or human rights.

However, Lomax works with specific objectives 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.

Lomax 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 2017 in this area has resulted in Lomax maintaining its position as an attractive workplace.

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.

Management commentary

Currently, our Board of Directors constitutes four members, of which there is no women. We have agreed to work for securing a better mix of gender in the board. We have set a goal of having at least one (25%) female members by the end of 2019. There has been no changes in the board during 2017.

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 2017

	Notes	2017 DKK	2016 DKK
Revenue	1	485.150.421	455.036.337
Cost of sales		(297.575.545)	(278.535.823)
Other external expenses	2	(84.180.268)	(80.061.443)
Gross profit/loss		**103.394.608**	**96.439.071**
Staff costs	3	(54.361.488)	(51.682.720)
Depreciation, amortisation and impairment losses		(12.995.370)	(11.041.663)
Other operating expenses		0	(2.000.000)
Operating profit/loss		**36.037.750**	**31.714.688**
Other financial income	4	266.498	199.505
Other financial expenses	5	(5.280.789)	(11.578.568)
Profit/loss before tax		**31.023.459**	**20.335.625**
Tax on profit/loss for the year	6	(8.160.672)	(6.261.562)
Profit/loss for the year	7	**22.862.787**	**14.074.063**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Completed development projects		31.285.682	0
Goodwill		117.246.860	124.371.930
Development projects in progress		6.856.767	25.227.497
Intangible assets	8	**155.389.309**	**149.599.427**
Land and buildings		38.762.292	39.053.539
Other fixtures and fittings, tools and equipment		2.964.269	4.266.956
Property, plant and equipment	9	**41.726.561**	**43.320.495**
Fixed assets		**197.115.870**	**192.919.922**
Manufactured goods and goods for resale		46.360.801	39.955.480
Prepayments for goods		2.132.099	2.940.368
Inventories		**48.492.900**	**42.895.848**
Trade receivables		29.904.479	29.215.084
Receivables from group enterprises		0	15.040
Other receivables		8.630.529	6.562.793
Income tax receivable		364.559	2.056.550
Prepayments	10	1.701.113	1.542.297
Receivables		**40.600.680**	**39.391.764**
Cash		**91.905**	**1.353.648**
Current assets		**89.185.485**	**83.641.260**
Assets		**286.301.355**	**276.561.182**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		100.740	100.000
Retained earnings		87.172.528	77.892.343
Equity		**87.273.268**	**77.992.343**
Deferred tax		9.609.977	6.712.646
Provisions		**9.609.977**	**6.712.646**
Bank loans		101.457.630	111.555.957
Non-current liabilities other than provisions	11	**101.457.630**	**111.555.957**
Bank loans		21.380.100	23.659.758
Trade payables		48.699.643	35.924.155
Other payables		17.871.324	20.716.323
Deferred income	12	9.413	0
Current liabilities other than provisions		**87.960.480**	**80.300.236**
Liabilities other than provisions		**189.418.110**	**191.856.193**
Equity and liabilities		**286.301.355**	**276.561.182**
Assets charged and collateral	14		
Transactions with related parties	15		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	100.000	77.892.343	0	77.992.343
Increase of capital	740	924.260	0	925.000
Extraordinary dividend paid	0	0	(15.000.000)	(15.000.000)
Fair value adjustments of hedging instruments	0	632.228	0	632.228
Tax of entries on equity	0	(139.090)	0	(139.090)
Profit/loss for the year	0	7.862.787	15.000.000	22.862.787
Equity end of year	**100.740**	**87.172.528**	**0**	**87.273.268**

Consolidated cash flow statement for 2017

	Notes	2017 DKK	2016 DKK
Operating profit/loss		36.037.750	31.714.685
Amortisation, depreciation and impairment losses		12.954.343	11.041.663
Working capital changes	13	(1.636.269)	(9.663.450)
Cash flow from ordinary operating activities		**47.355.824**	**33.092.898**
Financial income received		266.498	0
Financial income paid		(5.280.789)	(11.379.063)
Cash flows from operating activities		**42.341.533**	**21.713.835**
Acquisition etc of intangible assets		(15.082.402)	(11.941.853)
Acquisition etc of property, plant and equipment		(2.128.893)	(2.594.411)
Sale of property, plant and equipment		61.005	0
Cash flows from investing activities		**(17.150.290)**	**(14.536.264)**
Repayments of loans etc		(12.377.986)	(10.426.326)
Dividend paid		(15.000.000)	0
Cash increase of capital		925.000	0
Cash flows from financing activities		**(26.452.986)**	**(10.426.326)**
Increase/decrease in cash and cash equivalents		**(1.261.743)**	**(3.248.755)**
Cash and cash equivalents beginning of year		1.353.648	4.602.403
Cash and cash equivalents end of year		**91.905**	**1.353.648**

Notes to consolidated financial statements

1. Revenue

Revenue distributed into activities and geographic markets is omitted in the financial statement since the Group has only revenue in Denmark, pursuant to the Danish Financial Statements Act section 96.

	2017 DKK	2016 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	190.000	185.000
Tax services	40.000	40.000
Other services	53.000	60.000
	283.000	**285.000**

	2017 DKK	2016 DKK
3. Staff costs		
Wages and salaries	50.746.140	47.718.238
Pension costs	869.567	748.821
Other social security costs	777.856	774.098
Other staff costs	1.967.925	2.441.563
	54.361.488	**51.682.720**
Average number of employees	**125**	**114**

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

The Group have implemented a warrant incentive program for the board of directors and the management team. Warrants will be granted on a yearly basis during a four year period. Warrants entitles the board of directors and the management team to buy one share in the company per warrant at a pre-agreed price.

The Group has not incurred any costs relating to the value of the warrant incentive program.

	2017 DKK	2016 DKK
4. Other financial income		
Other financial income	266.498	199.505
	266.498	**199.505**

	2017 DKK	2016 DKK
5. Other financial expenses		
Other financial expenses	5.280.789	11.578.568
	5.280.789	**11.578.568**

Notes to consolidated financial statements

	2017 DKK	2016 DKK
6. Tax on profit/loss for the year		
Current tax	5.565.160	3.244.906
Change in deferred tax	2.897.331	2.737.268
Adjustment concerning previous years	(301.819)	279.388
	8.160.672	**6.261.562**

	2017 DKK	2016 DKK
7. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	15.000.000	0
Retained earnings	7.862.787	14.074.061
	22.862.787	**14.074.061**

	Completed development projects DKK	Goodwill DKK	Development projects in progress DKK
8. Intangible assets			
Cost beginning of year	0	142.209.605	25.227.497
Transfers	33.453.132	0	(33.453.132)
Additions	0	0	15.082.402
Cost end of year	**33.453.132**	**142.209.605**	**6.856.767**
Amortisation and impairment losses beginning of year	0	(17.837.675)	0
Impairment losses for the year	(2.167.450)	(7.125.070)	0
Amortisation and impairment losses end of year	**(2.167.450)**	**(24.962.745)**	**0**
Carrying amount end of year	**31.285.682**	**117.246.860**	**6.856.767**

Development projects

Development projects in progress relates to development of the Company’s ERP-system and home page.

Management expects that development projects in progress is completed in 2018.

Notes to consolidated financial statements

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
9. Property, plant and equipment		
Cost beginning of year	41.779.947	10.593.147
Additions	966.598	1.162.295
Disposals	0	(114.405)
Cost end of year	**42.746.545**	**11.641.037**
Depreciation and impairment losses beginning of year	(2.726.408)	(6.326.191)
Depreciation for the year	(1.257.845)	(2.403.976)
Reversal regarding disposals	0	53.399
Depreciation and impairment losses end of year	**(3.984.253)**	**(8.676.768)**
Carrying amount end of year	**38.762.292**	**2.964.269**

10. Prepayments

Prepayments consist of prepaid expenses etc.

11. Liabilities other than provisions

Bank loans due after 5 years amount to DKK 19.677.000 as at 31 December 2017.

12. Short-term deferred income

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

	2017 DKK	2016 DKK
13. Change in working capital		
Increase/decrease in inventories	(5.597.052)	(5.922.872)
Increase/decrease in receivables	(2.900.906)	(2.384.960)
Increase/decrease in trade payables etc	12.775.488	7.627.150
Other changes	(5.913.799)	(8.982.768)
	(1.636.269)	**(9.663.450)**

14. Assets charged and collateral

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

Notes to consolidated financial statements

15. Transactions with related parties

Related party transactions outside the Lion Danmark Group are carried out on market conditions.

Parent income statement for 2017

	Notes	2017 DKK	2016 DKK
Other external expenses		(6.832)	(43.751)
Operating profit/loss		**(6.832)**	**(43.751)**
Income from investments in group enterprises		22.603.625	14.072.362
Other financial income	2	0	47.577
Other financial expenses	3	(47.857)	(1.650)
Profit/loss before tax		**22.548.936**	**14.074.538**
Tax on profit/loss for the year	4	313.851	(479)
Profit/loss for the year	5	**22.862.787**	**14.074.059**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Investments in group enterprises		86.044.961	77.948.198
Fixed asset investments	6	**86.044.961**	**77.948.198**
Fixed assets		**86.044.961**	**77.948.198**
Receivables from group enterprises		0	86.039
Income tax receivable		5.985.031	0
Receivables		**5.985.031**	**86.039**
Cash		**2.343.672**	**2.334**
Current assets		**8.328.703**	**88.373**
Assets		**94.373.664**	**78.036.571**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		100.740	100.000
Reserve for net revaluation according to the equity method		34.538.681	26.441.918
Retained earnings		52.633.846	51.450.424
Equity		**87.273.267**	**77.992.342**
Income tax payable		0	479
Non-current liabilities other than provisions		**0**	**479**
Payables to group enterprises		7.087.898	0
Other payables		12.499	43.750
Current liabilities other than provisions		**7.100.397**	**43.750**
Liabilities other than provisions		**7.100.397**	**44.229**
Equity and liabilities		**94.373.664**	**78.036.571**
Staff costs	1		
Assets charged and collateral	7		
Related parties with controlling interest	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	100.000	26.441.918	51.450.424	0
Increase of capital	740	0	924.260	0
Extraordinary dividend paid	0	0	0	(15.000.000)
Other entries on equity	0	493.138	0	0
Profit/loss for the year	0	7.603.625	259.162	15.000.000
Equity end of year	**100.740**	**34.538.681**	**52.633.846**	**0**

	Total DKK
Equity beginning of year	77.992.342
Increase of capital	925.000
Extraordinary dividend paid	(15.000.000)
Other entries on equity	493.138
Profit/loss for the year	22.862.787
Equity end of year	**87.273.267**

The share capital consists of 100,740 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has increased with 740 shares in 2017, whoever there have been no additional changes in the share capital since the foundation of the company.

Notes to parent financial statements

	2017	2016
1. Staff costs		
Average number of employees	**0**	**0**

The Company have implemented a warrant incentive program for the board of directors and the management team. Warrants will be granted on a yearly basis during a four year period. Warrants entitles the board of directors and the management team to buy one share in the company per warrant at a pre-agreed price.

The Company has not incurred any costs relating to the value of the warrant incentive program.

	2017 DKK	2016 DKK
2. Other financial income		
Financial income arising from group enterprises	0	47.577
	0	**47.577**

	2017 DKK	2016 DKK
3. Other financial expenses		
Financial expenses from group enterprises	45.290	0
Other financial expenses	2.567	1.650
	47.857	**1.650**

	2017 DKK	2016 DKK
4. Tax on profit/loss for the year		
Current tax	(12.032)	479
Adjustment concerning previous years	(301.819)	0
	(313.851)	**479**

	2017 DKK	2016 DKK
5. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	15.000.000	0
Transferred to reserve for net revaluation according to the equity method	7.603.625	14.072.362
Retained earnings	259.162	1.697
	22.862.787	**14.074.059**

Notes to parent financial statements

	Invest-ments in group enterprises DKK
6. Fixed asset investments	
Cost beginning of year	51.506.280
Cost end of year	**51.506.280**
Revaluations beginning of year	26.441.918
Share of profit/loss for the year	22.603.625
Dividend	(15.000.000)
Other adjustments	493.138
Revaluations end of year	**34.538.681**
Carrying amount end of year	**86.044.961**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7. Assets charged and collateral

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

8. 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

Notes to parent financial statements

Lerche A/S
Dronning Louises Vej 11
2920 Charlottenlund
Denmark

MST Finance & Consult ApS
Edlevej 4
2900 Hellerup
Denmark

9. Transactions with related parties

Related party transactions outside the Lion Danmark Group are carried out on market conditions.

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 consolidated financial statements and parent 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 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 the 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.

Accounting policies

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.

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 life, 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 rate 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
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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.

Accounting policies

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

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 Entity's new homepage an 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 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 writedowns 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 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.

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

Deferred income
Deferred income comprises income received 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.