

# ANNUAL REPORT 2021

## LØGISMOSE A/S

Ny Vestergade 2

5672 Broby

CVR-nr.: 21924679



Approved on the Annual General Meeting the 25th of May 2022.

Chairman of the General Meeting  
**Lizette Kjellerup**

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	10
Balance sheet at 31.12.2021	11
Statement of changes in equity for 2021	14
Notes	15
Accounting policies	21

# Entity details

## Entity

Løgismose A/S  
Ny Vestergade 2  
5672 Broby

Business Registration No.: 21924679  
Date of foundation: 03.06.2002  
Registered office: Faaborg-midtfyn  
Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Per Harkjær, chairman  
Mads Ryum Larsen  
Jørn Tolstrup Rohde  
Christopher Patric Masek

## Executive Board

Jesper Uggerhøj, CEO  
Lizette Kjellerup, CFO

## 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 Løgismose A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Copenhagen, 25.05.2022

## Executive Board

**Jesper Uggerhøj**  
CEO

**Lizette Kjellerup**  
CFO

## Board of Directors

**Per Harkjær**  
chairman

**Mads Ryum Larsen**

**Jørn Tolstrup Rohde**

**Christopher Patric Masek**

# Independent auditor's report

## To the shareholders of Løgismose A/S

### Opinion

We have audited the financial statements of Løgismose A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 25.05.2022

### Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

### Bill Haudal Pedersen

State Authorised Public Accountant  
Identification No (MNE) mne30131

### Hans Tauby

State Authorised Public Accountant  
Identification No (MNE) mne44339

# Management commentary

## Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
<b>Key figures</b>					
Revenue	489,823	463,484	624,128	613,415	622,122
Gross profit/loss	84,707	86,189	130,579	148,310	145,662
Operating profit/loss	32,572	34,368	(17,545)	9,264	12,949
Net financials	(733)	(631)	(1,767)	(687)	(1,404)
Profit/loss for the year	24,828	26,121	17,182	31,439	38,454
Total assets	271,587	242,216	460,817	393,621	362,438
Investments in property, plant and equipment	6,093	6,937	17,529	17,344	24,550
Equity	164,050	139,222	361,155	308,973	277,534
<b>Ratios</b>					
Gross margin (%)	17.29	18.60	20.92	24.18	23.41
EBIT margin (%)	6.65	7.42	(2.81)	1.51	2.08
Net margin (%)	5.07	5.64	2.75	5.13	6.18
Return on equity (%)	16.37	10.44	5.13	10.72	15.17
Equity ratio (%)	60.40	57.48	78.37	78.50	76.57

Due to the demerger of Løgismose Meyers A/S as of 01.01.2020, comparative figures from 2017-2019 are not comparable, as these include both Løgismose A/S and Meyers A/S figures. Furthermore the Company implemented IFRS 16 'leases' using the modified retrospective approach as of January 1 2020, thus comparative figures from 2017-2019 are not comparable.

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



**Gross margin (%):**

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

**EBIT margin (%):**

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

**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

Løgismose was established in 1963, and is today one of Denmark's strongest food brands, especially known for a high gastronomic quality, dedicated focus on taste and craftsmanship, and with an ethical attitude to how the products are made. Løgismose develops, produces and sources food and wine for the Danish consumer through its own shops, webshop and retail, as well as for companies, restaurants, hotels and selected export markets. Løgismose's mission is to create high quality food and wine experiences no matter where you are in contact with the brand.

### Development in activities and finances

The company's profit for the year was DKK 24,828 thousand. Management considers the growth in the business to be satisfactory.

### Profit/loss for the year in relation to expected developments

In annual report for 2020, the company expected an increased revenue in 2021. The net revenue has increased 5.7% from DKK 463.5 million in 2020 to DKK 489.8 million in 2021, mainly driven by the perennial partnership with Salling Group and the continued growth of the wine category.

### Outlook

A new outbreak of COVID-19 could have impact on part of the wine business selling to the hotels and restaurants. However, at the beginning of 2022, COVID-19 seems to loosen its grip and the company expects the solid revenue growth to continue in 2022. The company expects a revenue in 2022 of DKK 500 – 550 million and an operating profit (EBITDA) of DKK 40-45 million.

### Statutory report on corporate social responsibility

Reference is made to the statement of corporate social responsibility, which is included in the 2021 consolidated financial statements of the parent company Løgismose Meyers Holding ApS.

### Statutory report on the underrepresented gender

The company's board of directors is composed of four men, which is not reaching the company's target where we aim to have an equal balance between men and women in our organization within 5-10 years. Reference is also made to the statement of the underrepresented gender, which is included in the 2021 consolidated financial statements of the parent company Løgismose Meyers Holding ApS.

### Statutory report on data ethics policy

Reference is made to the statement of data ethics policy, which is included in the consolidated financial statements of the parent company Løgismose Meyers Holding ApS.

### 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. Reference is made to note 1.

# Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue	2	489,823	463,484
Other operating income	3	148	1,307
Cost of sales		(377,362)	(352,941)
Other external expenses	4	(27,902)	(25,661)
<b>Gross profit/loss</b>		<b>84,707</b>	<b>86,189</b>
Staff costs	5	(44,561)	(43,703)
Depreciation, amortisation and impairment losses	6	(7,574)	(8,118)
<b>Operating profit/loss</b>		<b>32,572</b>	<b>34,368</b>
Other financial income	7	77	130
Other financial expenses	8	(810)	(761)
<b>Profit/loss before tax</b>		<b>31,839</b>	<b>33,737</b>
Tax on profit/loss for the year	9	(7,011)	(7,616)
<b>Profit/loss for the year</b>	10	<b>24,828</b>	<b>26,121</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		11,694	10,225
Plant and machinery		9,468	7,907
Other fixtures and fittings, tools and equipment		490	589
Leasehold improvements		2,185	449
Leased assets		9,028	12,580
Property, plant and equipment in progress		47	3,045
<b>Property, plant and equipment</b>	11	<b>32,912</b>	<b>34,795</b>
Deposits		546	640
<b>Financial assets</b>	12	<b>546</b>	<b>640</b>
<b>Fixed assets</b>		<b>33,458</b>	<b>35,435</b>

Raw materials and consumables		13,377	8,697
Manufactured goods and goods for resale		65,269	56,032
Prepayments for goods		9,392	8,429
<b>Inventories</b>		<b>88,038</b>	<b>73,158</b>
<hr/>			
Trade receivables		75,248	75,517
Receivables from group enterprises	13	70,977	51,774
Deferred tax	14	736	909
Other receivables		1,602	2,022
Prepayments	15	592	714
<b>Receivables</b>		<b>149,155</b>	<b>130,936</b>
<hr/>			
<b>Cash</b>		<b>936</b>	<b>2,687</b>
<hr/>			
<b>Current assets</b>		<b>238,129</b>	<b>206,781</b>
<hr/>			
<b>Assets</b>		<b>271,587</b>	<b>242,216</b>
<hr/>			

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
Contributed capital	16	600	600
Retained earnings		163,450	138,622
<b>Equity</b>		<b>164,050</b>	<b>139,222</b>
Lease liabilities		6,368	9,700
Deposits		135	135
Other payables		8,238	4,150
<b>Non-current liabilities other than provisions</b>	<b>17</b>	<b>14,741</b>	<b>13,985</b>
Current portion of non-current liabilities other than provisions	17	3,093	3,175
Trade payables		52,697	47,739
Payables to group enterprises		3,241	7,146
Joint taxation contribution payable		6,837	175
Other payables	18	26,928	30,774
<b>Current liabilities other than provisions</b>		<b>92,796</b>	<b>89,009</b>
<b>Liabilities other than provisions</b>		<b>107,537</b>	<b>102,994</b>
<b>Equity and liabilities</b>		<b>271,587</b>	<b>242,216</b>
Events after the balance sheet date	1		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm's length related party transactions	22		
Group relations	23		

# Statement of changes in equity for 2021

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	600	138,622	139,222
Profit/loss for the year	0	24,828	24,828
<b>Equity end of year</b>	<b>600</b>	<b>163,450</b>	<b>164,050</b>

# Notes

## 1 Events after the balance sheet date

Management noted that the worldwide Covid-19 outbreak may still affect the company's performance. However, it is not possible for Management at the time of financial reporting to further quantify such potential effect.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The war in Ukraine which started at the end of February 2022 has not had and is not expected to have a significant impact on the company's financial position and development, as the company has no significant sales or significant suppliers in the countries concerned.

## 2 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	467,067	448,860
Other EU countries	22,756	14,624
<b>Total revenue by geographical market</b>	<b>489,823</b>	<b>463,484</b>
Wholesale of food and beverages	426,496	410,778
Retail sales	63,327	52,706
<b>Total revenue by activity</b>	<b>489,823</b>	<b>463,484</b>

## 3 Other operating income

	2021 DKK'000	2020 DKK'000
Other operating income	148	853
Wage compensation	0	454
	<b>148</b>	<b>1,307</b>

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

With reference to section 96(3) of the Danish Financial Statements Act, the fee to the auditor appointed by the general meeting is not disclosed.



**5 Staff costs**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	36,216	36,064
Pension costs	4,424	4,322
Other social security costs	1,347	1,249
Other staff costs	2,574	2,068
	<b>44,561</b>	<b>43,703</b>

Average number of full-time employees	<b>106</b>	<b>102</b>
---------------------------------------	------------	------------

The management is remunerated in other Group companies, thus no management remuneration is incurred in the Company.

**6 Depreciation, amortisation and impairment losses**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Depreciation of property, plant and equipment	7,634	8,012
Profit/loss from sale of intangible assets and property, plant and equipment	(60)	106
	<b>7,574</b>	<b>8,118</b>

**7 Other financial income**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Exchange rate adjustments	5	7
Fair value adjustments	72	123
	<b>77</b>	<b>130</b>

**8 Other financial expenses**

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Other interest expenses	300	322
Fair value adjustments	148	177
Other financial expenses	362	262
	<b>810</b>	<b>761</b>

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

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	6,837	175
Change in deferred tax	174	7,441
	<b>7,011</b>	<b>7,616</b>

## 10 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	24,828	26,121
	<b>24,828</b>	<b>26,121</b>

## 11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Leased assets DKK'000
Cost beginning of year	22,867	50,425	9,370	5,043	16,279
Transfers	1,442	1,603	0	0	0
Additions	655	3,156	34	2,201	0
Disposals	0	0	0	0	(342)
<b>Cost end of year</b>	<b>24,964</b>	<b>55,184</b>	<b>9,404</b>	<b>7,244</b>	<b>15,937</b>
Depreciation and impairment losses beginning of year	(12,642)	(42,518)	(8,781)	(4,594)	(3,699)
Depreciation for the year	(628)	(3,198)	(133)	(465)	(3,210)
<b>Depreciation and impairment losses end of year</b>	<b>(13,270)</b>	<b>(45,716)</b>	<b>(8,914)</b>	<b>(5,059)</b>	<b>(6,909)</b>
<b>Carrying amount end of year</b>	<b>11,694</b>	<b>9,468</b>	<b>490</b>	<b>2,185</b>	<b>9,028</b>

	Property, plant and equipment in progress DKK'000
Cost beginning of year	3,045
Transfers	(3,045)
Additions	47
Disposals	0
<b>Cost end of year</b>	<b>47</b>
Depreciation and impairment losses beginning of year	0
Depreciation for the year	0
<b>Depreciation and impairment losses end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>47</b>

As of 1 January 2020 IFRS 16 'Leases' was applied for the first time. The Company has implemented IFRS 16 'leases' using the modified retrospective approach, see accounting policies. Leases comprises properties and

cars. Carrying amount end of year includes properties (DKK 9,328 thousand) and cars (DKK 134 thousand).

## 12 Financial assets

	<b>Deposits DKK'000</b>
Cost beginning of year	640
Additions	4
Disposals	(98)
<b>Cost end of year</b>	<b>546</b>
<b>Carrying amount end of year</b>	<b>546</b>

## 13 Receivables from group enterprises

The Company participates in a cash pool scheme with other companies within the Løgismose Meyers Group. Consequently, DKK 69,903 thousand of the Company's bank deposits is included in receivables from group enterprises. Løgismose A/S is jointly and severally liable with other participating Group entities for the total debt of DKK 254,671 thousand within the cash pool scheme.

## 14 Deferred tax

	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	909	(1,055)
Recognised in the income statement	(173)	(7,441)
Divestment adjustment 01.01.2020	0	9,405
<b>End of year</b>	<b>736</b>	<b>909</b>

## Deferred tax assets

Deferred tax relates to property, plant & equipment and receivables.

## 15 Prepayments

Prepayments comprise expenses incurred for subsequent financial years including costs for contracts for subsequent periods.

## 16 Share capital

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
Share capital	600	1	600
	<b>600</b>		<b>600</b>

## 17 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Lease liabilities	3,093	3,175	6,368	0
Deposits	0	0	135	0
Other payables	0	0	8,238	3,177
	<b>3,093</b>	<b>3,175</b>	<b>14,741</b>	<b>3,177</b>

## 18 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	5,157	5,750
Wages and salaries, personal income taxes, social security costs, etc payable	11,930	14,052
Holiday pay obligation	1,714	476
Other costs payable	8,127	10,496
	<b>26,928</b>	<b>30,774</b>

## 19 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Løgismose Meyers Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

As a result of the demerger of Løgismose Meyers A/S in 2020, the contributing company Løgismose A/S and the new company Meyers A/S are jointly and severally liable for debt and liabilities arising after 1 January 2020, but relating to the period before 1 January 2020, which cannot be uniquely assigned to either Løgismose A/S or Meyers A/S.

## 20 Assets charged and collateral

The Group's bank has pledge in all assets and has a registered ban on mortgaging.

## 21 Related parties with controlling interest

Related parties with controlling interest in Løgismose A/S:

Løgismose Group ApS, Ny Vestergade 2, 5672 Broby (immediate parent company)

LM Group ApS, Ny Vestergade 2, 5672 Broby (intermediate holding company)

Løgismose Meyers Holding ApS, Dampfærgevej 10, 1. tv, 2100 København Ø. (intermediate holding company)

L+M International S.à r.l., Luxembourg (ultimate parent company)

## 22 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report.

During the financial year, related party transactions have been conducted on an arm's length basis besides the

following transactions:

The Group does not recognize interest on intercompany balances.

Management fee incurred in the Company is not complete, as not all incurred cost in other Group entities is allocated appropriately.

The Company produces and sells goods to other entities within the Group for which the consideration is not on arm's length basis.

The management is remunerated in other Group companies, thus no management remuneration is incurred in the Company.

### **23 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Løgismose Meyers Holding ApS, Dampfærgevej 10, 1. tv, 2100 København Ø.

# 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.

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

As of 1 January 2020 IFRS 15 'Revenue from Contracts with Customers' is applied for the first time instead of the principles in The Danish Financial Statement Act. The primary change deriving from the implementation of the new standard is that revenue going forward has to be recognized when control of the products has been transferred to the customer instead of earlier where transfer of risk has been the key principle in determining revenue recognition. The standard is introducing a five-step-model for recognizing revenue, which includes the

following steps:

1. Identification of customer agreements (including assessment of whether a number of agreements has to be treated as one overall agreement)
2. Identification of different delivery terms in agreements and separation of agreement into partial deliveries
3. Determine the transaction price, including variable remuneration treatment
4. Allocate the transaction price to the performance obligations in the customer agreements
5. Recognition of the revenue when the buyer gain control, which may be over a period of time or at a certain point in time IFRS 15 is applicable for all agreements with customers that are not regulated by other standards and also contains certain rules regarding recognition of costs in relation to customer agreements.

Løgismose has assessed that the effect of IFRS 15 is limited as sales is generally based on straight-forward customer agreements with buyer gaining control at a certain point in time.

#### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### **Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

#### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

#### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, lease liabilities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme 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 group enterprises. 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

### Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25-50 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Leases

The Company leases includes properties and cars. Lease contracts are identified as leases if the contract conveys the right to use a specified asset over a period of time in exchange for consideration. The leases are negotiated individually and contain a range of different terms, conditions and clauses.

Lease assets are 'right-of-use assets' from lease agreements. If, at inception, it is assessed that a contract contains a lease, a lease asset is recognized. Lease assets are initially measured at the present value of future lease payments, plus the cost of obligations to refurbish the asset. Payments include fixed payments, variable lease payments depending on an index or a rate, and the exercise price of purchase options that are reasonably certain to be exercised. The lease assets are depreciated using the straightline method over the shorter of the expected lease term and the useful life of the underlying asset. The lease assets are tested for impairment whenever there is an indication that the assets may be impaired.

Lease liabilities are initially recognized at the present value of future lease payments, including payments from extension or purchase options that are considered reasonably certain to be exercised. Lease liabilities are measured using the incremental borrowing rate, rather than the interest rate implicit in the leases, since these cannot easily be determined in the contracts. The incremental borrowing rate comprises of three parts:



- Reference rate
- Financing spread adjustment
- Lease specific adjustment

The discount rate used is derived from the Company's incremental borrowing rate, which is adjusted for the individual asset classes.

Depreciation and interest costs related to leases are recognised in the income statement under the items "amortisation, impairment and depreciation", and "financial expenses", respectively.

### **Lease term**

The lease term is defined as the non-cancellable period of a lease. The non-cancellable period of a lease extends from contract start to contract end date extended by periods covered by possible extension options which are reasonably certain to be exercised or by periods covered by termination options which are not exercised with reasonable certainty. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

### **Exemptions in application of IFRS 16**

The Company applies the recognition exemption for short-term leases, which are leases with a term less than one year and the recognition exemption for underlying assets of low value. Contract covered by the exemptions amounts to DKK 538k in lease payments during the year.

### **Key accounting estimates**

For property leases, lease terms are estimated taking the size of the building and its strategic importance into consideration. The Company entered into property leases with extension options. The lease terms of such agreements are estimated based on the strategic importance of the buildings and the estimated time frame necessary to vacate the premises. The estimated lease term is reassessed at each reporting date.

### **Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Cash pool**

The Company is part of a cash pool scheme with other companies within the Løgismose 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.

**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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Lease liabilities**

Lease commitments relating to right-of-use assets are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

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

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Cash flow statement**

In accordance with the Danish Financial Statements Act § 86 reference is made to the cash flow statement, which is included in the consolidated financial statements of the parent company Løgismose Meyers Holding ApS.