



Meyers Contract Catering A/S

Dampfærgevej 10, 1.
2100 København Ø
CVR No. 26631521

Annual report 2021

The Annual General Meeting adopted the
annual report on 25.05.2022

Lizette Kjellerup

Chairman of the General Meeting

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Entity details

Entity

Meyers Contract Catering A/S

Dampfærgevej 10, 1.

2100 København Ø

Business Registration No.: 26631521

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Lizette Kjellerup, chairman

Jesper Uggerhøj

Claus Meyer Nielsen

Executive Board

Jesper Uggerhøj, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Meyers Contract Catering 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 and cash flows 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

Board of Directors

Lizette Kjellerup
chairman

Jesper Uggerhøj

Claus Meyer Nielsen

Independent auditor's report

To the shareholders of Meyers Contract Catering A/S

Opinion

We have audited the financial statements of Meyers Contract Catering A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 and cash flows 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
Key figures					
Revenue	389,102	391,953	513,230	483,167	454,176
Gross profit/loss	263,690	265,270	312,157	292,377	271,893
Operating profit/loss	29,096	23,308	42,069	33,492	34,412
Net financials	(505)	(123)	(210)	(225)	(286)
Profit/loss for the year	21,038	17,332	32,203	25,954	26,639
Total assets	325,563	264,665	215,680	170,475	144,845
Investments in property, plant and equipment	4,483	3,178	831	940	681
Equity	169,142	148,104	130,772	98,569	72,616
Ratios					
Gross margin (%)	67.77	67.68	60.82	60.51	59.87
EBIT margin (%)	7.48	5.95	8.20	6.93	7.58
Net margin (%)	5.41	4.42	6.27	5.37	5.87
Return on equity (%)	13.26	12.43	28.08	30.32	34.69
Equity ratio (%)	51.95	55.96	60.63	57.82	50.13

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

Gross margin (%):

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

Revenue

EBIT margin (%):

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

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

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

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The company's activities, as in previous years, consists of supplying catering services. In addition, operating several restaurants linked to renowned cultural institutions such as theatres and museums, usually attracts many tourists.

Development in activities and finances

Revenue was DKK 389 million (DKK 391 million in 2020) a decrease of 0.7%. During 1H 2021 and again late 2021 large part of Meyers Canteens was either closed or operated at lower levels of activity. Meyers Restaurants were closed and afterwards impacted by social distancing restrictions. However, a quickly bounce back when the country was reopening almost compensated for the lower activity during the lockdowns periods.

The income statement for 2021 shows an operating profit of DKK 29 million and a profit for the year of DKK 21 million. At 31 December 2021 the balance sheet shows equity of DKK 169 million.

Profit/loss for the year in relation to expected developments

In the annual report 2020, the management expected revenue growth. Due to a strongly impact by the COVID-19 pandemic the expectations were not met.

Outlook

COVID-19 still entails considerable uncertainty in relation the impact of Meyers Canteens and Restaurants. The portfolio of canteens and restaurants has changes during the end of 2021 and expect to impact revenue and EBITDA for 2022.

The company expects a revenue in 2022 of DKK 355-365 million and an operating profit (EBITDA) of DKK 30-35 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 2021 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	2020 DKK
Revenue	2	389,102,119	391,953,257
Other operating income	3	15,955,529	20,124,538
Cost of sales		(124,329,844)	(127,007,369)
Other external expenses	4	(17,037,478)	(19,800,680)
Gross profit/loss		263,690,326	265,269,746
Staff costs	5	(232,479,679)	(240,980,818)
Depreciation, amortisation and impairment losses	6	(2,114,865)	(981,351)
Operating profit/loss		29,095,782	23,307,577
Income from investments in group enterprises		(1,261,756)	(752,231)
Other financial expenses		(505,008)	(122,630)
Profit/loss before tax		27,329,018	22,432,716
Tax on profit/loss for the year	7	(6,290,740)	(5,100,955)
Profit/loss for the year	8	21,038,278	17,331,761

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment		3,733,963	3,153,291
Leasehold improvements		1,499,554	741,990
Leased assets		1,377,256	347,429
Property, plant and equipment	9	6,610,773	4,242,710
Investments in group enterprises		15,725,187	16,986,943
Deposits		142,057	0
Deferred tax	11, 13	0	276,176
Financial assets	10	15,867,244	17,263,119
Fixed assets		22,478,017	21,505,829
Raw materials and consumables		2,941,544	2,835,738
Inventories		2,941,544	2,835,738
Trade receivables		46,935,234	34,451,891
Receivables from group enterprises	12	228,170,999	182,992,213
Deferred tax	11, 13	257,728	0
Other receivables		21,174,484	19,564,458
Prepayments	14	2,613,298	2,126,338
Receivables		299,151,743	239,134,900
Cash		991,937	1,188,223
Current assets		303,085,224	243,158,861
Assets		325,563,241	264,664,690

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	15	500,000	500,000
Retained earnings		168,641,843	147,603,565
Equity		169,141,843	148,103,565
Lease liabilities		682,907	209,676
Deposits		3,264,150	3,264,150
Other payables		27,630,703	22,697,840
Non-current liabilities other than provisions	16	31,577,760	26,171,666
Current portion of non-current liabilities other than provisions	16	722,464	143,336
Prepayments received from customers		662,863	3,345,048
Trade payables		42,584,419	27,442,192
Payables to group enterprises		21,046,791	13,171,921
Joint taxation contribution payable		6,272,292	5,207,650
Other payables	17	53,554,809	41,079,312
Current liabilities other than provisions		124,843,638	90,389,459
Liabilities other than provisions		156,421,398	116,561,125
Equity and liabilities		325,563,241	264,664,690
Events after the balance sheet date	1		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
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Group relations	23		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	147,603,565	148,103,565
Profit/loss for the year	0	21,038,278	21,038,278
Equity end of year	500,000	168,641,843	169,141,843

Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		29,095,782	23,307,577
Amortisation, depreciation and impairment losses		2,114,865	981,353
Working capital changes	18	15,182,267	51,773,986
Cash flow from ordinary operating activities		46,392,914	76,062,916
Financial expenses paid		(505,008)	(122,630)
Taxes refunded/(paid)		(5,207,650)	(9,231,966)
Cash flows from operating activities		40,680,256	66,708,320
Acquisition etc of property, plant and equipment		(2,867,402)	(3,178,203)
Deposits		(142,057)	0
Cash flows from investing activities		(3,009,459)	(3,178,203)
Free cash flows generated from operations and investments before financing		37,670,797	63,530,117
Incurrence of debt to group enterprises		(37,303,916)	(63,158,609)
Repayment of lease liability		(563,167)	(208,745)
Cash flows from financing activities		(37,867,083)	(63,367,354)
Increase/decrease in cash and cash equivalents		(196,286)	162,763
Cash and cash equivalents beginning of year		1,188,223	1,025,460
Cash and cash equivalents end of year		991,937	1,188,223
Cash and cash equivalents at year-end are composed of:			
Cash		991,937	1,188,223
Cash and cash equivalents end of year		991,937	1,188,223

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

	2020
	DKK
Denmark	391,953,257
Total revenue by geographical market	391,953,257
Canteen services	391,953,257
Total revenue by activity	391,953,257

3 Other operating income

	2021	2020
	DKK	DKK
Wage compensation	13,202,622	19,510,503
Compensation related to fixed costs	2,752,907	614,035
	15,955,529	20,124,538

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

	2021	2020
	DKK	DKK
Wages and salaries	205,746,988	211,241,905
Pension costs	14,460,471	15,860,724
Other social security costs	5,415,095	6,375,050
Other staff costs	6,857,125	7,503,139
	232,479,679	240,980,818
Average number of full-time employees	486	553

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

6 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Depreciation of property, plant and equipment	2,114,865	981,351
	2,114,865	981,351

7 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	6,272,292	5,207,650
Change in deferred tax	18,448	(106,695)
	6,290,740	5,100,955

8 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	21,038,278	17,331,761
	21,038,278	17,331,761

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Leased assets DKK
Cost beginning of year	6,740,990	1,038,214	561,756
Additions	1,752,758	1,114,644	1,615,526
Cost end of year	8,493,748	2,152,858	2,177,282
Depreciation and impairment losses beginning of year	(3,587,699)	(296,224)	(214,327)
Depreciation for the year	(1,172,086)	(357,080)	(585,699)
Depreciation and impairment losses end of year	(4,759,785)	(653,304)	(800,026)
Carrying amount end of year	3,733,963	1,499,554	1,377,256

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 cars, equipment and property. Carrying amount end of year includes cars (DKK 136k), equipment (DKK 73k) and property (1,196k).

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	18,185,323	0	276,176
Additions	0	142,057	(276,176)
Cost end of year	18,185,323	142,057	0
Impairment losses beginning of year	(1,198,380)	0	0
Amortisation of goodwill	(3,505,552)	0	0
Share of profit/loss for the year	2,243,796	0	0
Impairment losses end of year	(2,460,136)	0	0
Carrying amount end of year	15,725,187	142,057	0

Goodwill or negative goodwill recognised amounts to DKK 9,640,270 DKK

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Hahnemanns Køkken ApS	Copenhagen	ApS	100

11 Deferred tax

Changes during the year	2021 DKK	2020 DKK
Beginning of year	276,176	169,481
Recognised in the income statement	(276,176)	106,695
End of year	0	276,176

Deferred tax relates to property, plant & equipment.

12 Receivables from group enterprises

The Company participates in a cash pool scheme with other companies within the Løgismose Meyers Group. Consequently, DKK 228,171 thousand of the Company's bank deposits is included in receivables from group enterprises. Meyers Contract Catering 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.

13 Deferred tax

Changes during the year	2021 DKK
Beginning of year	276,176
Recognised in the income statement	(18,448)
End of year	257,728

Deferred tax assets

Deferred tax relates to tangible assets, receivables and liabilities other than provisions.

14 Prepayments

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

15 Share capital

	Number	Par value DKK	Nominal value DKK
Share capital	500	1000	500,000
	500		500,000

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Lease liabilities	722,464	143,336	682,907	0
Deposits	0	0	3,264,150	0
Other payables	0	0	27,630,703	22,948,552
	722,464	143,336	31,577,760	22,948,552

17 Other payables

	2021 DKK	2020 DKK
VAT and duties	848,769	1,720,893
Wages and salaries, personal income taxes, social security costs, etc payable	30,022,648	35,774,717
Holiday pay obligation	3,142,294	2,705,084
Other costs payable	19,541,098	878,618
	53,554,809	41,079,312

18 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(105,806)	(345,155)
Increase/decrease in receivables	(14,580,329)	27,590,650
Increase/decrease in trade payables etc	29,868,402	24,528,491
	15,182,267	51,773,986

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.

20 Assets charged and collateral

Cash and cash equivalents comprise guarantee deposits accounts amounting to DKK 764 thousands to customers.

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 Meyers Contract Catering A/S:

Meyers A/S, Ny Vestergade 2, 5672 Broby (immediate parent company)

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

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

Løgismose Meyers Holding ApS, Dampfærgevej 10, 1. tv, 2100 København Ø. (immediate parent 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 recognized interest on intercompany balances.

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

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 smallest and 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.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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.

Meyers Contract Catering 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, including help aid packages.

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.

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 intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on 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**

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 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 cars and equipment. 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 exemptions for short-term leases, which are leases with a term less than one year. No contracts are covered by this exemption. The Company applies the recognition exemption for underlying assets of low value. There are DKK 5k expenses related to the exemption.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used is 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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.

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.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases 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 liabilities 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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

The cash flow statement shows cash flows from operating, investing and financing activities, and 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 taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and 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, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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