



## Meyers Contract Catering A/S

Kattegatvej 53  
2150 Nordhavn  
CVR No. 26631521

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 28.06.2021

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**Lizette Kjellerup**

Chairman of the General Meeting

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# Entity details

## Entity

Meyers Contract Catering A/S

Kattegatvej 53

2150 Nordhavn

CVR No.: 26631521

Date of foundation: 31.05.2021

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Lizette Kjellerup, chairman

Claus Meyer Nielsen

Jesper Uggerhøj

## 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 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 26.05.2021

## Executive Board

**Jesper Uggerhøj**  
CEO

## Board of Directors

**Lizette Kjellerup**  
chairman

**Claus Meyer Nielsen**

**Jesper Uggerhøj**

# 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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 26.05.2021

### 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

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Revenue	391,953	513,230	483,167	454,176	414,179
Gross profit/loss	265,270	312,157	292,377	271,893	242,940
Operating profit/loss	23,308	42,069	33,492	34,412	30,796
Net financials	(123)	(210)	(225)	(286)	(240)
Profit/loss for the year	17,332	32,203	25,954	26,639	23,830
Total assets	264,665	215,680	170,475	144,845	142,377
Investments in property, plant and equipment	3,178	831	940	681	9,548
Equity	148,104	130,772	98,569	72,616	80,977
<b>Ratios</b>					
Gross margin (%)	67.68	60.82	60.51	59.87	58.66
EBIT margin (%)	5.95	8.20	6.93	7.58	7.44
Net margin (%)	4.42	6.27	5.37	5.87	5.75
Return on equity (%)	12.43	28.08	30.32	34.69	34.51
Equity ratio (%)	55.96	60.63	57.82	50.13	56.88

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, food & Beverage is operated at conference centers as well as self-service consultancy for canteen/catering.

### Development in activities and finances

Revenue was DKK 392million (DKK 513 million in 2019) a decrease of 23.6%. The development can be traced to the COVID-19 pandemic, which forced a countrywide lockdown from mid-March 2020. Meyers Canteens and Meyers Venues were strongly impacted by the COVID-19 pandemic, as they were either forced to close completely or operate at significantly lower levels of activity.

The income statement for 2020 shows a profit for the year of DKK 17 million and at 31 December 2020 the balance sheet shows equity of DKK 148 million.

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

In the annual report 2019, 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 to the speed of recovery of Meyers Canteens and Meyers Venues. Management expects that revenue and profit before tax will normalize during the ending of year.

### Particular risks

The company is not exposed to special risks except for normal risks within the industry. In general, the company has a large customer portfolio in canteens, no major investments and no major capital constraints, which together means that the company can reasonably adapt the current fluctuations in cost levels.

### Statutory report on corporate social responsibility

Refer to the statutory report on corporate social responsibility included in the 2020 consolidated financial statements of Løgismose Meyers Holding ApS.

### Statutory report on the underrepresented gender

The company's board of directors is composed of one woman and two 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 2020 consolidated financial statements of the parent company Løgismose Meyers Holding ApS.

### Events after the balance sheet date

The continued outbreak and spread of COVID-19 have had a negative impact on the company. Due to these circumstances the company expects a decline in revenues from canteen activities, due to closure of canteens or canteens with lower activity. Management expects that revenue and profit before tax will normalize during the ending of year.

Apart from this, no events have occurred after the balance sheet date, which would change the evaluation of the annual report.

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue	2	391,953,257	513,229,729
Other operating income	3	20,124,538	0
Cost of sales		(127,007,369)	(184,091,801)
Other external expenses	4	(19,800,680)	(16,980,571)
<b>Gross profit/loss</b>		<b>265,269,746</b>	<b>312,157,357</b>
Staff costs	5	(240,980,818)	(269,717,311)
Depreciation, amortisation and impairment losses	6	(981,351)	(371,287)
<b>Operating profit/loss</b>		<b>23,307,577</b>	<b>42,068,759</b>
Income from investments in group enterprises		(752,231)	(446,149)
Other financial expenses		(122,630)	(210,428)
<b>Profit/loss before tax</b>		<b>22,432,716</b>	<b>41,412,182</b>
Tax on profit/loss for the year	7	(5,100,955)	(9,209,536)
<b>Profit/loss for the year</b>	8	<b>17,331,761</b>	<b>32,202,646</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		3,153,291	1,364,741
Leasehold improvements		741,990	119,361
Leased assets		347,429	0
<b>Property, plant and equipment</b>	9	<b>4,242,710</b>	<b>1,484,102</b>
Investments in group enterprises		16,986,943	17,739,174
Deferred tax	11	276,176	169,481
<b>Financial assets</b>	10	<b>17,263,119</b>	<b>17,908,655</b>
<b>Fixed assets</b>		<b>21,505,829</b>	<b>19,392,757</b>
Raw materials and consumables		2,835,738	2,490,583
<b>Inventories</b>		<b>2,835,738</b>	<b>2,490,583</b>
Trade receivables		34,451,891	58,730,680
Receivables from group enterprises	12	182,992,213	109,038,018
Other receivables		19,564,458	23,244,855
Prepayments	13	2,126,338	1,757,803
<b>Receivables</b>		<b>239,134,900</b>	<b>192,771,356</b>
<b>Cash</b>		<b>1,188,223</b>	<b>1,025,460</b>
<b>Current assets</b>		<b>243,158,861</b>	<b>196,287,399</b>
<b>Assets</b>		<b>264,664,690</b>	<b>215,680,156</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital	14	500,000	500,000
Retained earnings		147,603,565	130,271,804
<b>Equity</b>		<b>148,103,565</b>	<b>130,771,804</b>
Lease liabilities		209,676	0
Deposits		3,264,150	3,264,150
Other payables		22,697,840	8,177,290
<b>Non-current liabilities other than provisions</b>	<b>15</b>	<b>26,171,666</b>	<b>11,441,440</b>
Current portion of non-current liabilities other than provisions	15	143,336	0
Prepayments received from customers		3,345,048	0
Trade payables		27,442,192	30,667,836
Payables to group enterprises		13,171,921	2,376,335
Joint taxation contribution payable		5,207,650	9,231,966
Other payables	16	41,079,312	31,190,775
<b>Current liabilities other than provisions</b>		<b>90,389,459</b>	<b>73,466,912</b>
<b>Liabilities other than provisions</b>		<b>116,561,125</b>	<b>84,908,352</b>
<b>Equity and liabilities</b>		<b>264,664,690</b>	<b>215,680,156</b>
Events after the balance sheet date	1		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

# Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	130,271,804	130,771,804
Profit/loss for the year	0	17,331,761	17,331,761
<b>Equity end of year</b>	<b>500,000</b>	<b>147,603,565</b>	<b>148,103,565</b>

# Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		23,307,577	42,068,759
Amortisation, depreciation and impairment losses		981,353	526,353
Working capital changes	17	51,773,986	8,125,143
<b>Cash flow from ordinary operating activities</b>		<b>76,062,916</b>	<b>50,720,255</b>
Financial expenses paid		(122,630)	(210,428)
Taxes refunded/(paid)		(9,231,966)	(7,293,648)
<b>Cash flows from operating activities</b>		<b>66,708,320</b>	<b>43,216,179</b>
Acquisition etc of property, plant and equipment		(3,178,203)	(831,180)
Sale of property, plant and equipment		0	159,934
Acquisition of enterprises		0	(18,185,323)
Repayed deposits		0	516,338
<b>Cash flows from investing activities</b>		<b>(3,178,203)</b>	<b>(18,340,231)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>63,530,117</b>	<b>24,875,948</b>
Incurrence of debt to group enterprises		(63,158,609)	(14,540,882)
Repayment of lease liability		(208,745)	0
<b>Cash flows from financing activities</b>		<b>(63,367,354)</b>	<b>(14,540,882)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>162,763</b>	<b>10,335,066</b>
Cash and cash equivalents beginning of year		1,025,460	(9,309,606)
<b>Cash and cash equivalents end of year</b>		<b>1,188,223</b>	<b>1,025,460</b>
Cash and cash equivalents at year-end are composed of:			
Cash		1,188,223	1,025,460
<b>Cash and cash equivalents end of year</b>		<b>1,188,223</b>	<b>1,025,460</b>

# Notes

## 1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## 2 Revenue

	2020 DKK	2019 DKK
Denmark	391,953,257	513,229,729
<b>Total revenue by geographical market</b>	<b>391,953,257</b>	<b>513,229,729</b>
Canteen services	391,953,257	513,229,729
<b>Total revenue by activity</b>	<b>391,953,257</b>	<b>513,229,729</b>

## 3 Other operating income

	2020 DKK	2019 DKK
Wage compensation	19,510,503	0
Compensation related to fixed costs	614,035	0
	<b>20,124,538</b>	<b>0</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

	2020 DKK	2019 DKK
Wages and salaries	211,241,905	236,151,870
Pension costs	15,860,724	19,617,447
Other social security costs	6,375,050	5,821,215
Other staff costs	7,503,139	8,126,779
	<b>240,980,818</b>	<b>269,717,311</b>
Average number of full-time employees	<b>553</b>	<b>563</b>

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



## 6 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Depreciation of property, plant and equipment	981,351	526,352
Profit/loss from sale of intangible assets and property, plant and equipment	0	(155,065)
	<b>981,351</b>	<b>371,287</b>

## 7 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	5,207,650	9,231,966
Change in deferred tax	(106,695)	(22,430)
	<b>5,100,955</b>	<b>9,209,536</b>

## 8 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	17,331,761	32,202,646
	<b>17,331,761</b>	<b>32,202,646</b>

## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Leased assets DKK
Cost beginning of year	4,316,082	284,919	0
Changes in accounting policies	0	0	561,756
Additions	2,424,908	753,295	0
<b>Cost end of year</b>	<b>6,740,990</b>	<b>1,038,214</b>	<b>561,756</b>
Depreciation and impairment losses beginning of year	(2,951,341)	(165,558)	0
Depreciation for the year	(636,358)	(130,666)	(214,327)
<b>Depreciation and impairment losses end of year</b>	<b>(3,587,699)</b>	<b>(296,224)</b>	<b>(214,327)</b>
<b>Carrying amount end of year</b>	<b>3,153,291</b>	<b>741,990</b>	<b>347,429</b>

As of 1 January 2020 IFRS 16 'Leases' is applied for the first time. The Company has implemented IFRS 16 'leases' using the modified retrospective approach, see accounting policies. Leases comprises cars and equipment. Carrying amount end of year includes cars (DKK 215k) and equipment (DKK 132k).

## 10 Financial assets

	Investments in group enterprises DKK	Deferred tax DKK
Cost beginning of year	18,185,323	169,481
Additions	0	106,695
<b>Cost end of year</b>	<b>18,185,323</b>	<b>276,176</b>
Share of profit/loss for the year	2,753,321	0
<b>Revaluations end of year</b>	<b>2,753,321</b>	<b>0</b>
Impairment losses beginning of year	(446,149)	0
Amortisation of goodwill	(3,505,552)	0
<b>Impairment losses end of year</b>	<b>(3,951,701)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>16,986,943</b>	<b>276,176</b>

Goodwill or negative goodwill recognised amount to DKK 13,145,822 DKK

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

## 11 Deferred tax

	2020 DKK	2019 DKK
<b>Changes during the year</b>		
Beginning of year	169,481	147,051
Recognised in the income statement	105,273	22,430
<b>End of year</b>	<b>274,754</b>	<b>169,481</b>

Deferred tax relates to intangible assets, property, plant & equipment and other provisions.

Deferred tax assets relates to depreciable assets.

## 12 Receivables from group enterprises

The Company participates in a cash pool scheme with other companies within the Løgismose Meyers Group. Consequently, DKK 176,051 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 198,851 thousand within the cash pool scheme.

## 13 Prepayments

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

#### 14 Share capital

	Number	Par value DKK	Nominal value DKK
Share capital	500	1000	500,000
	<b>500</b>		<b>500,000</b>

#### 15 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Lease liabilities	143,336	209,676	0
Deposits	0	3,264,150	0
Other payables	0	22,697,840	22,697,840
	<b>143,336</b>	<b>26,171,666</b>	<b>22,697,840</b>

#### 16 Other payables

	2020 DKK	2019 DKK
VAT and duties	1,720,893	4,722,809
Wages and salaries, personal income taxes, social security costs, etc payable	35,774,717	17,800,565
Holiday pay obligation	2,705,084	5,547,972
Other costs payable	878,618	3,119,429
	<b>41,079,312</b>	<b>31,190,775</b>

#### 17 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in inventories	(345,155)	(324,064)
Increase/decrease in receivables	27,590,650	(1,625,136)
Increase/decrease in trade payables etc	24,528,491	10,074,343
	<b>51,773,986</b>	<b>8,125,143</b>

#### 18 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.

**19 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.

**20 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 Meyers Group ApS, Ny Vestergade 2, 5672 Broby

Løgismose Meyers Holding ApS, Kattegatvej 53, 2150 Nordhavn.

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

**21 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. No such transactions have been conducted in the financial year.

**22 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Løgismose Meyers Holding ApS, Kattegatvej 53, 2150 Nordhavn.

# 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).

## Changes in accounting policies

The Entity has changed its accounting policies with regard to implementing IFRS standards.

## Leases

As of 1 January 2020 IFRS 16 'Leases' is applied for the first time. The Company has implemented IFRS 16 'Leases' using the modified retrospective approach.

Under this method, the cumulative effect of initially applying the standard is recognised at 1 January 2020. Lease assets and lease liabilities have been recognized for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The right-of-use assets have been recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2020. The comparative information has not been restated.

The net profit and loss effect from implementing IFRS 16 'Leases' comprises to DKK 6k in loss.

## Revenue

As of 1 January 2020 IFRS 15 'Revenue from Contracts with Customers' is applied for the first time. 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.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year, except for reclassifications which have not had an effect on profit and equity but are reclassifications.

### **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.

**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 21k 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 commitments 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 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.

**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.