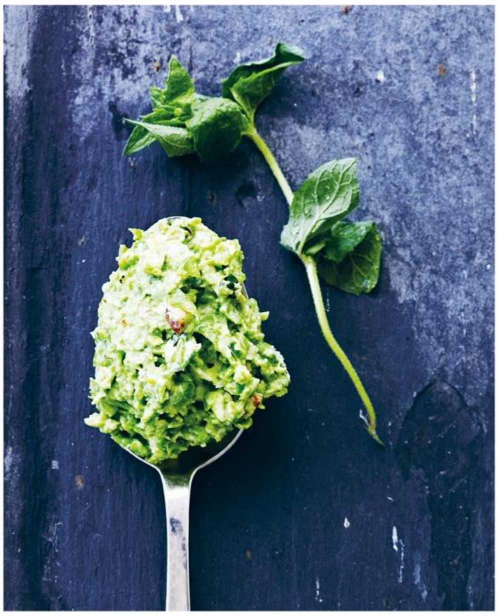
ÅRSRAPPORT 2019

LØGISMOSE MEYERS HOLDING APS

KATTEGATVEJ 53

2150 NORDHAVN

CVR-nr.: 36489901



Approved on the Annual General Meeting the 27th August 2020.

Chairman of the Meeting
Henrik Rossing Lønberg

Financial Statements

Company Details

Company
Løgismose Meyers Holding ApS
Kattegatvej 53
DK-2150 Nordhavn

Business Registration No.: 36 48 99 01
Registered office: Copenhagen

Date of incorporation: 15.01.2015
Financial year: 01.01.2019 – 31.12.2019

Board of Directors:
Per Harkjær, Chairman
Thomas Astrup Klitbo, Vice Chairman
Christopher Masek
Jacob Grønlykke
Claus Meyer Nielsen

Executive Board
Jesper Uggerhøj, CEO
Lizette Kjellerup, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
0900 Copenhagen C

Statement by Management

The Board of Directors and Executive Board have today discussed and approved the Annual Report for of Løgismose Meyers Holding ApS for the financial year.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which have been adopted by the EU. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act applying to large enterprises in reporting class C.

Further, the consolidated financial statements have been prepared in accordance with additional requirements under the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the financial statements for the parent company give a true and fair view of the Løgismose Meyers Group's and the parent company's assets, liabilities and financial position at December 31, 2019 and of the results of the Løgismose Meyers Group's and the parent company's operations and cash flow for the financial year 2019.

The management review contains in our opinion a true and fair review of the development in the Løgismose Meyers Holding Group's and the parent company's operations, financial circumstances and results for the year, and of the parent company's financial position, and describes the material risks and uncertainties affecting the Løgismose Meyers Group and the parent company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 27 May 2020

Executive Board

Jesper Uggerhøj CEO	Lizette Kjellerup CFO

Board of Directors

Per Harkjær Chairman	Thomas Astrup Klitbo Vice Chairman	Christopher Masek
Jacob Grønlykke	Claus Meyer Nielsen	

Approved on the Annual General Meeting the 27th August 2020.

Chairman of the Meeting

Henrik Rossing Lønberg

To the shareholders of Løgismose Meyers Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Løgismose Meyers Holding ApS for the financial year January 1, 2019 to December 31, 2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of accounting policies, for the Group as well as the Parent, and the statements of comprehensive income and cash flows for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at December 31, 2019, and of the results of its operations and cash flows for the financial year January 1, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at December 31, 2019 and of the results of its operations for the financial year January 1, 2019 to December 31, 2019 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Company 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.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, 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's review and, in doing so, consider whether the management's review 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review 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's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Parent 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 Company'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 Company´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 Company 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 27 May 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 36 48 99 01

Bill Haudal Pedersen	**Hans Tauby**
State-Authorized Public Accountant	State-Authorized Public Accountant
MNE no. mne30131	MNE no. mne44339

Management's Review

Annual report 2019

MANAGEMENT COMMENTARY

Essential activities within the company

Løgismose Meyers is a Danish food company working to contribute to the elevation of the Danish food culture. Rooted in the two companies Løgismose and Meyers, Løgismose Meyers is an active producer of quality foods who also facilitates gastronomic courses, counseling and education alongside offering customers tasteful experiences through wholesome and healthy meals ranging from ready-mades to catering, canteens, restaurants and own shops.

Today, the company comprises more than 1.100 employees in a range of different locations and capacities, out of which more than 400 hold a gastronomic education as chef, baker, butcher, pastry chef, dairy specialist, sommelier etc.

Activity development and economic conditions

In 2019 the company continued the positive development from previous years with a decent growth of 7% and an operative result (EBITDA) of 32,235 million Danish kroner, which is less compared to last year though. This development can be traced to a range of growth initiatives within product and category development in retail, improving gastronomic concept development and commercial efforts at Meyers as well as the acquisition of companies Massive Catering and Hahnemans Køkken.

Løgismose, which is focused on retail, wholesale and trade with the restaurant industry, is experiencing solid growth. Investments have been made in developing products and categories as well as within wine and delicacies. Both new and existing products have been well received by consumers winning several taste tests and accolades. Løgismose has established itself as one of Denmark's strongest food brands and continued and strengthened a long running and very successful retail partnership with Salling Group in 2019. In collaboration with supermarket chain Netto, Løgismose offered consumers a range of new products.

Meyers Contract Catering has experienced a very positive development in delivering and crafting food for canteens at some of the country's largest companies as well as operating a range of restaurants, many of which are located in connection to cultural sights and experiences. The latter part of the company, operating under the name of Meyers Venues, has shown strong growth adding both Restaurant Tårnet at the Danish Parliament and Restaurant SULT at the Danish Film Institute to the activity list. Meyers Canteens has yet again shown solid and stable growth – not only by expanding their portfolio of canteen customers, but also through the acquisition of former competitor Hahnemanns Køkkens Kantiner in October 2019.

Meyers Catering and Events has also experienced positive growth, partly through the acquisition of competitor Massive Catering in August of 2019. The business is focused on delivering lunch solutions to smaller companies as well as direct delivery of meals to private consumers in relation to e.g. parties, Christmas and New Year's Eve. The acquisition of Massive Catering not only added further gastronomic competences to Meyers Kitchen but also provided additional production capacity through a kitchen located at Jernholmen in the city of Hvidovre. Simultaneously 2019 saw the launch of a brand new Meyers.dk website: A digital platform, which will be developed further in the years to come.

Meyers Madhus – or "Meyers Food House" – located in Copenhagen's bustling street of Nørrebrogade hosts events, cooking classes, gastronomic counseling, recipe development and cook book production. 2019 was also a busy year for 'Madhuset' with growth in the development and execution of a range of cooking courses alongside extensive work on supporting the city of Copenhagen and other municipalities elevating food quality in public kitchens and meet ambitious political strategies. One of the main efforts of 2019 was developing the 'MOD PÅ MAD' – or "Food Bravery" – teaching program for school children enrolled in the city of Copenhagen. Furthermore, Meyers Madhus received a substantial grant from the Bikuben Foundation to support development of a concept named 'Højskole Uden Mure' – or "The Folk High School Without Walls". The project is a collaboration between Meyers Madhus, language school A2B, Absalon University College and the Hotel- and Restaurant School aiming to build a supportive and obligating learning community for struggling youth centered around food.

Activities in Løgismose Meyers concerning own shops and wholesale within the categories of baked goods, wine and gastronomy showed a more complex development affected by widespread restructuring, reestablishment and refurbishment of company businesses, retail bakeries and cafés. These business areas will continue the necessary work in order to further develop assortments and future formats.

Initialized by a new CEO per January 1st 2019 and a new CFO per June 1st 2019, Løgismose and Meyers are being refocused as two separate companies benefitting from individual development from both an organizational, commercial and operational perspective. Løgismose and the Løgismose Meyers Group administration moved into new headquarters at Dampfærgevej in 2019, while Meyers simultaneously regrouped at Kattegatvej in Copenhagen's North Harbor district. The work on further developing the two stand-out companies will continue in the coming years.

To recap, the year 2019 is thus to be considered another year of development, investment and growth focused on building a solid foundation for future growth and revenue generation deriving from two strong companies respectively; Løgismose and Meyers.

Results compared to expected development

In the annual report for 2018, turnover was expected to increase in 2019. With a 7% growth out of which 4% is organic, the company has delivered on expected growth results.

In relation to costs, the company expected a certain degree of insecurity related to commodity prices and price hikes in certain crucial categories, but otherwise a stable to improved development regarding coverage and margins. Though, 2019 saw rising prices on production commodities and an altered product mix resulting in a negative margin impact.

The company's expectation of an improvement in revenue development hasn't been successful due to decisions of allocating additional resources to securing solid growth and revenue for the two business areas Løgismose and Meyers in a more long-term perspective. Among other things, investments have been made in developing Meyers' digital platform, strengthening the gastronomic foundation, expanding product- and category development competences as well as a general increase in commercial activity efforts.

Expected future development

The company expects a decrease in turnover in 2020. A significant factor in this expectation is the outbreak of the global COVID-19 pandemic, which has affected the company's customers negatively and thus subsequently Løgismose Meyers.

Special risks

The company is not prone to special risks other than those that are to be expected of a business of this kind. The company has a large and diverse customer portfolio and – in alignment with the general market structure – large singular customers within the Danish retail industry. Should partnerships with these customers terminate, it would pose a significant risk to the company. Likewise, the company's trademarks, products, and services are concurrent with an increasing demand for quality and specific preferences among Danish consumers. Should this trend expire, it would also represent a challenge for the business model as a whole. The most significant business-related risks for the Løgismose Meyers Group corresponds with the company's ability to secure continued development of concepts and product range.

In regard to operations, the company is prone to few risks. No large investments or binding of assets exist, thus eliminating any risks of the company's ability to adapt to variations in volume or revenue levels. The company is prone to fluctuations in commodity prices though, especially within large goods categories such as grain and milk, with milk being especially exposed due to a large volume need, a direct correlation with commodity prices and a challenging market structure. This situation is sought to be compensated through active development and direct partnerships with suppliers. Credit risks are thought to be limited due to a diverse customer base with larger customers representing a high creditworthiness, which is also reflected in insignificant debtor losses.

Likewise, financial risks are limited. The company expects no notable currency risks, as trade primarily takes place in DKK and EUR. Interest risks are primarily linked to credit institute debt. The majority of debt is recouped through a variable short-term interest structure (CIBOR) and a secure margin. Interest costs represent a limited share of the company's total revenue and cash flow. Thus, no further assessments are made into these exposures.

Business areas

Retail

Løgismose Meyers operates within a broad spectrum of activities, all centred around the joy of a good meal. Activities include retail sales, wholesale, restaurant and canteen operations, workplace lunch delivery and catering for special occasions to private consumers and companies alike. Furthermore, the company operates a range of craft bakeries, a Deli concept and the Løgismose Gourmet Supermarket on Nordre Toldbod in Copenhagen. Finally, Madhuset in the bustling capital district of Nørrebro offers cooking classes and gastronomic teambuilding, while also publishing cook-books and handling food consultancy services for a number of public and private partners.

Head office

The head office is located at Dampfærgevej in Copenhagen and is supplemented by key divisions in Broby on the island of Funen and at Kattegatvej in Copenhagen's North Harbor district.

Corporate social responsibility

Social responsibility is a core element in our business strategy, and we aim to operate a business reflecting our position on sustainability, public health, local accountability and animal welfare. Being fully aware of the particular and increased responsibility demands associated with operating a food business, sustainability is a key focal point in our efforts to minimize negative impacts on both people and planet. There is no denying that the production and consumption of food has a significant impact on the environment. But by making thoughtful choices across the entire value chain from sourcing ingredients to kitchen procedures, quality requirements, and supply management, we are able to minimise our climate footprint and lead the way for a more sustainable and climate-friendly food production.

Løgismose Meyers embraces social responsibility in the widest sense of the concept; we have clear policies in regard to both production, sourcing and consumption. However, it is also our aspiration to support the general agenda regarding human health, well-being, and a sense of community by strengthening food culture as a whole. We consider it our duty to contribute to the conversation about a shared food culture – both locally and globally - from a consumer-oriented as well as a political perspective. The aim is to remain a strong and helpful voice in the shaping and development of the meals of tomorrow.

Social and labour aspects

Løgismose Meyers wants to be an attractive workplace with an ability to attract, retain and develop the talents and passionate souls needed to accomplish the company's vision and mission. It is our believe that we've sustained a healthy and safe working environment in 2019. We asses our greatest risk in this respect to be our ability to attract the capabilities needed to maintain current growth and development.

In particular we need to be able to retain chefs. Subsequently we aim to retain trainee chefs when they have completed their training as well as keep untrained kitchen staff motivated by urging them to enrol in a professional trainee program while working at our company. At management level we are also working determinedly on maintaining a good work/life balance for our administrative employees. We offer flexible office hours and work locations.

At Løgismose Meyers, we generally work to ensure a healthy and safe working environment where inspiration may grow through inspiration from a wide range of competences and knowledges rooted within more than 1.000 colleagues. To put it shortly: The goal of Løgismose Meyers is to treat people with dignity and respect.

Respect, diversity and well-being

Løgismose Meyers has adopted a staff policy stating that:

We view diversity as a strength. This means that we aim to have an equal balance between men and women in our organisation, and in all other areas, we want to have equal opportunities for current and future employees regardless of ethnic background, religion, sexual orientation or possible disabilities.

Our target is a 50:50 gender balance at any time, although never at the expense of skills. In 2019, 45% of all employees are women, and women account for 38% of the total group of managers.

#Action

In relation to employee replacements or new appointments within Group and other Løgismose Meyers leadership posts, procedures are being established to ensure that candidate proposals will include relevant female candidates to achieve the goal of equal gender representation. However, this ambition may never overshadow the candidate capabilities and experience needed.

It is Group policy that members of the Board of Directors are appointed based on qualifications, which provides equal opportunities for both men and women.

At the presentation of the annual report for 2019, the Company, Løgismose Meyers

Holding ApS, has no female members on the Board of Directors, however our female alternate in 2019 has returned after being absent due to maternity leave.
In 2019, Løgismose Meyers Holding ApS replaced its members of the Executive Board. The company welcomed a female CFO in June of 2019 and the Executive Board is now composed of one woman and one man. In 2019, replacements have also been made in the Board of Directors of the subsidiaries Løgismose Meyers A/S and Meyers Contract Catering A/S. At present, the Board of Directors of those companies now comprises one woman and two men, which is considered satisfactory by Group Management.

In 2019, there were no newly elected board members of Løgismose Meyers Holding ApS, so it has not been possible to appoint a female member of this company. The Group has set a new goal in finding an additional female member of the Board within five years in Løgismose Meyers Holding ApS.

Human rights

Løgismose Meyers respects the internationally recognised human rights, and we aim not to violate them. Inspired by the UN Guidelines for Human Rights and Business, we regularly monitor which human rights Løgismose Meyers might struggle in regard to our different business activities – in addition to what is already expected from us by law.

Throughout 2019, our focus has been on minimising risks of breaching the new rules governing personal data, which came into effect on May 25th 2019. Consequently, we have designed specific policies and guidelines regarding the ways in which we handle personal data from our customers, suppliers and employees, as well as implemented these into our different systems. This has involved a comprehensive internal analysis to ensure compliance as well as training of current managers and employees in the new procedures, which also ensures that new managers and employees receive training in our rules.

The Løgismose Meyers Group's code of conduct for suppliers and business partners establishes that, as a business, we work according to and support the UN Global Compact Principles for Human Rights and that we expect our business partners to do the same and to demonstrate the same level of honesty and integrity as we do. We have not identified any violation of human rights by our company in the financial year of 2019.

Environmental and climate impact

At Løgismose Meyers we are aware that the production and consumption of food has a significant impact on our global climate. In fact, 25% of the greenhouse gases emitted in Denmark is caused by the production and consumption of food. Being a food business operator, this imposes an increased responsibility on us as a company, just as it opens up the potential for making a difference.
As a food business operator, we naturally generate risks particularly in the transport area because we are dependent on frequent supplies of goods, and we often arrange transport of food and goods around the country ourselves. This is why we aim to cooperate with professional transport operators who themselves aim for efficient and sustainable transportation.

In the area of environmental and climate impact, we are aware of the potential risks involved in the production of foods. Be it in the areas of food waste, food waste management, use of red meats, or the share of organic ingredients in our kitchens. For the purpose of minimising these risks, most of our canteen kitchens have implemented food waste targets. And at Group level we aspire to increase the amount of organic goods sourced for production needs.

The company has also been working actively to develop green alternatives with a lower environmental impact, alongside initiatives to reduce the use of red meats. In addition, we estimate, that by using the seasons as a guiding principle in menu development and sourcing, we can reduce transportation and avoid growing ingredients in greenhouses, which has a negative impact on the environment.

Løgismose Meyers generally wants to help inspire and excite people to let the green element play a larger role on the plate. As a result, 2019 has seen our company work across the entire organisation to celebrate plant-based ingredients - be it on the lunch buffet, in catering menus, for cooking classes or in retail product development.

Our green focus is merely one example of our passion and ambition towards continually being able to inspire and develop our food culture, to experiment with ingredients, and to make new products available to consumers while still contributing to a sustainable food conversation.

Anti-corruption

The company's risks related to combatting corruption primarily centres around our supply chain, which we estimate to contain a potential risk of corruption – particularly in our cooperation with foreign suppliers. One could also point to potential anti-competitive activities in connection with our public procurement procedures. In 2020 we aspire to train relevant employees within the anti-corruption field to increase the transparency of our activities and improve our anti-corruption and anti-bribery efforts.

All employees of Løgismose Meyers are required to comply with our company policy.

The purpose of the policy is:

1) To protect our employees and Løgismose Meyers' reputation by having a clear common understanding of what our code of conduct requires of us; and

2) To comply with the laws applicable at any time.

We want our business operations to be conducted in a transparent and credible manner without adding to the risk of corruption in the world.

We will therefore fundamentally seek to ensure:

- That all of our activities are carried out in accordance with the law and the highest ethical standards. Any cases of corruption must be avoided. This also includes an ambition to always compete on legal and fair terms;
- Continuous efforts to combat corruption within our company. Internal rules for sound corporate governance to guide Løgismose Meyers towards minimizing the risk of corruption are in the process of being developed and are expected to be completed and implemented by the summer of 2020. These rules will include a ban on accepting any kind of bribery;
- That we have a supplier management program focused on determining requirements for and develop our suppliers' and business partners' obligations in a number of areas. Also, requirements are imposed on our suppliers with respect to anti-corruption. The requirements on our supply chain are laid down in "Løgismose Meyers-koncernens adfærdskodeks for leverandører & samarbejdspartnere" (the Løgismose Meyers Group's code of conduct for suppliers and business partners).

During the financial year 2019, we did not identify any incidents of corruption or bribery in our company.

We regularly follow up on the different policies and communicate any challenges in the annual CSR report. Currently, we have noted that we have one unresolved issue with respect to "Internal rules for corporate governance" and an elaboration of diversity at management levels and on the Board of Directors.

Corporate governance

The Board of Directors and the Executive Board of LM Holding continuously aim at ensuring that the Group's management structure and control systems are appropriate and well-functioning. The foundation for organizing Management's tasks includes the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association, policies approved by the Board of Directors as well as good practice for enterprises of the same size as Løgismose Meyers Holding ApS.

As a company owned by a private equity fund, the group must also follow the DVCA recommendations and guidelines for responsible ownership and corporate governance. It is Management's assessment that the recommendations are followed. Please refer to www.dvca.dk for further information on the guidelines. The Board of Directors ensures that the Executive Board observes the objectives, strategies and business processes laid down by the Board of Directors.

Løgismose Meyers Holding ApS has established a formal group reporting process comprising a monthly reporting process, which includes budget follow-up, performance assessment and achievement of adopted goals etc. The reporting is assessed at directors' and chairman's meetings. The Board of Directors of the LM Holding Group convenes at least 4 times a year based on a fixed meeting schedule. Furthermore, the Chairman and the CEO have meetings at least once every month. Extraordinary meetings will be convened if necessary.

The Board of Directors has appointed a separate audit committee.

Risk management, internal controls and DVCA

The Board of Directors and the Executive Board have the general responsibility for the Group's risk management and internal controls in connection with the presentation of the financial statements.

The organisational structure and the internal guidelines form the control environment together with laws and other regulations applicable for the Group. The Company works on a current basis on developing the Group's general policies, procedures and controls related to the daily operations of the process of presenting the financial statements.

The Company has set up an audit committee which holds meetings on a regular basis and whose job it is to monitor whether the internal control system of the Company, any internal audit and risk management systems function effectively. The committee is also responsible for the supervision of the statutory audit of the financial statements and for monitoring and controlling the independence of the auditors.

In relation to the presentation of the financial statements, Management has particular focus on business processes and internal controls within the following areas and items that support an adequate presentation of the financial statements.

- Revenue and trade receivables
- Inventory, including assessment of impairment
- Portfolio of receivables, including assessment of impairment
- Assessments of impairment of construction funds
- Trade payables and other external liabilities

The Group has established a formal group reporting process comprising a monthly reporting, which, among other matters, includes follow-up on budgets, assessment of performance and accomplishment of approved objectives.

Based on this reporting, monthly preparational meetings are held at which the received reporting is examined and discussed. Key employees from the Company participate at these meetings at which they account for risks and controls within their areas of responsibility.

Prospectively, Management performs an assessment of the business risks as part of the annual update and adoption of the strategic plan. In connection with this risk assessment, Management will, as required, also consider the necessary finance, hedging and insurance policies for the group.

DVCA guidelines
Reference is made to the fact that the controlling interest of the Group is owned by a private equity fund, which is a member of DVCA, and that the Group is thus covered by the DVCA guidelines. As a company owned by a private equity fund, the Company is of the opinion that the DVCA guidelines are complied with. For additional information on the guidelines, see www.dvca.dk.

Ownership information
Løgismose Meyers Holding ApS is the parent of Løgismose Meyers Group ApS with underlying subsidiaries.

Løgismose Meyers Group ApS is fully owned by Løgismose Meyers Holding ApS.

Employees
In the financial year 2019, the Group has had an average of 946 employees (2018/930). All employees are employed with the Danish companies.

Board of Directors
The Board at Løgismose Meyers Holding ApS consist of 6 members:

Name	Per Harkjær	Thomas Astrup Klitbo	Christopher Masek	Jacob Grønlykke	Claus Meyer Nielsen	Nina Kristine Hoffmann von Holten
Position	Chairman	Vice chairman	Member	Member	Member	Alternate
Entry date	29-05-2018	26-05-2017	26-05-2017	19-12-2018	15-01-2015	15-01-2015
Owner Ship						
Management director	-L+M MANCO 1 ApS -L+M MANCO HOLDING ApS -L+M ManCo 2 ApS -L+M ManCo 2 Holding ApS -Executive ManCo 1 ApS -Executive ManCo 2 ApS -Executive ManCo 3 ApS -Executive ManCo 1 Holding ApS -Executive ManCo 2 Holding ApS -Executive ManCo 3 Holding ApS	- FREC Holdings ApS - IK INVESTMENT PARTNERS ApS	- IK Investment Partners Limited	- JACOB GRØNLYKKE HOLDING ApS - Falsled Kro Holding A/S	- MEYERS PORTEFØLJE ApS - MEYERS LYNGBY ApS - THE LITTLE APPLE ApS - Claus Meyer Holding A/S - Claus Meyer US Holding ApS	
Chairman	- LØGISMOSE MEYERS A/S - Løgismose Meyers Group ApS - Løgismose Meyers Holding ApS - Scandi Standard				- MEYERS PORTEFØLJE ApS - MELTING POT FONDEN - KKM AF 27. JULI 2011 ApS - MEYERS LYNGBY ApS	
Vice Chairman	- Caffitaly, Milan	- Løgismose Meyers Group ApS - Løgismose Meyers Holding ApS				
Board member		- LØGISMOSE MEYERS A/S - IK INVESTMENT PARTNERS ApS - Veritas Petroleum Services B.V. Holding - Veritas Petroleum Services B.V. - Visolit New Topco AS - Visolit New Finco AS - TC Manco AS - RHN Invest AB - Tallship Invest AS	- Løgismose Meyers Holding ApS, - Mademoiselle Desserts International, - Aspia AB, Aspia - Group AB, Aspia - Group Holding AB, Veritas - Petroleum Services B.V. - Veritas Petroleum Services B.V. Holding	- Løgismose Meyers Holding ApS - Falsled Kro A/S - Falsled Kro Holding A/S - PGP Invest ApS - Blue Lobster App ApS - SOS Børnebyerne	- Meyers Contract Catering A/S - HOTEL SAXKJØBING A/S - Løgismose Meyers Holding ApS - Claus Meyer Holding A/S - Great Dane OpCo LLC - Great Dane Management Group - Great Northern Orchard LLC - Ingrid Marie LLC	- Løgismose Meyers Group ApS

Outlook

Due to the outbreak of the COVID-19 disease, Management anticipates significant uncertainties concerning expectations for 2020, depending on the development of the global COVID-19 outbreak and subsequent restrictions imposed by the Danish Government.

In addition, reference is made to note 26 and 27 to the financial statements and the section in the management commentary on events after the balance sheet date.

Events occurring after balance sheet day

The outbreak and the spreading of the COVID-19 outbreak in early 2020 have had a negative impact on the Group.

Due to the COVID-19 outbreak the Group is expecting a decline in revenues from canteen and restaurant activities, due to closure of all restaurants, the closure of a significant proportion of the Entity's operations of canteens as a result of the customers' sending home of their employees and the cancellation of and decline in orders in the catering branch of the Group.

The Group's revenue from retail have been index +100 compared to last year and are therefore trending positively during the current COVID-19 outbreak. In addition, the Group has to a reasonable extent managed to reduce the effects of this decline in revenue by cost savings.

After the balance sheet date, the majority of trade receivables have been settled, and therefore Management has not made an updated assessment of collectability. The need for write-down on new receivables in 2020 is assessed to be limited.

Management has assessed, that even with the use of the extended time for payment of VAT, withholding tax, social security contributions and salary compensation received, the Group is facing challenges with its cash flow. Therefore, at the beginning of the COVID-19 outbreak, Management has entered into agreements with several of the Group's largest customers and suppliers to ensure conditions that improve liquidity. As a result of these actions, Management's assessment is that the Group is guaranteed liquidity for its going concern the rest of the financial year.

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

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Statement of Comprehensive Income

(DKK'000)	Note	**2019**	**2018**
Revenue	3	1.153.819	1.086.956
Cost of sales		(592.724)	(554.823)
Gross profit/(loss)		**561.095**	**532.133**
Other external expenses	4, 19, 21	(82.911)	(81.228)
Staff costs	5	(445.949)	(411.902)
Operating profit/(loss) before amortisation and depreciation		**32.235**	**39.003**
Amortisation, impairment and depreciation	8, 9, 19	(44.411)	(41.369)
Operating profit/(loss) before tax		**(12.176)**	**(2.366)**
Share of profit/(loss) of associates	10	0	(165)
Financial income	6	167	153
Financial expenses	6	(13.965)	(12.579)
Profit/(loss) before tax		**(25.974)**	**(14.957)**
Tax on profit/(loss)	7	(3.876)	1.672
Other comprehensive income		0	0
Profit/(loss) and total comprehensive income for the financial year		**(22.098)**	**(13.285)**

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Balance Sheet

ASSETS

(DKK'000)	Note	**2019**	**2018**
Development projects, completed		26.303	27.041
Acquired intangible assets		31.336	31.083
Acquired trademarks		620.864	615.764
Acquired property rights		1.747	1.867
Goodwill		124.457	79.175
Development projects in progress		781	782
Total intangible assets	8	**805.488**	**755.712**
Land and buildings		11.558	11.816
Plant and machinery		20.149	17.950
Other plant, fixtures and operating equipment		6.233	4.750
Leasehold improvements		24.022	26.864
Assets under construction		2.140	6.818
Right-of-use assets	19	40.823	41.914
Total property, plants and equipment	9, 19	**104.925**	**110.112**
Investments in associates	10	83	0
Other financial securities	20	0	1.233
Deposit		3.748	2.472
Total financial assets		**3.831**	**3.705**
Total non-current assets		**914.244**	**869.529**
Inventories	11	69.448	56.384
Trade receivables	12	174.714	160.836
Receivable from shareholders		49.326	0
Other receivables	13	28.587	23.648
Tax receivables		144	195
Prepaid expenses	14	7.394	4.640
Cash and cash equivalents	20	127.048	156.516
Total current assets		**456.661**	**402.219**
Total assets		**1.370.905**	**1.271.748**

EQUITY AND LIABILITIES

(DKK'000)	Note	2019	2018
Share capital	15	7.684	6.956
Retained earnings		575.478	599.048
Reserve for non-paid contributed capital		49.326	
Total equity		**632.488**	**606.004**
Deferred tax liabilities	7	145.200	147.556
Credit institutions	16	200.000	200.000
Deposit		3.439	3.262
Lease liabilities	19	35.032	32.491
Provisions	24	5.000	0
Other payables	20	2.476	0
Total non-current liabilities		**391.147**	**383.309**
Credit institutions	16	156.903	118.594
Customer prepayments	3	1.274	1.067
Trade payables	17	99.531	79.892
Other payables	17, 19	89.562	82.882
Total current liabilities		**347.270**	**282.435**
Total equity and liabilities		**1.370.905**	**1.271.748**

Statement of Changes in Equity

(DKK'000)	Share capital	Retained earnings	Reserve own shares	**Total equity**
Equity at 1 January 2019	6.956	600.825	**(1.777)**	**606.004**
Net profit/(loss) for the year	-	(22.098)	**-**	**(22.098)**
Acquisition of own shares	-	-	**(2.472)**	**(2.472)**
Share divestment	-	-	**1.000**	**-**
Capital increase at	728	-	**-**	**728**
Unpaid capital premium	-	49.326	**-**	**49.326**
Balance at 31 December 2019	**7.684**	**628.053**	**(3.249)**	**632.488**

(DKK'000)	Share capital	Retained earnings	Reserve own shares	**Total equity**
Equity at 1 January 2018	6.956	614.110	**-**	**621.066**
Net profit/(loss) for the year	-	(13.285)	**-**	**(13.285)**
Acquisition of own shares	-	-	**(1.777)**	**(1.777)**
Balance at 31 December 2018	**6.956**	**600.825**	**(1.777)**	**606.004**

The Group has in 2018 acquired equivalent to 35.2% ownership in L+M ManCo 2 ApS, which assets consist of 2% ownership in Løgismose Meyers Holding A/S. The acquisition price amounts to DKK 1.777 thousand which has been recognised as own shares.

The Group has in 2019 acquired equivalent to 49.2% ownership in L+M ManCo 2 ApS, which assets consist of 2% ownership in Løgismose Meyers Holding ApS. The acquisition price amounts to DKK 2.472 thousand which has been recognised as own shares.

The Group has during 2019 divested own shared equivalent to DKK 1.000 thousand, as part of a business acquisition. For further, see note 15 and 22.

Cash Flow Statement

(DKK'000)	Note	2019	2018
Operating profit (EBIT)		(12.176)	(2.336)
Amortisation and depreciations	8, 9	44.411	41.369
Change in working capital	18	(2.373)	30.213
Cash flow from operating activities before financial income and expenses		**29.862**	**69.093**
Financial income, received		0	153
Financial expenses, paid		(12.648)	(12.579)
Income taxes, received/(paid)		488	(836)
Cash flow from ordinary activities		**17.662**	**(55.831)**
Purchase of intangible assets etc.	8	(11.983)	(8.974)
Purchase of property, plant and equipment etc.	9	(8.085)	(18.283)
Sale of fixed assets investments		0	4.430
Purchase of financial assets		(1.274)	(257)
Sale of financial assets		544	1.144
Acquisition of subsidiaries and activities	22	(52.000)	0
Net cash flow from investing activities		**(73.798)**	**(21.940)**
Overdraft	20	38.309	36.517
Purchase of own shares		(2.472)	(1.777)
Repayment of lease liabilities	19	(10.169)	(11.697)
Cash flow from financing activities		**25.668**	**23.043**
Cash and cash equivalents, beginning of the year		156.516	99.582
Net cash flow for the year		(29.468)	56.934
Cash and cash equivalents, end of the year		**127.048**	**156.516**
Cash and cash equivalents in the cash flow statement comprise:			
Cash and cash equivalents	20	127.048	156.516

The figures in the cash flow statement cannot be directly derived from the figures in the balance sheet.

Notes

Note 1 Basis of reporting

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and additional requirements of the Danish Financial Statements Act for class C large.

As set out in note 2, these are the Group's first Consolidated Financial Statements prepared in accordance with IFRS.

The Consolidated Financial Statements and separate Financial Statements are presented in Danish kroner (DKK) which is the functional currency of the Løgismose Meyers Group.

The Group's general accounting policies are described below. In addition to this, specific accounting policies are described in each of the individual notes to the Consolidated Financial Statements. The accounting policies set out below and in each note have been used consistently in respect of the financial year and the comparative figures. See note 2 for transition rules when implementing IFRS.

Materiality in financial reporting

In the preparation of the Consolidated Financial Statements, Management aims to focus on the information considered to be material and relevant for the understanding of the Group's performance in the reporting period.

The Consolidated Financial Statements are a result of aggregating large numbers of transactions into classes of similar items according to their nature or function in the Consolidated Financial Statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the Consolidated Financial Statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or considered immaterial to the economic decision-making of the users of these Consolidated Financial Statements.

Changes to accounting policies

The Group has implemented IFRS and amendments effective as of 1 January 2019 as adopted by the European Union have been effected accordingly. Below in note 2 the effects of the implementation are presented and described.

New accounting standards

Of the newly issued or amended IASB accounting standards and interpretations, as of 1 January 2019 only IFRS 16 Leases has had an effect on the Consolidated Financial Statement, and has consequently been implemented in the Consolidated Financial Statements for 2019. The other new or amended accounting standards and interpretations are not yet in effect and therefore not relevant for the preparation of the Consolidated Financial Statements.

The Group expects to adopt the accounting standards and interpretations when they become effective.

Key account estimates and judgements

As part of the preparation of the Consolidated Financial Statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Company's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made.

Specific accounting estimates and judgements are described in each of the following individual notes to the Consolidated Financial Statements:

Note	Key account estimate or judgement	Section
Tax on profit for the year	Estimates regarding provisions for uncertain tax positions	Note 7
Deferred tax assets	Estimates regarding valuation and use of deferred tax assets	Note 7
Intangible assets	Estimated useful lives and impairment test	Note 8
Tangible assets	Impairment test	Note 9
Inventories	Estimates of valuation of inventories	Note 11
Trade receivables	Estimates of valuation of trade receivables	Note 12
Leases	Determining lease term	Note 19
Acquisitions of entities	Assessment of type of transaction and purchase price allocations.	Note 22

Basis of consolidation

The Consolidated Financial Statement comprises the Financial Statements of Løgismose Meyers Holding ApS (the Parent) and subsidiaries which are entities controlled by Løgismose Meyers Holding ApS. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence. Companies, in which the Group directly or indirectly holds between 20% and 50% of the voting rights and exercise a significant but non-controlling influence, are considered associates. Associated companies are listed in note 10.

Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The Financial Statements used for consolidation are prepared in accordance with the Group’s accounting policies.

The accounting items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Non-controlling interest’s share of subsidiaries’ profit or loss for the year and net assets is included in the Group’s profit or loss and balance sheet, but are disclosed separately.

Investments in subsidiaries are offset by the interest’s share of subsidiaries’ net assets at the acquisition date at fair value.

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

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

Definition of key figures

Operating margin $\frac{\text{Operating profit}}{\text{Revenue}} \times 100$

Gross margin $\frac{\text{Gross profit}}{\text{Revenue}} \times 100$

Return on equity (ROE) $\frac{\text{Profit before tax}}{\text{Average equity}} \times 100$

Solvency ratio $\frac{\text{Equity}}{\text{Total assets}} \times 100$

Key figures and financial ratios are defined and computed in accordance with “Recommendations & Ratios” published by CFA Society Denmark.

Note 2 First time adoption of IFRS

The Consolidated Financial Statements for the year ended 31 December 2019 with comparative figures are the first set of Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Danish Financial Statements Act.

For periods up to and including the year ended 31 December 2018, the Group prepared its Consolidated Financial Statements in accordance with the Danish Financial Statements Act.

Accordingly, The Group has prepared Consolidated Financial Statements which comply with IFRS applicable for periods ending on or after 31 December 2019, together with the opening balance at 1 January 2019 as described in the accounting policies.

In preparation of these Consolidated Financial Statements, The Group's opening balance sheet was prepared at 1 January 2018, the Company's transition to IFRS. This note explains the adjustments made by the Group in restating the Consolidated Financial Statements prepared in accordance with the Danish Financial Statements Act, including the financial position at 1 January 2018 and the Consolidated Financial Statements for the year ended 31 December 2018.

The effects of IFRS adoption for the consolidated income statement and balance sheet, and a reconciliation between net profit for the year according to previous GAAP and IFRS, are presented below:

		1 January 2018			**31 December 2018**			
(DKK'000)	Note	**Assets**	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to previous GAAP (Danish Financial Statement Act)		**1.165.834**	**576.992**	**588.842**	**(45.008)**	**1.148.985**	**605.151**	**543.834**
Effect of transition to IFRS								
Implementation of IFRS 16	(a)	35.224	35.224	0	(642)	41.914	42.556	(642)
Trademarks/Goodwill	(b)	41.313	0	41.313	41.313	82.626	0	82.626
Ownership in associate	(c)	0	0	0	0	(1.777)	0	(1.777)
Tax on total adjustments	(d)	0	9.089	(9.089)	(8.948)	0	18.036	(18.036)
Other							1	(1)
Total adjustments		**76.537**	**44.313**	**32.224**	**31.723**	**122.763**	**60.593**	**62.170**
According to IFRS		**1.242.371**	**621.305**	**621.066**	**(13.285)**	**1.271.748**	**665.744**	**606.004**
Other comprehensive income								
Total comprehensive income under IFRS					**(13.285)**			

a) Implementation of IFRS 16 has resulted in an increase of assets as of 1 January 2018 of DKK 35.224 thousand and an equal increase in lease liabilities. At 31 December 2018, the increase amounts to DKK 41.914 thousand for right-of-use assets and DKK 42.556 thousand for lease liabilities. The result in 2018 has declined by DKK 642 thousand following the implementation of IFRS 16, and operating profit before amortisation and depreciation has increased by DKK 12.502 thousand in same period.

b) As part of the conversion to IFRS, goodwill and trademark amortisation of DKK 41.313 thousand has been reversed. Goodwill amortisation has been reversed as goodwill and trademarks with an indefinite useful life are not amortised according to IFRS, but is subject to an annual impairment test. Trademark amortisation has been reversed as the trademark is considered to have indefinite life. For further information, see note 8.

c) It has been assessed that the ownership in ManCo de facto constitutes ownership of own shares. Consequently this has been reclassified from shares in associates to equity reserve for own shares of DKK 1.777 thousand, equivalent to fair value at the time of acquisition,

d) Calculated tax effect on transition-related adjustments.

Reclassifications

In addition to the changes in accounting policies, reclassifications and adjustments to the presentation have been carried out, including assets being presented as current and non-current assets, compared to previous presentation as fixed and current assets, and provisions no longer being presented as a separate group in the balance sheet, but included in current and non-current liabilities.

Transition rules

In applying IFRS 1, the Group has used the following rules:

IFRS 3 Business Combinations has not been applied retrospectively. As part of the transition all goodwill and trademark amortisations in the period from 1 January 2018 to 31 December 2018 has been reversed.

Estimates

The key account estimates and judgments at 1 January 2018 and 31 December 2018 are in all material aspects consistent with those made at the same dates in accordance with previous GAAP. See note 1 for overview of key account estimates and judgments.

Note 3 Revenue

Accounting policies

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when control has been transferred – generally, this is when delivery and transfer of risk have taken place.

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring the goods. Revenue is recognised exclusive of VAT and net of sales deductions.

No contract assets and liabilities or right-of-return assets and refund liabilities are recognised at 31 December 2019 or 31 December 2018.

The Group's revenue is split into 3 main activities:

- Canteen services,
- Production, and
- Retail.

The canteen services consist of three services, canteens at customers, company lunch programmes and catering. Canteens at customers are operated as fully integrated kitchens at the customers' venues. The second service is company lunch programmes, in which the lunch is prepared in the Group's own kitchens and delivered at the customers' own canteen facilities. The third service is catering for special arrangements.

The second activity is production and sale of goods (dairy, meals and other retail products), which is business to business. The goods sold are produced by the Group itself, and they are sold to clients in retail and in the restaurant business.

The last activity is sale of goods and retail, which is trade of the Group's own products in own stores. This final category also comprise food consultancy, cooking courses, sale of books among others.

Discounts include unit price reductions as well as contribution to product promotion based on volumes or value of client purchases.

Revenue is recognised in the income statement concurrently with goods delivered and services performed. All revenue is measured exclusive of VAT and net of any given discounts.

(DKK'000)	2019	2018
Revenue by geographic region		
Denmark	1.139.147	1.076.284
Abroad	14.672	10.672
Total	**1.153.819**	**1.086.956**

Consolidated revenue mainly derives from canteen services and sales of goods.

(DKK'000)	2019	2018
Revenue by business activity		
Canteen services	524.164	483.167
Production	554.485	536.017
Retail	75.170	67.772
Total	**1.153.819**	**1.086.956**

Contract balances

The Group has prepayments from customers of DKK 1.274 thousand at 31 December 2019 (31 December 2018: DKK 1.067 thousand).

The Group’s unsatisfied performance obligations relate to the contract liabilities that have not yet been recognised as revenue, as well as contracts where the Group has an obligation to deliver goods, which has not yet been satisfied.

There are no remaining performance obligations to be recognised as of 31 December 2019 (2018: Nil).

Note 4 Other external expenses

Accounting policies

Other external expenses include expenses relating to primary activities, including office premises, selling costs and administrative expenses etc. Other external expenses also include write-downs of receivables recognised in current assets.

Note 5 Staff costs

Accounting policies

Staff costs include salaries and wages, bonuses, pensions, social security costs and other staff costs for salaried employees.

An incentive scheme for certain members of the Executive Board and other key management personnel is established. The incentive scheme is based on individual goals and the Group's overall result. The incentive scheme allows the members to acquire shares in the Group through ManCo Companies, at market price at the time of acquisition of the shares.

(DKK'000)	**2019**	**2018**
Salaries and wages	384.571	352.357
Pension	33.079	31.381
Other social security costs	9.463	8.712
Other staff costs	18.836	19.452
Total	**445.949**	**411.902**
Weighted average number of full-time employees	**981**	**905**

Breakdown of remuneration is as follows:

(DKK'000)	**Salary and pension**	**Bonus**	**Benefits and other related expenses**	**Total**
2019:				
Executive board*	6.848	91	7	6.946
Other key management personnel**	10.304	1.007	267	11.578
Board of Directors	1.200	0	0	1.200
Total	**18.352**	**1.098**	**274**	**19.724**
2018:				
Executive board*	13.340	-	7	13.347
Other key management personnel**	9.159	268	362	9.789
Board of Directors	1.138	-	0	1.138
Total	**23.637**	**268**	**369**	24.274

* Remuneration for the Executive board in 2018 includes expenses for two CEOs and CFOs. In 2019 the expenses included two CFOs. No bonuses were paid in 2018. Salary and pension includes severance fees.

**Other key management personnel includes expenses for 7 Key Managers in 2018 and 8 Key Managers in 2019.

Note 6 Financial income and expenses

Accounting policies

Financial income and expenses include interest income and expenses, interest income and expenses from receivables at associated companies, net gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and financial liabilities, and allowances under the tax advance scheme.

The Group uses an interest swap for fluctuations on their debt to financial institutions. It is treated as a fair value hedge, with fluctuations in its fair value being recognised as either interest income or interest expense.

Financial income

(DKK'000)	**2019**	**2018**
Interest income	14	15
Exchange rate adjustments	16	22
Other financial income	137	116
Total	**167**	**153**

Financial expenses

(DKK'000)	**2019**	**2018**
Interest expenses	8.661	7.383
Exchange rate adjustments	0	289
Other financial expenses	5.304	4.907
Total	**13.965**	**12.579**

Note 7 Tax on result for the year

Accounting policies

Tax for the year includes current tax for the year and changes in deferred tax less the part of the tax for the year relating to other comprehensive income and changes in equity. Current tax and deferred tax relating to other comprehensive income and changes in equity are recognised in other comprehensive income or directly in equity, respectively.

Current tax for the year is calculated based on the income tax rates and rules applicable at the balance sheet date.

Key account estimates

Valuation of deferred tax assets

Executive Board's estimate of future income according to budgets, forecasts, business plans and initiatives scheduled for the coming years supports the utilisation of the deferred tax assets within the foreseeable future. A forecast period of 5 years is applied for estimated utilisation of deferred tax assets. In this assessment, the continuous utilisation of existing deferred tax assets and creation of new deferred tax assets is considered.

Tax for the year

(DKK'000)	**2019**	**2018**
Tax on profit for the year:		
Current tax for the year	-	-
Deferred tax	(2.356)	(2.499)
Tax adjustment relating to previous years	(1.520)	827
Total tax on profit for the year	**(3.876)**	**(1.672)**

For details of tax on other comprehensive income, refer to the statement of comprehensive income.

Effective tax rate

(DKK'000)	**2019**	**2018**
Tax calculated on profit/(loss) for the year	22%	22%
Tax effect of:		
Adjustments related to prior year	-3%	-3%
Non-deductible income/expenses	0%	0%
Effective tax rate	**19%**	**19%**

Deferred tax assets and liabilities

Deferred tax in recognised on all temporary differences between the carrying amounts of assets and liabilities and their tax bases, except from temporary differences arising on initial recognition of a transaction that is not a business combination and with the temporary difference ascertained at the time of initial recognition affecting neither the financial result nor the taxable income.

Deferred tax is measured on the basis of the income tax rates and tax rules in force in the respective countries on the balance sheet date. Change in deferred tax as a result of changed income tax rates or tax rules is recognised in the income statement.

Executive Board's estimate of future income according to budgets, forecasts, business plans and initiatives scheduled for the coming years supports the utilisation of the deferred tax assets within the foreseeable future.

Deferred tax assets and liabilities

(DKK'000)	2019	2018
Deferred tax at 1 January	147.556	150.055
Deferred tax for the year	(3.876)	(1.824)
Tax adjustments relating to previous years	1.520	(675)
Tax on changes in equity	0	0
Deferred tax at 31 December	**145.200**	**147.556**
Deferred tax recognised in the balance sheet:		
Deferred tax assets	0	0
Deferred tax liabilities	145.200	147.556
Deferred tax at 31 December	**145.200**	**147.556**

Of the DKK 145.200 thousand (2018: DKK 147.556 thousand) recognised as deferred tax liabilities, DKK 146.200 (2018: DKK 146.200 thousand) relates to deferred tax on Trademarks and Goodwill. The remaining net deferred tax liability is related to operating equipment and deferred tax losses carry forward.

Note 8 Intangible assets

Accounting policies

Intangible assets comprise completed development projects, acquired trademarks, acquired property rights and goodwill.

Development projects, completed

Development projects are recognised as intangible assets if the recognition criteria are met. Development projects regarding defined and identifiable products and processes, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company can be demonstrated, and where it is intended to manufacture, market or use the product or the process, are recognised as intangible assets.

The costs if development projects include direct salaries, materials and other direct costs attributable to the development project. Completed development projects have commenced depreciation over the income statement.

Acquired trademarks and property rights

Acquired trademarks and property rights are measured initially at cost.

Trademarks with an indefinite useful life are not amortised as they are established, profitable and sustainable and there is no foreseeable point at which the cash inflows will cease, meaning that the potential to renew indefinitely is taken into account. Customers are expected to continue to demand the products sold under the Groups' trademarks due to the positive associations with the trademarks, and the Group is not planning to stop selling and marketing the products carrying the trademarks. Trademarks with indefinite useful lives are not amortised but are tested annually for impairment. It is the Group's strategy to maintain the value as well as the trademarks.

Goodwill

On initial recognition, goodwill is recognised and measured at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but is tested for impairment at least annually or more frequently when there is an indication that the CGU to which the goodwill is allocated is impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGUs) expected to benefit from synergies of the business combination, and that represent the lowest level at which the goodwill is monitored for internal management purposes.

Amortisation periods

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Development projects, completed	10 years
Acquired property rights	20 years

Acquired trademark	Not amortised
Goodwill	Not amortised

Reference is made to note 2 for adjustments following the IFRS implementation, impacting intangible assets.

Key account estimates

Estimated useful lives

Useful life is estimated individually in each case and is initially assessed when the assets are acquired. Executive Board assesses intangible assets for changes in useful lives and impairment on an annual basis.

Impairment test and valuation

Irrespective of whether there is an indication of impairment, intangible assets not yet available for use and goodwill are tested for impairment annually. Intangible assets in use with finite useful lives are tested for impairment if there is any indication of impairment.

To determine the value in use, the discounted cash flow approach is applied. The expected future cash flows are based on budget and target plans. The budgets and target plans are based on Executive Board's expectations of current market conditions and future growth expectations. The key factors used in calculating the value are revenue, costs of goods sold (COGS), operating expenses (OPEX), EBITDA, working capital, capital expenditures (CAPEX) and discount rate.

Impairment

At the end of each reporting period, Løgismose Meyers reviews the carrying amounts of the intangible assets to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposals and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For goodwill specifically, each component is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Determination of useful lives

Useful lives are initially assessed when the assets are acquired. Management assesses intangible assets for changes in useful lives and impairment on an annual basis. The assessment of the value may be based on management estimates and inherent uncertainties.

(DKK'000)	Development projects, completed	Acquired intangible assets	Acquired trademarks	Acquired property rights	Goodwill	Develop-ment projects in progress	**Total**
Cost at 1 January 2019	48.807	51.642	684.190	2.633	93.696	782	881.750
Transfers	0	0	0	0	(1.601)	(1)	(1.602)
Additions	9.062	6.420	0	0	0	0	15.482
Additions from acquisitions	0	0	5.100	0	45.282	0	50.382
Cost at 31 December 2019	**57.869**	**58.062**	**689.290**	**2.633**	**137.377**	**781**	**946.012**
Amortisation and impairment at 1 January 2019	(21.766)	(20.559)	(68.426)	(766)	(14.521)	-	(126.038)
Transfers	0	0	0	0	1.601		
Amortisation and impairment at 31 December 2019	**(31.566)**	**(26.726)**	**(68.426)**	**(886)**	**(12.920)**	**-**	**(142.125)**
Carrying amount at 31 December 2019	**26.303**	**31.336**	**620.864**	**1.747**	**124.457**	**781**	**803.887**

(DKK'000)	Development projects, completed	Acquired intangible assets	Acquired trademarks	Acquired property rights	Goodwill	Develop-ment projects in progress	**Total**
Cost at 1 January 2018	40.413	51.485	684.190	2.627	93.696	365	872.776
Transfers	365	0	0	0	0	(365)	0
Additions	8.029	157	0	6	0	782	8.974
Cost at 31 December 2018	**48.807**	**51.642**	**684.190**	**2.633**	**93.696**	**782**	**881.750**
Amortisation and impairment at 1 January 2018	(13.337)	(15.233)	(68.426)	(639)	(13.667)	-	(111.302)
Impairment	0	0	0	0	(854)	-	(854)
Amortisation and impairment at 31 January 2018	**(21.766)**	**(20.559)**	**(68.426)**	**(766)**	**(14.521)**	**-**	**(126.038)**
Carrying amount at 31 December 2018	**27.041**	**31.083**	**615.764**	**1.867**	**79.195**	**782**	**755.712**

Note 9 Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost comprises the acquisition price and other directly attributable costs until the date on which the asset is available for use. The total costs of an asset are broken down into components that are depreciated separately if the expected useful lives of the individual components are not the same.

Depreciation is recognised on a straight-line basis from the time of acquisition, or when the asset is available for use, over the expected useful life. A reassessment is made once a year to ascertain that the depreciation basis reflects the expected useful lives and future residual values of the assets. Land is not depreciated.

The expected useful lives are as follows:

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

See note 19 for estimates on right of use assets.

Impairment testing

The carrying amount of property, plant and equipment is reviewed to determine whether there is any indication of impairment loss. If the recoverable amount of an asset is estimated to be less than the carrying amount, an impairment loss is recognised.

(DKK'000)	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipm-ent	Leasehold improvements	Property, plant and equipment under construc-tion	**Total**
Cost at 1 January 2019	23.347	61.891	30.526	54.007	6.818	**176.589**
Additions	295	8.404	5.052	4.747	5.813	24.311
Disposals	0	(101)	(5.794)	(2.334)	(10.491)	(18.720)
Cost at 31 January 2019	**23.642**	**70.194**	**29.784**	**56.420**	**2.140**	**182.180**
Depreciation and impairment at 1 January 2019	(11.531)	(43.941)	(25.776)	(27.143)	-	(108.391)
Depreciation for the year	(553)	(6.103)	(1.996)	(6.099)	-	(14.751)
Transfers	0	(1)	(904)	0	-	(904)
Impairment	0	0	(5)	0	-	(5)
Reversal related to disposals	0	0	5.130	844	-	5.976
Depreciation and impairment at 1 January 2019	**(12.084)**	**(50.045)**	**(23.551)**	**(32.398)**	**-**	**(118.075)**
Carrying amount at 31 January 2019	**11.558**	**20.149**	**6.233**	**24.022**	**2.140**	**64.102**

(DKK'000)	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improvements	Property, plant and equipment under construction	**Total**
Cost at 1 January 2018	22.830	56.069	29.388	52.358	2.091	162.736
Additions	517	6.007	1.154	1.649	8.956	18.283
Disposals	0	(185)	(16)	0	(4.229)	(4.430)
Cost at 31 January 2018	**23.347**	**61.891**	**30.526**	**54.007**	**6.818**	**176.589**
Depreciation and impairment at 1 January 2018	(10.996)	(38.435)	(23.448)	(21.344)	.	(94.223)
Depreciation for the year	(535)	(5.680)	(2.328)	(5.799)	-	(14.342)
Reversed impairment	0	174	0	0	-	174
Depreciation and impairment at 1 January 2018	**(11.531)**	**(43.941)**	**(25.776)**	**(27.143)**	**-**	**(108.391)**
Carrying amount at 31 January 2018	**11.816**	**17.950**	**4.750**	**26.864**	**6.818**	**68.198**

Note 10 Investments in associates

Accounting policies

Investments in associates are measured using the equity method. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

(DKK'000)	**2019**	**2018**
Cost at beginning of the year	-	165
Additions	83	-
Disposals	-	(165)
Cost at the end of the year	**83**	**-**
Adjustments 1 January	**-**	-
Adjustments 31 December	**-**	**-**
Carrying amount at end of year	**83**	**-**

The Group has ownership in the following associate:

	Registered office	Ownership
L+M ManCo 2 ApS	Copenhagen	49.3%
Peel Foods Limited	London	10.1%

The shares in the associated company are treated as own shares, as the assets in L+M ManCo 2 ApS consist of shares in the Parent.

The Group has not had any transactions with the associated company in 2018 and 2019.

Note 11 Inventories

Accounting policies

Inventories are measured at cost under the FIFO method and net realisable value where this is lower.

Finished goods comprise costs of raw materials, consumables, direct labour and indirect production costs. Indirect production costs comprise indirect consumables and labour, as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management.

The net realisable value of inventories is calculated as the selling price less completion costs and costs incurred to execute the sale, and is determined allowing for marketability, obsolescence and development in expected selling price.

Obsolete goods, including slow-moving goods, are written off to net realisation value if lower than carrying amount.

Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilisation, production time and other relevant factors, and allocated based on the normal production capacity.

(DKK'000)	**2019**	**2018**
Raw Materials and consumables	22.641	15.882
Finished goods and goods for resale	40.784	38.429
Prepayments for goods	6.023	2.073
Total inventories	**69.448**	**56.384**
Included in the income statement:		
Write-downs of inventories for the year	0	0
Cost of goods sold during the year	592.724	554.823

Note 12 Trade receivables

Accounting policies

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

(DKK'000)	**2019**	**2018**	**2017**
Trade receivables	175.177	160.925	168.590
Write-downs	463	89	43
Total trade receivables	**175.714**	**160.836**	**168.547**

Expected credit loss

The following table details the risk profile of trade receivables based on the Group's expected loss on trade receivables.

(DKK'000)	Not past due	Overdue by 1 month	Overdue by 1-2 months	Overdue by 2-3 months	Overdue by more than 3 months	**Total**
31 December 2019						
Expected credit loss rate	0,17%	0,12%	0,28%	1,75%	3,4%	
Trade receivables	122.199	45.075	1.057	1.150	5.233	174.714
Lifetime expected credit losses	209	54	3	20	177	463
31 December 2018						
Expected credit loss rate	0,04%	0,04%	0,3%	2,2%	4,3%	
Trade receivables	120.926	38.010	1.044	624	232	160.836
Lifetime expected credit losses	47	14	4	14	10	89

Note 13 Other receivables

Accounting policies

Other receivables are measured on initial recognition at fair value and subsequently at amortised cost less impairments, if any.

(DKK'000)	**2019**	**2018**
Supplier bonus receivables	21.286	18.958
Cash sales receivables	0	2.934
Deposit accounts for customers	773	773
Other receivables	6.528	983
Total other receivables	**28.587**	**23.648**

Note 14 Prepaid expenses

Accounting policies

Prepaid expenses comprise amounts paid in respect of goods or services to be received in subsequent financial periods.

Note 15 Share capital

Accounting policies

The share capital comprises 7.684.001 shares of DKK 1 each (2018: 6.956.336). No shares carry any additional special rights. The Group continuously assesses the need for adjustment of the capital structure to offset the increasing demand for return on equity against increased uncertainty related to borrowed capital. The Group has ownership of 144.610 own shares, through ownership in related parties, see the Statement of Changes in Equity and note 10 on investments in associate.

Share capital was in 2019 increased by nominal DKK 728 thousand, with a premium of DKK 49,325 thousand. The premium has not yet been paid. Unpaid premium is recognised as equity and receivable with shareholders, respectively.

The group has divested shares amounting to DKK 1.000 thousand in relation to an acquisition, see note 22 for further.

The is no dividend proposed for 2019 (2018: Nil).

Note 16 Credit institutions

Accounting policies

Bank loans are initially recognised at fair value net of transaction expenses and subsequently measured at amortised cost using the effective interest method.

The Group's long-term liabilities comprise one loan of DKK 200 million which is obtained in DKK, and the risk of currency fluctuations is non-existing.

(DKK'000)	**2019**	**2018**
Bullet loans	200.000	200.000
Overdraft facility	156.903	118.594
Total financial liabilities	**356.903**	**318.594**
Included in the balance sheet:		
Non-current liabilities	200.000	200.000
Current liabilities	156.903	118.594
Total bank loans	**356.903**	**318.594**

Note 17 Trade and other payables

Accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

(DKK'000)	**2019**	**2018**
Trade payables	99.531	79.892
Various taxes, including VAT	16.044	11.322
Employee-related payables	26.496	22.207
Holiday accruals	19.324	15.268
Other payables	27.698	34.085
Total trade and other payables	**189.093**	**162.774**

Note 18 Working capital

(DKK'000)	2019	2018
Change in inventories	(12.964)	625
Change in receivables	(20.802)	27.457
Change in trade payables and other payables	31.939	2.131
Total change in working capital	**(2.373)**	**30.213**

Note 19 Leases

Accounting policies

The Company leases various properties and cars. 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 straight-line 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. The lease liability is measured using the implicit borrowing rate in the contracts. If a lease contract is modified, the lease liability is remeasured.

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

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.

Key account judgments

For building leases, lease terms are estimated taking the size of the building and its strategic importance into consideration. The Group entered into building 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.

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 no expenses related to the exemption (2018: DKK 31 thousand).

The Group recognised DKK 12.272 thousand (2018: DKK 54.253 thousand) in assets and DKK 12.272 thousand (2018: DKK 54.253) in liabilities, and from 1 January 2018 expenses previously related to leaseholds are recognised as depreciation as well as the interest expense accumulated on the lease liability.

(DKK'000) *Right-of-use assets*	**Property**	**Cars**	**Total**
At January 2019	40.206	1.708	41.914
Depreciation	(10.356)	(1.234)	(11.590)
Disposals and adjustments	(1.773)	0	(1.773)
Additions during period	11.543	729	12.272
At 31 December 2019	**39.620**	**1.203**	**40.823**

Lease liabilities	**Property**	**Cars**	**Total**
At January 2019	40.734	1.822	42.556
Lease payments	(9.877)	(1.123)	(11.000)
Disposals and adjustments	(1.773)	0	(1.773)
Interest	763	68	831
Additions during period	11.543	729	12.272
At 31 December 2019	**41.390**	**1.496**	**42.886**

Lease liabilities are due as follows	**Property**	**Cars**	**Total**
Within one year	6.833	1.021	7.854
Between one and five years	22.613	475	23.088
Within more than five years	11.944	0	11.944
Total liabilities	**41.390**	**1.496**	**42.886**

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

The amounts recognised impact the cash flow from operating activities as well as cash flow from financing activities as presented in the below table. The figures in the cash flow statement cannot be directly derived as they are presented combined with other cash movements.

(DKK’000) *Cash flow impact*	**Property**	**Cars**	**Total**
Interest paid	(763)	(68)	(831)
Cash flow from operating activities	**(763)**	**(68)**	**(831)**
Repayment of lease liabilities	(9.114	(1.055)	(10.169)
Cash flow from financing activities	**(9.114)**	**(1.055)**	**(10.169)**

Note 20 Financial risks and financial instruments

Accounting policies

Derivative financial instruments

The Group uses a derivative financial instrument to reduce the impact of volatility on interest rates. The derivative financial instrument used is an interest rate swap on the bullet loan obtained, which holds a variable interest rate maturing on 30 December 2022. The index interest rate is following CIBOR.

The derivative financial instrument is recognised initially and subsequently at fair value. Any attributable transaction costs are recognised in the income statement in other financial income, net as incurred.

Hedge accounting is not applied for the derivative financial instrument.

Risk management policy

Løgismose Meyers undertakes transactions denominated in foreign currencies. These transactions are related to operating activities. These transactions are only performed in EUR and with the DKK pegged to the EUR, the foreign exchange rates pose a limited risk.

Financial risks are managed by Executive Board under the relevant company policies. The financial risks are presented to the Board of Directors on an annual basis.

Commodity price risk

The Group is exposed to commodity risks related to both production and distribution of dairy products.

Increased commodity prices will negatively impact costs of production and distribution.

The Group has chosen not to enter into any derivative financial instruments to mitigate the commodity price risk exposure related to dairy products.

Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time. The Group may incur losses if the credit quality of its customers deteriorates or if they default on their payment obligations to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. The maximum credit risk attached to financial assets corresponds to the values recognised in the balance sheet.

The Group products are primarily sold to wholesalers. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. This includes the review of customer creditworthiness and credit rating of important customers. The Group has no material credit risk as of 31 December 2019 and 31 December 2018.

Cash and cash equivalents are primarily held with financial institutions through which the Group conducts its day-to-day banking transactions.

Liquidity risk

The purpose of the Group's cash management policy is to maintain adequate cash resources to meet financial liabilities. The Group's cash resources consist of cash and cash equivalents, and undrawn credit facilities. The Group continuously monitors the cash flows in order manage the liquidity risk.

The Group has cash and other liquid funds of DKK 127.048 thousand as of 31 December 2019 (2018: DKK 156,516 thousand).

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

Maturity of the Group's financial liabilities

(DKK'000)	**Less than 1 year**	**Between 1-5 years**	**More than 5 years**	**Total**
2019:				
Bank loans	156.903	200.000	0	356.903
Customer prepayments	1.274	0	0	1.274
Trade payables	99.531	0	0	99.531
Other payables	89.562	5.915	0	95.477
Total	**347.270**	**205.915**	**0**	**553.185**
2018:				
Bank loans	118.594	200.000	0	318.594
Customer prepayments	1.067	0	0	1.067
Trade payables	79.892	0	0	79.892
Other payables	82.882	3.262	0	86.144
Total	**282.435**	**203.262**	**0**	**485.697**

Foreign exchange risk

The Group is only insignificantly affected by exchange rate fluctuations. The Group has in all material aspects only transactions in EUR and DKK, which are pegged to each other.

The sensitivity analysis for foreign currency risk has not been performed. The activities in foreign currency amount to approximately 2% of the entire revenue, meaning a +/- 5% fluctuation in this percentage will be an insignificant fluctuation.

Interest rate risk

Interest rate risks refer to the influence of changes in market interest rates on future cash flows concerning the Group's interest-bearing assets and liabilities.

The Group's interest rate rights relate to interest on loan and overdraft facility. The Group has through an interest rate swap addressed the interest rate risk on the bank loan.

Interest rate swap on bank loan.

The Group has entered into an interest rate swap to reduce the exposure of interest rate risk on floating-rate loans with a fair value that amounts to DKK -68 thousand at 31 December 2019 (2018: DKK -150 thousand). The interest rate swap has a nominal amount of DKK 132,000 thousand at 31 December 2019 compared to DKK 132,000 thousand at 31 December 2018.

Categories of financial assets and liabilities

The fair value of financial assets and liabilities does not differ significantly from the carrying amount.

(DKK'000)	**2019**	**2018**
Financial assets measured at amortised cost:		
Other receivables	28.587	23.843
Cash and cash equivalents	127.048	156.516
Total cash and cash equivalents	**155.635**	**180.359**
Financial liabilities measured at amortised cost:		
Trade payables	99.531	79.892
Other payables	95.477	82.882
Bank loans	356.903	318.594
Total financial liabilities	**551.911**	**481.368**

The interest rate swap is measured at fair value (level 2). The fair value of the interest rate swap is measured using valuation techniques, which employ the use of market observable inputs, modeled by the financial institute. The models incorporate various inputs such as forward rates and yields curves.

Changes in liabilities arising from financing activities

(DKK'000)	Borrowings 31 December 2018	Proceeds from borrowings	Repayments of borrowings	Other non-cash items*	Borrowings 31 December 2019
Banks and other credit institutions	318.594	29.468	0	8.841	356.903
Of which:					
Classified as non-current	200.000	0	0	0	200.000
Classified as current	118.594	29.468	0	8.841	156.903

*Other non-cash items comprises interest accrual.

Note 21 Audit fees

Fees to auditors appointed at the Annual General Meeting:

(DKK'000)	**2019**	**2018**
Statutory audit	602	567
Tax advisory services	74	187
Other services	823	894
Total audit fees	**1.499**	**1.648**

Note 22 Acquisition of entities

During the year, the Group has acquired two entities, in two separate business combinations. Each business combination has been described below.

Accounting policies

Business combinations are recognised using the acquisition method in accordance with IFRS 3. The date of acquisition is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The acquiree are recognized in the Consolidated Financial Statements from the date of acquisition.

The fair value of intangible assets is determined using an income approach where they are valued at present value based on the expected cash flow they can generate. Inventory is valuated at estimated sales price less cost of sales. The fair values of property, plant and equipment and other assets and liabilities are valued using the approach we find most relevant for the individual item, which can be either a comparative market approach or a cost approach.

Key accounting judgments

Assessment of type of transaction. In connection with an acquisition, the Group uses judgments to determine whether the transaction is a business combination by applying the definition in IFRS 3 Business combinations. A transaction is determined as a business combination when the assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. If the assets acquired do not constitute a business, the transaction is recognised as a purchase of individual assets.

Key accounting estimates

Purchase price allocations. When the Group applies the acquisition method to business combinations, by its nature this involves customer relationships, trademarks and other assets is based on a number of estimates regarding expected cash flows and WACC which have a significant impact on the fair value, as well as arrangements for contingent payments (earn-out) to employees or selling shareholders.

Massive Catering

On 5 July 2019, Løgismose Meyers A/S acquired all assets in Massive Catering, thereby obtaining control hereof. Massive Catering is a company which operated within canteen services. Massive Catering was acquired as part of the Group's growth strategy within the canteen services, and to offer customers with another product. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table on the following page:

(DKK'000) **Fair value at the date of acquisition**	**2019**
Customer relationship	2.560
Corporate trademark	939
Intangible assets	3.499
Cars	524
Plant and machinery	893
Leasehold Improvements	2.735
Inventory	100
Deposits	518
Tangible assets	4.769
Net assets acquired	8.267
Goodwill	31.733
Purchase price (Enterprise value)	40.000
Satisfied by:	
Cash	34.000
Own shares	1.000
Earn-out	5.000
Total consideration transferred	40.000
Net cash outflow arising on acquisition:	
Cash consideration	34.000

The goodwill of DKK 31.733 thousand arising from the acquisition consists of synergies within the Group and know-how. None of the goodwill is expected to be deductible for income tax purposes. The fair value of the assets and liabilities acquired are not considered final until 12 months after acquisition.

The fair value of own shares used as payment, was determined on the basis of a valuation of the Group using a DCF model based on non-marketable inputs. The fair value of the earn-out was determined on the basis of forecasted net revenue over three years. Acquisition-related costs (included in administrative expenses) amount to DKK 976 thousand.

Massive Catering contributed DKK 14.668 thousand revenue and DKK 2.126 thousand to the Group's result for the period between the date of acquisition and the reporting date. If the acquisition of Massive Catering had been completed on the first day of the financial year, Group revenues for the year would have been DKK 1.191.747 thousand and Group profit would have been DKK 62.074 thousand.

Hahnemanns Køkken

On 19 September 2019, Meyers Contract Catering acquired all assets in Hahnemanns Køkken ApS, thereby obtaining control hereof. Hahnemanns Køkken is a company which operated within canteen services. Hahnemanns Køkken was acquired as part of the Group's growth strategy within the canteen services, and to offer customers with another product. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

(DKK'000) **Fair value at the date of acquisition**	**2019**
Customer relationship	5.118
Intangible assets	5.118
Inventory	383
Trade receivables	5.663
Other receivables	27
Cash	87
Tangible assets	6.159
Bank debt	3
Trade payables	2.414
Other payables	8.232
Deferred tax liabilities	1.658
Total liabilities	12.307
Net assets acquired	(1.030)
Goodwill	13.530
Purchase price (Enterprise value)	12.500
Satisfied by:	
Cash	12.500
Total consideration transferred	12.500
Net cash outflow arising on acquisition:	
Cash consideration	12.500
Repayment of other payables	5.500
Total cash outflow arising on acquisition:	18.000

The goodwill of DKK 13.530 thousand arising from the acquisition consists of synergies within the Group and know-how. None of the goodwill is expected to be deductible for income tax purposes. The fair value of the assets and liabilities acquired are not considered final until 12 months after acquisition.

Acquisition-related costs (included in administrative expenses) amount to DKK 357 thousand.

Hahnemanns Køkken contributed DKK 10.934 thousand revenue and DKK 402 thousand to the Group's result for the period between the date of acquisition and the reporting date. If the acquisition of Hahnemanns Køkken had been completed on the first day of the financial year, Group revenues for the year would have been DKK 1.194.865 thousand and Group profit would have been DKK 52.004 thousand.

Note 23 Contingent liabilities and security for debt

Accounting policies

Contingent liabilities include possible obligations that are uncertain and not yet held. If the obligation is more likely to be in effect, a provision must then be recognised.

Contingent liabilities

The existence of contingent liabilities is assessed on an ongoing basis whether the criteria for recognising a provision are met.

Security for debt

The Group’s bank has pledge in all assets. The carrying amount of debt secured by pledges amounted to DKK 356.903 thousand (2018: DKK 318.594 thousand).

Note 24 Provisions

Accounting policies

Provisions are recognized when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive obligation, and it is likely that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognized as a provision is the Executive Board's best estimate of the amount required to settle the obligation.

When measuring provisions, the costs required to settle the obligation are discounted if this significantly affects the measurement of the liability.

Provisions for acquisition-related earn outs are recognized based on the Executive Board's best estimate of future financial performance in the acquired businesses.

Provisions

Provisions comprise acquisition-related earn outs. The potential earn out relates to the acquisition of Massive Catering and the contingent consideration arrangement is based on financial performance related to sales and profits.

(DKK'000)	**2019**	**2018**
Provisions, January 1	0	0
Provisions made during the year	5.000	0
Total provisions, December 31	**5.000**	**0**

Provisions are presented in the balance sheet as:	**2019**	**2018**
Non-current liabilities	5.000	0
Current liabilities	0	0
Total	**5.000**	**0**

Note 25 Related parties

Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below. Transactions to related parties could be loans, interest expenses on these loans, general payables and receivables and tax settlements.

(DKK'000)	Related Parties	
	2019	2018
Cost-related parties	(206)	(463)

There has during the year been transactions using own shares, for further see Statement of Changes in Equity.

There were no transactions with the Board of Directors or the Executive Board, besides remuneration. For information on remuneration, please refer to note 5.

Note 26 Going concern

The outbreak and the spreading of the COVID-19 outbreak in early 2020 have had a negative impact on the Group.

Due to the COVID-19 outbreak the Group is expecting a decline in revenues from canteen and restaurant activities, due to closure of all restaurants, the closure of a significant proportion of the Entity's operations of canteens as a result of the customers' sending home of their employees and the cancellation of and decline in orders in the catering branch of the Group.

The Group's revenue from retail have been index +100 compared to last year and are therefore trending positively during the current COVID-19 outbreak. In addition, the Group has to a reasonable extent managed to reduce the effects of this decline in revenue by cost savings.

After the balance sheet date, the majority of trade receivables have been settled, and therefore Management has not made an updated assessment of collectability. The need for write-down on new receivables in 2020 is assessed to be limited.

Management has assessed, that even with the use of the extended time for payment of VAT, withholding tax, social security contributions and salary compensation received, the Group is facing challenges with its cash flow. Therefore, at the beginning of the COVID-19 outbreak, Management has entered into agreements with several of the Group's largest customers and suppliers to ensure conditions that improve liquidity. As a result of these actions, Management's assessment is that the Group is guaranteed liquidity for its going concern the rest of the financial year.

Apart from this, no events related to going concern have been identified.

Note 27 Events after the balance sheet date

The Group has been negatively impacted by the COVID-19 outbreak, which took affect after the balance sheet date of 31 December 2019. An assessment has been made regarding the impact of the COVID-19 outbreak and affects on the going concern assessment, reference is made to note 26.

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

Financial Statements Parent Company

INCOME STATEMENT

(DKK'000)	Note	2019	2018
Other external expenses		(1.580)	(1.840)
Operating loss		**(1.580)**	**(1.840)**
Income from investments in group enterprises		(53.251)	(43.354)
Other financial expenses		(136)	(220)
Profit/(loss) before tax		**(54.967)**	**(45.414)**
Tax on profit/(loss)	2	(347)	406
Profit/(loss) and total comprehensive income for the financial year		**(54.620)**	**(45.008)**
Proposed distribution of loss			
Retained earnings		**(54.620)**	**(45.008)**

Balance sheet

ASSETS

(DKK'000)	Note	2019	2018
Investments in group enterprises		482.100	540.004
Investments in associates		3.249	1.777
Other investments		0	217
Deferred tax		224	125
Total fixed asset investments	3	**485.573**	**542.123**
Total fixed assets		**485.573**	**542.123**
Receivables from group enterprises		5.000	0
Other receivables		48.958	135
Income tax receivable		419	615
Prepayments		2	27
Receivables		**54.379**	**777**
Cash		**53**	**1.773**
Total current assets		**54.432**	**2.550**
Total assets		**540.005**	**544.673**

EQUITY AND LIABILITIES

(DKK'000)	Note	2019	2018
Contributed capital		7.684	6.956
Reserve for non-paid contributed capital		48.798	0
Retained earnings		482.786	536.878
Equity		**539.268**	**543.834**
Trade payables		212	245
Payables to group enterprises		150	594
Other payables		375	0
Current liabilities other than provisions		**737**	**839**
Liabilities other than provisions		**737**	**839**
Total equity and liabilities		**540.005**	**544.673**

Events after the balance sheet date	1
Contingent liabilities	4
Assets charged and collateral	5
Related parties with controlling interest	6

STATEMENT OF CHANGES IN EQUITY

(DKK'000)	Share capital	Reserve for non-paid contributed capital	Retained earnings	**Total equity**
Equity beginning of year	6.956	0	536.878	**543.834**
Increase of capital	728	48.798	528	**50.054**
Loss for the year	-	0	(54.620)	**(54.620)**
Equity end of year	7.684	48.798	482.786	**539.268**

Note 1 Events after the balance sheet date

The Group has been negatively impacted by the COVID-19 outbreak, which took affect after the balance sheet date of 31 December 2019. An assessment has been made regarding the impact of the COVID-19 outbreak and affects on the going concern assessment, reference is made to note 26.

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

Note 2 Tax on loss for the year

(DKK'000)	**2019**	**2018**
Current tax	(275)	(421)
Change in deferred tax	(103)	0
Adjustment concerning previous years	31	15
Total	**(347)**	**(406)**

Note 3 Fixed asset investments

(DKK'000)	Investments in group enterprises	Inverstments in associates	Other investments	Deferred tax
Cost at 1 January 2018	683.733	1.777	217	125
Transfers	0	217	(217)	0
Additions	24.000	1.255	0	99
Disposals	(43.604)	0	0	0
Cost at 31 December 2018	**664.129**	**3.249**	**0**	**224**
Impairment losses beginning of year	(143.729)	0	0	0
Amortisation of goodwill	(8.179)	0	0	0
Share of loss for the year	(45.072)	0	0	0
Reversal regarding disposals	14.951	0	0	0
Impairment losses end of year	**(182.029)**	**0**	**0**	**0**
Carrying amount at 31 December 2018	**482.100**	**3.249**	**0**	**224**

Note 4 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

Note 5 Assets charged and collateral

All assets are pledged to the company's bank liaison.

Note 6 Related parties with controlling interest

L+M International S.á r.l. as well as the executive board and the board of directors are related parties.

L+M International S.á r.l. owns majority of the shares in the Company and thereby has a controlling interest of the Company.

Only non arm’s-length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on an arm’s length bases.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

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

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 good-will and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 under equity.

Goodwill is the positive difference between cost 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 amounts of 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 re-sources of a temporary nature that cannot be separated and recognized as separate assets. Useful lives are reassessed annually. The amortization period is 10 years.
Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realizable value.

Deferred tax

Deferred tax is recognized 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 recognized for amortization 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 recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognized in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand.

Other financial liabilities

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