Menu Holding A/S

c/o Menu A/S, Århusgade 130, 1, DK-2150 Nordhavn

Annual Report for 1 March - 31 December 2018

CVR No 39 37 35 99

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28/5 2019

Allan Bach Pedersen
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Menu Holding A/S for the financial year 1 March - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Nordhavn, 28 May 2019

Executive Board

Danny Feltmann Espersen CEO	Mikkel Guldborg Bredmose CFO

Board of Directors

Søren Schriver Chairman	Bjarne Hansen	Allan Bach Pedersen

Independent Auditor's Report

To the Shareholders of Menu Holding A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 March - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Menu Holding A/S for the financial year 1 March - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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

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

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 28 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden statsautoriseret revisor mne32209	Michael Krath statsautoriseret revisor mne34155

Company Information

The Company	Menu Holding A/S c/o Menu A/S Århusgade 130, 1 DK-2150 Nordhavn CVR No: 39 37 35 99 Financial period: 1 March - 31 December Municipality of reg. office: København
Board of Directors	Søren Schriver, Chairman Bjarne Hansen Allan Bach Pedersen
Executive Board	Danny Feltmann Espersen Mikkel Guldborg Bredmose
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a one-year period, the development of the Group is described by the following financial highlights:

	Group
	2018
	TDKK
Key figures	
Profit/loss	
Gross profit/loss	55.831
Operating profit/loss	-1.140
Profit/loss before depreciations (EBITDA)	18.834
Adjusted profit/loss before depreciations (adj. EBITDA)*	21.151
Profit/loss before financial income and expenses	201
Net financials	-5.045
Net profit/loss for the year	-5.354
Balance sheet	
Balance sheet total	409.378
Equity	155.243
Cash flows	
Cash flows from:	
- operating activities	32.130
- investing activities	-342.671
including investment in property, plant and equipment	-5.868
- financing activities	317.640
Change in cash and cash equivalents for the year	7.099
Number of employees	61
Ratios	
Return on assets	0,0%
Solvency ratio	37,9%
Return on equity	-6,9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

* - The adjusted profit/loss before depreciations (adj. EBITDA) is calculated from EBITDA adjusted with special items cf. note 4.

Management's Review

The Consolidated Financial Statements of Menu Holding A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

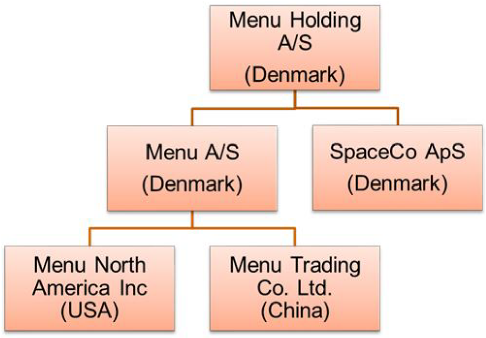
The Annual Report is the first for Menu Holding A/S and the Group.

Key activities

With financial impact from 1 January 2018, Designers Company ApS, has been merged into Menu A/S. Designers Company was previously the vehicle for all IP rights of the group. These has now been transferred to Menu A/S.

In 2018 the Group has begun the establishment of a new headquarter containing hotel, restaurant, cafe, concept store, boutique, co- working and event space under the name of "The Audo".

Followingly the activity of Menu Group consists of two legs. The main activity of design, development and sale of design products and the new brand promotion centre sitting in Menu A/S (plus subsidiaries) and SpaceCo ApS respectively.



Development in the year

The consolidated income statement of the Company for 2018 shows a loss of DKK 5.353.977, and at 31 December 2018 the consolidated balance sheet of the Company shows equity of DKK 155.243.435.

Management’s Review

The past year and follow-up on development expectations from last year

In 2018, ownership to Menu A/S and Designers Company has been transferred to Menu Holding A/S tand as part of the transaction a new entity, SpaceCo ApS, was established. At the end of the year the North American distributions rights was acquired from the previous American distributor.

The following will focus on Menu A/S (including subsidiaries) as activity in SpaceCo ApS (The Audo) has been insignificant in 2018.

The result for 2018 before special items, depreciations and amortisations, tax and financial income and expenses (Ajd. EBITDA) is TDKK 21.151 as outlined on page 6. The result realised for the current year are impacted by a range of special events resulting in extraordinary costs.

The transfer of ownerships resulted in transaction costs and bonus payments and subsequently a reorganization of the company and the management of the company has led to additional costs.

The acquisition of the North American distributions rights also incurred extraordinary costs for the transaction and the subsequent integration in the Group.

Capital structure

In relation to the change of ownership, the Group has entered into new financing agreements and in connection with the two add-on acquisitions a capital contribution from the company's owners of TDKK 36.329 was made. Management believes that the current capital structure provides sufficient flexibility to address the futurestrategy of the Group.

Strategy

Following the Group’s acquisition of the North American distribution rights and a material royalty agreement and a strengthened focus on hotels, Co-working spaces and other contract markets, management expects growth in activity as well as profitability in 2019.

Research and development

Development costs relating to the development of new products and markets are partly capitalized and partly recognised in expenses as incurred.

External environment

The Group’s operation has no significant impact on the external environment.

Intellectual capital resources

The employees are the Group’s most important resource, with main emphasis on design and product development.

Management's Review

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018 have not been affected by any unusual events.

Income Statement 1 March - 31 December

	Note	Group 2018 DKK	Parent Company 2018 DKK
Gross profit/loss		**55.830.837**	**-128.298**
Staff expenses	2	-36.996.225	0
Profit/loss before depreciations		**18.834.612**	**-128.298**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-18.634.014	0
Profit/loss before financial income and expenses	4	**200.598**	**-128.298**
Income from investments in subsidiaries		0	-1.661.303
Financial income	5	472.958	220.725
Financial expenses	6	-5.517.745	-4.826.624
Profit/loss before tax		**-4.844.189**	**-6.395.500**
Tax on profit/loss for the year	7	-509.788	1.041.523
Net profit/loss for the year		**-5.353.977**	**-5.353.977**

Balance Sheet 31 December

Assets

	Note	Group 2018 DKK	Parent Company 2018 DKK
Completed development projects		7.449.144	0
Acquired patents		20.432.375	0
Acquired trademarks		65.109.375	0
Acquired other rights		39.841.396	0
Goodwill		188.486.839	0
Intangible assets	8	**321.319.129**	**0**
Other fixtures and fittings, tools and equipment		6.864.050	0
Leasehold improvements		2.623.980	0
Property, plant and equipment	9	**9.488.030**	**0**
Investments in subsidiaries	10	0	299.212.096
Deposits	11	1.319.420	0
Fixed asset investments		**1.319.420**	**299.212.096**
Fixed assets		**332.126.579**	**299.212.096**
Finished goods and goods for resale		43.523.699	0
Prepayments for goods		345.597	0
Inventories		**43.869.296**	**0**
Trade receivables		20.923.841	0
Receivables from group enterprises		0	40.841.897
Other receivables	16	2.453.926	0
Deferred tax asset	14	0	1.041.523
Prepayments	12	2.905.192	0
Receivables		**26.282.959**	**41.883.420**
Cash at bank and in hand		**7.098.826**	**664.453**
Currents assets		**77.251.081**	**42.547.873**
Assets		**409.377.660**	**341.759.969**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2018 DKK	Parent Company 2018 DKK
Share capital		1.589.641	1.589.641
Retained earnings		153.653.794	153.653.794
Equity		**155.243.435**	**155.243.435**
Provision for deferred tax	14	19.810.016	0
Other provisions		115.285	0
Provisions		**19.925.301**	**0**
Other payables		35.871.233	30.871.233
Long-term debt	15	**35.871.233**	**30.871.233**
Credit institutions		171.253.317	155.494.517
Prepayments received from customers		2.747.869	0
Trade payables		17.555.922	46.500
Payables to group enterprises		16.915	65.107
Corporation tax		505.573	0
Other payables	15	6.258.095	39.177
Short-term debt		**198.337.691**	**155.645.301**
Debt		**234.208.924**	**186.516.534**
Liabilities and equity		**409.377.660**	**341.759.969**

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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	0	0	0
Exchange adjustments	0	-14.809	-14.809
Cash payment concerning formation of entity	500.000	0	500.000
Cash capital increase	1.089.641	157.513.081	158.602.722
Sale of warrants	0	1.166.820	1.166.820
Fair value adjustment of hedging instruments, beginning of year	0	236.574	236.574
Fair value adjustment of hedging instruments, end of year	0	202.758	202.758
Tax on adjustment of hedging instruments for the year	0	-96.653	-96.653
Net profit/loss for the year	0	-5.353.977	-5.353.977
Equity at 31 December	**1.589.641**	**153.653.794**	**155.243.435**

Parent Company

	Share capital	Retained earnings	Total
Equity at 1 January	0	0	0
Cash payment concerning formation of entity	500.000	0	500.000
Cash capital increase	1.089.641	157.513.081	158.602.722
Sale of warrants	0	1.166.820	1.166.820
Other equity movements	0	327.870	327.870
Net profit/loss for the year	0	-5.353.977	-5.353.977
Equity at 31 December	**1.589.641**	**153.653.794**	**155.243.435**

Cash Flow Statement 1 March - 31 December

	Note	Group 2018
		DKK
Net profit/loss for the year		-5.353.977
Adjustments	17	24.173.780
Change in working capital	18	23.435.477
Cash flows from operating activities before financial income and expenses		**42.255.280**
Financial income		472.959
Financial expenses		-5.517.740
Cash flows from ordinary activities		**37.210.499**
Corporation tax paid		-5.080.707
Cash flows from operating activities		**32.129.792**
Purchase of intangible assets		-58.709.398
Purchase of property, plant and equipment		-5.867.935
Fixed asset investments made etc		-991.551
Business acquisition		-277.101.857
Cash flows from investing activities		**-342.670.741**
Repayment of loans from credit institutions		147.078
Raising of loans from credit institutions		157.206.239
Raising of loans from group enterprises		16.916
Sale of warrants		1.166.820
Cash capital increase		158.602.722
Contribution of share capital		500.000
Cash flows from financing activities		**317.639.775**
Change in cash and cash equivalents		**7.098.826**
Cash and cash equivalents at 1 January		0
Cash and cash equivalents at 31 December		**7.098.826**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		7.098.826
Cash and cash equivalents at 31 December		**7.098.826**

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Staff expenses

	Group	Parent Company
	2018	2018
	DKK	DKK
Wages and salaries	33.090.627	0
Pensions	1.738.352	0
Other social security expenses	558.791	0
Other staff expenses	1.608.455	0
	36.996.225	**0**
Including remuneration to the Executive Board and Board of Directors	**1.027.989**	**0**
Average number of employees	**61**	**0**

At 10 April 2018, an incentive scheme was established comprising both the Board of Directors, the Executive Board and other executives and the scheme is made to maintain the management. The registered management has subscribed warrants for 19 % of the total amount. The scheme runs from 10 April 2018 to 31 December 2027. When an option has vested, the option holder may subscribe for one new share in Menu Holding A/S at a exercise price of DKK 100 with addition of 10% p.a. from the date of subscription.

As it is the Company’s practice to settle the schemes by way of shares (equity-settled share-based payment arrangements), no costs have been recognised in 2018.

Notes to the Financial Statements

		Group	Parent Company
		2018	2018
		DKK	DKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	16.453.220	0
	Depreciation of property, plant and equipment	2.180.794	0
		18.634.014	**0**
4	**Special items**		
	Double CFO	80.000	0
	Reduncancies	550.800	0
	Transaction costs	1.298.881	0
	Other expenses	387.745	0
		2.317.426	**0**
5	**Financial income**		
	Interest received from group enterprises	0	202.279
	Other financial income	284.183	1.428
	Exchange adjustments	171.757	0
	Exchange gains	17.018	17.018
		472.958	**220.725**
6	**Financial expenses**		
	Interest paid to group enterprises	0	1.199
	Other financial expenses	5.286.895	4.594.575
	Exchange adjustments, expenses	230.850	230.850
		5.517.745	**4.826.624**

Notes to the Financial Statements

		Group	Parent Company
		2018	2018
		DKK	DKK
7	**Tax on profit/loss for the year**		
	Current tax for the year	505.573	0
	Deferred tax for the year	4.215	-1.041.523
		509.788	**-1.041.523**

8 Intangible assets

Group

	Completed development projects	Acquired patents	Acquired trademarks	Acquired other rights	Goodwill	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	0	0	0	0	0	0
Net effect from merger and acquisition	14.316.632	160.802	0	0	4.748.253	19.225.687
Additions for the year	2.582.042	21.990.000	67.500.000	42.264.208	194.619.268	328.955.518
Cost at 31 December	16.898.674	22.150.802	67.500.000	42.264.208	199.367.521	348.181.205
Impairment losses and amortisation at 1 January	0	0	0	0	0	0
Net effect from merger and acquisition	6.578.293	124.716	0	0	3.705.847	10.408.856
Amortisation for the year	2.871.237	1.593.711	2.390.625	2.422.812	7.174.835	16.453.220
Impairment losses and amortisation at 31 December	9.449.530	1.718.427	2.390.625	2.422.812	10.880.682	26.862.076
Carrying amount at 31 December	**7.449.144**	**20.432.375**	**65.109.375**	**39.841.396**	**188.486.839**	**321.319.129**

Menus development activities is mainly related to Design and development of new products as well as development of tools for the actual production. The value of the recognized development projects is compared with expected earnings from the products.

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	0	0	0
Net effect from merger and acquisition	31.252.138	889.576	32.141.714
Additions for the year	5.013.496	2.618.362	7.631.858
Disposals for the year	-29.720	0	-29.720
Cost at 31 December	36.235.914	3.507.938	39.743.852
Impairment losses and depreciation at 1 January	0	0	0
Net effect from merger and acquisition	27.251.368	853.380	28.104.748
Depreciation for the year	2.150.216	30.578	2.180.794
Impairment and depreciation of sold assets for the year	-29.720	0	-29.720
Impairment losses and depreciation at 31 December	29.371.864	883.958	30.255.822
Carrying amount at 31 December	**6.864.050**	**2.623.980**	**9.488.030**

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent Company
	2018
	DKK
Cost at 1 January	0
Additions for the year	304.545.529
Cost at 31 December	304.545.529
Value adjustments at 1 January	0
Net profit/loss for the year	-27.086.898
Dividend to the Parent Company	-4.000.000
Other equity movements, net	327.870
Amortisation of goodwill	-10.780.135
Change in intercompany profit on inventories	-3.044.593
Other adjustments	39.250.323
Value adjustments at 31 December	-5.333.433
Carrying amount at 31 December	**299.212.096**
Remaining positive difference included in the above carrying amount at 31 December	249.746.369

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Menu A/S	Copenhagen	2.500.000	100%	49.453.937	-27.048.688
SpaceCo ApS	Copenhagen	50.000	100%	11.790	-38.210

Notes to the Financial Statements

11 Other fixed asset investments

	Group
	Deposits
	DKK
Cost at 1 January	0
Net effect from merger and acquisition	1.323.283
Additions for the year	205.378
Disposals for the year	-209.241
Cost at 31 December	1.319.420
Impairment losses at 1 January	0
Impairment losses at 31 December	0
Carrying amount at 31 December	**1.319.420**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

13 Distribution of profit

Retained earnings	-5.353.977
	-5.353.977

Notes to the Financial Statements

		Group	Parent Company
		2018	2018
		DKK	DKK
14	**Provision for deferred tax**		
	Intangible assets	21.280.554	0
	Property, plant and epuipment	1.197.944	0
	Other items	742.600	0
	Intercompany profit on inventories	-858.731	0
	Borrowing costs	-330.616	-165.000
	Tax loss carry-forward	-2.221.735	-876.523
	Transferred to deferred tax asset	0	1.041.523
		19.810.016	**0**
	Deferred tax asset		
	Calculated tax asset	0	1.041.523
	Carrying amount	**0**	**1.041.523**

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group	Parent Company
	2018	2018
	DKK	DKK
Other payables		
After 5 years	30.871.233	30.871.233
Between 1 and 5 years	5.000.000	0
Long-term part	35.871.233	30.871.233
Other short-term payables	6.258.082	39.177
	42.129.315	**30.910.410**

Notes to the Financial Statements

16 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group	Parent Company
	2018	2018
	DKK	DKK
Assets	202.758	0

17 Cash flow statement - adjustments

	Group
	2018
	DKK
Financial income	-472.958
Financial expenses	5.517.745
Depreciation, amortisation and impairment losses, including losses and gains on sales	18.634.014
Tax on profit/loss for the year	509.788
Exchange rate adjustment	-14.809
	24.173.780

18 Cash flow statement - change in working capital

Change in inventories	-6.969.295
Change in receivables	-6.882.958
Change in other provisions	15.285
Change in trade payables, etc	36.833.113
Fair value adjustments of hedging instruments	439.332
	23.435.477

Notes to the Financial Statements

	Group	Parent Company
	2018	2018
	DKK	DKK

19 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group 2018 DKK	Parent Company 2018 DKK
Floating company charge DKK 25 mio. in Trade receivables, stocks, plant and machinery, goodwill.	69.897.740	0

Rental and lease obligations

	Group 2018 DKK	Parent Company 2018 DKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	291.204	0
Between 1 and 5 years	171.421	0
	462.625	**0**
Rental obligations, non-cancellable period	6.648.545	0

Other contingent liabilities

The Parent Company has provided a charge on the shares in Menu A/S and has provided surety to-wards bank commitments in the subsidiaries Menu A/S and SpaceCo ApS.

The company has secured the Norwegian customs authorities NOK 1.0 million.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of P-Menu 2018 A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
P-Menu 2018 A/S	The Company is the parent Company and has the control in Menu Holding A/S.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

P-Menu 2018 A/S, København
DSH Holding ApS, Gentofte
Schriver & Co. ApS, Århus

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Menu Holding A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Menu Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to

Notes to the Financial Statements

21 Accounting Policies (continued)

fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

21 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Notes to the Financial Statements

21 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

21 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

Notes to the Financial Statements

21 Accounting Policies (continued)

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is 10 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5-20 years. determined on the basis of Management's experience with the individual business areas.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

21 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

21 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Notes to the Financial Statements

21 Accounting Policies (continued)

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$