Deloitte.

Meyers A/S

Ny Vestergade 2
5672 Broby
CVR No. 41810556

Annual report 2021

The Annual General Meeting adopted the annual report on 25.05.2022

Lizette Kjellerup
Chairman of the General Meeting

Contents

Entity details

Entity

Meyers A/S
Ny Vestergade 2
5672 Broby

Business Registration No.: 41810556
Date of foundation: 01.11.2020
Registered office: Faaborg-midtfyn
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Per Harkjær, chairman
Mads Ryum Larsen
Christopher Patric Masek

Executive Board

Jesper Uggerhøj, CEO
Lizette Kjellerup, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Meyers A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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

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

Copenhagen, 25.05.2022

Executive Board

Jesper Uggerhøj
CEO

Lizette Kjellerup
CFO

Board of Directors

Per Harkjær
chairman

Mads Ryum Larsen

Christopher Patric Masek

Independent auditor's report

To the shareholders of Meyers A/S

Opinion

We have audited the financial statements of Meyers A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 25.05.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000
Key figures		
Revenue	219,664	191,553
Gross profit/loss	85,961	69,643
Operating profit/loss	(36,323)	(34,148)
Net financials	(1,024)	(1,066)
Profit/loss for the year	(12,468)	(11,993)
Total assets	343,586	342,249
Investments in property, plant and equipment	4,168	139,544
Equity	223,595	236,062
Ratios		
Gross margin (%)	39.13	36.36
EBIT margin (%)	(16.54)	(17.83)
Net margin (%)	(5.68)	(6.26)
Equity ratio (%)	65.08	68.97

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

Gross margin (%):
Gross profit/loss * 100
Revenue

EBIT margin (%):
Operating profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Total assets

Primary activities

The object of the Company is to have activities within or to hold interests in companies with activities within canteens, catering lunch & event, restaurants, retail, bakeries, food courses, teambuilding and food consultancy.

Development in activities and finances

Revenue was DKK 220 million (DKK 192 million in 2020). The revenue has been impacted by the COVID-19 pandemic, which forced a countrywide lockdown from mid-March 2020. Meyers A/S operates a range of business units spanning from catering and events to bakeries, retail, food courses and consultancy and has been impacted by the COVID-19 pandemic, as they were either forced to close completely or operate at significantly lower levels of activity. However, some of the business as retail, bakeries, consultancy was not impacted by the pandemic, while the other business had a quickly bounce back when the country was reopening.

The income statement for 2021 shows an operating loss of DKK 36 million and a loss for the year of DKK 12 million and at 31 December 2021 the balance sheet shows equity of DKK 224 million.

Profit/loss for the year in relation to expected developments

In the annual report 2020, the management the revenue and result to normalize during the ending of the year. Due to a strongly impact by the COVID-19 pandemic the expectations were not met.

Outlook

COVID-19 still entails considerable uncertainty in relation to the impact of Meyers A/S activities. Management expects that revenue and result will normalize during the ending of year.
The company expects a revenue in 2022 of DKK 240 - 245 million and an operating profit (EBITDA) of DKK 5 - 10 million.

Statutory report on corporate social responsibility

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

Statutory report on the underrepresented gender

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

Statutory report on data ethics policy

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

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. Reference is made to note 1.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		219,663,512	191,553,339
Other operating income	2	4,460,325	3,635,873
Cost of sales		(104,206,278)	(89,558,702)
Other external expenses		(33,957,024)	(35,987,175)
Gross profit/loss		**85,960,535**	**69,643,335**
Staff costs	3	(99,316,513)	(84,915,389)
Depreciation, amortisation and impairment losses	4	(22,966,813)	(18,875,935)
Operating profit/loss		**(36,322,791)**	**(34,147,989)**
Income from investments in group enterprises		16,663,948	15,285,869
Income from investments in associates		0	(83,167)
Other financial income		23,831	48,000
Other financial expenses		(1,047,452)	(1,114,157)
Profit/loss before tax		**(20,682,464)**	**(20,011,444)**
Tax on profit/loss for the year	5	8,214,844	8,018,754
Profit/loss for the year	6	**(12,467,620)**	**(11,992,690)**

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	8	71,656	96,943
Acquired intangible assets		1,887,313	2,702,091
Acquired rights		1,712,000	1,712,000
Intangible assets	7	**3,670,969**	**4,511,034**
Plant and machinery		6,989,166	11,875,715
Other fixtures and fittings, tools and equipment		1,357,734	2,199,543
Leasehold improvements		18,907,037	26,402,226
Leased assets		22,751,414	29,262,900
Property, plant and equipment in progress		0	111,139
Property, plant and equipment	9	**50,005,351**	**69,851,523**
Investments in group enterprises		216,946,345	200,282,397
Other investments		100,000	0
Deposits		2,119,864	1,799,038
Financial assets	10	**219,166,209**	**202,081,435**
Fixed assets		**272,842,529**	**276,443,992**

Raw materials and consumables		6,801,224	8,175,661
Manufactured goods and goods for resale		1,696,953	2,544,193
Inventories		**8,498,177**	**10,719,854**
Trade receivables		42,056,155	30,405,781
Receivables from group enterprises		9,484,582	19,272,534
Receivables from associates		380,096	0
Deferred tax	11	1,907,742	0
Other receivables		1,101,605	1,417,895
Joint taxation contribution receivable		4,875,519	46,337
Prepayments	12	2,296,174	3,848,861
Receivables		**62,101,873**	**54,991,408**
Cash		**143,794**	**94,215**
Current assets		**70,743,844**	**65,805,477**
Assets		**343,586,373**	**342,249,469**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	13	400,000	400,000
Reserve for net revaluation according to the equity method		125,696,817	109,032,869
Reserve for development expenditure		55,892	75,616
Retained earnings		97,441,981	126,553,825
Equity		**223,594,690**	**236,062,310**
Deferred tax	11	0	1,431,583
Provisions		**0**	**1,431,583**
Lease liabilities		17,455,708	22,708,338
Deposits		113,938	0
Other payables	14	6,049,715	3,652,660
Non-current liabilities other than provisions	15	**23,619,361**	**26,360,998**
Current portion of non-current liabilities other than provisions	15	6,021,807	7,415,960
Prepayments received from customers		1,671,973	1,502,338
Trade payables		25,475,451	19,129,334
Payables to group enterprises	16	35,098,945	36,220,546
Other payables		26,481,011	14,126,400
Deferred income	17	1,623,135	0
Current liabilities other than provisions		**96,372,322**	**78,394,578**
Liabilities other than provisions		**119,991,683**	**104,755,576**
Equity and liabilities		**343,586,373**	**342,249,469**
Events after the balance sheet date	1		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm’s length related party transactions	21		
Group relations	22		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	109,032,869	75,616	126,553,825	236,062,310
Dissolution of reserves	0	0	(19,724)	19,724	0
Profit/loss for the year	0	16,663,948	0	(29,131,568)	(12,467,620)
Equity end of year	**400,000**	**125,696,817**	**55,892**	**97,441,981**	**223,594,690**

Notes

1 Events after the balance sheet date

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

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

2 Other operating income

	2021 DKK	2020 DKK
Wage compensation	4,234,886	3,635,873
Compensation regarding fixed costs	225,439	0
	4,460,325	**3,635,873**

3 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	86,964,066	72,529,344
Pension costs	6,809,157	6,132,029
Other social security costs	1,867,023	1,233,419
Other staff costs	3,676,267	5,020,597
	99,316,513	**84,915,389**
Average number of full-time employees	**212**	**194**

The management is remunerated in other Group companies, thus no management remuneration is incurred in Meyers A/S.

4 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	840,065	861,252
Depreciation of property, plant and equipment	19,214,500	17,960,257
Impairment losses on property, plant and equipment	2,469,167	0
Profit/loss from sale of intangible assets and property, plant and equipment	443,081	54,426
	22,966,813	**18,875,935**

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	(3,339,325)	(7,972,417)
Refund in joint taxation arrangement	(4,875,519)	(46,337)
	(8,214,844)	**(8,018,754)**

6 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	(12,467,620)	(11,992,690)
	(12,467,620)	**(11,992,690)**

7 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired rights DKK
Cost beginning of year	352,510	4,312,790	1,997,000
Cost end of year	**352,510**	**4,312,790**	**1,997,000**
Amortisation and impairment losses beginning of year	(255,567)	(1,610,699)	(285,000)
Amortisation for the year	(25,287)	(814,778)	0
Amortisation and impairment losses end of year	**(280,854)**	**(2,425,477)**	**(285,000)**
Carrying amount end of year	**71,656**	**1,887,313**	**1,712,000**

8 Development projects

Development projects relate to software and it projects. The projects contribute to improving processes in the company and are therefore capitalized. As part of the demerger development projects have been acquired.

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Leased assets DKK	Property, plant and equipment in progress DKK
Cost beginning of year	32,938,075	9,071,867	59,474,302	37,803,910	111,139
Transfers	12,502	0	92,856	0	(105,358)
Additions	327,589	0	622,667	3,217,995	0
Disposals	(1,186,110)	0	(3,209,650)	(1,670,250)	(5,781)
Cost end of year	**32,092,056**	**9,071,867**	**56,980,175**	**39,351,655**	**0**
Depreciation and impairment losses beginning of year	(21,062,360)	(6,872,324)	(33,072,076)	(8,541,010)	0
Impairment losses for the year	(1,066,389)	(146,447)	(1,256,331)	0	0
Depreciation for the year	(4,070,596)	(695,362)	(6,389,311)	(8,059,231)	0
Reversal regarding disposals	1,096,455	0	2,644,580	0	0
Depreciation and impairment losses end of year	**(25,102,890)**	**(7,714,133)**	**(38,073,138)**	**(16,600,241)**	**0**
Carrying amount end of year	**6,989,166**	**1,357,734**	**18,907,037**	**22,751,414**	**0**

As of 1 January 2020 IFRS 16 'Leases is applied for the first time. The Company has implemented IFRS 16 'leases' using the modified retrospective approach, see accounting policies. Leases comprises properties, cars and equipment. Carrying amount end of year includes properties (DKK 22,334 thousand), cars (DKK 1,144 thousand) and equipment (DKK 0 thousand).

10 Financial assets

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
Cost beginning of year	91,249,528	0	1,799,038
Additions	0	100,000	365,826
Disposals	0	0	(45,000)
Cost end of year	**91,249,528**	**100,000**	**2,119,864**
Revaluations beginning of year	109,032,869	0	0
Amortisation of goodwill	(1,226,000)	0	0
Share of profit/loss for the year	17,889,948	0	0
Revaluations end of year	**125,696,817**	**0**	**0**
Carrying amount end of year	**216,946,345**	**100,000**	**2,119,864**

Goodwill recognised in investments in group enterprises amounts to DKK 17,164,000.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Meyers Contract Catering A/S	Copenhagen	A/S	100
Massive Catering A/S	Copenhagen	A/S	100

11 Deferred tax

Changes during the year	2021 DKK	2020 DKK
Beginning of year	(1,431,583)	0
Recognised in the income statement	3,339,325	7,972,417
Divestment adjustment 01.01.2020	0	(9,404,000)
End of year	**1,907,742**	**(1,431,583)**

Deferred tax assets

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

12 Prepayments

Prepayments comprise prepaid expenses concerning rent, Madhus projects and other prepayments

13 Share capital

	Number	Par value DKK	Nominal value DKK
Share capital	400,000	1	400,000
	400,000		**400,000**

14 Other payables

	2021 DKK	2020 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	2,378,514	0
Holiday pay obligation	3,671,201	3,652,660
	6,049,715	**3,652,660**

15 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Lease liabilities	6,021,807	7,415,960	17,455,708	0
Deposits	0	0	113,938	0
Other payables	0	0	6,049,715	3,671,201
	6,021,807	**7,415,960**	**23,619,361**	**3,671,201**

16 Payables to group enterprises

The Company participates in a cash pool scheme with other companies within the Løgismose Meyers Group. Consequently, DKK 31,512 thousand of the Company's bank deposits is included in payables to group enterprises. Meyers A/S is jointly and severally liable with other participating Group entities for the total debt of DKK 254,671 thousand within the cash pool scheme.

17 Deferred income

Deferred income comprises incurred income for subsequent financial years.

18 Contingent liabilities

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

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

19 Assets charged and collateral

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

20 Related parties with controlling interest

Related parties with controlling interest in Meyers A/S:
Meyers Group ApS, Ny Vestergade 2, 5672 Broby (immediate parent company)
LM Group ApS, Ny Vestergade 2, 5672 Broby (immediate parent company)
Løgismose Meyers Holding ApS, Dampfærgevej 10, 1. tv, 2100 København Ø. (immediate parent company)
L+M International S.à r.l., Luxembourg (ultimate parent company)

21 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. During the financial year, related party transactions have been conducted on an arm's length basis besides the following transactions:

The Group does not recognized interest on intercompany balances.
Management fee incurred in the Company is not complete, as not all incurred cost in other Group entities i allocated appropriately.
The Company purchases goods from other entities within the Group for which the consideration is not on arm’s length basis.
The management is remunerated in other Group companies, thus no management remuneration is incurred in the Company.

22 Group relations

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

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

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

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

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

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

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

Business combinations
The booked value method is applied on demergers where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of restructuring without restatement of comparative figures. Under the booked value method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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

Income statement

Revenue

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

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

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

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

Other operating income

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

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

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

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

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

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise completed development projects, acquired intellectual property rights and acquired intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used is 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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

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

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

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

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

Estimated useful lives and residual values are reassessed annually.

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

Leases
As of 1 January 2020 IFRS 16 'Leases' has been applied instead of the principles in The Danish Financial Statements Act. The Company has implemented IFRS 16 'Leases' using the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard was recognized at 1 January 2020. Lease assets and lease liabilities have been recognized for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The right-of-use assets have been recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate.

The net profit and loss effect from implementing IFRS 16 'Leases' comprises to DKK 81k in gain.

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

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

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

- Reference rate
- Financing spread adjustment
- Lease specific adjustment

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

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

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

Exemptions in application of IFRS 16
The Company applies the recognition exemption for short-term leases, which are leases with a term less than one year and the recognition exemption for underlying assets of low value. Contracts covered by the exemptions amounts to DKK 626k in lease payments during the year.

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

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

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 in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used is 20 years.
Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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

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

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

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

Cash pool
The Company is part of a cash pool scheme with other companies within the Løgismose Group. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from group enterprises.

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

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the

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

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

Cash
Cash comprises cash in hand and bank deposits.

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

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Løgismose Meyers Holding ApS (smallest and largest group), the Company has not prepared a cash flow statement.