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WSH Denmark ApS

Axeltorv 2
1609 København V
CVR No. 43714376

Annual report 16.12.2022 - 31.12.2023

The Annual General Meeting adopted the annual report on 12.07.2024

Per Sørensen
Chairman of the General Meeting

Contents

Entity details

Entity

WSH Denmark ApS
Axeltorv 2
1609 København V

Business Registration No.: 43714376
Date of foundation: 16.12.2022
Registered office: København
Financial year: 16.12.2022 - 31.12.2023

Board of Directors

Jesper Uggerhøj, Chairman
Marc Bradley
Claus Meyer Nielsen
Alastair Dunbar Storey

Executive Board

Jesper Lykke Vacherhausen, CEO
Per Sørensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of WSH Denmark ApS for the financial year 16.12.2022 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 16.12.2022 - 31.12.2023.

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, 12.07.2024

Executive Board

Jesper Lykke Vacherhausen
CEO

Per Sørensen

Board of Directors

Jesper Uggerhøj
Chairman

Marc Bradley

Claus Meyer Nielsen

Alastair Dunbar Storey

Independent auditor's report

To the shareholders of WSH Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of WSH Denmark ApS for the financial year 16.12.2022 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 16.12.2022 - 31.12.2023 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 12.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Financial highlights

	2022/23 DKK'000
Key figures	
Revenue	593,187
Gross profit/loss	322,879
Operating profit/loss	(42,215)
Net financials	(10,618)
Profit/loss for the year	(45,833)
Balance sheet total	642,299
Investments in property, plant and equipment	28,948
Equity	227,267
Cash flows from operating activities	5,405
Cash flows from investing activities	(301,572)
Cash flows from financing activities	333,840
Ratios	
Gross margin (%)	54.43
Net margin (%)	(7.73)
Equity ratio (%)	35.38

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

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

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

WSH Denmark ApS is the parent company of the LM Group ApS and its subsidiary companies ("Meyers"). Meyers is a Danish food company working to contribute to the elevation of Danish food culture. Meyers is an active producer of quality foods, which also facilitates gastronomic courses, consultancy, and education alongside offering customers tasteful experiences through wholesome and healthy meals ranging from 'ready-made' to catering, canteens, restaurants and bakeries.

Business areas

Meyers operates across a broad spectrum of activities, all centred around the joy of a good meal. Activities include retail sales, wholesale and canteen operations, workplace lunch delivery and catering for special occasions to private consumers and companies alike. Furthermore, the company operates a range of craft bakeries and restaurants and the Madhuset in the bustling capital district of Nørrebro offers cooking classes and gastronomic team-building sessions, whilst also publishing cookbooks and handling food consultancy services for several public and private partners.

Head office

The head office is located at Dampfærgevej in Copenhagen.

Ownership and subsidiaries

WSH Denmark ApS was incorporated on 16 December 2022, as a subsidiary company of WSH Europe Limited, a company incorporated in the UK, within the UK-parented WSH group.

On 14 March 2023, WSH Denmark ApS acquired the entire share capital of LM Group ApS for cash consideration of DKK 320 million and intercompany funding to settle debts of DKK 132 million. As a result of this transaction, WSH Europe Limited owns 88.16% of the issued ordinary share capital of WSH Denmark ApS.

Development in activities and finances

2023 was a year of change for the business; the acquisition completed on 14 March 2023, resulting in a carve out of the Meyers group from the Løgismose group and thus significant associated costs and restructuring. Alongside this, the marketplace in which the underlying trading businesses operate has been challenging, characterised by rising inflation and increases in electricity and commodity prices, in turn putting pressure on our margins.

Revenue for the period was DKK 593.2 million, with Operating Profit (EBITDA) of DKK 16.1 million and an overall loss for the year of DKK 45.9 million. The result is derived from the underlying business activity of the group, as described above, for the period following acquisition to the period end. The results for the period are pleasing considering the acquisition and the margin pressures faced throughout.

The balance sheet shows equity of DKK 227.3 million as of 31 December 2023.

In assessing the group's ability to continue as a going concern, the directors have considered the performance of the business through 2023 and ongoing performance in 2024. The directors believe these results demonstrate the strength of the group and this coupled with its continued growth and the positive outlook for the business, together with the strength of the parent WSH, supports the directors' confidence that the group, with the support of the WSH group, can meet all its obligations as they fall due through to at least the end of 2025.

Outlook

The group expects to grow its activities in 2024 and beyond, with expected turnover of DKK 830.0 million and EBITDA of DKK 30.0 million. This will be achieved through both growth in the existing business as well as new business.

Statutory report on corporate social responsibility

Social and labor aspects

Meyers wants to be a workplace with an ability to attract, retain and develop the talents and passionate souls needed to accomplish the group's vision and mission.

Our greatest risk in this context is the ability to attract the skills necessary to maintain our current growth and development. Specifically, we focus on chefs, whom we have a particular need to retain. In this area, we also focus on ensuring that apprentice chefs are retained once they are fully trained and that our unskilled kitchen staff are motivated to pursue a chef training program while working in the group.

At the management level, we are also working with an increased focus on a balanced work life for administrative employees. We offer significant flexibility in meeting times and work locations, allowing each employee considerable freedom to organise their workday flexibly.

We insist on being a safe place to work with a goal of zero accidents; a healthy place to work, where good work-life balance and a general sound way of working is promoted. Likewise, we strive to be a company with a large degree of freedom under responsibility, and good options for professional development and personal growth.

Overall goals

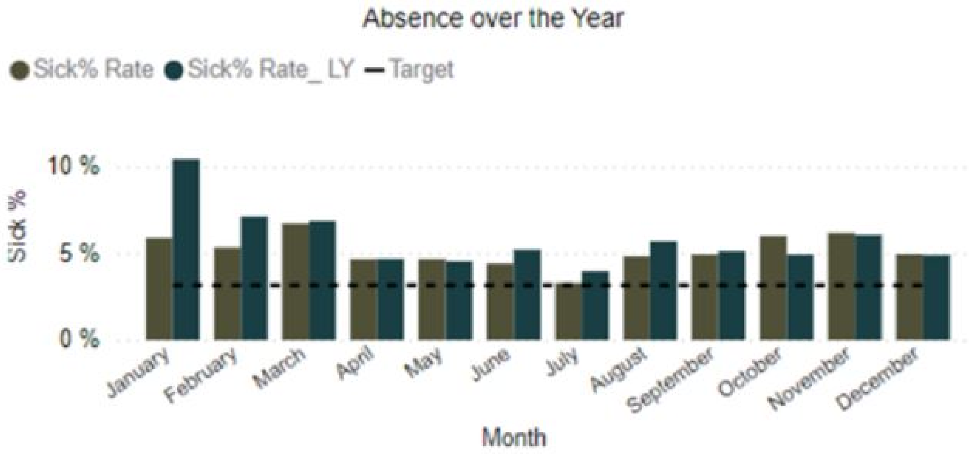
Throughout 2023, we have continued to monitor our efforts, so that we are increasingly data based in our work.

Our superior concrete goals for safety, health, and job happiness are:

- Safety is measured by - Accidents = 0
- Healthy is measured by – illness absence < 3.2 %
- Happiness is measured by – job happiness survey > score 4 or above.

During 2023 we repeated our effort on improved monitoring of accidents, which resulted in 37 accidents, the same as in 2022. Most accidents (15/37) are cutting. This is followed by falls and objects accidents (9/37 and 6/37). In 2023, we launched two campaigns aimed at reducing injuries. The first to prevent fall injuries and the second to prevent burn injuries. We have worked with corrective efforts in relation to these areas and will continue the efforts into 2024. For 2024, our goal is to reduce the number of accidents by 15%.

Health is measured by sick leave < 3.2%. In 2023, we had a total of 5.1%; the same level as in 2022. We are continuously working to minimise sickness and ensure the health of our employees.



In 2023 we have launched a new employee survey, which we refer to as 'job satisfaction survey'. The results in 2023 give a satisfactory average score of 4.2 (5 scale).

	Average Score
Madhus	4.2
Canteens	4.2
Restaurants	3.9
Bakeries	4.0
Large Kitchens	4.3
Service office	4.2
Meyers	4.2

Employee situation
We continue to experience an industry with a shortage of skilled labor, which presents recruitment challenges.

Our efforts to address the problem are focused on spreading awareness of Meyers as an attractive workplace for chefs and unskilled workers - and at the same time efforts to retain existing employees through close dialogue and development.

Respect, diversity, and well-being
Meyers has adopted a workforce policy stating that:

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

Our target is a 50:50 gender balance at any time, although never at the expense of skills. In 2023, 39% of all employees are women, which is 3% less compared to 2022. The gender balance for our management team in 2023 is 60:40 (male/female).

Action
In relation to employee replacements or new appointments within salary paid employees, we ensure to the best of our ability that the field of candidates includes both female and male candidates to achieve the goal of equal gender representation. However, this ambition may never overshadow candidate capabilities and the experience needed.

To achieve our objective, we aim to always have a woman among the final candidates in our recruitment process. This is not always achieved, as skills and experience relevant to the specific job are given the highest priority. We are working to ensure that there is always gender balance in the selection group during recruitment.

Human rights
Meyers complies with internationally recognised human rights. Inspired by the UN Guidelines for Human Rights and Business, we regularly monitor which human rights Meyers might find challenging to adhere to given our different business activities, in addition to what is already expected from us by law.

The Group's code of conduct for suppliers and business partners establishes that, as a business, we work according to, and support the UN Global Compact Principles for Human Rights and that we expect our business partners to do the same and to demonstrate the same level of honesty and integrity as we do. We have not identified any violation of human rights by our group in the financial year of 2023.

Our suppliers are obliged to show social responsibility and comply with all applicable national and international legislation as well as the conventions of the United Nations on social, environmental and ethical challenges. All our suppliers sign our code of conduct when we enter into agreements.

All our employees are employed in Denmark, where there is strong regulation in all human rights related areas. The risk of violation of human rights is consequently considered to be very limited. In addition, we are covered by collective agreements, which supplements with rules for additional insurance (pay, discrimination, child labor, etc.).

We continuously monitor potential risks related to human rights and take the necessary actions if we see any indications of violations hereof.

Action:
We ensure that all supplier agreements comply with human rights. Through this, we ensure that the raw materials and products we purchase are produced under responsible conditions, with reference to the impact on the environment, climate, and human rights. Suppliers and partners must guarantee compliance with legislation in this area and, at a minimum, adhere to the applicable laws in Denmark and the EU. Furthermore, suppliers are encouraged to follow The 10 Global Compact Principles by the United Nations.

Anti-corruption
The group has a Group Whistleblower Scheme to address the EU's directives in place. To provide extended professional and neutral evaluation, the Whistleblower system is handled externally by Lundgren Law firm. The group's risks related to combatting corruption primarily centers around our supply chain, which we estimate to contain a potential risk of corruption – particularly in our cooperation with foreign suppliers. One could also point to potential anti-competitive activities in connection with our public procurement procedures.

We have an anti-violation/anti-corruption policy, which is available to everyone on our employee app. All employees are encouraged to stay informed. At the end of 2023 we were still working on establishing the required employee training in anti-corruption, as currently we train employees ad hoc and without consistent registration. We aim to implement this in the coming year and thereby reaching our goal by 2024.

There have been no whistleblower reporting cases in 2023.

Climate and Environment

The world's food systems have an enormous environmental and climate footprint. For example, approximately 20% of our total climate footprint in Denmark stems from the food we consume. Therefore, as a food company, we see some of the greatest risks related to the climate and environment, and we have a responsibility to carefully weigh all our choices from a sustainability perspective and take an active position.

We have an ambitious sustainability strategy to significantly reduce our climate footprint. The footprint of the raw ingredients we use must be reduced by 50% by 2030 and 30% by 2025 per kilo of food using 2018 as the starting point. By 2023, we have reduced the climate footprint by 31%. This means that we have achieved our goal two years ahead of schedule.

Moreover, the operation of our kitchens, restaurants, bakeries, and other facilities must be CO2-neutral by 2025. Additionally, we have set goals concerning biodiversity, organic produce, animal welfare, local food production and food culture as well as educational, social and research partnership projects.

The following examples are some of our current sustainability initiatives:

- Across Meyers, we have fundamentally changed the way we cook, so that meals are increasingly built around vegetables with meat as an optional addition.
- We have established KPIs and salary bonuses for head chefs, who manage to reduce the use of meat as long as it doesn't compromise guest satisfaction.
- We have developed strict guidelines for the use of sustainable packaging.
- We bake 100% organic bread in our bakeries.
- We collaborate with producers and farmers on the islands of Lolland and Bornholm to bring some of the most interesting old Nordic legumes back into the soil. The first few tons have been harvested and will be used in our canteens.
- In 2023, we introduced stalls with organic legumes in selected stores in the supermarket chain, Meny, all over Denmark. This allows customers to fill bags with a diverse selection of Danish, organic legumes and get inspiration for using them at home.
- We have ensured that all electricity comes from renewable sources.
- We have implemented a CO2 reporting system enabling a continuous and close collaboration with our customers to reduce their climate footprint.

In 2023, we maintained our B Corp certification, which is a global standard for the difference a company makes in society. As a certified B Corp, we will be committed to comply with high standards socially, environmentally and in terms of transparency, and to document the actions behind our words.

Reducing food waste results in a decreased climate footprint as well as an increased awareness of food scarcity and overconsumption. We work purposefully to reduce food waste, for example, through four annual measurements in our canteens, which are translated into efforts to reduce serving waste, plate waste and production waste. Other initiatives include participation in 'Denmark against food waste', a voluntary agreement whose goal is to cut food waste in the Danish food industry in half by 2030.

We are careful not to misrepresent our sustainability efforts and we participate in a working group on fair climate communication on food together with authorities, organisations, research institutions and businesses to mitigate potential greenwashing in the food and retail industry.

Food quality

– a special focus on organic produce, animal welfare and unique products.

We continually work to improve the levels of organic produce, locally sourced goods and animal welfare. We aim to develop and promote new products and concepts with enough impact and innovation to inspire not only our own employees, but consumers and retail partners alike.

In 2023, 55.61% of our food by weight was organic and we therefore expect to reach our goal of 60% by 2025.

Current efforts encompass the following examples:

- Maintaining and strengthening ambitious minimum levels for organic produce and animal welfare.
- All canteens and production kitchens operate at levels of organic procurement corresponding with national labeling standards = 30,000 daily meals served with organic certification.
- Partnership with WWF focusing on sustainable fishing.
- Partnership with 'frontrunner' suppliers such as Fiskerikajen (certified by new national sustainable fishing program), Livø (biodynamic free-range cattle) and Birkemosegaard (biodynamic produce).

Health and social change

– a special focus on children's food education and social equilibrium

We know from many past and present initiatives that food and meals have a unique potential when it comes to releasing hidden resources in people who feel left out. We aim to contribute to positive social change through projects that focus on food, community and entrepreneurship and we see it as a crucial task to give children a good start to their food life.

Statutory report on the underrepresented gender

	2022/23
Supreme management body	
Total number of members	5
Underrepresented gender (%)	0.00
Target figures (%)	50.00
Year of expected achievement of target figures	2027

The Executive Board (supreme management body) of WSH Denmark ApS does not yet represent gender equlity, as it consists of five members, all male.

	2022/23
Other management levels	
Total number of members	10
Underrepresented gender (%)	40.00
Target figures (%)	50.00
Year of expected achievement of target figures	2027

The group management and extended management teams (other management levels) does represent gender equality, as it consists of 6 female members and 4 male members.

Although WSH Denmark was incorporated in 2022, the acquired Meyers group had joined 'The Gender Diversity Pledge' in 2021; 16 principles for promoting gender diversity launched by national organisation Danish Industry. By signing the pledge, we committed ourselves to working together to ensure that the business community as a whole reaches a goal of a 40/60 gender distribution by 2030.

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

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

We aim for 50/50 gender balance in the general composition of both boards by 2027 at the latest - in time to meet the UN Sustainable Development Goal nr. 5.

To meet this ambition, during 2023 we have been updating our process for recruitment overall, including encouraging diversity in our job-posts, updating our company presentation on the major job search portals and developing a new set of guidelines for our management teams in the search, as well as selection process. Some of these actions have been executed in 2023, and some are planned for the first half of 2024 as a part of our internal management training program.

The WSH Denmark Executive Board (supreme management body) was set as part of the new ownership during 2023, and with no changes in the positions since then, it has not been possible to affect the composition.

In our group management and extended management teams (other management levels) we have reached the ambition related to our pledge (60/40) and are now aiming towards our 2027 goal of a 50/50 balance with implementation of the actions as described above.

Statutory report on data ethics policy

Data ethics is generally about good practice when collecting, using and sharing data.

The group does not currently have a data ethics handbook for users but asks all employees to sign a declaration that in their employment they will comply with guidelines for the collection of personal data, and only use this data for what they are submitted for.

In addition, employees are trained in data security, and the company monitors and limits the use of personal and purchased data to only be used and stored for what the company is required to, in order to ensure proper accounting procedures and/or data processing. The company expects to form a policy for data ethics during 2024/2025.

The company does not use advanced artificial intelligence or algorithms to classify or segment data, nor do we record data for social, ethnic, religious or political purposes.

Events after the balance sheet date

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

Consolidated income statement for 2022/23

	Notes	2022/23 DKK
Revenue	2	593,186,846
Other operating income		8,128,458
Cost of sales		(232,034,782)
Other external expenses	3	(46,401,038)
Gross profit/loss		**322,879,484**
Staff costs	4	(306,745,252)
Depreciation and amortisation	5	(58,349,599)
Operating profit/loss		**(42,215,367)**
Other financial income	6	188,199
Other financial expenses	7	(10,806,134)
Profit/loss before tax		**(52,833,302)**
Tax on profit/loss for the year	8	7,000,687
Profit/loss for the year	9	**(45,832,615)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2022/23 DKK
Completed development projects	11	4,468,848
Acquired intangible assets		2,198,565
Customer contracts		514,286
Customer relationships		25,720,164
Brand		40,654,286
Acquired rights		1,412,000
Goodwill		323,538,341
Development projects in progress	11	123,760
Intangible assets	10	**398,630,250**
Plant and machinery		3,625,320
Other fixtures and fittings, tools and equipment		4,325,838
Leasehold improvements		9,536,460
Property, plant and equipment in progress		4,525,761
Property, plant and equipment	12	**22,013,379**
Other investments		100,000
Deposits		4,623,049
Financial assets	13	**4,723,049**
Fixed assets		**425,366,678**
Raw materials and consumables		11,946,599
Manufactured goods and goods for resale		4,890,137
Inventories		**16,836,736**

Trade receivables		116,711,256
Receivables from associates		391,499
Other receivables		26,866,910
Tax receivable		10,162,297
Joint taxation contribution receivable		1,320,098
Prepayments	14	6,971,173
Receivables		**162,423,233**
Cash		**37,672,675**
Current assets		**216,932,644**
Assets		**642,299,322**

Equity and liabilities

	Notes	2022/23 DKK
Contributed capital	15	27,310,000
Retained earnings		199,957,385
Equity		**227,267,385**
Deferred tax	16	7,350,791
Other provisions	17	2,258,012
Provisions		**9,608,803**
Deposits		235,589
Payables to group enterprises		178,636,670
Other payables	18	28,732,210
Non-current liabilities other than provisions	19	**207,604,469**
Bank loans		2,000
Prepayments received from customers		2,856,277
Trade payables		83,730,767
Payables to group enterprises		48,642,905
Other payables		62,586,716
Current liabilities other than provisions		**197,818,665**
Liabilities other than provisions		**405,423,134**
Equity and liabilities		**642,299,322**
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	21	
Non-arm's length related party transactions	22	
Group relations	23	
Subsidiaries	24	

Consolidated statement of changes in equity for 2022/23

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	0	40,000
Increase of capital	26,310,000	236,790,000	0	263,100,000
Decrease of capital	(40,000)	0	0	(40,000)
Capital increase by debt conversion	1,000,000	9,000,000	0	10,000,000
Transferred from share premium	0	(245,790,000)	245,790,000	0
Profit/loss for the year	0	0	(45,832,615)	(45,832,615)
Equity end of year	**27,310,000**	**0**	**199,957,385**	**227,267,385**

Consolidated cash flow statement for 2022/23

	Notes	2022/23 DKK
Operating profit/loss		(42,215,367)
Amortisation and depreciation		58,349,599
Other provisions		2,258,012
Working capital changes	20	3,996,994
Purchase price allocation adjustments, included in operating profit/loss		(8,681,441)
Cash flow from ordinary operating activities		**13,707,797**
Financial income received		188,199
Financial expenses paid		(10,806,132)
Taxes refunded/(paid)		2,314,781
Cash flows from operating activities		**5,404,645**
Acquisition etc. of intangible assets		(1,264,534)
Acquisition etc. of property, plant and equipment		(2,921,030)
Sale of property, plant and equipment		103,826
Acquisition of fixed asset investments		(1,198,082)
Sale of fixed asset investments		20,000
Acquisition of subsidiaries, net of cash acquired		(296,312,593)
Cash flows from investing activities		**(301,572,413)**
Free cash flows generated from operations and investments before financing		**(296,167,768)**
Loans raised		2,000
Incurrence of debt to group enterprises		60,738,443
Cash capital increase		273,140,000
Cash capital decrease		(40,000)
Cash flows from financing activities		**333,840,443**
Increase/decrease in cash and cash equivalents		**37,672,675**
Cash and cash equivalents end of year		**37,672,675**

Cash and cash equivalents at year-end are composed of:

Cash	37,672,675
Cash and cash equivalents end of year	**37,672,675**

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Revenue

	2022/23
	DKK
Denmark	593,186,846
Total revenue by geographical market	**593,186,846**
Canteens	293,939,886
Consumer Food	72,659,237
Events & lunch	157,242,397
Bakery	24,662,927
Restaurants	44,682,399
Total revenue by activity	**593,186,846**

3 Fees to the auditor appointed by the Annual General Meeting

	2022/23
	DKK
Statutory audit services	606,100
Other assurance engagements	280,000
Tax services	85,000
Other services	1,376,115
	2,347,215

4 Staff costs

	2022/23
	DKK
Wages and salaries	272,772,367
Pension costs	20,600,862
Other social security costs	6,956,273
Other staff costs	6,415,750
	306,745,252

Average number of full-time employees	**764**

	Remuneration of management 2022/23 DKK
Executive Board	3,001,302
Board of Directors	277,083
	3,278,385

5 Depreciation and amortisation

	2022/23 DKK
Amortisation of intangible assets	51,328,436
Depreciation on property, plant and equipment	7,095,175
Profit/loss from sale of intangible assets and property, plant and equipment	(74,012)
	58,349,599

6 Other financial income

	2022/23 DKK
Other interest income	157,163
Exchange rate adjustments	31,036
	188,199

7 Other financial expenses

	2022/23 DKK
Financial expenses from group enterprises	8,489,930
Other interest expenses	504,402
Exchange rate adjustments	7,881
Fair value adjustments	74
Other financial expenses	1,803,847
	10,806,134

8 Tax on profit/loss for the year

	2022/23 DKK
Current tax	466,220
Change in deferred tax	(7,466,907)
	(7,000,687)

9 Proposed distribution of profit/loss

	2022/23 DKK
Retained earnings	(45,832,615)
	(45,832,615)

10 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Customer contracts DKK	Customer relationships DKK	Brand DKK
Addition through business combinations etc	6,012,092	2,383,165	2,600,000	29,600,000	44,200,000
Additions	608,300	532,474	0	0	0
Cost end of year	**6,620,392**	**2,915,639**	**2,600,000**	**29,600,000**	**44,200,000**
Amortisation for the year	(2,151,544)	(717,074)	(2,085,714)	(3,879,836)	(3,545,714)
Amortisation end of year	**(2,151,544)**	**(717,074)**	**(2,085,714)**	**(3,879,836)**	**(3,545,714)**
Carrying amount end of year	**4,468,848**	**2,198,565**	**514,286**	**25,720,164**	**40,654,286**

	Acquired rights DKK	Goodwill DKK	Development projects in progress DKK
Addition through business combinations etc	1,412,107	362,486,788	0
Additions	0	0	123,760
Cost end of year	**1,412,107**	**362,486,788**	**123,760**
Amortisation for the year	(107)	(38,948,447)	0
Amortisation end of year	**(107)**	**(38,948,447)**	**0**
Carrying amount end of year	**1,412,000**	**323,538,341**	**123,760**

11 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.

12 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Addition through business combinations etc	4,920,414	4,723,937	12,847,142	3,535,773
Additions	0	1,561,887	342,695	1,016,448
Disposals	0	(1,432,446)	(44,920)	(26,460)
Cost end of year	**4,920,414**	**4,853,378**	**13,144,917**	**4,525,761**
Depreciation for the year	(1,295,094)	(1,846,705)	(3,953,376)	0
Depreciation on assets disposed of	0	21,566	0	0
Reversal regarding disposals	0	1,297,599	344,919	0
Depreciation end of year	**(1,295,094)**	**(527,540)**	**(3,608,457)**	**0**
Carrying amount end of year	**3,625,320**	**4,325,838**	**9,536,460**	**4,525,761**

13 Financial assets

	Other investments DKK	Deposits DKK
Addition through business combinations etc	100,000	3,444,967
Additions	0	1,198,082
Disposals	0	(20,000)
Cost end of year	**100,000**	**4,623,049**
Carrying amount end of year	**100,000**	**4,623,049**

14 Prepayments

Prepayments comprise prepaid expenses for rent and other prepayments.

15 Contributed capital

	Number	Par value DKK	Nominal value DKK	Recorded par value DKK
Ordinary shares (Voting rights)	13,889,000	1.00	13,889,000	13,889,000
Ordinary shares (No voting rights)	731,000	1.00	731,000	731,000
Preference shares	12,690,000	1.00	12,690,000	12,690,000
	27,310,000		**27,310,000**	**27,310,000**

16 Deferred tax

Changes during the year	2022/23 DKK
Recognised in the income statement	7,466,907
Other adjustment of deferred tax	(116,116)
End of year	**7,350,791**

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

17 Other provisions

The provisions represent management's judgement for potential future liabilities against contracts and are expected to be utilised over the period to December 2024.

18 Other payables

	2022/23 DKK
Holiday pay obligation	28,732,210
	28,732,210

19 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK	Outstanding after 5 years 2022/23 DKK
Deposits	235,589	0
Payables to group enterprises	178,636,670	35,727,334
Other payables	28,732,210	28,732,210
	207,604,469	**64,459,544**

20 Changes in working capital

	2022/23 DKK
Increase/decrease in inventories	1,332,844
Increase/decrease in receivables	(21,891,735)
Increase/decrease in trade payables etc.	24,555,885
	3,996,994

21 Unrecognised rental and lease commitments

	2022/23 DKK
Total liabilities under rental or lease agreements until maturity	17,076,467

22 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
CD&R and WSH JVco (UK) Limited, 300 Thames Valley Park Drive, Reading, United Kingdom, RG6 1PT.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
WSH Denmark ApS, Axeltorv 2, 1609 København V, Denmark.

24 Subsidiaries

	Registered in	Corporate form	Ownership %
LM Group ApS	Denmark	ApS	100.00
Meyers Group ApS	Denmark	ApS	100.00
Meyers A/S	Denmark	A/S	100.00
Meyers Contract Catering A/S	Denmark	A/S	100.00
Hahnemanns Køkken ApS	Denmark	ApS	100.00
Massive Catering A/S	Denmark	A/S	100.00

Parent income statement for 2022/23

	Notes	2022/23 DKK
Other external expenses		(245,833)
Gross profit/loss		**(245,833)**
Income from investments in group enterprises		(44,161,450)
Other financial income	2	6,593,244
Other financial expenses	3	(8,489,930)
Profit/loss before tax		**(46,303,969)**
Tax on profit/loss for the year	4	471,354
Profit/loss for the year	5	**(45,832,615)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2022/23 DKK
Investments in group enterprises		275,520,320
Receivables from group enterprises		132,054,900
Financial assets	6	**407,575,220**
Fixed assets		**407,575,220**
Receivables from group enterprises		46,593,235
Deferred tax	7	343,615
Joint taxation contribution receivable		127,739
Receivables		**47,064,589**
Cash		**135,152**
Current assets		**47,199,741**
Assets		**454,774,961**

Equity and liabilities

	Notes	2022/23 DKK
Contributed capital		27,310,000
Retained earnings		199,957,385
Equity		**227,267,385**
Payables to group enterprises		178,636,670
Non-current liabilities other than provisions	8	**178,636,670**
Trade payables		228,001
Payables to group enterprises		48,642,905
Current liabilities other than provisions		**48,870,906**
Liabilities other than provisions		**227,507,576**
Equity and liabilities		**454,774,961**
Events after the balance sheet date	1	
Employees	9	
Contingent liabilities	10	
Related parties with controlling interest	11	
Non-arm's length related party transactions	12	

Parent statement of changes in equity for 2022/23

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	0	40,000
Increase of capital	26,310,000	236,790,000	0	263,100,000
Decrease of capital	(40,000)	0	0	(40,000)
Capital increase by debt conversion	1,000,000	9,000,000	0	10,000,000
Transferred from share premium	0	(245,790,000)	245,790,000	0
Profit/loss for the year	0	0	(45,832,615)	(45,832,615)
Equity end of year	**27,310,000**	**0**	**199,957,385**	**227,267,385**

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Other financial income

	2022/23 DKK
Financial income from group enterprises	6,593,235
Exchange rate adjustments	9
	6,593,244

3 Other financial expenses

	2022/23 DKK
Financial expenses from group enterprises	8,489,930
	8,489,930

4 Tax on profit/loss for the year

	2022/23 DKK
Change in deferred tax	(343,615)
Refund in joint taxation arrangement	(127,739)
	(471,354)

5 Proposed distribution of profit and loss

	2022/23 DKK
Retained earnings	(45,832,615)
	(45,832,615)

6 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Addition through business combinations etc	319,681,770	0
Additions	0	132,054,900
Cost end of year	**319,681,770**	**132,054,900**
Amortisation of goodwill	(17,841,227)	0
Share of profit/loss for the year	(26,320,223)	0
Impairment losses end of year	**(44,161,450)**	**0**
Carrying amount end of year	**275,520,320**	**132,054,900**
Goodwill or negative goodwill recognised during the financial year	303,416,550	

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7 Deferred tax

	2022/23 DKK
Tax losses carried forward	343,615
Deferred tax	**343,615**

Changes during the year	2022/23 DKK
Recognised in the income statement	343,615
End of year	**343,615**

Deferred tax assets

The tax asset is recognised based on an expectation of utilisation through future profits.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK	Outstanding after 5 years 2022/23 DKK
Payables to group enterprises	178,636,670	35,727,334
	178,636,670	**35,727,334**

9 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

10 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

11 Related parties with controlling interest

WSH Europe Limited, 300 Thames Valley Park Drive, Reading, United Kingdom, RG6 1PT (immediate parent company).

CD&R and WSH JVco (UK) Limited, 300 Thames Valley Park Drive, Reading, United Kingdom, RG6 1PT (ultimate parent company).

12 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

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

Recognition and measurement

Financial assets

Trade and other debtors are classified as basic financial instruments and are initially recognised at transaction price. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment by assessing the credit risk associated with them.

If an asset is impaired the impairment loss is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Trade and other creditors including loans and amounts due to fellow group companies, are classified as basic financial instruments and are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Deposits held for future events are classified within other creditors. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

Foreign currency transactions are translated into the group functional currency using the spot exchange rates for the month of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

Income statement

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

The group has determined that where the performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the group as the food service and/or support service are rendered at the client site. In these circumstances, revenue is recognised at the amount which the group has the right to invoice, where that amount corresponds directly with the value to the customer of the group's performance completed to date. Where the group is selling directly to consumers, for example in a retail café, the performance obligation is satisfied at the point in time when the products are sold to the customer.

Services
Revenue is recognised when the following criteria have been satisfied:
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will be received;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Goods/Products
Revenue is recognised when the following criteria have been satisfied:
- The significant risks and rewards of ownership have been transferred to the customer;
- There is no continuing managerial involvement to the extent usually associated with ownership, nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will be received;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory write downs.

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

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

Depreciation and amortisation
Depreciation and amortisation relating to property, plant and equipment and intangible assets comprise depreciation and amortisation for the financial year.

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

Other financial income
Other financial income comprises interest income, including net capital or exchange gains on securities, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including net capital or exchange losses on securities, payables and transactions in foreign currencies 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 Parent is jointly taxed with all of its 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

Goodwill
Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over its useful economic life assumed to be 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress.

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 in the 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 are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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

Customer contracts
Customer contracts represent the fair values of acquired contractual relationships identifiable within a business

combination and are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value less accumulated amortisation and accumulated impairment losses. Customer contracts are amortised on a straight-line basis over their useful economic life assumed as one to three years.

Customer relationships
Customer relationships represent the fair value of acquired customer relationships which are non-contractual in their longer-term nature but are expected to provide future value to the business on an ongoing basis and are identifiable within a business combination. These are initially recognised at the fair value of future economic benefits and subsequently at fair value less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised on a straight-line basis over their useful economic life assumed as four to nine years.

Brand
Brand values represent the fair values of acquired brand names identifiable within a business combination and are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value less accumulated amortised and accumulated impairment losses. Brands are amortised on a straight-line basis over their useful economic lives assumed to be ten years.

Property, plant and equipment
Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements 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. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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 the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share 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 are 10 years.

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

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

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

Inventories
Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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.

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.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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 amortised cost.

Cash
Cash and cash equivalents comprise of both cash at bank and in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Other provisions
Provisions for liabilities
Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle the obligation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material.

Provisions are established for costs that will be incurred based on legislative and contractual requirements. These liabilities require the judgement of management as to the estimated costs, the timing of the cash flows and the discount rates to use to establish the net present value of the obligations. Sensitivities have been considered and it has been concluded that there are no generic assumptions used in the model that could result in a material change in the provision.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease. Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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.

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend. Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.