Credit policy

(Global policy for debtors and debt collection within MENU A/S)
Valid as per 1 November 2019

Purpose

This debtor and debt collection policy clarifies the procedures for working with revenue and receivables in the MENU Group. The policy is scoped to minimize risk of loss on bad debts. MENU is committed to the effective management and recovery of outstanding debts, whilst maintaining a fair, consistent and accountable approach to quality service. The finance department is responsible for debtor risk management. Outstanding debts are reviewed on a regular basis by Accounts Receivable/Finance to determine the most appropriate debt recovery action.

The purpose of this policy is also to standardize the administrative procedures regarding:

- Sales invoices and credit notes
- Creation of new customers
- Credit rating
- Debtor management
- Payment terms
- Debt collection
- Bad debt write-off and doubtful debt
- Accounting

Employees responsibility:
- Complying with the Credit policy.

Managers responsibility:
- Informing team members of the Credit Policy.
- Ensuring that their employees comply with the Credit Policy.

Accounting principles as stated in the consolidated accounts for MENU

Revenue is recognized in the income statement if delivery and the transfer of risk to the buyer has been accomplished by the end of the year, and if the income can be calculated reliably and its receipt expected. Revenue comprises the invoiced sales of the year, deducted duties, returned goods and volume discounts.

Receivables are measured at amortized cost price, which normally corresponds to the nominal value. Write-downs are made to meet the risk for losses, calculated based on an estimate of the debtor’s credit worthiness.
Sales support issues sales invoices and credit notes. A list of outstanding credits will be sent to BSMs on a monthly basis. This list must be reviewed and signed for approval by the BSM. The signed list must be archived in a special binder for audit purposes.

**Creation of new customers and credit ratings**

SAS creates the customer in AX and are responsible for collecting all master data.

Master data always include:
- Customer name
- Customer address
- Customer e-mail for invoicing and for the finance department
- Customer organization number/VAT number
- Agreed rebate structure
Credit policy framework

Credit is dependent on the following factors:
   a) Sales channel
   b) Credit insurance
   c) Geographical market (Approved vs non-approved)
   d) Product (SPEC/COM/SOR)
   e) Order size
   f) New or existing customer

The range of standard payment terms in the case where customer is approved for credit, are:

1. Contract
   a. 20 days net

2. Retail
   a. 30 days net
   b. SEPA Direct Debit (Available in most of Europe)
      i. 30 days minus 0,5% cash discount
      ii. 8 days minus 2% cash discount

but dependent on the bullets a) to f) as per above, different terms may apply. Please refer to flow charts in the appendix. Payment terms are entered in AX by finance only.

Other payment terms must be agreed with the CSO and CFO on beforehand and will not be accepted otherwise.

Prepayments occur in two instances:
   1. Where the customer is not deemed credit worthy (Cannot be insured) due to specific or general circumstances. E.g. All customers in markets like RU, GR and Asia are generally in this category.
   2. Where the type and size of the order calls for a commitment.

Credit insurance

Menu A/S works with credit insurance and in case a customer cannot be insured, prepayment is needed.

- Pre-approved market: Customers are granted a DKK 30k credit. We do not apply for credit insurance if below DKK 30,000.
- non-approved markets/customers Credit insurance is needed to avoid prepayment.
If the order is above DKK 30,000 please contact the Yvonne (YT) or Gabi (GLM) in the finance department for a credit rating. Based on the rating the finance department will evaluate the appropriate and possible credit limit for the customer.

If the rating is below expectations, the finance department will contact the sales department in order to agree appropriate prepayment/terms.

<table>
<thead>
<tr>
<th>Geographical market (Approved vs non-approved)</th>
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<tbody>
<tr>
<td>Regions</td>
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<tr>
<td>---------</td>
</tr>
<tr>
<td>Nordic</td>
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<tr>
<td>DACH</td>
</tr>
<tr>
<td>APAC</td>
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<tr>
<td>EXPORT &amp; Other</td>
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<tr>
<td>AMERICAS</td>
</tr>
</tbody>
</table>

If market is not explicitly mentioned above, here it is non-approved.

Product (SPEC/COM vs other)

In case of products from the warehouse the credit check is done at the time of taking the order and before shipment.

When we are having a direct delivery (SPEC/COM) credit check is done at the time of taking the order. Order confirmation and purchase cannot be sent until a “kreditmax” situation has been solved.

In case of SOR we will require 100% prepayment.

Order size

Orders below DKK 30,000 on pre-approved markets are accepted without credit insurance.

Orders above DKK 300,000 will always need 50% prepayment.

New customer

In case of a new customer we separate as follows:

- Contract: 100% prepayment are required. (Unless below DKK 30k in approved market)
- Retail: 100% prepayment are required if credit insurance is not possible. (Unless below DKK 30k in approved market)
Give aways:

All give aways should be marked as “medgift”. If a product is sent to a customer as part of an order and there is an agreed price on “the set” (e.g. pillows along with a chair), “medgift” cannot be used.

Loans, Samples/POS etc. (K-Men & K-Agent):

All loan of products to 3rd parties will be “charged” to the employee’s/Agents’s consignment inventory, which should be counted and accounted for each quarter. When loan has an RRP above EUR 500, a loan contract is to be prepared, signed and archived for documentation.

Product samples, POSmaterials etc. sent to agents are to be put on their consignment inventory. Each quarter agents are to count and account for their consignment inventory and report to Sales Support.

Finance will carry out occasional audits.

External Consignment inventories:
If you have external consignment inventories in your retail jurisdiction you are responsible for semi-annual counts beginning of January and July each year. Inventories are to be handed in before the 15th in the following month and show date of count. If large discrepancies are identified on a location that location should also be counted the following quarter.

Right to return:
MENU does not accept sale with right to return under any circumstances. All claims are to be handled by SAS.

Credit notes above DKK 25,000:
All credit notes above DKK 25,000 are to be approved by Head of Sales Support
Debtor management
Every month the finance team evaluates the aged debtor report. The aged debtor report is reported to management and owners on a consolidated basis. If any issues arise, the finance team will coordinate further actions and next steps.

Debt collection/dunning procedure

When customer invoices are due – but not paid – the following procedures apply:
- Customers are blocked for further delivery if invoices are due. Upfront payments may be needed for new orders.
- 14 days after due date dunning letter 1 is forwarded to the customer.
- After further 14 days dunning letter 2 is forwarded to the customer. The finance department will also contact the customer by phone if time allows. Interest will be charged in accordance with the General Terms and Conditions and customer will be receive warning for collection services.
- After another 14 days customer should be reported to Atradius for collection services.

A statement of account or an open item list is forwarded to the customer on a regular basis.

In general, below rules always apply:
- Overdue debt – no further delivery to the customer
- Late payments – credit limit is set at current balance plus DKK 1 and prepayments will be needed.

Bad debt write-off and doubtful debt

The finance team is responsible for bad debts write-off’s and accrual for bad debts. Twice a year the receivables are evaluated on an individual basis and appropriate reservations will be provided for. The CFO will approve all reservations. All write-off’s and reservations will be charged to the P/L and booked to the geography responsible for the specific debtor.

Accounting – prepayments, bad debts, etc.

Prepayments are booked to the customer account. At year end finance will need a total amount of prepayments booked to accounts receivable. Reservations for bad debt is recognized in the P/L on account 37350 and credited to 64330. Bad debt write-offs are recognized on the P/L on account 37300. The amount is cleared on the debtor account and 64330.
APPENDIX – FLOW CHARTS

A) Shipments from warehouse

Pre-Approved markets

Non-Approved markets
B) Direct shipments (SPEC/COM)

All markets

- Each morning the SAS Manager, will go through list from AX on orders missing Purchase and share with Finance team in order to release purchases and orders.
- SAS are to notify customers on Credit Maximums, if we are not able to release the Purchase, and inform on possible delays unless payment is made.
- Each afternoon SAS will update base data (“Leveringsopdateres”)