

**European Freeze Dry ApS**  
Karlebyvej 81  
4070 Kirke Hyllinge  
Central Business Registration No  
25312279

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 28.03.2017

### **Chairman of the General Meeting**

  
Name: Jørgen Jensen

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## Entity details

### Entity

European Freeze Dry ApS  
Karlebyvej 81  
4070 Kirke Hyllinge

Central Business Registration No: 25312279

Registered in: Lejre

Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Jørgen Jensen  
Thomas Marstrand  
Nicholas Andrew Vince  
Per Toft Valstorp

### Executive Board

Karsten Kejlhof

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Dokken 8  
Postbox 200  
6701 Esbjerg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of European Freeze Dry ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

Kirke Hyllinge, 28.03.2017

### Executive Board



Karsten Kejlhof

### Board of Directors



Jørgen Jensen



Per Toft Valstorp



Thomas Marstrand



Nicholas Andrew Vince

# Independent auditor's report

## To the shareholders of European Freeze Dry ApS

### Opinion

We have audited the financial statements of European Freeze Dry ApS for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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:

## Independent auditor's report

- 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.

## Independent auditor's report

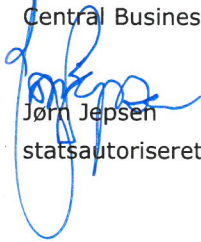
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 28.03.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Jørn Jepsen

statsautoriseret revisor

## Management commentary

### Primary activities

The company deals primarily with the production and sale of freeze dried food ingredients. The company also specializes in the contract freeze drying of food and non-food products, and with the production and sale of freeze dried meals and other freeze dried products for retail sale.

The company primarily operates in the European market, serving customers from two plants in Denmark and one plant in UK.

The company has experienced a positive development in it's toll drying activities, furthermore the company has worked on the launch of two new brands for the outdoor segment.

### Development in activities and finances

Profit for the year amounts to a profit of DKK 23,321k against a profit last year of DKK 10,619k. The equity amounts to DKK 52,788k as of 31.12.2016.

### 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.



## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
<b>Gross profit</b>		<b>39.166.766</b>	<b>27.224.486</b>
Staff costs	1	(22.100.013)	(17.073.864)
Depreciation, amortisation and impairment losses		<u>(4.179.682)</u>	<u>(4.246.805)</u>
<b>Operating profit/loss</b>		<b>12.887.071</b>	<b>5.903.817</b>
Income from investments in group enterprises		14.519.769	6.248.523
Other financial income		0	70.669
Other financial expenses	2	<u>(1.670.204)</u>	<u>(419.749)</u>
<b>Profit/loss before tax</b>		<b>25.736.636</b>	<b>11.803.260</b>
Tax on profit/loss for the year	3	<u>(2.416.000)</u>	<u>(1.184.136)</u>
<b>Profit/loss for the year</b>		<b><u>23.320.636</u></b>	<b><u>10.619.124</u></b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		5.500.000	750.000
Extraordinary dividend distributed in the financial year		0	49.650.000
Transferred to reserve for net revaluation according to the equity method		2.812.877	(12.458.492)
Retained earnings		<u>15.007.759</u>	<u>(27.322.384)</u>
		<b><u>23.320.636</u></b>	<b><u>10.619.124</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Land and buildings		25.082.257	26.143.482
Plant and machinery		21.523.750	20.830.716
Other fixtures and fittings, tools and equipment		707.392	6.165
<b>Property, plant and equipment</b>	4	<b><u>47.313.399</u></b>	<b><u>46.980.363</u></b>
Investments in group enterprises		14.987.507	40.259.984
<b>Fixed asset investments</b>	5	<b><u>14.987.507</u></b>	<b><u>40.259.984</u></b>
<b>Fixed assets</b>		<b><u>62.300.906</u></b>	<b><u>87.240.347</u></b>
Raw materials and consumables		0	24.600
<b>Inventories</b>		<b><u>0</u></b>	<b><u>24.600</u></b>
Trade receivables		7.336.723	12.781.785
Receivables from group enterprises		13.224.639	0
Deferred tax		800.000	962.000
Other receivables		66.872	128.694
<b>Receivables</b>		<b><u>21.428.234</u></b>	<b><u>13.872.479</u></b>
<b>Cash</b>		<b><u>647.943</u></b>	<b><u>92.865</u></b>
<b>Current assets</b>		<b><u>22.076.177</u></b>	<b><u>13.989.944</u></b>
<b>Assets</b>		<b><u>84.377.083</u></b>	<b><u>101.230.291</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		750.000	750.000
Reserve for net revaluation according to the equity method		0	2.592.969
Retained earnings		46.537.590	31.529.831
Proposed dividend		5.500.000	750.000
<b>Equity</b>		<b><u>52.787.590</u></b>	<b><u>35.622.800</u></b>
Mortgage debts		2.733.754	3.426.540
Bank loans		14.361.179	23.000.000
<b>Non-current liabilities other than provisions</b>	<b>6</b>	<b><u>17.094.933</u></b>	<b><u>26.426.540</u></b>
Current portion of long-term liabilities other than provisions	6	6.679.812	1.640.554
Bank loans		0	27.963.008
Trade payables		3.187.617	2.597.117
Payables to group enterprises		410.647	3.766.023
Income tax payable		0	454.000
Joint taxation contribution payable		1.104.558	0
Other payables		3.111.926	2.760.249
<b>Current liabilities other than provisions</b>		<b><u>14.494.560</u></b>	<b><u>39.180.951</u></b>
<b>Liabilities other than provisions</b>		<b><u>31.589.493</u></b>	<b><u>65.607.491</u></b>
<b>Equity and liabilities</b>		<b><u>84.377.083</u></b>	<b><u>101.230.291</u></b>
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## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Reserve for net revaluation according to the equity method DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>
Equity beginning of year	750.000	2.592.969	31.529.831	750.000
Ordinary dividend paid	0	0	0	(750.000)
Exchange rate adjustments	0	(5.405.846)	0	0
Profit/loss for the year	0	2.812.877	15.007.759	5.500.000
<b>Equity end of year</b>	<b>750.000</b>	<b>0</b>	<b>46.537.590</b>	<b>5.500.000</b>
				<b>Total DKK</b>
Equity beginning of year				35.622.800
Ordinary dividend paid				(750.000)
Exchange rate adjustments				(5.405.846)
Profit/loss for the year				23.320.636
<b>Equity end of year</b>				<b>52.787.590</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	16.139.593	13.406.587
Pension costs	1.889.164	1.039.117
Other social security costs	451.167	1.232.982
Other staff costs	3.620.089	1.395.178
	<b>22.100.013</b>	<b>17.073.864</b>
Average number of employees	<b>33</b>	
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Other financial expenses</b>		
Financial expenses from group enterprises	828.090	127.401
Interest expenses	745.510	216.680
Exchange rate adjustments	77.311	0
Other financial expenses	19.293	75.668
	<b>1.670.204</b>	<b>419.749</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Tax on current year taxable income	2.254.000	454.000
Change in deferred tax for the year	162.000	779.000
Effect of changed tax rates	0	(48.864)
	<b>2.416.000</b>	<b>1.184.136</b>

## Notes

	<b>Land and buildings DKK</b>	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>			
Cost beginning of year	44.545.548	36.880.955	878.510
Additions	360.281	3.449.155	703.282
<b>Cost end of year</b>	<b>44.905.829</b>	<b>40.330.110</b>	<b>1.581.792</b>
Depreciation and impairment losses beginning of the year	(18.402.066)	(16.050.239)	(872.345)
Depreciation for the year	(1.421.506)	(2.756.121)	(2.055)
<b>Depreciation and impairment losses end of the year</b>	<b>(19.823.572)</b>	<b>(18.806.360)</b>	<b>(874.400)</b>
<b>Carrying amount end of year</b>	<b>25.082.257</b>	<b>21.523.750</b>	<b>707.392</b>
<b>5. Fixed asset investments</b>			
Cost beginning of year			18.960.000
<b>Cost end of year</b>			<b>18.960.000</b>
Revaluations beginning of year			21.299.984
Exchange rate adjustments			(6.361.956)
Share of profit/loss for the year			14.519.769
Dividend			(33.430.290)
<b>Revaluations end of year</b>			<b>(3.972.493)</b>
<b>Carrying amount end of year</b>			<b>14.987.507</b>
	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:			
European Freeze Dry Ltd.	UK	Ltd	100,0

## Notes

	<b>Instalments within 12 months 2016 DKK</b>	<b>Instalments within 12 months 2015 DKK</b>	<b>Instalments beyond 12 months 2016 DKK</b>
<b>6. Liabilities other than provisions</b>			
Mortgage debts	679.812	640.554	2.733.754
Bank loans	6.000.000	1.000.000	14.361.179
	<b>6.679.812</b>	<b>1.640.554</b>	<b>17.094.933</b>

### 7. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

Bank debt is secured by way of mortgage deed registered to the mortgagor on properties of 28,000k nominal.

The carrying amount of mortgaged properties is 25,082k.

### Collateral security provided for subsidiaries and other group enterprises

The entity participates in a Danish joint taxation arrangement in which EFD Investment A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relation to the withholding of tax on interest, royalties and dividend for jointly taxed companies.

### 8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
EFD Investment A/S, Charlottenlund

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
EFD Investment A/S, Charlottenlund

## Accounting policies

### Reporting class

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

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

### Consolidated financial statements

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

### Changes in accounting policies

In 2016, the Entity has presented its financial statements with an income statement classified by nature. The financial statements for 2015 were presented with an income statement classified by function. The change from an income statement classified by function to an income statement classified by nature ensures a presentation that is more consistent with the Group's other companies. This change has not caused any changes in comparative figures compared to last year.

### 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.

### 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.



## Accounting policies

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, costs of sales and other external expenses.

#### 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises expenses incurred to earn revenue for the financial year. Cost of sales comprises costs direct and indirect costs for raw materials and consumables including in the production process.

#### 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 as well as social security contributions, pension contributions, etc for entity staff.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as 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.

#### Other financial income

Other financial income comprises interest income.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses, including interest expenses on payables to group enterprises, payables and foreign currency transactions, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## Accounting policies

### 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 the parent. 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

#### Property, plant and equipment

Land and buildings, plant and machinery as well as 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:

Buildings	10-33 years
Plant and machinery	3-14 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

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 according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

#### 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 and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

## Accounting policies

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 as well as 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.

### 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 tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

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

## Accounting policies

### **Income tax receivable or payable**

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