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New Nutrition Holding ApS

Saturnvej 51
DK-8700 Horsens
Central Business Registration No
36903775

Annual report 2017

The Annual General Meeting adopted the annual report on 07.03.2018

Chairman of the General Meeting

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Christen Steffensen

Contents

Company Details

Company

New Nutrition Holding ApS

Saturnvej 51, DK-8700 Horsens, Denmark

Central Business Registration No: 36903775

Board of Directors

Kjeld Johannesen, Chairman

Michael Specht Bruun, Deputy Chairman

Søren Dan Johansen, Deputy Chairman

Christoffer Erik Mathies Lorenzen

Sarah Bibi Vawda

Torben Gosvig Madsen

Executive Board

Søren Dan Johansen, CEO

Christen Steffensen, CFO

Company Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower

Værkmestergade 2

DK-8000 Aarhus C

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of New Nutrition Holding ApS for the financial year 1 January to 31 December 2017.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 31.12.2017 and of the results of their operations and cash flows for the financial year 2017.

In our opinion, the management review contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

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

Horsens, 07.03.2018

Executive Board

Søren Dan Johansen	Christen Steffensen

Board of Directors

Kjeld Johannesen Chairman	Michael Specht Bruun Deputy Chairman	Søren Dan Johansen Deputy Chairman
Christoffer Erik Mathies Lorenzen	Sarah Bibi Vawda	Torben Gosvig Madsen

Independent Auditor's Report

To the shareholders of New Nutrition Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of New Nutrition Holding ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 31.12.2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the 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 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.

Statement on the management review

Management is responsible for the management review.

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

Independent Auditor's Report

Statement on the management review (continued)

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review 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 review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent 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 review.

Management's responsibilities for the consolidated financial statements and 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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Parent'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 Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements and 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 the 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 Parent'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 Parent'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.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements and parent financial statements (continued)

- 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.

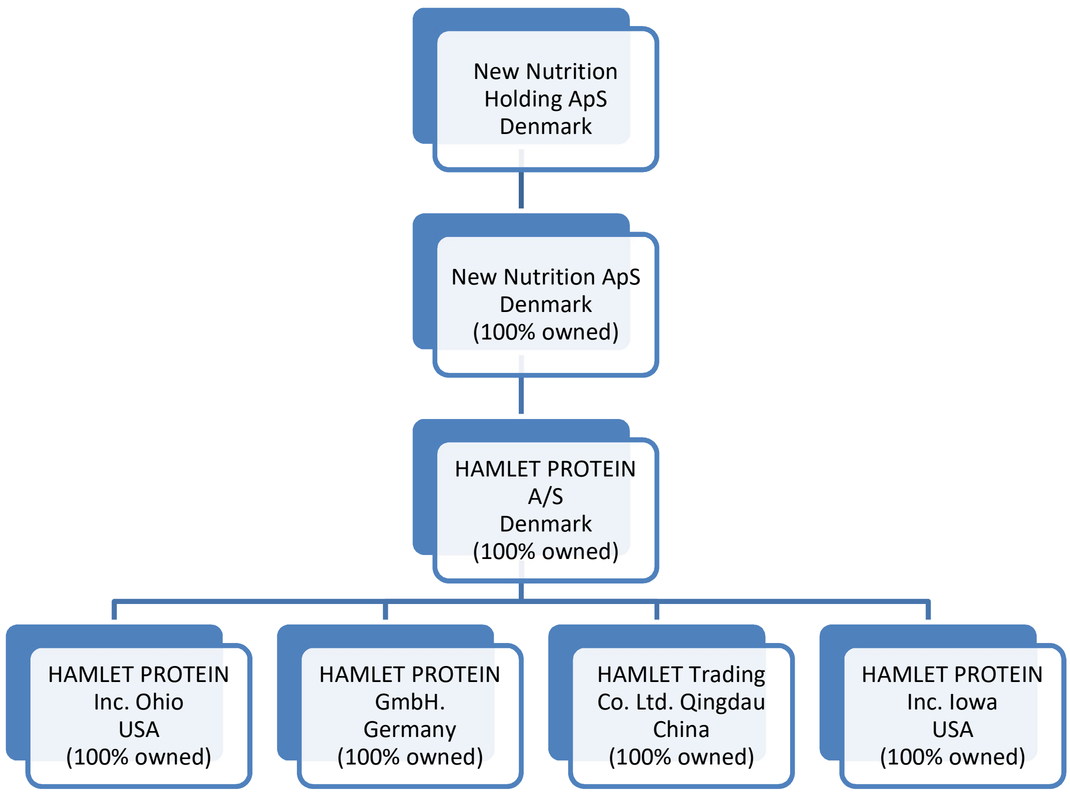
Aarhus, 07.03.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Thomas Rosquist Andersen
State-Authorised Public Accountant
Identification No (MNE) mne31482

Management Review

Group chart



Management Review

	2017 DKKm	2016 DKKm	2015 (26.05.-31.12.) DKKm
Group financial highlights			
Key figures			
Revenue	574,975	567,572	172,094
Gross profit	253,806	260,157	55,522
Operating profit before depreciation and amortisation and special items	55,767	70,334	16,246
Special items and non-recurring expenses	-15,074	-16,483	-39,585
Operating loss (EBIT)	-32,487	-17,638	-44,790
Loss for the period	**-50,969**	**-31,207**	**-46,092**
Total assets	**1,014,823**	**1,077,309**	**1,151,040**
Equity	**522,544**	**578,889**	**603,723**
Net cash flows from:			
Operating activities	23,371	-7,870	-35,411
Investing activities	-31,553	-73,215	-621,046
Portion relating to investment in property, plant and equipment	-34,706	-36,764	-45,398
Financing activities	-2,800	4,516	722,156
Total cash flows	**-10,982**	**-60,829**	**65,699**
Employees:			
Average number of fulltime employees	122	108	88
Ratios			
Operating margin (%)	9.7%	12.4%	9.4%
Gross margin (%)	44.1%	45.8%	32.3%
Return on assets (%)	-3.2%	-1.6%	-14.4%
Equity ratio (%)	51.5%	53.7%	53.5%
Return on equity (%)	-9.3%	-5.3%	-25.9%

The ratios have been prepared in accordance with the definitions on the following page.

Management Review

Explanation of ratios:

Ratios		**Calculation formula**
Operating margin (%)	=	Operating profit before depreciation, amortisation and special items x 100 / Revenue
Gross margin (%)	=	Gross profit x 100 / Revenue
Return on assets (%)	=	Profit before financials x 100 / Total assets, average
Equity ratio (%)	=	Equity end of year x 100 / Total assets
Return on equity (%)	=	Net profit for the year x 100 / Average equity

Management Review

Hamlet Protein Group

The objective of the parent company New Nutrition Holding ApS is to own shares and other financial instruments. In 2015, the parent company acquired all shares in the HAMLET PROTEIN A/S Group via the fully owned subsidiary New Nutrition ApS.

HAMLET PROTEIN A/S' business strategy is to develop, produce and sell vegetable protein solutions used in high value-add animal feed for young animals. The company services more than 50 countries from its two production facilities in Horsens, Denmark and Findlay, Ohio, USA.

The subsidiary, New Nutrition ApS is located in Denmark, and handles selected group functions.

The subsidiary, HAMLET PROTEIN A/S is located in Denmark, and handles the development, production and distribution of products globally, as well as selected group functions.

The subsidiary, HAMLET PROTEIN Inc., is located in Ohio, USA, and handles the production sales, and distribution of products, primarily to North America and Asia.

The subsidiary, Hamlet (Qingdao) Trading Co., Ltd. is located in Shandong, China, and handles import, sales and distribution to new customers in China.

The subsidiary, HAMLET PROTEIN GmbH is located in Germany, and handles direct sales to new customers in Germany speaking countries.
The subsidiary, HAMLET PROTEIN Iowa Inc. has no operating activities.

The Group is owned by New Nutrition Holding S.à.r.l., Luxembourg, which ultimately is owned by Goldman Sachs Group Inc. ("GS Group") and Altor Fund IV Holding AB.

Financial review

Overall, sales volume grew by 3% in 2017 comprising a soft first half year and an extremely busy second half year with high capacity utilisation at both plants. A change in country mix, however, and continued investments in long-term growth resulted in lower earnings. Net income for the year was -51 mDKK, which is 20 mDKK lower than last year.

Increased fertilisation allowances in Denmark resulted in increased protein levels in Danish grain as from the 2016 harvest, thereby reducing the use of additional protein sources such as Hamlet Protein in animal feed. Consequently, our main market in Denmark contracted significantly late 2016 resulting in reduced volume from the start of 2017. In addition, volumes remained negatively affected by the current trade embargo in Russia and Belarus regarding food products from EU.

Sales to the piglet segment in USA, China and Asia in general, however, continued recent year's strong growth trend and particularly in the second half-year Hamlet Protein accelerated sales to the poultry segment in Europe, Middle East and Africa. The calve segment in Western Europe stabilised in 2017 after a couple of years with historically low milk prices. By mid-year, the volume increases in new markets surpassed the volume loss in Denmark and especially fourth quarter showed significant growth over previous quarters and same period last year.

In all main markets, we have maintained or increased our strong market share through improved competitive positioning and expanded deployment of our own teams, mainly within piglets. We are solely specialized in young animals and the strong market position is maintained and expanded via profound and specific know-how within the individual animals, combined with ongoing documentation from an increasing number of feeding trials across the world.

Management Review

Financial review (continued)
As demand for safe and affordable meat products continues to grow in all regions of the world so does the demand for quality feed protein. The growth is supported by long-terem structural mega trends such as population growth, transition from backyard farming towards more industrialized farming practises as well as greater focus on antibiotic free feed practices and feed safety. Especially the North American and Asian markets have accounted for a considerable growth, driven by the need for continued optimisation while eliminating antibiotics in animal feed. Finally, demand is fostered by increased focus on feed security by reducing the use of animal protein in favour of secure, high-efficiency products such as HAMLET PROTEIN's soy-based products.

As an integral part of HAMLET PROTEIN’s DNA we continuously document the value-adding performance of HAMLET PROTEIN products in international trials, and at any one time, at least 30 feeding trials are underway at farms and universities. The 2017 investments in long-term growth include a significant strengthening of our Strategic Marketing and R&D activities with the aim to further broaden the knowledge of our products in future growth markets. Trials and study findings are published as meta-analyses, white papers and other technical documents, and all data is collected and analysed in accordance with recognized statistical standards.

At the HAMLET PROTEIN Innovation Center, we draw on our knowledge of bioavailability, biotechnology, bioconversion and the practical application of our feed ingredients to meet all these demands. Every year, we run hundreds of tests in our pilot production plant to verify efficacy and customer value. Many of our innovation projects are run in partnership with customers and external research institutes. Together, we aim to lead the way to bigger and better achievements within specialty proteins for young animals.

The 2017 investments in future growth also include strengthening and expansion of our sales organisations in significant future growth markets such as North America and China. In China Hamlet Protein opened a fully owned sales subsidiary early 2017 and the sales organisation has been strengthened and expanded during the year, successfully conducting own import and direct sales to large customers.

Hamlet Protein also opened a fully owned sales subsidiary in Germany in 2017 with the aim to support our distributors and to sell directly to large customers in German speaking countries.

Non-financial matters

Quality
Both our plants in Denmark and USA meet the criteria of the feed safety standard GMP+ and the food safety management standard ISO 22000. On top of that our strict Feed Safety Policy ensures full traceability of both GMO and non-GMO products, allowing any batch to be easily traced if need be. Every week, our laboratory team analyses 200 protein samples, taken round-the-clock from our production lines. These analyses are an important part of our customer service and guarantee of high product quality.

Shareholders
The Company is owned by New Nutrition Holding S.à.r.l., Luxembourg, which ultimately is owned by Goldman Sachs Group Inc. (“GS Group”) and Altor Fund IV Holding AB.

The Company's share capital is not divided into share classes, and the Company's articles of association do not stipulate any limits for ownership or voting right.

The Board of Directors regularly assesses whether the Company's capital structure is sound. The overall objective is to ensure that the Company's capital structure supports its growth strategy.

Management Review

The Board of Directors' duties
The Board of Directors of the Company ensures that the Executive Board complies with the decisions, strategies and business procedures adopted by the Board of Directors. The Board of Directors in New Nutrition Holding ApS meets according to a fixed schedule. In 2017, the Board of Directors held six meetings.

The Board of Directors does not rely on any subcommittees due to the size and complexity of the Company. Accordingly, the entire Board of Directors has focused on significant accounting policies and significant accounting estimates, transactions with related parties, if any, as well as uncertainties and risks in its financial reporting process. Together with the auditors, the quality of the Company's internal control systems is assessed on a regular basis, just as the auditors' independence is verified. Areas that are identified as particularly critical, such as foreign currency policy, procurement policy and insurance matters, are regularly discussed within the Board of Directors.

Specific risks
The pricing of the HAMLET PROTEIN's raw materials and finished goods is influenced by the price development on international commodity exchanges, which, together with the price development on substitute goods, will influence the Company's and customers' competitive situation, resulting in uncertainty about forecasted results.

A substantial part of the Company's products is sold to the agricultural sector. The market conditions for these customers are subject to high volatility, meaning that the market situation may change rapidly and be difficult to predict. HAMLET PROTEIN strives at encountering such conditions by setting up our production, sales and distribution channels as flexible as possible.

It is company policy to hedge risks on transactions denominated in selected foreign currencies and purchases of raw materials. The Company's exposure to changes in the interest rate of loans is regularly assessed, and interest hedging is made at group level. Currency risks on the investment in the US subsidiary have partly been hedged by means of taking up loans denominated in USD.

Impact on the external environment
Ever since we designed our production process in the early 1990s, we have focused on optimizing our use of energy and water and reducing waste. This means that the plant in Denmark is certified according to the ISO 50001:2011 energy management system standard and the plant in US is built on the same level of technology. Apart from steam consisting of water and carbon dioxide our emission is close to zero.

The objective at HAMLET PROTEIN is to maintain certified in accordance with ISO 50001:2011 in DK and prepare for certification in US in 2019.

On both factories, we have made considerable investments in thermal incineration plants, which mean that we are capable of reducing energy consumption per produced tonne of finished goods by more than 10%.

In general, our energy policy and measures taken contributed to a reduction of the Group's environmental impact in 2017.

Management Review

Research and development activities

In 2017, HAMLET PROTEIN incurred research and development costs for products for both new and existing customers. All development costs are capitalised in the balance sheet.

Statutory CSR report

Recommendations for active ownership and corporate governance for private equity funds

Being owned by equity funds, New Nutrition Holding ApS is subject to the guidelines for active ownership and corporate governance for equity funds and their controlled enterprises as issued by the Danish Venture Capital and Private Equity Association ("DVCA").

In general, New Nutrition Holding ApS complies with these guidelines & disclosure recommendations apart from areas where the Company's Management assesses that the disclosure of specific information will be detrimental to the Group's and the Company's competitive situation.

Corporate social responsibility

HAMLET PROTEIN strives to define its corporate social responsibility within the areas of energy and environment, responsible sourcing, organisation and human resource issues.

We believe that human rights should be observed and respected in all respects. Our predominant raw material is soy which we acquire partly from producers in South America, and we are aware that there is a potential risk of lacking compliance with human rights in the production chain. The risk is, however, mitigated by means of our policy for responsible sourcing of raw materials.

Responsible sourcing

HAMLET PROTEIN's objective is to be leading within product quality and product integrity, and we constantly strive to strengthen our supply chain towards sustainability but at the same time balancing the need for an effective and reliable flow of raw materials to our production units.

Our aim is always to use soy producers that demonstrate social and environmental responsibility.

We buy our raw materials from the world's leading soy producers in North and South America and have since day one paid a surcharge to meet our objectives, which has been proven since we achieved our ISO 22000 certification in 2005 including clear policy for sourcing SBM.

HAMLET PROTEIN solely buys soy from suppliers who are approved according to our quality management system before goods are delivered.

In the US, we buy from internationally recognised suppliers; either members of NOPA (National Oilseed processors Association) or related members.

Management Review

Responsible sourcing (continued)
In South America, we require the following from our suppliers:

- The supplier is not involved or supports the use of child labour, forced labour, discrimination or harassment
- The supplier supports voluntary unionism of employees and the right to negotiate collective agreements for all employees
- The supplier does not buy soy from land in the Amazon Biome cleared after 24 July 2006.
- The supplier does not buy soy grown from land where natives' residences have been removed after May 2009 – except if in accordance with national legislation
- The supplier supports the use of pesticides in accordance with local legislation, the Stockholm Convention and the Rotterdam Convention.

Alternatively, we require that our soy suppliers are certified according to the ProTerra Standard or committed to the Soy Moratorium or in any other way are able to document that they live up to the Basel Criteria (4th edition 16.02.2005).

Our goal is that minimum 90% of our soy supplies should comply with these conditions. In recent years, the compliance rate has exceeded this minimum.

As new and improved soy certification programmes become available, we will consider implementing these programmes in our standard basis for sourcing.

Organisation and employees
One of the Company's strategic drivers is to attract and retain qualified and motivated employees.

The Company provides its employees with a safe and healthy workplace and follows procedures intended to safeguard all employees and avoid workplace accidents and maintain compliance.

To maintain and improve its safety standards, the Company focuses on avoiding occupational accidents, and security in our facilities is our top priority. We have established Safety Committees that are committed to workplace safety, who regularly follow up and document workplace accidents. Industrial accidents are measured based on "the number of hours absent due to industrial accidents per million working hours". In 2017, this ratio accounted for 0,04% in HP A/S and for 0,0% in the US subsidiary.

To ensure and improve the general working environment, the Company follows up on staff turnover, capability development and absence due to sickness. We continuously work with a number of activities, which help in promoting an attractive and motivating working environment, which the Company wishes to offer to all its employees.

We work diligently and are dedicated to the recruitment and integration of new employees, just as we focus on maintaining and developing our employees' personal and professional skills. The annual performance reviews is an important part of these efforts.

2017 objectives for absence due to sickness, staff turnover and capability development
In HP A/S we measure short term and long term absence due to sickness. For 2017 short term absence due to sickness was 0,8 %, which is well below the objective of 2.5%. Absence due to sickness totalled 1,1% in the US subsidiary.

Management Review

At year-end, the Group had 126 employees, 3 independent consultants and 2 employed on a third party contract. 34 new employees were hired in and 21 employees left during 2017. Staff turnover represented 11%. The turnover was lower than expected for 2017. The Company is expected to have a turnover of approx. 15% in 2018.

In 2017, 88% of the performance reviews were performed in HP A/S. In the US subsidiary, 77% of performance reviews were carried out. We see this as very positive and as an indication that we focus on maintaining and developing our employees' professional and personal skills.

Account of the gender composition of management
New Nutrition Holding ApS' supreme governing body, the Board of Directors, consists at year end of one female and five male members. The continuous goal is to have at least one female board member. The goal is seen to be ambitious, given an industry in which the basis of recruitment primarily consists of men.

Our goal is to represent a minimum of 40% of each gender in other management levels within our enterprise. This goal is not fulfilled for 2017 as the gender composition was 66% male and 34% female by year-end. We have improved with approximately 4% from 2016 on the ratio for female managers.

We are an equal opportunity employer and aim at maintaining and reaching the gender ratio objective for each management group, but we will always employ the person who is best qualified for the job. Both male and female employees are encouraged to apply for internally advertised positions and to develop their skills and careers.

Post balance sheet events
No significant events have occurred subsequent to the financial year end.

Outlook
For 2018 we expect that the global trend towards increasing demand for quality protein will continue. We expect that the segments and regions driving our 2017 growth will continue and increase sales volume by 7-11% in 2018.

We will in 2018 continue to invest in future growth by increasing our production capacity, by further strengthening our global growth platform and by investments in our organization.

Through the combination of accelerated sales growth, and improved utilisation of our production facilities, we expect a 20-30% improvement in net earnings in 2018 compared to 2017.

Consolidated Income Statement 1 January – 31 December

	Note	2017 DKK'000	2016 DKK'000
Sale of goods		574,975	567,572
Total revenue		**574,975**	**567,572**
Changes in inventories of finished goods and work in progress		1,409	1,758
Raw materials and consumables used		-322,578	-309,173
Gross profit/loss		**253,806**	**260,157**
Other operating income	5	7,148	579
Other external expenses	6	-116,578	-112,721
Staff costs	4	-88,609	-77,681
Operating profit before depreciation, amortisation and special items		**55,767**	**70,334**
Depreciation	13	-42,986	-42,695
Amortisation	12	-30,194	-28,794
Operating loss before special items and non-recurring items		**-17,413**	**-1,155**
Special items and non-recurring items	7	-15,074	-16,483
Profit/loss before financial expenses and tax		**-32,487**	**-17,638**
Financial income	8	1,337	2,810
Financial expenses	9	-32,611	-24,768
Profit/loss before tax		-63,761	-39,596
Income tax expense	10	12,792	8,389
Net profit/loss for the year		**-50,969**	**-31,207**
Distribution of profit for the year			
Equity holders of the parent		-50,969	-31,207
		-50,969	**-31,207**

Consolidated Statement of Comprehensive Income
1 January – 31 December

	Note	2017 DKK'000	2016 DKK'000
Net profit/loss for the year		**-50,969**	**-31,207**
Other comprehensive income to be reclassified subsequently to profit or loss			
Net loss on cash flow hedge		1,571	-2,507
Exchange differences on translation of foreign operations		-6,947	1,580
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-5,376**	**-927**
Total comprehensive loss for the period, net of tax		**-56,345**	**-32,134**
Attributable to:			
Equity holders of the parent		-56,345	-32,134
		-56,345	**-32,134**

Consolidated Statement of Financial Position

	Note	2017 DKK'000	2016 DKK'000
Intangible assets	12	520,042	546,877
Intangible assets		**520,042**	**546,877**
Property, plant and equipment	13	325,184	364,475
Property, plant and equipment		**325,184**	**364,475**
Deposits		233	233
Deposits		**233**	**233**
Non-current assets		**845,459**	**911,585**
Inventories	14	30,582	31,991
Inventories		**30,582**	**31,991**
Trade and other receivables	15	103,981	79,484
Prepayments		1,752	676
Receivables		**105,733**	**80,160**
Cash and short-term deposits	16	33,049	53,573
Cash at bank and in hand		**33,049**	**53,573**
Current assets		**169,364**	**165,724**
Assets		**1,014,823**	**1,077,309**

Consolidated Statement of Financial Position

	Note	2017 DKK'000	2016 DKK'000
Share capital		6,534	6,534
Share premium		649,185	649,185
Retained earnings		-131,730	-77,299
Other components of equity		-1,445	469
Total equity attributable to the equity holders of the parent		**522,544**	**578,889**
Interest-bearing loans and borrowings	18	296,458	311,993
Government grants		358	511
Deferred tax liabilities	11	69,917	82,511
Long-term liabilities		**366,733**	**395,015**
Interest-bearing loans and borrowings	18	43,445	51,338
Trade payables and other payables	17	81,751	51,961
Government grants		92	106
Income tax payable		257	-
Short-term liabilities		**125,545**	**103,405**
Liabilities		**492,278**	**498,420**
Liabilities and equity		**1,014,823**	**1,077,309**

Consolidated Statement of Changes in Equity
1 January – 31 December

	Share capital DKK'000	Reserve for exchange adjustments DKK'000	Retained earnings DKK'000	Share premium DKK'000	Cash flow hedge reserve DKK'000	Total equity DKK'000
Equity at 1 January 2016	6,476	1,905	-77,299	649,185	-509	578,889
Profit/loss for the year	-	-	-31,207	-	-	-31,207
Other comprehensive income, net of tax	-	1,580	-	-	-2,507	-927
Total comprehensive income	-	1,580	-50,969	-	1,571	-56,345
Capital increases	58	-	-	5,783	-	5,841
Proceeds from sale of warrants	-	-	-	1,459	-	1,459
Equity at 31 December 2016	6,534	3,485	-77,299	649,185	-3,016	578,889
Equity at 1 January 2017	6,534	3,485	-77,299	649,185	-3,016	578,889
Profit/loss for the year	-	-	-50,969	-	-	-50,969
Other comprehensive income, net of tax	-	-6,947	-	-	1,571	-5,376
Total comprehensive income	-	-6,947	-50,969	-	1,571	-56,345
Equity at 31 December 2017	**6,534**	**-3,462**	**-128,268**	**649,185**	**-1,445**	**522,544**

Consolidated Cash Flow Statement

	Note	31.12 2017 DKK'000	31.12 2016 DKK'000
Net profit/loss for the year		-32,487	-31,207
Adjustment to reconcile loss to net cash flows:			
Depreciation	13	42,986	42,695
Amortisation	12	30,914	28,794
Other non-cash adjustments		2,125	13,487
Working capital adjustments:			
Change in trade and other receivables and prepayments		-20,548	9,630
Change in inventories		1,409	1,328
Change in trade and other payables		30,211	-29,070
Cash flows from operating activities		**54,610**	**35,657**
Interest received		1,337	102
Interest paid		-32,611	-21,652
Net cash flows before tax		**23,336**	**14,101**
Income tax paid		35	-6,237
Net cash flows from operating activities		**23,371**	**-7,870**
Proceeds from sale of property, plant and equipment		5,145	896
Purchase of property, plant and equipment		-34,706	-36,764
Change in payables related to acquisition of property, plant and equipment, etc.		-	-33,730
Purchase of intangible assets		-1,992	-3,384
Purchase of other assets		-	-233
Net cash flows from investing activities		**-31,553**	**-73,215**
Proceeds from the issuing of share capital (including at incorporation)		-	5,841
Proceeds from sale of warrants		-	1,459
Repayment of borrowings		-2,800	-2,784
Net cash flows from financing activities		**-2,800**	**4,516**

Consolidated Cash Flow Statement

	Note	31.12 2017 DKK'000	31.12 2016 DKK'000
Net decrease in cash		-10,982	-60,829
Net foreign exchange difference		-10	257
Cash and cash equivalents at 1 January		5,127	65,699
Cash and cash equivalents at 31 December	**16**	**-5,865**	**5,127**

Notes to the Consolidated Financial Statements

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Notes to the Consolidated Financial Statements

1. Business and background

The consolidated financial statements of New Nutrition Holding ApS (the "Company") and its subsidiaries (collectively, the Group) for the period 1 January 2017 to 31 December 2017 were approved by the management on 7 March 2018.

New Nutrition Holding ApS (the Company or the parent company) is a limited liability company incorporated and domiciled in Denmark. The registered office is located in Horsens.

The Group is principally engaged in the development, production and sale of vegetable protein solutions used in high value-add animal feed for young animals. Information on the Group's structure and on other related party relationships of the Group is provided in Note 23.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements according to the Danish Financial Statements Act.

The Company was established on 26 May 2015 and acquired all shares in HAMLET PROTEIN A/S and its subsidiaries on 18 September 2015.

The consolidated financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2017.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, that have been measured at fair value.

The consolidated financial statements are presented in DKK, which is the parent company's functional currency and the presentation currency of the Group, and all values are rounded to the nearest thousand (DKK’000), expect when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Notes to the Consolidated Financial Statements

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control and until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it will measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the separate statement of profit or loss caption "Special items".

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Notes to the Consolidated Financial Statements

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Foreign currency translation
For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in profit or loss as finance income or finance expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements is recognised in profit or loss as finance income or finance expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of New Nutrition Holding ApS (DKK), the statement of profit or loss is translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the end of the reporting period. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the end of the reporting period and on translation of the statement of profit or loss from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognised in the consolidated financial statements in other comprehensive income if the balance is denominated in the functional currency of the parent or the foreign entity.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

Notes to the Consolidated Financial Statements

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement
The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  or
- In the absence of a principal market, in the most advantageous market for the asset or liability
  The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial state-

Notes to the Consolidated Financial Statements

Summary of significant accounting policies (continued)

ments are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received of receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principle in all of its revenue arrangements, since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, which primary takes place ex works. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Other operating income

Other operating income comprise items of a secondary nature relative to the Group's core activities, including gains on the sale of certain non-current assets.

Raw materials and consumables used

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Group's core activities, including expenses relating to distribution, sale advertising, administration, premises, bad debts, payments under operating leases, etc.

Notes to the Consolidated Financial Statements

Employee benefit expenses

Employee benefit expenses comprise wages and salaries, pensions, social security costs and other related staff costs.

Special items and non-recurring expenses

Special items and non-recurring expenses include costs related to items not considered a normal part of the Group's operations and are shown separately in order to give a better view of the Group's recurring operating profit/loss.

Financial income and expenses

Finance income and costs comprise interest income and expense, gains and losses on receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in OCI or equity is recognised in OCI or equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations, in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the ability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, expect:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect or taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, expect:

Notes to the Consolidated Financial Statements

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect or deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part og the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	30 years
Plant and machinery	10 to 20 years
Equipment	3-10 years

Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecog-nised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Notes to the Consolidated Financial Statements

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. The Group has a present no finance lease.

An operating lease is lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Intangible assets
Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation (for intangible assets with finite lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either definite or indefinite.

Intangible assets with finite lives are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as amortisation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are demonstrated, and where the Group intends to complete and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised under research and development costs in the statement of profit or loss as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses.

A summary of the policies applied to the Group's intangible assets is as follows:

- Goodwill indefinite
- Technology, customer relationships and brand - amortised on a straight-line basis over 12 years
- Other intangible assets (development projects and software/licenses) – amortised on a straight-line basis over 3 to 10 years.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually (at 31 December) and when circumstances indicate that the carrying amount may be impaired.

Notes to the Consolidated Financial Statements

Impairment is determined for goodwill by assessing the recoverable amount being the highest of value in use and fair value less cost of disposal of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in two categories:
- Financial assets at fair value through profit or loss
- Loans and receivables

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Notes to the Consolidated Financial Statements

Loans and receivables is the most relevant category to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 15.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Notes to the Consolidated Financial Statements

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Notes to the Consolidated Financial Statements

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group recognises derivatives as at the transaction date. Derivate financial instruments are measured at fair value at initial recognition and at each reporting date.

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, expect for the effective portion of cash flow hedges, which is recognised in other comprehensive income, when later reclassified to profit or loss when the hedge item affect profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging exposure to variability in future cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or losses on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as finance costs.

  The Group uses foreign exchange contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as finance costs in profit or loss.

Notes to the Consolidated Financial Statements

- Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance cost is recognised or when a forecast sale occurs. Amounts previously recognised in OCI are transferred to the same item as the hedged item when the hedged item impacts the profit or loss.

Inventories
Inventories are measured at cost in accordance with the first-in/first-out method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Prepayments
Prepayments comprise expenses incurred concerning subsequent financial years.

Cash and short-term deposits
Cash and short term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

Equity
Equity includes total comprehensive income for the year, comprising the profit or loss for the year and other comprehensive income.

The translation reserve comprises the Group's share of accumulated exchange rate differences arising on translation of foreign entities from the entity's functional currency to presentation currency of the Group. The reserve for hedges includes the accumulated net change in the fair value of hedging transactions qualifying for cash flow hedge accounting.

The share premium reserve includes paid-in share premium and cash received from employees from sale of warrants. The share premium reserve is available for distribution.

Notes to the Consolidated Financial Statements

In the parent company, reserve for development costs comprises development costs recognised as assets since 1 January 2016 (net of amortisation and tax). The reserve cannot be used to distribute dividend or cover losses.

Cash flow statement
The statement of cash flows shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activity
Cash flows from operating activities are presented using the indirect method as the profit before tax adjusted for non-cash operating items, changes in working capital, restructuring costs paid, interest received and paid, and income tax paid.

Cash flows from investing activity
Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, and of intangible assets, property, plant and equipment and other non-current assets. The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the statement of cash flows from the acquisition date. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from financing activity
Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the acquisition and disposal of non-controlling interests, raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern
According to the regulations for preparation of financial statements, Management is required to determine whether the financial statements can be presented on a 'going concern' basis.

Notes to the Consolidated Financial Statements

Borrowings at year end in the amount of DKK 339,903 thousand are subject to usual financial covenants, which include leverage, interest coverage ratios and investment amounts. All such financial covenants were in compliance during the year and as at 31 December 2017.

Management has early 2017 entered into a new financing agreement with the lender ensuring a more flexible financing solution to better fit both the short and long term expectations regarding investment and growth profile.

Based on budgets, expectations of future cash flows, the new financing agreement, etc., Management has concluded that there are no factors giving reason to doubt whether the New Nutrition Holding Group can and will continue operations for at least 12 months from the balance sheet date.

Exchange rate – currency adoption
The Board of Directors considers the DKK as the currency that most fairly represents the economic effect of the underlying transactions, events and conditions. The DKK is the currency in which the Group measures its performance and reports its results, as well as the currency in which the majority of the business is undertaken by group subsidiaries and the Company received equity financing from its shareholder.

Business combination
In 2015 the Group has acquired business which resulted in an aggregate amount of goodwill of DKK 254,563 thousand, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. In the view of the management, embedded intangible assets (such as technology, brand, etc.) within the acquired businesses (together with a related contract, identifiable assets or liabilities) or arising from contractual or legal rights have been separated within the consolidated financial statements.

Considerable management judgement is necessary in the identification and valuation of identifiable assets acquired and liabilities assumed (including purchase price allocation). Such judgement is exercised based on careful analysis of the acquired business, their financial and commercial arrangements and expected economic benefits. The premise of value used in the valuation of intangibles for a purchase price allocation is fair value.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances arising that are beyond the control of the Group. Such charges are reflected in the assumptions when they occur.

Notes to the Consolidated Financial Statements

Impairment of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as amortisation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The estimated fair value is computed on the basis of the expected free cash flow from the cash-generating unit based on updated budgets and forecasts for the coming years. The calculated fair value is based on a number of assumptions and is by nature subject to uncertainty. The key assumptions and sensitivities are disclosed and further explained in Note 13.

Notes to the Consolidated Financial Statements

	2017 DKK'000	2016 DKK'000
4. Staff costs		
Wages and salaries	76,278	66,432
Pension costs (defined contribution plans)	4,469	3,341
Other social security expenses	2,904	3,876
Other staff expenses	4,958	4,032
	88,609	**77,681**
Remuneration to key management personnel		
Wages and salaries	7,771	7,575
Pensions (defined contribution plans)	546	433
	8,317	**8,008**
Average number of employees	**122**	**108**

Key management personnel comprise the CEO, CCO, CFO and VP Operations of the Group.

The key management personnel are eligible for bonuses, depending on EBITDA of operations.

Selected executive employees and members of the board of directors in New Nutrition Holding Group have in 2015 and 2016 acquired warrants in the parent New Nutrition Holding ApS at the fair value of the warrants. The warrants are fully vested and the warrants are exercisable in the period of 30 August 2025 to 30 September 2025, or if New Nutrition Holding ApS is sold or listed. However, exercise also requires that certain thresholds for increase in the fair value of the shares of the parent company are achieved.

In 2017 3,200 warrants have been re-acquired by the Group's parent company. At 31 December 2017, a total of 371,248 warrants have been issued of which 3,200 is held by the parent company.

	2017 DKK'000	2016 DKK'000
5. Other operating income		
Government grant	5,502	101
Gain on disposal of property, plant and equipment	107	82
Sale of raw materials	439	396
Loss of profit insurance	1,100	-
	7,148	**579**

Notes to the Consolidated Financial Statements

	2017 DKK'000	2016 DKK'000
6. Other external expenses		
Fees to the statutory auditors (Deloitte 2017, Ernst and Young 2016)		
Statutory audit	191	307
Other assurance services	0	0
Tax and VAT advisory	747	57
Other services	80	433
	1,018	**797**

Research and development costs

The Group's research and development concentrates on the development of products for both new and existing customers. Research and development costs that are not eligible for capitalisation have been expensed in the period incurred (in 2017, DKK 1,630 thousand (2016: DKK 2,975 thousand)) and recognised in other external expenses.

	2017 DKK'000	2016 DKK'000
7. Special items and non-recurring expenses		
Consultancy, strategy and legal compliance costs, etc., of a non-recurring nature	15,074	16,483
	15,074	**16,483**
8. Financial income		
Interest income, other	95	0
Interest income, related parties	246	102
Ineffectiveness of foreign exchange forward contracts	0	496
Total interest income on receivables and cash at amortised cost	**341**	**598**
Foreign currency exchange rate gains	996	2,212
Total financial income	**1,337**	**2,810**
9. Financial expenses		
Interest on interest-bearing loans and borrowings, etc.	15,292	17,708
Amortisation of borrowings costs	3,224	3,116
Other financial expenses	4,002	3,944
Total interest expenses on debts and borrowings at amortised cost	**22,518**	**24,768**
Foreign currency exchange rate loss	10,093	0
Total financial expenses	**32,611**	**24,768**

Notes to the Consolidated Financial Statements

	2017 DKK'000	2016 DKK'000
10. Income tax expense (income)		
Consolidated statement of profit or loss		
Current income tax charge	198	702
Deferred tax charge	-12,594	-9,091
Income tax expense (income) in the statement of profit or loss	**-12,792**	**-8,389**
Consolidated statement of other comprehensive income		
Income tax related to items directly in other comprehensive income:		
Net loss on cash flow hedge	444	707
Income tax recognised in other comprehensive income	**444**	**707**

Explanation of income tax expense (income):

	2017 DKK'000	2016 DKK'000
Reported accounting loss before tax	**-63,761**	**-39,596**
Calculated tax charge at Denmark's statutory income tax rate of 22%	-14,027	-8,711
Tax rate deviations in foreign entities, net	58	36
Tax impact from acquisition-related costs and other permanent difference	1,177	286
Income tax expense (income) reported in the consolidated income statement	**-12,792**	**-8,389**
Effective tax rate for the year	**20.0%**	**21.1%**

Notes to the Consolidated Financial Statements

11. Deferred tax

Deferred tax relates to the following:

Consolidated statement of financial position

	2017 DKK'000	2016 DKK'000
Property, plant and equipment	-29,405	-32,804
Intangible assets	-58,593	-63,509
Interest-bearing loans and borrowings	1,815	1,432
Losses available for offsetting against future taxable income	16,267	12,370
Net deferred tax liabilities	**-69,917**	**-82,511**

Consolidated income statement/other comprehensive income

	2017 DKK'000	2016 DKK'000
Property, plant and equipment	-3,399	2,816
Intangible assets	-4,916	-6,855
Interest-bearing loans and borrowings	-383	-422
Losses available for offsetting against future taxable income	-3,896	-4,600
Deferred tax expense (income)	**-12,594**	**-9,061**

Reconciliation of deferred tax liabilities, net

	2017 DKK'000	2016 DKK'000
Opening balance	-82,511	-91,602
Taxable income during the period recognised in profit or loss	12,594	9,091
Closing balance at 31 December	**-69,917**	**-82,511**

The Group offsets tax assets and liabilities only if it has a legally enforceable right to do so and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Tax losses relate primarily to the US activities. These losses have an expiration of 20 years, but are expected to be utilized within the next six years.

Notes to the Consolidated Financial Statements

12. Intangible assets

DKK'000	Goodwill	Technology	Customer relation-ships	Brand	Other intan-gible assets	Total
Cost						
At 31 December 2015	254,563	174,306	114,300	35,900	3,467	582,536
Additions		2,466			918	3,384
Disposals		-774				-774
Foreign exchange adjust-ments		2				2
At 31 December 2016	**254,563**	**176,000**	**114,300**	**35,900**	**4,385**	**585,148**
Additions		1,992				**1,992**
Transfer		1,654				**1,654**
Disposals		-662				**-662**
At 31 December 2017	**254,563**	**178,984**	**114,300**	**35,900**	**4,385**	**588,132**
Amortisation and im-pairment 31 December 2015		4,319	4,790	860	280	10,249
Amortisation		15,366	9,350	2,992	1,086	28,794
Disposals		-774				-774
Foreign exchange adjust-mens		2				2
At 31 December 2016		**18,913**	**14,140**	**3,852**	**1,366**	**38,271**
Amortisation		16,766	9,350	2,992	1,086	30,194
Disposals		-662				-662
At 31 December 2017		**35,304**	**23,490**	**6,844**	**2,452**	**68,090**
Carrying amount						
at 31 December 2017	**254,563**	**143,680**	**90,810**	**29,056**	**1,933**	**520,042**
at 31 December 2016	**254,563**	**157,087**	**100,160**	**32,048**	**3,019**	**546,877**

Except for goodwill, all other intangible assets have finite useful lives and are amortised according to the Group's accounting policies. Goodwill is tested for impairment annually.

All of the intangible assets are related to the acquisition of HAMLET PROTEIN Group in 2015.

Notes to the Consolidated Financial Statements

Estimates used to measure recoverable amount of goodwill
The recoverable amount is determined on the basis of the fair value less costs of disposal determined using a discounted cash flow valuation model. The Valuation model uses certain key assumptions as described below. The key assumptions are revenue growth, operating profit before depreciation, amortisation and special items (EBITDA) and discount rates.

Fair value cash flow projections used in the impairment test are based on financial budgets and forecasts approved by Management covering the subsequent financial year and thereafter forecasts covering a period of 3 years. The assumptions applied in the short to medium term are based on Management's expectations as to the operational development and planned growth in sales and production capacity. The following 4 years after the management forecasts have been normalised to the expected terminal growth rates. The terminal growth rates applied to the period beyond this period do not exceed an expected weighted long-term average growth rate, including inflation, for the main countries in which the Group operates.

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated into the cash flow projections. The discount rate calculation is based on the Group's specific circumstances and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investments by investors.

Uncertainties reflecting historical performance and possible variations in the amount or timing of the future cash flows are generally reflected in the discount rates.

Carrying amount of goodwill and key assumptions
At 31 December 2017, the carrying amount of goodwill related to the 2015 acquisition of Hamlet Protein Group is DKK 254,563 thousand. The goodwill has been allocated to the Hamlet Protein Group taken as a whole.

The following key assumptions have been used in the impairment testing at 31 December:

	2017	2016
Long-term growth in revenue	2.0%	2.0%
Long-term growth in EBITDA	2.0%	2.0%
Discount rate, post tax	8.6%	10.5%
Discount rate, pre-tax	11.0%	13.2%

Further, the impairment test is based on certain key assumptions related to the phasing in of sales and earnings growth as well as expansion of production capacity in the coming years. The impairment test shows no impairment.

Notes to the Consolidated Financial Statements

Sensitivity analysis
A sensitivity analysis of the key assumptions in the impairment testing is presented below. Changes in the applied key assumptions may lead to future impairment losses.

A decrease in the long-term growth in EBITDA of 1 percentage point will decrease the head room of the impairment test in the range of DKK 126 million calculated at 31 December 2017, all other things being equal.

An increase in the discount rate applied (post tax) of 0.5 percentage point will decrease the head room of the impairment test in the range of DKK 123 million calculated at 31 December 2017, all other things being equal.

Notes to the Consolidated Financial Statements

13. Property, plant and equipment

DKK'000	Land and buildings	Plant and equipment	Other equip-ment	Construction in progress	Total
Cost					
at 31 December 2015	79,875	281,548	6,129	9,026	376,578
Additions	1,283	26,328	1,377	7,776	36,764
Disposals	-	-362	-472	-	-834
Foreign exchange adjustments	1,244	5,643	48	217	7,152
Transfer	-	6,855		-6,855	-
at 31 December 2016	**82,402**	**320,012**	**7,082**	**10,164**	**419,660**
Additions	1,650	12,491	2,133	18,432	34,706
Disposals	-5,542	-63	-493	0	-6,098
Foreign exchange adjustments	-5,445	-29,580	-66	-52	-35,143
Transfer	0	804	247	-2,705	-1,654
At 31 December 2017	**73,065**	**303,664**	**8,903**	**25,838**	**411,471**
Depreciation and impairment					
at 31 December 2015	1,710	9,000	492	-	11,202
Depreciation	3,781	37,279	1,645	-	42,705
Disposals	-	-20		-	-20
Foreign exchange adjustments	96	1,198	14	-	1,308
at 31 December 2016	**5,587**	**47,457**	**2,141**	**-**	**55,185**
Depreciation	3,861	36,004	3,121	-	42,986
Disposals	-356	-58	-493	-	-907
Foreign exchange adjustments	-942	-10,089	54	-	-10,977
Transfers	0	0	0	-	
at 31 December 2017	**7,865**	**73,314**	**4,823**	**-**	**86,287**
Carrying amount					
at 31 December 2017	**66,200**	**230,350**	**4,080**	**25,838**	325,184
at 31 December 2016	**76,815**	**272,555**	**4,941**	**10,164**	**364,475**

Notes to the Consolidated Financial Statements

	2017 DKK'000	2016 DKK'000
14. Inventories		
Raw materials and consumables	15,742	11,794
Finished goods	14,840	20,197
	30,582	**31,991**

15. Receivables		
Trade receivables	85,297	68,271
Trade receivables, net	**85,297**	**68,271**
Other receivables	14,502	9,111
Other receivables, net	**14,502**	**9,111**
Receivables from related parties	4,182	2,102
Receivables from related parties, net	**4,182**	**2,102**
Total receivables	**103,981**	**79,484**

Customer credit risks

Customer credit risk is managed both locally and at group level subject to the Group's established policy, procedures and controls relating to customer credit risk management. The credit quality of a customer is assessed based on credit rating and analysis, and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are followed up on a regular basis and provisions are made for bad debts on a monthly basis, if relevant. The calculation is based on actual historical data. The maximum exposure to credit risk at the reporting data is the carrying amount of each class of financial assets.

The Group considers the concentration of risk with respect to trade receivables low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Trade receivables are non-interest-bearing and generally fall due on 30-45 days terms.

At 31 December 2017, trade receivables of an initial value of DKK 0 thousand (2016: DKK 300 thousand) were impaired and fully provided for.

At 31 December, the ageing analysis of trade receivables is as follows:

Notes to the Consolidated Financial Statements

Customer credit risks (continued)

			Past due, but not impaired			
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**61– 90 days**	**> 91 days**
2017	85,297	58,297	18,527	6,091	1,820	0
2016	68,271	58,329	9,392	388	162	0

16. Cash and short-term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2017 DKK'000	**2016 DKK'000**
Cash and short-term deposits	33,049	53,573
Bank overdrafts (Revolving Credit Facility, refer to note 18)	-38,914	-48,446
	-5,865	**5,127**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 December 2017, the Group's undrawn, committed borrowing facilities totalled DKK 84,433 thousand (2016: DKK 193,749 thousand).

17. Trade and other payables

	2017 DKK'000	**2016 DKK'000**
Trade payables	58,483	32,908
Other payables	23,268	19,053
	81,751	**51,961**

Trade payables are non-interest bearing and are normally settled on an 8-30-day term.

Notes to the Consolidated Financial Statements

18. Interest-bearing loans and borrowings

The Group has taken out the following interest-bearing loans and borrowings:

Interest-bearing loans and borrowings	Expiry	Interest rate	Carrying amount 2017	Carrying amount 2016
Facility A	2021	3,75%	41,215	41,259
		DK balance: 4,69%		
		EUR balance 4,39%		
Facility B	2022	USD balance 5,88%	235,832	245,293
Facility C	2021	4,00%	11,692	12,083
Revolving Credit Facility	2021	LIBOR+3,50%	38,914	48,446
Mortgage debt A	2018-2020	1,23-1,93%	3,801	5,839
Mortgage debt B	2027	3,00%	8,449	10,411
			339,903	**363,331**
Non-current			296,458	311,993
Current			43,445	51,338
			339,903	**363,331**

The interest rates disclosed for Facility A, B and C loans include the effect of related interest rate swaps. At 31 December 2017 capitalised borrowing costs amount to DKK 11,688 thousand (2016: DKK 13,428 thousand) and are amortised until expiry date of the loans. Amortisation in 2017 amounts to DKK 3,224 thousand (DKK 3,118 thousand).

The debt facilities (A, B, C) and the revolving credit facility are subject to usual covenants, which include leverage, interest coverage ratios and investment amounts. All such covenants were in compliance during the year and at 31 December 2017.

Notes to the Consolidated Financial Statements

19. Financial assets and liabilities

	2017 DKK'000	2016 DKK'000
Financial assets at fair value		
Financial instruments measured at fair value	-	-
Financial liabilities at amortised cost		
Interest bearing loans and borrowings (excluding financial instruments at fair value)	338,458	359,453
Trade payables	58,483	32,908
Other payables	23,268	19,053
	420,209	**411,414**

The fair value of the assets and liabilities listed above is not materially different from carrying amount except from interest-bearing loans and borrowings:

Interest-bearing loans and borrowings (fair value)	348,955	372,921

Fair values

Financial instruments measured at fair value

Financial instruments measured at fair value are limited to derivative instruments. As described below, the fair value of derivatives is based on observable market data and valuation techniques (level 2). The financial instruments are measured at fair value on a recurring basis.

Financial instruments measured at amortised cost

The carrying amounts of the Group's financial instruments, measured at amortised cost, are reasonable approximations of fair values.

Valuation techniques

Management has assessed that cash, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values of other financial instruments:

Notes to the Consolidated Financial Statements

Derivative financial instruments with various counterparties are principally financial institutions with investment grade credit ratings. The applied valuation techniques are discounted cash flow models, which incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk at 31 December 2017 was assessed to be insignificant.

20. Financial risk management objectives and policies
The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loans, trade and other receivables and cash that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk.

It is the Group's policy not to trade in derivatives for speculative purposes.

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group enters into interest rate swaps to mitigate this risk, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. Hence changes in the interest rates will not have any significant impact on profit or loss.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables), including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The credit risk relating to trade receivables is disclosed in Note 15.

Credit risk from balances with banks and financial institutions is managed by group management on a regular basis. The cash balanced is concentrated at mainly a single counterparty rated AA.

Notes to the Consolidated Financial Statements

Foreign currency risk

The company is exposed to foreign currency risks arising from its operating and financing activities, as the Company has sales, purchases and financing in foreign currencies. In accordance with the Company's risk management policy, the Company hedges foreign currency risks arising from

- financing activities using interest rate swaps
- recognised and unrecognised transactions using forward exchange contracts.

Currency risks on items of the statement of financial position are monitored several times weekly and hedged by using primarily financial instruments. The risk exposure is considered limited.

Liquidity risk

The equity share of total equity and liabilities was 51.5% at the end of 2017. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, etc.

The Group considers the concentration of risk with respect to refinancing its debt low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2017 DKK'000	On demand	3-12 months	1-5 years	> 5 years	Total
Interest-bearing loans and borrowings	0	19,830	406,300	6,393	432,522
Trade and other payables	61,181	20,570	0	0	81,751
Interest rate swaps	0	2,460	6,945	0	9,405
	61,181	**43,279**	**413,245**	**6,393**	**524,097**

31 December 2016 DKK'000	On demand	3-12 months	1-5 years	> 5 years	Total
Interest-bearing loans and borrowings	0	17,475	121,734	304,314	443,523
Trade and other payables	39,622	12,339	0	0	51,961
Interest rate swaps	0	2,462	9,407	0	11,869
	39,622	**32,276**	**131,141**	**304,314**	**507,353**

Notes to the Consolidated Financial Statements

The senior debt facilities are subject to financial covenants, which include leverage, interest coverage ratios and investment amounts. Breaches in meeting the financial covenants would permit the lender to immediately call loans and borrowings.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of soy and therefore require a continuous supply of soy. Due to the significant volatility of the price of soy, the Group entered into purchase contracts for soy.

The Group's Board of Directors has developed and enacted a risk management strategy for commodity price risk and its mitigation.

Based on a 12-month forecast of the required soy supply, the Group has entered into forward contracts with physical delivery. At 31 December 2017, purchase contract for approximately 25 % of the expected usage had been entered into.

Interest rate hedging

The Group has used interest rate swaps to hedge the interest risk related to variable interest rates. The fair value recognised in other comprehensive income amounts to negative DKK 1,445 thousand at 31 December 2017 (2016: negative DKK 3,879 thousands)

Foreign exchange

As of 31 December 2016 and 31 December 2017 the currency hedges were tested for ineffectiveness. The ineffective amount of DKK 0 thousand (2016: DKK 496 thousand) has been recognised in profit or loss.

31 December

DKK'000	**2017**		**2016**	
Fair value of derivatives	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps		1,445	-	3,879
Foreign exchange forward contracts	-		709	-

Notes to the Consolidated Financial Statements

21. Capital management

The primary objective of the Group's capital management is to maximise shareholder value.
In order to achieve this overall objective, the Group's capital management aims, e.g., at ensuring that it meets financial covenants related to the interest-bearing loans and borrowings that define capital structure requirements. Failure to meet the financial covenants would permit the bank to call loans and borrowings.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing loans and borrowings, trade and other payables, less cash.

	2017 (DK'000)	**2016 (DK'000)**
Interest-bearing loans and borrowings	339,903	363,331
Trade and other payables	81,751	51,961
Less cash	-33,049	-53,573
Net debt	388,605	361,719
Equity	522,544	578,889
Total capital and net debt	**911,149**	**940,608**
Gearing ratio	0.43	0.38

22. Contingent liabilities and other financial obligations

Contingencies

The Group is party to an pending tax audit. In Management's opinion, the outcome of the tax audit is not expected to affect the Group's financial position. The completion date of the tax audit is unknown.

The parent is jointly taxed with its Danish subsidiaries. The entities included in the joint taxation arrangement have joint and several unlimited liability for Danish corporate income taxes, etc. The Group as a whole is not liable to other parties.

Operating lease commitments

The Group has entered into commercial leases for certain motor vehicles. These leases have an average life of between three and five years with no renewal option included in them. There are no restrictions placed upon the Group by entering into these leases. Furthermore, the Group has entered into operating leases for buildings (offices and warehouses, etc.).

Notes to the Consolidated Financial Statements

Future minimum payments under non-cancellable operating leases are as follows:

	2017 DKK'000	2016 DKK'000
Within 1 year	1,576	2,799
Between 2-5 years	3,585	3,561
After 5 years	-	-
	5,161	**6,360**

In 2017, minimum lease payments recognised as an operating lease expense amounted to DKK 3,089 thousand.

Pledges and collateral

A mortgage of USD 2,000 thousand secured upon the Group's properties has been provided as collateral for transactions with Ohio Department of Development.

The carrying amount of mortgaged properties amounted to DKK 31,430 thousand.

As collateral for commitments with banks, the following has been deposited:

- Mortgage of DKK 14,402 thousand secured on the property Saturnvej 51, Horsens, Denmark.
- Owner's mortgage of DKK 20,000 thousand and letter of indemnity of DKK 18,000 thousand secured on the Group's property Saturnvej 51, Horsens, Denmark.

The carrying amount of mortgage properties amounted to DKK 36,442 thousand.

As collateral for commitments with banks, the following has been deposited:

- Letter of indemnity on movables of DKK 12,000 thousand and chattel mortgage registered to the owner of DKK 22,000 thousand secured upon machinery and fixtures and fittings, etc.

The carrying amount of assets provided as collateral amounted to DKK 110,804 thousand.

Notes to the Consolidated Financial Statements

23. Related party disclosures

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Name	Principal activities	Place incorporation	% equity interest 2017	% equity interest 2016
New Nutrition ApS	Subholding and selected group activities	Horsens, Denmark	100.00 %	100.00 %
HAMLET PROTEIN A/S	Production, distribution and selected group activities	Horsens, Denmark	100.00 %	100.00 %
HAMLET PROTEIN Inc.	Production and distribution	Ohio, USA	100.00 %	100.00 %
HAMLET PROTEIN lowa Inc.	Dormant	Iowa, USA	100.00 %	100.00 %
Hamlet Trading Co. Ltd.	Sales and distribution	Qindau, China	100.00 %	-
Hamlet Protein GmbH	Sales and distribution	Barmsted, Germany	100.00 %	-

Transactions with Executive Board key management personnel

		Wages and salaries incl. pensions (DKK'000)	Warrants sold (DKK'000)
Key management personnel	2017	8,317	-
	2016	8,008	-319
Board of Directors	2017	1,348	-
	2016	1,048	-789

Transactions with key management personnel and Board of Directors include transactions with companies controlled by the key management personnel and Board of Directors.

Direct parent company

The direct parent company of New Nutrition Holding ApS is New Nutrition Holding S.a.r.l., 2, rue du Fosse, L1536 Luxembourg.

Consolidated financial statements are available at the registered office of New Nutrition Holding S.a.r.l.

Notes to the Consolidated Financial Statements

Ultimate ownership

There are no ultimate owners of New Nutrition Holding ApS. As Goldman Sachs Group Inc. ("GS Group") and Altor Fund IV Holding AB has a 50/50 controlling interest.

Transactions with related parties

During the year the following transactions have been entered into with related parties.

		Sales to related parties (DKK'000)	Services purchased from related parties
Broad Street Principal Investments LLC (part of GS Group), USA			
	2017	-	-
	2016	-	25,138
Altor Fund Manager AB, Sweden	2017	-	427
	2016	-	176
Vawda Associate, GB	2017	-	512
	2016	-	-

At 31 December 2017, there is a receivable of DKK 4,182 thousand from New Nutrition Holding S.à.r.l. The loan carries an interest of 6.9% p.a.

24. Issued capital and reserves

Authorised shares

The share capital consists of 6,534,000 shares of DKK 1.00 each. Each share carries 1 vote.
The shares are fully paid in. Premium paid-in over nominal share capital is recorded into the share premium reserve, but is available for distribution under Danish law.

	2017	**2016**	**2015**
Beginning of year	6,534	6,476	6,476
Additions	0	58	0
End of year	6,534	6,534	6,476

Share premium

Cash received from employees from sale of warrants is recorded as share premium.

Notes to the Consolidated Financial Statements

25. Standard issued, but not yet effective

At the time of publication of this annual report, IASB has issued the following new financial reporting standards (IASs and IFRSs) and interpretations (IFRICs) that are not compulsory for New Nutrition Holding ApS in the preparation of the annual report for 2017:

- IFRS 9 *Financial Instruments* and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 14 *Regulatory Deferral Accounts*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 *Leases*
- IFRS 10 and IAS 28 *Sale of Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to IAS 12
- IAS 7 Disclosure Initiative - Amendments to IAS 7
- IFRS 15 Revenue from Contracts with Customers - Clarifications to IFRS 15
- IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2.

Not all of them are approved by the EU.

The adopted standards and interpretations which have not yet come into effect will be implemented as they become compulsory to New Nutrition Holding ApS. None of the new standards or interpretations are expected to significantly affect recognition and measurement for New Nutrition Holding ApS; However, the analysis of the expected impact of the implementation of IFRS 9, IFRS 15 and IFRS 16 is not yet completed, see below.

IFRS 15 "Revenue *from Contracts with Customers",* which replaces the existing standards on revenue (IAS 11 and IAS 18) and interpretations, introduces a new model for the recognition and measurement of revenue regarding sales contracts with customers. The standard will become effective for financial years beginning on or after 1 January 2018.
The new model is based on a five-step model which is to be applied to all sales contracts with customers to determine when and how revenue is to be recognised in the income statement..

Compared to existing practice, the most significant changes in IFRS 15 are:

- A sales transaction is to be recognised as revenue in the income statement as control (either over time or at a point in time) over a good or service, respectively, is passed to the buyer (the existing "risk and rewards" concept is thus replaced by a control concept).
- New and more detailed guidance on how to identify partial transactions in a sales contract and how to recognise and measure the individual components.
- New and more detailed guidance on recognising revenue over time.
- New Nutrition Holding ApS made an analysis of the new standard's potential impact on the Group; However, based on preliminary analyses of the Group's present product mix and types of contracts, the Company assesses that IFRS 15 will not affect recognition and measurement.

Notes to the Consolidated Financial Statements

IFRS 9 *"Financial Instruments",* which replaces IAS 39, changes classification and related measurement of financial assets and liabilities.

- A more logical approach to the classification of financial assets is introduced driven by the entity's business model and the underlying cash flow characteristics. At the same time, a new impairment model for all financial assets is introduced.
- The so-called "Expected loss" model will require more timely recognition of expected losses both at initial recognition and subsequently compared to the existing model, according to which, the impairment loss is not recognised until there is evidence of impairment losses (incurred loss model).
- Finally, new rules are introduced for hedging, which, as opposed to the existing rules, will make it possible to reflect the entity's business-related hedging strategy for accounting purposes.
- As to entities that measure their financial liabilities at fair value, IFRS 9 implies that changes in fair value following changes to the entity's own credit risk are no longer to be recognised in the income statement, but in future in other comprehensive income.
- New Nutrition Holding ApS expects, based on an analysis of the Group's present financial structure and risk profile, the standard to have limited effect on the Group. The standard is expected to become mandatory for financial years beginning on or after 1 January 2018.

IFRS 16 *"Leases"* was issued in mid-January 2016. The standard, which applies to financial years beginning on or after 1 January 2019, implies a substantial change in the way that those leases which are today accounted for as operating leases will be accounted for going forward. Thus, the standard requires that all leases regardless of type - with few exceptions - must be recognised in the lessee's balance sheet as an asset with an accompanying lease liability. At the same time, the lessee's income statement will be affected going forward, as the annual lease payment will consist of two elements - a depreciation charge and an interest expense - as opposed to now where the annual operating lease expense is recognised as one amount under operating costs. Finally, the Group's cash flow statement is also expected to be affected as the existing operating lease payments, which today are recognised as cash flows from operating activities, in future will be recognised as financing activity.

- Based on a preliminary analysis of the new standard's impact, New Nutrition Holding ApS has assessed that the standard to some extent will affect the Group's balance sheet and cash flow statement, whereas the effect on profit/loss for the year will be significant based on the existing portfolio of leases. Of the Group's operating leases with minimum lease payments of approx. DKK 6 million, it is assessed that operating leases with a present value of approx. DKK 6 million, corresponding to approx.. 1% of the balance sheet total, should be recognised in the balance sheet if IFRS 16 had been implemented in 2016. At the same time, the yearly operating lease payment of approx. DKK 3 million in 2017, according to IFRS 16, should be recognised as cash flows from financing activities – as opposed to the existing standard on leases, according to which, operating lease payments are recognised as cash flows from operating activities, which would improve cash flows from operating activities.

Notes to the Consolidated Financial Statements

26. Events after the reporting period

No events have occurred after the balance sheet date which would materially influence the evaluation of these consolidated financial statements.

Parent Income Statement 1 January – 31 December

	Note	2017 DKK'000	2016 DKK'000
Other external expenses	4	-3,731	-11
Operating loss		**3,731**	**-11**
Share of loss in subsidiaries net of tax using the equity method	10	-47,109	-30,104
Special items and non-recurring expenses	7	0	-1,331
Finance costs	8	-60	-12
Profit/loss before tax		**-50,900**	**-31,458**
Income tax expense	9	-69	251
Net profit/loss for the year		**-50,969**	**-31,207**
Distribution profit for the year			
Equity holders of the parent		-50,969	-31,207
		-50,969	**-31,207**

Parent Statement of Comprehensive Income
1 January – 31 December

Net profit/loss for the year	-50,969	-31,207
Other comprehensive income to be reclassified to profit or loss in Subsequent periods (net of tax):		
Net loss on cash flow hedges subsidiaries	1,571	-2,507
Exchange differences on translation of foreign operations in sub-Sidiaries	-6,947	1,580
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**-5,376**	**-927**
Comprehensive income	**-56,345**	**-32,134**
Distribution profit for the year		
Equity holders of the parent	-56,345	-32,134
	-56,345	**-32,134**

Parent Company Statement of Financial Position

	Note	2017 DKK'000	2016 DKK'000
Investment in subsidiaries	10	520,375	572,860
Deferred tax assets		220	288
Fixed asset investments		**520,595**	**573,148**
Non-current assets		**520,595**	**573,148**
Receivables from group companies		0	3,312
Receivables		**0**	**3,312**
Cash and short term deposits		**2,310**	**5,966**
Current assets		**2,310**	**9,278**
Assets		**522,905**	**582,426**

	Note	2017 DKK'000	2016 DKK'000
Share capital	11	6,534	6,534
Share premium		649,185	649,185
Retained earnings		-133,175	-76,830
Equity		**522,544**	**578,889**
Trade and other payables		361	255
Interest bearing loans and borrowings		-	-
Payables due to related companies		-	3,312
Short-term liabilities		**361**	**3,537**
Liabilities		**361**	**3,537**
Liabilities and equity		**522,905**	**582,426**

Parent Company Statement of Changes in Equity
1 January – 31 December

	Share capital DKK'000	Share Premium DKK'000	Net revaluation reserve under the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
1 January 2017	6,534	649,185	-	-76,830	578,889
Loss for the period	-	-	-47,109	-3,860	-50,969
Other comprehensive income, net of tax	-	-	-	-5,376	-5,376
Transfer	-	-	47,109	-47,109	0
Total comprehensive income	**-**	**-**	**-**	**-56,345**	**-56,345**
Equity at 31 December 2017	**6,534**	**649,185**	**0**	**-133,175**	**522,544**

	Share capital DKK'000	Share Premium DKK'000	Net revaluation reserve under the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
1 January 2017	6,476	641,943	-	-44,696	603,723
Loss for the period	-	-	-30,104	-1,103	-31,207
Other comprehensive income, net of tax	-	-	-	-927	-927
Transfer	-	-	30,104	-30,104	0
Total comprehensive income	**-**	**-**	**-**	**-32,134**	**-32,134**
Capital increases	58	5,783	-	-	5,841
Proceeds from sale of warrants	-	1,459	-	-	1,459
Equity at 31 December 2016	**6,534**	**649,185**	**0**	**-76,830**	**578,889**

Parent Company Cash Flow Statement

	Note	2017 DKK'000	2016 DKK'000
Net profit/loss for the year		-50,969	-31,207
Adjustment to reconcile loss to net cash flows:			
Share of loss in subsidiaries net of tax using the equity method		47,109	30,104
Other non-cash adjustments		129	-239
Working capital adjustments:			
Change in trade and other receivables		3,312	-3,130
Change in trade and other payables		-3,177	3,358
Cash flows from operating activities before financial income		**-3,596**	**-1,114**
Interest paid		-60	-12
Cash flows before tax		**-3,656**	**-1,126**
Cash flows from investing activities		**-**	**-**
Proceeds from the issue of share capital (including at incorporation)		-	5,841
Proceeds from sale of warrants		-	1,459
Cash flows from financing activities		**-**	**7,300**
Net change in cash for the period		-3,656	6,174
Cash and cash equivalents 1 January		5,966	-208
Cash and cash equivalents at 31 December		**2,310**	**5,966**

Parent Company financial statements

for the year 1 January to 31 December

Index to notes to the parent company financial statements

Note

Notes to Parent Company Financial Statements

1. Corporate information

The parent company is incorporated and domiciled in Denmark. The registered office is located in Horsens.

2. Accounting policies

The Parent Company Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements according to Danish Financial Statement Act.

The Company was established on 26 May 2015 and acquired all shares in Hamlet Protein A/S and its subsidiaries on 18 September 2015.

The financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2017.

The parent company financial statements are presented in DKK, which is the parent company's functional currency, and all values are rounded to the nearest thousand (DKK'000) expect when otherwise indicated.

The accounting policies of New Nutrition Holding ApS are the same as for the consolidated financial statements with the additions included in note 3 below. For a description of the accounting policies of the consolidated financial statements, please refer to page 24-40.

3. Supplementary accounting policies for the parent company

Investments in subsidiaries

The Company's investments in its subsidiaries are accounted for using the equity method.

Under the equity method, investments in subsidiaries are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Company's share of the results of operations of the subsidiary net of tax. Any items recognised in other comprehensive income of those investees are presented as part of the Company's other comprehensive income. In addition, when an item has been recognised directly in the subsidiary's equity, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and its subsidiaries are eliminated to the extent of the interest in the subsidiary.

Notes to Parent Company Financial Statements

3. Supplementary accounting policies for the parent company (continued)

The aggregate of the Company's share of profit or loss of a subsidiary is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss net of tax and non-controlling interests of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period ad the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment loss as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognises such impairment loss as "Share of profit or loss in subsidiaries net of tax using the equity method" in the statement of profit or loss.

Notes to Parent Company Financial Statements

	2017 DKK'000	2016 DKK'000
4. Fees to auditors appointed at the annual general meeting (Deloitte 2017, Ernst and Young 2016)		
Statutory audit	43	50
Other assurance services	0	0
Tax and Vat Advisory services	0	1
Other services	80	139
Total	**123**	**190**

5. Employee benefit expenses

In 2017 and 2016, no remuneration has been paid to the Executive Board or the Board of Directors of the parent company.

Information on the share based incentive program is included in note 4 of the consolidated financial statements.

6. Special items and non-recurring expenses

	2017 DKK'000	2016 DKK'000
Consultancy, legal compliance costs, etc., of a non-recurring character	3,731	1,331
	3,731	**1,331**
7. Financial expenses		
Interest expenses	60	12
	60	**12**
8. Income tax expense		
Current income tax charge		-
Deferred tax charge	-69	251
	-69	**251**
Explanation of income tax expense:		
Reporting accounting loss before tax	**-50,900**	**-31,458**
Calculated tax charge at Denmark's statutory income tax rate of 22%	-11,198	-6,921
Adjustments in respect of losses in subsidiaries net of tax using the equity method	10.364	6,622
Tax impact from permanent differences	834	48
Income tax expense (income) reported in the parent company statement of profit or loss	-69	251

Notes to Parent Company Financial Statements

	2017 DKK'000	2016 DKK'000
9. Investments in subsidiaries		
Cost		
at 1 January	648,419	648,419
Cost at 31 December	**648,419**	**648,419**
Value Adjustment		
at 1 January	-75,559	-44,529
Loss on ordinary actitivities net of tax	-47,109	-30,104
Foreign currency translation reserve	-6,947	1,581
Cash flow hedge reserve, net of tax	1,571	-2,507
at 31 December	**-128,044**	**-75,559**
Carrying value	**520,375**	**572,860**

Investments in subsidiaries are specified as follows:

Name	Registered office	Principal activities	Votes and ownership
New Nutrition ApS	Horsens, Denmark	Subholding and group activities	100.00%

10. Share capital

Share capital is described in Note 25 of the consolidated financial statements.

11. Standards issued, but not yet effective

Standards issued, but not yet effective are described in Note 26 of the consolidated financial statements.

12. Contingent liabilities and contractual obligations

As security for the subsidiaries' interest-bearing loans and borrowings to banks, the Company has pledged shares in subsidiaries. The total carrying amount of the shares having been provided as security is DKK 520,375 thousand.

New Nutrition Holding ApS is jointly taxed with its Danish subsidiaries. The entities included in the joint taxation arrangement have joint and several unlimited liability for Danish corporate income taxes, etc.

Notes to Parent Company Financial Statements

13. Financial risks

The Company has only invested in the subsidiary, New Nutrition ApS, and does not have any significant receivables or payables. Risk related to currency, credit and liquidity is monitored and managed at group level. Please refer to Note 20 of the consolidated financial statements for further information of the Group's exposure to such risks.

14. Capital management

The primary objective of the Comoany's capital management is to maximise shareholder value which is monitored and managed at Group level. Please refer to note 21 of the consolidated financial statements for further information on the Group's capital management.

15. Related parties and ownership

Related parties are described in Note 23 of the consolidated financial statements. Remuneration to the Executive Board and the Board of Directors are disclosed in Note 5 of the financial statements. The Company does not have any related party transactions.

16. Events after the reporting period

No events have occurred after the balance sheet date which would materially influence the evaluation of these financial statements.