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New Nutrition Holding ApS
Saturnvej 51
DK-8700 Horsens
Business Registration No 36903775

Annual report 2018

The Annual General Meeting adopted the annual report on 10.05.2019

Chairman of the General Meeting

Christen Steffensen

Contents

Company details

Company

New Nutrition Holding ApS

Saturnvej 51, DK-8700 Horsens, Denmark

Business Registration No: 36903775

Board of Directors

Kjeld Johannesen, Chairman

Michael Specht Bruun, Deputy Chairman

Søren Dan Johansen

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 2018.

The annual report is presented 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 31.12.2018 and of the results of their operations and cash flows for the financial year 1 January to 31 December 2018.

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, 10.05.2019

Executive Board

Søren Dan Johansen

Christen Steffensen

Board of Directors

Kjeld Johannesen
Chairman

Michael Specht Bruun
Deputy Chairman

Søren Dan Johansen

Christoffer Erik Mathies Lorenzen

Sarah Bibi Vawda

Torben Gosvig Madsen

Independent auditor's report

To the shareholder 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 01.01.2018 - 31.12.2018, 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 31.12.2018, and of the results of their operations and cash flows for the financial year 01.01.2018 - 31.12.2018 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, 10.05.2019

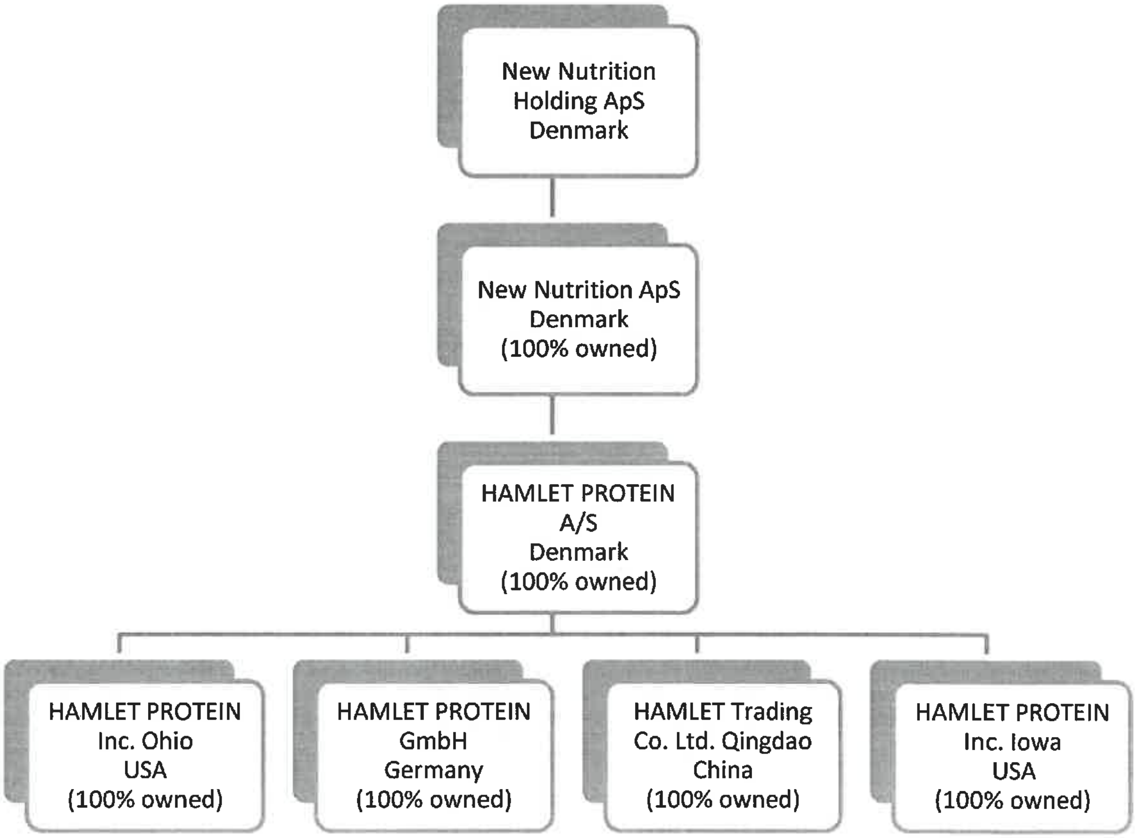
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

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

Peter Ørsøe
State-Authorised Public Accountant
Identification No (MNE) mne44105

Management review

Group chart



Management review

Group financial highlights Key figures	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 (26.05- 31.12) DKK'000
Revenue	612,195	574,975	567,572	172,094
Gross profit	196,017	203,197	260,157	55,522
Operating profit before depreciation and amortisation and special items	50,056	55,767	70,334	16,246
Special items and non-recurring expenses	-12,196	-15,074	-16,483	-39,585
Operating loss (EBIT)	-119,596	-32,487	-17,638	-44,790
Loss for the year	**-129,434**	**-50,969**	**-31,207**	**-46,092**
Total assets	**982,543**	**1,014,823**	**1,077,309**	**1,151,040**
Equity	**397,666**	**522,544**	**578,889**	**603,723**
Net cash flows from:				
Operating activities	41.246	23,371	-7,870	-35,411
Investing activities	-98,615	-31,553	-73,215	-621,046
Portion relating to investment in property, plant and equipment	-82,996	-34,706	-36,764	-45,398
Financing acitivities	109,153	-2,800	4,516	722,156
Total cash flows	**51,786**	**-10,982**	**-60,829**	**65,699**
Employees:				
Average number of fulltime employees	132	122	108	88
Ratios				
Operating margin (%)	8,2%	9.7%	12.4%	9.4%
Gross margin (%)	32,0%	35.3%	45.8%	32.3%
Return on assets (%)	-11,9%	-3.2%	-1.6%	-14.4%
Equity ratio (%)	40,5%	51.5%	53.7%	53.5%
Return on equity (%)	-13,0%	-4.8%	-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 (%)	=	$\frac{\text{Operating profit before depreciation, amortisation and special items x 100}}{\text{Revenue}}$
Gross margin (%)	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Return on assets (%)	=	$\frac{\text{Profit before financials x 100}}{\text{Total assets, average}}$
Equity ratio (%)	=	$\frac{\text{Equity end of year x 100}}{\text{Total assets}}$
Return on equity (%)	=	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Management review

Operating 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 customers in China.

The subsidiary, HAMLET PROTEIN GmbH is located in Germany, and handles direct sales to new customers in German speaking countries.

The subsidiary, HAMLET PROTEIN Inc. is located in Iowa, USA and has no operating activities.

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

Financial review

We have maintained or increased market share in all main markets, through improved competitive positioning and expanded deployment of our own sales teams, mainly within piglets but also within poultry. We are specialised in young animals and our strong market position is maintained and expanded via a deep and specific knowledge of the individual species, combined with solid documentation from feeding trials continuously ongoing across the world.

As demand for safe and affordable meat products continues to grow in most regions of the world, so does the demand for high-quality feed protein. Our growth is supported by long-term 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 in recent years, driven by the need for continued improvement of farm efficiency, while at the same time reducing or eliminating antibiotics in animal feed. Finally, demand is driven by an increased focus on feed security by reducing the use of animal-based protein in favour of secure, high-efficient products such as HAMLET PROTEIN's soy-based products.

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.

Management review

Financial review (continued)
As an integral part of HAMLET PROTEIN's DNA, we continuously document the value-adding performance of HAMLET PROTEIN products in numerous international trials at farms and universities.

Our main market in Denmark resumed growth in 2018 after a significant market contraction in 2017 where increased fertilisation allowances in Denmark resulted in increased protein levels in domestic grain, thereby reducing the use of supplementary protein sources such as HAMLET PROTEIN in animal feed. Also, our business in the rest of Europe, Middle East and Africa grew significantly, mainly driven by the poultry segment although volumes continue to be negatively affected by the trade embargo in Russia and Belarus regarding selected food products from EU.

Our sales organisation in China is developing fast and has now established a strong presence in this sizable market, which is rapidly undergoing a professionalisation of farming practices. Direct sales to new customers in China has increased significantly during 2018, but the sales channel transition from distributor sales towards more direct sales has not been without challenges. During the last part of the year African Swine Fever has been an overarching theme, increasing the demand for HAMLET PROTEIN's safe and well documented products, but also disturbing the entire pig meat value chain significantly creating fluctuations in customer demand.

Sales in South East Asia are developing well, although local regulatory factors and fear of African Swine Fever have dampened growth in pig production.

The trade conflict between USA and China has lowered the sales prices of most agricultural products in USA and thereby affected farming profitability. The market conditions have made it more challenging to generate new sales of premium priced feed products like HAMLET PROTEIN and, consequently, the sales growth in North America was lower than expected.

In conclusion, while the financial year of 2018 was characterised by solid growth on a number of strategically important markets, the year also contained temporary setbacks in certain Asian markets. Despite the setbacks, the Group's overall sales volume grew by 5%, bringing the sales volume to an all-time volume record. Operating cost has in 2018 been reduced as a result of efficiency improvements in back-office functions while further strengthening the commercial organisation.

A review of Hamlet Protein's Plant & Machinery has revealed a too conservative depreciation profile of production lines. Production lines in Horsens build in 1992 when the Company was founded are still running, yet identical lines build in Findlay in 2012-2017 were being depreciated over 10 years only. If spare parts are replaced regularly, our production lines can run for at least 30 years. Based on this knowledge, all elements of the lines in Findlay have in 2018 been reassessed and categorised to correctly reflect their true economic lifetime. Book values at the end of 2017 have been kept unchanged, but the profit and loss effect of the updated depreciation profiles is a reduction in depreciation of DKK 12.7m in 2018.

While our belief in HAMLET PROTEIN's long-term growth potential is unchanged, we have come to acknowledge that resent years' unpredictable fluctuations on individual markets may require a slightly higher safety margin in the risk premium applied in the goodwill impairment tests. Such increased safety margin has resulted in a goodwill impairment of DKK 100 million in 2018.

Net income for the year was DKK -129 million, which is DKK 78 million lower than last year mainly due to the above-mentioned goodwill impairment.

Management review

Financial review (continued)
2018 investments include a significant increase in production capacity at our plant in Ohio, USA. In addition, we have invested in a further strengthening of our long-term growth platform through 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 recognised statistical. Finally, 2018 investments in modern information technology have enabled us to increase back-office efficiency and shift resources into growth-driving commercial areas with only limited overall increases in operating expenses as a result.

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. Further, our strict Feed Safety Policy ensures full traceability of both GMO and non-GMO products, allowing any batch of product 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.a.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.

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 2018, the Board of Directors held six meetings.

The Board of Directors does not rely on any subcommittees due to the limited size and complexity of the Group. 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 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 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.

Management review

Specific risks (continued)
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 to mitigate such conditions by setting up our production, sales and distribution channels as flexibly as possible.

It is company policy to hedge risks on transactions denominated in selected foreign currencies as well as 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 are partly hedged by loans denominated in USD.

Research and development activities
In 2018, HAMLET PROTEIN incurred research and development costs for products for both new and existing customers. All development costs are capitalised in the balance sheet.

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 recommendations apart from the incidents 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.

Statutory CSR report

Corporate social responsibility
HAMLET PROTEIN's business model is to develop, produce and sell vegetable protein solutions used in high value-add animal mainly in Europe, North America and Asia. We strive to define our corporate social responsibility within the areas of energy and environment, responsible sourcing, human resource issues and compliance with ethical business standards.

Energy and impact on the external environment
Our production process requires energy and we acknowledge that energy production involves an environmental impact related to carbon dioxide emissions.

Ever since we designed our production process in the early 1990s, we have focused on optimising our use of energy and water and on 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 hence, the risk of directly polluting the external environment is negligible.

It is HAMLET PROTEIN's policy to maintain certified in accordance with ISO 50001:2011 in DK and prepare for certification in US in 2019.

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

Management review

In Denmark, we have worked intensively to further reduce energy consumption via condensation and recycling of excess heat. As a direct result of these efforts, HAMLET PROTEIN has in 2018 entered into a partnerships agreement with Horsens district heating (Fjernvarme Horsens) to build a condensation plant at the HAMLET PROTEIN plant in Denmark, which will deliver district heating to the city of Horsens. When in full operation in late 2019, the plant in Horsens will reduce energy waste at HAMLET PROTEIN to the lowest degree possible applying the latest available heat regeneration technology.

Responsible sourcing
We believe that human rights should be observed and respected in all aspects. 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.

Our 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.

It is our policy only to buy from 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 reach our goal proven by certifications since 2005.

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 soy from internationally recognised suppliers; either members of NOPA (National Oilseed Processors Association) or related members.

In South America, we require the following from our suppliers:

- The supplier is not involved in 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, and for 2018 the compliance rate was 100%.

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

Management review

Organisation and employees
One of the HAMLET PROTEIN'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, avoid workplace accidents and maintain compliance. However, as for any other company, working at HAMLET PROTEIN involves a minimal level of risks such as work accidents in operations and stress.

To maintain and improve our safety standards, we focus on avoiding occupational accidents - security in our facilities is our top priority. We have established Safety Committees that are committed to workplace safety, and who regularly follow-up and document workplace accidents. Industrial accidents are measured on "the number of hours absent due to industrial accidents per million working hours". In 2018, this ratio accounted for 0.001% in HP A/S and for 0.000% in the US subsidiary.

To ensure and improve the general working environment, the HAMLET PROTEIN follows up on staff turnover, capability development and absence due to sickness. We continuously work with a number of activities to help promote the attractive and motivating working environment that 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 are an important part of these efforts.

In HP A/S, we measure short-term and long-term absence due to sickness. For 2018, long-term absence in HP A/S was 0.7% and short-term absence due to sickness was 1.5%, which is well below our objective of 2.5%. Absence due to sickness totalled 0.7% in the US subsidiary.

At year-end, the Group had 129 employees and 4 independent consultants. 36 new employees were hired in and 34 employees left during 2018. Staff turnover represented 17.2%. The turnover was higher than expected for 2018, which is partly due to the above-mentioned organisational adjustments during 2018, which allowed a reduction of back-office staff, while strengthening the commercial organisation. We expect to have a turnover of approx. 15% in 2019.

In 2018, 61% of the performance reviews were performed in HP A/S. In the US subsidiary, 68% of performance reviews were carried out. This is a decrease from 2017 driven by changes in management positions and the adjustment in the organization in June 2018.

New Nutrition Holding ApS' supreme governing body, the Board of Directors, consists at year-end of one female and five male members. The unchanged goal is to have at least one female Board member. We see this goal as ambitious in an industry in which the recruitment base primarily consists of men.

Management review

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 2018 as the gender composition was 74% male and 26% female by year-end. Our corporate values aim at attracting both female and male applicants equally, and with the recruitment of a Talent Attraction Specialist in 2018 and the establishment of Talent Attraction as part of the Corporate Strategy, we are also strengthening our resources in communication to and recruitment of the under-represented gender managers. The employment of a Talent Attraction Specialist will help ensuring not overlooking any opportunities for hiring in the under-represented sex in our managerial positions, through close communication with the Hiring Managers. Employer Branding is a key activity for our HR department and the new Talent Attraction Specialist, and will also strengthen the portrait of HAMLET PROTEIN as an equal opportunity employer.

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.

Compliance
Our long-term success is built on doing business in a fair and ethical way. The risk of failing to do so is unrelated to HAMLET PROTEIN's specific business model, but merely a general risk of doing business in all parts of the world. Specific risk areas for HAMLET PROTEIN include bribery in connection with government approvals and licences for manufacturing and cross-border trade, selling to unethical individuals or dealing with companies or individuals subject to international sanctions.

HAMLET PROTEIN has recently revised its compliance policies to reflect best practices in regard to Anti-Bribery and Corruption, Economic Sanctions and Anti-Money Laundering compliance, and we are committed to ensuring that we conduct our business ethically and in line with these principles.

The Anti-Corruption and Economic Sanctions Compliance Policy sets forth the policy of the Group to ensure compliance with all potentially applicable laws and conventions. The Policy applies to everyone working for the Company and any other member of the Group worldwide regardless of location, role or level of seniority. Third parties acting on behalf of the Group, such as agents, consultants, partners, or distributors must also comply with the spirit of this Policy and all applicable laws.

In addition, HAMLET PROTEIN provides a whistleblowing opportunity for all employees to report suspicions of misconduct. We encourage employees to raise their concern if they suspect a serious misconduct that should be prevented or corrected. If they feel they cannot be open with their information, they can raise their concern anonymously, by using a communication channel managed by a third-party.

HAMLET PROTEIN has nor received reports open or anonymous from employees or thrid parties about incidents of unethical behaviour in 2018.

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

Management review

Outlook
For 2019, we expect that the global trend of increasing demand for high-quality, vegetable-based protein will continue. We expect that the Asian and North American markets will be the main drivers of our 2019 growth where we expect increased sales volumes of 5-10% compared to 2018.

HAMLET PROTEIN will in 2019 continue to invest in new products and future growth. In addition, further investments in process optimisation and information technology will pave the way for a further shift of resources towards growth-driving commercial areas.

Through the combination of accelerated sales growth and improved utilisation of our production facilities, we expect a 10-20% improvement in earnings in 2019 compared to 2018.

Consolidated income statement 1 January – 31 December

	Note	2018 DKK'000	2017 DKK'000
Revenue	5	612,195	574,975
Total revenue		**612,195**	**574,975**
Raw materials and consumables used		416,178	371,778
Gross profit/loss		**196,017**	**203,197**
Other operating income	7	672	7,148
Other external expenses	8	-50,035	-65,969
Staff costs	6	-96,594	-88,609
Operating profit before depreciation, amortisation and special items		**50,056**	**55,767**
Depreciation	15	-26,926	-42,986
Amortisation and write-down	14	-130,530	-30,194
Operating loss before special items and non-recurring items		**-107,400**	**-17,413**
Special items and non-recurring items	9	-12,196	-15,074
Profit/loss before financial expenses and tax		**-119,596**	**-32,487**
Financial income	10	2,900	1,337
Financial expenses	11	-24,908	-32,611
Profit/loss before tax		**-141,604**	**-63,761**
Income tax for the year	12	12,170	12,792
Net profit/loss for the year		**-129,434**	**-50,969**
Distribution of profit for the year			
Equity holders of the parent		-129,434	-50,969
		-129,434	**-50,969**

Consolidated statement of comprehensive income 1 January – 31 December

	Note	2018 DKK'000	2017 DKK'000
Net profit/loss for the year		**-129,434**	**-50,969**
Other comprehensive income to be reclassified subsequently to profit or loss			
Net loss on cash flow hedge	22	786	1,571
Exchange differences on translation of foreign operations		3,833	-6,947
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**4,619**	**-5,376**
Total comprehensive loss for the year, net of tax		**-124,815**	**-56,345**
Attributable to:			
Equity holders of the parent		-124,815	-56,345
		-124,815	**-56,345**

Consolidated statement of financial position

	Note	2018 DKK'000	2017 DKK'000
Intangible assets	14	426,752	520,042
Intangible assets		**426,752**	**520,042**
Property, plant and equipment	15	366,865	325,184
Property, plant and equipment		**366,865**	**325,184**
Deposits		255	233
Deposits		**255**	**233**
Non-current assets		**793,872**	**845,459**
Inventories	16	44,210	30,582
Inventories		**44,210**	**30,582**
Trade and other receivables	17	80,903	103,981
Prepayments		2,438	1,752
Receivables		**83,341**	**105,733**
Cash and short-term deposits	18	61,120	33,049
Cash at bank and in hand		**61,120**	**33,049**
Current assets		**188,671**	**169,364**
Assets		**982,543**	**1,014,823**

Consolidated statement of financial position

	Note	2018 DKK'000	2017 DKK'000
Share capital		6,534	6,534
Share premium		649,185	649,185
Retained earnings		-257,394	-131,730
Other components of equity		-659	-1,445
Total equity attributable to the equity holders of the parent	23, 26	**397,666**	**522,544**
Interest-bearing loans and borrowings	20	395,626	296,458
Government grants		0	358
Deferred tax liabilities	13	57,332	69,917
Long-term liabilities		**452,958**	**366,733**
Interest-bearing loans and borrowings	20	30,976	43,445
Trade payables and other payables	19	100,943	81,751
Government grants	7	0	92
Income tax payable		0	257
Short-term liabilities		**131,919**	**125,545**
Liabilities		**584,877**	**492,278**
Liabilities and equity		**982,543**	**1,014,823**

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 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	-50,969	-	1,571	-5,376
Total comprehensive income	**-**	**-6,947**		**-**	**1,571**	**-56,345**
Proceeds from sale of warrants	-	-	-		-	
Equity at 31 December 2017	**6,534**	**-3,462**	**-128,268**	**649,185**	**-1,445**	**522,544**
Equity at 1 January 2018	**6,534**	**-3,462**	**-128,268**	**649,185**	**-1,445**	**522,544**
Profit/loss for the year			-129,434			-129,434
Other comprehensive income, net of tax		3,833			786	4,619
Total comprehensive income		**3,833**	**-129,434**		**786**	**-124,815**
Purchase of warrants and shares			-63			-63
Equity at 31 December 2018	**6,534**	**371**	**-257,765**	**649,185**	**-659**	**397,666**

Consolidated cash flow statement

	Note	31.12 2018 DKK'000	31.12 2017 DKK'000
Net profit/loss for the year		-129,434	-32,487
Adjustment to reconcile loss to net cash flows:			
Depreciation	15	26,926	42,986
Amortisation and write-down	14	130,530	30,914
Other non-cash adjustments		6,058	2,125
Working capital adjustments:			
Change in trade and other receivables and prepayments		22,411	-20,548
Change in inventories		-13,626	1,409
Change in trade and other payables		19,192	30,211
Cash flows from operating activities		**62,057**	**54,610**
Interest received		436	1,337
Interest paid		-21,247	-32,611
Net cash flows before tax		**41,246**	**23,336**
Income tax paid		0	35
Net cash flows from operating activities		**41,246**	**23,371**
Proceeds from sale of property, plant and equipment		460	5,145
Purchase of property, plant and equipment		-82,996	-34,706
Purchase of intangible assets		-15,973	-1,992
Net cash flows from investing activities		**-98,615**	**-31,553**
Purchase of warrants and shares		-64	-
Repayment of borrowings		0	-2,800
Increase of bank loans		109,217	0
Net cash flows from financing activities	18	**109,153**	**-2,800**

Consolidated cash flow statement

	Note	31.12 2018 DKK'000	31.12 2017 DKK'000
Net increase/decrease in cash		51,786	-10,982
Net foreign exchange difference		0	-10
Cash and cash equivalents at 1 January		-5,865	5,127
Cash and cash equivalents at 31 December	18	**45,921**	**-5,865**

Notes to the consolidated financial statements

Index to notes to the consolidated financial statements

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 year 1 January 2018 to 31 December 2018 are approved by Management.

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 26.

2. Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

2.1 Impact of initial application of IFRS 9 Financial Instruments

In current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities
2) Impairment of financial assets
3) General hedge accounting

Based on reviewing IFRS 9, the effect of the change from incurred loss model to expected loss model is insignificant, since loss from receivables historically is close to zero.

Notes to the consolidated financial statements

2.2 Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however, the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances. The term deferred income is used in respect of the government grant balances that are disclosed in Note 7 and are not within the scope of IFRS 15.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 3 below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had an impact on the financial position and/or financial performance of the Group.

3. Significant accounting policies

3.1 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 consolidated financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2018.

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

Notes to the consolidated financial statements

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), except when otherwise indicated.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2018. 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.

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.

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.

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.

3.3 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. 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 IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

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.

Notes to the consolidated financial statements

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.

Notes to the consolidated financial statements

Revenue recognition

The Group recognises revenue from sale of protein products.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when the performance obligation is satisfied, i.e. when control of the goods is transferred to the customer. Control of the goods is transferred at a point of time, typically on delivery.

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.

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 expenses 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.

Notes to the consolidated financial statements

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 balance sheet liability 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, except:

- 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.

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 of 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.

Notes to the consolidated financial statements

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 30 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 derecognised. 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. 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, at present, no finance lease.

An operating lease is a 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.

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.

Notes to the consolidated financial statements

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.

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.

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

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.

Notes to the consolidated financial statements

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.

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.

Notes to the consolidated financial statements

Financial assets

Initial recognition and measurement

Financial assets are measured 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost

(i) *Financial assets at fair value through profit or loss* are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

(ii) *Financial assets at amortised cost* are the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Notes to the consolidated financial statements

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

Initial recognition and measurement

All financial liabilities except derivates are recognised initially at fair value less transaction costs.

Subsequent measurement

After initial recognition, financial assets at amortised costs 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.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

Derivative financial instruments

The Group recognises derivatives as at the transaction date. Derivative 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, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income, and subsequently reclassified to profit or loss when the hedge item affect profit or loss.

Notes to the consolidated financial statements

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 gains 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. The ineffective portion relating to foreign currency contracts is recognised as finance costs in profit or loss.
- 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.

Notes to the consolidated financial statements

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.

In the parent company, reserve for development costs comprises development costs recognised as assets since 1 January 2017 (net of amortisation and tax). The reserve cannot be used to distribute dividend or cover losses.

Statement of cash flows
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 flows 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.

Notes to the consolidated financial statements

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.

4. 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.

A review of Hamlet Protein's Plant & Machinery has revealed a too conservative depreciation profile of production lines. Production lines in Horsens build in 1992 when the Company was founded are still running, yet identical lines build in Findlay in 2012-2017 were being depreciated over 10 years only. If spare parts are replaced regularly, our production lines can run for at least 30 years. Based on this knowledge, all elements of the lines in Findlay have in 2018 been reassessed and categorised to correctly reflect their true economic lifetime. Book values at the end of 2017 have been kept unchanged, but the profit and loss effect of the updated depreciation profiles is a reduction in depreciation of DKK 12.7m in 2018.

Judgements

In the process of applying the Group's accounting policies, 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.

Borrowings at year-end in the amount of DKK 426,603 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 2018.

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.

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 information available when the consolidated financial statements were prepared.

Notes to the consolidated financial statements

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 14.

5. Revenue

	2018 DKK'000	2017 DKK'000
Europe	355,032	307,129
Asia	149,514	163,834
America	98,485	94,374
Africa	9,164	9,638
	612,195	**574,975**

	2018 DKK'000	2017 DKK'000
6. Staff costs		
Wages and salaries	85,896	76,278
Pension costs (defined contribution plans)	4,488	4,469
Other social security expenses	553	483
Other staff expenses	5,657	7,379
	96,594	**88,609**
Remuneration of key management personnel		
Executive Board - Wages and salaries	4,281	7,771
Executive Board – Pension	531	298
Fee to Board of Directors	1,773	546
	6,585	**8,317**
Average number of employees	**132**	**122**

Management personnel is 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.

Notes to the consolidated financial statements

In 2018 3,200 warrants have been re-acquired by the Group's parent company. At 31 December 2018, a total of 371,248 warrants have been issued of which 3,200 is held by the parent company.

	2018 DKK'000	2017 DKK'000
7. Other operating income		
Government grants	96	5,502
Gain on disposal of property, plant and equipment	0	107
Sale of raw materials	576	439
Loss of profit insurance	0	1,100
	672	**7,148**

	2018 DKK'000	2017 DKK'000
8. Other external expenses		
Fees to the statutory auditors		
Statutory audit	196	191
Other assurance services	20	0
Tax and VAT advisory	220	747
Other services	1,457	80
	1,893	**1,018**

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 2018, DKK 3,633 thousand (2017: DKK 5,627 thousand)) and recognised in other external expenses.

Notes to the consolidated financial statements

	2018 DKK'000	2017 DKK'000
9. Special items and non-recurring expenses		
Consultancy, strategy and legal compliance costs, etc., of a non-recurring Nature	12,196	15,074
	12,196	**15,074**
10. Financial income		
Interest income, other	436	95
Interest income, related parties	0	246
Total interest income on receivables and cash at amortised cost	**436**	**341**
Foreign currency exchange rate gains	2,464	996
Total financial income	**2,900**	**1,337**
11. Financial expenses		
Interest on interest-bearing loans and borrowings, etc.	16,289	15,292
Amortisation of borrowings costs	2,999	3,224
Other financial expenses	4,958	4,002
Total interest expenses on debts and borrowings at amortised cost	**24,246**	**22,518**
Foreign currency exchange rate loss	662	10,093
Total financial expenses	**24,908**	**32,611**
12. Income tax expense (income)		
Consolidated statement of profit or loss		
Current income tax charge	415	198
Prior year adjustment	-1,718	0
Deferred tax charge	-10,867	-12,594
Income tax expense (income) in the statement of profit or loss	**-12,170**	**-12,792**
Consolidated statement of other comprehensive income		
Income tax related to items directly in other comprehensive income:		
Net loss on cash flow hedge	700	444
Income tax recognised in other comprehensive income	**700**	**444**

Notes to the consolidated financial statements

	2018 DKK'000	2017 DKK'000
Explanation of income tax expense (income):		
Reported accounting loss before tax	**-141.604**	**-63,761**
Calculated tax charge at Denmark's statutory income tax rate of 22%	-31.153	-14,027
Tax rate deviations in foreign entities, net	127	58
Tax impact from permanent difference	85	1,177
Tax impact from write-down of goodwill	22.000	0
Adjustment to prior year	-1.718	0
Deferred tax not recognosed and other adjustments	-1.511	0
Income tax expense (income) reported in the consolidated income statement	**-12.170**	**-12,792**
Effective tax rate for the year	**8.6%**	**20.0%**

13. Deferred tax

Deferred tax relates to the following:

Consolidated statement of financial position		
Intangible assets	-51,222	-58,593
Interest-bearing loans and borrowings	9,994	1,815
Losses available for offsetting against future taxable income	14,705	16,267
Net deferred tax liabilities	**57,332**	**-69,917**
Consolidated income statement/other comprehensive income		
Property, plant and equipment	1,404	-3,399
Intangible assets	-7,371	-4,916
Interest-bearing loans and borrowings	-8,180	-383
Losses available for offsetting against future taxable income	1,562	-3,896
Deferred tax expense (income)	**-12,585**	**-12,594**

Notes to the consolidated financial statements

Reconciliation of deferred tax liabilities, net

	2018 DKK'000	2017 DKK'000
Opening balance	-69,917	-82,511
Taxable income during the year recognised in profit or loss	12,585	12,594
Closing balance at 31 December	**57,332**	**-69,917**

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 related to the US subsidary have an expiration of 20 years, but are expected to be utilised within the next five years.

Notes to the consolidated financial statements

14. Intangible assets

DKK'000	Goodwill	Technology	Customer relation-ships	Brand	Develop-ment pro-jects and acquired in-tangible as-sets under construction	Completed develop-ment pro-jects and other intan-gible assets	Total
Cost							
At 31 December 2016	**254,563**	**176,000**	**114,300**	**35,900**		**4,385**	**585,148**
Additions	-	1,992	-	-		-	**1,992**
Disposals	-	-662	-	-			**-662**
Transfer		1,654				-	**1,654**
Foreign exchange adjust-ments	-		-	-		-	-
At 31 December 2017	**254,563**	**178,984**	**114,300**	**35,900**		**4,385**	**588,132**
Exchange rates adjust-ment	-	-342	-	-		438	**96**
Additions	-	1,024	-	-	11.456	3,492	**15,972**
Transfer	-	-	-	-	6,270	14,908	**21,178**
Disposals	-	-	-	-		-	-
At 31 December 2018	**254,563**	**179,666**	**114,300**	**35,900**	**17,726**	**23,223**	**625,378**
Amortisation and im-pairment 31 December 2016	-	**19,200**	**14,140**	**3,852**		**1,366**	**38,558**
Amortisation	-	16,766	9,350	2,992		1,086	30,194
Disposals	-	-662	-	-		-	-662
Foreign exchange adjust-mens	-	-	-	-		-	-
At 31 December 2017	-	**35,304**	**23,490**	**6,844**		**2,452**	**68,090**
Exchange rates adjust-ment depreciation	-	2	-	-		2	-
Amortisation		15,458	9,350	2,992		2,731	30,530
Write-down	100,000						100,000
Disposals							
At 31 December 2018	**100,000**	**50,764**	**32,840**	**9,836**	**0**	**5,185**	**198,625**
Carrying amount at 31 December 2018	**154,563**	**128,902**	**81,460**	**26,064**	**17,726**	**18,038**	**426,752**
at 31 December 2017	**254,563**	**143,680**	**90,810**	**29,056**	**0**	**1,933**	**520,042**

Notes to the consolidated financial statements

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.

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
While maintaining our belief in HAMLET PROTEIN's long-term growth potential, we have come to acknowledge that resent years' unpredictable fluctuations on individual markets may require a slightly higher safety margin regarding the risk premium applied in goodwill impairment tests. On this basis, the impairment tests have indicated a write-down of DKK 100 million, which has been recognized.

At 31 December 2018, the carrying amount of goodwill related to the 2015 acquisition of Hamlet Protein Group is DKK 154,563 thousand.

The goodwill has been allocated to the Hamlet Protein Group taken as a whole.

Notes to the consolidated financial statements

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

	2018	2017
Long-term growth in revenue	2.0%	2.0%
Long-term growth in EBITDA	2.0%	2.0%
Discount rate, post-tax	9.1%	8.6%
Discount rate, pre-tax	11.6%	11.0%

Further, the impairment test is based on the assumption that resent years' sales growth in Asia and North America will accelerate in the coming 3-5 years and hereafter approaching the long-term growth assumption. In Asia, the accelerated sales growth is especially driven by China where the current transformation of the pig farming industry from backyards to large industrial units is expected to increase demand for quality vegetable based protein like Hamlet Protein. In North America, the expected sales growth is driven by the general shift towards antibiotic free animal feed. Along with increased capacity utilisation, our net earnings are expected to increase at a higher rate than sales over the same period.

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 recoverable amount in the range of DKK 65 million calculated at 31 December 2018, all other things being equal.

An increase in the discount rate applied (post-tax) of 0.5 percentage point will decrease the recoverable amount in the range of DKK 59 million calculated at 31 December 2018, all other things being equal.

Notes to the consolidated financial statements

15. Property, plant and equipment

DKK'000	Land and buildings	Plant and equipment	Other equip-ment	Construction in progress	Total
Cost					
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	-	-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**
Additions	158	12,980	558	69,300	82,996
Disposals	-	-	-970	-	-970
Foreign exchange adjustments	1,797	10,568	595	189	13,148
Transfer	-	-	-	-21,940	-21,940
At 31 December 2018	**75,021**	**327,212**	**9,086**	**73,387**	**484,705**
Depreciation and impairment					
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
At 31 December 2017	**8,150**	**73,314**	**4,823**	**-**	**86,287**
Depreciation	3,942	21,073	1,911	-	26,926
Disposals	-	-	-616	-	-616
Foreign exchange adjustments	67	5,076	101	-	5.244
Transfers	-	-	-	-	-
At 31 December 2018	**12,159**	**99,463**	**6,219**	**73,387**	**117,840**
Carrying amount					
At 31 December 2018	**62,862**	**227,748**	**2,867**	**73,387**	**366,865**
At 31 December 2017	**64,915**	**230,350**	**4,080**	**25,838**	**325,184**

Notes to the consolidated financial statements

	2018 DKK'000	2017 DKK'000
16. Inventories		
Raw materials and consumables	13,044	15,742
Finished goods	31,166	14,840
	44,210	**30,582**

	2018 DKK'000	2017 DKK'000
17. Receivables		
Trade receivables	70,545	85,297
Loss allowance	0	0
Trade receivables, net	**70,545**	**85,297**
Other receivables	5,867	14,502
Other receivables, net	**5,867**	**14,502**
Receivables from related parties	4,491	4,182
Receivables from related parties, net	**4,491**	**4,182**
Total receivables	**80,903**	**103,981**

Trade Receivables at 1 January 2017 DKK'000 68.271.

Customer credit risks

Customer credit risks are 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. 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 operate in largely independent markets.

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

At 31 December 2018, trade receivables of an initial value of DKK 0 thousand (2017: DKK 0 thousand) were impaired and fully provided for.

Notes to the consolidated financial statements

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

Customer credit risks (continued)

			Past due at 31 December 2018			
DKK'000	**Total**	**Not past due**	**< 30 days**	**30-60 days**	**61– 90 days**	**> 91 days**
Trade receivables	70,545	60,508	7,251	848	273	474

The Group uses credit loss insurance to reduce the risk of loss of Trade receivables.

Credit losses in the Group over the past three years have been insignificant and there are no foreward looking information indicating any changes to this fact in the future. On that basis, expected credit losses related to trade receivables are considered to be insignificant.

18. Note to the cash flow statement

Cash and short-term deposits

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

	2018 DKK'000	**2017 DKK'000**
Cash and short-term deposits	61,120	33,049
Bank overdrafts (Revolving Credit Facility, refer to note 18)	-15,199	-38,914
	45,921	**-5,865**

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

At 31 December 2018, the Group's undrawn, committed borrowing facilities totalled DKK 121,741 thousand (2017: DKK 84,433 thousand).

Notes to the consolidated financial statements

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	1 January 2018	Financing cash flows	Amortisation transaction costs	31 December 2018
Bank loans (excluding Revolving Credit Facility)	336,509	2,800		339,309
Total liabilities from financing activities	**336,509**	**2,800**		**339,309**

	1 January 2018	Financing cash flows	Amortisation transaction costs	31 December 2018
Bank loans (excluding Revolving Credit Facility)	339,903	109,217	1,197	450,318
Total liabilities from financing activities	**339,903**	**109,217**	**1,197**	**450,318**

Notes to the consolidated financial statements

19. Trade payables and other payables

	2018 DKK'000	2017 DKK'000
Trade payables	89,263	58,483
Other payables	11,680	23,268
	100,943	**81,751**

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

20. 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 2018	Carrying amount 2017
Facility A	2021	3,75%	41,560	41,215
		DK balance: 4,69%		
		EUR balance 4,39%		
Facility B	2022	USD balance 5,88%	239,325	235,832
Facility C	2021	4,00%	119,669	11,692
Revolving Credit Facility	2021	LIBOR+3,50%	15,199	38,914
Mortgage debt A	2018-2020	1,23-1,93%	2,752	3,801
Mortgage debt B	2027	3,00%	8,098	8,449
			426,603	**339,903**
Non-current			395,626	296,458
Current			30,976	43,445
			426,602	**339,903**

The interest rates disclosed for Facility A, B and C loans include the effect of related interest rate swaps. At 31 December 2018, capitalised borrowing costs amount to DKK 8,688 thousand (2017: DKK 11,688 thousand) and are amortised until the expiry date of the loans. Amortisation in 2018 amounts to DKK 2,999 thousand (DKK 3,224 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 2018.

Notes to the consolidated financial statements

21. Financial assets and liabilities

	2018 DKK'000	2017 DKK'000
Financial assets at amortised cost		
Trade and other receivables	80,903	103,981
Prepayments	2,438	1,752
Cash and short-term deposits	61,120	33,049
	144,461	**138,782**
Financial liabilities at amortised cost		
Interest bearing loans and borrowings (excluding financial instruments at fair value)	426,603	339,903
Trade payables	89,263	58,483
Other payables	11,692	23,268
	527,558	**421,654**
Financial liabilities at fair value (hedging instruments)		
Derivative financial instruments	1,217	1,445

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 except for interest-bearing loans and borrowings.

Interest-bearing loans and borrowings (fair value)	**434,944**	**348,955**

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.

Notes to the consolidated financial statements

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

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 (level 3). The own non-performance risk at 31 December 2018 was assessed to be insignificant.

22. 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. In addition, the group has no financial assets or liabilities which are measured at fair value, which would be affected to fluctuations in interest rate.

The fair value recognised in other comprehensive income amounts to negative DKK 786 thousand at 31 December 2018 (2017: negative DKK 1,445 thousand)

Notes to the consolidated financial statements

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 17.

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

Foreign currency risk

The Company is exposed to limited 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 due to the fact that purchase and sales are in the same currency.

Liquidity risk

The equity share of total equity and liabilities was 40.5% at the end of 2018. 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.

Notes to the consolidated financial statements

31 December 2018 DKK'000	On demand	3-12 months	1-5 years	> 5 years	Total
Interest-bearing loans and borrowings		21,000	476,883	5,286	503,169
Trade and other payables	89,255	11,692			100,947
Interest rate swaps		2,460	4,485		6,945
	89,255	**35,152**	**481,368**	**5,286**	**611,061**

31 December 2017 DKK'000	On demand	3-12 months	1-5 years	> 5 years	Total
Interest-bearing loans and borrowings	0	20,248	406,300	6,393	432,941
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	**43,278**	**413,245**	**6,393**	**524,097**

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 the required soy supply for sales on hand, the Group has entered into forward contracts with physical delivery. At 31 December 2018 purchase contracts had been entered into for all sales contracts on hand.

31 December

DKK'000	**2018**		**2017**	
Fair value of derivatives	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps		1,217	-	1,445
Foreign exchange forward contracts	755		-	-

23. 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.

Notes to the consolidated financial statements

23. Capital management (continued)

	2018 (DKK'000)	2017 (DKK'000)
Interest-bearing loans and borrowings	426,602	339,903
Trade and other payables	100,943	81,751
Less cash	-61,120	-33,049
Net debt	**466,425**	**388,605**
Equity	398,385	522,544
Total capital and net debt	**864,810**	**911,149**
Gearing ratio	0.54	0.43

24. Contingent liabilities and other financial obligations

Contingencies

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

24. Contingent liabilities and other financial obligations (continued)

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

	2018 DKK'000	2017 DKK'000
Within 1 year	3,277	1,576
Between 2-5 years	4,285	3,585
After 5 years	0	0
	7,562	**5,161**

In 2018, minimum lease payments recognised as an operating lease expense amounted to DKK 3,334 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 USD 4,419.53 thousand.

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

- Mortgage of DKK 25,083 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 mortgaged properties amounted to DKK 34,049.15 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 102,432.30 thousand.

Notes to the consolidated financial statements

25. 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 of incorporation	Equity interest 2018
New Nutrition ApS	Subholding and selected group activities	Horsens, Denmark	100.00 %
HAMLET PROTEIN A/S	Production, distribution and selected group activities	Horsens, Denmark	100.00 %
HAMLET PROTEIN Inc.	Production and distribution	Ohio, USA	100.00 %
HAMLET PROTEIN Inc.	Dormant	Iowa, USA	100.00 %
Hamlet Trading Co. Ltd.	Sales and distribution	Qindao, 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)
Executive Board	2018	4,812	
	2017	7,771	-
Board of Directors	2018	1,773	
	2017	546	-

Direct parent company and ultimate ownership

The direct parent company and ultimate ownership of New Nutrition Holding ApS is New Nutrition Holding S.a.r.l., 2, Rue du Fosse, L-1536 Luxembourg.

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

Goldman Sachs Group Inc. ("GS Group") and Altor Fund IV Holding AB has a 50/50 controlling interest.

Notes to the consolidated financial statements

25. Related party disclosures (continued)

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			
	2018	-	312
	2017	-	-
Altor Fund Manager AB, Sweden	2018	-	208
	2017	-	427
Vawda Associate, GB	2018	-	202
	2017	-	512

At 31 December 2018, there is a receivable of DKK 4,490 thousand from New Nutrition Holding S.a.r.l. The loan carries an interest of 6.9% p.a.

26. 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.

	2018	2017	2016
Beginning of year	6,534	6,534	6,476
Additions	0	0	58
End of year	6,534	6,534	6,534

Notes to the consolidated financial statements

27. Standard issued, but not yet effective

At the time of publication of this annual report, IASB has issued 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 2018.

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 16 has been completed. See further below.

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 is expected to affect the Group's balance sheet, profit and loss and cash flow statement, on the following:

- Total assets 1 January 2019: DKK 5,466 thousand
- Total assets 31 December 2019: DKK 4,705 thousand
- Liabilities 1 January 2019: DKK 5,466 thousand
- Liabilities 31 December 2019: DKK 4,812 thousand
- Profit and loss depreciation 2019: DKK 812 thousand
- Profit and loss interest costs 2019: DKK 282 thousand
- Cash flow 2019: DKK 986 thousand

In addition, the current leasing expences in 2018 will be reduced (see note 24).

28. 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	2018 DKK'000	2017 DKK'000
Other external expenses	4	-105	0
Operating profit		**-105**	**0**
Share of profit or loss in subsidiaries net of tax using the equity method	9	-129,467	-47,109
Special items and non-recurring expenses	6	0	-3,731
Finance income		8	0
Finance costs	7	-10	-60
Profit/loss before tax		**-129,574**	**-50,900**
Income tax expense	8	140	-69
Net profit/loss for the year		**-129,434**	**-50,969**
Distribution profit for the year			
Equity holders of the parent		-129,434	-50,969
		-129,434	**-50,969**

Parent statement of comprehensive income 1 January – 31 December

	Note	2018 DKK'000	2017 DKK'000
Net profit/loss for the year		-129,434	-50,969
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Net loss on cash flow hedges subsidiaries		786	1,571
Exchange differences on translation of foreign operations			
In subsidiaries		3,833	-6,947
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**4,619**	**-5,376**
Comprehensive income		**-124,815**	**-56,345**
Distribution profit for the year			
Equity holders of the parent		-124,815	-56,345
		-124,815	**-56,345**

Parent company statement of financial position

	Note	2018 DKK'000	2017 DKK'000
Investment in subsidiaries	9	395,527	520,375
Deferred tax assets		359	220
Fixed asset investments		**395,886**	**520,595**
Non-current assets		**395,886**	**520,595**
Receivables from group companies		-	-
Other receivables		69	-
Receivables		**69**	**-**
Cash and short term deposits		**1,904**	**2,310**
Current assets		**1,973**	**2,310**
Assets		**397,859**	**522,905**

	Note	2018 DKK'000	2017 DKK'000
Share capital	10	6,534	6,534
Share premium		649,185	649,185
Retained earnings		-258,053	-133,175
Equity		**397,666**	**522,544**
Trade and other payables		193	361
Interest bearing loans and borrowings		-	-
Payables due to related companies		-	-
Short-term liabilities		**193**	**361**
Liabilities		**193**	**361**
Liabilities and equity		**397,859**	**522,905**

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 2018	6,534	649,185	0	-133,175	522,544
Loss for the year				-129,434	-129,434
Other comprehensive income, net of tax				4,619	4,619
Total comprehensive income				**-124,815**	**-124,815**
Purchase of warrants and shares				-63	-63
Equity at 31 December 2018	**6,534**	**649,185**	**0**	**-258,053**	**397,666**

	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 year			-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			**0**	**-56,345**	**-56,345**
Equity at 31 December 2017	**6,534**	**649,185**	**0**	**-133,175**	**522,544**

Parent company cash flow statement

	Note	2018 DKK'000	2017 DKK'000
Net profit/loss for the year		-129,434	-50,969
Adjustment to reconcile loss to net cash flows:			
Share of loss in subsidiaries net of tax using the equity method		129,467	47,109
Other non-cash adjustments		-138	129
Working capital adjustments:			
Change in trade and other receivables		-67	3,312
Change in trade and other payables		-168	-3,177
Cash flows from operating activities before financial income		**-340**	**-3,596**
Interest paid		-10	-60
Interest received		8	0
Cash flows before tax		-342	-3,656
Cash flows from investing activities		-	-
Proceeds from purchase of warrants and shares		-64	-
Cash flows from financing activities		**-64**	**-**
Net change in cash for the period		-406	-3,656
Cash and cash equivalents 1 January		2,310	5,966
Cash and cash equivalents at 31 December		**1,904**	**2,310**

Notes to 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 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 financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2018.

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) except 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 27-39.

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 as 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 investments in its subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investments in the subsidiaries are 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.

	2018 DKK'000	2017 DKK'000
4. Fees to auditors appointed at the annual general meeting		
Statutory audit	44	43
Other assurance services	0	0
Tax and vat advisory services	0	0
Other services	27	80
Total	**71**	**123**

5. Remuneration of key management personnel

		Wages and salaries incl. pensions (DKK'000)	Warrants sold (DKK'000)
Key management personnel	2018	4,812	
	2017	7,771	-
Board of Directors	2018	1,773	
	2017	546	-

Information on the share based incentive program is included in Note 6 of the consolidated financial statements.

Notes to parent company financial statements

6. Special items and non-recurring expenses

	2018 DKK'000	2017 DKK'000
Consultancy, legal compliance costs etc. of a non-recurring character	0	3,731
	0	**3,731**

7. Financial expenses

Interest expenses	10	60
	10	**60**

8. Income tax expense

Current income tax charge:		
Deferred tax adjustment	-140	69
	-140	**69**
Explanation of income tax expense:		
Reporting accounting loss before tax	**-129,574**	**-50,900**
Calculated tax charge at Denmark's statutory income tax rate of 22%	-28,506	-11,198
Adjustments in respect of losses in subsidiaries net of tax using the equity method	28,622	10.364
Tax impact from permanent differences	24	834
Income tax expense (income) reported in the parent company statement of profit or loss	**140**	**-69**

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	-128,044	-75,559
Loss on ordinary actitivities net of tax	-129,467	-47,109
Foreign currency translation reserve	3,832	-6,947
Cash flow hedge reserve, net of tax	787	1,571
At 31 December	**-252,892**	**-128,044**
Carrying value	**395,527**	**520,375**

Notes to parent company financial statements

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 26 of the consolidated financial statements.

11. Standards issued, but not yet effective

Standards issued, but not yet effective are described in Note 27 of the consolidated financial statements.

12. Contingent liabilities and contractual obligations

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.

13. Financial risks

The Company has only invested in the subsidiary, New Nutrition ApS, and does not have any significant receivables or payables. Risks related to currency, credit and liquidity are monitored and managed at group level. Please refer to Note 22 of the consolidated financial statements for further information of the GrGup's exposure to such risks.

14. Capital management

The primary objective of the Company's capital management is to maximise shareholder value which is monitored and managed at Group level. Please refer to note 22 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 25 of the consolidated financial statements. Remuneration to the Executive Board and the Board of Directors are disclosed in Note 6 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.