Deloitte.

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# EFD Investment A/S

Jægersborg Alle 4, 5.
2920 Charlottenlund
Central Business Registration
No 36978791

# Annual report 2018

The Annual General Meeting adopted the annual report on 29.5.2019

**Chairman of the General Meeting**

Jørgen Jensen

Name: Jørgen Jensen

# Contents

# Entity details

**Entity**
EFD Investment A/S
Jægersborg Alle 4, 5.
2920 Charlottenlund

Central Business Registration No (CVR): 36978791
Registered in: Gentofte
Financial year: 01.01.2018 - 31.12.2018

**Board of Directors**
Benny Dalgaard Loft
Thomas Marstrand
Per Toft Valstorp
Jørgen Jensen

**Executive Board**
Thomas Marstrand

**Auditors**
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C
Lead Client Service Partner: Jørn Jepsen

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of EFD Investment A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Charlottenlund, 29.5.2019

**Executive Board**

Thomas Marstrand

**Board of Directors**

Benny Dalgaard Loft

Thomas Marstrand

Per Toft Valstorp

Jørgen Jensen

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Charlottenlund, ____.____.2019

**Executive Board**

Thomas Marstrand

**Board of Directors**

Benny Dalgaard Loft

Thomas Marstrand

Per Toft Valstorp

Jørgen Jensen

# Independent auditor's report

**To the shareholders of EFD Investment A/S**

**Opinion**

We have audited the consolidated financial statements and the parent financial statements of EFD Investment A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with 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.

**Management's responsibilities for the consolidated financial statements and the parent financial statements**

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

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

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

# Independent auditor's report

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 these 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.

- 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.

# Independent auditor's report

**Statement on the management commentary**
Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

København, 29.05.2019

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Stine Eva Grothen
State Authorised Public Accountant
Identification No (MNE) mne29431

Allan Pedersen
State Authorised Public Accountant
Identification No (MNE) mne14952

# Management commentary

| | 2018 DKK'000 | 2017 DKK'000 | 2016 DKK'000 | 2015 DKK'000 |
|---|---|---|---|---|
| **Financial highlights** | | | | |
| **Key figures** | | | | |
| Gross profit | 52.664 | 57.679 | 69.226 | 38.580 |
| Operating profit/loss | 11.948 | 16.794 | 29.054 | 5.141 |
| Net financials | (977) | (746) | (1.101) | (425) |
| Profit/loss for the year | 8.583 | 11.842 | 21.902 | 3.644 |
| Total assets | 118.615 | 118.800 | 119.962 | 134.696 |
| Investments in property, plant and equipment | 6.023 | 8.041 | 6.272 | 58.576 |
| Equity | 25.013 | 86.060 | 74.805 | 58.308 |
| Cash flows from (used in) operating activities | 17.984 | 18.115 | 33.596 | 11.716 |
| Cash flows from (used in) investing activities | (5.933) | (9.064) | (6.272) | (113.484) |
| Cash flows from (used in) financing activities | (11.706) | (11.937) | (4.292) | 82.651 |
| | | | | |
| **Ratios** | | | | |
| Return on equity (%) | 15,5 | 14,7 | 32,9 | 6,3 |
| Equity ratio (%) | 21,1 | 72,4 | 62,4 | 43,3 |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

| Ratios | Calculation formula | Calculation formula reflects |
|---|---|---|
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | $\frac{\text{Equity} \times 100}{\text{Total assets}}$ | The financial strength of the entity. |

# Management commentary

**Primary activities**
The group deals primarily with the production and sale of freeze dried food ingredients and contract manufacturing of food and non-food products. Furthermore, the group produces and sells freeze-dried meals and other freeze-dried products to the retail market.

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

**Development in activities and finances**
Profit/loss for the year amounts to a profit of DKK 8,583 thousands against a profit last year of DKK 11,842 thousands. The equity amounts to DKK 25,143 thousands as of 31.12.2018. Dividend of DKK 70,000 thousands have been distributed during the year.

**Profit/loss for the year in relation to expected developments**
The Group's earnings for 2018 are lower than expected.

**Outlook**
For 2019 the earnings are expected to increase e.g. driven by positive developments in packaged products.

**Environmental performance**
The Group is environmentally conscious and works regularly on improving the environmental impact from own operations.

**Research and development activities**
It is important to the Group to maintain a market leadership, which is secured by a continuous focus on development of own new products as well as private label products for customers.

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

# Consolidated income statement for 2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| **Gross profit** | | **52.664.052** | **57.679.391** |
| Staff costs | 1 | (32.480.919) | (33.461.472) |
| Depreciation, amortisation and impairment losses | 2 | (8.234.953) | (7.424.112) |
| **Operating profit/loss** | | **11.948.180** | **16.793.807** |
| Other financial income | | 887 | 263 |
| Other financial expenses | 3 | (977.767) | (746.166) |
| **Profit/loss before tax** | | **10.971.300** | **16.047.904** |
| Tax on profit/loss for the year | 4 | (2.388.152) | (4.206.248) |
| **Profit/loss for the year** | 5 | **8.583.148** | **11.841.656** |

# Consolidated balance sheet at 31.12.2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| Acquired intangible assets | | 1.215.473 | 1.726.665 |
| Goodwill | | 23.464.042 | 24.871.885 |
| **Intangible assets** | 6 | **24.679.515** | **26.598.550** |
| Land and buildings | | 22.130.241 | 23.238.272 |
| Plant and machinery | | 30.554.631 | 33.346.088 |
| Other fixtures and fittings, tools and equipment | | 131.059 | 205.950 |
| Property, plant and equipment in progress | | 3.463.552 | 0 |
| **Property, plant and equipment** | 7 | **56.279.483** | **56.790.310** |
| **Fixed assets** | | **80.958.998** | **83.388.860** |
| Raw materials and consumables | | 16.913.165 | 14.789.406 |
| Work in progress | | 80.346 | 0 |
| **Inventories** | | **16.993.511** | **14.789.406** |
| Trade receivables | | 17.485.782 | 19.113.336 |
| Other receivables | | 1.046.802 | 370.057 |
| Prepayments | | 876.227 | 216.895 |
| **Receivables** | | **19.408.811** | **19.700.288** |
| **Cash** | | **1.253.915** | **921.288** |
| **Current assets** | | **37.656.237** | **35.410.982** |
| **Assets** | | **118.615.235** | **118.799.842** |

# Consolidated balance sheet at 31.12.2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| Contributed capital | | 1.006.873 | 1.000.000 |
| Retained earnings | | 24.006.583 | 85.059.615 |
| **Equity** | | **25.013.456** | **86.059.615** |
| Deferred tax | | 1.713.860 | 1.688.705 |
| **Provisions** | | **1.713.860** | **1.688.705** |
| Mortgage debt | | 1.388.723 | 2.064.714 |
| Bank loans | | 72.451.402 | 8.085.375 |
| **Non-current liabilities other than provisions** | 8 | **73.840.125** | **10.150.089** |
| Current portion of long-term liabilities other than provisions | 8 | 689.396 | 6.687.328 |
| Bank loans | | 0 | 1.821 |
| Trade payables | | 10.374.919 | 8.757.309 |
| Income tax payable | | 1.504.000 | 157.068 |
| Other payables | | 5.479.479 | 5.297.907 |
| **Current liabilities other than provisions** | | **18.047.794** | **20.901.433** |
| **Liabilities other than provisions** | | **91.887.919** | **31.051.522** |
| **Equity and liabilities** | | **118.615.235** | **118.799.842** |
| Assets charged and collateral | 10 | | |
| Transactions with related parties | 11 | | |
| Subsidiaries | 12 | | |

# Consolidated statement of changes in equity for 2018

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---|---|---|---|
| Equity beginning of year | 1.000.000 | 85.059.615 | 86.059.615 |
| Increase of capital | 6.873 | 595.064 | 601.937 |
| Extraordinary dividend paid | 0 | (70.000.000) | (70.000.000) |
| Exchange rate adjustments | 0 | (231.243) | (231.243) |
| Profit/loss for the year | 0 | 8.583.147 | 8.583.147 |
| **Equity end of year** | **1.006.873** | **24.006.583** | **25.013.456** |

# Consolidated cash flow statement for 2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| Operating profit/loss | | 11.948.180 | 16.793.807 |
| Amortisation, depreciation and impairment losses | | 8.199.653 | 7.299.103 |
| Working capital changes | 9 | (376.844) | (2.108.369) |
| **Cash flow from ordinary operating activities** | | **19.770.989** | **21.984.541** |
| Financial income received | | 887 | 263 |
| Financial expenses paid | | (787.099) | (402.711) |
| Income taxes refunded/(paid) | | (1.000.633) | (3.466.722) |
| **Cash flows from operating activities** | | **17.984.144** | **18.115.371** |
| Acquisition etc of intangible assets | | (42.000) | (1.726.665) |
| Acquisition etc of property, plant and equipment | | (6.023.138) | (7.337.343) |
| Sale of property, plant and equipment | | 132.501 | 0 |
| **Cash flows from investing activities** | | **(5.932.637)** | **(9.064.008)** |
| Loans raised | | 58.379.432 | 0 |
| Repayments of loans etc | | (687.328) | (11.937.328) |
| Dividend paid | | (70.000.000) | 0 |
| Cash increase of capital | | 601.937 | 0 |
| **Cash flows from financing activities** | | **(11.705.959)** | **(11.937.328)** |
| **Increase/decrease in cash and cash equivalents** | | **345.548** | **(2.885.965)** |
| Cash and cash equivalents beginning of year | | 919.467 | 3.915.032 |
| Currency translation adjustments of cash and cash equivalents | | (11.100) | (109.600) |
| **Cash and cash equivalents end of year** | | **1.253.915** | **919.467** |
| Cash and cash equivalents at year-end are composed of: | | | |
| Cash | | 1.253.915 | 921.288 |
| Short-term debt to banks | | 0 | (1.821) |
| **Cash and cash equivalents end of year** | | **1.253.915** | **919.467** |

# Notes to consolidated financial statements

| | 2018<br>DKK | 2017<br>DKK |
|---|---|---|
| **1. Staff costs** | | |
| Wages and salaries | 28.366.003 | 29.538.185 |
| Pension costs | 2.419.917 | 2.439.593 |
| Other social security costs | 1.054.510 | 1.185.695 |
| Other staff costs | 640.489 | 297.999 |
| | **32.480.919** | **33.461.472** |
| Average number of employees | **66** | **70** |

| | Remuneration of management 2018 DKK | Remuneration of management 2017 DKK |
|---|---|---|
| Total amount for management categories | 1.615.000 | 1.870.192 |
| | **1.615.000** | **1.870.192** |

| | 2018<br>DKK | 2017<br>DKK |
|---|---|---|
| **2. Depreciation, amortisation and impairment losses** | | |
| Amortisation of intangible assets | 1.952.977 | 1.407.842 |
| Depreciation of property, plant and equipment | 6.246.676 | 5.891.261 |
| Profit/loss from sale of intangible assets and property, plant and equipment | 35.300 | 125.009 |
| | **8.234.953** | **7.424.112** |

| | 2018<br>DKK | 2017<br>DKK |
|---|---|---|
| **3. Other financial expenses** | | |
| Other interest expenses | 640.896 | 517.313 |
| Exchange rate adjustments | 296.997 | 192.840 |
| Other financial expenses | 39.874 | 36.013 |
| | **977.767** | **746.166** |

| | 2018<br>DKK | 2017<br>DKK |
|---|---|---|
| **5. Proposed distribution of profit/loss** | | |
| Retained earnings | 8.583.147 | 11.841.656 |
| | **8.583.147** | **11.841.656** |

# Notes to consolidated financial statements

| | Acquired intangible assets DKK | Goodwill DKK |
|---|---|---|
| **6. Intangible assets** | | |
| Cost beginning of year | 1.726.665 | 28.156.851 |
| Exchange rate adjustments | (12.896) | 0 |
| Additions | 42.000 | 0 |
| **Cost end of year** | **1.755.769** | **28.156.851** |
| Amortisation and impairment losses beginning of year | 0 | (3.284.966) |
| Exchange rate adjustments | 4.838 | 0 |
| Amortisation for the year | (545.134) | (1.407.843) |
| **Amortisation and impairment losses end of year** | **(540.296)** | **(4.692.809)** |
| **Carrying amount end of year** | **1.215.473** | **23.464.042** |

| | Land and buildings DKK | Plant and machinery DKK | Other fixtures and fittings, tools and equipment DKK | Property, plant and equipment in progress DKK |
|---|---|---|---|---|
| **7. Property, plant and equipment** | | | | |
| Cost beginning of year | 31.753.423 | 39.135.084 | 282.225 | 0 |
| Exchange rate adjustments | (17.678) | (398.028) | 0 | 0 |
| Additions | 525.523 | 2.034.061 | 0 | 3.463.552 |
| Disposals | (1.704.696) | (1.581.992) | 0 | 0 |
| **Cost end of year** | **30.556.572** | **39.189.125** | **282.225** | **3.463.552** |
| Depreciation and impairment losses beginning of year | (8.515.151) | (5.788.996) | (76.275) | 0 |
| Exchange rate adjustments | 12.040 | 284.180 | 0 | 0 |
| Depreciation for the year | (1.611.681) | (4.560.104) | (74.891) | 0 |
| Reversal regarding disposals | 1.688.461 | 1.430.426 | 0 | 0 |
| **Depreciation and impairment losses end of year** | **(8.426.331)** | **(8.634.494)** | **(151.166)** | **0** |
| **Carrying amount end of year** | **22.130.241** | **30.554.631** | **131.059** | **3.463.552** |

# Notes to consolidated financial statements

| | Due within 12 months 2018 DKK | Due within 12 months 2017 DKK | Due after more than 12 months 2018 DKK |
|---|---|---|---|
| **8. Liabilities other than provisions** | | | |
| Mortgage debt | 689.396 | 687.328 | 1.388.723 |
| Bank loans | 0 | 6.000.000 | 72.451.402 |
| | **689.396** | **6.687.328** | **73.840.125** |

| | 2018 DKK | 2017 DKK |
|---|---|---|
| **9. Change in working capital** | | |
| Increase/decrease in inventories | (2.414.371) | (5.049.515) |
| Increase/decrease in receivables | 110.652 | 3.695.836 |
| Increase/decrease in trade payables etc | 1.891.575 | (879.700) |
| Other changes | 35.300 | 125.010 |
| | **(376.844)** | **(2.108.369)** |

**10. Assets charged and collateral**

Mortgage debt is secured by way of mortgage on properties. Also, mortgage deeds registrated to the mortgagor on the properties have been enterered in the Land Register by DKK 28,000 thousand. The mortgage deeds registrated to the mortgagor are kept by the Company.

The carrying amount of mortgaged properties amounts to DKK 21,685 thousand.

**11. Transactions with related parties**

According to section 98c(7) of the Danish Financial Statements Act, only non-arm's length related party transactions are disclosed. However, all transactions were made on an arm's length basis in the financial year..

| | Registered in | Corporate form | Equity interest % |
|---|---|---|---|
| **12. Subsidiaries** | | | |
| European Freeze Dry ApS | Lejre | ApS | 100,0 |
| European Freeze Dry Ltd. | United Kongdom | Ltd. | 100,0 |

# Parent income statement for 2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| **Gross profit** | | **289.037** | **367.724** |
| Income from investments in group enterprises | | 8.542.471 | 11.605.148 |
| Other financial income from group enterprises | | 113.149 | 0 |
| Other financial expenses | 2 | (404.423) | (63.220) |
| **Profit/loss before tax** | | **8.540.234** | **11.909.652** |
| Tax on profit/loss for the year | 3 | 43.002 | (68.000) |
| **Profit/loss for the year** | 4 | **8.583.236** | **11.841.652** |

# Parent balance sheet at 31.12.2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| Investments in group enterprises | | 82.897.068 | 84.585.854 |
| **Fixed asset investments** | 5 | **82.897.068** | **84.585.854** |
| **Fixed assets** | | **82.897.068** | **84.585.854** |
| Receivables from group enterprises | | 2.154.479 | 1.178.164 |
| Joint taxation contribution receivable | | 1.504.000 | 529.264 |
| **Receivables** | | **3.658.479** | **1.707.428** |
| **Cash** | | **105** | **1.522** |
| **Current assets** | | **3.658.584** | **1.708.950** |
| **Assets** | | **86.555.652** | **86.294.804** |

# Parent balance sheet at 31.12.2018

| | Notes | 2018 DKK | 2017 DKK |
|---|---|---|---|
| Contributed capital | | 1.006.873 | 1.000.000 |
| Retained earnings | | 24.006.654 | 85.059.611 |
| **Equity** | | **25.013.527** | **86.059.611** |
| Payables to group enterprises | | 60.000.000 | 0 |
| **Non-current liabilities other than provisions** | | **60.000.000** | **0** |
| Income tax payable | | 1.504.000 | 157.068 |
| Other payables | | 38.125 | 78.125 |
| **Current liabilities other than provisions** | | **1.542.125** | **235.193** |
| **Liabilities other than provisions** | | **61.542.125** | **235.193** |
| **Equity and liabilities** | | **86.555.652** | **86.294.804** |
| Staff costs | 1 | | |
| Contingent liabilities | 6 | | |
| Assets charged and collateral | 7 | | |
| Related parties with controlling interest | 8 | | |

# Parent statement of changes in equity for 2018

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---|---|---|---|
| Equity beginning of year | 1.000.000 | 85.059.611 | 86.059.611 |
| Increase of capital | 6.873 | 595.064 | 601.937 |
| Extraordinary dividend paid | 0 | (70.000.000) | (70.000.000) |
| Exchange rate adjustments | 0 | (231.257) | (231.257) |
| Profit/loss for the year | 0 | 8.583.236 | 8.583.236 |
| **Equity end of year** | **1.006.873** | **24.006.654** | **25.013.527** |

# Notes to parent financial statements

| | 2018 | 2017 |
|---|---|---|
| **1. Staff costs** | | |
| Average number of employees | **0** | **0** |

| | 2018 DKK | 2017 DKK |
|---|---|---|
| **2. Other financial expenses** | | |
| Financial expenses from group enterprises | 404.384 | 0 |
| Other interest expenses | 39 | 63.220 |
| | **404.423** | **63.220** |

| | 2018 DKK | 2017 DKK |
|---|---|---|
| **3. Tax on profit/loss for the year** | | |
| Current tax | 0 | 68.000 |
| Adjustment concerning previous years | (43.002) | 0 |
| | **(43.002)** | **68.000** |

| | 2018 DKK | 2017 DKK |
|---|---|---|
| **4. Proposed distribution of profit/loss** | | |
| Retained earnings | 8.583.236 | 11.841.652 |
| | **8.583.236** | **11.841.652** |

# Notes to parent financial statements

| | Investments in group enterprises DKK |
|---|---|
| **5. Fixed asset investments** | |
| Cost beginning of year | 109.223.696 |
| **Cost end of year** | **109.223.696** |
| | |
| Impairment losses beginning of year | (24.637.842) |
| Exchange rate adjustments | (231.257) |
| Amortisation of goodwill | (1.407.843) |
| Share of profit/loss for the year | 9.950.314 |
| Dividend | (10.000.000) |
| **Impairment losses end of year** | **(26.326.628)** |
| | |
| **Carrying amount end of year** | **82.897.068** |
| | |
| Goodwill or negative goodwill recognized during the financial year | **23.464.042** |

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

**6. Contingent liabilities**

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

**7. Assets charged and collateral**

Bank debt is secured by way of mortgaged shares in subsidiary.

The carrying value of the mortgaged shares amounts to DKK 82,897.

The Company has guaranteed the bank debt of European Freeze Dry ApS. The subsidiary's bank debt amounts to 58,451 thounsand.

**8. Related parties with controlling interest**

Erhvervsinvest III K/S owns a majority of the shares in the Company and thereby exercises control.

# Accounting policies

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

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

**Recognition and measurement**
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

**Consolidated financial statements**
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

**Basis of consolidation**
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

**Business combinations**
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from

# Accounting policies

the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

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

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. The amortisation period is usually 10 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

**Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

**Income statement**

**Gross profit or loss**

Gross profit or loss comprises revenue, cost of sales, cost of raw materials and consumables and other external expenses.

**Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

# Accounting policies

premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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

**Depreciation, amortisation and impairment losses**
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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

**Other financial income**
Other financial income comprises interest income, including interest income on receivables from group enterprises as well as net capital or exchange gains on securities, payables and transactions in foreign currencies.

**Other financial expenses**
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, as well as amortisation of financial liabilities.

**Tax on profit/loss for the year**
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet**
**Goodwill**
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are up to 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

# Accounting policies

**Intellectual property rights etc**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

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

**Property, plant and equipment**

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

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

**Investments in group enterprises**

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses

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

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are up to 20 years.

# Accounting policies

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

**Inventories**
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

**Prepayments**
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**
Cash comprises cash in hand and bank deposits.

**Deferred tax**
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

**Operating leases**
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the

# Accounting policies

term of the lease.

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

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

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.