

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
City Tower, Værkmestergade 2
8000 Aarhus C

Phone 89 41 41 41
Fax 89 41 42 43
www.deloitte.dk

New Nutrition ApS
Saturnvej 51
8700 Horsens
Business Registration No
36904429

Annual report 2018

The Annual General Meeting adopted the annual report on 10.05.2019

Chairman of the General Meeting

Name: Christen Steffensen

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Entity details

Entity

New Nutrition ApS
Saturnvej 51
8700 Horsens

Central Business Registration No (CVR): 36904429

Founded: 27.05.2015

Registered in: Horsens

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

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

Executive Board

Søren Dan Johansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
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 ApS 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 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.

Horsens, 10.05.2019

Executive Board

Søren Dan Johansen

Board of Directors

Kjeld Johannesen

Michael Specht Bruun

Sarah Bibi Vawda

Christoffer Erik Mathies
Lorenzen

Torben Gosvig Madsen

Søren Dan Johansen

Independent auditor's report

To the shareholder of New Nutrition ApS

Opinion

We have audited the financial statements of New Nutrition ApS 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations 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 additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

Aarhus, 10.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

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

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

Management commentary

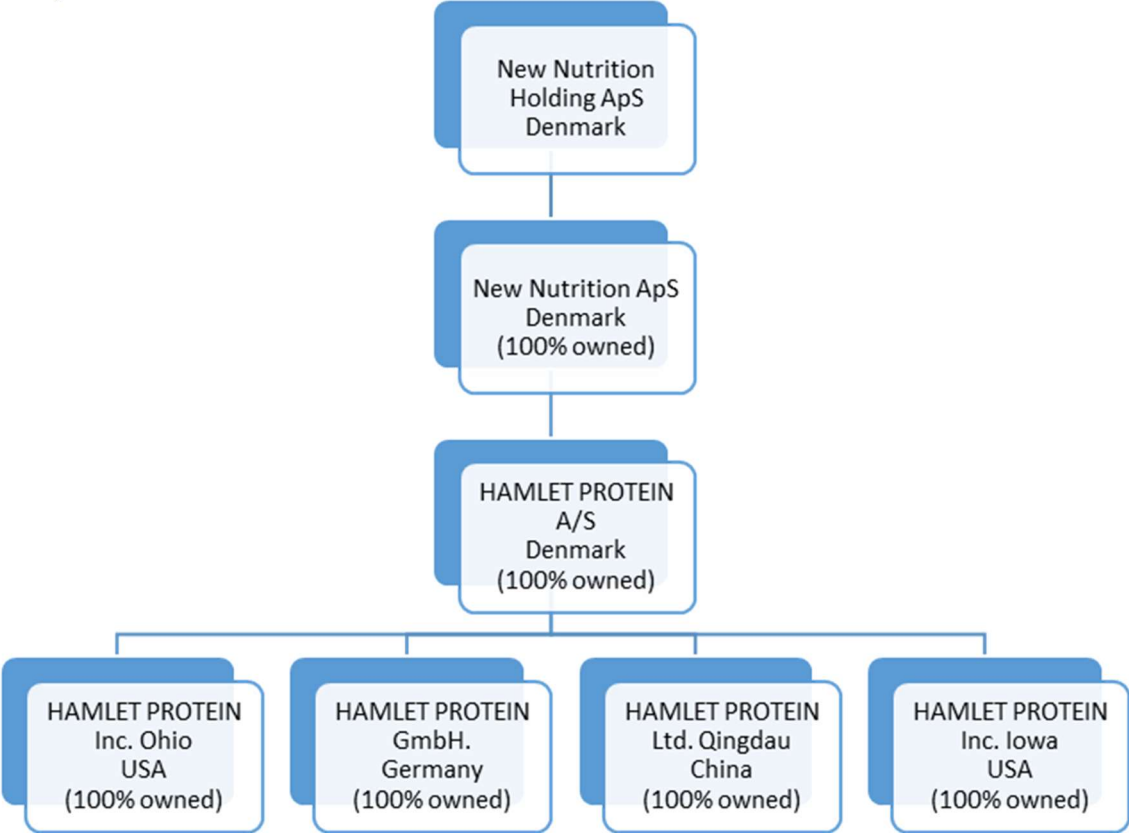
| | 2018 | 2017 | 2016 | 2015 |
|-----------------------------|----------------|----------------|----------------|----------------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Financial highlights | | | | |
| Key figures | | | | |
| Revenue | 9.046 | 9.284 | 9.331 | 9 |
| Gross profit/loss | 1.987 | 5.301 | 429 | 3 |
| Operating profit/loss | (3.874) | (3.016) | (8.038) | 0 |
| Net financials | (142.756) | (60.938) | (40.072) | (23) |
| Profit/loss for the year | (144.025) | (61.537) | (44.419) | (22) |
| Total assets | 785.036 | 810.004 | 886.152 | 947 |
| Equity | 376.810 | 516.216 | 583.127 | 628 |
| Ratios | | | | |
| Return on equity (%) | (32,3) | (11,2) | (7,3) | (3,4) |
| Equity ratio (%) | 48,0 | 63,7 | 65,8 | 66,3 |

Financial highlights are defined and calculated in accordance with "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



Management commentary

Development in activities and finances

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 Germany.

The subsidiary, HAMLET PROTEIN Iowa Inc. has no operating activities.

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

Financial review

We have maintained or increased our 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 specialized 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.

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.

Management commentary

Our sales organization in China is developing fast and has now established a strong presence in this sizable market, which is rapidly undergoing a professionalization 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 characterized 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.

While our belief in HAMLET PROTEIN's long term growth potential is unchanged, we have come to acknowledge that recent 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 100m in 2018.

Net income for the year was -144 mDKK, which is 82 mDKK lower than last year due to the above-mentioned goodwill impairment.

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

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

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

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.

Management commentary

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.

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 optimization 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.

Particular risks

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

A substantial part of the Company's products is sold to the agricultural sector. The market conditions for these customers are subject to high volatility, meaning that the market situation may change rapidly and be difficult to predict. HAMLET PROTEIN strives 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.

Environmental performance

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 optimizing 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 commentary

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 partnership 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 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.

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.

Group relations

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 report on corporate social responsibility

HAMLET PROTEIN's business model is to develop, produce and sell vegetable protein solutions used in high value-add animal feed for young animals 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.

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

Management commentary

- ▶ 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.

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 includes 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 regards to Anti-Bribery and Corruption, Economic Sanctions and Anti-Money Laundering compliance, and we are committed to ensuring 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 not received reports open or anonymous from employees or third parties about incidents of unethical behaviour in 2018.

Statutory report on the underrepresented gender

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

Management commentary

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 is 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 organization. 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.

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 sex 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.

Events after the balance sheet date

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

Income statement for 2018

| | <u>Notes</u> | <u>2018 DKK'000</u> | <u>2017 DKK'000</u> |
|--|--------------|-------------------------|-------------------------|
| Revenue | | 9.046 | 9.284 |
| Other external expenses | | <u>(7.059)</u> | <u>(3.983)</u> |
| Gross profit/loss | | 1.987 | 5.301 |
| Staff costs | 2 | <u>(5.861)</u> | <u>(8.317)</u> |
| Operating profit/loss | | (3.874) | (3.016) |
| Income from investments in group enterprises | | (129.227) | (49.255) |
| Other financial income | 3 | 7.681 | 8.263 |
| Other financial expenses | 4 | <u>(21.210)</u> | <u>(19.946)</u> |
| Profit/loss before tax | | (146.630) | (63.954) |
| Tax on profit/loss for the year | 5 | <u>2.605</u> | <u>2.417</u> |
| Profit/loss for the year | 6 | <u>(144.025)</u> | <u>(61.537)</u> |

Balance sheet at 31.12.2018

| | <u>Notes</u> | <u>2018 DKK'000</u> | <u>2017 DKK'000</u> |
|------------------------------------|--------------|-------------------------|-------------------------|
| Investments in group enterprises | | 487.256 | 612.651 |
| Deferred tax | 8 | <u>7.091</u> | <u>4.344</u> |
| Fixed asset investments | 7 | <u>494.347</u> | <u>616.995</u> |
| Fixed assets | | <u>494.347</u> | <u>616.995</u> |
| Receivables from group enterprises | | <u>248.426</u> | <u>193.009</u> |
| Receivables | | <u>248.426</u> | <u>193.009</u> |
| Cash | | <u>42.263</u> | <u>0</u> |
| Current assets | | <u>290.689</u> | <u>193.009</u> |
| Assets | | <u>785.036</u> | <u>810.004</u> |

Balance sheet at 31.12.2018

| | <u>Notes</u> | <u>2018 DKK'000</u> | <u>2017 DKK'000</u> |
|--|--------------|-------------------------|-------------------------|
| Contributed capital | | 55 | 55 |
| Retained earnings | | <u>376.755</u> | <u>516.161</u> |
| Equity | | <u>376.810</u> | <u>516.216</u> |
| | | | |
| Bank loans | | <u>387.537</u> | <u>286.033</u> |
| Non-current liabilities other than provisions | | <u>387.537</u> | <u>286.033</u> |
| | | | |
| Bank loans | | 17.377 | 2.408 |
| Trade payables | | 646 | 2.698 |
| Other payables | | <u>2.666</u> | <u>2.649</u> |
| Current liabilities other than provisions | | <u>20.689</u> | <u>7.755</u> |
| | | | |
| Liabilities other than provisions | | <u>408.226</u> | <u>293.788</u> |
| | | | |
| Equity and liabilities | | <u>785.036</u> | <u>810.004</u> |
| | | | |
| Events after the balance sheet date | 1 | | |
| Contingent liabilities | 9 | | |
| Related parties with controlling interest | 10 | | |
| Transactions with related parties | 11 | | |
| Group relations | 12 | | |

Statement of changes in equity for 2018

| | Contributed capital DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|--|--|--|--------------------------|
| Equity beginning of year | 55 | 516.161 | 516.216 |
| Fair value adjustments of hedging instruments | 0 | 786 | 786 |
| Other entries on equity | 0 | 3.833 | 3.833 |
| Profit/loss for the year | 0 | (144.025) | (144.025) |
| Equity end of year | 55 | 376.755 | 376.810 |

Notes

1. 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.

| | 2018 DKK'000 | 2017 DKK'000 |
|---|-------------------------------|-------------------------------|
| 2. Staff costs | | |
| Wages and salaries | 5.470 | 7.771 |
| Pension costs | 381 | 526 |
| Other social security costs | 10 | 20 |
| | 5.861 | 8.317 |
| Number of employees at balance sheet date | 4 | 4 |
| Average number of employees | 4 | 4 |

| | Remunera- tion of manage- ment 2018 DKK'000 | Remunera- tion of manage- ment 2017 DKK'000 |
|--------------------|--|--|
| Executive Board | 84 | 0 |
| Board of Directors | 89 | 70 |
| | 173 | 70 |

| | 2018 DKK'000 | 2017 DKK'000 |
|---|-------------------------------|-------------------------------|
| 3. Other financial income | | |
| Financial income arising from group enterprises | 7.681 | 7.261 |
| Exchange rate adjustments | 0 | 1.002 |
| | 7.681 | 8.263 |

Notes

| | 2018 | 2017 |
|--|--------------------|---------------------|
| | DKK'000 | DKK'000 |
| 4. Other financial expenses | | |
| Other interest expenses | 16.484 | 15.280 |
| Exchange rate adjustments | 662 | 0 |
| Other financial expenses | 4.064 | 4.666 |
| | 21.210 | 19.946 |
| | | |
| | 2018 | 2017 |
| | DKK'000 | DKK'000 |
| 5. Tax on profit/loss for the year | | |
| Change in deferred tax | (2.747) | (2.417) |
| Adjustment concerning previous years | 142 | 0 |
| | (2.605) | (2.417) |
| | | |
| | 2018 | 2017 |
| | DKK'000 | DKK'000 |
| 6. Proposed distribution of profit/loss | | |
| Retained earnings | (144.025) | (61.537) |
| | (144.025) | (61.537) |
| | | |
| | Invest- | Deferred tax |
| | ments in | DKK'000 |
| | group | DKK'000 |
| | enterprises | DKK'000 |
| | DKK'000 | DKK'000 |
| 7. Fixed asset investments | | |
| Cost beginning of year | 708.035 | 4.344 |
| Additions | 0 | 2.747 |
| Cost end of year | 708.035 | 7.091 |
| | | |
| Impairment losses beginning of year | (95.384) | 0 |
| Adjustments on equity | 3.833 | 0 |
| Share of profit/loss for the year | (129.228) | 0 |
| Impairment losses end of year | (220.779) | 0 |
| | | |
| Carrying amount end of year | 487.256 | 7.091 |

Notes

| | 2018 |
|------------------------------------|-----------------------|
| | <u>DKK'000</u> |
| 8. Deferred tax | |
| Changes during the year | |
| Beginning of year | 4.344 |
| Recognised in the income statement | <u>2.747</u> |
| End of year | <u>7.091</u> |

The Company participates in joint taxation together with the Groups Danish entities. Management estimates the Company's deferred tax asset will be utilized in future positive income taxes within the joint taxation.

9. Contingent liabilities

Other contingent liabilities

The Company is jointly taxed with its parent, New Nutrition Holding ApS which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2015 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 18 September 2015.

The Company is liable for total bank loans in the New Nutrition Holding Group. At year-end 2018 total credit facilities amounted to DKK 485 million of which New Nutrition ApS is liable.

10. Related parties with controlling interest

New Nutrition Holding ApS, Horsens owns 100% of the shares in the Company and therefore has participating interest.

11. Transactions with related parties

Referring to section 98 (C) of the Danish Financial Statements act the company does not disclose transactions with related parties as the transactions have been performed at arm's length.

12. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
New Nutrition Holding ApS, Horsens, Denmark.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
New Nutrition Holding SARL, 2 Rue Du Fosse, Luxemburg.

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).

Consolidated financial statements

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

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the 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, however not exceeding 20 years.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Revenue

Revenue consists of management fee from group entities and is recognised in the income statement when the service have been performed. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses relating to administration, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. The item is net of refunds from public authorities.

Accounting policies

Income from investments in group enterprises

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

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, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Investments in group enterprises

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

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

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

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.

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.

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Operating leases

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

Other financial liabilities

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

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, New Nutrition Holding ApS.