

DuPont Nutrition Biosciences ApS

CVR-no. 11350356
Langebrogade 1
1411 København K

Annual Report for the period 1 January 2018 - 31 December 2018

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on **28** May 2019

Søren Toft Bjerreskov
Chairman
Søren Toft Bjerreskov

SØREN TOFT BJERRESKOV
ADVOKAT, LL.M. / LEGAL COUNSEL
Langebrogade 1
DK-1411 Copenhagen K

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Company Information

The Company

DuPont Nutrition Biosciences ApS
Langebrogade 1
1411 Copenhagen K
CVR-no. 11350356

Board of Directors

Matthias Josef Heinzl, Chairman
Etienne Jean-Emmanuel Laurent
Henrik Arent Fastholm
Flemming Jørgensen
Flemming Kristensen, Elected by the employees
Anne Agger Sparsø, Elected by the employees

Executive Board

Matthias Josef Heinzl
Angela Taha Naef
Etienne Jean-Emmanuel Laurent
Henrik Arent Fastholm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

| (DKKm) | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------|--------|--------|--------|--------|
| Income Statement | | | | | |
| Revenue | 3.467 | 3.465 | 3.615 | 3.693 | 3.422 |
| Operating profit | 285 | 302 | 527 | 380 | 193 |
| Income from investments in subsidiaries | 585 | 109 | 3.784 | 268 | (20) |
| Net financials | 22 | (318) | 29 | (59) | 26 |
| Profit for the period | 799 | (231) | 3.729 | 497 | 233 |
| Balance Sheet | | | | | |
| Balance sheet total | 10.003 | 9.769 | 12.753 | 13.336 | 11.716 |
| Investment in tangible fixed assets | 146 | 128 | 131 | 111 | 53 |
| Equity | 4.054 | 3.291 | 5.313 | 6.336 | 5.839 |
| Number of employees | 1.047 | 1.040 | 1.100 | 1.191 | 1.205 |
| Key Figures in % | | | | | |
| Operating profit margin | 8,2 | 8,7 | 14,6 | 10,3 | 5,6 |
| Return on net assets | 2,8 | 3,1 | 4,1 | 2,8 | 1,6 |
| Solvency ratio | 40,5 | 33,7 | 41,7 | 47,5 | 49,8 |
| Return on equity | 21,8 | (5,4) | 64,0 | 8,3 | 4,1 |

For definitions, please refer to accounting policies

Management's Review

Market overview

DuPont Nutrition Biosciences ApS is an indirectly owned subsidiary of DowDuPont Inc., and sells bio-based ingredients for use in food and beverages and industrial enzymes to a wide range of industries.

The majority of the products are sold on the European market and are products within the Health & Nutrition Division. This Division sells cultures, emulsifiers, gums & systems, and natural sweeteners, which are mainly used in dairy products, baking, ice cream, beverages, confectionery, dietary supplements and chewing gum.

Further DuPont Nutrition Biosciences ApS has activities within Research and Development, Production, Distribution and a range of administrative functions. The management of the Nutrition & Health Division and the European sales organisation (SAFI) are based in DuPont Nutrition Biosciences ApS.

On the production sites placed in Grindsted and Haderslev, we manufacture products within emulsifiers, standardised textural ingredients, cultures, functional systems and enzymes (mainly for the milling and bakery industries).

DuPont Nutrition Biosciences ApS is the parent company for a number of subsidiaries and the owner of all IP rights within bio-based food ingredients developed by DuPont Nutrition Biosciences ApS and subsidiaries.

Innovation

Application, research and development activities in Denmark are placed at the site in Brabrand. DuPont Nutrition Biosciences ApS continually invests in process development to increase efficiencies, reduce manufacturing costs, water and energy use and CO₂ emissions. Our innovation is strategically positioned to address the needs of industry and society in the face of the global challenges in food, health, energy and chemicals.

Application is part of DuPont Nutrition Biosciences ApS' innovation network, which is a global network of innovation activities including research and development, applications, technical customer service, and analysis. In application DuPont Nutrition Biosciences ApS' bio-based ingredients are tested and evaluated in different food applications to ensure optimal use and benefit. The food application areas include bakery, beverage, confectionery, brewing, dairy, frozen desserts, fruit, poultry, seafood or oils and fats industrial products. Application also includes work within the general areas of food safety and health and nutrition across all industries.

The majority of applications are sales oriented (technical service and trouble shooting for the customers) based on known as well as perceived customer demands. Understanding our customers and their current and future needs is a crucial part of the innovation process, as it enables us to select and prioritise the projects to invest in.

Development in the year

In 2018, DuPont Nutrition Biosciences ApS recorded revenue of DKK 3,467 million against DKK 3,465 million in 2017.

Operating profit decreased to DKK 285 million against DKK 302 million in 2017.

In 2018 DuPont Nutrition Biosciences ApS has received dividend income from subsidiaries for a total amount of DKK 545 million, against DKK 374 million in 2017.

Profit for the year is increased from DKK -231 million in 2017 to DKK 799 million in 2018 mainly because of an adjustment of prior year tax in 2017 of DKK 745 million and interest regarding the tax of DKK 231 million.

The results are in line with expectations.

Future development

The Company's strategy for growth is to apply its science and technology to address challenges driven by global population growth. Applying science to deliver innovative solutions and new products in the marketplace generates shareholder value and profitable growth. The Company continues to achieve fixed cost, working capital and variable cost productivity through disciplined business processes.

Risks

In the ordinary course of business, the DowDuPont Group is exposed to a variety of financial risks that include commodity price risk, credit risk, liquidity risk and interest rate risk. The policies and procedures in relation to the monitoring of these risks are undertaken in conjunction with the ultimate parent undertaking, DowDuPont Inc., which includes entering into contractual arrangements in order to limit the adverse effects on the Group's financial performance.

Management's Review

Corporate Social Responsibility

In DowDuPont Group, sustainability is at the core of what we do - from sustainable sourcing and manufacturing to creating market-facing sustainable solutions and addressing the global food challenges.

As the global population continues to grow, we face unprecedented challenges in sustainably addressing some of the world's toughest problems. Feeding the world, decreasing our dependence on fossil fuels, and protecting people and the environment are all critical issues that require long-term thinking and science-driven innovation. However, we recognize that we can't do this alone. Around the world, we are working with academia, governments, other companies and non-governmental organizations to deliver scientific innovations that lead to long-term, viable, sustainable solutions along our value chains.

DowDuPont Group's core values of Safety and Health, Protect the Planet, Highest Ethical Behavior, and Respect for People, are directly aligned with the principles set out in the UN Global Compact which DowDuPont Group became a signatory of in 2001. The core values reflect the way we work and how we operate every day – with our customers, with our partners from around the world, and in the communities in which we operate.

Recent Accomplishments

Recent achievements within DuPont Nutrition & Health under which Nutrition Biosciences ApS operates:

- Launch of first of its kind Sustainable Seaweed Sourcing Program, developed in collaboration with the New England Aquarium
- Acceleration of sustainable sourcing program with hire of leading sustainable sourcing expert that will be working closely with the different businesses, sales and not least our sourcing organization.
- DuPont Nutrition and Health becomes member of the Sustainable Agriculture Initiative platform (SAI Platform) as part of sustainable sourcing program.
- Identification of six key UN Sustainable Development Goals, SDGs (2, 3, 12, 13, 14 and 15) that will be our main focus in our sustainability work and in our involvement in the Confederation of Danish Industries led SDG initiative “From Philanthropy to Business”.
- Launch of new project to map the sustainability performance of our entire portfolio and its contribution to the UN SDGs.
- Tool developed and tested for integrating sustainability/SDGs in prioritization of larger innovation projects.
- 10 strategic accounts identified for sustainability/SDG partnership program.
- 16 sustainability projects identified at two-day sustainability/SDG workshop with Key Customers
- Launch of Clean Labeling Hub with strong sustainability focus.
- Continue our successful involvement in World Business Council For Sustainable Development (WBCSD) led initiative on promoting healthy and sustainable diets (<http://www.dupont.com/industries/food-and-beverage/sustainable-food-solutions/articles/fresh.html>)

Recent DowDuPont Group sustainability related achievements and recognitions

Please follow the link for full description: <http://www.dupont.com/corporate-functions/sustainability/sustainability-commitments/performance-reporting/sustainability-reports.html>

2020 Sustainability Strategy and Goals

With an ever-increasing population, massive challenges in food waste, health and wellness and an increasing interest from consumers about what's in their food, we focus on making an impact through Sustainable Sourcing, Sustainable Operations and Sustainable Solutions.

A 2020 Sustainability Strategy was approved and launched by our leadership in 2017. It represents a step change in terms of governance set up and more ambitious goals in relation to our three focus areas:

- Sustainable Sourcing
- Sustainable Manufacturing
- Sustainable Solutions.

Examples of 2020 goals include:

- Develop and implement sustainable sourcing program for 90% of all bio-based raw materials (covering raw materials based on palm, soy, seaweed, carob beans, wood and guar)
- Source 100% certified sustainable palm oil globally and implement Sustainable Palm Oil Sourcing Policy
- Implement Sustainable Soy Sourcing Policy & drive sustainable sourcing
- Target elimination of coal at all manufacturing sites and increase share of renewable energy to 20% of total energy use (as a source of onsite combustion i.e. Scope 1 related)
- Reduce greenhouse gas emissions from manufacturing with at least 20% per revenue with 2010 as baseline
- Reduce water consumption from manufacturing with 20% per revenue and establish water mitigation plans at high water risk sites
- Reduce customer's greenhouse gas emissions with 15 million tons CO₂e annually by 2020 (enabled by solutions that reduce food waste, replace high impact raw materials and/or improves processing efficiency)
- Establish 20 customer partnerships resulting in significant sustainability improvements
- Integrate sustainability in product & process development and complete life cycle assessment for all main product categories.

More information about our strategy, governance and goals are available here:
<https://www.dupontnutritionandhealth.com/sustainability.html>

During 2019 we will be working on a white paper for the future sustainability work in the new DuPont (post spin, June 2019) and a new 2030 Sustainability Strategy and Goals for DuPont Nutrition & Health, based on a materiality assessment conducted in 2018.

Management's Review

Policies and guidelines

In DuPont Nutrition Biosciences ApS, we focus on three key policies: The DuPont Code of Conduct, the Human Rights Policy and the Safety, Health and Environmental Policy. The policies serve as a resource guide to help all employees make decisions that reflect DowDuPont Group's core values. The policies also reinforce our commitment to sustainability and are important to our stakeholders.

Own operations

The DuPont Code of Conduct sets expectations for every employee about how we are to operate our businesses, work with customers, suppliers, and other business partners, serve our stakeholders, and interact with our communities and with each other. DuPont employees are required to receive training in the Code yearly. In addition to the training in the Code, all employees completed minimum one other ethics and compliance module in 2018. The training modules are available online and a test is required to pass the training. We see the full completion of the training program as a satisfactory result for the reporting period.

Suppliers and contract manufacturers

We also address human rights in the context of our sourcing. We expect our suppliers to comply with same high standards as our other partners. Our supplier approach supports our efforts described in the DuPont Code of Conduct, the Human Rights Policy and the Safety, Health and Environmental Policy. In 2014, we implemented a DuPont Supplier Code of Conduct.

We also achieve our sustainability goals through participation in multi-stakeholder organizations such as the Roundtable on Sustainable Palm (RSPO), the Roundtable on Responsible Soy Association (RTRS), and now also the Sustainable Agriculture Initiative platform (SAI). As of 2017 all our palm oil and derivatives are based on RSPO certified palm (Book & Claim, Mass Balance or Segregated).

Safety, Health and Environmental policy – A Core Focus

The Safety, Health and Environment policy is based on the principles of sustainable development. We are committed to meet legal, internal, and other requirements, to which we describe, to prevent pollution and preserve resources and to prevent injury and ill health of our employees.

DowDuPont Group is working to increase shareholder and societal value while striving for the goal of zero for all safety and environmental incidents. In 2018, DuPont Nutrition Biosciences ApS continued this journey, aligning safety and environmental management systems with DowDuPont Group to be able to commit to zero.

Throughout DowDuPont Group's manufacturing sites, we have applied management systems to assess, improve, and track environmental, health and safety performance of our own operations. The performance is reported to the DuPont Nutrition & Health leadership team and DowDuPont Group corporate routinely.

Statutory Report on the underrepresented gender, cf. section 99b of the Danish Financial Statement Act

In 2013, the Company set goals for improving equal gender representation in Management. The goals are as follows;

| | Goal | 2018 |
|---|------|------|
| On the Board of Directors, the minority shall at least represent | 25% | 0% |
| In Management positions below the Board of Directors, the minority shall at least represent | 30% | 40% |

On the Board of Directors, the goal was not achieved in 2018. No new appointments were made in 2018.

The Company has achieved equal representation of gender in the management level below the Board of Directors.

Going Forward

Going forward, there will be even more focus on the value chain perspective as well as social and health related aspects of sustainability. From a governance perspective, there are also big changes starting from the top where we have established a Sustainability Decision Board that will be led by the N&H Business President, and a Sustainability Advisory Team headed by the Sustainability Leader. The new goals will also be owned by the different functions and Business Units, and goal have been developed for practically all functions, including HR, Finance, and Business Development.

Future development

The Company expects unchanged revenue and profit in 2019.

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DuPont Nutrition Biosciences ApS for the financial year 1 January – 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28th May 2019

Executive Board



Matthias Josef Heinzl

Angela Taha Naef



Henrik Arent Fastholm



Etienne Jean-Emmanuel Laurent

Board of Directors



Matthias Josef Heinzl
Chairman



Henrik Arent Fastholm



Flemming Jørgensen



Etienne Jean-Emmanuel Laurent



Anne Agger Sparso



Flemming Kristensen

Independent Auditor's Report

To the Shareholder of DuPont Nutrition Biosciences ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DuPont Nutrition Biosciences ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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:

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

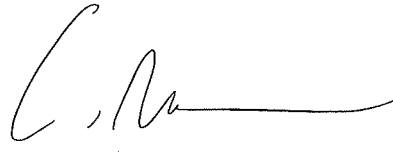
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 28th May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Torben Jensen
State Authorised Public Accountant
mnc18651



Christian Bertelsen
State Authorised Public Accountant
mnc36171

Income Statement

| (DKKm) | Note | 2018 | 2017 |
|---|----------|--------------|--------------|
| Revenue | 1 | 3.467 | 3.465 |
| Production expenses | 5 | (2.704) | (2.552) |
| Gross profit | | 763 | 913 |
| Research and development expenses | 5 | (223) | (218) |
| Distribution expenses | 5 | (526) | (523) |
| Administrative expenses | 5, 6 | (316) | (280) |
| Other operating income | | 862 | 867 |
| Other operating expenses | | (275) | (457) |
| Operating profit | | 285 | 302 |
| Income from investments in subsidiaries | 2 | 585 | 109 |
| Financial income | 3 | 89 | 100 |
| Financial expenses | 3 | (67) | (418) |
| Profit before tax | | 892 | 93 |
| Income tax | 4 | (93) | (324) |
| Profit for the year | 7 | 799 | (231) |

Balance Sheet

ASSETS

| (DKKm) | Note | 31 December 2018 | 31 December 2017 |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Intangible fixed assets | 8 | | |
| Software | | 4 | 9 |
| Patents, rights and licenses | | 141 | 162 |
| Total | | 145 | 171 |
| Tangible fixed assets | | | |
| | 9 | | |
| Land and buildings | | 294 | 315 |
| Plant and machinery | | 420 | 430 |
| Fixtures, fittings, tools and equipment | | 12 | 13 |
| Prepayments and fixed assets under construction | | 133 | 51 |
| Total | | 859 | 809 |
| Financial fixed assets | | | |
| Investments in subsidiaries | 10 | 3.378 | 3.414 |
| Investments in associates | 10 | 54 | 12 |
| Receivables from subsidiaries | 10 | - | 26 |
| Other investments and securities | 10 | - | - |
| Other receivables | | 3 | 3 |
| Total | | 3.435 | 3.455 |
| Total fixed assets | | 4.439 | 4.435 |
| Current assets | | | |
| Inventories | 11 | 465 | 422 |
| Receivables | | | |
| Trade receivables | | 208 | 221 |
| Receivables from subsidiaries | | 1.722 | 2.122 |
| Corporation tax | | 119 | - |
| Other receivables | | 52 | 33 |
| Prepayments | 12 | 9 | 13 |
| Total | | 2.110 | 2.389 |
| Cash and cash equivalents | | 2.989 | 2.523 |
| Total current assets | | 5.564 | 5.334 |
| Total assets | | 10.003 | 9.769 |

Balance Sheet

LIABILITIES AND SHAREHOLDERS' EQUITY

| (DKKm) | Note | 31 December 2018 | 31 December 2017 |
|--|------|------------------|------------------|
| EQUITY | 13 | | |
| Company capital | | 845 | 845 |
| Retained earnings | | 1.684 | 2.446 |
| Proposed dividend | | 1.525 | - |
| Total equity | | 4.054 | 3.291 |
| PROVISIONS | | | |
| Other provisions | | 4 | - |
| Total provisions | | 4 | - |
| NON-CURRENT LIABILITIES | 15 | | |
| Deferred income | 17 | 155 | 202 |
| Total | | 155 | 202 |
| CURRENT LIABILITIES | 15 | | |
| Deferred tax liability | 14 | 34 | 29 |
| Trade payables | | 459 | 404 |
| Payables to subsidiaries | | 5.073 | 4.872 |
| Corporation tax | | - | 733 |
| Other payables | 16 | 176 | 190 |
| Deferred income | 17 | 48 | 48 |
| Total | | 5.790 | 6.276 |
| Total liabilities | | 5.945 | 6.478 |
| Total liabilities and shareholders' equity | | 10.003 | 9.769 |
| Contingent assets, liabilities and other financial obligations | 18 | | |
| Related parties and ownership | 19 | | |
| Accounting Policies | 20 | | |

Statement of Changes in Equity

| (DKKm) | Company capital | Retained earnings | Proposed dividends | Total |
|--|--------------------|----------------------|-----------------------|--------------|
| Equity at 1 January 2018 | 845 | 2.446 | - | 3.291 |
| Profit for the year | - | 799 | | 799 |
| Dividends proposed | - | (1.525) | 1.525 | - |
| Extraordinary dividends declared during the year | - | (36) | | (36) |
| Equity at 31 December 2018 | 845 | 1.684 | 1.525 | 4.054 |

| Change in company capital | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------------|------------|------------|------------|------------|------------|
| Company capital, opening | 845 | 845 | 954 | 954 | 954 |
| Capital decrease | - | - | (109) | - | - |
| Company capital, closing | 845 | 845 | 845 | 954 | 954 |

Notes to the Annual Report

1 Revenue

| | 2018 | 2017 |
|-------------------------------|--------------|--------------|
| (DKKm) | | |
| DuPont Nutrition & Health | 3.214 | 3.221 |
| DuPont Industrial Biosciences | 253 | 244 |
| Total | 3.467 | 3.465 |
| Denmark | 155 | 149 |
| EMEA* | 2.537 | 2.530 |
| North America | 184 | 179 |
| Latin America | 238 | 242 |
| Asia-Pacific | 353 | 365 |
| Total | 3.467 | 3.465 |

*EMEA include revenue to customers in the Middle East, Africa and Europe excluding Denmark.

2 Income from investments in subsidiaries

| | | |
|---|------------|------------|
| Dividends from subsidiaries | 545 | 374 |
| Writedowns of financial assets | - | (265) |
| Reversal of writedown of financial assets | 27 | - |
| Divestment of subsidiaries | 13 | - |
| Total | 585 | 109 |

3 Financial income and expenses

| | | |
|--|-----------|------------|
| Financial income | | |
| Financial income from subsidiaries | 8 | 33 |
| Financial income from bank deposits | 25 | 17 |
| Income from other investments and securities | - | 3 |
| Exchange gains | 56 | 47 |
| Total | 89 | 100 |

Financial expenses

| | | |
|---|-------------|--------------|
| Financial expenses relating to subsidiaries | (21) | (13) |
| Financial expenses relating to credit institutions etc. | (4) | (264) |
| Loss on other investments and securities | - | (5) |
| Exchange losses | (42) | (136) |
| Total | (67) | (418) |

| | | |
|-----------------------|-----------|--------------|
| Net financials | 22 | (318) |
|-----------------------|-----------|--------------|

4 Income tax

| | | |
|--------------------------------------|-------------|--------------|
| Current tax on profit | (57) | (80) |
| Change in deferred tax | (4) | (74) |
| Other taxes | (16) | (2) |
| Adjustment of tax for previous years | (16) | (168) |
| Total | (93) | (324) |

Notes to the Annual Report

5 Employee expenses

| | 2018 | 2017 |
|--|---------------|---------------|
| Employee expenses | | |
| Wages and salaries | (635) | (588) |
| Defined contribution plans | (49) | (47) |
| Other social security expenses | (7) | (8) |
| Total | (691) | (643) |
| Executive Board | 8 | 10 |
| Board of Directors | - | - |
| Total average number of employees | | |
| Total average number of employees | 1.047 | 1.040 |

6 Fees for auditors elected at the annual general meeting

| | | |
|-----------------------|-------------|-------------|
| Audit | (1) | (1) |
| Assurance engagements | - | - |
| Tax assistance | - | - |
| Other assistance | - | - |
| Total | (1) | (1) |

7 Distribution of profit

| | | |
|---|------------|---------------|
| Extraordinary dividend paid during the year | 36 | 70 |
| Dividend proposed | 1.525 | - |
| Retained earnings | (762) | (301) |
| Total | 799 | (231) |

Notes to the Annual Report

8 Intangible fixed assets

| (DKKm) | Software | Patents, rights and licenses | Total |
|--|--------------|------------------------------------|--------------|
| Cost at 1 January 2018 | 285 | 672 | 957 |
| Additions | - | 10 | 10 |
| Disposals | (16) | - | (16) |
| Transferred (to) from other items | - | - | - |
| Cost at 31 December 2018 | 269 | 682 | 951 |
| Amortisation at 1 January 2018 | (276) | (510) | (786) |
| Writedowns for the year | - | - | - |
| Amortisation of disposals during the year | 16 | - | 16 |
| Amortisation for the year | (5) | (31) | (36) |
| Amortisation at 31 December 2018 | (265) | (541) | (806) |
| Carrying amount at 31 December 2018 | 4 | 141 | 145 |

9 Tangible fixed assets

| (DKKm) | Land and buildings | Plant and machinery | Fixtures, fittings, tools and equipment | Prepayments and assets under construction | Total |
|--|-----------------------|------------------------|--|--|----------------|
| Cost at 1 January 2018 | 938 | 1.454 | 348 | 51 | 2.791 |
| Additions | 7 | 19 | 2 | 118 | 146 |
| Disposals | (26) | (71) | (4) | - | (101) |
| Transferred (to) from other items | 5 | 27 | 4 | (36) | - |
| Cost at 31 December 2018 | 924 | 1.429 | 350 | 133 | 2.836 |
| Depreciation and writedowns at 1 January 2018 | (623) | (1.024) | (335) | - | (1.982) |
| Depreciation of disposals during the year | 23 | 67 | 4 | - | 94 |
| Depreciation for the year | (30) | (52) | (7) | - | (89) |
| Depreciation and writedowns at 31 December 2018 | (630) | (1.009) | (338) | - | (1.977) |
| Carrying amount at 31 December 2018 | 294 | 420 | 12 | 133 | 859 |

Notes to the Annual Report

10 Financial fixed assets

| (DKKm) | Investments in subsidiaries | Investments in associates | Receivables from subsidiaries | Other investments and securities | Total |
|--|--------------------------------|---------------------------------|-------------------------------------|--|----------------|
| Cost at 1 January 2018 | 5.655 | 56 | 26 | 38 | 5.775 |
| Additions | 1 | | | | 1 |
| Disposals | (22) | | (26) | | (48) |
| Cost at 31 December 2018 | 5.634 | 56 | - | 38 | 5.728 |
| Value adjustments at 1 January 2018 | (2.283) | (2) | - | (38) | (2.323) |
| Reversal of writedowns | 27 | | | | 27 |
| Value adjustments at 31 December 2018 | (2.256) | (2) | - | (38) | (2.296) |
| Carrying amount at 31 December 2018 | 3.378 | 54 | - | - | 3.432 |

Investments in subsidiaries are specified as follows

| Name | Country | Ownership in % Currency | Share capital in currency (‘000) | Dupont's share of equity in DKK (‘000) | Dupont's share of profit for the year in DKK (‘000) |
|--|--------------|----------------------------|--|---|--|
| Danisco Cultor Trading Ltda. | Brazil | 99 BRL | 6.116 | 985 | 4 |
| Danisco Flexible Brazil Ltda | Brazil | 99 BRL | 103 | 131 | - |
| Danisco Chile S.A. | Chile | 99,9998 CLP | 6.973.969 | 283.074 | 29.138 |
| Danisco Colombia Ltda. | Colombia | 99 COP | 4.524.200 | 89.954 | 2.052 |
| ApS Syntetic | Denmark | 100 DKK | 1.000 | 19.791 | (383) |
| Cometra ApS | Denmark | 100 DKK | 15.000 | 25.670 | (215) |
| Ydernes 1 ApS | Denmark | 100 DKK | 700 | 12.568 | (1.322) |
| Danisco Egypt Trading LLC | Egypt | 99,9 EGP | 50 | 15.532 | 4.082 |
| Danisco Sweeteners Oy | Finland | 100 EUR | 20.000 | 558.249 | 79.386 |
| Danisco France SAS | France | 100 EUR | 46.123 | 2.874.014 | 97.133 |
| Danisco Centro America S.A. | Guatemala | 99 GTQ | 5 | 2.897 | - |
| Danisco Guatemala S.A. | Guatemala | 99,8 GTQ | 50 | (5.862) | (18) |
| Danisco India Pvt. Ltd. | India | 99,9976 INR | 405.579 | 145.773 | (2.519) |
| Danisco Japan Limited | Japan | 100 JPY | 498.000 | 283.569 | 28.693 |
| DuPont Nutrition Food Ingredients (Beijing) Co., Ltd. | China | 100 CNY | 86.104 | 76.346 | 28.737 |
| Danisco (China) Holding co. Ltd. | China | 100 CNY | 230.285 | 883.942 | 141.705 |
| Specialty Products Balkans d.o.o. | Croatia | 100 HRK | 20 | 20 | - |
| DuPont Nutrition and Biosciences Commercial, S.de R.L. de C.V. | Mexico | 99,999 MXN | 664 | 714.299 | 62.811 |
| DuPont Nutrition and Biosciences Mexico, S. de R.L. de C.V. | Mexico | 99,996 MXN | 11 | 2.182 | (7.146) |
| Danisco Peru S.A.C. | Peru | 99,999 PEN | 1.795 | 13.170 | 1.379 |
| Danisco Poland Sp. z.o.o | Poland | 100 PLN | 200 | 16.723 | 7.522 |
| DuPont Nutrition and Biosciences Iberica, S.L. | Spain | 100 EUR | 357 | 264.281 | (60.975) |
| Danisco South Africa (Pty) LTd | South Africa | 100 ZAR | 0 | 96.242 | 22.189 |
| Danisco Dis Ticarat Limited Sirketi. | Tyrcy | 99,5 TRY | 5 | 34.797 | 9.510 |
| Danisco Holdings (UK) Ltd. | UK | 100 GBP | 8.600 | 49.973 | (137) |
| Danisco Ukraine LLC | Ukraine | 100 UAH | 844 | 50.176 | 12.948 |
| Danisco Austria GmbH | Austria | 99 EUR | 305 | 144.252 | 4.124 |

Investments in associates are specified as follows

| | | | | | |
|-------------------|---------|-----------|---------|---------|-------|
| Solae Invest Ltda | Brazil | 27,17 BRL | 499.045 | 278.721 | (498) |
| Inboise SA | Belgium | 9,992 EUR | 4.495 | 4.678 | (49) |

Notes to the Annual Report

11 Inventories

| (DKKm) | 31 December 2018 | 31 December 2017 |
|-------------------------------------|---------------------|---------------------|
| Raw materials and consumables | 137 | 132 |
| Work in progress | 145 | 129 |
| Finished goods and goods for resale | 183 | 161 |
| Total | 465 | 422 |

12 Prepayments

| | | |
|---------------------|----------|-----------|
| Prepaid IT licences | 3 | 2 |
| Prepaid rent | 4 | 5 |
| Other | 2 | 6 |
| Total | 9 | 13 |

13 Equity

The Company capital is unchanged and comprises of 42,233,295 shares of DKK 20.

14 Deferred tax asset

| Specification of deferred tax | | |
|-------------------------------|--------------|--------------|
| Intangible fixed assets | (25) | (31) |
| Tangible fixed assets | (34) | (34) |
| Current assets | (6) | (6) |
| Non-current liabilities | 31 | 42 |
| Total | (34) | (29) |

15 Maturity analysis of financial liabilities

| Ageing of contractual maturities | | |
|----------------------------------|--------------|--------------|
| Within 1 year | 5.790 | 6.276 |
| Between 1 and 5 years | 149 | 171 |
| Over 5 years | 6 | 31 |
| Total | 5.945 | 6.478 |

16 Other payables

| | | |
|-----------------------------------|------------|------------|
| Wages, salaries, holiday pay etc. | 169 | 150 |
| Other taxes | 7 | 40 |
| Total | 176 | 190 |

17 Deferred income

| | | |
|-----------------------|------------|------------|
| Non-current | | |
| Prepaid royalty | 143 | 189 |
| Other deferred income | 12 | 13 |
| Total | 155 | 202 |
| Current | | |
| Prepaid royalty | 48 | 48 |
| Total | 48 | 48 |

Notes to the Annual Report

18 Contingent assets, liabilities and other financial obligations

| (DKKm) | 31 December 2018 | 31 December 2017 |
|--|---------------------|---------------------|
| Guarantees and other financial commitments | 3 | 7 |
| Total | 3 | 7 |
| Operating rental receivables | | |
| Maturity of operating rental receivables | | |
| Within 1 year | (1) | - |
| Between 1 and 5 years | (1) | - |
| Over 5 years | - | - |
| Total | (2) | - |
| Operating lease and rental liabilities | | |
| Maturity of operating lease and rental liabilities | | |
| Within 1 year | 19 | 19 |
| Between 1 and 5 years | 58 | 69 |
| Over 5 years | - | 5 |
| Total | 77 | 93 |

Guarantees and other financial commitments

DuPont Nutrition Biosciences ApS has provided a guarantee for financial and other support to enable continual going concern. The guarantee is provided for directly and indirectly owned subsidiaries: Dansico (Zhangjiagang) Textural Ingredients Co. Ltd., DuPont Nutrition Food Ingredients (Beijing) Co., Ltd. and Danisco Holdings (UK) Ltd.

Operating rental receivables and lease/rental liabilities

DuPont Nutrition Biosciences ApS solely has leases which by nature and content do not deviate from ordinary operating business needs. The leases cover buildings, production plants and other equipment.

Legal proceedings pending

Certain claims have been raised against DuPont Nutrition Biosciences ApS. In the opinion of management, the outcome of these proceedings will not have any material effect on the financial position of DuPont Nutrition Biosciences ApS.

Contingent assets related to Intercompany Receivables

As part of ongoing tax audits, the Danish Tax Authorities issued final and draft assessments in 2017 increasing the taxable income of DuPont Nutrition Biosciences ApS for the years under audit. Final assessments for remaining years under audit were issued in January 2018, and thus all open tax audits are now finalized. Following this and within the allowed timeline, the Company has entered into Mutual Agreement Procedures related to these increases of taxable income to avoid double taxation. Once an agreement is reached with the adjusting jurisdictions, the Company will invoice the related parties in those jurisdictions than can result in additional intra-group income of up to DKK 2.9 billion to be included in "Other operating income". No income is recognized, as it is not deemed virtually certain, as Mutual Agreement Procedure is a lengthy process, with associated significant uncertainty surrounding the duration and outcome of the process.

Contingent liabilities related to joint tax group

The Danish companies in the Dow-DuPont Group are jointly taxed and jointly liable for the total tax of the Group. The net payable tax is included in the annual report of DuPont Denmark Holding ApS, which is the administration company for the group taxation. Any later corrections of the taxable income may increase the total liable amount.

19 Related parties and ownership

The following companies have controlling influence of the Company; DowDuPont Inc., USA (ultimate parent), DuPont Chemical and Energy Operations Inc., USA (indirect owner), E. I. du Pont de Nemours and Company, USA (indirect owner), DuPont Denmark Holding ApS (direct owner), N&H EMEA Holding B.V., Holland (indirect owner), N&H US LLC, USA (indirect owner).

The ultimate parent company of the group in which the Company is included as a subsidiary is DowDuPont Inc., Delaware, USA. This company and its subsidiaries are considered related parties through the ownership of the Company.

Transactions

In accordance with section 98c (7) of the Danish Financial Statements Act, all transactions with related parties have been conducted at arm's length.

Notes to the Annual Report

20 Accounting Policies

The Annual Report of DuPont Nutrition Biosciences ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act for large class C enterprises.

The annual report is presented in millions of Danish kroner (DKK m).

In accordance with section 112 (2) of the Danish Financial Statements Act no consolidated statement has been prepared. The financial statements of the Company and subsidiaries are part of the consolidated financial statements of DowDuPont Inc., Delaware, USA.

The Group Annual report for DowDuPont Inc. may be obtained at www.Dow-DuPont.com

The accounting policies applied remain unchanged from previous years.

Recognition and measurement

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Currency translation

Transactions in foreign currencies are translated during the year at the exchange rate at the dates of the transaction. Gains and losses arising due to differences between the transaction date and the rates of the date of the payment are recognised as financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised as financial income and expenses in the income statement.

Income statement

Revenue

Revenue comprises invoiced sales less returned goods, bonuses and discounts granted in connection with sales. Sale of goods is recognised when the goods have been delivered and ownership and risk have passed to the buyer.

Cost of sales

Cost of sales includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant as well as administration and plant management.

Research and development expenses

Research and development expenses include costs, salaries and depreciation directly or indirectly attributable to research and development activities. Research expenses are recognised in the income statement in the year in which they are incurred. Clearly defined and identifiable development projects in which the technical degree of exploitation, adequate resources and potential market or development possibility in the enterprise are recognisable, and where it is the intention to produce, market or use the project, are recognised in intangibles where a correlation exists between the costs incurred and future earnings. Lack of regulatory approval, customer approvals and other uncertainties often imply that the requirements for recognition as an asset have not been met and that development expenses are consequently expensed when incurred.

Notes to the Annual Report

20 Accounting Policies (continued)

Sales and distribution expenses

Sales and distribution expenses comprise the salary expenses for sales personnel, advertising and exhibition expenses, depreciation and other indirect expenses.

Administrative expenses

Administrative expenses comprise the expenses of the administrative staff and management as well as depreciation and other indirect expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the activities, including gains on the sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature in relation to the activities, including losses on the sale of intangible and tangible fixed assets.

Income from investments in subsidiaries

Income from investments in subsidiaries comprises gain/loss on sale of shares, dividends and writedowns. Dividends are recognised when the right to receive dividends has been approved by the relevant company bodies. To the extent that distributed dividends exceed the accumulated earnings after acquisition, dividends are recognised as writedown of the cost of the investment.

Financial income and expenses

Financial income and expenses include interest income, interest expenses, commission for committed facilities, borrowing expenses, amortisation of financial assets and liabilities, expenses incurred on finance leases and value adjustments, including fair value adjustments of derivative financial instruments not concluded for hedging of future transactions.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

DuPont Nutrition Biosciences ApS is jointly taxed with all Danish subsidiaries. Current Danish corporation tax is divided between the jointly taxed enterprises relative to their taxable income. Withholding taxes relating to dividends from subsidiaries outside Denmark are recognised in the year in which the dividend is declared.

Notes to the Annual Report

20 Accounting Policies (continued)

Balance Sheet

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets.

Amortisation period:

| | |
|--|----------------|
| Patents, licences and other intellectual property rights | up to 20 years |
| Software | up to 5 years |

The amortisation periods are determined on the basis of management's experience in the enterprise's business areas and reflect in the opinion of management the best estimate of the economic useful lives of the assets.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and writedowns. Cost of tangible fixed assets comprises purchase price and costs directly attributable to making the asset capable of operating in the intended manner. Costs of self-constructed assets are determined using the same principles as for acquired assets.

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets. Depreciation is initiated when the assets are deemed to be ready for use. Land is not depreciated.

Depreciation period:

| | |
|---|-------------|
| Buildings | 20-40 years |
| Plant and machinery | 10-20 years |
| Fixtures, fittings, tools and equipment | 3-7 years |

The basis of depreciation is determined subject to the residual value of the asset. The residual value is determined at the date of acquisition and reviewed annually along with the useful life.

Lease payments under operating leases are accrued and recognised in the income statement as operating expenditure over the lease term.

The gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost less writedowns. To the extent that distributed dividends exceed the accumulated earnings after acquisition, dividends are recognised as writedown of the cost of the investment.

Other investments and securities

Investments and securities which comprise venture investments and listed and unlisted investments, are initially measured at cost and subsequently at fair value. Adjustment at fair value are recognised in the income statement as financial item. Adjustments include dividend income.

Other long-term receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to individual assessment of loss.

Notes to the Annual Report

20 Accounting Policies (continued)

Impairment of fixed assets

At year-end the carrying amounts of tangible and intangible fixed assets with definite useful lives are reviewed to determine any indication of impairment. In the case of such indication, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Where the asset does not generate cash flows that are deemed to be independent of other assets, an estimate is made of the recoverable amount of the unit to which the asset belongs. The recoverable amount is determined at the higher of the fair value less selling cost and the value in use. In the determination of value in use, estimated future cash flows are discounted by a discount rate reflecting market assessments of the time value of money and special risks associated with the asset for which adjustments have not been made in the estimated future cash flows.

Where the recoverable amount of the asset or unit is estimated to be lower than the carrying amount, the carrying amount is written down to the recoverable amount. Impairment losses are recognised in the income statement.

Financial fixed assets that are not measured at fair value are assessed at the end of the reporting period to determine if any objective indicators exist that an asset or group of assets has been impaired. In that case, the recoverable amount of the asset is determined and where lower than the carrying amount is written down to the recoverable amount.

Inventories

Inventories are recognised on a first-in/first-out (FIFO) basis and measured at cost. Where the cost exceeds the net realisable value, a writedown to this lower value is performed. Cost includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant and operations as well as administration and plant management. Obsolete items, including slow-moving items, are written down to net realisable value.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years.

Equity and treasury shares

Dividends are recognised as a liability at the date of adoption at the annual general meeting. Acquisition and sale considerations for treasury shares are recognised in equity.

Notes to the Annual Report

20 Accounting Policies (continued)

Liabilities

Liabilities are measured at amortised cost, substantially corresponding to nominal value.

Statement of cash flows

No cash flow statement is prepared with reference to the exemption provisions of section 86(4) of the Danish Financial statements Act. The cash flow of DuPont Nutrition Biosciences ApS are included in the consolidated financial statement of DowDuPont Inc., Delaware, USA.

Financial ratios

The financial ratios have been calculated as follows:

$$\text{Profit margin} = \frac{\text{Operating Profit} \times 100}{\text{Revenue}}$$

$$\text{Return on net assets} = \frac{\text{Operating Profit} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net Profit for the period} \times 100}{\text{Average equity}}$$