

DuPont Nutrition Biosciences ApS

**CVR-no. 11350356
Langebrogade 1
1411 København K**

Annual Report for the period 1 January 2019 - 31 December 2019

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 28 May 2020

Chairman
Søren Toft Bjerreskov

Table of contents

	Page
Company Information	3
Financial Highlights	4
Management's Review	5
Management's Statement	9
Independent Auditors' Report	10
Income Statement	12
Balance Sheet	13
Statement of Changes in Equity	15
Notes to the Annual Report	16

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
Karen-Marie Katholm
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
Karen-Marie Katholm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

(DKKm)	2019	2018	2017	2016	2015
Income Statement					
Revenue	3.584	3.467	3.465	3.615	3.693
Operating profit	319	285	302	527	380
Income from investments in subsidiaries	1.627	585	109	3.784	268
Net financials	29	22	(318)	29	(59)
Profit for the period	1.792	799	(231)	3.729	497
Balance Sheet					
Balance sheet total	9.680	10.003	9.769	12.753	13.336
Investment in tangible fixed assets	184	146	128	131	111
Equity	4.321	4.054	3.291	5.313	6.336
Number of employees	1.067	1.047	1.040	1.100	1.191
Key Figures in %					
Operating profit margin	8,9	8,2	8,7	14,6	10,3
Return on net assets	3,3	2,8	3,1	4,1	2,8
Solvency ratio	44,6	40,5	33,7	41,7	47,5
Return on equity	42,8	21,8	(5,4)	64,0	8,3

For definitions, please refer to accounting policies

Management's Review

Market overview

DuPont Nutrition Biosciences ApS is an indirectly owned subsidiary of DuPont de Nemours 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 Nutrition & Biosciences 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.

Uncertainty of measurement in recognition

The company's subsidiaries are recognized at cost and amount to DKK 5,634 million.

Their value is assessed on an ongoing basis, however, this assessment contains a number of estimates and assumptions that may change and thus affect the overall value. Impairment recognized by the end of December is DKK -2,256.

Development in the year

In 2019, DuPont Nutrition Biosciences ApS recorded revenue of DKK 3,584 million against DKK 3,467 million in 2018.

Operating profit increased to DKK 319 million against DKK 285 million in 2018.

In 2019 DuPont Nutrition Biosciences ApS has received dividend income from subsidiaries for a total amount of DKK 1,627 million, against DKK 545 million in 2018.

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.

The Company expects unchanged revenue and profit in 2020.

Management's Review

On 15 December 2019, IFF (NYSE: IFF) (Euronext Paris: IFF) (TASE: IFF) and DuPont (NYSE: DD) announced that they entered into a definitive agreement for the merger of IFF and DuPont's Nutrition & Biosciences (N&B) business in a Reverse Morris Trust transaction. The deal values the combined company at \$45.4 billion on an enterprise value basis, reflecting a value of \$26.2 billion for the N&B business based on IFF's share price as of 13 December 2019. Under the terms of the agreement, which has been unanimously approved by both Boards of Directors, DuPont shareholders will own 55.4% of the shares of the new company and existing IFF shareholders will own 44.6%. Upon completion of the transaction, DuPont will receive a one-time \$7.3 billion special cash payment, subject to certain adjustments. DuPont Nutrition Biosciences ApS forms part of DuPont's N&B business and is expected to be part of the merger. The parties closing the deal by the end of the first quarter 2021.

Risks

In the ordinary course of business, the DuPont 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, DuPont de Nemours Inc., which includes entering into contractual arrangements in order to limit the adverse effects on the Group's financial performance.

Corporate Social Responsibility

In DuPont 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.

DuPont 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 DuPont 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.

DuPont Nutrition Biosciences ApS' operating model is described in the Market Overview and Innovation sections.

Recent Accomplishments

Recent achievements within DuPont Nutrition & Biosciences 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 DuPont 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>

Management's Review

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>

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 DuPont 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 2019. 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.

Central to ethics at DuPont is ensuring that each of us purposefully upholds the company's standards. Any act that intentionally violates the law or regulation, and any effort to conceal non-compliance with this Code of Conduct, or with a company policy, constitutes an ethics violation. Employees are encouraged to seek help with any questions or concerns regarding an ethical situation. Should the employee feel uncomfortable sharing concerns, he or she can call the DuPont Ethics and Compliance Hotline. The Hotline is a multilingual service to allow employees, and nonemployees, to report concerns or seek advice. It is available 24 hours a day, 7 days a week, and callers can choose to remain anonymous.

DuPont Code of Conduct course contains elements of ethics, anti-corruption, and related topics. When an incident indicates suspected corruption, or any other Core Values violations, the Global Ethics Investigations team gathers data required to facilitate a decision whether to pursue the issue. If the issue is pursued, a full investigation is conducted, disciplinary action taken, a root cause analysis conducted, and related control improvements are implemented if necessary.

Management's Review

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.

DuPont Group is working to increase shareholder and societal value while striving for the goal of zero for all safety and environmental incidents. In 2019, DuPont Nutrition Biosciences ApS continued this journey, being committed to zero.

Throughout DuPont 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 DuPont Group corporate routinely.

In our 2017 CDP Climate Change submission, we identify opportunities related to climate change, including the need for climate adaptation, and how DuPont considers this need in future product opportunities.

We lead the market with practical and sustainable solutions that yield ample and nutritious food supplies. We believe there is a science to feeding the world, and as a leader in Nutrition, we are committed to battling food insecurity, improving nutrition, and ensuring the safety of the food supply.

Human rights

DuPont businesses systematically perform human rights reviews on an on-going basis for Contract Manufacturers and Field Labor. In addition, DuPont has the following policies and processes in place to uphold the protection and advancement of human rights wherever we operate:

- Corporate policy on human rights
- Human rights governance process (which includes a senior vice president, a steering team, and a leadership team)
- Suppliers screenings for human rights
- Requirement of adherence to human rights in our contracts
- Periodic contract administration on-site assessments
- Periodic Safety, Health and Environment audits of contractors the includes a human rights assessment

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	2019
On the Board of Directors, the minority shall at least represent	25%	25%
In Management positions below the Board of Directors, the minority shall at least represent	30%	41%

On the Board of Directors, the goal was achieved in 2019.

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

Corporate Social Responsibility

Sustainability is an important part of DuPont's culture. Description of the Company's sustainability policy is to be found on the webpage for the DuPont group.

<https://www.dupont.com/about/sustainability.html>

Subsequent events

The COVID-19 outbreak has developed rapidly in March 2020, both in Denmark and the rest of the world, which has necessitated a number of restrictions from authorities with a potentially large impact on the Global economy.

Currently the company is not affected by COVID-19, or the restrictions implemented. (Also see Note 1).

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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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 2020

Executive Board

Matthias Josef Heinzl

Angela Taha Naef

Karen-Marie Katholm

Etienne Jean-Emmanuel Laurent

Board of Directors

Matthias Josef Heinzl
Chairman

Karen-Marie Katholm

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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, 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 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Christian Bertelsen
State Authorised Public Accountant
mne36171

Income Statement

(DKKm)	Note	2019	2018
Revenue	2	3.584	3.467
Production expenses	6	(2.764)	(2.704)
Gross profit		820	763
Research and development expenses	6	(203)	(223)
Distribution expenses	6	(512)	(526)
Administrative expenses	6, 7	(328)	(316)
Other operating income		847	862
Other operating expenses		(305)	(275)
Operating profit		319	285
Income from investments in subsidiaries	3	1.627	585
Financial income	4	87	89
Financial expenses	4	(58)	(67)
Profit before tax		1.975	892
Income tax	5	(183)	(93)
Profit for the year	8	1.792	799

Balance Sheet

ASSETS

(DKKm)	Note	31 December 2019	31 December 2018
Fixed assets			
Intangible fixed assets			
Software	9	-	4
Patents, rights and licenses		116	141
Total		116	145
Tangible fixed assets			
Land and buildings	10	299	294
Plant and machinery		440	420
Fixtures, fittings, tools and equipment		21	12
Prepayments and fixed assets under construction		187	133
Total		947	859
Financial fixed assets			
Investments in subsidiaries	11	3.378	3.378
Investments in associates	11	67	54
Receivables from subsidiaries	11	2.099	-
Other investments and securities	11	-	-
Other receivables		13	3
Total		5.557	3.435
Total fixed assets		6.620	4.439
Current assets			
Inventories	12	561	465
Receivables			
Trade receivables		242	208
Receivables from subsidiaries		1.647	1.722
Corporation tax		-	119
Other receivables		49	52
Prepayments	13	7	9
Total		1.945	2.110
Cash and cash equivalents		554	2.989
Total current assets		3.060	5.564
Total assets		9.680	10.003

Balance Sheet

LIABILITIES AND SHAREHOLDERS' EQUITY

(DKKm)	Note	31 December 2019	31 December 2018
EQUITY			
	14		
Company capital		845	845
Retained earnings		3.476	1.684
Proposed dividend		-	1.525
Total equity		4.321	4.054
PROVISIONS			
Other provisions		21	4
Total provisions		21	4
NON-CURRENT LIABILITIES			
	17		
Deferred income	19	107	155
Total		107	155
CURRENT LIABILITIES			
	17		
Deferred tax liability	15	42	34
Trade payables		422	459
Payables to subsidiaries		4.511	5.073
Corporation tax	16	59	-
Other payables	18	150	176
Deferred income	19	47	48
Total		5.231	5.790
Total liabilities		5.338	5.945
Total liabilities and shareholders' equity		9.680	10.003
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	20		
Related parties and ownership	21		
Accounting Policies	22		

Statement of Changes in Equity

(DKKm)	Company capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2019	845	1.684	1.525	4.054
Profit for the year		1.792	-	1.792
Dividend paid during the year			(1.525)	(1.525)
Total change in equity	-	1.792	(1.525)	267
Equity at 31 December 2019	845	3.476	-	4.321

Change in company capital	2019	2018	2017	2016	2015
Company capital, opening	845	845	845	954	954
Capital decrease	-	-	-	(109)	-
Company capital, closing	845	845	845	845	954

Notes to the Annual Report

1 Subsequent events

The COVID-19 outbreak has developed rapidly in March 2020, both in Denmark and the rest of the world, which has necessitated a number of restrictions from authorities with a potentially large impact on the Global economy.

Currently the company is not affected by COVID-19, or the restrictions implemented.

2 Revenue

	2019	2018
(DKKm)		
Denmark	147	155
EMEA*	2.651	2.537
North America	196	184
Latin America	228	238
Asia-Pacific	362	353
Total**	3.584	3.467

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

** All revenue is related to NB Division.

3 Income from investments in subsidiaries

Dividends from subsidiaries	1.627	545
Writedowns of financial assets	-	-
Reversal of writedown of financial assets	-	27
Divestment of subsidiaries	-	13
Total	1.627	585

4 Financial income and expenses

Financial income

Financial income from subsidiaries	13	8
Financial income from bank deposits	25	25
Exchange gains	49	56
Total	87	89

Financial expenses

Financial expenses relating to subsidiaries	(17)	(21)
Financial expenses relating to credit institutions etc.	-	(4)
Exchange losses	(41)	(42)
Total	(58)	(67)

Net financials	29	22
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5 Income tax

Current tax on profit	(67)	(57)
Change in deferred tax	(8)	(4)
Other taxes	(1)	(16)
Adjustment of tax for previous years	(107)	(16)
Total	(183)	(93)

Notes to the Annual Report

6 Employee expenses

	2019	2018
Employee expenses		
Wages and salaries	(645)	(635)
Defined contribution plans	(51)	(49)
Other social security expenses	(9)	(7)
Total	(705)	(691)
Executive Board	-	8
Board of Directors	-	-
Total average number of employees		
Total average number of employees	1.067	1.047

7 Fees for auditors elected at the annual general meeting

Audit	(1)	(1)
Assurance engagements	(1)	-
Tax assistance	-	-
Other assistance	-	-
Total	(2)	(1)

8 Distribution of profit

Extraordinary dividend paid during the year	-	36
Dividend proposed	-	1.525
Retained earnings	1.792	(762)
Total	1.792	799

Notes to the Annual Report

9 Intangible fixed assets

(DKKm)	Software	Patents, rights and licenses	Total
Cost at 1 January 2019	269	682	951
Additions	-	-	-
Disposals	(5)	(183)	(188)
Transferred (to) from other items	-	-	-
Cost at 31 December 2019	264	499	763
Amortisation at 1 January 2019	(265)	(541)	(806)
Writedowns for the year	-	-	-
Amortisation of disposals during the year	5	182	187
Amortisation for the year	(4)	(24)	(28)
Amortisation at 31 December 2019	(264)	(383)	(647)
Carrying amount at 31 December 2019	-	116	116

10 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 2019	924	1.429	350	133	2.836
Additions	24	37	11	112	184
Disposals	(7)	(16)	(7)	(1)	(31)
Transferred (to) from other items	13	39	6	(57)	-
Cost at 31 December 2019	953	1.489	359	187	2.988
Depreciation and writedowns at 1 January 2019	(630)	(1.009)	(338)	-	(1.977)
Depreciation of disposals during the year	5	14	7	-	27
Depreciation for the year	(30)	(54)	(7)	-	(91)
Depreciation and writedowns at 31 December 2019	(655)	(1.049)	(338)	-	(2.042)
Carrying amount at 31 December 2019	299	440	21	187	947

Notes to the Annual Report

11 Financial fixed assets

(DKKm)	Investments in subsidiaries	Investments in associates	Receivables from subsidiaries	Other investments and securities	Total
Cost at 1 January 2019	5.634	56	-	38	5.728
Additions	-	13	2.099	-	2.112
Disposals	-	-	-	-	-
Cost at 31 December 2019	5.634	69	2.099	38	7.840
Value adjustments at 1 January 2019	(2.256)	(2)	-	(38)	(2.296)
Reversal of writedowns	-	-	-	-	-
Value adjustments at 31 December 2019	(2.256)	(2)	-	(38)	(2.296)
Carrying amount at 31 December 2019	3.378	67	2.099	-	5.544

Investments in subsidiaries are specified as follows

Name	Country	Ownership in		Share capital in currency (‘000)	Dupont's share of equity in DKK (‘000)	Dupont's share of profit for the year in DKK (‘000)
		%	Currency			
Danisco Cultor Trading Ltda.	Brazil	99	BRL	6.116	1.011	26
Danisco Flexible Brazil Ltda	Brazil	99	BRL	103	131	-
Danisco Chile S.A.	Chile	99,9998	CLP	6.973.969	314.051	30.978
Danisco Colombia Ltda.	Colombia	99	COP	4.524.200	96.345	6.391
ApS Syntetic	Denmark	100	DKK	1.000	19.518	(273)
Cometra ApS	Denmark	100	DKK	15.000	25.461	(209)
Ydernæs 1 ApS	Denmark	100	DKK	700	13.028	460
Danisco Egypt Trading LLC	Egypt	99,9	EGP	50	16.899	1.367
Danisco Sweeteners Oy	Finland	100	EUR	20.000	503.198	168.676
Danisco France SAS	France	100	EUR	46.123	1.652.032	145.993
Danisco Centro America S.A.	Guatemala	99	GTQ	5	2.972	-
Danisco Guatemala S.A.	Guatemala	99,8	GTQ	50	(6.035)	(21)
Danisco India Pvt. Ltd.	India	99,9976	INR	405.579	147.189	7.771
Danisco Japan Limited	Japan	100	JPY	498.000	310.011	11.980
DuPont Nutrition Food Ingredients (Beijing) Co., Ltd.	China	100	CNY	86.104	207.298	81.931
Danisco (China) Holding co. Ltd.	China	100	CNY	230.285	660.386	10.397
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	791.333	77.034
DuPont Nutrition and Biosciences Mexico, S. de R.L. de C.V.	Mexico	99,996	MXN	11	4.598	2.416
Danisco Peru S.A.C.	Peru	99,999	PEN	1.795	14.577	1.408
Danisco Poland Sp. z.o.o	Poland	100	PLN	200	15.143	5.728
DuPont Nutrition and Biosciences Iberica, S.L.	Spain	100	EUR	357	296.127	31.846
Danisco South Africa (Pty) LTD	South Africa	100	ZAR	0	91.267	23.510
Danisco Dis Ticarat Limited Sirketi.	Tyrkey	99,5	TRY	5	41.189	6.392
Danisco Holdings (UK) Ltd.	UK	100	GBP	8.600	49.840	(132)
Danisco Ukraine LLC	Ukraine	100	UAH	844	48.711	(1.464)
Danisco Austria GmbH	Austria	99	EUR	305	150.776	6.524

Investments in associates are specified as follows

Solae Invest Ltda	Brazil	20,31	BRL	499.045	278.721	(498)
Inboise SA	Belgium	11,450	EUR	12.495	9.637	(2.072)

Notes to the Annual Report

12 Inventories

(DKKm)	31 December 2019	31 December 2018
Raw materials and consumables	133	137
Work in progress	147	145
Finished goods and goods for resale	281	183
Total	561	465

13 Prepayments

Prepaid IT licences	2	3
Prepaid rent	1	4
Other	4	2
Total	7	9

14 Equity

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

15 Deferred tax liability

Specification of deferred tax

Intangible fixed assets	(22)	(25)
Tangible fixed assets	(34)	(34)
Current assets	(7)	(6)
Non-current liabilities	21	31
Total	(42)	(34)

16 Corporation tax

The Danish Tax Authorities have initiated a transfer pricing audit covering the years 2014 - 2017. This audit builds on the position that SKAT took in prior year audits for which DuPont Nutrition Biosciences ApS is seeking Mutual Agreement Procedure.

DuPont Nutrition Biosciences ApS has a provision for this ongoing tax audit and related cost, as well as a receivable related to prior year audits in the Annual Accounts for 2019.

In case of a material increase of the taxable income resulting from this audit, DuPont Nutrition Biosciences ApS will seek to enter into Mutual Agreement Procedures to avoid double taxation.

The net provision has been made on the basis of management's best estimate, and is therefore subject to material uncertainty.

17 Maturity analysis of financial liabilities

Ageing of contractual maturities

Within 1 year	4.970	5.790
Between 1 and 5 years	103	149
Over 5 years	4	6
Total	5.077	5.945

Notes to the Annual Report

18 Other payables

Wages, salaries, holiday pay etc.	143	169
Other taxes	7	7
Total	150	176

19 Deferred income

Non-current

Prepaid royalty	97	143
Other deferred income	10	12
Total	107	155

Current

Prepaid royalty	47	48
Total	47	48

Notes to the Annual Report

20 Contingent assets, liabilities and other financial obligations

(DKKm)	31 December 2019	31 December 2018
Guarantees and other financial commitments	2	3
Total	2	3
Operating rental receivables		
Maturity of operating rental receivables		
Within 1 year	(1)	(1)
Between 1 and 5 years	(1)	(1)
Over 5 years	-	-
Total	(2)	(2)
Operating lease and rental liabilities		
Maturity of operating lease and rental liabilities		
Within 1 year	17	19
Between 1 and 5 years	38	58
Over 5 years	-	-
Total	55	77

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 owned subsidiaries: 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 a result of tax audits, the Danish Tax Authorities issued final and draft assessments in 2017 and 2018, increasing the taxable income of DuPont Nutrition Biosciences ApS for the years under audit. 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 may invoice the related parties in those jurisdictions which can lead to an 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 a 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 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.

21 Related parties and ownership

The following companies have controlling influence of the Company; DuPont de Nemours 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 DuPont de Nemours 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

22 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 (DKKm).

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 DuPont de Nemours Inc., Delaware, USA.

The Group Annual report for DuPont de Nemours Inc. may be obtained at www.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.

Production expenses

Production expenses 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

22 Accounting Policies (continued)

Distribution expenses

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

22 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	15-40 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

22 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

22 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 DuPont de Nemours Inc., Delaware, USA.

Financial ratios

The financial ratios have been calculated as follows:

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

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

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

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