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Hamlet Protein A/S

Saturnvej 51
8700 Horsens
CVR No. 16049441

Annual report 2023

The Annual General Meeting adopted the annual report on 15.04.2024

Erik Robert Visser
Chairman of the General Meeting

Contents

Entity details

Entity

Hamlet Protein A/S
Saturnvej 51
8700 Horsens

Business Registration No.: 16049441
Registered office: Horsens
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Donald William Christopher Mallon
Sarah Vawda
Søren Dan Johansen

Executive Board

Erik Robert Visser

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Hamlet Protein A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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

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

Horsens, 15.04.2024

Executive Board

Erik Robert Visser

Board of Directors

Donald William Christopher Mallon **Sarah Vawda**

Søren Dan Johansen

Independent auditor's report

To the shareholders of Hamlet Protein A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Hamlet Protein A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

Aarhus, 15.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Jacob Tækker Nørgaard
State Authorised Public Accountant
Identification No (MNE) mne40049

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Revenue	849,994	927,012	857,784	774,124	615,870
Gross profit/loss	127,953	61,568	121,829	154,283	121,692
EBITDA	50,641	(27,262)	45,921	70,017	28,965
Operating profit/loss	13,502	(71,193)	(412)	27,755	(29,098)
Net financials	(27,677)	(26,206)	(9,685)	(23,537)	(15,020)
Profit/loss for the year	(13,725)	(87,790)	(13,126)	1,351	(35,554)
Balance sheet total	531,268	602,782	581,064	629,318	575,774
Equity	42,415	59,374	144,698	152,464	156,603
Ratios					
Gross margin (%)	15.05	6.64	14.20	19.93	19.76
Net margin (%)	(1.61)	(9.47)	(1.53)	0.17	(5.77)
Equity ratio (%)	7.98	9.85	24.90	24.23	27.20

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

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

Operating review HAMLET PROTEIN Group

HAMLET PROTEIN A/S' business strategy is to develop, produce and sell vegetable specialty protein solutions used in high value-add animal feed for young animals. The company services more than 50 countries from its two production facilities in Horsens, Denmark and Findlay, Ohio, USA and its sales office in Qingdao (China).

The subsidiary, HAMLET PROTEIN Inc. is located in Findlay (Ohio), USA, and handles the production, sales, and distribution of products, primarily to North America, Central America and Asia. The subsidiary, Hamlet (Qingdao) Trading Co., Ltd. is located in Qingdao (Shandong Province), China, and handles import, sales and distribution to customers in China.

As the demand for safe and affordable meat, dairy and egg products continues to grow in most regions of the world, so does the demand for high quality specialty feed protein. HAMLET PROTEIN's growth is supported by long-term structural mega trends such as population growth, transition from backyard farming towards more industrialized farming practices, an increasing focus on bio-security, as well as greater focus on antibiotic free feeding practices and feed safety. Especially the North American and Chinese markets have contributed with considerable growth in recent years, driven by the need for continued improvement of farm efficiency, while at the same time reducing or eliminating medication in animal feed. Finally, demand is driven by an increased focus on feed security by reducing the use of animal-based protein diet sources like fishmeal and blood plasma in favor of secure and highly efficient products like HAMLET PROTEIN's soy-based specialty ingredients.

HAMLET PROTEIN draws on extensive knowledge of bioavailability, biotechnology, bioconversion, and the practical application of specialty feed ingredients to meet all these demands. Every year, the company runs a large number of tests in its pilot production plant to verify efficacy and customer value. Many innovation projects are managed in partnership with customers, external research institutes and renowned universities. Together, HAMLET PROTEIN aims to lead the way to generate an increased animal performance through a focus on early life nutrition. Ultimately increased efficiency in animal production leads to a reduced carbon footprint for the industry. HAMLET PROTEIN continuously documents the value-adding performance of its products in numerous international trials at commercial -and research farms and universities and make the date available to (prospective) customers.

Development in activities and finances

Non-financial matters

Quality

Both HAMLET PROTEIN plants in Denmark and USA meet the criteria of the feed safety standard GMP+ and the food safety management standard ISO 22000. Our strict Feed Safety Policy ensures full traceability of both GMO and non-GMO products, allowing any batch of product to be easily traced if need be. Every week, the Company's laboratory teams analyze 200 protein samples, taken around-the-clock from our production lines. These analyses are an important part of our customer service and a guarantee of high product quality. The sector specific knowledge and competences of the employees form an important foundation for HAMLET PROTEIN's leading position in young animal nutrition and are a driver for future business development.

Shareholders

HAMLET PROTEIN is owned by New Nutrition Holding S.àr.l., Luxembourg, which ultimately is owned by Goldman Sachs Group Inc. ("GS Group") and Altor Fund IV Holding AB. The Company's share capital is not divided into share classes, and the Company's articles of association do not stipulate any limits for ownership or voting rights. The Board of Directors regularly assesses whether the Company's capital structure is sound and capable of supporting the Company's growth strategy.

The Board of Directors' duties

The Board of Directors of the Company ensures that the Executive Board complies with the decisions, strategies, and business procedures adopted by the Board of Directors. The Board of Directors meets according to a fixed schedule. In 2023, the Board of Directors held four meetings. For 2024 four meetings have been scheduled.

The Board of Directors do not rely on any subcommittees due to the limited size and complexity of the Group. Accordingly, the entire Board of Directors has focused on significant accounting policies and significant accounting estimates, and transactions with related parties, if any, as well as uncertainties and risks in its financial reporting process. Together with the auditors, the quality of the Company's internal control systems is being assessed on a regular basis, just as the auditors' independence is verified. Areas identified as particularly critical, such as foreign currency policy, procurement policy and insurance matters, are regularly discussed within the Board of Directors.

Group relations

Recommendations for active ownership and corporate governance for private equity funds

Being owned by private equity funds, New Nutrition Holding ApS is subject to the guidelines for active ownership and corporate governance for private equity funds and their controlled enterprises as issued by the Danish Venture Capital and Private Equity Association ("DVCA"). In general, New Nutrition Holding ApS complies with these recommendations apart from the incidents where the Company's management assesses that the disclosure of specific information will be detrimental to the Group's and the Company's competitive situation.

Profit/loss for the year in relation to expected developments

Financial matters

Financial review HAMLET PROTEIN A/S

Highlights 2023 performance:

- HAMLET PROTEIN A/S experienced a 2,5% increase in sales volume, a decline that was driven by a strategic decision to prioritize profitability over volume. This stemmed from the need to restore profitability following challenges encountered in 2022 due to macro-induced headwinds such as heightened production costs, inflationary pressures, disruptions in the supply chain, and geopolitical unrest. These factors notably impacted performance in key markets like Denmark, Poland, The Netherlands, China, and Thailand, while growth was observed in markets such as Chile, Mexico, and the US.

- Despite the decline in volume, HAMLET PROTEIN A/S managed to increase its EBITDA to 23,5 mDKK surpassing the previous year's performance by 93 mDKK. This improvement was attributed to stabilized sales prices, improved contractual terms and conditions, decreasing input costs, and optimized operational expenses. However, the company reported a net loss of -12,6 mDKK, primarily driven by depreciation, amortization, and increased financial costs due to raising interest rates."

Financial review HP Group

In late 2019 a new strategic plan for the HAMLET PROTEIN group was formulated focusing on three main areas: Branding & positioning, commercial acceleration, and entrepreneurial culture. The Group has continued to build on that strategy in 2023.

Highlights 2023 performance:

- 2023, HAMLET PROTEIN group experienced a 10% decline in sales volume versus the previous year. This was driven by a strategic decision to prioritize profitability over volume. This stemmed from the need to restore profitability following challenges encountered in 2022 due to macro-induced headwinds such as heightened production costs, inflationary pressures, disruptions in the supply chain, and geopolitical unrest. These factors notably impacted performance in key markets like Denmark, Poland, The Netherlands, China, and Thailand, while growth was observed in regions such as Chile, Mexico, and the US.

- Despite the decline in volume, HAMLET PROTEIN A/S managed to increase its EBITDA to 50,6 mDKK, exceeding budget expectations by 15% and surpassing the previous year's performance by 77,9 mDKK. This improvement was attributed to stabilized sales prices, enhanced contractual terms and conditions, decreasing input costs, and optimized operational expenses. However, the company reported a net loss of -12,6 mDKK, primarily driven by depreciation, amortization, and increased financial costs due to raising interest rates.

Despite improved profitability, HAMLET PROTEIN still faced headwind from a various of macro-related factors in 2023, including:

- A fire in one of the production lines in our Findlay plant reduced HAMLET PROTEIN's US production capacity by approximately 40% for a period of 5 months, resulting in reduced product volume available in Q3 and Q4.
- The war in Ukraine resulted in increased costs of raw materials for animal- and animal feed producers.
- The increased cost of nutrition combined with lower animal numbers, affected the demand for specialty feed ingredients.
- African Swine Fever (ASF) outbreaks in Asia continued to affect the global market dynamics in the swine sector, creating supply chain imbalances due to temporary withdrawals of export permits for European pork producers and reduced swine herds in Asia.

In 2023 HAMLET PROTEIN managed to restore and accelerate earning levels through focused sales efforts, improved efficiencies and reduced cost base. Management expects current performance to continue in 2024.

Uncertainty relating to recognition and measurement

The group has as part of the deferred tax asset recognised in the balance sheet recorded a deferred tax asset of DKK 15.8 million. The deferred tax asset relates to managements estimate over the expected utilization of tax-loss carryforwards in the Danish joint taxation. The full utilization of the deferred tax asset is dependent on Management being successful in implementing it's current business case including securing year on year increases in revenue and at the same time implementing ways to become even more cost efficient in the production. The valuation of the deferred tax asset of DKK 15.8 million is uncertain, as the utilisation is dependent on future events.

Outlook

The global trend of increasing demand for high-quality, vegetable-based specialty protein is expected to continue. HAMLET PROTEIN expects a 10-15% volume growth in 2024, at stable margin levels resulting in a positive EBITDA between 75-85 mDKK. HAMLET PROTEIN expects growth to come from North and South America and China partly offset by some volume pressure in Europe.

Any disruption could come from a further spread of African Swine Fever and subsequent export restrictions in key HAMLET PROTEIN markets, volatility in production costs caused by utility costs, related restrictions on supply chain, and geopolitical tensions in Eastern Europe, the Middle East or between China and the US.

HAMLET PROTEIN expects volatility in the macro environment to continue, even though declining freight costs will support the Company's export ambitions. The Company expects to deliver its budget.

Use of financial instruments

Particular risks

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

The Company's products are sold to the agricultural sector. The market conditions for these customers are subject to high volatility, meaning that the market situation may change rapidly and be difficult to predict. HAMLET PROTEIN strives to mitigate such conditions by setting up its production, sales and distribution channels as flexibly as possible.

Commodity and foreign currency risk

The Group is predominantly exposed to foreign currency risks on USD from sales, purchases and financing activities, and on CNY from sales activities. Currency hedging is done mainly on the purchase of soy in USD. When entering into a sales contract an offsetting purchase contract for soy is concluded in order to obtain a stable margin except for sales to markets with a long delivery time where SBM is purchased based on a sales forecast. No hedging of CNY has been done in 2023.

HAMLET PROTIN has a structured hedging policy for the purchase of gas and electricity in Europe securing up to 1/3 of the forecasted utility consumption in the winter periods, Q4 and Q1.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations with floating interest rates. The Group evaluates its net exposure on a frequent basis and when conducting finance activities.

Financing risk

The Group have secured the necessary cash and credit line to run the operations effectively until the end of 2024. Management therefore does not find any current financing risks applicable for the group other than unexpected events that would make the Group unable to meet its financing covenants however management find this unlikely to happen.

Environmental risk

The Group is exposed to the upcoming EU Deforestation Law that end of 2024 will set requirements on due diligence and supply chain traceability to the plot of land used for soy production. Furter the implementation of EU Extended Producer Responsibility Law, relating to responsibility for recycling and min. recycled plastics in all packaging might impact future packaging cost.

Research and development activities

HAMLET PROTEINS specializes in young animals’ nutrition and the Company’s strong market position is maintained and expanded via a deep and specific knowledge of the individual species, combined with solid documentation from feeding trials across the world. In 2023, HAMLET PROTEIN incurred research and development costs for products for both new and existing customers. During the year DKK 3.3m has been capitalized on the balance sheet.

Statutory report on corporate social responsibility

HAMLET PROTEIN's business model is to develop, produce and sell vegetable protein solutions used in high value add animal feed for young animals mainly in Europe, North and South America and Asia. The Company strives to define its corporate social responsibility within the areas of energy and environment, responsible sourcing, human resource issues and compliance with ethical business standards.

ESG

The Group has engaged with external consultants to prepare for upcoming ESG reporting requirements and has established a clear road map for compliance. HAMLET PROTEIN sustainability program is focused on becoming the leading vegetable alternative to protein from animal origin, with sustainably sourced SBM and a low-carbon production footprint and covers three key pillars:

- Reducing environmental footprint: Continuously working toward managing environmental footprint, e.g. through establishing a partnership to provide district heating to the region around Horsens plant.

- Taking responsibility for the full picture: Our products have a limited resource and waste footprint due to low levels of ANF and superior protein kinetics improving the health, performance and welfare of animals. HAMLET PROTEIN utilizes soy products with the highest yield of protein per acre of farmland. The entire value chain is examined to ensure compliance with environmental and human rights standards. Sourcing from areas with very low deforestation risk, minimizing the potential of causing harm to natural ecosystems.

- Protecting people and society: Striving to make HAMLET PROTEIN an amazing place to work, not least by upholding rigorous safety standards throughout operations. High ethical standards reflected in the code of conduct set for HAMLET PROTEIN and its business partners. As part of the soy certifications offered, and via interactions with suppliers, HAMLET PROTEIN is dedicated to upholding human rights in the value chain.

In 2023, HAMLET PROTEIN launched an ESG roadmap till 2025 to secure compliance with EU legislation and core sustainability frameworks. This includes a double materiality assessment, GHG emission reduction levers to drive further reductions, SBTi-target setting, pilot ESG reporting and other projects.

Environmental performance

Energy and impact on the external environment

The HAMLET PROTEIN production process requires energy, and the Company acknowledges that energy production involves an environmental impact related to carbon dioxide emissions. Ever since HAMLET PROTEIN designed its production process in the early 1990s, the company has focused on optimizing the use of energy and water and on reducing waste.

The plant in Denmark is certified according to the ISO 50001:2011 energy management system standard. The plant in US is built based on the same technology. Apart from steam consisting of water and carbon dioxide, HAMLET PROTEIN's emission is close to zero hence, the risk of directly polluting the external environment is negligible. Management don't see any material risks to the environment arising from the operations.

In Denmark, the Company has worked intensively to further reduce energy consumption via condensation and recycling of excess heat. As a direct result of these efforts, HAMLET PROTEIN has entered into a partnership agreement with Horsens' district heating (Fjernvarme Horsens) to convert waste energy into heating. Since its inauguration in 2020, the plant has been providing annual heating to approximately 3,300 households in the Horsens area and reduces energy waste at HAMLET PROTEIN to the lowest degree possible. The company's agreement with Horsens' district heating expires earliest in 2031. Management believes that these efforts have contributed to minimizing the company’s environmental impact.

The company is in the process of developing an environmental policy as part of its commitment to ESG compliance.

Responsible sourcing

HAMLET PROTEIN believes that human rights should be observed and respected in all aspects. The Company’s predominant raw material is soybean meal, which is acquired from producers in South America, Europe and North America. HAMLET PROTEIN is aware that there is a potential compliance risk related to the production chain in South America. The risk, however, is mitigated by the Company’s policy for responsible sourcing of raw materials and supplier evaluations, no material risks have been identified in relation to human rights that is not adressed by the above stated policy.

HAMLET PROTEIN’s objective is to be leading within product quality and product integrity, and the Company constantly strives to strengthen its supply chain towards sustainability yet at the same time balancing the need for an effective and reliable flow of raw materials to our production units.

HAMLET PROTEIN’s only buy from soy producers that demonstrate social and environmental responsibility. As such raw materials are purchased from the world's leading soy producers in North and South America and Europe. The Company pays a surcharge to reach its goals as evidenced by certifications since 2005. HAMLET PROTEIN solely buys SBM from suppliers who are approved according to its quality management system before goods are delivered.

HAMLET PROTEIN’s DK supply is compliant with the Danish initiative “Danish Responsible Soy” which ensure compliance with FEFAC’s guidelines for sustainable sourcing. The Company’s US supply comes from internationally recognized suppliers; either members of NOPA (National Oilseed processors Association) or related members.

In South America, the following conditions need to be met in order to allow purchases being made:

- The supplier is not involved in or supports the use of child labor, forced labor, discrimination or harassment.
- The supplier supports voluntary unionism of employees and the right to negotiate collective agreements for all employees.
- The supplier does not buy soy from land in the Amazon Biome cleared after 24 July 2006.
- The supplier does not buy soy grown from land where natives' residences have been removed after May 2009, except if in accordance with national legislation.
- The supplier supports the use of pesticides in accordance with local legislation, the Stockholm Convention, and the Rotterdam Convention.

Alternatively, HAMLET PROTEIN requires that soybean meal suppliers are certified according to the ProTerra Standard or committed to the Soy Moratorium or in any other way are able to document that they live up to the Basel Criteria (4th edition 16.02.2005). The Company’s goal is that a minimum of 90% of its SBM supply complies with these requirements. In recent years, the Company has met and exceeded this minimum threshold, a trend that continued into 2023 and also expected to continue in 2024.

As new and improved soy certification programs become available, HAMLET PROTEIN will consider implementing these programs in our standard basis for sourcing. The company is currently in the process of developing a policy for responsible sourcing as part of its commitment to ESG compliance.

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

HAMLET PROTEIN has revised its compliance policies to reflect best practices regarding Anti-Bribery and Corruption, Economic Sanctions and Anti-Money Laundering compliance, and we are committed to ensuring we conduct our business ethically and in line with these principles. The Anti-Corruption and Economic Sanctions Compliance Policy sets forth the policy of the Group to ensure compliance with all potentially applicable laws and conventions. The Policy applies to everyone working for the Company and any other member of the Group worldwide regardless of location, role, or level of seniority. Third parties acting on behalf of the Group, such as agents, consultants, partners, or distributors must also comply with the spirit of this Policy and all applicable laws.

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

HAMLET PROTEIN has not received any external reports or complaints, nor any (anonymous) complaints from employees about incidents of unethical behavior in 2023 and the Company continues its commitment to highest standard of business ethics in 2024.

Organisation and employees
One of HAMLET PROTEIN's strategic drivers is to attract and retain qualified and motivated employees. The Company provides its employees with a safe and healthy workplace and follows procedures intended to safeguard all employees, avoid workplace accidents, and maintain compliance. However, as for any other company, working at HAMLET PROTEIN involves a minimal level of risks such as work accidents in operations and stress.

To maintain and improve its safety standards, HAMLET PROTEIN focuses on avoiding occupational accidents; security in the Company's facilities is a top priority. Safety Committees that are committed to workplace safety, and who regularly follow up and document workplace accidents. Industrial accidents are measured on "the number of hours absent due to industrial accidents per million working hours".

To ensure and improve the general working environment, HAMLET PROTEIN follows up on staff turnover, capability development and absence due to sickness. The Company continuously works with a number of activities to help promote an attractive and motivating working environment. HAMLET PROTEIN is dedicated to the recruitment and integration of new employees and focuses on maintaining and developing employees' personal and professional skills. The annual performance review is an important element of these efforts.

HAMLET PROTEIN measures short term and long-term absence due to sickness. In 2023, long-term absence in the Company was 1.42 (last year 1.9%) and short-term absence due to sickness was 1.83% (last year 2.37%), which is below our objective of 2.5%. The goal for 2023 is to remain below the objective of 2.5%. Short term absence rate is measured as total hours of absence of a duration up to a month divided by the total hours of registered working hours.

Statutory report on the underrepresented gender

New Nutrition Holding ApS' supreme governing body, the Board of Directors. Below report on current gender composition:

	2023
Board	
Members	3
Underrepresented gender	1
Underrepresented gender in %	33%
Target in %	33%
First management level	
Members	4
Underrepresented gender	1
Underrepresented gender in %	25%
Target in %	25%
Second management level	
Members	11
Underrepresented gender	4
Underrepresented gender in %	36%
Target in %	40%
Target expects to be achived in	2025

HAMLET PROTEIN is an equal opportunity employer and aims at maintaining and reaching the gender ratio objective for each management group, however the Company will always employ the person who is best qualified for the job. HAMLET PROTEIN strives, whenever possible, to have at least one candidate from the underrepresented gender represented among three final candidates for a management position. The Company has assessed barriers and challenges in relation to the underrepresented gender in other management levels, e.g., how job ads, recruitment, training and development of employees is being approached and how the Company communicates in relation to opportunities internally. Both male and female employees are encouraged to apply for internally advertised positions and to develop their skills and careers. At the present time the Company does not have specific data for tracking available.

Statutory report on data ethics policy

HAMLET PROTEIN has implemented a policy for complying with the General Data Protection Regulation that meets the required standards. The primary objective with the GDPR policy is to protect individuals´ fundamental rights and freedom, particularly their right to protection of their personal data and obligation to protect other/external data.

It serves as a practical instrument in the company's work with the protection of personal data and as documentation of our efforts to comply with the GDPR.

The policy has been presented and shared with all employees that has given formal consent. If employees have questions to this policy, they are encouraged to contact their line manager or the HR Manager.

Events after the balance sheet date

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

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	1	849,994	927,012
Cost of sales		(647,814)	(767,448)
Other external expenses		(74,227)	(97,996)
Gross profit/loss		**127,953**	**61,568**
Staff costs	2	(77,312)	(88,829)
Depreciation, amortisation and impairment losses	3	(37,139)	(43,932)
Operating profit/loss		**13,502**	**(71,193)**
Other financial income	4	433	28
Other financial expenses	5	(28,110)	(26,234)
Profit/loss before tax		**(14,175)**	**(97,399)**
Tax on profit/loss for the year	6	450	9,609
Profit/loss for the year	7	**(13,725)**	**(87,790)**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	10,532	13,025
Acquired intangible assets		4,469	5,019
Goodwill		23,404	30,254
Development projects in progress	9	10,047	7,662
Intangible assets	8	**48,452**	**55,960**
Land and buildings		55,868	61,418
Plant and machinery		218,403	236,509
Other fixtures and fittings, tools and equipment		3,668	213
Property, plant and equipment in progress		7,701	10,030
Property, plant and equipment	10	**285,640**	**308,170**
Deposits		128	128
Financial assets	11	**128**	**128**
Fixed assets		**334,220**	**364,258**
Raw materials and consumables		12,879	10,264
Manufactured goods and goods for resale		36,645	40,829
Inventories		**49,524**	**51,093**

Trade receivables		89,672	102,791
Receivables from group enterprises		1,416	16,654
Deferred tax	12	15,772	14,705
Other receivables		10,595	7,693
Prepayments	13	1,967	1,941
Receivables		**119,422**	**143,784**
Cash		**28,102**	**43,647**
Current assets		**197,048**	**238,524**
Assets		**531,268**	**602,782**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	14	4,710	4,710
Translation reserve		(898)	2,337
Reserve for development costs		8,216	10,160
Retained earnings		30,387	42,167
Equity		**42,415**	**59,374**
Deferred tax	12	2,415	2,734
Provisions		**2,415**	**2,734**
Mortgage debt		3,475	4,570
Other payables	15	4,919	5,404
Non-current liabilities other than provisions	16	**8,394**	**9,974**
Current portion of non-current liabilities other than provisions	16	986	996
Bank loans		18,469	20,100
Trade payables		119,109	117,837
Payables to group enterprises		316,389	364,360
Tax payable		905	0
Other payables		22,186	27,407
Current liabilities other than provisions		**478,044**	**530,700**
Liabilities other than provisions		**486,438**	**540,674**
Equity and liabilities		**531,268**	**602,782**
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Assets charged and collateral	20		
Non-arm’s length related party transactions	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	4,710	2,337	10,160	42,167	59,374
Exchange rate adjustments	0	(3,235)	0	0	(3,235)
Transfer to reserves	0	0	(1,944)	1,944	0
Profit/loss for the year	0	0	0	(13,724)	(13,724)
Equity end of year	**4,710**	**(898)**	**8,216**	**30,387**	**42,415**

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		13,502	(71,193)
Amortisation, depreciation and impairment losses		38,497	43,655
Working capital changes	17	(44,489)	77,744
Other adjustments		(3,235)	(11,220)
Cash flow from ordinary operating activities		**4,275**	**38,986**
Financial income received		433	28
Financial expenses paid		(2,909)	(2,773)
Taxes refunded/(paid)		0	143
Cash flows from operating activities		**1,799**	**36,384**
Acquisition etc. of intangible assets		(4,899)	(3,363)
Acquisition etc. of property, plant and equipment		(12,979)	(15,789)
Sale of property, plant and equipment		3,269	620
Cash flows from investing activities		**(14,609)**	**(18,532)**
Free cash flows generated from operations and investments before financing		**(12,810)**	**17,852**
Repayments of loans etc.		(1,105)	(542)
Repayments of bank loans		(1,630)	(575)
Cash flows from financing activities		**(2,735)**	**(1,117)**
Increase/decrease in cash and cash equivalents		**(15,545)**	**16,735**
Cash and cash equivalents beginning of year		43,647	26,912
Cash and cash equivalents end of year		**28,102**	**43,647**
Cash and cash equivalents at year-end are composed of:			
Cash		28,102	43,647
Cash and cash equivalents end of year		**28,102**	**43,647**

Notes to consolidated financial statements

1 Revenue

	2023 DKK'000	2022 DKK'000
Europe. Middle East and Africa	338,400	380,249
Asia and Pacific	215,373	296,047
Brazil and South America	76,988	59,160
North and Central America	219,233	191,556
Total revenue by geographical market	**849,994**	**927,012**

2 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	67,905	79,365
Pension costs	2,848	2,174
Other social security costs	867	247
Other staff costs	5,692	7,043
	77,312	**88,829**

Average number of full-time employees	104	104

	Remuneration of management 2023 DKK'000	Remuneration of management 2022 DKK'000
Executive Board	4,266	4,882
Board of Directors	223	1,163
	4,489	**6,045**

Special incentive programmes

On 1 January 2020 New Nutrition Holding Group issued 616.008 warrants to management and directors of the Group giving the warrant holders the right to subscribe to 616.008 shares in New Nutrition Holding ApS, with a par value of 1 Danish Krone.

The warrants were acquired at fair market value and therefore no compensation expense is recognized. The common stock warrants expire at the earliest of (i) a change of control of the Group or an IPO or (ii) the period from 30 August 2025 to 30 September 2025. The Company's share capital may be increased to make it possible for the holders of the warrants to exercise the warrants.

In 2020 New Nutrition Holding Group issued 112.260 warrants to management and directors of the Group giving the warrant holders the right to subscribe for 112.260 shares in New Nutrition Holding ApS, with a par value of DKK 1.

The outstanding warrants with management and directors amounts to 478.396 shares the remaining is hold by the majority owner New Nutrition Holding.

3 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	12,407	13,348
Impairment losses on intangible assets	0	1,736
Depreciation on property, plant and equipment	24,681	28,848
Impairment losses on property, plant and equipment	51	0
	37,139	**43,932**

4 Other financial income

	2023 DKK'000	2022 DKK'000
Other interest income	29	28
Exchange rate adjustments	404	0
	433	**28**

5 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	21,112	10,120
Other interest expenses	1,873	1,030
Exchange rate adjustments	4,089	13,341
Other financial expenses	1,036	1,743
	28,110	**26,234**

6 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	871	2,216
Change in deferred tax	(1,321)	(11,803)
Adjustment concerning previous years	0	(22)
	(450)	**(9,609)**

7 Proposed distribution of profit/loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(13,725)	(87,790)
	(13,725)	**(87,790)**

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	51,638	13,736	137,000	7,732
Transfers	960	0	0	(960)
Additions	1,378	176	0	3,345
Cost end of year	**53,976**	**13,912**	**137,000**	**10,117**
Amortisation and impairment losses beginning of year	(38,613)	(8,717)	(106,746)	(70)
Amortisation for the year	(4,831)	(726)	(6,850)	0
Amortisation and impairment losses end of year	**(43,444)**	**(9,443)**	**(113,596)**	**(70)**
Carrying amount end of year	**10,532**	**4,469**	**23,404**	**10,047**

9 Development projects

Completed development projects

HAMLET PROTEIN successfully launched a new product into the EMEA market in response to EU legislation banning the pharmaceutical use of zinc oxide in piglet and poultry production. The implementation of this legislation is expected to generate an increasing demand for these products. Management has concluded that the expected future benefits from these projects exceed the book value.

Development projects in progress

In 2023 HAMLET PROTEIN started up new projects to identify and document additional elements in its portfolio's mode of action. A key project has been “Protein Kinetics”, the dynamics of protein hydrolysis and absorption, impact growth performance in various products. The results reveal that Hamlet Protein products have the fastest protein kinetics among plant-based proteins, and that its products provide the same hydrolyzation rate as blood plasma, which is generally considered one of the best digestible protein sources for nursery diets. Management has concluded that the expected future benefits from this project exceed the book value.

This will strengthen the Company's commercial positioning, deliver increased value to customers, and differentiate HAMLET PROTEIN products from competitors even more.

Estimated cost to complete these projects is approximately 1.5-3,5 mDKK and completion is anticipated during 2024 and 2025.

10 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	131,079	656,373	23,487	10,030
Exchange rate adjustments	(1,433)	(13,297)	(123)	(99)
Transfers	0	1,064	2,092	(3,156)
Additions	134	9,994	1,618	1,701
Disposals	0	(3,697)	0	(724)
Cost end of year	**129,780**	**650,437**	**27,074**	**7,752**
Depreciation and impairment losses beginning of year	(69,661)	(419,864)	(23,274)	0
Exchange rate adjustments	582	6,517	105	0
Impairment losses for the year	0	0	0	(51)
Depreciation for the year	(4,833)	(19,611)	(237)	0
Reversal regarding disposals	0	924	0	0
Depreciation and impairment losses end of year	**(73,912)**	**(432,034)**	**(23,406)**	**(51)**
Carrying amount end of year	**55,868**	**218,403**	**3,668**	**7,701**

11 Financial assets

	Deposits DKK'000
Cost beginning of year	128
Cost end of year	**128**
Carrying amount end of year	**128**

12 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	(10,084)	(11,462)
Property, plant and equipment	(29,249)	(29,628)
Inventories	(148)	(276)
Receivables	0	260
Provisions	426	0
Liabilities other than provisions	2,190	1,175
Tax losses carried forward	50,222	51,902
Deferred tax	**13,357**	**11,971**

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	11,971	272
Recognised in the income statement	1,321	11,803
Other adjustments	65	(104)
End of year	**13,357**	**11,971**

Deferred tax has been recognised in the balance sheet as follows	2023 DKK'000	2022 DKK'000
Deferred tax assets	15,772	14,705
Deferred tax liabilities	(2,415)	(2,734)
	13,357	**11,971**

Deferred tax assets
The Group offsets tax assets and liabilities only if it has a legally enforceable right to do so and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Tax losses related to the Danish joint taxation have a value of approximately DKK 203 million and does not expire. Management expects the tax-losses to be utilized within the next six years. Hence a deferred tax asset of DKK 15.8 million have been recognised at 31 December 2023 in Hamlet Protein A/S. Tax losses related to the US subsidiary have a value of approximately DKK 7 million and expires in the year 2032 through 2041 but are expected to be utilised within the next five years.

The recognition and valuation of the deferred tax asset is dependent on Management being successful in implementing it's current business case including securing year on year increases in revenue and at the same time implementing ways to become even more cost efficient in the production. Although realization is not assured, management believes it is more than likely than not that the full deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. Hence the valuation is uncertain.

The estimated realizable value is placed on the basis of accounting assessments on the background of a budget taxable income result over the coming 6 years of DKK 136m resulting in utilization of tax loss carry forward. The budget is based upon the current business case and with an uncertainty regarding the execution of the current business plan a reduction of the current business plan may result in a different outcome. A decrease of utilization of DKK 10m would affect the deferred tax with DKK 2.2m. An increase of DKK 10m would not affect the deferred tax as full utilization is expected as of 31 December 2023.

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14 Contributed capital

	Number	Par value DKK'000
Ordinary shares	4,710,000	0,001
	4,710,000	

15 Other payables

Long-term other payables comprise long-term obligations regarding the holiday law in Denmark.

16 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	986	996	3,475	478
Other payables	0	0	4,919	4,919
	986	**996**	**8,394**	**5,397**

The credit facilities of the New Nutrition Holding Group are subject to usual financial covenants, which include leverage, interest coverage ratios and investment amounts. All such financial covenants were in compliance during the year end as of 31 December 2023.

17 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in inventories	1,569	14,810
Increase/decrease in receivables	24,861	(21,763)
Increase/decrease in trade payables etc.	(70,919)	84,697
	(44,489)	**77,744**

18 Derivative financial instruments

The group uses hedging instruments such as forward exchange contracts to hedge recognized and non-recognized transactions.

Recognized transactions

Hedging of recognized transactions primarily includes receivables and payables.

Forecast transactions

The group uses forward exchanges contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year. The forward exchange contracts has a positive value of DKK 144 thousand as per 31.12.2023 and the period runs from 1-6 months.

Forwarding contracts

At 31 December 2023, the group had entered into forwarding contracts for purchases of raw materials with a nominal value of DKK 66,132 thousand. The contracts are settled within 12 months from the balance sheet date.

19 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	3,893	3,971

20 Assets charged and collateral

The group has concluded regular forward purchase contracts for raw materials.

A mortgage of DKK 13,940 thousand secured upon the Group's properties has been provided as collateral for transactions with Ohio Department of Development. The remaining outstanding borrowings as of December 31, 2023 amounted to DKK 4,461 thousands and the carrying amount of mortgaged properties amounted to DKK 31,863 thousands.

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

- Owner's mortage of DKK 20,000 thousand and letter of indemnity of DKK 18,000 thousand secured on the Company's proterty Saturnvej 51, Horsens. Current debt is respectivly bank debt of DKK 20,100 thousand. The carrying amount of mortgaged properties amounts to DKK 26,760 thousand.

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

- Letter of indemnity on movables of which Plant and machinery, Other fixtures and fittings, tools and equipment of DKK 34,000 thousand are included. Current debt is bank debt of DKK 20,100 thousand. The carrying amount of assets provided as collateral amounts to DKK 33,399 thousand.

- Letter of idemnity on movables and immovables of which raw and finished goods for sale, trade receivables and intangible assets of DKK 110,000 thousand are included. Current bank debt of DKK 20,100 thousand. The carrying amount of assets provided as collateral amounts to DKK 107.931 thousand.

21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
New Nutrition Holding S.a.r.l., Luxembourg.

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

23 Subsidiaries

	Registered in	Corporate form	Ownership %
Hamlet Protein Inc.	Ohio, USA	Inc.	100
Hamlet Trading Co. Ltd.	China	Ltd.	100

Parent income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	1	505,458	441,852
Other operating income		0	8
Cost of sales		(383,245)	(386,522)
Other external expenses		(54,743)	(73,609)
Gross profit/loss		**67,470**	**(18,271)**
Staff costs	2	(44,150)	(51,385)
Depreciation, amortisation and impairment losses	3	(20,678)	(23,804)
Operating profit/loss		**2,642**	**(93,460)**
Income from investments in group enterprises		390	9,723
Other financial income	4	7,886	5,859
Other financial expenses	5	(25,650)	(21,884)
Profit/loss before tax		**(14,732)**	**(99,762)**
Tax on profit/loss for the year	6	1,006	11,970
Profit/loss for the year	7	**(13,726)**	**(87,792)**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	10,533	13,025
Acquired intangible assets		4,468	5,019
Goodwill		23,404	30,254
Development projects in progress	9	10,047	7,661
Intangible assets	8	**48,452**	**55,959**
Land and buildings		32,924	36,510
Plant and machinery		30,289	32,825
Other fixtures and fittings, tools and equipment		3,110	74
Property, plant and equipment in progress		4,401	7,103
Property, plant and equipment	10	**70,724**	**76,512**
Investments in group enterprises		79,055	81,900
Deposits		128	128
Financial assets	11	**79,183**	**82,028**
Fixed assets		**198,359**	**214,499**
Raw materials and consumables		6,105	5,633
Manufactured goods and goods for resale		22,816	28,910
Inventories		**28,921**	**34,543**

Trade receivables		30,561	35,396
Receivables from group enterprises		214,068	201,607
Deferred tax	12	15,154	14,148
Other receivables		8,676	10,307
Prepayments	13	1,826	1,865
Receivables		**270,285**	**263,323**
Cash		**848**	**11,602**
Current assets		**300,054**	**309,468**
Assets		**498,413**	**523,967**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		4,710	4,710
Reserve for net revaluation according to equity method		32,093	34,937
Reserve for development costs		8,216	10,160
Retained earnings		(2,605)	9,567
Equity		**42,414**	**59,374**
Other payables	14	4,919	5,404
Non-current liabilities other than provisions	15	**4,919**	**5,404**
Bank loans		18,469	20,098
Trade payables		97,399	99,271
Payables to group enterprises		325,761	330,076
Other payables		9,451	9,744
Current liabilities other than provisions		**451,080**	**459,189**
Liabilities other than provisions		**455,999**	**464,593**
Equity and liabilities		**498,413**	**523,967**
Financial instruments	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm’s length related party transactions	21		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	4,710	34,937	10,160	9,567	59,374
Exchange rate adjustments	0	(3,234)	0	0	(3,234)
Transfer to reserves	0	0	(1,944)	1,944	0
Profit/loss for the year	0	390	0	(14,116)	(13,726)
Equity end of year	**4,710**	**32,093**	**8,216**	**(2,605)**	**42,414**

Notes to parent financial statements

1 Revenue

	2023 DKK'000	2022 DKK'000
Europe, Middle East and Africa	338,400	374,244
Asia and Pacific	134,604	67,608
Brasil and South America	209	0
North and Central America	32,245	0
Total revenue by geographical market	**505,458**	**441,852**

2 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	38,856	45,918
Pension costs	2,897	2,668
Other social security costs	764	153
Other staff costs	1,633	2,646
	44,150	**51,385**

Average number of full-time employees	54	57

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Executive Board	4,266	4,882
Board of Directors	223	1,163
	4,489	**6,045**

Special incentive programmes

On 1 January 2020 New Nutrition Holding Group issued 616.008 warrants to management and directors of the Group giving the warrant holders the right to subscribe to 616.008 shares in New Nutrition Holding ApS, with a par value of 1 Danish Krone.

The warrants were acquired at fair market value and therefore no compensation expense is recognized. The common stock warrants expire at the earliest of (i) a change of control of the Group or an IPO or (ii) the period from 30 August 2025 to 30 September 2025. The Company's share capital may be increased to make it possible for the holders of the warrants to exercise the warrants.

In 2020 New Nutrition Holding Group issued 112.260 warrants to management and directors of the Group giving the warrant holders the right to subscribe for 112.260 shares in New Nutrition Holding ApS, with a par value of DKK 1.

The outstanding warrants with management and directors amounts to 478.396 shares the remaining is hold by the majority owner New Nutrition Holding S.a.r.l.

3 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	12,407	13,348
Impairment losses on intangible assets	0	1,736
Depreciation on property, plant and equipment	8,220	8,720
Impairment losses on property, plant and equipment	51	0
	20,678	**23,804**

4 Other financial income

	2023 DKK'000	2022 DKK'000
Financial income from group enterprises	7,854	5,859
Exchange rate adjustments	32	0
	7,886	**5,859**

5 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	19,056	9,166
Other interest expenses	1,982	800
Exchange rate adjustments	3,576	10,190
Other financial expenses	1,036	1,728
	25,650	**21,884**

6 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Change in deferred tax	(1,006)	(11,970)
	(1,006)	**(11,970)**

7 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	(13,726)	(87,791)
	(13,726)	**(87,791)**

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	51,638	13,735	137,000	7,731
Transfers	960	0	0	(959)
Additions	1,379	176	0	3,345
Cost end of year	**53,977**	**13,911**	**137,000**	**10,117**
Amortisation and impairment losses beginning of year	(38,613)	(8,717)	(106,746)	(70)
Amortisation for the year	(4,831)	(726)	(6,850)	0
Amortisation and impairment losses end of year	**(43,444)**	**(9,443)**	**(113,596)**	**(70)**
Carrying amount end of year	**10,533**	**4,468**	**23,404**	**10,047**

9 Development projects

Completed development projects

HAMLET PROTEIN successfully launched a new product into the EMEA market in response to EU legislation banning the pharmaceutical use of zinc oxide in piglet and poultry production. The implementation of this legislation is expected to generate an increasing demand for these products. Management has concluded that the expected future benefits from these projects exceed the book value.

Development projects in progress

In 2023 HAMLET PROTEIN started up new projects to identify and document additional elements in its portfolio's mode of action. A key project has been "Protein Kinetics", the dynamics of protein hydrolysis and absorption, impact growth performance in various products. The results reveal that Hamlet Protein products have the fastest protein kinetics among plant-based proteins, and that its products provide the same hydrolyzation rate as blood plasma, which is generally considered one of the best digestible protein sources for nursery diets. Management has concluded that the expected future benefits from this project exceed the book value.

This will strengthen the Company's commercial positioning, deliver increased value to customers, and differentiate HAMLET PROTEIN products from competitors even more.

Estimated cost to complete these projects is approximately 1.5-3,5 mDKK and completion is anticipated during 2024 and 2025.

10 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	90,018	275,177	19,177	7,102
Transfers	0	1,064	2,092	(3,156)
Additions	0	1,015	1,011	1,470
Disposals	0	(45)	0	(964)
Cost end of year	**90,018**	**277,211**	**22,280**	**4,452**
Depreciation and impairment losses beginning of year	(53,507)	(242,352)	(19,102)	0
Impairment losses for the year	0	0	0	(51)
Depreciation for the year	(3,587)	(4,615)	(68)	0
Reversal regarding disposals	0	45	0	0
Depreciation and impairment losses end of year	**(57,094)**	**(246,922)**	**(19,170)**	**(51)**
Carrying amount end of year	**32,924**	**30,289**	**3,110**	**4,401**

11 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	46,808	128
Cost end of year	**46,808**	**128**
Revaluations beginning of year	35,092	0
Exchange rate adjustments	(3,235)	0
Share of profit/loss for the year	800	0
Adjustment of intra-group profits	(410)	0
Revaluations end of year	**32,247**	**0**
Carrying amount end of year	**79,055**	**128**

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

12 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	(10,084)	(11,462)
Property, plant and equipment	(6,310)	(6,662)
Inventories	(361)	(330)
Receivables	0	55
Provisions	220	0
Liabilities other than provisions	1,194	(36)
Tax losses carried forward	30,495	32,583
Deferred tax	**15,154**	**14,148**

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	14,148	2,178
Recognised in the income statement	1,006	11,970
End of year	**15,154**	**14,148**

Deferred tax assets

Deferred tax regarding tax losses carried forward are expected to be set off within 5 years due to profitable ordinary operations.

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14 Other payables

Long-term other payables comprise long-term obligations regarding the holiday law in Denmark.

15 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Other payables	4,919	4,919
	4,919	**4,919**

16 Derivative financial instruments

The group uses hedging instruments such as forward exchange contracts to hedge recognized and non-recognized transactions.

Recognized transactions

Hedging of recognized transactions primarily includes receivables and payables.

Forecast transactions

The company uses forward exchanges contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year. The forward exchange contracts has a positive value of DKK 144 thousand as per 31.12.20203 and the period runs from 1-6 months.

Forwarding contracts

At 31 December 2023, the group had entered into forwarding contracts for purchases of raw materials with a nominal value of DKK 36,206 thousand. The contracts are settled within 12 months from the balance sheet date.

17 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	2,641	3,073

18 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which New Nutrition Holding ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

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

- Owner's mortage of DKK 20,000 thousand and letter of indemnity of DKK 18,000 thousand secured on the Company's proterty Saturnvej 51, Horsens. Current debt is respectivly bank debt of DKK 20,100 thousand. The carrying amount of mortgaged properties amounts to DKK 26,760 thousand.

- Letter of indemnity on movables of which Plant and machinery, Other fixtures and fittings, tools and equipment of DKK 34,000 thousand are included. Current debt is bank debt of DKK 20,100 thousand.
The carrying amount of assets provided as collateral amounts to DKK 33,399 thousand.

- Letter of idemnity on movables and immovables of which raw and finished goods for sale, trade receivables and intangible assets of DKK 110,000 thousand are included. Current bank debt of DKK 20,100 thousand.
The carrying amount of assets provided as collateral amounts to DKK 107.931 thousand.

20 Related parties with controlling interest

New Nutrition ApS (CVR: 36904429) owns all shares in the Entity, thus exercising control.

New Nutrition Holding ApS (CVR: 36903775) owns all shares in New Nutrition ApS and therefore has controlling interest.

New Nutrition Holding S.a.r.l., Luxembourg, own the majority of shares in New Nutrition Holding ApS and therefore has controlling interest.

21 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in translation reserve in equity.

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

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

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

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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

The Parent is jointly taxed with New Nutrition Holding ApS and all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

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

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

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-20 years.

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

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

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and #indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

	Useful life
Buildings	25-40 years
Plant and machinery	10-30 years
Other fixtures and fittings, tools and equipment	3-10 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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

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

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

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

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

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

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

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

Cash
Cash comprises cash in hand and bank deposits.

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

applying the effective interest method.

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

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

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

Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash.