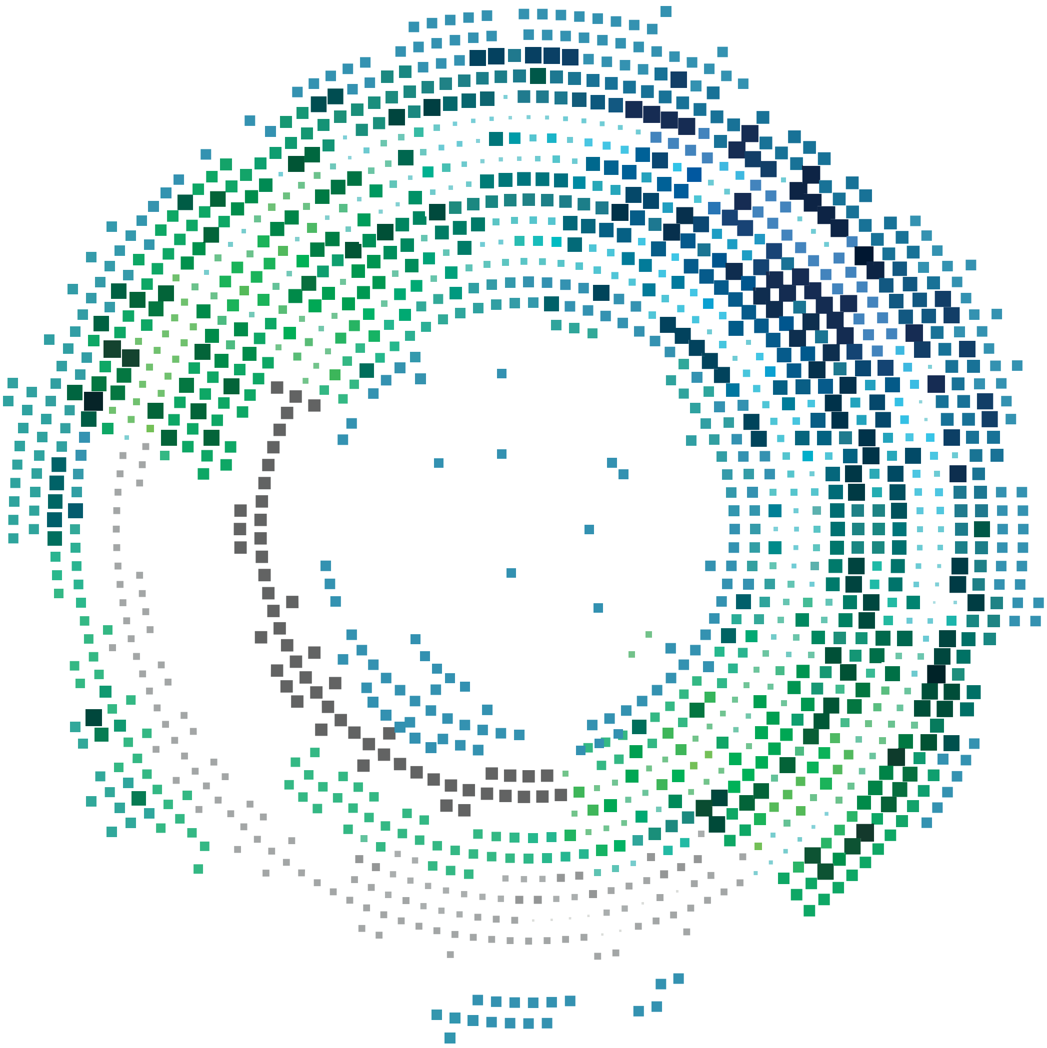

Hamlet Protein A/S

Saturnvej 51
8700 Horsens
CVR No. 16049441

Annual report 2021

The Annual General Meeting adopted the annual report on 08.07.2022

Erik Visser

Erik Visser (8. jul. 2022 17:12 GMT+2)

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: 01.01.2021 - 31.12.2021

Board of Directors

Søren Dan Johansen
Kjeld Johannesen
Sarah Vawda
Adam Dawson

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 08.07.2022

Executive Board

Erik Visser
Erik Visser (8. jul. 2022 17:12 GMT+2)

Erik Robert Visser

Board of Directors

Søren Johansen (8. jul. 2022 18:41 GMT+2)

Søren Dan Johansen

Kjeld Johannesen (11. jul. 2022 10:09 GMT+2)

Kjeld Johannesen

Sarah Vawda (8. jul. 2022 17:39 GMT+1)

Sarah Vawda

11/07/2022

Adam Dawson

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 under the Danish Financial Statements Act.

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

Aarhus, 08.07.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark (11. jul. 2022 12:12 GMT+2)
Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176

Jacob Tækker Nørgaard (11. jul. 2022 11:07 GMT+2)
Jacob Tækker Nørgaard
State Authorised Public Accountant
Identification No (MNE) mne40049

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	857,784	774,124	615,870	612,195	574,975
Gross profit/loss	121,829	154,283	121,692	132,665	127,780
Operating profit/loss	(412)	27,755	(29,098)	7,499	(2,496)
Net financials	(9,685)	(23,537)	(15,020)	(8,478)	(19,530)
Profit/loss for the year	(13,126)	1,351	(35,554)	1,272	(18,756)
Balance sheet total	581,064	629,316	575,899	563,631	512,566
Investments in property, plant and equipment	25,966	17,160	30,649	83,049	34,706
Equity	144,698	152,464	156,603	192,075	186,970
Ratios					
Gross margin (%)	14.20	19.93	19.76	21.67	22.22
Net margin (%)	(1.53)	0.17	(5.77)	0.21	(3.26)
Equity ratio (%)	24.90	24.23	27.19	34.08	36.48

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.

The subsidiary, HAMLET PROTEIN Inc., is located in Ohio, USA, and handles the production, sales, and distribution of products, primarily to North America and Asia. The subsidiary, Hamlet (Qingdao) Trading Co., Ltd. is located in Shandong, China, and handles import, sales and distribution to customers in China. The subsidiary, HAMLET PROTEIN GmbH with no operating activities was under liquidation.

As the demand for safe and affordable meat products continues to grow in most regions of the world, so does the demand for high quality specialty feed protein. Our growth is supported by long-term structural mega trends such as population growth, transition from backyard farming towards more industrialized farming practices as well as greater focus on antibiotic free feed 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 antibiotics in animal feed. Finally, demand is driven by an increased focus on feed security by reducing the use of animal-based protein in favor of secure, highly efficient products such as HAMLET PROTEIN's soy-based specialty products.

At HAMLET PROTEIN we draw on our knowledge of bioavailability, biotechnology, bioconversion, and the practical application of our specialty feed ingredients to meet all these demands. Every year, we run a large number of tests in our pilot production plant to verify efficacy and customer value. Many of our innovation projects are run in partnership with customers and external research institutes. Together, we aim to lead the way to bigger and better achievements within specialty proteins for young animals. As an integral part of HAMLET PROTEIN’s DNA, we continuously document the value-adding performance of HAMLET PROTEIN products in numerous international trials at farms and universities.

Development in activities and finances

Non-financial matters

Quality

Both our plants in Denmark and USA meet the criteria of the feed safety standard GMP+ and the food safety management standard ISO 22000. Further, our strict Feed Safety Policy ensures full traceability of both GMO and non-GMO products, allowing any batch of product to be easily traced if need be. Every week, our laboratory team analyses 200 protein samples, taken round-the-clock from our production lines. These analyses are an important part of our customer service and a guarantee of high product quality.

The sector specific knowledge and competences of the employees is an important driver for continuing the growth and development of HAMLET PROTEIN

Shareholders

The Company 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 right.

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

The Board of Directors' duties

The Board of Directors of the Company ensures that the Executive Board complies with the decisions, strategies and business procedures adopted by the Board of Directors. The Board of Directors in New Nutrition Holding ApS meets according to a fixed schedule. In 2021, the Board of Directors four meeting. In 2022 the meeting frequency will be the same.

The Board of Directors does not rely on any subcommittees due to the limited size and complexity of the Group. Accordingly, the entire Board of Directors has focused on significant accounting policies and significant accounting estimates, 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 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

In late 2019 a new strategic plan for the HAMLET PROTEIN group was formulated which focused on three main areas: branding & positioning, commercial acceleration, and entrepreneurial culture. We have continued to build on that strategy in 2021 resulting in

• Sales growth of 11% in 2021 which was beyond the expectations of 5-10%. The growth was especially driven by APAC and South America

• EBITDA of 45 mDKK in 2021, which compares to 70 mDKK in 2020, as a challenging macro environment with increasing raw material, freight and utility prices made it difficult to maintain the margins of 2020. As a result the expectations of a 10-20% EBITDA improvement could not be achieved

• Net loss for the year was -13 mDKK compared to 1 mDKK in 2020 mainly driven by the lower EBITDA

Throughout most of 2020 and 2021 the global economy has been impacted by the Covid-19 pandemic. Even though the feed industry proved to be quite resilient during the pandemic, some notable effects occurred and became more visible in 2021. Continuous increases in freight costs, shifts in major export markets, and increased utilities costs as from Q4-21 and increased raw material costs were trends that accelerated in 2021.

HAMLET PROTEIN maintained its strong position in China, where Hamlet Protein has managed to grow its market presence through local resources and strong branding and positioning.

African Swine Fever (ASF) continues to play a role in markets around the world, with export markets like Thailand and Philippines being affected, seeing a drop in swine population. The US swine market was under pressure from Porcine Reproductive and Respiratory Syndrome (PRRS) disease in swine.

We have maintained or increased our market share in most main markets through competitive positioning and expanded deployment of our own sales teams, mainly within piglets. Our position in veal followed market developments and in poultry we focused predominantly on the US, where we launched a cost-effective poultry product in H2-2021 (Avisure).

We are specialized in young animals and our strong market position is maintained and expanded via a deep and specific knowledge of the individual species, combined with solid documentation from feeding trials continuously ongoing across the world.

COVID-19

Even though the feed industry has proven to be quite resilient the impact on consumer behaviour has been visible to various degrees across geographies and species.

Next to that the supply chain disruption has increased cost levels especially on transportation and made it challenging to source key materials which has impacted the ability to produce and deliver on time.

Another effect of the supply chain disruption is the increased costs of raw materials for animal producers. An increased cost of nutrition combined with demand fall out in veal; pork and poultry markets, has put pressure on the demand for specialty feed ingredients.

Finally, African Swine Fever (ASF) continues to affect global market dynamics in the swine sector, creating supply chain imbalances due to temporary withdrawals of export permits for pork producers.

Due to continued Covid-19 travel restrictions our interaction with customers has been predominantly virtual.

In 2021 negative sales impact from Covid-19 is estimated at around 50-60 mDKK.

Outlook

For 2022 we expect that the global trend of increasing demand for high-quality, vegetable-based specialty protein will continue. We expect that the Asian and North American markets will be the main drivers of our 2022 growth revenue. The ambition is to grow revenue by 10-15% compared to 2021.

Any disruption could come from further spread of African Swine Fever and subsequent export restrictions for Hamlet Protein focus countries, Covid-19 restrictions on supply chain, and development of geo-political tension in Eastern Europe.

The high consumption of natural gas in the production process combined with the rapidly increasing price of natural gas has had a negative impact on the contribution margin for contracts entered before November 2021. For the fiscal year of 2022 it is expected that the negative impact on the contribution margin is around 14-18 mDKK.

We expect the challenging macro environment with and high raw material, freight and utility prices will continue throughout most of 2022. However, through investments in new products, process optimization and information technology we will seek to mitigate the challenges and drive further growth.

Use of financial instruments

Particular risks

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

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

Commodity and foreign currency risk

The Group is predominantly exposed to foreign currency risks in USD from sales, purchases and financing activities, and 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 long delivery time where soy is purchased based on a sales forecast.

It is the Groups policy not to have a structured hedging done for the purchase of energy due to which gas and electricity can be purchased at spot price and/or fixed prices.

No hedging of CNY has been done in 2021.

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 the net exposure on a frequent basis and when conducting finance activities. Based upon that the board decided during 2021 not to renew the interest rate swap of the Group which matured by the end of 2021.

Financing risk

Currency risks on the investment in the US subsidiary are partly hedged by loans denominated in USD. Loans in Denmark are primarily made in DKK or EUR.

Research and development activities

In 2021, HAMLET PROTEIN incurred research and development costs for products for both new and existing customers. During the year DKK 3.2m have 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 America and Asia. We strive to define our corporate social responsibility within the areas of energy and environment, responsible sourcing, human resource issues and compliance with ethical business standards.

Environmental performance

Energy and impact on the external environment

Our production process requires energy and we acknowledge that energy production involves an environmental impact related to carbon dioxide emissions. Ever since we designed our production process in the early 1990s, we have focused on optimizing our use of energy and water and on reducing waste. This means that the plant in Denmark is certified according to the ISO 50001:2011 energy management system standard. The plant in US is built on the same level of technology. Apart from steam consisting of water and carbon dioxide, our emission is close to zero hence, the risk of directly polluting the external environment is negligible.

In both factories, we have already made considerable investments in thermal incineration plants reducing energy consumption per produced ton of finished goods by more than 10%.

In Denmark, we have worked intensively to further reduce energy consumption via condensation and recycling of excess heat. As a direct result of these efforts, HAMLET PROTEIN has entered into a partnership agreement with Horsens' district heating (Fjernvarme Horsens) to convert waste energy into heating.

Since its inauguration in 2020, the plant is providing annual heating to approximately 3,300 households in the Horsens area, and reduces energy waste at HAMLET PROTEIN to the lowest degree possible. We believe that our efforts have contributed to minimizing our environmental impact in 2021.

In 2022 we will continue to focus on further reducing our carbon footprint.

Responsible sourcing
We believe that human rights should be observed and respected in all aspects. Our predominant raw material is soy, which we acquire partly from producers in South America, and we are aware that there is a potential risk of lacking compliance with human rights in the production chain. The risk, however, is mitigated by means of our policy for responsible sourcing of raw materials.

Our objective is to be leading within product quality and product integrity, and we constantly strive to strengthen our supply chain towards sustainability but at the same time balancing the need for an effective and reliable flow of raw materials to our production units.

It is our policy only to buy from soy producers that demonstrate social and environmental responsibility. We buy our raw materials from the world's leading soy producers in North and South America and have since day one paid a surcharge to reach our goal proven by certifications since 2005. HAMLET PROTEIN solely buys soy from suppliers who are approved according to our quality management system before goods are delivered.

In the US, we buy soy from internationally recognized suppliers; either members of NOPA (National Oilseed processors Association) or related members.

In South America, we require the following from our suppliers:
• The supplier is not involved in or supports the use of child 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, we require that our soy suppliers are certified according to the ProTerra Standard or committed to the Soy Moratorium or in any other way are able to document that they live up to the Basel Criteria (4th edition

16.02.2005). Our goal is that minimum 90% of our soy supplies should comply with these conditions. In recent years, the company has met and exceeded this minimum threshold, a trend that continued into 2021 and also expected to continue in 2022. As new and improved soy certification programs become available, we will consider implementing these programs in our standard basis for sourcing. Finally, in 2022 we will continue to focus our human rights efforts.

Compliance
Our long-term success is built on doing business in a fair and ethical way. The risk of failing to do so is unrelated to HAMLET PROTEIN's specific business model but merely a general risk of doing business in all parts of the world. Specific risk areas for HAMLET PROTEIN includes bribery in connection with government approvals and 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 in regard to Anti-Bribery and Corruption, Economic Sanctions and Anti-Money Laundering compliance, and we are committed to ensuring we conduct our business ethically and in line with these principles. The Anti-Corruption and Economic Sanctions Compliance Policy sets forth the policy of the Group to ensure compliance with all potentially applicable laws and conventions. The Policy applies to everyone working for the Company and any other member of the Group worldwide regardless of location, role or level of seniority. Third parties acting on behalf of the Group, such as agents, consultants, partners, or distributors must also comply with the spirit of this Policy and all applicable laws.

In addition, HAMLET PROTEIN provides a whistleblowing opportunity for all employees to report suspicions of misconduct. We encourage employees to raise their concern if they suspect a serious misconduct that should be prevented or corrected. If they feel they cannot be open with their information, they can raise their concern anonymously, by using a communication channel managed by a third-party. HAMLET PROTEIN has not received any external reports or complaints, nor any (anonymous) complaints from employees about incidents of unethical behaviour in 2021 and we continue to focus on our efforts within anti-corruption and business ethics in 2022.

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 our safety standards, we focus on avoiding occupational accidents - security in our facilities is our top priority. We have established Safety Committees that are committed to work-place 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. We continuously work with a number of activities to help promote the attractive and motivating working environment that the Company wishes to offer to all its employees.

We work diligently and are dedicated to the recruitment and integration of new employees, just as we focus on maintaining and developing our employees' personal and professional skills. The annual performance reviews is an important part of these efforts.

In Hamlet Protein A/S we measure short term and long-term absence due to sickness. For 2021, long-term absence in Hamlet Protein A/S was 0.72% (last year 1.84%) and short-term absence due to sickness was 1.22% (last year 1.69%), which is well below our objective of 2.5%. The aim for 2022 is to remain under the objective of 2.5%.

Statutory report on the underrepresented gender

New Nutrition Holding ApS' supreme governing body, the Board of Directors, consists at year-end of one female and three male members. The unchanged goal is to have at least one female board member. We see this goal as ambitious in an industry in which the recruitment base primarily consists of men.

We are an equal opportunity employer and aim at maintaining and reaching the gender ratio objective for each management group, but we will always employ the person who is best qualified for the job. We strive to, whenever possible, to have at least one candidate from the underrepresented gender represented among 3 final candidates for a management position; we have assessed barriers and challenges in relation to the underrepresented gender in other management levels, e.g. how we form job ads, how we recruit, how we train and develop our employees and how we communicate 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 this, but it is a priority for 2022.

Statutory report on data ethics policy

HAMLET PROTEIN has assessed that implementing a framework for complying with the General Data Protection Regulation is sufficient for how we handle data. However, the need for a data ethics policy is currently being evaluated by the Management and the Board of Directors.

Events after the balance sheet date

Throughout the last quarter of 2021 utility costs started to increase due to the tension in Ukraine. After the closing of the financial year 2021 Russia has invaded Ukraine which has driven utility costs to a record high.

Each year the Danish Energy Agency publishes a list of companies who in case of an emergency will have their supply of natural gas reduced. In 2022 HAMLET PROTEIN is again to be found on that list. However, in case of a shortage, the supply to these companies will be prioritized based on whether their production is critical to society or not. The production at HAMLET PROTEIN is considered to be critical to society and is placed in one of the top 3 categories on the prioritization list published by the Danish Energy Agency.

Export to Ukraine is expected to decrease by 50% due to the war but on group level this is not material and there is no export to neither Russia nor Belarus.

During the first quarter of 2022 the liquidation of HAMLET PROTEIN GmbH was finalized.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	857,784	774,124
Cost of sales		(666,163)	(541,263)
Other external expenses		(69,792)	(78,578)
Gross profit/loss		**121,829**	**154,283**
Staff costs	2	(75,908)	(84,266)
Depreciation, amortisation and impairment losses	3	(46,333)	(42,262)
Operating profit/loss		**(412)**	**27,755**
Other financial income	4	4,370	548
Other financial expenses	5	(14,055)	(24,085)
Profit/loss before tax		**(10,097)**	**4,218**
Tax on profit/loss for the year	6	(3,029)	(2,867)
Profit/loss for the year	7	**(13,126)**	**1,351**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	9	17,610	20,597
Acquired intangible assets		5,479	6,154
Goodwill		37,104	43,954
Development projects in progress	9	7,542	11,191
Intangible assets	8	**67,735**	**81,896**
Land and buildings		64,783	56,878
Plant and machinery		240,026	225,766
Other fixtures and fittings, tools and equipment		1,113	1,517
Property, plant and equipment in progress		1,909	10,016
Property, plant and equipment	10	**307,831**	**294,177**
Deposits		128	314
Financial assets	11	**128**	**314**
Fixed assets		**375,694**	**376,387**
Raw materials and consumables		17,228	13,450
Manufactured goods and goods for resale		48,675	53,756
Inventories		**65,903**	**67,206**

Trade receivables		102,951	77,596
Receivables from group enterprises		212	1,398
Deferred tax	12	2,178	2,843
Other receivables		5,834	9,763
Tax receivable		121	2,642
Prepayments	13	1,258	2,534
Receivables		**112,554**	**96,776**
Cash		**26,913**	**88,947**
Current assets		**205,370**	**252,929**
Assets		**581,064**	**629,316**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	14	4,710	4,710
Translation reserve		(130)	(5,490)
Retained earnings		140,118	153,244
Equity		**144,698**	**152,464**
Deferred tax	12	1,906	2,003
Provisions		**1,906**	**2,003**
Mortgage debt		5,779	5,604
Other payables	15	5,012	5,672
Non-current liabilities other than provisions	16	**10,791**	**11,276**
Current portion of non-current liabilities other than provisions	16	329	1,666
Bank loans		20,675	61,269
Trade payables		70,819	62,522
Payables to group enterprises		301,717	308,124
Tax payable		0	2,089
Other payables		30,129	27,903
Current liabilities other than provisions		**423,669**	**463,573**
Liabilities other than provisions		**434,460**	**474,849**
Equity and liabilities		**581,064**	**629,316**
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	4,710	(5,490)	153,244	152,464
Exchange rate adjustments	0	5,360	0	5,360
Profit/loss for the year	0	0	(13,126)	(13,126)
Equity end of year	**4,710**	**(130)**	**140,118**	**144,698**

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		(412)	27,755
Amortisation, depreciation and impairment losses		46,333	42,262
Working capital changes	17	(10,525)	42,204
Other adjustments		(27,570)	0
Cash flow from ordinary operating activities		**7,826**	**112,221**
Financial income received		4,370	548
Financial expenses paid		(14,055)	(15,972)
Taxes refunded/(paid)		(163)	(255)
Cash flows from operating activities		**(2,022)**	**96,542**
Acquisition etc. of intangible assets		(4,321)	(7,790)
Acquisition etc. of property, plant and equipment		(25,966)	(17,160)
Sale of property, plant and equipment		12,031	322
Cash flows from investing activities		**(18,256)**	**(24,628)**
Free cash flows generated from operations and investments before financing		**(20,278)**	**71,914**
Repayments of loans etc.		(1,162)	(1,407)
Repayments of bank loans		(40,594)	(8,757)
Cash flows from financing activities		**(41,756)**	**(10,164)**
Increase/decrease in cash and cash equivalents		**(62,034)**	**61,750**
Cash and cash equivalents beginning of year		88,947	27,197
Cash and cash equivalents end of year		**26,913**	**88,947**
Cash and cash equivalents at year-end are composed of:			
Cash		26,913	88,947
Cash and cash equivalents end of year		**26,913**	**88,947**

Notes to consolidated financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Europe. Middle East and Africa	347,656	341,225
Asia and Pacific	351,038	266,654
Brasil and South America	14,571	9,638
North and Central America	144,519	156,607
Total revenue by geographical market	**857,784**	**774,124**

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	68,971	75,019
Pension costs	3,775	3,483
Other social security costs	673	520
Other staff costs	4,548	6,095
	77,967	**85,117**
Staff costs classified as assets	(2,059)	(851)
	75,908	**84,266**

Average number of full-time employees	**109**	**116**

	Remuneration of management 2021 DKK'000	Remuneration of management 2020 DKK'000
Executive Board	8,267	5,807
Board of Directors	1,270	1,042
	9,537	**6,849**

3 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	12,705	12,832
Impairment losses on intangible assets	5,777	0
Depreciation on property, plant and equipment	27,851	29,430
	46,333	**42,262**

4 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	0	254
Other interest income	90	107
Exchange rate adjustments	1,067	187
Other financial income	3,213	0
	4,370	**548**

5 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	11,334	10,856
Other interest expenses	1,197	1,527
Exchange rate adjustments	614	8,113
Other financial expenses	910	3,589
	14,055	**24,085**

6 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	1,867	(250)
Change in deferred tax	567	3,117
Adjustment concerning previous years	595	0
	3,029	**2,867**

7 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	(13,126)	1,351
	(13,126)	**1,351**

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	41,006	13,225	137,000	11,191
Transfers	5,751	0	0	(5,751)
Additions	1,926	277	0	2,118
Cost end of year	**48,683**	**13,502**	**137,000**	**7,558**
Amortisation and impairment losses beginning of year	(20,409)	(7,071)	(93,046)	0
Impairment losses for the year	(5,500)	(261)	0	(16)
Amortisation for the year	(5,164)	(691)	(6,850)	0
Amortisation and impairment losses end of year	**(31,073)**	**(8,023)**	**(99,896)**	**(16)**
Carrying amount end of year	**17,610**	**5,479**	**37,104**	**7,542**

9 Development projects

Completed development projects

New legislation is underway in many countries regulating the use of antibiotics and zinc in animal feed. Development projects completed in 2021 mainly relate to new or improved products aimed at piglet and poultry production with antibiotic- and zinc free feed. The capitalized cost relates mainly to external analysis and tests.

The new legislation is expected to generate significant demand for such products, and impairment tests of the book value based on expected cash flows generated from anticipated sales in the years 2022, 2023 and 2024 (approved by management) has concluded that the expected future benefits from these projects exceed the book value.

Development projects in progress

The above-mentioned new legislation also generates new documentation requirements of Hamlet Protein's existing and new products relative to this particular legislation. Part of the ongoing development projects relate to the creation of such documentation in various countries. Estimated cost to complete of these projects is approximately DKK 4 mio. and completion is anticipated during 2022. Being a prerequisite for the continued sales on these markets it has been concluded that the expected future benefits from these projects exceeds the book value.

Finally, ongoing projects relate to the implementation of a production management system. The capitalized cost of this project mainly consists of external consulting costs and internal hours captured through own time recording system.

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	115,804	578,473	22,972	10,702
Exchange rate adjustments	2,999	34,556	0	1,119
Transfers	1,379	989	610	(2,366)
Additions	8,435	15,902	871	758
Disposals	0	(3,652)	(763)	(8,304)
Cost end of year	**128,617**	**626,268**	**23,690**	**1,909**
Depreciation and impairment losses beginning of year	(58,926)	(352,707)	(21,455)	0
Exchange rate adjustments	(913)	(10,663)	(198)	0
Depreciation for the year	(3,995)	(22,872)	(984)	0
Reversal regarding disposals	0	0	60	0
Depreciation and impairment losses end of year	**(63,834)**	**(386,242)**	**(22,577)**	**0**
Carrying amount end of year	**64,783**	**240,026**	**1,113**	**1,909**

11 Financial assets

	Deposits DKK'000
Cost beginning of year	314
Disposals	(186)
Cost end of year	**128**
Carrying amount end of year	**128**

12 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(1,683)	(2,201)
Property, plant and equipment	(31,899)	(24,882)
Inventories	(266)	(526)
Receivables	55	0
Liabilities other than provisions	753	1,191
Tax losses carried forward	33,312	27,258
Deferred tax	**272**	**840**

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	840	3,680
Recognised in the income statement	(567)	(3,117)
Other adjustments	(1)	277
End of year	**272**	**840**

Deferred tax has been recognised in the balance sheet as follows	2021 DKK'000	2020 DKK'000
Deferred tax assets	2,178	2,843
Deferred tax liabilities	(1,906)	(2,003)
	272	**840**

Deferred tax assets

Deferred tax are expected to be set off within 1-5 years.

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 "Ny Ferielov" in Denmark.

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	329	1,666	5,779	1,506
Other payables	0	0	5,012	5,012
	329	**1,666**	**10,791**	**6,518**

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 2021.

17 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	1,303	(21,275)
Increase/decrease in receivables	(15,187)	(10,553)
Increase/decrease in trade payables etc.	3,359	74,032
	(10,525)	**42,204**

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 825 thousand as per 31.12.2021 and the period runs from 1-12 months

19 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	4,389	4,346

20 Assets charged and collateral

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

The group is liable for total bank loans in the New Nutrition Holding Group. At year-end 2021 total credit facilities amounted to DKK 299,439 thousand of which Hamlet Protein A/S is liable. At year-end 2021 the Group´s undrawn borrowing facilities totaled DKK 54,325 thousand.

A mortgage of USD 2,000 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, 2021 amounted to USD 931 thousands and the carrying amount of mortgaged properties amounted to t.USD 3,945.

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 20,652 thousand. The carrying amount of mortgaged properties amounted to DKK 35,910 thousand.

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

- Letter of indemnity on movables of DKK 34,000 thousand. Current debt is bank debt of DKK 20,652.

The carrying amount of assets provided as collateral amounted to DKK 37,163 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 Protein GmbH	Germany	GmbH.	100
Hamlet Trading Co. Ltd.	China	Ltd.	100

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	481,036	491,884
Other operating income		1,556	21,920
Cost of sales		(377,038)	(357,105)
Other external expenses		(53,077)	(63,771)
Gross profit/loss		**52,477**	**92,928**
Staff costs	2	(43,971)	(54,216)
Depreciation, amortisation and impairment losses	3	(28,338)	(23,907)
Other operating expenses		(106)	(777)
Operating profit/loss		**(19,938)**	**14,028**
Income from investments in group enterprises		8,317	4,371
Other financial income	4	11,958	6,428
Other financial expenses	5	(12,821)	(22,946)
Profit/loss before tax		**(12,484)**	**1,881**
Tax on profit/loss for the year	6	(642)	(530)
Profit/loss for the year	7	**(13,126)**	**1,351**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	9	17,610	20,597
Acquired intangible assets		5,479	6,154
Goodwill		37,104	43,954
Development projects in progress	9	7,541	11,190
Intangible assets	8	**67,734**	**81,895**
Land and buildings		39,929	32,984
Plant and machinery		36,806	38,829
Other fixtures and fittings, tools and equipment		358	936
Property, plant and equipment in progress		1,909	3,517
Property, plant and equipment	10	**79,002**	**76,266**
Investments in group enterprises		70,302	56,623
Deposits		128	314
Financial assets	11	**70,430**	**56,937**
Fixed assets		**217,166**	**215,098**
Raw materials and consumables		10,255	9,080
Manufactured goods and goods for resale		19,142	20,704
Inventories		**29,397**	**29,784**

Trade receivables		37,852	38,470
Receivables from group enterprises		209,562	229,872
Deferred tax	12	2,178	2,104
Other receivables		16,683	8,499
Tax receivable		0	2,299
Prepayments	13	1,129	2,235
Receivables		**267,404**	**283,479**
Cash		**6,781**	**30,764**
Current assets		**303,582**	**344,027**
Assets		**520,748**	**559,125**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		4,710	4,710
Reserve for net revaluation according to equity method		22,747	9,070
Reserve for development costs		13,721	12,933
Retained earnings		103,520	125,751
Equity		**144,698**	**152,464**
Other payables	14	5,012	5,672
Non-current liabilities other than provisions	15	**5,012**	**5,672**
Current portion of non-current liabilities other than provisions	15	0	851
Bank loans		20,652	61,269
Trade payables		68,975	45,887
Payables to group enterprises		270,525	278,103
Other payables		10,886	14,879
Current liabilities other than provisions		**371,038**	**400,989**
Liabilities other than provisions		**376,050**	**406,661**
Equity and liabilities		**520,748**	**559,125**
Financial instruments	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		

Parent statement of changes in equity for 2021

	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	9,070	12,933	125,751	152,464
Exchange rate adjustments	0	5,360	0	0	5,360
Transfer to reserves	0	0	788	(788)	0
Profit/loss for the year	0	8,317	0	(21,443)	(13,126)
Equity end of year	**4,710**	**22,747**	**13,721**	**103,520**	**144,698**

Notes to parent financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Europe, Middle East and Africa	335,680	328,439
Asia and Pacific	136,693	158,620
Brasil and South America	8,663	4,651
North and Central America	0	174
Total revenue by geographical market	**481,036**	**491,884**

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	41,148	47,955
Pension costs	2,721	3,210
Other social security costs	496	449
Other staff costs	1,665	3,453
	46,030	**55,067**
Staff costs classified as assets	(2,059)	(851)
	43,971	**54,216**

Average number of full-time employees	**59**	**67**

	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Executive Board	8,267	5,807
Board of Directors	1,270	1,042
	9,537	**6,849**

3 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	12,705	12,832
Impairment losses on intangible assets	5,777	0
Depreciation on property, plant and equipment	9,856	11,075
	28,338	**23,907**

4 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	7,678	6,428
Exchange rate adjustments	1,067	0
Other financial income	3,213	0
	11,958	**6,428**

5 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	11,086	9,781
Other interest expenses	884	1,514
Exchange rate adjustments	0	8,113
Other financial expenses	851	3,538
	12,821	**22,946**

6 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	0	(2,299)
Change in deferred tax	(74)	2,829
Adjustment concerning previous years	716	0
	642	**530**

7 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	(13,126)	1,351
	(13,126)	**1,351**

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	41,006	13,225	137,000	11,190
Transfers	5,751	0	0	(5,751)
Additions	1,926	277	0	2,118
Cost end of year	**48,683**	**13,502**	**137,000**	**7,557**
Amortisation and impairment losses beginning of year	(20,409)	(7,071)	(93,046)	0
Impairment losses for the year	(5,500)	(261)	0	(16)
Amortisation for the year	(5,164)	(691)	(6,850)	0
Amortisation and impairment losses end of year	**(31,073)**	**(8,023)**	**(99,896)**	**(16)**
Carrying amount end of year	**17,610**	**5,479**	**37,104**	**7,541**

9 Development projects

Completed development projects

New legislation is underway in many countries regulating the use of antibiotics and zinc in animal feed. Development projects completed in 2021 mainly relate to new or improved products aimed at piglet and poultry production with antibiotic- and zinc free feed. The capitalized cost relates mainly to external analysis and tests.

The new legislation is expected to generate significant demand for such products, and impairment tests of the book value based on expected cash flows generated from anticipated sales in the years 2022, 2023 and 2024 (approved by management) has concluded that the expected future benefits from these projects exceed the book value

Development projects in progress

The above-mentioned new legislation also generates new documentation requirements of Hamlet Protein's existing and new products relative to this particular legislation. Part of the ongoing development projects relate to the creation of such documentation in various countries. Estimated cost to complete of these projects is approximately DKK 4 mio. and completion is anticipated during 2022. Being a prerequisite for the continued sales on these markets it has been concluded that the expected future benefits from these projects exceeds the book value.

Finally, ongoing projects relate to the implementation of a production management system. The capitalized cost of this project mainly consists of external consulting costs and internal hours captured through own time recording system.

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	80,504	269,288	19,403	3,517
Transfers	1,379	989	0	(2,366)
Additions	8,089	3,912	27	758
Disposals	0	0	(256)	0
Cost end of year	**89,972**	**274,189**	**19,174**	**1,909**
Depreciation and impairment losses beginning of year	(47,520)	(230,459)	(18,467)	0
Depreciation for the year	(2,523)	(6,924)	(409)	0
Reversal regarding disposals	0	0	60	0
Depreciation and impairment losses end of year	**(50,043)**	**(237,383)**	**(18,816)**	**0**
Carrying amount end of year	**39,929**	**36,806**	**358**	**1,909**

11 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	47,552	314
Disposals	0	(186)
Cost end of year	**47,552**	**128**
Revaluations beginning of year	9,070	0
Exchange rate adjustments	5,362	0
Share of profit/loss for the year	7,714	0
Adjustment of intra-group profits	604	0
Revaluations end of year	**22,750**	**0**
Carrying amount end of year	**70,302**	**128**

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

12 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(1,683)	(2,201)
Property, plant and equipment	(11,580)	(11,722)
Inventories	(288)	(557)
Tax losses carried forward	15,729	16,584
Deferred tax	**2,178**	**2,104**

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	2,104	4,933
Recognised in the income statement	74	(2,829)
End of year	**2,178**	**2,104**

Deferred tax assets

Deferred tax regarding tax losses carried forward are expected to be set off within 1-5 years.

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14 Other payables

Long-term other payables comprise long-term obligations regarding "Ny Ferielov" in Denmark.

15 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	851	0	0
Other payables	0	5,012	5,012
	851	**5,012**	**5,012**

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 825 thousand as per

31.12.20201 and the period runs from 1-12 months.

17 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	3,073	3,579

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

The Company is liable for total bank loans in the Hamlet Protein Group. At year-end 2021 total credit facilities amounted to DKK 299,439 thousand of which Hamlet Protein A/S is liable. At year-end 2021 the Group´s undrawn borrowing facilities totaled DKK 54,325 thousand.

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 property Saturnvej 51, Horsens. Current debt is respectively bank debt of DKK 20,652 thousand. The carrying amount of mortgaged properties amounted to DKK 35,910 thousand.

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

- Letter of indemnity on movables of DKK 34,000 thousand with a current debt DKK 20,652 thousand.
The carrying amount of assets provided as collateral amounted to DKK 37,163 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.

Cost of sales

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

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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:

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.

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.

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.

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.