

New Nutrition ApS
Saturnvej 51
8700 Horsens
Business Registration No
36904429

Annual report 2019

The Annual General Meeting adopted the annual report on 24.06.2020

Chairman of the General Meeting



Name: Christen Steffensen

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Entity details

Entity

New Nutrition ApS
Saturnvej 51
8700 Horsens

Central Business Registration No (CVR): 36904429

Registered in: Horsens

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Kjeld Johannesen
Sarah Bibi Vawda
Christoffer Erik Mathies Lorenzen
Torben Gosvig Madsen
Søren Dan Johansen
Scarlett Omar-Broca

Executive Board

Søren Dan Johansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of New Nutrition ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 24.06.2020

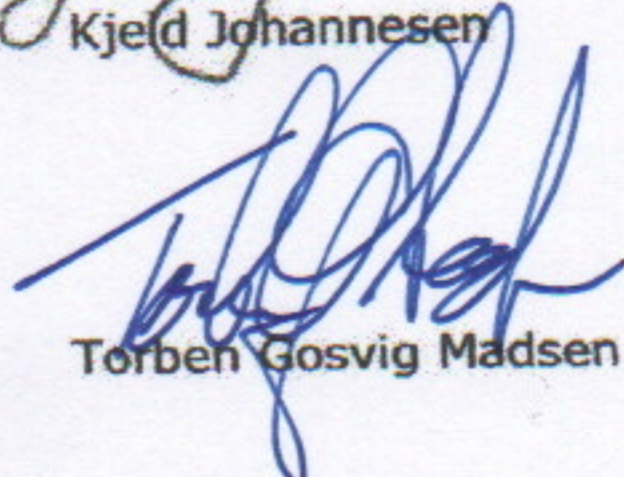
Executive Board

Søren Dan Johansen

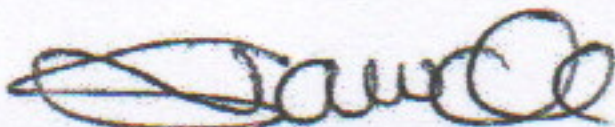
Board of Directors



Kjeld Johannesen




Torben Gosvig Madsen



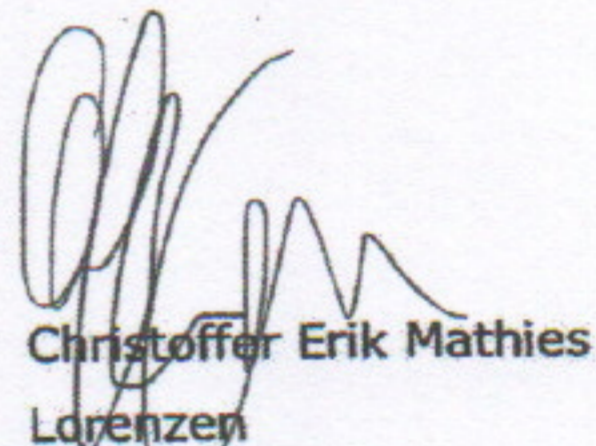
Sarah Bibi Vawda

Sarah Bibi Vawda

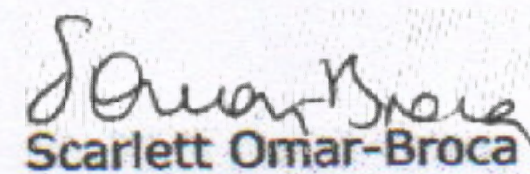


Søren Dan Johansen

Søren Dan Johansen



Christoffer Erik Mathies
Lorenzen



Scarlett Omar-Broca

Independent auditor's report

To the shareholders of New Nutrition ApS

Opinion

We have audited the financial statements of New Nutrition ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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


Independent auditor's report

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

Aarhus, 24.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556



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



Kasper Vestergaard Jensen
State Authorised Public Accountant
Identification No (MNE) mne42784

Management commentary

Primary activities

The company acts as a holding company in the Hamlet Protein group and its sole purpose is to serve as a management company for the underlying companies.

Development in activities and finances

A significant deficit has been realized which is considered unsatisfactory and is much lower than expected.

Events after the balance sheet date

After the closing of the financial year 2019, the global economy has been impacted by Covid-19 virus pandemic (Corona). Many industries are directly or indirectly affected, but so far the animal feed sector continues and has proven to be very resilient. The food service industry has been seriously affected and demand for meat types predominantly served in restaurants has dropped, while demand for meat types predominantly consumed at home have increased. Hamlet Protein supplies an important feed ingredient to young animals across species and geographies, and demand at time of publishing of annual report has been stable. Our main challenge relates to potential supply chain interruptions, but so far no major disruptions have occurred. International freight rates have increased, and availability of containers is limited at times, but the additional cost is normally shared with our customers.

No other significant events have occurred subsequent to the financial year-end.

Income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		9.797	9.046
Other external expenses		<u>(6)</u>	<u>(7.059)</u>
Gross profit/loss		9.791	1.987
Staff costs	2	<u>(16.734)</u>	<u>(5.861)</u>
Operating profit/loss		(6.943)	(3.874)
Income from investments in group enterprises		(55.535)	(129.227)
Other financial income	3	10.732	7.681
Other financial expenses	4	<u>(24.345)</u>	<u>(21.210)</u>
Profit/loss before tax		(76.091)	(146.630)
Tax on profit/loss for the year	5	<u>4.460</u>	<u>2.605</u>
Profit/loss for the year		<u>(71.631)</u>	<u>(144.025)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(71.631)</u>	<u>(144.025)</u>
		<u>(71.631)</u>	<u>(144.025)</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Investments in group enterprises		431.803	487.256
Fixed asset investments	6	431.803	487.256
Fixed assets		431.803	487.256
Receivables from group enterprises		267.298	248.426
Deferred tax		11.955	7.091
Receivables		279.253	255.517
Cash		75	42.263
Current assets		279.328	297.780
Assets		711.131	785.036

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
Contributed capital		55	55
Retained earnings		<u>303.773</u>	<u>376.755</u>
Equity		<u>303.828</u>	<u>376.810</u>
Bank loans		355.460	387.537
Other payables		<u>122</u>	<u>0</u>
Non-current liabilities other than provisions	7	<u>355.582</u>	<u>387.537</u>
Current portion of long-term liabilities other than provisions	7	39.000	0
Bank loans		0	17.377
Trade payables		246	646
Payables to group enterprises		4.244	0
Other payables		<u>8.231</u>	<u>2.666</u>
Current liabilities other than provisions		<u>51.721</u>	<u>20.689</u>
Liabilities other than provisions		<u>407.303</u>	<u>408.226</u>
Equity and liabilities		<u>711.131</u>	<u>785.036</u>
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Transactions with related parties	11		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	55	376.755	376.810
Fair value adjustments of hedging instruments	0	(1.837)	(1.837)
Other entries on equity	0	82	82
Tax of entries on equity	0	404	404
Profit/loss for the year	0	(71.631)	(71.631)
Equity end of year	55	303.773	303.828

Notes

1. Events after the balance sheet date

After the closing of the financial year 2019, the global economy has been impacted by Covid-19 virus pandemic (Corona). Many industries are directly or indirectly affected, but so far the animal feed sector continues and has proven to be very resilient. The food service industry has been seriously affected and demand for meat types predominantly served in restaurants has dropped, while demand for meat types predominantly consumed at home have increased. Hamlet Protein supplies an important feed ingredient to young animals across species and geographies, and demand at time of publishing of annual report has been stable. Our main challenge relates to potential supply chain interruptions, but so far no mayor disruptions have occurred. International freight rates have increased, and availability of containers is limited at times, but the additional cost is normally shared with our customers.

No other significant events have occurred subsequent to the financial year-end.

	2019	2018
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	15.241	5.470
Pension costs	493	381
Other social security costs	16	10
Other staff costs	984	0
	16.734	5.861
Average number of employees	4	4

	2019	2018
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	10.223	7.681
Exchange rate adjustments	509	0
	10.732	7.681

	2019	2018
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	337	190
Other interest expenses	20.114	16.294
Exchange rate adjustments	0	662
Other financial expenses	3.894	4.064
	24.345	21.210

Notes

	2019	2018
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Change in deferred tax	(4.460)	(2.747)
Adjustment concerning previous years	<u>0</u>	<u>142</u>
	<u>(4.460)</u>	<u>(2.605)</u>

	Invest- ments in group enterprises DKK'000
6. Fixed asset investments	
Cost beginning of year	<u>708.035</u>
Cost end of year	<u>708.035</u>
Impairment losses beginning of year	(220.779)
Adjustments on equity	82
Share of profit/loss for the year	<u>(55.535)</u>
Impairment losses end of year	<u>(276.232)</u>
Carrying amount end of year	<u>431.803</u>

Carrying amount of goodwill associated to group enterprises amounts to DKK 275 million.

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Hamlet Protein A/S	Horsens	A/S	100,0

Notes

	Due within 12 months 2019 DKK'000	Due after more than 12 months 2019 DKK'000
7. Liabilities other than provisions		
Bank loans	39.000	355.460
Other payables	0	122
	39.000	355.582

All long term liabilities will be paid within 5 years.

8. Financial instruments

Bank debt includes negative fair value of interest rate swaps of DKK 3,054 thousand.

Interest rate swaps have been entered to secure variable bank loans for fixed-rate bank loans. The total interest rate swaps are specified as follows:

- Interest rate swap with residual debt of tDKK 77,310, which guarantees a fixed interest rate of 0.6930% with a residual maturity of 2 years
- Interest rate swap with residual debt of tEUR 9,200 securing a fixed interest rate of 0.3910% with a residual maturity of 2 years
- Interest swap with residual debt of tUSD 14,700 securing a fixed interest rate of 1,880 % with a residual maturity of 2 years

9. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend 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.

10. Assets charged and collateral

The Company has provided a self-debt guarantee regarding the subsidiary's bank debts which is maximized to DKK 90 million.

The Company is liable for total bank loans in the New Nutrition Holding Group. At year-end 2019 total credit facilities amounts to DKK 90 million of which New Nutrition ApS is liable.

The Company has provided a negative pledge regarding other fixtures, tools and other equipment etc.

Notes

11. Transactions with related parties

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

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Consolidated financial statements

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

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. 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 future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

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

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses 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 salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

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.

Accounting policies

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Entity is jointly taxed with the parent company and all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

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. For goodwill, 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.

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

Receivables

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

Accounting policies

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.

Cash

Cash comprises bank deposits.

Other financial liabilities

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