DanHatch Holding A/S

Rugerivej 26
9760 Vrå
CVR No. 38223038

Annual report 2022

The Annual General Meeting adopted the annual report on 07.06.2023

Kristian Johnsen Hundebøll
Chairman of the General Meeting

Contents

Entity details

Entity

DanHatch Holding A/S

Rugerivej 26

9760 Vrå

Business Registration No.: 38223038

Registered office: Hjørring

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Kristian Johnsen Hundebøll

Jørgen Hesselbjerg Mikkelsen

Niels Dengsø Jensen

Henning Haahr

Executive Board

Kristian Holm Kristensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DanHatch Holding A/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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.

Vrå, 07.06.2023

Executive Board

Kristian Holm Kristensen

Board of Directors

Kristian Johnsen Hundebøll

Jørgen Hesselbjerg Mikkelsen

Niels Dengsø Jensen

Henning Haahr

Independent auditor's report

To the shareholders of DanHatch Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of DanHatch Holding A/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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.

Aalborg, 07.06.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Simoni
State Authorised Public Accountant
Identification No (MNE) mne45826

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne34506

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	1,223,305	1,125,530	1,154,830	1,181,566	1,094,351
Gross profit/loss	247,314	219,488	250,582	276,935	216,552
Operating profit/loss	60,213	13,127	52,830	80,440	37,873
Net financials	(4,680)	(4,126)	(3,186)	(3,343)	(3,747)
Profit/loss for the year	6,798	16,784	44,042	70,456	40,853
Profit for the year excl. minority interests	4,646	17,164	43,467	67,961	40,609
Balance sheet total	983,636	1,017,895	975,941	983,074	924,025
Investments in property, plant and equipment	52,807	79,199	86,548	70,721	43,852
Equity	630,383	639,731	608,092	581,867	511,783
Equity excl. minority interests	606,546	607,748	592,305	561,561	491,663
Ratios					
Gross margin (%)	20.22	19.50	21.70	23.44	19.79
Net margin (%)	0.56	1.49	3.81	5.96	3.73
Return on equity (%)	0.77	2.86	7.53	12.91	8.59
Equity ratio (%)	61.66	59.71	60.69	57.12	53.21

The Group has decided to dispose of its pig production. As the decision was made in 2022, profit/loss from previous year's activity is not presented separately.

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

Gross margin (%):
Gross margin * 100
Revenue

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

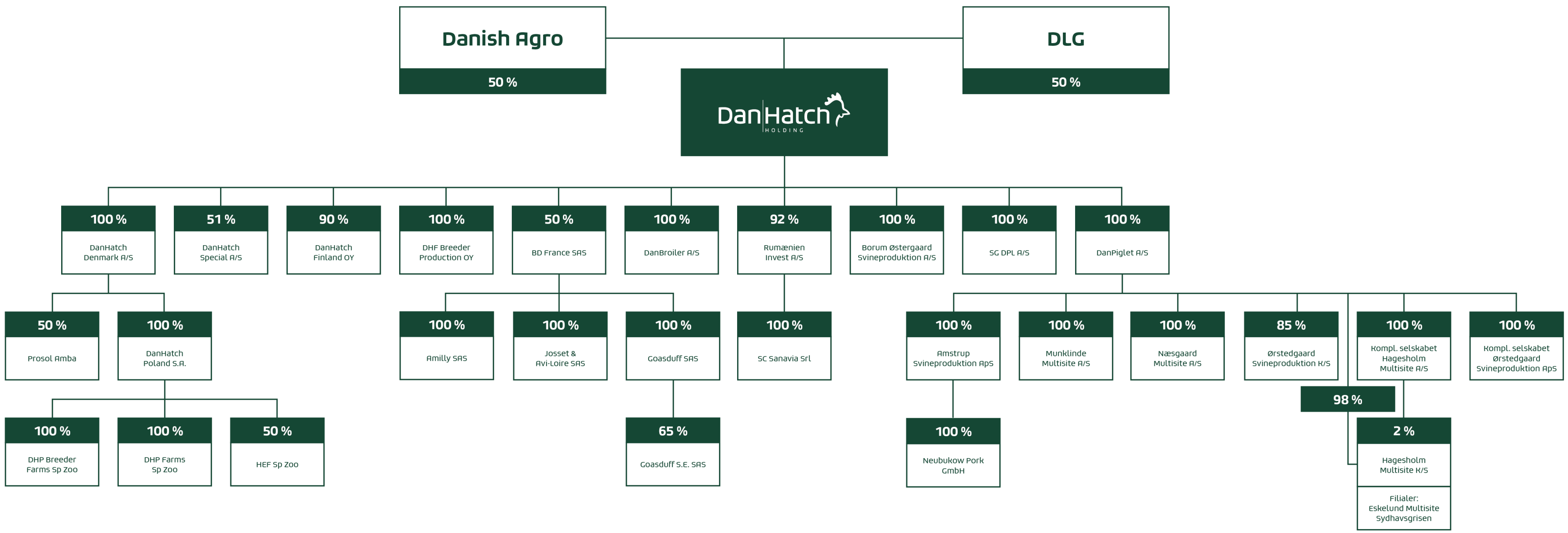
Return on equity (%):
Profit/loss for the year excl. minority interests * 100
Average equity excl. minority interests

Equity ratio (%):
<u>Equity excl. minority interests * 100</u>
Balance sheet total

Selskabsstruktur

DanHatch Group

31.12.2021



Primary activities

The DanHatch Group is an international group engaging in poultry production. Within its core business of producing and selling day-old chicks for broiler production, the Group is one of Europe's largest and most efficient hatchery groups with facilities in Denmark, Finland, Poland and France.

The DanHatch Group ceased its pig production activities in 2022.

Development in activities and finances

The most significant impact in 2022

For the DanHatch Group, 2022 was another turbulent year. The aftermath of the covid-19 pandemic combined with the increased spreading of the Highly Pathogenic Avian Influenza (HPAI) in poultry caused considerable fluctuations in demand for and pricing of the Group's main products already from the beginning of the year. At the same time, the war in Ukraine, and the resulting uncertainty about the security of energy and feed supply, led to sharp fluctuations in the prices of both energy and raw materials for feed production throughout most of the year. Due to this, among other reasons, it was decided in 2022 to terminate the Group's pig production after several years of negative financial results. As a result, two production facilities were sold in 2022, while the remaining five properties for pig production have been written down to expected realisable values. In 2023, the subsidiary DanPiglet A/S changed its name to DanHatch Ejendomme A/S.

The above matters have resulted in a significant negative impact on the DanHatch Group's financial performance in 2022.

With the discontinued pig activities, the DanHatch Group will now focus on its core business, which is the production and sale of day-old chicks for broiler production.

Continued growth in poultry operations

In 2022, the DanHatch Group reached another sales high of 490 million day-old chicks compared to 472 million last year. It was primarily the hatcheries in France and Poland that contributed to the increased sales, but production in Finland also saw a slight increase. Sales volumes from the hatcheries in Denmark, on the other hand, decreased.

At the end of the financial year, the Group's total hatching capacity amounted to approx. 575 million day-old chicks and is planned to be expanded further during 2023.

Developments in the poultry companies

In 2022, DanHatch Denmark's two Danish hatcheries achieved sales of 142.4 million day-old chicks, of which 81.9 million chicks were sold on the domestic market, and 60.5 million chicks were sold for export. Domestic sales for the year were 15.2 million chicks lower than in 2021, while export sales increased by 10.5 million chicks. In 2022, total sales of day-old chick were 4.7 million chicks below the 2021 level. The declining domestic sales are attributable to the significant reduction in deliveries to one of the major slaughterhouses in Denmark during 2022 and the delivery of an increased number of longer-growing day-old chicks from foreign hatcheries to the Danish market. The production of chicks that need a longer rearing period also reduces the overall production capacity in the Danish broiler houses.

DanHatch Special's sales of organic and slow-growing day-old chicks amounted to 3.8 million chicks in the financial year, which was 3.3 million chicks more than in 2021. Throughout 2022, the Company has continuously increased sales of day-old chicks to concepts based on longer-growing chick types.

Danish broiler production has once again shown a very positive development in 2022. The key productivity parameters of mortality, scrapping, feed utilisation and growth have all moved in a satisfactory direction. In particular, the figures for 1st week's mortality and total mortality reflect that during the year DanHatch Denmark has delivered healthy and viable day-old chicks of high quality to the company's customers.

Productivity of the hatching egg production has been maintained at an acceptable level in 2022, both when it comes to the production of hatching eggs and the hatching percentage achieved. The health status of the parent animals has generally been satisfactory, but three cases of suspected salmonella in the last two months of the year resulted in the destruction of large quantities of hatching eggs, even though all samples subsequently tested the farms free of salmonella. The Company succeeded in minimising the impact of the destroyed eggs for Danish customers through a logistical effort, where primarily foreign customers received deliveries of day-old chicks from other companies in the DanHatch Group or other international partners.

The Group's broiler production in DanBroiler A/S saw an extremely satisfactory profit of approx. DKK 7.5m. The primary reasons for this are to be found in good production results. In addition, the Company's feed consumption was hedged at fixed prices before the war in Ukraine, which proved to provide favourable terms of trade afterwards. Moreover, a rescheduling of mortgage loans resulted in a realised capital gain of DKK 1.6m.

The DanHatch Group's foreign hatcheries in Finland, Poland and France operated in 2022 in markets with a very diverse development in the sale of day-old chicks. On the Finnish market, recent years' steady growth in both production and consumption of broilers continued, and DanHatch Finland Oy's sales increased by 1.5 million day -old chicks to 47.1 million chicks. At the hatchery Kokemäki, a multi-year investment plan focused on the automation of a number of handling processes was completed, aiming to increase the efficiency and hygiene standards of the company's handling of day-old chicks.

DanHatch Poland S.A. experienced in 2022 a Polish market heavily affected by an increasing incidence of avian influenza. The company's hatching egg production facility, hatchery and several of its broiler customers have thus been in a surveillance zone several times throughout the year as a result of nearby outbreaks of HPAI, thus resulting in reduction in revenue and logistics challenges.

Moreover, due to the significant occurrence of avian influenza in Poland and the war in Ukraine, the company has not been able to carry out the planned export of day-old chicks to the company's foreign customers. Finally, the supply of hatching eggs has been significantly reduced in certain parts of the country due to a high incidence of HPAI-affected parent flocks that have been culled.

These conditions resulted in higher prices for both hatching eggs and day-old chicks, additional logistics costs to avoid transport in surveillance zones as well as ongoing adjustments to delivery plans depending on the customers' geographical location. These challenges existed in most of Poland and thus also in other Polish hatcheries. A few of these were directly affected by disease outbreaks, whereas DanHatch Poland's production facilities were not in this situation and were often able to maintain high delivery reliability and logistics management. Thus, the company succeeded in achieving increased sales rising to 116.7 million day-old chicks.

At the company's hatchery in Stary Widzim, investments were made in 2022 in energy-optimised cooling capacity as well as two new lorries. Finally, two plots of land were purchased and prepared for the construction of production facilities in order to expand the company's own production of hatching eggs and to continue to increase sales.

The DanHatch Group's French associate BD France SAS, which is owned 50/50 together with the Belgian business partner Yellow Bird Group, saw sales growth in 2022 of 7.4 million day-old chicks, reaching total sales of 180.4 million day-old chicks. The increase was mainly a result of the acquisition in mid-2021 of the small hatchery Amilly, which was recognised with full-year sales volumes for the first time in 2022.

In 2022, one of the French hatcheries, in particular, was significantly challenged by a recurring occurrence of avian influenza, but through skilful logistical work, the impact on both customers and the company's finances was minimised.

When establishing BD France in mid-2017, the two owners drew up a business plan whose most important goal was to achieve a market share of 25% in the French market for day-old chicks, and this goal was achieved after a couple of years. Since then, in line with the business plan, an ambitious investment plan has been initiated, with the first major investment being commissioned in 2022 in the form of a partial rebuilding and expansion of BD France's largest hatchery in Plabennec in north-western France. The high level of investment is expected to continue with the modernisation of both hatcheries and housing facilities for hatching egg production to continue to ensure high biosecurity and optimal conditions for both animals and employees.

Discontinuation of pig activities
For DanHatch Group’s pig activities, 2022 was the last year of production. The company has subsequently been renamed DanHatch Ejendomme A/S, which at the beginning of 2023 has five production facilities that are to be divested.

The shutdown costs of production combined with the sale of two properties and the recognition of the remaining five properties at estimated sales prices are the reason for a highly unsatisfactory loss for 2022 amounting to DKK 54.5m.

Sustainability
During the DanHatch Group's strategic work, Group Management put a more targeted focus on sustainability in the autumn of 2021. This work continued in 2022 when a major analysis was carried out in collaboration with an external consultancy firm, which will form the basis for the future sustainability strategy for the entire group.

The sustainability strategy has been named "Hatching the Future", and the strategy is expected to be defined in the autumn of 2023, after which it will be implemented in all subsidiaries and later on also in associated entities. The DanHatch Group estimates that through the intensified work within the area of sustainability, the individual group enterprises will be able to keep abreast of the increasing societal, customer and consumer demands expected in the future.

Financial situation
Under the turbulent market conditions described and in particular due to the discontinuation of pig activities, the DanHatch Group realised a less acceptable profit for the financial year 2022 of DKK 4.6m after tax (including investments in group enterprises and associates but exclusive of minority interests) against a profit of DKK 17.2m in 2021. Profit for the year includes a satisfactory profit from poultry production, including DanHatch Holding, of DKK 59.1m against DKK 46.4m in 2021. The share of profit from foreign hatching companies amounted to DKK 45.7m against DKK 35.1m in 2021. Pig activities in DanHatch Ejendomme A/S (formerly DanPiglet A/S) have contributed with an extremely unsatisfactory loss of DKK 54.5m after tax and minority interests compared to a loss of DKK 29.3m in 2021.

Total group revenue amounted to DKK 1,223.3m excluding the discontinued pig operations against DKK 1,125.5m in 2021 (calculated including DKK 96.4m from pig operations). Revenue from poultry operations amounted to

DKK 1,223.3m (1,029.1m) of which the activities of the Finnish and Polish subsidiaries collectively accounted for DKK 672.7m (DKK 542.2m).

The Group's investments in operations totalled DKK 45.7m in 2022. These investments included two plots of land ready for hatching egg production, the complete renovation of a hatching egg farm and the completion of new housing on a hatching egg farm, as well as a number of investments in automation at the hatcheries. Moreover, back-up power systems and different types of automation and transport equipment were upgrading or replaced.

In 2022, total dividends of DKK 21.0m were distributed by the Group's subsidiaries to the Parent, DanHatch Holding A/S.

As in the previous year, DanHatch Holding A/S and its group enterprises did not in 2022 apply for any of the aid schemes adopted by the Danish parliament and other European parliaments as a result of the covid-19 pandemic.

A key prerequisite for the DanHatch Group's financial results is a dedicated and loyal staff. In each group enterprise, employees are the most important asset, and through independence, responsibility, reliability and professional pride, they contribute to stable operations and a positive development of the Group.

Particular risks

Price and market risks

Being part of the broiler and pig value chains, the DanHatch Group is affected directly by the global production and market development of poultry and pig products, including in particular the market conditions for poultry and pig production in the EU. DanHatch Denmark A/S's trading relation with Danish broiler producers is regulated by trading agreements with a mutual notice period of 18 months, while DanHatch Poland S.A.'s trading relations with the Polish broiler producers are based on annual agreements, and DanHatch Finland Oy's sales are primarily governed by multi-annual agreements with a number of slaughterhouses.

Disease risks

Because of the DanHatch Group's activities within animal production, the different production stages will always be exposed to the risk of impact of different diseases. This means that a number of preventive measures are continuously taken and will be taken to meet these risks, primarily through comprehensive vaccination procedures and maintenance of a good state of health and a high biosecurity level.

The introduction of salmonella or avian influenza in the Group's production systems is one of the risk moments that may have a financial impact on the Company in the short and the long run. Continuous development of a quality assurance system under the HACCP standard serves as the basis for continued optimisation of the Group's behaviour and hygiene procedures while minimising the incidence of salmonella and potential poultry diseases. Consequently, there is also focus on collaborating closely with external cooperative partners.

In recent years, together with the related breeding and hatching egg producers, DanHatch Denmark A/S took out livestock insurance with an international insurance company specialising in this area. This means that payments to the previous solidarity arrangement in the independent cooperative society – Prosol A.m.b.A. – have ceased, but the company is maintained so far. The capital in the company remains as a reserve and can still be used for extraordinary or unforeseen disease outbreaks in breeding and hatching egg production. Overall, these two arrangements contribute to reducing the operational economic risk profile of DanHatch Denmark A/S' own breeding and hatching egg facilities. Abroad, only DanHatch Finland Oy has taken out livestock insurance together with this company's related breeding and hatching egg producers with a national insurance company operating in this area.

Interest rate risks
A considerable portion of the interest-bearing debt in the DanHatch Group's companies consists of long-term mortgage loans based on short-term interest rates. The loans are raised in DKK as well as in EUR.

Currency risks
DanHatch Denmark A/S' sales for export are invoiced primarily in EUR, but also in PLN. To meet the currency risk, the Company has raised loans in EUR, while other currencies are sold when payments are received.

Since the Group's foreign subsidiaries almost exclusively trade in their local currencies, there is no hedging.

The investments in DanHatch Poland S.A., DanHatch Finland Oy and the associate, BD France SAS, are adjusted on a monthly basis at the closing rate of PLN and EUR. The adjustments are taken to equity. There is no hedging of either PLN or EUR.

Profit/loss for the year in relation to expected developments

The DanHatch Group's profit excluding minority interests totalled DKK 4.6m for the year, which is approximately DKK 20m less than expected in the 2021 annual report. The reason for this is the high costs of closing the Group's pig production in 2022.

Outlook

Poultry activities
In the years ahead, the DanHatch Group expects to grow in many of the day-old chicks markets on which the Group already operates. One of the reasons is organic growth through a generally increasing demand for broiler products, but another is the expansion of business relationships with existing as well as new customers.

Total sales of day-old chicks from the DanHatch Group are expected to be approx. 508 million chicks in 2023, and the total volume thus exceeds the level of 2022 by well over 17 million chicks. The primary growth is estimated to take place in Poland and France as a result of growing demand from several large slaughterhouses, with several of which the DanHatch group enterprises already have a constructive cooperation.

Overall, the DanHatch Group's sales of day-old chicks in 2023 could also be affected by the current volatile and high prices of energy and transport as well as raw materials for the production of feed for the Group's production of young hens and hatching eggs. Furthermore, continued outbreaks of avian influenza in Europe are expected to affect the development of the European broiler sector, as will the results of the international work on measures to meet the challenge of avian influenza, including the possibilities of carrying out vaccination-based infection protection of poultry.

Group expectations
For the financial year 2023, Management of DanHatch Holding A/S expects a total consolidated profit in the range of DKK 20m to DKK 30m. As stated, these earnings expectations, however, are subject to much uncertainty, which relates to the development in production structure, consumers' demand for poultry meat, compulsorily notifiable animal diseases (e.g. Highly Pathogenic Avian Influenza), and trade restrictions by third countries as well as fluctuations in the international feed raw material prices and the derived impacts on the markets for hatching eggs as well as day-old chicks.

Statutory report on corporate social responsibility

As stated under primary activities, the Group's activities consist of the production and sale of day-old chicks to broiler producers.

Policies and corporate social responsibility

In the DanHatch Group, each company and operating unit are required to meet legislation in the countries where they operate. The Group's business model and geographical presence are described as a first point. At group level, continuous efforts are made to prepare policies, frameworks and targets for social responsibility at the workplace, food safety and environmental and climate conditions.

The Group believes that it will have the greatest opportunity within these areas to impact society positively - and where a potential risk of negative impact may exist if attention is not directed at both own and the cooperative partner's actions. The Group's management of this risk is described below under the individual topics.

Food safety in poultry production

The policies for food safety primarily comprise combating the incidence of salmonella bacteria as well as limiting the use of antibiotics in the Group's breeding and hatching egg production.

The DanHatch Group's goals for elimination of salmonella in production environments and the prevention of development of antibiotics resistance are based on a close cooperation with the Group's breeding and hatching egg producers, breeding animal suppliers and stakeholders in the Group's sales channels. Continuous optimisation of quality assurance systems and production management systems, which include stringent procedures relating to hygiene, infection protection, animal health, vaccination, feed, management and traceability, ensures fulfilment of these goals.

Against this background, the DanHatch Group's deliveries of day-old chicks in Denmark and Finland are the preconditions for the broiler production in these countries having a Salmonella incidence and antibiotics consumption level that is very satisfactory and lower than in most other comparable countries. As a result of preparedness in the area in 2022, three incidents of suspected Salmonella infection in the hatching egg production in Denmark had to be dealt with.

Across Europe, the occurrence of Highly Pathogenic Avian Influenza (HPAI) throughout 2022 has had a significant impact on the entire broiler value chain; breeding stock, parent stock and broilers. Many companies in the DanHatch Group have been affected to a greater or lesser extent by established surveillance zones of 3 and 10 km depending on HPAI outbreaks in the individual country. Through systematic monitoring and tests, the health of the animals is continuously checked together with the local veterinary authorities to minimise the risk of possible spreading of infection. None of the Group's production facilities have been directly affected by infection, but many have incurred extraordinary expenses in connection with monitoring, sales restrictions, planning and logistics.

Human Resources

In many ways, CSR and HR are closely linked. Several of the HR efforts in which the DanHatch Group is involved include both social and societal elements which may be considered value-adding CSR efforts.

Diversity and knowledge sharing

There is an overrepresentation of men in the industry, which may increase the risk of primarily men filling vacant and new positions. The DanHatch Group wants to be an inclusive and tolerant workplace. Efforts are therefore made to ensure a high degree of employee diversity, which reflects the diverse society that surrounds us. When recruiting new employees, the Group is thus open to different types of candidates and encourages everyone to apply for a job regardless of gender, age and background. The Group caters for fellow citizens with limited or no connection to the labour market and is open to flexjobbers or other types of employment of persons who do not fit into the ordinary framework of the job market.

The DanHatch Group also welcomes students for internships from both vocational training programmes and universities. The Group considers it a social responsibility to share knowledge and experience with future employees, so that they are better prepared for the labour market and thereby can improve their job opportunities after graduation. The interns are also rewarding for the DanHatch Group, bringing new input and fresh eyes on processes and workflows.

In the summer of 2022, a short internship programme was created across national borders in the Group. As part of this programme, DanHatch Denmark was paid a visit by a colleague from BD France, who was undergoing training and wanted to experience the different departments in the Danish poultry business and through this gain practical experience.

Ethics and morality
The DanHatch Group wants to contribute positively to the local communities and countries where the Group is active, and to run a business based on principles and values which the Group stands for. As part of this, the Group's HR Group team was engaged in the development of a "code of conduct". This code of conduct is to assist in ensuring that all group enterprises will act from the same framework and comply with the internal policies for accountability and behaviour. The code of conduct guidelines have been completed in 2022, and the new code of conduct is expected to be rolled out in all group enterprises during 2023.

Investing in people
The opportunity for employees to develop on a personal and professional level is a high priority in the DanHatch Group. Employees are therefore regularly encouraged to participate in competence development courses, and further education is also an option. These forms of upgrading of skills can help to create increased well-being at the workplace, and it is also a good investment for both the Group and society, as competent labour is ensured.

In the autumn of 2022, the employees of the Danish poultry companies attended a course day on psychological safety in collaboration with an external occupational psychologist. A high level of psychological safety occurs when the workplace culture is characterised by mutual trust and respect. The presence of psychological safety affects several key factors in work life such as commitment, job satisfaction and knowledge sharing.

Within the same field, a course day is also planned in early 2023 for the group management and the Danish management team, respectively, with a special focus on Management’s responsibility in the work to strengthen the company’s psychological safety. This focus on management was adopted based on the awareness that good management has a large impact on the employees’ individual development and well-being. Qualified executives can thus help boost the other employees and ultimately be the key to a sound working environment.

Going forward, the DanHatch Group will also prioritise management development as an essential basis for the development of the rest of the staff.

Environmental responsibility
During the DanHatch Group's strategic work, Group Management put a more targeted focus on the theme of "sustainability" in the autumn of 2021. Sustainability is discussed in a previous section under “Development in activities and finances”.

Human rights
The DanHatch Group definitely wants to comply with the UN human rights. This is done internally through a number of policies regarding the Group’s employees that are monitored by Management and relevant internal functions. Some of the policies are laid down in the employee handbook, to which all employees have access. Externally, cooperative partners are not directly monitored; however, the Group always chooses partners who are highly respected and where there is no knowledge of breaches of human rights. Therefore, the Group does not consider this an area exposed to any particular or current risk. No breaches of human rights were identified in 2022, neither internally nor with cooperative partners. The Group has no expectations for human rights violations in 2023 and will continue to have a strong focus on this area.

Business ethics and anti-corruption
The DanHatch Group is based in Denmark, which generally has high standards of business ethics and one of the world's lowest levels of corruption. This is why there is no particular risk of corruption with respect to the Group’s business areas. Also, the Group counteracts any kind of bribery or corruption and would rather turn down a “good deal” than take part in such activity, regardless of market. Documentation of all group companies’ expenses is required, and both accounts departments and the external auditors perform vouching on a regular basis. All employees know that the DanHatch Group does not condone any form of corruption or bribery, and no breaches of this policy were identified in 2022. The Group will continue to have a strong focus on this area in 2023.

Environmental and climate conditions
The DanHatch Group's most significant risk of impact occurs in the production itself in the form of fertiliser and biological waste as well as in the consumption of energy (electricity and heat) and secondarily in the consumption of water. In these areas, consumption volumes are calculated on an ongoing basis in order to identify the greatest opportunities for optimisation and reduction of consumption. This is made through internal processes, including internal as well as external courses.

All the Group’s production plants are subject to the same environmental legislation for agriculture-related activities and are approved by the relevant authorities. In 2022, routine environmental inspections were carried out on the Group’s production facilities, all of which were approved without remarks.

In 2022, two environmental approvals were reassessed without significant changes. Moreover, environmental inspections have been carried out on a number of production facilities, which did not identify any issues deviating from the framework of the previous environmental approvals.

In the subsidiary DanHatch Poland S.A., an environmental application process was initiated in 2016 after the purchase of six plots of land for establishing future breeding and hatching egg production. So far five environmental approvals have been granted, while one application is still in process. The first of these environmental approvals is expected to be utilised in 2023/24 in order to increase the company's own production of hatching eggs.

The Group prepares and submits annual fertiliser accounts for all production facilities, which contributes to documenting compliance with the rules governing environmental impact. It is also monitored through continuous efficiency controls that the permitted production volume is not exceeded. To prevent damage to waste water tanks and fertiliser tanks, these are regularly subject to independent external inspection. In 2022, no irregularities have been identified relating to fertiliser allocation and waste water and fertiliser tanks.

In 2021, DanHatch Denmark entered into a long-term fertiliser agreement with a large biogas plant in Southern Jutland, which after commissioning in 2022 receives approx. 90% of the poultry fertiliser produced every year by the company's production facility in Southern Jutland. In this way, DanHatch Denmark obtains income from the fertiliser produced, and the fertiliser is processed into energy, which is used for heating ordinary households. Furthermore, the utilisation of the remaining nutrients in the agricultural land will be optimised. Similar solutions are being developed for several of the other production facilities.

Since 2021, DanHatch Denmark has also been involved in a pilot project in Northern Jutland, the purpose of which is also to produce energy while the nutrients undergo a process where they can be reused in the agricultural production.

Based on a strong focus on the Group's energy consumption, a number of energy-optimising investments are continuously made at the Group's production facilities. In 2022, several minor energy optimisations were carried out, where the savings have not been quantified. At the same time, DanHatch Denmark's hatchery in Southern Jutland has been made independent of natural gas in response to threatened security of supply, and lorries in Denmark, Finland, Poland and France are continuously being replaced, which means more energy-efficient engines, which in combination with driving courses lead to reduced fuel consumption and lower CO2 emissions.

An overall energy report on the Group's Danish operations has been prepared in 2022 and will be used in the coming years as a more systematic basis for prioritising energy investments.

Statutory report on the underrepresented gender

The DanHatch Group strives for gender balance in management positions and therefore has a target of having at least 40% women on the management team. However, this target was just barely reached in 2022, with women occupying 37.9% of executive positions, which is on par with the gender balance the year before. However, the expectation is that the target of 40% female executives could be realised as early as 2024 through active recruitment of qualified management profiles and structured development programmes. An increasing number of women are employed in various specialised functions, and at the same time, the Group is continuously aware of the need to create a working environment that enables a high degree of flexibility that is compatible with family life. This will pave the way for a broader field of candidates for management positions and ensure that the DanHatch Group can continue to be an attractive workplace for both current and future employees.

The DanHatch Group also wants equal access for women and men to top management, the Board of Directors. In the 2020 annual report, a target was formulated to have at least one member of each gender on the board of each subsidiary. This ambition has been realised for all subsidiaries in countries where the Group is active, as the boards of DanHatch Denmark, DanHatch Poland and DanHatch Finland had at least one female board member in 2022. However, the target has not been reached in the parent company, where all five board members are men. The members of DanHatch Holding's Board of Directors elected by the annual general meeting are elected from the shareholders' management bodies, and the gender composition in these fora thus determines whether a balanced gender distribution in the Parent's Board of Directors is possible.

It is the Group's goal that the gender in the top management layer is equally distributed in the respective companies not later than 2026.

In DanHatch Denmark A/S, the gender distribution on the Board of Directors is 75/25 and is thus equally distributed.
In DanHatch Poland S.A., the gender distribution on the Board of Directors is 80/20 and is thus not equally distributed. In 2023, the composition of the Board is expected to change so that it will be equally distributed.

In DanHatch Finland Oy, the gender distribution on the Board of Directors is 75/25 and is thus equally distributed. In DanHatch Holding A/S, the gender distribution on the Board of Directors is 100/0 and is thus not equally distributed.

Statutory report on data ethics policy

The DanHatch Group complies with both Danish and EU legislation on data and privacy protection. The Group recognises that the rapid pace of technological development, together with the development, risks and benefits of big data use, requires careful and responsible decision-making. In connection with the IT policy, the DanHatch Group has implemented a policy for data ethics based on three main principles:

- Transparency and clear information about data use and its purpose
- Automation and advanced data use for the benefit of customers, employees and other relevant stakeholders
- Data security as a basis.

Solving the DanHatch Group's tasks requires access to and processing of relevant data about employees, other companies and business partners. Respect for and responsible management of this data are absolutely fundamental for the DanHatch Group. Technological development constantly pushes the boundaries of what is technically feasible, which is often faster than legislation. Transparency and trust are therefore particularly important. The use of data must be able to be explained and defended at all times, and data ethics must be a prerequisite for all innovation and development processes.

Events after the balance sheet date

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

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	1	1,223,305	1,125,530
Own work capitalised		851	867
Other operating income		4,179	4,594
Costs of raw materials and consumables		(846,049)	(780,737)
Other external expenses	2	(134,972)	(130,766)
Gross profit/loss		**247,314**	**219,488**
Staff costs	3	(137,039)	(145,227)
Depreciation, amortisation and impairment losses	4	(50,062)	(59,202)
Other operating expenses		0	(1,932)
Operating profit/loss		**60,213**	**13,127**
Income from investments in associates		17,348	8,930
Other financial income		9,360	3,644
Other financial expenses		(14,040)	(7,770)
Profit/loss before tax		**72,881**	**17,931**
Tax on profit/loss for the year	5	(11,569)	(1,147)
Profit/loss from continuing operations		**61,312**	**16,784**
Profit/loss from discontinued operations	6	**(54,514)**	**0**
Profit/loss for the year	7	**6,798**	**16,784**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	9	5,554	4,283
Acquired intangible assets		137	44
Development projects in progress	9	2,168	2,510
Intangible assets	8	**7,859**	**6,837**
Land and buildings		329,317	376,962
Plant and machinery		107,859	102,319
Other fixtures and fittings, tools and equipment		45,651	69,314
Leasehold improvements		0	4,101
Biological assets		0	17,585
Property, plant and equipment in progress		9,875	20,193
Property, plant and equipment	10	**492,702**	**590,474**
Investments in associates		117,750	100,209
Other investments		3,659	4,099
Deposits		215	497
Other receivables		7,280	8,834
Financial assets	11	**128,904**	**113,639**
Fixed assets		**629,465**	**710,950**
Raw materials and consumables		92,557	77,013
Work in progress		31,407	36,348
Inventories		**123,964**	**113,361**

Trade receivables		133,112	146,131
Receivables from associates		0	7,446
Deferred tax	12	2,267	2,159
Other receivables		18,606	20,906
Tax receivable		0	3,693
Prepayments	13	2,074	1,961
Receivables		**156,059**	**182,296**
Other investments		87	93
Investments		**87**	**93**
Cash		**2,017**	**11,195**
Current assets		**282,127**	**306,945**
Assets regarding discontinued operations	6	**72,044**	**0**
Assets		**983,636**	**1,017,895**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital	14	10,000	10,000
Revaluation reserve		6,382	6,914
Translation reserve		(17,875)	(14,458)
Reserve for development costs		6,023	5,299
Retained earnings		602,016	599,993
Equity belonging to Parent's shareholders		**606,546**	**607,748**
Equity belonging to minority interests		**23,837**	**31,983**
Equity		**630,383**	**639,731**
Provisions for pension liabilities etc.		144	129
Deferred tax	12	27,425	18,014
Other provisions	16	1,850	2,052
Provisions		**29,419**	**20,195**
Mortgage debt		73,514	85,424
Bank loans		45,281	54,119
Lease liabilities		185	877
Non-current liabilities other than provisions	17	**118,980**	**140,420**

Current portion of non-current liabilities other than provisions	17	20,541	27,198
Bank loans		31,064	64,536
Prepayments received from customers		0	16
Trade payables		78,699	92,088
Tax payable		3,014	166
Other payables		27,893	33,545
Current liabilities other than provisions		**161,211**	**217,549**
Liabilities other than provisions		**280,191**	**357,969**
Liabilities regarding discontinued operations	6	**43,643**	**0**
Equity and liabilities		**983,636**	**1,017,895**

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Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Revaluation reserve DKK'000	Translation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000
Equity beginning of year	10,000	6,914	(14,458)	5,299	599,993
Effect of mergers and business combinations	0	0	0	0	0
Effect of divestments of entities etc.	0	0	0	0	(2,431)
Exchange rate adjustments	0	0	(3,417)	0	0
Transfer to reserves	0	(532)	0	724	(192)
Profit/loss for the year	0	0	0	0	4,646
Equity end of year	**10,000**	**6,382**	**(17,875)**	**6,023**	**602,016**

	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	607,748	31,983	639,731
Effect of mergers and business combinations	0	(10,134)	(10,134)
Effect of divestments of entities etc.	(2,431)	0	(2,431)
Exchange rate adjustments	(3,417)	(164)	(3,581)
Transfer to reserves	0	0	0
Profit/loss for the year	4,646	2,152	6,798
Equity end of year	**606,546**	**23,837**	**630,383**

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		60,213	13,127
Amortisation, depreciation and impairment losses		50,062	59,202
Other provisions		(187)	909
Working capital changes	18	(14,040)	(8,076)
Cash flow from discontinued operations, operating		(25,021)	0
Cash flow from ordinary operating activities		**71,027**	**65,162**
Financial income received		9,053	3,608
Financial expenses paid		(7,415)	(7,770)
Taxes refunded/(paid)		(4,046)	(9,304)
Cash flows from operating activities		**68,619**	**51,696**
Acquisition etc. of intangible assets		(1,952)	(1,739)
Acquisition etc. of property, plant and equipment		(52,806)	(77,742)
Sale of property, plant and equipment		30	26,199
Acquisition of fixed asset investments		(656)	(380)
Sale of fixed asset investments		1,554	1,340
Acquisition of enterprises		(12,765)	(2,215)
Disposal of enterprises		0	1,050
Cash flow from discontinued operations, investing		20,891	0
Cash flows from investing activities		**(45,704)**	**(53,487)**
Free cash flows generated from operations and investments before financing		**22,915**	**(1,791)**
Repayments of loans etc.		(28,097)	(20,161)
Loan to associates		7,446	(7,413)
Change in bank loans		(33,472)	15,502
Aditions to acquisition of enterprises		0	718
Capital increase in minority		0	16,660
Cash flow from discontinued operations, financing		23,239	0
Cash flows from financing activities		**(30,884)**	**5,306**

Increase/decrease in cash and cash equivalents	**(7,969)**	**3,515**
Cash and cash equivalents beginning of year	11,195	7,740
Currency translation adjustments of cash and cash equivalents	(189)	(60)
Cash and cash equivalents end of year	**3,037**	**11,195**
Cash and cash equivalents at year-end are composed of:		
Cash	2,017	11,195
Cash and cash equivalents regarding discontinued operations	1,020	0
Cash and cash equivalents end of year	**3,037**	**11,195**

Notes to consolidated financial statements

1 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	381,358	474,032
Other EU countries	810,856	623,616
Other European countries	31,091	27,882
Total revenue by geographical market	**1,223,305**	**1,125,530**
Poultry production	1,223,305	1,029,084
Pig production	0	96,446
Total revenue by activity	**1,223,305**	**1,125,530**

Historically, consolidated revenue has been broken down by activity; poultry production and pig production. Pig production is shown as discontinued operations in 2022, cf. note 6.

2 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	623	683
Other assurance engagements	400	371
Tax services	320	79
Other services	283	297
	1,626	**1,430**

Fees to the auditor appointed by the Annual General Meeting reflect the time of performing the work and not the financial period for which the work is performed.

3 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	117,742	124,414
Pension costs	10,760	12,143
Other social security costs	8,321	8,328
Other staff costs	216	342
	137,039	**145,227**

Average number of full-time employees	**356**	**353**

	Remuneration of management 2022 DKK'000	Remuneration of management 2021 DKK'000
Total amount for management categories	5,518	5,480
	5,518	**5,480**

4 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	1,060	713
Depreciation on property, plant and equipment	49,002	58,489
	50,062	**59,202**

5 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	15,142	4,621
Change in deferred tax	(3,690)	(3,474)
Adjustment concerning previous years	117	0
	11,569	**1,147**

6 Discontinued operations

	2022 DKK'000
Revenue	79,913
Other operating income	909
Cost of raw materials and consumables	(84,137)
Other external expenses	(12,241)
Staff costs	(14,213)
Amortisation, depreciation and impairment losses	(32,771)
Profit or loss from divestment	(3,884)
Profit/loss for the period	**(66,424)**
Financial income and expenses	(369)
Pre-tax profit/loss from discontinued operations	**(66,793)**
Tax on profit/loss from discontinued operations	12,279
Post-tax profit/loss from discontinued operations	**(54,514)**
Land and buildings	30,452
Other fixtures and fittings, tools and equipment	9,127
Leasehold improvements	672
Biological assets	3,699
Financial assets	1,378
Inventory	4,593
Deferred tax	18,743
Other current assets	3,380
Assets related to discontinued operations	**72,044**
Mortgage debt	5,676
Bank loans	24,950
Trade payables	4,399
Other payables	8,618
Liabilities related to discontinued operations	**43,643**
Cash flows from operating activities	(25,021)
Cash flows from investing activities	21,220
Cash flows from financing activities	21,571
Cash flows related to discontinued operations	**17,770**

As Group Management has decided to discontinue the pig production in 2022, this activity is presented as discontinued operations. The comparative figures have not been restated.

7 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	4,646	17,164
Minority interests' share of profit/loss	2,152	(380)
	6,798	**16,784**

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	5,497	3,516	2,510
Exchange rate adjustments	0	(7)	0
Transfers	2,294	143	(2,294)
Additions	0	0	1,952
Disposals	0	(256)	0
Cost end of year	**7,791**	**3,396**	**2,168**
Amortisation and impairment losses beginning of year	(1,214)	(3,472)	0
Exchange rate adjustments	0	3	0
Amortisation for the year	(1,023)	(46)	0
Reversal regarding disposals	0	256	0
Amortisation and impairment losses end of year	**(2,237)**	**(3,259)**	**0**
Carrying amount end of year	**5,554**	**137**	**2,168**

9 Development projects

Development costs comprise costs and salaries that are directly attributable to the Company's development of a new IT platform. At the end of 2021, a few sub-elements of the development were put into service. The development continues, and the next sub-elements are expected to be put into service in 2023. The IT platform is going to replace the Company's current production tool and is not expected to be resold. The development proceeds as planned in line with deadlines and financial resources. Management has not found any reason to write down the recognised development asset.

10 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Biological assets DKK'000
Cost beginning of year	810,966	283,748	244,802	10,412	17,585
Exchange rate adjustments	(2,326)	(1,759)	(389)	0	0
Transfers	(116,092)	7,001	(75,789)	(10,245)	(17,585)
Additions	19,739	15,646	1,588	0	0
Disposals	(592)	(2,393)	(1,317)	0	0
Cost end of year	**711,695**	**302,243**	**168,895**	**167**	**0**
Revaluations beginning of year	22,500	0	7,146	0	0
Transfers	0	0	(7,146)	0	0
Revaluations end of year	**22,500**	**0**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(456,504)	(181,429)	(182,634)	(6,311)	0
Exchange rate adjustments	552	886	330	0	0
Transfers	73,376	0	67,653	6,144	1,168
Impairment losses for the year	0	0	0	0	(1,168)
Depreciation for the year	(22,894)	(16,234)	(9,880)	0	0
Reversal regarding disposals	592	2,393	1,287	0	0
Depreciation and impairment losses end of year	**(404,878)**	**(194,384)**	**(123,244)**	**(167)**	**0**
Carrying amount end of year	**329,317**	**107,859**	**45,651**	**0**	**0**
Carrying amount if asset had not been revalued	321,135	-	45,651	-	-
Recognised assets not owned by Entity	-	-	759	-	-

	Property, plant and equipment in progress DKK'000
Cost beginning of year	20,193
Exchange rate adjustments	(54)
Transfers	(26,098)
Additions	15,834
Disposals	0
Cost end of year	**9,875**
Revaluations beginning of year	0
Transfers	0
Revaluations end of year	**0**
Depreciation and impairment losses beginning of year	0
Exchange rate adjustments	0
Transfers	0
Impairment losses for the year	0
Depreciation for the year	0
Reversal regarding disposals	0
Depreciation and impairment losses end of year	**0**
Carrying amount end of year	**9,875**
Carrying amount if asset had not been revalued	-
Recognised assets not owned by Entity	-

11 Financial assets

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	60,061	4,332	497	8,834
Transfers	0	(1,096)	(282)	0
Additions	200	656	0	0
Disposals	0	0	0	(1,554)
Cost end of year	**60,261**	**3,892**	**215**	**7,280**
Revaluations beginning of year	40,148	0	0	0
Exchange rate adjustments	(7)	0	0	0
Share of profit/loss for the year	17,348	0	0	0
Revaluations end of year	**57,489**	**0**	**0**	**0**
Impairment losses beginning of year	0	(233)	0	0
Impairment losses end of year	**0**	**(233)**	**0**	**0**
Carrying amount end of year	**117,750**	**3,659**	**215**	**7,280**

Associates	Registered in	Ownership %
BD France	Plabannec, France	50.00
Nordic Poltry Equipment A/S	Hjørring	40.00

12 Deferred tax

Changes during the year	2022 DKK'000	2021 DKK'000
Beginning of year	(15,855)	(19,329)
Recognised in the income statement	(9,303)	3,474
End of year	**(25,158)**	**(15,855)**

Deferred tax has been recognised in the balance sheet as follows	2022 DKK'000	2021 DKK'000
Deferred tax assets	2,267	2,159
Deferred tax liabilities	(27,425)	(18,014)
	(25,158)	**(15,855)**

Deferred tax assets

The recognised tax asset in the Group includes DKK 5,123k from recognised value of tax-loss carryforward, which is expected to be utilised within 3-5 years as part of ordinary operations in the group enterprises. During the year, DKK 47k of the tax-loss carryforward has been utilised.

Deferred tax is incumbent on intangible assets, property, plant and equipment, fixed asset investments, inventories, receivables, provisions, liabilities and tax-loss carryforwards.

13 Prepayments

Prepayments comprise prepaid expenses, including insurance and property expenses relating to the next financial year.

14 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	10,000	1,000	10,000,000
	10,000		**10,000,000**

15 Provisions for pension liabilities etc.

Provisions for pensions, etc. comprise provisions for pension to the Group's employees in Poland.

16 Other provisions

Other provisions comprise guarantee commitments to broiler producers in connection with the outbreak of Salmonella and other diseases.

17 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000	Outstanding after 5 years 2022 DKK'000
Mortgage debt	7,662	8,150	73,514	46,777
Bank loans	12,362	18,366	45,281	7,436
Lease liabilities	517	682	185	0
	20,541	**27,198**	**118,980**	**54,213**

18 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(10,603)	(14,032)
Increase/decrease in receivables	15,620	(13,896)
Increase/decrease in trade payables etc.	(19,057)	19,852
	(14,040)	**(8,076)**

19 Fair value information

	Listed Securities DKK'000
Fair value end of year	87
Unrealised fair value adjustments recognised in the income statement	(6)

20 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	**16,975**	**26,984**

21 Contingent assets

The Group has an entity-specific pre-joint taxation loss to be carried forward amounting to DKK 869k, equivalent to a tax asset of DKK 191k, which can be set off against future tax profits. No tax asset has been recognised in relation to this entity-specific pre-joint taxation loss, as Management assesses that it is unlikely that the company will be able to use this within a period of 3-5 years.

22 Contingent liabilities

The Group has provided a lease guarantee of DKK 1,074k

23 Assets charged and collateral

The Group's mortgage debt of DKK 81,176k is secured by way of mortgage on property, plant and equipment and inventories at a carrying amount of DKK 270,277k.

Bank loans of DKK 88,707k, including cashpool, are secured by way of mortgage deeds totalling DKK 62,050k on property, plant and equipment and inventories whose carrying amount is DKK 57,656k.

A guarantee has been provided to Nordea Kredit Realkreditaktieselskab. The maximum limit of the guarantee is DKK 152,605k. The mortgage debt guaranteed amounts to DKK 73,552 k at 31.12.22.

24 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.

25 Subsidiaries

	Registered in	Corporate form	Ownership %
DanHatch Denmark A/S	Hjørring	A/S	100.00
DanHatch Polen S.A.*	Wolsztyn, Poland	S.A	100.00
DHP Breeder Farms Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o	100.00
DHP Farms Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o	100.00
Hatching Eggs Farms Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o	100.00
DanBroiler A/S	Ikast-Brande	A/S	100.00
DanHatch Special A/S	Hjørring	A/S	51.00
Borum Østergaard Svineproduktion A/S	Aarhus	A/S	100.00
Ørstedgaard Svineproduktion K/S***	Roskilde	K/S	100.00
Munklinde Multisite A/S***	Ikast-Brande	A/S	100.00
Hagesholm Multisite K/S***	Holbæk	K/S	100.00
Næsgård Multisite A/S***	Guldborgsund	A/S	100.00
SG DPL A/S	Lolland	A/S	100.00
Ørstedgaard Svineproduktion ApS***	Hjørring	ApS	100.00
Komplementarselskabet Hagesholm Multisite ApS***	Hjørring	ApS	100.00
Amstrup Svineproduktion ApS***	Hjørring	ApS	100.00
Neubukow Pork GmbH****	Harrislee, Germany	GmbH	100.00
DanPiglet A/S	Hjørring	A/S	100.00
DanHatch Finland OY	Mynämäki, Finland	OY	90.00
DHF Breeder OY	Mynämäki, Finland	OY	100.00
Rumænien Invest A/S	Hjørring	A/S	100.00
Sanavia s.r.l.*****	Romania	s.r.l.	100.00
DHP Farms West 2 SPV Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o.	100.00

*) Group enterprise in DanHatch Denmark A/S.
**) Group enterprise in DanHatch Poland S.A.
***) Group enterprise in DanPiglet A/S
****) Group enterprise in Amstrup Svineproduktion ApS

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue		11,498	11,498
Own work capitalised		851	836
Other external expenses		(5,137)	(3,938)
Gross profit/loss		**7,212**	**8,396**
Staff costs	1	(17,097)	(16,181)
Depreciation, amortisation and impairment losses	2	(1,023)	(687)
Operating profit/loss		**(10,908)**	**(8,472)**
Income from investments in group enterprises		(6,193)	13,099
Income from investments in associates		17,348	8,930
Other financial income	3	5,859	4,246
Other financial expenses	4	(3,135)	(2,108)
Profit/loss before tax		**2,971**	**15,695**
Tax on profit/loss for the year	5	1,675	1,469
Profit/loss for the year	6	**4,646**	**17,164**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	8	5,554	4,283
Development projects in progress	8	2,168	2,510
Intangible assets	7	**7,722**	**6,793**
Investments in group enterprises		394,781	397,818
Receivables from group enterprises		0	20
Investments in associates		117,750	100,209
Other receivables		2,500	3,000
Financial assets	9	**515,031**	**501,047**
Fixed assets		**522,753**	**507,840**
Trade receivables		2	3
Receivables from group enterprises		170,415	155,044
Receivables from associates		0	7,446
Other receivables		200	238
Tax receivable		0	3,365
Joint taxation contribution receivable		9,703	8,059
Prepayments	10	159	200
Receivables		**180,479**	**174,355**
Current assets		**180,479**	**174,355**
Assets		**703,232**	**682,195**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		10,000	10,000
Reserve for development costs		6,023	5,299
Retained earnings		590,520	592,449
Equity		**606,543**	**607,748**
Deferred tax	11	998	1,495
Provisions		**998**	**1,495**
Bank loans		30,452	24,749
Trade payables		554	1,256
Payables to group enterprises		52,451	35,756
Joint taxation contribution payable		8,011	6,741
Other payables		4,223	4,450
Current liabilities other than provisions		**95,691**	**72,952**
Liabilities other than provisions		**95,691**	**72,952**
Equity and liabilities		**703,232**	**682,195**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Transactions with related parties	15		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,000	5,299	592,449	607,748
Effect of divestments of entities etc.	0	0	(2,434)	(2,434)
Exchange rate adjustments	0	0	(3,417)	(3,417)
Transfer to reserves	0	724	(724)	0
Profit/loss for the year	0	0	4,646	4,646
Equity end of year	**10,000**	**6,023**	**590,520**	**606,543**

Notes to parent financial statements

1 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	15,037	14,281
Pension costs	1,941	1,778
Other social security costs	119	122
	17,097	**16,181**

Average number of full-time employees	**17**	**17**

	Remuneration of Management 2022 DKK'000	Remuneration of Management 2021 DKK'000
Total amount for management categories	3,151	3,575
	3,151	**3,575**

2 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	1,023	687
	1,023	**687**

3 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	3,778	2,722
Financial income from associates	102	40
Other interest income	1,950	1,476
Other financial income	29	8
	5,859	**4,246**

4 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	395	239
Other interest expenses	2,740	1,869
	3,135	**2,108**

5 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	0	(1,701)
Change in deferred tax	(497)	232
Adjustment concerning previous years	116	0
Refund in joint taxation arrangement	(1,294)	0
	(1,675)	**(1,469)**

6 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	4,646	17,164
	4,646	**17,164**

7 Intangible assets

	Completed development projects DKK'000	Development projects in progress DKK'000
Cost beginning of year	5,497	2,510
Transfers	2,294	(2,294)
Additions	0	1,952
Cost end of year	**7,791**	**2,168**
Amortisation and impairment losses beginning of year	(1,214)	0
Amortisation for the year	(1,023)	0
Amortisation and impairment losses end of year	**(2,237)**	**0**
Carrying amount end of year	**5,554**	**2,168**

8 Development projects

Development costs comprise costs and salaries that are directly attributable to the Company's development of a new IT platform. At the end of 2021, a few sub-elements of the development were put into service. The development continues, and the next sub-elements are expected to be put into service in 2023. The IT platform is going to replace the Company's current production tool and is not expected to be resold. The development proceeds as planned in line with deadlines and financial resources. Management has not found any reason to write down the recognised development asset.

9 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	544,685	20	60,061	3,000
Transfers	0	(20)	0	0
Additions	30,000	0	200	0
Disposals	0	0	0	(500)
Cost end of year	**574,685**	**0**	**60,261**	**2,500**
Revaluations beginning of year	(146,867)	0	40,148	0
Exchange rate adjustments	(3,410)	0	(7)	0
Share of profit/loss for the year	(6,193)	0	17,348	0
Dividend	(21,000)	0	0	0
Other adjustments	(2,434)	0	0	0
Revaluations end of year	**(179,904)**	**0**	**57,489**	**0**
Carrying amount end of year	**394,781**	**0**	**117,750**	**2,500**

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

Investments in associates	Registered in	Corporate form	Ownership %
BD France SAS	Plabannec, France	SAS	50.00
Nordic Poultry Equipment A/S	Hjørring	A/S	40.00

10 Prepayments

Prepayments comprise prepaid expenses.

11 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	1,698	1,495
Tax losses carried forward	(700)	0
Deferred tax	**998**	**1,495**

Changes during the year	2022 DKK'000	2021 DKK'000
Beginning of year	1,495	1,263
Recognised in the income statement	(497)	232
End of year	**998**	**1,495**

12 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	**56**	**195**

13 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

14 Assets charged and collateral

As security for cashpool (intercompany account with group enterprises), the Entity has guaranteed the group enterprises' debt to Nordea Bank.

The Entity has provided a guarantee for group enterprises' debt to Nordea Kredit Realkreditaktieselskab of a maximum of DKK 26,454k. The mortgage debt in group enterprises amounts to DKK 25,774 k.

15 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. In the year, a tax-free group contribution of DKK 30,000k was provided to a subsidiary. No further non-arm's length transactions were conducted in 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 Parent's annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium) with addition of a few provisions 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.

Non-comparability

In the consolidated financial statements for the current year, the Group's activities relating to pig production are for sale, and therefore these activities are presented as discontinued operations unlike the comparative 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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the Entity's other operations.

Results from discontinued operations are presented in the income statement as a separate item consisting of profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets relating to the discontinued operations are presented separately in the balance sheet as assets related to discontinued operations. Liabilities related to the discontinued operations are presented separately in the balance sheet as liabilities related to discontinued operations.

The comparative figures in the income statement and the balance sheet are not restated.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

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

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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.

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

Other financial income
Other financial income comprises dividends etc. received on other investments, 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 all of its 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

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.

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. If the useful life cannot be estimated reliably, it is fixed at 8 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 as well as 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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

	Useful life
Buildings	10-30 years
Plant and machinery	5-12 years
Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	22 years

For leasehold improvements and assets subject to finance leases, 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.

Biological assets
On initial recognition, biological assets comprising live pigs are measured at cost which, for acquired assets, comprises the acquisition price plus any directly related acquisition costs. As the stock is replaced on a continuous basis, it is not depreciated.

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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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.

Goodwill is the difference between cost of investments and fair value of the pro rata share 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 amounts of goodwill, useful life 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 5-15 years.

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

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

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in 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 amounts of 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. The amortisation periods used are 5-15 years.

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

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

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

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

Inventories
Stocks, which consist of pigs and chickens, are measured at cost. Cost consists of direct costs and indirect production costs.

Cost of pigs is calculated on the basis of assumptions included in Danish Bacon and Meat Council's continuous calculations of piglet listing, whereas chickens are recognised at 90% of a scale value distributed by age based on the cost, value increment and remaining lives of the animals.

Eggs that are included in production are presented as work in progress. Other eggs are presented as raw material and consumables.

Egg laying stock is presented as raw materials and consumables together with other raw material inventories. Inventories are recognised at the lower of cost and net realisable value. Cost consists of delivery costs and any costs of conversion.

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

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.

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.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are 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.

Other investments (current assets)
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises bank deposits.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Provisions for pension liabilities etc
Provisions for pension liabilities etc are measured at net realisable value equal to the present value of expected payments by the individual pension plans etc.

Other provisions
Guarantee commitments comprise commitments towards broiler producers in connection with outbreak of salmonella and other diseases.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a

financial expense over the term of the leases.

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.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as 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 income taxes paid.

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt.

Cash and cash equivalents comprise cash.