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DanHatch Holding A/S

Rugerivej 26
9760 Vrå
Central Business Registration
No 38223038

Annual report 2019

The Annual General Meeting adopted the annual report on 16.03.2020

Chairman of the General Meeting

Name: Christian Junker

Contents

Entity details

Entity
DanHatch Holding A/S
Rugerivej 26
9760 Vrå

Central Business Registration No (CVR): 38223038
Registered in: Hjørring
Financial year: 01.01.2019 - 31.12.2019

Board of Directors
Ole Christensen, chairman
Christian Pagaard Junker, vice chairman
Kristian Johnsen Hundebøll
Niels Dengsø Jensen
Jørgen Hesselbjerg Mikkelsen
Henning Haahr

Executive Board
Kristian Holm Kristensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
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 01.01.2019 - 31.12.2019.

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

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

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

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

Vrå, 07.02.2020

Executive Board

Kristian Holm Kristensen

Board of Directors

Ole Christensen chairman	Christian Pagaard Junker vice chairman	Kristian Johnsen Hundebøll
Niels Dengsø Jensen	Jørgen Hesselbjerg Mikkelsen	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 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the 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 Parent'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 Group or 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

Independent auditor's report

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 these 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 Parent’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 Parent’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.

Independent auditor's report

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, 07.02.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Skovsgaard
State Authorised Public Accountant
Identification No (MNE) mne34333

Rasmus Brodd Johnsen
State Authorised Public Accountant
Identification No (MNE) mne33217

Management commentary

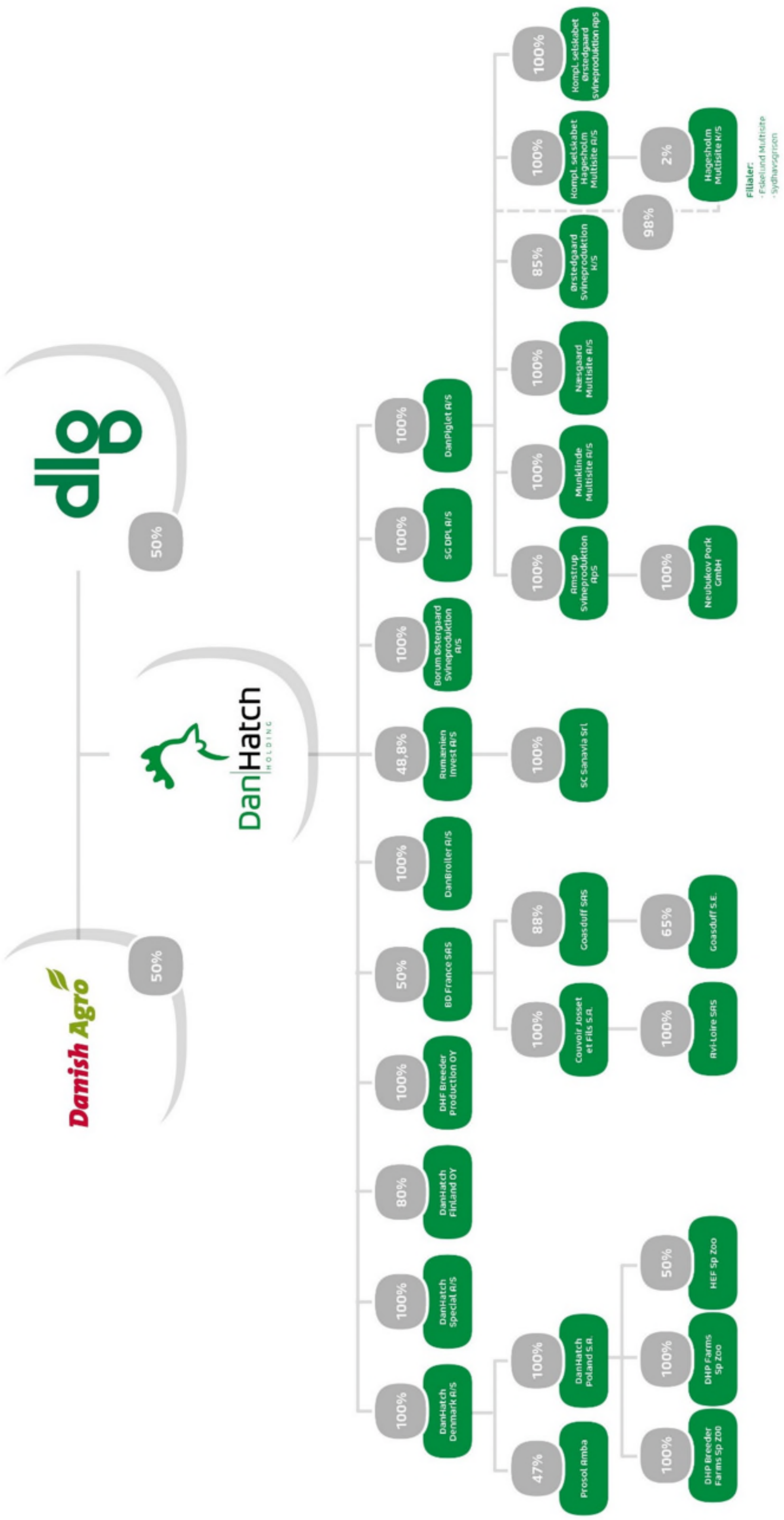
	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	1.181.566	1.094.351	1.109.701	1.052.039	961.112
Gross profit/loss	276.935	216.552	261.020	229.761	179.665
Operating profit/loss	80.440	37.873	87.864	55.206	22.539
Net financials	6.995	10.844	(2.580)	(3.478)	(4.533)
Profit/loss for the year	70.456	40.853	68.123	39.780	14.854
Profit/loss excl minority interests	67.961	40.609	64.982	38.648	16.849
Total assets	983.074	924.025	932.881	883.951	827.663
Investments in property, plant and equipment	70.721	43.852	91.436	185.718	128.714
Equity	581.867	511.783	474.458	391.588	354.239
Ratios					
Gross margin (%)	23,4	19,8	23,5	21,8	18,7
Net margin (%)	6,0	3,7	6,1	3,8	1,5
Return on equity (%)	12,9	8,3	15,7	10,7	4,5
Equity ratio (%)	59,2	55,4	50,9	44,3	42,8

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

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss excl minority interests x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities



Management commentary

Primary activities
The DanHatch Group is an international group engaging in poultry and pig 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 hatcheries with facilities in Denmark, Finland, Poland and France.

Development in activities and finances
The global consumption of poultry meat has increased considerably in recent years. This has also been the trend in Europe and primarily caused by changes in consumer preferences towards poultry meat. Also, more incidents of the African Swine Fever (ASF) in the Far East over the past year have altered the ordinary trading patterns and caused the prices of pig meat to surge. Both factors have in 2019 had a positive impact on the DanHatch Group, which has experienced handsome growth and satisfactory financial performance in most of the markets in which the Group is active.

Continued growth in poultry operations
In 2019, the DanHatch Group reached another sales high of 454 million day-old chicks compared to 419 million last year. This increase is a result of market growth in Finland, the Baltics, Poland and France, whereas sales in Denmark have been fairly stable. Consequently, multiple renovation and extension projects have been initiated in H2 2019 to boost hatching capacity in Poland and France in particular.

At financial year-end, the Group's hatching capacity totalled just over 485 million day-old chicks. However, the plan is to increase capacity to 525 million in 2020, thus creating a potential for further growth in the years ahead.

Developments in the poultry companies
In 2019, DanHatch Denmark A/S' two Danish hatcheries sold 146.0 million conventional day-old chicks, 114.7 million of which were sold on the domestic market and 31.3 million were exported. Total sales were 0.9 million above the 2018 level. This increase in sales is attributable to a positive development in exports to numerous countries in Eastern Europe and the Baltics whereas sales on the domestic market have been declining because of lower occupancy in the poultry sheds as a result of a higher dressed weight. Also, sales of day-old chicks to the Danish market have been affected by intensified competition from foreign hatcheries. Danish hatching egg exports stood at 31.2 million eggs in 2019, which is a slight decline on 2018. The Company has been able to export both hatching eggs and day-old chicks at higher prices than last year, resulting in a larger contribution to its earnings.

In 2019, DanHatch Special A/S sold 1.9 million organic and slow-growing day-old chicks. This is a 0.3 million decline in the sales volume of day-old chicks compared to 2018. The reason for this decline is structural changes with the Danish slaughterhouses engaged in this special segment as one slaughterhouse has decided to no longer produce organic broilers.

Danish broiler production was in 2019 influenced by a stable development in productivity, with the foundation being delivery of healthy and robust day-old chicks of high quality from DanHatch Denmark's hatcheries. So the productivity figures of the combined Danish broiler production remain at a satisfactory level, albeit with a downward trend in broilers' feed-to-gain ratio towards the end of the year.

Productivity and parent animal health status have gone up for both parameters in 2019. This has provided a

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basis for increased and stable earnings in large parts of the related breeding and hatching egg production. The year also saw massive investments in the upgrading of the Company's own hatching egg facilities. In the supply channel, two old and small breeding facilities have been replaced by a larger and newly built facility that will help improve the underlying basis for the Company's raw materials supply of pullets and hatching eggs.

In 2019, the DanHatch Group's foreign hatcheries in Poland and Finland operated on markets with handsome growth. The subsidiary, DanHatch Poland S.A., experienced a domestic market generating most positive growth rates, resulting record-high sales of 106.1 million day-old chicks, which means that 17.1 million more day-old chicks were sold than in 2018. This increase in sales should be viewed in conjunction with the many new establishments in the broiler production segment because of a steep rise in the production capacity of many Polish slaughterhouses. This positive development in the Polish broiler industry is primarily driven by a strong competitive power that enables handsome increases in Poland's poultry products exports. As a result of the outlined market developments, DanHatch Poland has in H2 2019 started to extend the hatching capacity at its hatching facility in Stary Widzim by 15 million day-old chicks to around 120 million a year.

At DanHatch Finland Oy, sales have during the year gone from 6.5 million to 43.3 million day-old chicks, which is mainly attributable to the gradual phasing-in of a new customer. Both the domestic market and the export market are expected to continue to grow in the years ahead, for which reason the company in 2019 initiated a renovation process on the Kokemäki hatchery, which, by using new incubators and enhanced automated processes, is to lead to an increase in hatching capacity from the current 15 million day-old chicks to just under 30 million a year.

The DanHatch Group's French arm, BD France SAS, which is owned on a 50:50 basis with the Belgian business partner, Yellow Bird Group, increased its sales to 156.4 million day-old chicks in 2019 against 146.0 million in 2018. This improvement is primarily a result of organic growth in the east of France.

Mid-2019, BD France launched a five-year investment plan aimed at gradually upgrading the related breeding and hatching egg production and at renovating and extending the company's four hatcheries. The purpose of this is to match the increasing market requirements and to continue organic growth in the French market for both special and conventional day-old chicks for broiler production.

The level of this year's earnings from the Group's broiler production at DanHatch Denmark A/S and DanBroiler A/S has been lower than in 2018. The main reasons for this have been high feed prices in the first eight months of 2019 and a declining quotation level for broilers in the last part of the year. In the last quarter, DanHatch Denmark A/S sold the Østerbæk broiler facility near Padborg, Denmark, which had a production capacity of 90,000 units per rotation. The facility was sold to a local poultry producer, generating a satisfactory profit relative to the carrying amounts.

Progress in pig operations
After a challenging 2018 with high feed prices and a low settlement price on piglets, the production economy has in 2019 been far more viable for the DanHatch Group's pig operations in the subsidiary DanPiglet. Throughout the year, the company has had activities at 7 sow plants producing 30-kilo pigs. A total of 269,241 piglets were produced based on 8,490 yearling sows. This is equivalent to an average productivity rate of 31.7 piglets produced per yearling sow. The average level of productivity of the facilities has been

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lower in 2019 than in previous years. The reason for this is a number of production problems caused by various challenges. Several of these challenges have been dealt with during the year, and towards the end of the year productivity has again been on an upward trend. The settlement prices of piglets have gradually increased during 2019, primarily because of the ASF situation in China, and at financial year-end prices stood at a record high. All in all, this has caused DanPiglet's financial performance for the year to be quite satisfactory.

Mid-2019, the DanPiglet Group acquired a 30% stake from a co-shareholder in the subsidiary Ørstedgaard Svineproduktion K/S and now holds a total of 85% of the contributed capital. Also, late in the summer of 2019, the Group acquired the sow facility held by the subsidiary Amstrup Svineproduktion and an accompanying production unit with controlled environment sections.

Financial situation
The DanHatch Group realised a satisfactory net profit for the financial year 2019 amounting to DKK 68.0m (including investments in group enterprises and associates but exclusive of minority interests) against a net profit of DKK 40.6m in 2018. Profit for the year includes a handsome profit from poultry production, including DanHatch Holding, of DKK 56.4m against DKK 57.0m in 2018. The share of profit from foreign hatching companies amounted to DKK 33.0m against DKK 33.2m in 2018. Also, the Danish export activities realised quite satisfactory earnings in 2019 that by far exceed those realised in 2018. Pig operations of DanPiglet A/S have contributed with a satisfactory profit of DKK 11.6m after tax and minority interests compared to a loss of DKK 16.4m in 2018.

Total group revenue amounted to DKK 1,181.6m against DKK 1,094.4m in 2018. Revenue from poultry operations amounted to DKK 1,041.8m of which the activities of the Finnish and Polish subsidiaries collectively accounted for DKK 526.1m, whereas revenue of DanPiglet A/S was DKK 139.8m.

The Group's investments in operations totalled DKK 64.7m in 2019. The money invested has primarily been spent on building new facilities to produce chicken and pigs and for hatching and on acquiring a previously leased pig production facility. In addition, transport equipment and various forms of automation devices were upgraded or replaced.

In spring 2019, total dividends of DKK 83.0m were distributed by the Group's subsidiaries to the Parent, DanHatch Holding A/S.

A key prerequisite for the DanHatch Group's fine financial results is a dedicated and loyal staff. The employees of each group company are the most important asset of the different operations, and through the DanHatch Group's core values, they contribute to a stable and positive development of the Group. Through this year's strategy efforts, these core values have been strengthened and embedded under these captions:

- Independence and responsibility
- Reliability and professional pride
- Commitment and loyalty

Profit for the year compared with earnings expectations
Profit for the year exclusive of minority interests totalled DK 68.0m, which is considerably higher than "a

Management commentary

little higher than that realised in 2018" which was what had been expected. The primary reason for this has been this year's increase in settlement prices on piglets which has improved the financial performance of DanPiglet A/S quite considerably particularly in the second half of the year.

Outlook

Poultry operations – group strategy with focus on development

In 2019, the DanHatch Group developed a new and updated group strategy for the period up to 2025 entitled 'Moving Forward'. This strategy includes some goals which concern both new and existing markets in Europe and participation in the consolidation of the hatchery stage currently ongoing in the broiler sector. In the short term, this means that attention will be focused particularly on consolidation in the Polish and French day-old chicks markets.

Moreover, the focus of the strategy is on the increasing demand globally for poultry meat that is prospectively expected to lead to continuous organic growth in the Group's production volumes. This development in consumption is mainly connected with poultry meat being healthy, cheap, easy and quick to prepare and unrelated to religion. To this should be added the climate friendly and sustainable perspective which is gaining more and more attention as the production of poultry meat has less climate impact than many other livestock products because of lower feed consumption. Also, the strategy concentrates on setting up new partnerships and business relationships in the Group's domestic markets, developing and implementing shared group standards across subsidiaries, developing leadership and employee capabilities, and on development projects with focus on product quality and process efficiency.

In the short term, the strategy will entail that, in its efforts to accommodate the expected growth in its current markets, the DanHatch Group will already in 2020 carry through investment projects that will boost hatching capacity and ensure greater flexibility while at the same time upgrade the hatcheries with focus on product quality and process efficiency.

The key success criterion in realising the Group's strategic goals over the next five-year period is that each initiative will create a both positive and profitable development. Also, efforts must be made to gain continuous synergies across the companies within the Group's primary activity, namely hatching.

Pig operations

In 2020, the financial performance of the DanPiglet Group will be highly dependent on the developments in production efficiency as well as selling and feed prices where the development in the competitive situation is the most important factor. ASF incidents in the Far East and the spreading of the fever in Europe may affect pricing in opposite directions as well as the possibilities of selling piglets in Denmark. The competitive situation for piglet production has been unusually good in the latter part of the financial year 2019, and selling prices have continued to increase at the beginning of 2020, which is why the boom for pig meat is considered to go on for some time. All forecasts, though, are pointing to exceptional market uncertainties due to the effects of Brexit and the ASF outbreak.

Several years ago, the DanHatch Group, which owns DanPiglet A/S, laid down the overall strategy for a controlled phasing-out of the pig operations within the foreseeable future. This strategy will be upheld in spite of the positive financial developments throughout 2019, and expectations are that production facilities will be sold off in 2020.

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Outlook

Group expectations

For the financial year 2020, Management of DanHatch Holding A/S expects a satisfactory group profit, which will exceed that realised in 2019 by between DKK 4m and DKK 8m. These earnings expectations, however, are subject to some uncertainty, which relates to the development in production structure, consumers' demand for poultry meat and pork, compulsorily notifiable animal diseases (e.g. Avian Influenza and African Swine Fever), 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, day-old chicks and piglets.

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' 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. DanPiglet A/S' trading relations for the sale of piglets are typically regulated by current trading agreements with a mutual notice period of 3-6 months.

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 maintenance of a good state of health and a high biosecurity level.

The introduction of Salmonella 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 cooperating closely with external cooperative partners.

In 2017, 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 while 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's own breeding and hatching egg facilities. Abroad, only DanHatch Finland Oy has taken out livestock insurance too together with this company's related breeding and hatching egg producers with a national insurance company operating in this area.

In the latter half of 2019 and in early 2020, the DanPiglet Group's pig operations have favoured price-wise by a massive global demand for pork due to more incidents of ASF, particularly in the Far East. In early 2020, the fever was recorded in Poland near the German border and thus close to the largest market for piglets

Management commentary

from DanPiglet’s production facilities. Any spread of ASF to the markets that the Group primarily is selling piglets to may involve serious sales risks. Currently, it is not possible to take out insurance cover for this. The assessment is, however, that if sales to the main markets are reduced because of any ASF outbreak, then expectations are that it will be possible to sell the piglets to the rest of the EU internal market, which will presumably cause prices to plunge. If ASF is recorded in Denmark, sweeping restrictions on both pig production and the export of livestock and products are likely to be implemented, which will have massive adverse financial consequences for the DanPiglet Group.

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.

Foreign exchange 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.

DanPiglet A/S’ sales are primarily conducted in DKK. A small portion of the company’s debt, however, is raised in EUR, which is hedged through the Group’s net income denominated in EUR.

Statutory report on corporate social responsibility
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

Management commentary

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 this area in 2019, three incidents of Salmonella infection in the breeding and hatching egg production in Denmark had to be dealt with.

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

Responsibility for education
DanHatch wants to help promote co-operation between educational institutions and the business sector. This is why the Group is open to taking in interns, students and trainees who would like to have hands-on work experience as a supplement to their theoretical knowledge from e.g. universities and business schools. In 2019, a series of minor internship programmes were run across the countries in which the Group is represented, and DanHatch Denmark has had a trainee from France for some time. Also, in February 2019, DanHatch Denmark engaged an industrial PhD student on a three-year contract through its cooperation with the University of Copenhagen.

Co-operating with the educational institutions is a way in which DanHatch may help educate the next generation and hence assume social responsibility for maintaining the high level of education in the Danish labour market. These programmes are also profitable for the Group, which will have new external input from this and an opportunity to promote the Company through employer branding.

HR Group
An HR Group team was set up in the spring of 2019, consisting of local HR managers from the countries in which the DanHatch Group is represented. The object of this team is to develop the future HR and communication strategies and to formulate and implement shared HR group standards. The HR Group is to tap synergies across the DanHatch Group's companies and, in doing so, create a strong foundation, cohesion and a consistent and clear-cut profile for the Group.

One of the HR Group team's coming projects will be the development of a code of conduct that is to illustrate the standard for how the DanHatch Group will operate. This code is to assist in ensuring that all group companies will act from the same practice and comply with legislation and the internal policies for accountability and behaviour.

In addition, the HR Group will in 2020 start the work to set up a new group website. The layout and text of this website will be based on directions from the Group's new brand and design guide that was developed in 2019.

Workplace risk assessment and job satisfaction survey
Every other year, the Group's Danish poultry companies carry out a workplace risk assessment which also

Management commentary

includes a job satisfaction survey. The Danish Working Environment Act stipulates that the workplace risk assessment must be revised every three years, however, DanHatch has opted for a higher frequency because the continuous work of mapping the physical and psychological environment of the workplace helps sustain DanHatch as an attractive place to work.

In 2019, the survey was conducted with a very high response rate of 85.8%, the highest rate yet. The results showed, among other things, that the employees' job satisfaction was really high, and they were also very satisfied with the level of responsibility and independence in their jobs. In the development field, challenges were identified regarding strenuous work positions and lack of feedback from colleagues. Using the results of the job satisfaction survey and the workplace risk assessment, division-specific action plans have been developed that representatives of the Working Environment Committee and the Works Committee will regularly follow up on in collaboration with other staff and managers.

Leadership development and paradox thinking
Over the past year, the Group's Danish executives have participated in a programme based on paradox thinking as the theoretical context. Paradox thinking can be used as a tool to see day-to-day and strategic management from a new perspective. By means of this, an awareness may be obtained about the value of the opposite focal points (paradoxes) in a management task, which may help create a leadership balance. Paradox thinking will also be used in the Group's foreign companies when implementing the new group strategy and in general to give a more balanced view on performing tasks.

The Group's intensified focus on leadership development in the past couple of years has fed through to the results of the job satisfaction survey. When comparing the survey figures for 2013, which was the first year that a job satisfaction survey was performed in the Danish arm of the Company, with the figures for 2019, you can see a considerable development in the employees' evaluation of the executives. On the Likert scale, which goes from -2 to +2, with +2 indicating the highest level of satisfaction, leadership scored 0.39 in 2013 against 1.14 in 2019. Consequently, the leadership evaluation has developed positively. Improved leadership skills also cause employees themselves to have a better basis for developing and thriving.

Recognition and feedback
In 2019, the joint Working Environment and Works Committee of DanHatch Holding and DanHatch Denmark worked with recognition and feedback. This subject was chosen because the job satisfaction survey conducted in the spring revealed that the employees generally wanted feedback from their colleagues when they were performing their day-to-day tasks. So in autumn 2019, all staff groups in Denmark attended a course day with exercises that had giving and receiving feedback as their point of departure. The course was part of a long process regarding the psychological working environment that the Working Environment and Works Committee has had as a common theme since 2018 and will continue to work on in 2020.

Health promoting measures
The DanHatch Group wants to contribute to the employees' health as well as public health in general and is therefore actively supporting various fitness arrangements. In 2019, the Group's employees participated in the DHL Relay Race, the cycling and running event Coast2Coast and that year's four Count Steps campaigns, among other events. As a side benefit, these events also help promote social cohesion at the workplace.

In addition, the Group supports community developments in the form of sponsorships for various sports

Management commentary

activities. For example, the sports clubs Vrå Tennisklub and Serritslev Idrætsforening both received sponsorships in 2019.

Great employee diversity
DanHatch promotes a culture of diversity. The Group aspires to be an inclusive workplace with employee diversity in terms of age, gender, ethnicity, etc. This is reflected in the recruiting processes, the objective of which is to find the candidate best suited for the specific job without having basing the selection on any biased preferences. In the recruiting process, focus is also on enabling the Group's employees, regardless of background, to develop their skills and thrive in a job for the benefit of the individual employee, the Group and society.

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 functions, as described in the Human Resources section. 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 2019, neither internally nor with cooperative partners.

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 2019.

Environmental and climate conditions
All the Group's production plants are subject to the same environmental legislation for agricultural activities and are approved by the relevant authorities. In 2019, the environmental approval of two production plants for the pig production was reconsidered, and in that connection no issues were identified and no further requirements were established that deviate substantially from the structure of the previous environmental approvals.

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 2019, no irregularities were identified in terms of fertiliser allocation, but one fertiliser tank was found to be leaky and was subsequently repaired.

In the Group's Polish subsidiary, an environmental application process was initiated in 2016 after the pur-

Management commentary

chase 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 awaiting approval. In late 2018, another environmental application process was launched to expand the hatching capacity of DanHatch Poland’s hatchery in Stary widzim. In early 2020, all approvals relating to this were granted, and according to the plan the expansion will be complete before the summer of 2020, which will increase the capacity for annual hatching to approx. 120 million day-old chicks.

Based on a strong focus on the Group's energy consumption, energy-saving investments in production plants for both poultry and pig production are made regularly. In 2019, some energy-saving projects involving installation of energy-efficient lighting and heat pumps were completed for which CO_2 compensation has been granted. Also, various minor energy-efficient measures were taken for which the saved amount has yet to be calculated. In addition, the Group’s trucks in Denmark, Finland and Poland are replaced on a regular basis, meaning more energy-efficient engines, which, in combination with driver training, result in a lower fuel consumption and lower CO_2 emissions.

Statutory report on the underrepresented gender

Gender composition in the Group’s management bodies

The members of DanHatch Holding’s Board of Directors elected by the general meeting are elected from the shareholders’ management bodies, whereas the subsidiaries’ board members elected by the general meeting are mostly elected from among the parent’s executives. Accordingly, the breakdown by male and female board members depends on the gender composition within those two forums. There are female board members in several of the Group’s companies, and DanHatch intends to have an average female representation on the boards in reporting class “C” (large) enterprises of at least 30% by 2020.

In 2019, the Board of Directors of DanHatch Holding A/S grew from four to six members elected by the general meeting, of whom none are female. Accordingly, the Group’s target has not been achieved, as the nominated candidates were all men.

In 2019, the Board of Directors of DanHatch A/S was reduced from four Board members elected by the general meeting to three newly elected members. Of those three members, two are male and one is female. Add to this two staff-elected members, one of each gender in 2019. This means that DanHatch Denmark A/S’ target was achieved in 2019.

The DanHatch Group’s target for the gender distribution comprises an overall desire to have a minimum of 40% female managers. Through active recruitment of newly employed managers as well as a structured development process for selected female managers, the share of female managers has increased from 28.1% to 31.3%. Still, however, the target has not been met. It is the DanHatch Group’s objective to continuously focus on the gender composition in all group enterprises.

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 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue	1	1.181.566	1.094.351
Own work capitalised		642	886
Other operating income		10.362	15.333
Costs of raw materials and consumables		(783.791)	(771.672)
Other external expenses	2	(131.844)	(122.346)
Gross profit/loss		**276.935**	**216.552**
Staff costs	3	(133.383)	(124.532)
Depreciation, amortisation and impairment losses	4	(62.941)	(54.131)
Other operating expenses		(171)	(16)
Operating profit/loss		**80.440**	**37.873**
Income from investments in associates		10.338	14.591
Other financial income	5	3.143	3.379
Other financial expenses	6	(6.486)	(7.126)
Profit/loss before tax		**87.435**	**48.717**
Tax on profit/loss for the year	7	(16.979)	(7.864)
Profit/loss for the year	8	**70.456**	**40.853**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Acquired intangible assets		30	169
Goodwill		1.415	4.585
Development projects in progress		4.599	3.097
Intangible assets	9	**6.044**	**7.851**
Land and buildings		377.670	384.126
Plant and machinery		94.324	83.569
Other fixtures and fittings, tools and equipment		68.728	61.380
Leasehold improvements		5.314	6.085
Biological assets		24.969	24.375
Property, plant and equipment in progress		15.883	21.162
Property, plant and equipment	10	**586.888**	**580.697**
Investments in associates		82.486	72.147
Other investments		3.960	4.375
Deposits		497	981
Other receivables		11.404	12.639
Fixed asset investments	11	**98.347**	**90.142**
Fixed assets		**691.279**	**678.690**
Raw materials and consumables		70.211	62.491
Work in progress		51.013	42.927
Inventories		**121.224**	**105.418**
Trade receivables		132.544	117.564
Receivables from associates		4.521	0
Deferred tax	13	2.733	2.340
Other receivables		16.155	12.507
Income tax receivable		1.677	435
Prepayments	14	2.205	2.371
Receivables		**159.835**	**135.217**
Other investments		59	88
Other investments		**59**	**88**

Consolidated balance sheet at 31.12.2019

Cash	**10.677**	**4.612**
Current assets	**291.795**	**245.335**
Assets	**983.074**	**924.025**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		10.000	10.000
Revaluation reserve		7.977	8.508
Reserve for development expenditure		3.588	2.416
Retained earnings		539.996	470.739
Equity attributable to the Parent's owners		**561.561**	**491.663**
Share of equity attributable to minority interests		**20.306**	**20.120**
Equity		**581.867**	**511.783**
Provisions for pension liabilities etc		94	85
Deferred tax	13	21.540	18.975
Other provisions	15	3.675	2.050
Provisions		**25.309**	**21.110**
Mortgage debt		82.926	93.076
Bank loans		70.409	81.993
Finance lease liabilities		2.771	1.473
Non-current liabilities other than provisions	16	**156.106**	**176.542**
Current portion of long-term liabilities other than provisions	16	52.180	47.633
Subordinate loan capital		675	0
Bank loans		39.839	48.350
Deposits		310	0
Prepayments received from customers		16	0
Trade payables		69.092	74.879
Payables to associates		0	111
Income tax payable		1.926	2.222
Other payables		55.754	41.395
Current liabilities other than provisions		**219.792**	**214.590**

Consolidated balance sheet at 31.12.2019

Liabilities other than provisions		**375.898**	**391.132**
Equity and liabilities		**983.074**	**924.025**
Associates	12		
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Revaluation reserve DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	10.000	8.508	2.416	470.739
Effect of divestments of entities etc	0	0	0	0
Exchange rate adjustments	0	0	0	1.884
Value adjustments	0	0	0	68
Tax of entries on equity	0	0	0	(15)
Transfer to reserves	0	(531)	1.172	(641)
Profit/loss for the year	0	0	0	67.961
Equity end of year	**10.000**	**7.977**	**3.588**	**539.996**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	20.120	511.783
Effect of divestments of entities etc	(2.418)	(2.418)
Exchange rate adjustments	109	1.993
Value adjustments	0	68
Tax of entries on equity	0	(15)
Transfer to reserves	0	0
Profit/loss for the year	2.495	70.456
Equity end of year	**20.306**	**581.867**

Consolidated cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		80.440	37.873
Amortisation, depreciation and impairment losses		62.941	53.812
Other provisions		1.634	556
Working capital changes	17	(25.735)	1.345
Cash flow from ordinary operating activities		**119.280**	**93.586**
Financial income received		2.979	3.060
Financial expenses paid		(6.276)	(7.058)
Income taxes refunded/(paid)		(16.330)	(4.718)
Cash flows from operating activities		**99.653**	**84.870**
Acquisition etc of intangible assets		(1.504)	(1.871)
Acquisition etc of property, plant and equipment		(70.721)	(43.852)
Sale of property, plant and equipment		5.424	1.525
Acquisition of fixed asset investments		(1.447)	(19.356)
Sale of fixed asset investments		3.581	16.745
Cash flows from investing activities		**(64.667)**	**(46.809)**
Repayments of loans etc		(15.889)	(7.412)
Loan to associates		(4.521)	0
Changes in bank loans		(8.511)	(40.115)
Cash flows from financing activities		**(28.921)**	**(47.527)**
Increase/decrease in cash and cash equivalents		**6.065**	**(9.466)**
Cash and cash equivalents beginning of year		4.612	14.078
Cash and cash equivalents end of year		**10.677**	**4.612**

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Revenue		
Revenue by geographical market		
Denmark	524.981	498.152
Other EU countries	603.240	550.021
Other European countries	53.345	46.178
	1.181.566	**1.094.351**
Revenue by activity		
Poultry production	1.041.773	991.537
Pig production	139.793	102.814
	1.181.566	**1.094.351**

	2019 DKK'000	2018 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	583	595
Other assurance engagements	313	293
Tax services	127	80
Other services	283	215
	1.306	**1.183**

	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	115.498	105.533
Pension costs	10.545	10.027
Other social security costs	7.047	6.644
Other staff costs	293	2.328
	133.383	**124.532**
Average number of employees	**333**	**336**

	Remunera-tion of manage-ment 2019 DKK'000	Remunera-tion of manage-ment 2018 DKK'000
Total amount for management categories	4.999	4.761
	4.999	**4.761**

Notes to consolidated financial statements

4. Depreciation, amortisation and impairment losses	2019 DKK'000	2018 DKK'000
Amortisation of intangible assets	3.182	4.011
Impairment losses on intangible assets	129	0
Depreciation of property, plant and equipment	52.760	50.120
Impairment losses on property, plant and equipment	6.870	0
	62.941	**54.131**

5. Other financial income	2019 DKK'000	2018 DKK'000
Other interest income	2.375	2.767
Exchange rate adjustments	165	302
Other financial income	603	310
	3.143	**3.379**

6. Other financial expenses	2019 DKK'000	2018 DKK'000
Other interest expenses	5.752	6.369
Exchange rate adjustments	213	393
Other financial expenses	521	364
	6.486	**7.126**

7. Tax on profit/loss for the year	2019 DKK'000	2018 DKK'000
Current tax	15.709	7.035
Change in deferred tax	1.231	1.032
Adjustment concerning previous years	39	(203)
	16.979	**7.864**

8. Proposed distribution of profit/loss	2019 DKK'000	2018 DKK'000
Retained earnings	67.961	40.609
Minority interests' share of profit/loss	2.495	244
	70.456	**40.853**

Notes to consolidated financial statements

	Acquired intangible assets DKK'000	Goodwill DKK'000	Develop-ment projects in progress DKK'000
9. Intangible assets			
Cost beginning of year	5.296	46.854	3.097
Exchange rate adjustments	2	0	0
Additions	2	0	1.502
Disposals	(1.835)	0	0
Cost end of year	**3.465**	**46.854**	**4.599**
Amortisation and impairment losses beginning of year	(5.127)	(42.269)	0
Exchange rate adjustments	(2)	0	0
Impairment losses for the year	(129)	0	0
Amortisation for the year	(12)	(3.170)	0
Reversal regarding disposals	1.835	0	0
Amortisation and impairment losses end of year	**(3.435)**	**(45.439)**	**0**
Carrying amount end of year	**30**	**1.415**	**4.599**

Development projects

Development costs comprise costs and salaries that are directly attributable to the Company's development of a new IT platform, which is expected to be completed within next year. 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.

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
10. Property, plant and equipment				
Cost beginning of year	737.018	234.656	220.273	10.231
Exchange rate adjustments	1.417	899	237	0
Transfers	3.596	9.675	7.004	0
Additions	26.309	12.424	13.058	0
Disposals	(8.877)	(1.095)	(5.513)	0
Cost end of year	**759.463**	**256.559**	**235.059**	**10.231**
Revaluations beginning of year	22.500	0	7.146	0
Revaluations end of year	**22.500**	**0**	**7.146**	**0**
Depreciation and impairment losses beginning of year	(375.392)	(151.087)	(166.039)	(4.146)
Exchange rate adjustments	(232)	(374)	(148)	0
Transfers	(1.083)	693	615	0
Impairment losses for the year	(6.870)	0	0	0
Depreciation for the year	(26.521)	(12.363)	(13.245)	(771)
Reversal regarding disposals	5.805	896	5.340	0
Depreciation and impairment losses end of year	**(404.293)**	**(162.235)**	**(173.477)**	**(4.917)**
Carrying amount end of year	**377.670**	**94.324**	**68.728**	**5.314**
Carrying amount if asset had not been revalued	**367.443**	**-**	**68.728**	**-**
Recognised assets not owned by entity	**-**	**-**	**315**	**-**

Notes to consolidated financial statements

	Biological assets DKK'000	Property, plant and equipment in progress DKK'000
10. Property, plant and equipment		
Cost beginning of year	24.375	21.162
Exchange rate adjustments	0	57
Transfers	0	(20.503)
Additions	721	18.209
Disposals	(127)	(3.042)
Cost end of year	**24.969**	**15.883**
Revaluations beginning of year	0	0
Revaluations end of year	**0**	**0**
Depreciation and impairment losses beginning of year	0	0
Exchange rate adjustments	0	0
Transfers	0	0
Impairment losses for the year	0	0
Depreciation for the year	0	0
Reversal regarding disposals	0	0
Depreciation and impairment losses end of year	**0**	**0**
Carrying amount end of year	**24.969**	**15.883**
Carrying amount if asset had not been revalued	-	-
Recognised assets not owned by entity	-	-

Notes to consolidated financial statements

11. Fixed asset investments	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	59.301	4.608	981	12.639
Additions	0	1.435	12	0
Disposals	0	(1.850)	(496)	(1.235)
Cost end of year	**59.301**	**4.193**	**497**	**11.404**
Revaluations beginning of year	12.846	(233)	0	0
Exchange rate adjustments	2	0	0	0
Amortisation of goodwill	(1.226)	0	0	0
Share of profit/loss for the year	11.563	0	0	0
Revaluations end of year	**23.185**	**(233)**	**0**	**0**
Carrying amount end of year	**82.486**	**3.960**	**497**	**11.404**

12. Associates	Registered in	Equity interest %
Rumænien Invest A/S	Hjørring, Denmark	48,8
BD France	Plabannec, France	50,0

13. Deferred tax

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

The recognised tax asset in the Group includes DKK 806k from recognised value of a 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, a value of DKK 8,187k of the tax-loss carryforward has been utilised.

14. Prepayments

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

15. Other provisions

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

Notes to consolidated financial statements

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000	Outstanding after 5 years DKK'000
16. Liabilities other than provisions				
Subordinate loan capital	0	2.025	0	N/A
Mortgage debt	8.520	9.297	82.926	34.302
Bank loans	42.447	35.613	70.409	N/A
Finance lease liabilities	1.213	698	2.771	N/A
	52.180	**47.633**	**156.106**	**34.302**

	2019 DKK'000	2018 DKK'000
17. Change in working capital		
Increase/decrease in inventories	(15.806)	2.964
Increase/decrease in receivables	(19.459)	(1.142)
Increase/decrease in trade payables etc	9.530	(477)
	(25.735)	**1.345**

18. Financial instruments

To secure the interest rate of part of non-current liabilities, an interest rate swap has been contracted with maturity on 30.12.2020. The interest rate swap has a principal amount of DKK 1,368k and a negative value at the balance sheet date of DKK 36k. The negative value is included in the balance sheet date under other payables (current liabilities).

	2019 DKK'000	2018 DKK'000
19. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**46.806**	**41.424**

20. Contingent liabilities

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

Notes to consolidated financial statements

21. Assets charged and collateral

The Group's mortgage debt of DKK 82,926 is secured by way of mortgage on property, plant and equipment and inventories at a carrying amount of DKK 686,915k.

Bank loans of DKK 152,695k, including cashpool, are secured by way of mortgage deeds totalling DKK 80,540k on property, plant and equipment and inventories whose carrying amount is DKK 686,915k.

A guarantee has been provided to Nordea Kredit Realkreditaktieselskab at a maximum of DKK 176,080k. The mortgage debt amounts to DKK 121,757k.

	Registered in	Corporate form	Equity interest %
22. Subsidiaries			
DanHatch Denmark A/S	Hjørring, Denmark	A/S	100,0
DanHatch Poland S.A.*	Wolsztyn, Poland	S.A.	100,0
DHP Breeder Farms Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o.	100,0
DHP Farms Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o.	100,0
Hatching Eggs Farms Sp. z.o.o.**	Wolsztyn, Poland	Sp. z.o.o.	50,0
DanBroiler A/S	Ikast-Brande, Denmark	A/S	100,0
DanHatch Special A/S	Hjørring, Denmark	A/S	100,0
Borum Østergaard Svineproduktion A/S	Aarhus, Denmark	A/S	100,0
Ørstedgaard Svineproduktion K/S***	Roskilde, Denmark	K/S	85,0
Munklinde Multisite A/S***	Ikast-Brande, Denmark	A/S	100,0
Hagesholm Multisite K/S***	Holbæk, Denmark	K/S	100,0
Næsgård Multisite A/S***	Guldborgsund, Denmark	A/S	100,0
SG DPL A/S	Lolland, Denmark	A/S	100,0
Ørstedgaard Svineproduktion ApS***	Hjørring, Denmark	ApS	100,0
Komplementarselskabet Hagesholm Multisite ApS***	Hjørring, Denmark	ApS	100,0
Amstrup Svineproduktion ApS***	Hjørring, Denmark	ApS	100,0
Neubukow Pork GmbH****	Harrislee, Germany	GmbH	100,0
DanPiglet A/S	Hjørring, Denmark	A/S	100,0
DanHatch Finland OY	Mynämäki, Finland	OY	80,0
DHF Breeder OY	Mynämäki, Finland	OY	100,0

*) 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 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue		10.278	9.216
Own work capitalised		594	792
Other external expenses		(6.288)	(5.881)
Gross profit/loss		**4.584**	**4.127**
Staff costs	1	(13.118)	(12.073)
Operating profit/loss		**(8.534)**	**(7.946)**
Income from investments in group enterprises		63.169	32.257
Income from investments in associates		10.338	14.591
Other financial income	2	2.654	2.733
Other financial expenses	3	(1.149)	(2.622)
Profit/loss before tax		**66.478**	**39.013**
Tax on profit/loss for the year	4	1.483	1.596
Profit/loss for the year	5	**67.961**	**40.609**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Development projects in progress		4.599	3.097
Intangible assets	6	**4.599**	**3.097**
Investments in group enterprises		363.288	381.183
Investments in associates		82.486	72.149
Other receivables		3.700	4.000
Fixed asset investments	7	**449.474**	**457.332**
Fixed assets		**454.073**	**460.429**
Trade receivables		19	1
Receivables from group enterprises		129.333	75.590
Receivables from associates		4.521	0
Other receivables		201	296
Income tax receivable		1.677	0
Joint taxation contribution receivable		12.147	8.597
Prepayments	8	197	205
Receivables		**148.095**	**84.689**
Current assets		**148.095**	**84.689**
Assets		**602.168**	**545.118**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		10.000	10.000
Reserve for development expenditure		3.588	2.416
Retained earnings		547.973	479.247
Equity		**561.561**	**491.663**
Deferred tax	9	1.011	681
Provisions		**1.011**	**681**
Bank loans		24.620	24.138
Trade payables		811	693
Payables to group enterprises		6.620	15.384
Payables to associates		0	111
Income tax payable		0	1.485
Joint taxation contribution payable		1.418	5.105
Other payables		6.127	5.858
Current liabilities other than provisions		**39.596**	**52.774**
Liabilities other than provisions		**39.596**	**52.774**
Equity and liabilities		**602.168**	**545.118**
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		
Related parties with controlling interest	13		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	2.416	479.247	491.663
Exchange rate adjustments	0	0	1.884	1.884
Value adjustments	0	0	53	53
Transfer to reserves	0	1.172	(1.172)	0
Profit/loss for the year	0	0	67.961	67.961
Equity end of year	**10.000**	**3.588**	**547.973**	**561.561**

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	11.499	10.569
Pension costs	1.526	1.415
Other social security costs	93	89
	13.118	**12.073**
Average number of employees	**14**	**14**

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Total amount for management categories	3.060	3.056
	3.060	**3.056**

	2019 DKK'000	2018 DKK'000
2. Other financial income		
Financial income arising from group enterprises	1.774	1.619
Other interest income	873	1.097
Other financial income	7	17
	2.654	**2.733**

	2019 DKK'000	2018 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	102	763
Other interest expenses	1.047	1.859
	1.149	**2.622**

	2019 DKK'000	2018 DKK'000
4. Tax on profit/loss for the year		
Current tax	(1.813)	(2.007)
Change in deferred tax	330	411
	(1.483)	**(1.596)**

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
5. Proposed distribution of profit/loss		
Retained earnings	67.961	40.609
	67.961	**40.609**

	Development projects in progress DKK'000
6. Intangible assets	
Cost beginning of year	3.097
Additions	1.502
Cost end of year	**4.599**
Carrying amount end of year	**4.599**

Development projects

Development costs comprise costs and salaries that are directly attributable to the Company's development of a new IT platform, which is expected to be completed within next year. 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.

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
7. Fixed asset investments			
Cost beginning of year	507.874	56.839	4.000
Disposals	0	0	(300)
Cost end of year	**507.874**	**56.839**	**3.700**
Revaluations beginning of year	(126.690)	15.310	0
Exchange rate adjustments	1.883	0	0
Amortisation of goodwill	(341)	(1.226)	0
Share of profit/loss for the year	63.509	11.563	0
Dividend	(83.000)	0	0
Fair value adjustments	53	0	0
Revaluations end of year	**(144.586)**	**25.647**	**0**
Carrying amount end of year	**363.288**	**82.486**	**3.700**

Notes to parent financial statements

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

	Registered in	Corporate form	Equity interest %
Investments in associates comprise:			
Rumænien Invest A/S	Hjørring	A/S	48,8
BD France SAS	Plabennev, France	SAS	50,0

8. Prepayments
Prepayments comprise prepaid expenses.

	2019 DKK'000
9. Deferred tax	
Changes during the year	
Beginning of year	681
Recognised in the income statement	330
End of year	**1.011**

Deferred tax is exclusively incumbent on intangible assets.

	2019 DKK'000	2018 DKK'000
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**728**	**461**

11. 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

12. 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 8,002k. The mortgage debt in group enterprises amounts to DKK 7,194k.

Notes to parent financial statements

13. Related parties with controlling interest

Only related party transactions that have not been conducted on an arm's length basis are disclosed in the annual report. No such transactions have been 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).

Whereas 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).

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

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. 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' proportionate share of profit or loss is presented as a separate item in Management's proposal for

Accounting policies

distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

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 as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly 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 classified directly as 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 of 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.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

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

Changes in the fair value of derivative financial instruments classified as and complying with the requirements

Accounting policies

for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods, goods for resale and services 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, including rental income and profits from sale of intangible assets and property, plant and equipment.

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 salaries and wages as well as 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.

Other operating expenses

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

Accounting policies

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 internal 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 elimination of internal 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 as well as tax relief under the Danish Tax Prepayment Scheme etc.

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

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

The Parent is jointly taxed with all its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed enterprises in proportion to the taxable income (full allocation with refund of tax-loss carryforwards).

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. 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.

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

Intellectual property rights etc
Intellectual property rights etc comprise costs relating to running-in of new stock as well as development projects.

Accounting policies

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.

Intellectual property rights acquired (running-in costs) are measured at cost less accumulated amortisation. Running-in costs are amortised on a straight-line basis over the maximum 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:

Buildings (residual value 0-25%)	10-30 years
Plant and machinery (residual value 0%)	5-12 years
Other fixtures and fittings, tools and equipment (residual value 0%)	3-15 years
Leasehold improvements (residual value 0%)	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.

Accounting policies

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

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For 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 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 enterprises' equity values 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 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 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 under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For 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

Accounting policies

periods used are 5-15 years.

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

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

Other investments
Other investments comprise shareholders' accounts, 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.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

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

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 or the planned settlement of each liability.

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.

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.

Finance lease liabilities
Lease commitments 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 commitments 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.

Accounting policies

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities 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.