DanHatch Holding A/S

Rugerivej 26
9760 Vrå
CVR No. 38223038

Annual report 2023

The Annual General Meeting adopted the annual report on 08.04.2024

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: 01.01.2023 - 31.12.2023

Board of Directors

Henning Haahr, Chairman
Jørgen Hesselbjerg Mikkelsen
Niels Dengsø Jensen
Kristian Johnsen Hundebøll, Vice Chairman

Executive Board

Lasse Olesen
Anette Hermansen

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 01.01.2023 - 31.12.2023.

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

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

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

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

Vrå, 08.04.2024

Executive Board

Lasse Olesen	**Anette Hermansen**

Board of Directors

Henning Haahr Chairman	**Jørgen Hesselbjerg Mikkelsen**
Niels Dengsø Jensen	**Kristian Johnsen Hundebøll** Vice Chairman

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

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

Basis for opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aalborg, 08.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

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

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Revenue	1,286,609	1,223,305	1,125,530	1,154,830	1,181,566
Gross profit/loss	268,896	247,314	219,488	250,582	276,935
Operating profit/loss	53,619	60,213	13,127	52,830	80,440
Net financials	(3,954)	(4,680)	(4,126)	(3,186)	(3,343)
Profit/loss for the year	36,170	6,798	16,784	44,042	70,456
Profit for the year excl. minority interests	35,338	4,646	17,164	43,467	67,961
Balance sheet total	1,067,083	983,636	1,017,895	975,941	983,074
Investments in property, plant and equipment	97,422	52,807	79,199	86,548	70,721
Equity	684,278	630,383	639,731	608,092	581,867
Equity excl. minority interests	660,341	606,546	607,748	592,305	561,561
Ratios					
Gross margin (%)	20.90	20.22	19.50	21.70	23.44
Net margin (%)	2.81	0.56	1.49	3.81	5.96
Return on equity (%)	5.58	0.77	2.86	7.53	12.91
Equity ratio (%)	61.88	61.66	59.71	60.69	57.12

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 (%):

$$\frac{\text{Gross margin} * 100}{\text{Revenue}}$$

Net margin (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$$

Return on equity (%):

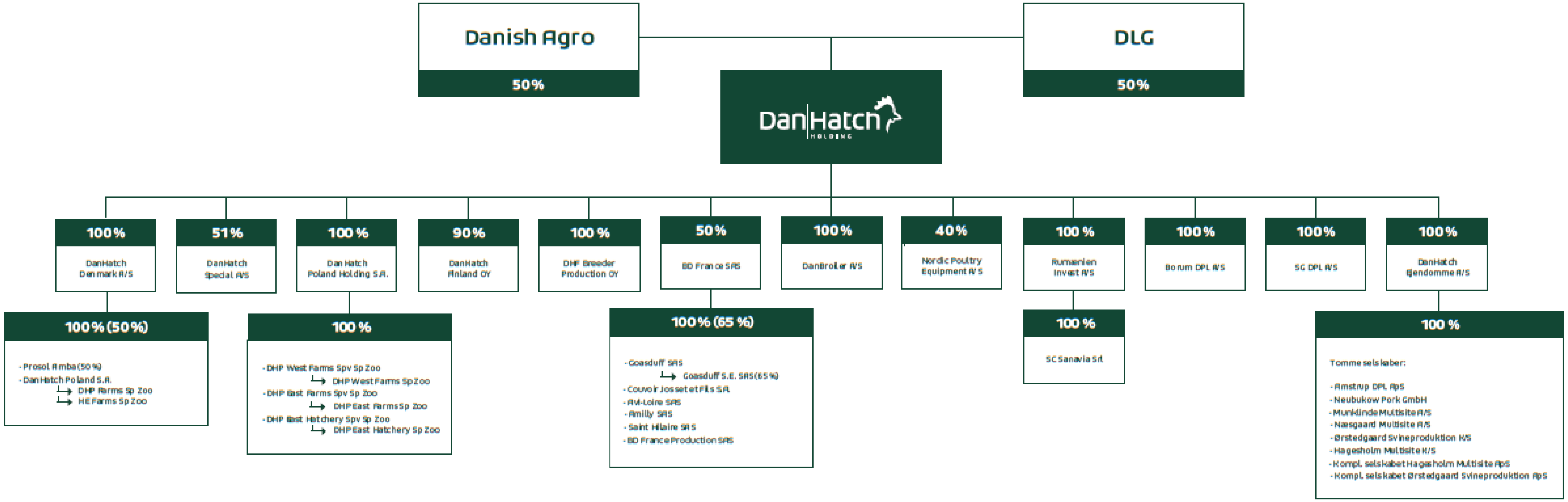
$$\frac{\text{Profit/loss for the year excl. minority interests} * 100}{\text{Average equity excl. minority interests}}$$

Equity ratio (%):

$$\frac{\text{Equity excl. minority interests * 100}}{\text{Balance sheet total}}$$

Selskabsstruktur
DanHatch Group

Pr. 31.12.2023



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 hatcheries with facilities in Denmark, Finland, Poland, and France.

In 2022, the DanHatch Group commenced the closure of its pig production activities.

Development in activities and finances

The most significant impact in 2023

In 2023, the DanHatch Group was once again significantly affected by the ongoing presence of highly pathogenic avian influenza (HPAI) in poultry, which resulted in significant fluctuations in both production conditions and demand and pricing for the Group's main products throughout the year. Furthermore, the geopolitical conditions have caused unusually large fluctuations in prices for both energy and raw materials for feed production throughout most of the year.

Continued growth in poultry operations

In 2023, the DanHatch Group reached another sales high of 503 million day-old chicks compared to 490 million last year. It was primarily the hatcheries in France and Poland that contributed to the increased sales, while the sales volume from the hatcheries in Denmark and Finland declined.

At financial year-end, the Group's hatching capacity totalled approx. 600 million day-old chicks.

Developments in the poultry companies

In 2023, DanHatch Denmark's two Danish hatcheries achieved sales of 129.9 million day-old chicks, of which 74.9 million chicks were sold on the domestic market, and 55.0 million chicks were sold for export. Domestic sales for the year were 7.0 million chicks lower than in 2022, while export sales decreased by 5.5 million chicks.
While the decline in Danish sales was expected, the decrease in exports was primarily due to reduced sales to a single customer.

DanHatch Special's sales of organic and slow-growing day-old chicks amounted to 6.9 million chicks in the financial year, which was 3.1 million chicks more than in 2022. Throughout 2023, the company has continuously increased sales of day-old chicks to concepts based on slower-growing chicken breeds.

The productivity of the company's broiler chicken customers has once again shown satisfactory results in 2023.

The key productivity parameters regarding mortality, culling, feed efficiency, and growth are continuously monitored in collaboration with farmers and slaughterhouses to ensure effective knowledge sharing of relevant data. 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 increased in 2023, 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 two incidents of suspected Salmonella in the first month 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 5.1 million. The primary reasons for this are good production results and favorable terms of trade, which was further helped by the fact that the company's feed consumption was hedged at fixed prices at times that subsequently proved favourable.

The DanHatch Group's foreign hatcheries in Finland, Poland and France operated in 2023 in markets with a very diverse development in the sale of day-old chicks. In 2023, 46.5 million day-old chicks were sold on the Finnish market, which is 0.6 million fewer than in 2022. Finland continues to experience stable growth in the consumption of broiler meat, and thus underlying growth in the industry. The decline can therefore be attributed to increased imports of chicken meat in a year when outbreaks of infectious bronchitis in Q2 resulted in reduced productivity for the rest of the year. At the beginning of 2024, the animals have been vaccinated, and the consequences of the outbreak have largely subsided. For DanHatch Finland Oy, the outbreak resulted in significant additional costs to ensure the future production of hatching eggs in Finland, and in partnership with suppliers, efforts are being made to establish a joint compensation scheme in the event of future outbreaks.

In 2023, DanHatch Poland S.A. experienced a Polish market heavily impacted by a significant incidence of avian influenza and a market that was affected in several ways by the conflict in neighboring Ukraine. High inflation and unstable price conditions throughout the broiler value chain necessitated rapid adjustments of prices and contractual agreements. At the same time, several of the company's hatching egg production facilities, hatcheries, and several broiler chicken customers were repeatedly placed in a surveillance zone due to nearby outbreaks of HPAI. This resulted in limitations on revenue and logistical challenges.

Finally, since the outbreak of the war in Ukraine, the supply of hatching eggs has been significantly reduced in most of the country due to the presence of HPAI-affected parent flocks that were culled without being reestablished.

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 occurred 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 facility did not face such situations, and thanks to effective logistics, DanHatch Poland was often able to maintain high delivery reliability and capacity utilisation. As a result, it was possible to achieve increased sales, which rose to 117.6 million day-old chicks.

In 2023, DanHatch Poland SA acquired a modern breeding facility, and construction of a new breeding farm was initiated with an expected completion date in May 2024.

The DanHatch Group's French subsidiary BD France SAS, which is owned 50/50 together with the Belgian business partner Yellow Bird Group, saw sales growth of 21.6 million day-old chicks in 2022. Thus, the company sold a total of 202.0 million day-old chicks. The increase was primarily due to the acquisition of the hatchery St. Hiliare in mid-2023.

In 2023, BD France SAS completed a comprehensive renovation of the largest hatchery in Brittany, Goasduff, which was inaugurated in late summer. After the establishment in 2017, 5 out of the 6 French hatcheries now appear as thoroughly modernised facilities with the highest standards in biosecurity..

DanHatch Ejendomme A/S and discontinuation of pig activities

For DanHatch Group's pig activities, 2022 marked the final year of production. The company was subsequently renamed DanHatch Ejendomme A/S, and as of the beginning of 2024, there are still two vacant production facilities intended to be sold. At the end of 2023, the company acquired an office property, which will be occupied by the Parent's company administration in 2024.

The costs associated with the shutdown of production, combined with the sale of three properties and the accounting of the remaining two properties at expected sales prices, are the reasons for the unsatisfactory financial performance for 2023.

Sustainability

During the DanHatch Group's strategic work, Group Management put a more targeted focus on sustainability in the autumn of 2021. In collaboration with an external consulting firm, a major analysis has been carried out, forming the basis for incorporating sustainability as a central part of the new corporate strategy "Hatching the Future", which is expected to be approved in Q2 2024 after extensive central and local preparation. 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

In the financial year 2023, under the turbulent market conditions described, the DanHatch Group has achieved a satisfactory profit before tax of DKK 61.7m compared to a profit of DKK 72.9m in 2022. The ceased pig activities in the subsidiary DanHatch Ejendomme A/S have contributed with an estimated loss of DKK 14.8m after tax and minority interests compared to a loss of DKK 54.4m in 2022.

Total group revenue amounted to DKK 1,286.6m against DKK 1,223.3m in 2022(including discontinued operations). Revenue from poultry activities amounted to DKK 1,223.3m (DKK 1,029.1m), of which the activities in the Finnish and Polish subsidiaries collectively amounted to DKK 731.8m (DKK 672.7m).

The Group's investments in operations totalled DKK 98.9m in 2022. These included two facilities in Poland for production of breeding stock. One is a new facility purchased in 2023, while the other is newly constructed with a planned commissioning in May 2024. In addition, a number of buildings and various forms of automation devices and transport equipment were upgraded and renovated.

In 2023, total dividends distributed by the Group's subsidiaries to the Parent, DanHatch Holding A/S amounted to DKK 13.7m.

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.

Profit/loss for the year in relation to expected developments

The DanHatch Group's profit for the year excl. minority interests amounted to DKK 35.3m, which is approx. DKK 10m higher than expectations in the annual report for 2022. The primary reason for this is the good results of the Polish activities.

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. 537 million chicks in 2024, and the total volume thus exceeds the level of 2023 by well over 34 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 which the DanHatch group enterprises already have a constructive cooperation.

Overall, the DanHatch Group’s sales of day-old chicks in 2024 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, and so will the results of international efforts to address the challenge of avian influenza, including the possibilities of carrying out vaccination-based infection protection of poultry.

Group expectations

For the financial year 2024, Management of DanHatch Holding A/S expects a total group profit before tax in the region of DKK 50-55m. As stated above, these earnings expectations, however, are subject to uncertainty, which relates to the development in production structure, consumers’ demand for poultry meat, compulsorily notifiable animal diseases (e.g. Highly Pathogenic Avian Influenza), 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 and day-old chicks.

Particular risks

Price and market risks

Being part of the broiler value chains, the DanHatch Group is affected directly by the global production and market development of poultry products, including in particular the market conditions for poultry 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.

Statutory report on corporate social responsibility
As stated under primary activities, the Group's activity consists 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 positively impact society - and where a potential risk of negative impact may exist if attention is not directed at both its own and its 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 2023, two 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) has also had a significant impact on the entire broiler value chain in 2023; 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. In 2023, two of the Group's production facilities in Denmark were directly affected by infection, resulting in the culling of a total of 80,000 chicken. The resulting direct losses were largely covered by state compensation as well as the insurance taken out, while indirect losses including reduced revenue from the hatchery as well as extraordinary expenses related to monitoring, planning, and logistics were all costs borne by the company itself.

Human Resources

We aim to be a socially responsible workplace where collaboration and coherence exist across employees and companies in the Group. It is therefore important that we are perceived as an inclusive and diverse workplace that reflects society and ensures a good and safe working environment for our employees.

New group strategy and strategy in subsidiaries

During 2023, work has been underway on the development of the DanHatch Group's new group strategy, Hatching the Future, which is expected to be launched in the summer of 2024. The new strategy has an increased focus on sustainability and coherence across the Group. A newly established specialist team has driven the strategy process and along the way involved key personnel from the Group's subsidiaries to ensure that the strategy is representative of the entire Group. Later in the process, the specialist team will also be tasked with supporting the management of the subsidiaries in the development of the various country strategies, which will be presented in late 2024. This process is intended to create synergy and ensure the common thread across the Group and country strategies.

Collaboration in the Group

The increased focus on corporate coherence, which is a central part of the upcoming strategy, has also been evident in other ways in 2023. Throughout the year, various initiatives have been launched to encourage collaboration across the Group, where we actively leverage each other, learn from each other's successes and challenges, and thereby achieve cohesion across companies and borders.

As something new, CEO meetings have been initiated in 2023, with participation from Group CEOs as well as CEOs of all subsidiaries. These meetings aim to physically bring together the entire CEO team on a regular basis and create a space for knowledge exchange.

Similarly, during the year, a corporate group has been established where key employees from finance, HR, sales, production, business development, sustainability, market conditions, and political affairs are represented. The purpose of the corporate group is to establish a foundation for the Group to engage in more strategical collaboration across different areas of expertise, undertaking various projects, including those related to ESG.

A few years ago, an HR Group Team was also established, consisting of HR managers from the Group's subsidiaries. This team continuously works on developing and implementing various HR policies to ensure consistent guidelines across the group enterprises. Recently, the HR Group Team completed the Code of Conduct guidelines for the DanHatch Group, which have been translated into different languages during 2023. The next step is to implement the new code of conduct in the various subsidiaries in 2024.

Another project for 2024 is the development and implementation of a new corporate intranet. Currently, the Group does not have a unified intranet across the group enterprises. Therefore, the expectation is that the new intranet will enhance communication across the Group and contribute to further strengthening coherence.

Partnership for green solutions
In 2023, new fruitful collaborations with external parties were established. In the autumn, the Group's Danish subsidiary DanHatch Denmark initiated a partnership with Det Grønne Rejsehold (the Green Travel Team), a network for sustainable business development. The initiative aims to connect companies with recent graduates from the university and university college, who then work intensively on a green project within the company for four weeks. This provides both job attachment and upskilling in sustainable solutions for the graduates, while companies can benefit from the diverse educational backgrounds of the graduates to gain new perspectives on a relevant case.

In DanHatch, the six profiles from the Green Travel Team worked on finding a sustainable solution for the recycling of hatchery waste. The collaboration was highly beneficial for both parties and subsequently led to an employment, allowing the green work on the case to continue. The solutions identified will subsequently be transferable to the rest of The DanHatch Group's hatcheries, benefiting both the company and the environment.

Diversity and knowledge sharing
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, ethnicity 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 is also open to hosting students for internships or hiring them for part-time jobs during their studies. 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.

Working environment and safety
There has been an increasing focus on the overall work environment in our companies in 2023, and an increased number of employees and leaders in the subsidiaries have been assigned responsibility for addressing occupational health and safety. In 2024, occupational health and safety will receive even greater focus, and it is a goal to work more systematically with key performance indicators (KPIs), including work-related accidents.

No significant risks have been identified within Human Resources directly related to the Group's activities.

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 2023, neither internally nor with cooperative partners. The Group has no expectations for human rights

violations in 2024 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 through internal business processes 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 2023. The Group will continue to have a strong focus on this area in 2024.

Environmental and climate conditions
According to our policy, production must always comply with applicable environmental legislation.
It is our policy that our production should be conducted in an environmentally responsible manner, and as a company, we strive to use resources such as water, energy, and waste materials in an efficient and responsible way.

The DanHatch Group has identified a significant risk of environmental impact from 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 takes place through internal business 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 2023, routine environmental inspections were conducted for the Group's production facilities, all of which were approved without any comments.

In 2023, no environmental approvals were reassessed, and they continue unchanged. Environmental inspections were carried out at a number of production facilities again in 2023, and no issues were found that deviated from the framework of the previous environmental approvals.

In the Polish subsidiary, 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 put into use in May 2024 when a new breeding facility for parent animals is operational. An additional 3 facilities are planned to be put into use in 2024/25 to ensure long-term domestic supply of hatching eggs for the company.

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 2023, 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 now receives approx. 90% of the poultry fertiliser produced annually by the production facilities in Southern Jutland. In this way, DanHatch Denmark obtains an income from the fertiliser produced, and the fertiliser is processed into energy, which is used for heating ordinary households. Similarly, shorter-term agreements have been made with biogas plants in Northern Jutland for the disposal of the produced fertiliser.

Based on a strong focus on the Group's energy consumption, energy-saving investments in production plants are made regularly. In 2023, various energy-efficient measures were taken for which the saved amount has yet to be calculated. Also, the Group’s trucks in Denmark, Finland, Poland and France 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 CO2 emissions.

A comprehensive energy audit report for the company's Danish operations was prepared in 2022 and has been used, and will continue to be used, in the coming years as a more systematic basis for prioritising energy investments.

Statutory report on the underrepresented gender

	2023	2022
Supreme management body		
Total number of members	4	4
Underrepresented gender (%)	0.00	0.00
Target figures (%)	25.00	25.00
Year of expected achievement of target figures	2026	2026

In recent years, the DanHatch Group has had a goal to increase the representation of women in the company's supreme management body and achieve gender balance as defined by the Danish Business Authority.

In 2023, the Group has taken a step closer to this goal as the board composition in DanHatch Poland has been changed and now consists of four members with a gender distribution of 75/25%, which is considered as achieving gender balance. The same gender balance is also observed in the boards of DanHatch Finland OY and DanHatch Denmark A/S, with a distribution of 75/25%. The goal has thus been achieved in these three companies.

However, the goal has not been achieved in the Parent, where all four board members are men, resulting in a distribution of 100/0%. DanHatch Holding’s board members elected by the general assembly are chosen from the shareholders' management bodies, and the gender composition in these forums is therefore crucial to determine whether a balanced gender distribution in the Parent’s board is possible.

Since there have been no changes in leadership positions throughout the year, the target has not been met.

Other management levels in the Parent
As the Parent has fewer than 50 employees, it is not subject to the requirement to disclose information about other management levels.

For the entire group, the distribution at other management levels is as follows:

	2023	2022
Other management levels		
Total number of members	14	14
Underrepresented gender (%)	50.00	50.00
Target figures (%)	-	-
Year of expected achievement of target figures	Completed	Completed

In recent years, the DanHatch Group has had a goal to increase the representation of women in the Group's executive positions and achieve gender balance as defined by the Danish Business Authority.

This goal was achieved in 2022 and has been maintained in 2023.

The DanHatch Group will also continue to encourage equal opportunities for women and men to hold leadership positions, ensuring that a balanced representation of both genders in the management level is maintained. Therefore, the Group will continue to focus on creating work environments that allow for a high degree of flexibility, which is compatible with family life. This will pave the way for a broader pool of candidates for leadership positions and ensure that the DanHatch Group remains an attractive workplace for both current and future employees.

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 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	1	1,286,609	1,223,305
Own work capitalised		875	851
Other operating income		7,052	4,179
Costs of raw materials and consumables		(871,428)	(846,049)
Other external expenses	2	(154,212)	(134,972)
Gross profit/loss		**268,896**	**247,314**
Staff costs	3	(154,992)	(137,039)
Depreciation, amortisation and impairment losses	4	(53,261)	(50,062)
Other operating expenses		(7,024)	0
Operating profit/loss		**53,619**	**60,213**
Income from investments in associates		12,032	17,348
Other financial income		6,754	9,360
Other financial expenses		(10,708)	(14,040)
Profit/loss before tax		**61,697**	**72,881**
Tax on profit/loss for the year	5	(10,758)	(11,569)
Profit/loss from continuing operations		**50,939**	**61,312**
Profit/loss from discontinued operations	6	**(14,769)**	**(54,514)**
Profit/loss for the year	7	**36,170**	**6,798**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	6,412	5,554
Acquired intangible assets		218	137
Development projects in progress	9	1,408	2,168
Intangible assets	8	**8,038**	**7,859**
Land and buildings		354,582	329,316
Plant and machinery		100,451	107,858
Other fixtures and fittings, tools and equipment		44,166	45,655
Leasehold improvements		0	0
Biological assets		0	0
Property, plant and equipment in progress		36,713	9,873
Prepayments for property, plant and equipment		1,540	0
Property, plant and equipment	10	**537,452**	**492,702**
Investments in associates		148,675	117,750
Other investments		4,318	3,659
Deposits		0	215
Other receivables		10,745	7,280
Financial assets	11	**163,738**	**128,904**
Fixed assets		**709,228**	**629,465**
Raw materials and consumables		104,960	92,557
Work in progress		32,510	31,407
Inventories		**137,470**	**123,964**

Trade receivables		147,410	133,112
Deferred tax	12	4,492	2,267
Other receivables		16,183	18,606
Tax receivable		1,243	0
Prepayments	13	2,272	2,074
Receivables		**171,600**	**156,059**
Other investments		97	87
Investments		**97**	**87**
Cash		**17,659**	**2,017**
Current assets		**326,826**	**282,127**
Assets regarding discontinued operations	6	**31,029**	**72,044**
Assets		**1,067,083**	**983,636**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	14	10,000	10,000
Revaluation reserve		5,850	6,382
Translation reserve		585	(17,875)
Reserve for development costs		6,099	6,023
Retained earnings		637,807	602,016
Equity belonging to Parent's shareholders		**660,341**	**606,546**
Equity belonging to minority interests		**23,937**	**23,837**
Equity		**684,278**	**630,383**
Provisions for pension liabilities etc.		221	144
Deferred tax	12	22,764	27,425
Other provisions	16	2,939	1,850
Provisions		**25,924**	**29,419**
Mortgage debt		65,579	73,514
Bank loans		52,003	45,281
Lease liabilities		3,658	185
Deposits		229	0
Non-current liabilities other than provisions	17	**121,469**	**118,980**

Current portion of non-current liabilities other than provisions	17	22,222	20,541
Bank loans		39,821	31,064
Trade payables		88,319	78,698
Tax payable		2,550	3,014
Other payables		51,471	27,894
Current liabilities other than provisions		**204,383**	**161,211**
Liabilities other than provisions		**325,852**	**280,191**
Liabilities regarding discontinued operations	6	**31,029**	**43,643**
Equity and liabilities		**1,067,083**	**983,636**
Fair value information	19		
Unrecognised rental and lease commitments	20		
Contingent assets	21		
Contingent liabilities	22		
Assets charged and collateral	23		
Non-arm's length related party transactions	24		
Subsidiaries	25		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Revaluation reserve DKK'000	Translation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	10,000	6,382	(17,875)	6,023	602,016	606,546	23,837	630,383
Ordinary dividend paid	0	0	0	0	0	0	(743)	(743)
Exchange rate adjustments	0	0	18,460	0	0	18,460	11	18,471
Other entries on equity	0	0	0	0	(3)	(3)	0	(3)
Transfer to reserves	0	(532)	0	76	456	0	0	0
Profit/loss for the year	0	0	0	0	35,338	35,338	832	36,170
Equity end of year	**10,000**	**5,850**	**585**	**6,099**	**637,807**	**660,341**	**23,937**	**684,278**

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		53,619	60,213
Amortisation, depreciation and impairment losses		53,261	50,062
Other provisions		1,166	(187)
Working capital changes	18	14,944	(14,040)
Adjustments goodwill		7,024	0
Cash flow from discontinued operations, operating		(4,982)	(25,021)
Cash flow from ordinary operating activities		**125,032**	**71,027**
Financial income received		6,754	9,053
Financial expenses paid		(10,708)	(7,415)
Taxes refunded/(paid)		(8,497)	(4,046)
Cash flows from operating activities		**112,581**	**68,619**
Acquisition etc. of intangible assets		(1,589)	(1,952)
Acquisition etc. of property, plant and equipment		(97,422)	(52,806)
Sale of property, plant and equipment		8,637	30
Acquisition of fixed asset investments		(664)	(656)
Sale of fixed asset investments		1,755	1,554
Acquisition of enterprises		0	(12,765)
Loans		(5,000)	0
Cash flow from discontinued operations, investing		14,892	20,891
Capital increase in associates		(18,616)	0
Dividend minority		(847)	0
Cash flows from investing activities		**(98,854)**	**(45,704)**
Free cash flows generated from operations and investments before financing		**13,727**	**22,915**

Loans raised	19,084	0
Repayments of loans etc.	(18,482)	(28,097)
Loan to associates	0	7,446
Change in bank loans	8,757	(33,472)
Received deposits	229	0
Cash flow from discontinued operations, financing	(7,634)	23,239
Cash flows from financing activities	**1,954**	**(30,884)**
Increase/decrease in cash and cash equivalents	**15,681**	**(7,969)**
Cash and cash equivalents beginning of year	3,037	11,195
Currency translation adjustments of cash and cash equivalents	(876)	(189)
Cash and cash equivalents end of year	**17,842**	**3,037**
Cash and cash equivalents at year-end are composed of:		
Cash	17,659	2,017
Cash and cash equivalents regarding discontinued operations	183	1,020
Cash and cash equivalents end of year	**17,842**	**3,037**

Notes to consolidated financial statements

1 Revenue

	2023 DKK'000	2022 DKK'000
Denmark	386,024	381,358
Other EU countries	867,639	810,856
Other European countries	32,946	31,091
Total revenue by geographical market	**1,286,609**	**1,223,305**
Poultry production	1,286,609	1,223,305
Total revenue by activity	**1,286,609**	**1,223,305**

Historically, consolidated revenue has been broken down by activity; poultry production and pig production. Pig production is shown as discontinued operations in 2023 and 2022, cf. note 6.

2 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK'000	2022 DKK'000
Statutory audit services	623	623
Other assurance engagements	599	400
Tax services	300	320
Other services	233	283
	1,755	**1,626**

3 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	133,181	117,742
Pension costs	10,964	10,760
Other social security costs	10,472	8,321
Other staff costs	375	216
	154,992	**137,039**

Average number of full-time employees	**315**	**356**

	Remuneration of management 2023 DKK'000	Remuneration of management 2022 DKK'000
Executive Board	10,385	0
Board of Directors	875	0
Total amount for management categories	0	5,518
	11,260	**5,518**

During the year, the Executive Board has expanded from one person to two. Throughout the year, three different individuals have been part of the Executive Board. The remuneration of the Executive Board includes a severance pay that affects the Executive Board's salary in the current year. The remuneration of the Executive Board for the year is affected by both factors.

4 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	1,422	1,060
Depreciation on property, plant and equipment	51,839	49,002
	53,261	**50,062**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Current tax	18,322	15,142
Change in deferred tax	(7,564)	(3,690)
Adjustment concerning previous years	0	117
	10,758	**11,569**

6 Discontinued operations

	2023 DKK'000	2022 DKK'000
Revenue	2,956	79,913
Other operating income	5,202	909
Cost of raw materials and consumables	(3,983)	(84,137)
Other external expenses	(10,891)	(12,241)
Staff costs	(834)	(14,213)
Amortisation, depreciation and impairment losses	(10,250)	(32,771)
Profit or loss from divestment	0	(3,884)
Profit/loss for the period	**(17,800)**	**(66,424)**
Financial income and expenses	(1,491)	(369)
Pre-tax profit/loss from discontinued operations	**(19,291)**	**(66,793)**
Tax on profit/loss from discontinued operations	4,522	12,279
Post-tax profit/loss from discontinued operations	**(14,769)**	**(54,514)**
Land and buildings	11,667	30,452
Other fixtures and fittings, tools and equipment	1,573	9,127
Leasehold improvements	0	672
Biological assets	0	3,699
Financial assets	1,860	1,378
Inventory	12	4,593
Deferred tax	4,603	18,743
Other current assets	11,314	3,380
Assets related to discontinued operations	**31,029**	**72,044**
Mortgage debt	0	5,676
Bank loans	28,908	24,950
Trade payables	1,562	4,399
Other payables	559	8,618
Liabilities related to discontinued operations	**31,029**	**43,643**
Cash flows from operating activities	23,995	(25,021)
Cash flows from investing activities	14,892	21,220
Cash flows from financing activities	(49,335)	21,571
Cash flows related to discontinued operations	**(10,448)**	**17,770**

As Group Management has decided to divest the pig production in 2022, this activity is presented as discontinued operations, similar to the comparative year.

7 Proposed distribution of profit/loss

	2023 DKK'000	2022 DKK'000
Retained earnings	35,338	4,646
Minority interests' share of profit/loss	832	2,152
	36,170	**6,798**

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	7,791	3,396	2,168
Exchange rate adjustments	0	29	0
Transfers	2,168	0	(2,168)
Additions	0	181	1,408
Disposals	0	(4,326)	0
Cost end of year	**9,959**	**(720)**	**1,408**
Amortisation and impairment losses beginning of year	(2,237)	(3,259)	0
Exchange rate adjustments	0	(17)	0
Amortisation for the year	(1,310)	(112)	0
Reversal regarding disposals	0	4,326	0
Amortisation and impairment losses end of year	**(3,547)**	**938**	**0**
Carrying amount end of year	**6,412**	**218**	**1,408**

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 2024. 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	711,694	302,242	168,899	167	0
Exchange rate adjustments	10,684	9,062	1,814	0	0
Transfers	21,378	893	6,399	0	0
Additions	32,637	5,791	3,203	0	0
Disposals	(23,143)	(2,833)	(7,499)	(167)	0
Cost end of year	**753,250**	**315,155**	**172,816**	**0**	**0**
Revaluations beginning of year	22,500	0	0	0	0
Revaluations end of year	**22,500**	**0**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(404,878)	(194,384)	(123,244)	(167)	0
Exchange rate adjustments	(2,783)	(4,562)	(1,609)	0	0
Depreciation for the year	(23,783)	(18,001)	(10,055)	0	0
Reversal regarding disposals	10,276	2,243	6,258	167	0
Depreciation and impairment losses end of year	**(421,168)**	**(214,704)**	**(128,650)**	**0**	**0**
Carrying amount end of year	**354,582**	**100,451**	**44,166**	**0**	**0**
Carrying amount if asset had not been revalued	346,401	-	-	-	-
Recognised assets not owned by Entity	-	-	5,199	-	-

	Property, plant and equipment in progress DKK'000	Prepayments for property, plant and equipment DKK'000
Cost beginning of year	9,873	0
Exchange rate adjustments	1,259	0
Transfers	(28,670)	0
Additions	54,251	1,540
Disposals	0	0
Cost end of year	**36,713**	**1,540**
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
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	**36,713**	**1,540**
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	60,261	3,892	215	7,280
Additions	18,616	664	0	5,000
Disposals	0	(5)	(215)	(1,535)
Cost end of year	**78,877**	**4,551**	**0**	**10,745**
Revaluations beginning of year	57,489	0	0	0
Exchange rate adjustments	277	0	0	0
Share of profit/loss for the year	12,187	0	0	0
Impairment losses for the year	(155)	0	0	0
Revaluations end of year	**69,798**	**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	**148,675**	**4,318**	**0**	**10,745**

Associates	**Registered in**	**Ownership %**
BD France SAS	Plabannec, France	50.00
Nordic Poultry Equipment A/S	Brønderslev	40.00

12 Deferred tax

Changes during the year	**2023 DKK'000**	**2022 DKK'000**
Beginning of year	(25,158)	(15,855)
Recognised in the income statement	6,886	(9,303)
End of year	**(18,272)**	**(25,158)**

Deferred tax has been recognised in the balance sheet as follows	**2023 DKK'000**	**2022 DKK'000**
Deferred tax assets	4,492	2,267
Deferred tax liabilities	(22,764)	(27,425)
	(18,272)	**(25,158)**

Deferred tax assets

The recognised tax asset in the Group includes the value of tax balances expected to be utilised within 3-5 years as part of ordinary operations in the group enterprises.

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 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	6,714	7,662	65,579	40,597
Bank loans	14,259	12,362	52,003	15,575
Lease liabilities	1,249	517	3,658	0
Deposits	0	0	229	0
	22,222	**20,541**	**121,469**	**56,172**

18 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in inventories	(13,506)	(10,603)
Increase/decrease in receivables	(4,747)	15,620
Increase/decrease in trade payables etc.	33,197	(19,057)
	14,944	**(14,040)**

19 Fair value information

	Listed Securities DKK'000
Fair value end of year	97
Unrealised fair value adjustments recognised in the income statement	10

20 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	**9,655**	**16,975**

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.

The Group has a pending tax case with the Danish National Tax Tribunal. The Group believes it is entitled to a refund of EUR 2m from activities in Germany. As the case is pending, there is uncertainty as to the monetary effect and the timing of the application for a tax asset refund.

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 73,241k is secured by way of mortgage on property, plant and equipment and inventories at a carrying amount of DKK 186,999k.

Bank loans of DKK 106,083k, including cashpool, are secured by way of mortgage deeds totalling DKK 41,050k on property, plant and equipment and inventories whose carrying amount is DKK 32,590k.

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 Poland S.A.*	Wolsztyn, Poland	S.A	100.00
DanHatch Poland Holding S.A.	Wolsztyn, Poland	S.A	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 DPL A/S	Hjørring	A/S	100.00
Ørstedgaard Svineproduktion K/S***	Hjørring	K/S	100.00
Munklinde Multisite A/S***	Hjørring	A/S	100.00
Hagesholm Multisite K/S***	Hjørring	K/S	100.00
Næsgård Multisite A/S***	Hjørring	A/S	100.00
SG DPL A/S	Hjørring	A/S	100.00
Ørstedgaard Svineproduktion ApS***	Hjørring	ApS	100.00
Komplementarselskabet Hagesholm Multisite ApS***	Hjørring	ApS	100.00
Amstrup DPL ApS***	Hjørring	ApS	100.00
Neubukow Pork GmbH****	Harrislee, Germany	GmbH	100.00
DanHatch Ejendomme 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
DHP West Farms Sp. z.o.o. ******	Poland	Sp. z.o.o.	100.00
DHP East Farms SPV Sp. z.o.o. ******	Poland	Sp. z.o.o.	100.00
DHP East Hatchery SPV Sp. z.o.o. ******	Poland	Sp. z.o.o.	100.00
DHP East Hatchery Sp. z.o.o. ******	Poland	Sp. z.o.o.	100.00
DHP East Farms Sp. z.o.o. ******	Poland	Sp. z.o.o.	100.00

*) Group enterprise in DanHatch Denmark A/S.

**) Group enterprise in DanHatch Poland S.A.

***) Group enterprise in DanHatch Ejendomme A/S

****) Group enterprise in Amstrup DPL ApS

*****) Group enterprise in Rumænien Invest A/S

******) Group enterprise in DanHatch Poland Holding S.A.

Parent income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue		13,999	12,019
Own work capitalised		875	851
Other operating income		2,602	0
Other external expenses		(7,504)	(5,658)
Gross profit/loss		**9,972**	**7,212**
Staff costs	1	(28,328)	(17,097)
Depreciation, amortisation and impairment losses	2	(1,310)	(1,023)
Operating profit/loss		**(19,666)**	**(10,908)**
Income from investments in group enterprises		35,803	(6,193)
Income from investments in associates		12,032	17,348
Other financial income	3	10,458	5,859
Other financial expenses	4	(6,797)	(3,135)
Profit/loss before tax		**31,830**	**2,971**
Tax on profit/loss for the year	5	3,508	1,675
Profit/loss for the year	6	**35,338**	**4,646**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	8	6,412	5,554
Development projects in progress	8	1,408	2,168
Intangible assets	7	**7,820**	**7,722**
Investments in group enterprises		472,450	394,781
Investments in associates		148,675	117,750
Other receivables		7,200	2,500
Financial assets	9	**628,325**	**515,031**
Fixed assets		**636,145**	**522,753**
Trade receivables		0	2
Receivables from group enterprises		111,760	170,415
Other receivables		116	200
Joint taxation contribution receivable		12,158	9,703
Prepayments	10	357	159
Receivables		**124,391**	**180,479**
Current assets		**124,391**	**180,479**
Assets		**760,536**	**703,232**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		10,000	10,000
Reserve for development costs		6,099	6,023
Retained earnings		644,242	590,520
Equity		**660,341**	**606,543**
Deferred tax	11	870	998
Provisions		**870**	**998**
Bank loans		39,377	30,452
Trade payables		773	554
Payables to group enterprises		43,781	52,451
Joint taxation contribution payable		8,851	8,011
Other payables		6,543	4,223
Current liabilities other than provisions		**99,325**	**95,691**
Liabilities other than provisions		**99,325**	**95,691**
Equity and liabilities		**760,536**	**703,232**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Non-arm’s length related party transactions	14		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,000	6,023	590,520	606,543
Exchange rate adjustments	0	0	18,460	18,460
Transfer to reserves	0	76	(76)	0
Profit/loss for the year	0	0	35,338	35,338
Equity end of year	**10,000**	**6,099**	**644,242**	**660,341**

Notes to parent financial statements

1 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	25,714	15,037
Pension costs	2,490	1,941
Other social security costs	124	119
	28,328	**17,097**

Average number of full-time employees	**20**	**17**

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Executive Board	9,255	0
Board of Directors	808	0
Total amount for management categories	0	3,151
	10,063	**3,151**

During the year, the Executive Board has expanded from one person to two. Throughout the year, three different individuals have been part of the Executive Board. The remuneration of the Executive Board includes a severance pay that affects the Executive Board's salary in the current year. The remuneration of the Executive Board for the year is affected by both factors.

2 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	1,310	1,023
	1,310	**1,023**

3 Other financial income

	2023 DKK'000	2022 DKK'000
Financial income from group enterprises	8,052	3,778
Financial income from associates	0	102
Other interest income	2,394	1,950
Other financial income	12	29
	10,458	**5,859**

4 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	2,990	395
Other interest expenses	3,807	2,740
	6,797	**3,135**

5 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Change in deferred tax	(128)	(497)
Adjustment concerning previous years	1	116
Refund in joint taxation arrangement	(3,381)	(1,294)
	(3,508)	**(1,675)**

6 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	35,338	4,646
	35,338	**4,646**

7 Intangible assets

	Completed development projects DKK'000	Development projects in progress DKK'000
Cost beginning of year	7,791	2,168
Transfers	2,168	(2,168)
Additions	0	1,408
Cost end of year	**9,959**	**1,408**
Amortisation and impairment losses beginning of year	(2,237)	0
Amortisation for the year	(1,310)	0
Amortisation and impairment losses end of year	**(3,547)**	**0**
Carrying amount end of year	**6,412**	**1,408**

8 Development projects

Development costs comprise costs and salaries that are directly attributable to the Company's development of a new IT platform. The IT platform has been put into service.

Development projects in progress relate to the implementation of a new ERP system. 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.

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9 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	574,685	60,261	2,500
Additions	37,366	18,616	5,000
Disposals	0	0	(300)
Cost end of year	**612,051**	**78,877**	**7,200**
Revaluations beginning of year	(179,904)	57,489	0
Exchange rate adjustments	18,184	277	0
Share of profit/loss for the year	35,802	12,187	0
Dividend	(13,683)	0	0
Impairment losses for the year	0	(155)	0
Revaluations end of year	**(139,601)**	**69,798**	**0**
Carrying amount end of year	**472,450**	**148,675**	**7,200**

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	Brønderselv	A/S	40.00

10 Prepayments

Prepayments comprise prepaid expenses.

11 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	1,721	1,698
Provisions	(466)	0
Tax losses carried forward	(385)	(700)
Deferred tax	**870**	**998**

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	998	1,495
Recognised in the income statement	(128)	(497)
End of year	**870**	**998**

12 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	**1,630**	**56**

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 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 10,000k 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.

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, including lease income and profit from the 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 normal 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, including loss from the sale of property, plant and equipment.

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

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.

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.

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.

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.