

Aviagen ApS

Klostergade 13, 6622 Bække

Annual report

1 July 2019 - 30 June 2020

Company reg. no. 31 58 20 91

The annual report was submitted and approved by the general meeting on the 20 November 2020.

Mr Patrick Germain Emiel Claeys
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the executive board has presented the annual report of Aviagen ApS for the financial year 1 July 2019 - 30 June 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the company's results of activities and cash flows in the financial year 1 July 2019 - 30 June 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Baekke, 20 November 2020

Executive board

Mr Christopher Hill Mr Patrick Germain Emiel Claeys Mr Patrick Marie-Louise Henri Cornelius Cos

Independent auditor's report

To the shareholder of Aviagen ApS

Opinion

We have audited the financial statements of Aviagen ApS for the financial year 1 July 2019 - 30 June 2020, comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2020 and of the results of the Company's operations and cash flows for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure, and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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's review

Management is responsible for the Management's review.

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

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's review is in accordance consistent with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 20 November 2020

KPMG

State Authorised Public Accountants
Company reg. no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised Public Accountant
mne41364

Company information

The company

Aviagen ApS
Klostergade 13
6622 Bække

Company reg. no. 31 58 20 91
Established: 23 May 2008
Domicile: Vejen, Denmark
Financial year: 1 July - 30 June
12th financial year

Executive board

Mr Christopher Hill
Mr Patrick Germain Emiel Claeys
Mr Patrick Marie-Louise Henri Cornelius Cos

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V

Parent company

Aviagen EPI NV, Belgium

Financial highlights

EUR in thousands.	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
Income statement:					
Gross profit	5.658	5.748	4.319	4.214	5.223
Profit from ordinary operating activities	4.484	4.390	3.001	2.918	3.816
Net financials	-54	-42	-34	-108	6
Net profit or loss for the year	3.454	3.391	2.314	2.190	2.980
Statement of financial position:					
Balance sheet total	8.158	7.921	6.467	7.190	11.173
Investments in property, plant and equipment	0	0	0	19	0
Equity	2.123	2.668	2.277	2.464	3.273
Cash flows:					
Operating activities	3.812	2.564	2.447	2.303	6.386
Investment activities	0	0	0	-19	0
Financing activities	-4.000	-3.000	-2.500	-3.000	-6.000
Employees:					
Average number of full-time employees	27	26	26	27	27
Key figures in %:					
Acid test ratio	140,9	160,7	159,7	151,7	141,4
Solvency ratio	26,0	33,7	35,2	34,3	29,3
Return on equity	144,2	137,1	97,6	76,3	62,3

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio
$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

Solvency ratio
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management commentary

The principal activities of the company

The main activity of the company is the operation of a hatchery. The total sales of the company and the majority of its purchase takes place with consolidated companies.

Development in activities and financial matters

The gross profit for the year totals EUR 5.657.945 against EUR 5.748.060 last year. Income or loss from ordinary activities after tax totals EUR 3.454.439 against EUR 3.391.045 last year. Management considers the net profit or loss for the year satisfactory and in line with the expectations.

Due to Covid-19 the European meat consumption is decreasing by approximately 5% (best estimation at the moment) and of course poultry meat is also affected by this trend (but less compared to other species).

In average our customers are more or less affected by this negative trend depending on the segment they are supplying to: sales via retail is performing well, sales via foodservice is significant negatively affected (restaurants closed, no events taking place etc).

Aviagen ApS, part of a Global leading Breeding Company, is situated on the top of the supply chain pyramid (supply of PS) and in this context is not facing significant reduction in turnover. This is explained by the fact that, when customers are not placing PS short term, they will not have broiler day old chick production available for next year.

Today there is overproduction of poultry meat all over Europe (mainly caused by certain countries which are producing more than local needs and producing for export into Europe and third countries e.g. Poland, Netherlands) and this will probably lead to reduction in PS placements going forward (the only way to balance production versus sales is to cut back production). In case this will happen, we at Aviagen ApS are well prepared to anticipate in our production and to keep the right balance with our sales

Special risks

Foreign currency risks

The vast majority of the company's transactions take place in Euro, and consequently, it is estimated that no currency risk exists.

Other risks

There is some risk that the company's livestock may be struck by diseases. The company has, however, established very strict procedures and made considerable investments with the purpose of reducing this risk to an absolute minimum.

Environmental issues

The company seeks to limit the environmental impact as much as possible, for instance by exploding by-products to a great extent, and additionally, current investments are made in order to limit possible undesirable emissions etc.

Management commentary

Expected developments

Without unforeseen circumstances, the company expects the result of 2020/21 to be on the same level.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, that have material impact on the annual report of the company.

Accounting policies

The annual report for Aviagen ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

Changes in the accounting policies

The item “Staff costs” has been reclassified so that certain types of expenses previously recognised under “Staff costs” will, in the future, be recognised under the item “Other external charges”.

The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Tangible fixed assets

Tangible fixed assets are measured at cost plus revaluations and less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of tangible assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of fodder comprise acquisition costs plus delivery costs.

Costs of livestock comprise the direct and indirect costs, including the acquisition of livestock, fodder, medicine, veterinary control visits, etc, however, adjusted with the individual livestock's expected remaining production capacity.

Costs of eggs comprise the cost for raw materials, consumables, direct wages, and indirect production costs.

Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Equity

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Aviagen ApS is jointly taxed with the Danish group companies and acts, in this respect, as the administration company. According to the rules of joint taxation, Aviagen ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

If the settlement of the commitment is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies

Statement of cash flows

The statement of cash flows shows company cash flows for the year divided into cash flows derived from operating activities, investment activities, and financing activities, respectively, changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of intangible assets, property, plant, and equipment.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less shortterm bank loans and shortterm financial instruments with a term of less than 3 months which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 July - 30 June

All amounts in EUR.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Gross profit	5.657.945	5.748.060
2 Staff costs	-1.250.728	-1.174.794
Depreciation and impairment of property, land, and equipment	-3.147	-3.147
Other operating costs	80.000	-180.000
Operating profit	4.484.070	4.390.119
3 Other financial costs	-54.422	-41.758
Pre-tax net profit or loss	4.429.648	4.348.361
Tax on net profit or loss for the year	-975.209	-957.316
4 Net profit or loss for the year	3.454.439	3.391.045

Statement of financial position at 30 June

All amounts in EUR.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
5 Plant and machinery	8.531	11.677
Total property, plant, and equipment	8.531	11.677
Total non-current assets	8.531	11.677
Current assets		
Livestock with contracting breeders	2.753.078	2.515.213
Stocks of fodder	28.850	22.263
Eggs	1.088.865	1.071.695
Total inventories	3.870.793	3.609.171
Trade receivables	8.969	1.262
Receivables from group enterprises	3.522.100	3.425.825
6 Deferred tax assets	58.752	76.367
Other receivables	244.726	134.167
7 Prepayments and accrued income	15.603	14.615
Total receivables	3.850.150	3.652.236
Cash on hand and demand deposits	428.149	647.634
Total current assets	8.149.092	7.909.041
Total assets	8.157.623	7.920.718

Statement of financial position at 30 June

All amounts in EUR.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
	Contributed capital	16.715	16.715
	Retained earnings	<u>2.105.977</u>	<u>2.651.538</u>
	Total equity	<u>2.122.692</u>	<u>2.668.253</u>
Provisions			
8	Other provisions	<u>250.000</u>	<u>330.000</u>
	Total provisions	<u>250.000</u>	<u>330.000</u>
Liabilities other than provisions			
	Trade payables	466.454	398.814
	Payables to group enterprises	4.429.812	3.629.589
	Income tax payable	781.083	824.391
	Other payables	<u>107.582</u>	<u>69.671</u>
	Total short term liabilities other than provisions	<u>5.784.931</u>	<u>4.922.465</u>
	Total liabilities other than provisions	<u>5.784.931</u>	<u>4.922.465</u>
	Total equity and liabilities	<u>8.157.623</u>	<u>7.920.718</u>
9 Contingencies			
10 Related parties			

Statement of changes in equity

All amounts in EUR.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 July 2018	16.715	2.260.493	2.277.208
Profit or loss for the year brought forward	0	391.045	391.045
Extraordinary dividend adopted during the financial year	0	3.000.000	3.000.000
Distributed extraordinary dividend adopted during the financial year.	0	-3.000.000	-3.000.000
Equity 1 July 2019	16.715	2.651.538	2.668.253
Profit or loss for the year brought forward	0	-545.561	-545.561
Extraordinary dividend adopted during the financial year	0	4.000.000	4.000.000
Distributed extraordinary dividend adopted during the financial year.	0	-4.000.000	-4.000.000
	<u>16.715</u>	<u>2.105.977</u>	<u>2.122.692</u>

Statement of cash flows 1 July - 30 June

All amounts in EUR.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Net profit or loss for the year	3.454.439	3.391.045
11 Adjustments	952.778	1.182.221
12 Change in working capital	428.621	-1.274.897
Cash flows from operating activities before net financials	4.835.838	3.298.369
Interest received, etc.	1	-2
Interest paid, etc.	-22.604	-16.110
Cash flows from ordinary activities	4.813.235	3.282.257
Income tax paid	-1.000.902	-717.842
Cash flows from operating activities	3.812.333	2.564.415
Dividends distributed	-4.000.000	-3.000.000
Cash flow from financing activities	-4.000.000	-3.000.000
Change in cash and cash equivalents	-187.667	-435.585
Cash and cash equivalents at opening balance	647.634	1.108.867
Foreign currency translation adjustments (cash and cash equivalents)	-31.818	-25.648
Cash and cash equivalents at end of period	428.149	647.634
Cash and cash equivalents		
Cash on hand and demand deposits	428.149	647.634
Cash and cash equivalents at end of period	428.149	647.634

Notes

All amounts in EUR.

	<u>2019/20</u>	<u>2018/19</u>
1. Change in inventories of finished goods and work in progress		
Inventories of fodder, opening balance	22.263	20.728
Inventories of fodder, closing balance	-28.849	-22.263
Inventories of livestock, opening balance	2.515.213	2.303.575
Inventories of livestock, closing balance	-2.753.078	-2.515.213
Inventories of eggs, opening balance	1.071.695	1.010.025
Inventories of eggs, closing balance	-1.088.865	-1.071.694
	<u>-261.621</u>	<u>-274.842</u>
2. Staff costs		
Salaries and wages	1.235.476	1.161.742
Other costs for social security	15.252	13.052
	<u>1.250.728</u>	<u>1.174.794</u>
Executive board and board of directors	<u>0</u>	<u>0</u>
Average number of employees	<u>27</u>	<u>26</u>
<p>The management is employed by the parent company, to which a management fee of EUR 0 thousand is paid.</p>		
3. Other financial costs		
Financial costs, group enterprises	22.604	16.110
Other financial costs	31.818	25.648
	<u>54.422</u>	<u>41.758</u>
4. Proposed appropriation of net profit		
Extraordinary dividend adopted during the financial year	4.000.000	3.000.000
Transferred to retained earnings	0	391.045
Allocated from retained earnings	-545.561	0
Total allocations and transfers	<u>3.454.439</u>	<u>3.391.045</u>

Notes

All amounts in EUR.

	<u>30/6 2020</u>	<u>30/6 2019</u>
5. Plant and machinery		
Cost opening balance	44.439	44.439
Cost end of period	<u>44.439</u>	<u>44.439</u>
Depreciation and writedown opening balance	-32.761	-29.615
Depreciation and writedown for the year	-3.147	-3.147
Depreciation and writedown end of period	<u>-35.908</u>	<u>-32.762</u>
Carrying amount, end of period	<u>8.531</u>	<u>11.677</u>
6. Deferred tax assets		
Deferred tax assets opening balance	76.367	36.929
Deferred tax of the results for the year	-17.615	39.438
	<u>58.752</u>	<u>76.367</u>
The following items are subject to deferred tax:		
Property, plant, and equipment	3.752	3.767
Provisions	55.000	72.600
	<u>58.752</u>	<u>76.367</u>
7. Prepayments and accrued income		
Prepaid insurance	8.100	6.441
Other prepayments	7.503	8.174
	<u>15.603</u>	<u>14.615</u>
8. Other provisions		
Other provisions opening balance	330.000	150.000
Change of the year in other provisions	-80.000	180.000
	<u>250.000</u>	<u>330.000</u>

Notes

All amounts in EUR.

9. Contingencies

Contingent liabilities

Lease liabilities

The company has assumed a rent liability that is 100% variable in relation to the production, and consequently, this liability can not be determined. In 2019/20, the rent was EUR 218 thousand. In the financial year 2020/21 the rent is expected to remain at the same level.

Operational leasing

The company has entered into operational leasing contracts with reamaining terms of up till 22 months and with a total leasing payment of EUR 756 thousand.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of EUR 0 thousand.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

10. Related parties

Controlling interest

Aviagen EPI NV, Nazarethsesteenweg 83, Deinze, Belgium Majority shareholder

Transactions

The company has the following related party transactions:

	<u>2019/20</u>	<u>2018/19</u>
Sale of goods to an associate	30.956	25.513
Purchase of goods from an associate	19.230	10.231
Rent to an associate	218	208
Consultancy fees to an associate	72	72
Receivables from group enterprises	3.522	3.426

Notes

All amounts in EUR.

Transactions (continued)

Payables to group enterprises	4.430	3.630
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Consolidated financial statements

Aviagen International Finance Ltd.
Stratford Hatchery Alscott Industri Estate
Atherstone On Stour
CV37 8BH Stratford-Upon-Avon
Warwickshire
United Kingdom

Consolidated financial statements, in which the accounts of Aviagen ApS are recognised. Aviagen International Finance Ltd. which is the smallest group in which the company is included as a subsidiary. The consolidated financial statements of Aviagen International Finance Ltd. can be obtained by contacting the Company.

	<u>2019/20</u>	<u>2018/19</u>
11. Adjustments		
Depreciation, amortisation, and impairment	3.147	3.147
Other financial costs	54.422	41.758
Tax on net profit or loss for the year	975.209	957.316
Other provisions	-80.000	180.000
	<u>952.778</u>	<u>1.182.221</u>
12. Change in working capital		
Change in inventories	-261.622	-274.843
Change in receivables	-215.529	-1.603.318
Change in trade payables and other payables	905.772	603.264
	<u>428.621</u>	<u>-1.274.897</u>