ROESGAARD
& PARTNERS

Agrovakia A/S

Tellerupvej 15

5591 Gelsted

Central Business Registration No. 10 12 44 68

Annual Report for 2019

The Annual Report was presented and
approved at the Annual General Meeting
of the company on 20/05 2020

Erling Bech Poulsen
Chairman

Table of contents

Company details

The company

Agrovakia A/S
Tellerupvej 15
5591 Gelsted

CVR no.:	10 12 44 68
Reporting period:	1 January - 31 December 2019
Domicile:	Middelfart

Board of Directors

Claus Clausen, Chairman
Lars Peter Rasmussen
Karsten Boyschau Madsen
Erling Bech Poulsen
Ole Sloth Nielsen
Ole Finn Jensen
Ulrik Biel Hansen

Executive Board

Ulrik Biel Hansen, CEO

Auditors

Roesgaard & Partners
Statsautoriseret Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens

Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Agrovakia A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 December 2019 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Gelsted, 20 May 2020

Executive Board

Ulrik Biel Hansen
CEO

Board of Directors

Claus Clausen Chairman	Lars Peter Rasmussen	Karsten Boyschau Madsen
Erling Bech Poulsen	Ole Sloth Nielsen	Ole Finn Jensen
Ulrik Biel Hansen		

Independent auditor's report

To the shareholders of Agrovakia A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Agrovakia A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent companyfinancial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31 December 2019 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and parent company " section of our report. We are independent of the group in accordance with the 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of consolidated financial statements and parent company 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 the consolidated financial statements and the parent company the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or 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 consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent 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 group's and the parent 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 consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

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

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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 management's review

Management is responsible for management's review.

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

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

Moreover, it is our responsibility to consider whether 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 with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Horsens, 20 May 2020

Roesgaard & Partners
Statsautoriseret Revisionspartnerselskab
CVR no. 37 54 31 28

Jens Roesgaard
State Authorised Public Accountant
MNE no. mne28681

Group chart


Parent company
Agrovakia A/S Denmark
Consolidated subsidiaries
Associates
Polnovakia Agrar s.r.o. Slovakia (100%)
BIAG s.r.o Slovakia (50%)
Agro Malinovo a.s. Slovakia (controlling interest)
Agrovýkrm a.s. Slovakia (controlling interest)
ProOvo a.s. Slovakia (controlling interest)
Agro Boleráz s.r.o Slovakia. (controlling interest)
Agrovýkrm Spiš s.r.o Slovakia. (controlling interest)
Agrovýkrm Rybany s.r.o. Slovakia (controlling interest)
PolAgroStav s.r.o. Slovakia (controlling interest)
PAPT a.s. Slovakia (controlling interest)
Agrorama s.r.o. Slovakia (controlling interest)
Agrotria s.r.o. Slovakia (controlling interest)
Spišské Kŕmne Zmesi s.r.o Slovakia (controlling interest)
Agro Spišské Vlachy s.r.o. Slovakia (controlling interest)
Poľnohospodárske družstvo Prusy, Slovakia (controlling interest)
Poľnohospodárske družstvo Podlužany Slovakia (controlling interest)

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	130,705	95,761	123,555	98,422	72,014
Earnings before interest, tax, depreciation and amortisation	98,149	64,795	93,126	71,167	43,856
Profit/loss before net financials	71,914	39,779	65,982	49,590	22,059
Net financials	(8,817)	(10,401)	(7,789)	(8,515)	(7,492)
Profit/loss for the year	51,984	24,116	48,524	38,508	10,132
Balance sheet					
Total balance sheet	867,129	844,748	825,642	794,714	714,270
Investment in property, plant and equipment	22,997	28,016	30,376	27,990	33,330
Equity	504,378	448,212	423,835	357,598	299,588
Number of employees	212	238	233	231	215
Financial ratios					
Return on assets	8.4 %	4.8 %	8.1 %	6.6 %	3.1 %
Solvency ratio	58.2 %	53.1 %	51.3 %	45.0 %	41.9 %
Return on equity	10.9 %	5.5 %	12.4 %	11.7 %	3.4 %

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Group primary activities

The group's primary activities are plant, pig and egg production within subsidiaries of Polnovakia Agrar, s.r.o as well as BIAG, s.r.o

The parent company´s primary activities are to exercise active ownership in affiliated companies, consultancy.

Financial review

Overall production output over the year was stable, following expectations. Some crops during periods of the year suffered by lack of precipitation, others mainly spring crops covered the gap - totally tonnage expected for feed purposes was in line with expectations. Remaining non-core activities (mainly quarry) performed in line with expectations.

The group started during 2019 investments into increasing the pig production.

Group profit DKK 51,984 thousand is exceeding expectations. The result is considered satisfactory.

Significant events after closing

None

Outlook 2020

The group anticipates a slight increase in the number of pigs produced, stabile output from egg and plant production.

Investments mainly into increase of pig production continues throughout 2020.

COVID-19 is being monitored closely, protecting our employees and following local recommendations and regulations.

Annual egg and pork prices are expected above 2019 levels with some volatility due to COVID-19 as well as in relation to the pig production some volatility linked with ASF can be anticipated.

Other

The group trades mainly in EUR, however as part of goods is exported, thus to some extend connected with surrounding countries currency mainly within V4.

Interest mainly based on EURIBOR and minor on CIBOR, from this minor part with fixed rates.

Accounting policies

The annual report of Agrovakia A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in TDKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the group chart.

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Accounting policies

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate share of subsidiaries' profit/loss and equity is presented separately under appropriation of profit and in a main item under equity.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods comprising agricultural products is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Income from services is recognised on a straight-line basis as the services are provided, implying that revenue corresponds to the selling price of services provided in the year (percentage-of-completion method).

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year’s revenue.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature relative to the company's activities, including gains and loss on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries and associates

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

The proportionate share of the profit/loss for the year of associates is recognised in both the consolidated and the parent company's income statement after elimination of the proportionate share of intra-group profits/gains.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible fixed assets

Goodwill

Acquisitions of entities are accounted for using the purchase method, according to which the acquirees' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provision is made for expenses to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Goodwill arising on acquisition can be restated until the end of the year after the acquisition.

Accounting policies

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile. Badwill is recognized in the income statement.

Acquired intangible fixed assets

Acquired intangible assets are measured at cost less accumulated amortisation and impairment losses. These assets are amortised on a straight-line basis over the amortisation period, which is 5 years.

Tangible fixed assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life		Residual value
Buildings	50	years	50 %
Other fixtures and fittings, tools and equipment	8-15	years	0-10 %

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Land and buildings are revalued at fair value. Revaluations and reversals thereof less deferred tax are recognised directly in equity. The fair value is determined on the basis of an external assesment which is based on a reversal of entry of the expected future cash flows.

Biological assets are revalued at fair value. Revaluations and reversals thereof less deferred tax are recognised directly in the income statement. The fair value is determined on the basis of market exchange prices.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Agrovakia A/S is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the above description of the statement of goodwill.

Other securities and investments, fixed assets

Securities and investments, which consist of listed shares and bonds, are measured at fair value at the balance sheet date. Non-listed securities are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Accounting policies

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Crops and trading livestock are measured at fair value. Adjustments are recognised directly in the income statement. The fair value is determined on the basis of market exchange prices.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposit.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries and associates relative to the cost.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Accounting policies

Provisions

Provisions comprise expected expenses relating to warranty commitments, etc. Provisions are recognised when, as a result of a past event, the group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at the value in use.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years, including received investment grants.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to equity.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Definitions of financial ratios.

Return on assets $= \dfrac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$

Solvency ratio $= \dfrac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$

Return on equity $= \dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Income statement 1 January - 31 December 2019

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Gross profit		**130,705**	**95,761**	**1,903**	**2,150**
Staff costs	1	(32,556)	(30,966)	(45)	(38)
Earnings before interest, tax, depreciation and amortisation		**98,149**	**64,795**	**1,858**	**2,112**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(20,351)	(20,372)	0	0
Other operating costs		(5,884)	(4,644)	0	0
Profit/loss before net financials		**71,914**	**39,779**	**1,858**	**2,112**
Income from investments in subsidiaries		0	0	52,309	23,539
Income from investments in associates		697	1,643	697	1,643
Financial income	2	498	2,067	430	1,371
Financial costs	3	(10,012)	(14,111)	(3,825)	(4,797)
Profit/loss before tax		**63,097**	**29,378**	**51,469**	**23,868**
Tax on profit/loss for the year	4	(11,113)	(5,262)	0	0
Profit for the year		**51,984**	**24,116**	**51,469**	**23,868**
Minority interests' share of net profit/loss of subsidiaries		(515)	(248)		
		51,469	**23,868**		
Distribution of profit	5				

Balance sheet 31 December

		Group		Parent Company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Assets					
Acquired intangible assets		246	498	0	0
Goodwill		6,727	11,059	0	0
Intangible assets	6	**6,973**	**11,557**	**0**	**0**
Biological assets	7	16,400	16,398	0	0
Land and buildings	8	548,243	522,063	0	0
Other fixtures and fittings, tools and equipment	8	76,970	76,170	0	0
Property, plant and equipment in progress	8	29,263	35,718	0	0
Tangible assets		**670,876**	**650,349**	**0**	**0**
Investments in subsidiaries	9	0	0	540,273	482,923
Investments in associates	10	15,947	16,416	15,947	16,416
Receivables from associates	11	1,083	2,352	0	0
Other fixed asset investments	11	180	180	0	0
Fixed asset investments		**17,210**	**18,948**	**556,220**	**499,339**
Total fixed assets		**695,059**	**680,854**	**556,220**	**499,339**

Balance sheet 31 December (continued)

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Assets					
Raw materials and consumables		21,110	19,474	0	0
Work in progress		7,500	8,541	0	0
Finished goods and goods for resale		20,939	23,258	0	0
Trading livestock		51,807	50,622	0	0
Stocks		**101,356**	**101,895**	**0**	**0**
Trade receivables		20,661	18,562	373	0
Receivables from subsidiaries		0	0	318	11,836
Receivables from associates		2,086	2,139	1,979	1,901
Other receivables		34,316	35,160	76	41
Prepayments	12	1,273	1,271	0	199
Receivables		**58,336**	**57,132**	**2,746**	**13,977**
Cash at bank and in hand		**12,379**	**4,867**	**373**	**192**
Total current assets		**172,070**	**163,894**	**3,119**	**14,169**
Total assets		**867,129**	**844,748**	**559,339**	**513,508**

Balance sheet 31 December

Equity and liabilities

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Share capital		675	675	675	675
Reserve for net revaluation under the equity method		15,587	16,056	528,594	471,712
Retained earnings		482,226	426,413	(30,781)	(29,243)
Non-controlling interests		5,890	5,068	0	0
Equity	13	**504,378**	**448,212**	**498,488**	**443,144**
Provision for deferred tax	14	88,968	85,331	0	0
Other provisions		34	46	0	0
Total provisions		**89,002**	**85,377**	**0**	**0**
Subordinate loan capital		25,760	25,760	25,760	25,760
Banks		134,022	157,889	22,500	26,250
Other payables		896	1,776	0	0
Total non-current liabilities	15	**160,678**	**185,425**	**48,260**	**52,010**

Balance sheet 31 December (continued)

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Short-term part of long-term debt	15	10,755	23,836	3,750	3,750
Banks		52,789	48,948	167	801
Trade payables		10,550	12,810	105	1,382
Payables to subsidiaries		0	0	8,569	11,195
Payables to shareholders and management		4,155	4,537	0	0
Other payables		15,183	12,290	0	1,226
Deferred income	16	19,639	23,313	0	0
Total current liabilities		**113,071**	**125,734**	**12,591**	**18,354**
Total debt		**273,749**	**311,159**	**60,851**	**70,364**
Total equity and liabilities		**867,129**	**844,748**	**559,339**	**513,508**

Contingent liabilities	17
Mortgages and collateral	18
Related parties and ownership structure	19

Egenkapitalopgørelse

Group

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Proposed dividend for the year	Non-controlling interests	Total
Equity at 1 January 2019	675	16,056	426,413	0	5,068	448,212
Extraordinary dividend paid	0	0	0	(3,884)	0	(3,884)
Exchange adjustment	0	6	136	0	0	142
Purchase of minority shares	0	0	89	0	(538)	(449)
Other equity movements	0	(1,172)	8,700	0	845	8,373
Net profit/loss for the year	0	697	46,888	3,884	515	51,984
Equity at 31 December 2019	**675**	**15,587**	**482,226**	**0**	**5,890**	**504,378**

Parent Company

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Total
Equity at 1 January 2019	675	471,712	(29,243)	443,144
Exchange adjustment	0	142	0	142
Other equity movements	0	3,733	0	3,733
Net profit/loss for the year	0	53,007	(1,538)	51,469
Equity at 31 December 2019	**675**	**528,594**	**(30,781)**	**498,488**

Cash flow statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		51,469	23,868
Adjustments	20	30,621	33,642
Change in working capital	21	(4,088)	(23,400)
Cash flows from operating activities before financial income and expenses		**78,002**	**34,110**
Interest income and similar income		498	2,067
Interest expenses and similar charges		(10,012)	(14,111)
Cash flows from ordinary activities		**68,488**	**22,066**
Extraordinary payment		0	265
Corporation tax paid		(1,962)	0
Cash flows from operating activities		**66,526**	**22,331**
Purchase of property, plant and equipment		(22,997)	(28,016)
Fixed asset investments made etc.		(448)	0
Sale of property, plant and equipment		1,033	561
Sale of fixed asset investments etc.		0	1,546
Receivables from associates		1,269	1,854
Cash flows from investing activities		**(21,143)**	**(24,055)**
Repayment of long-term debt		(37,828)	(29,053)
Raising of long-term debt		0	11,329
Dividend paid		(3,884)	(4,353)
Cash flows from financing activities		**(41,712)**	**(22,077)**

Cash flow statement 1 January - 31 December (continued)

	Note	Group 2019 TDKK	Group 2018 TDKK
Change in cash and cash equivalents		**3,671**	**(23,801)**
Cash at bank and in hand		4,867	8,480
Overdraft facility		(48,948)	(28,760)
Cash and cash equivalents at 1 January		(44,081)	(20,280)
Cash and cash equivalents at 31 December		**(40,410)**	**(44,081)**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		12,379	4,867
Overdraft facility		(52,789)	(48,948)
Cash and cash equivalents at 31 December		**(40,410)**	**(44,081)**

Notes to the annual report

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
1	**Staff costs**				
	Wages and salaries	23,659	22,652	0	0
	Other social security costs	8,852	8,276	0	0
	Other staff costs	45	38	45	38
		32,556	**30,966**	**45**	**38**
	Average number of employees	212	238	0	0

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the Executive Board has not been disclosed.

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
2	**Financial income**				
	Interest received from subsidiaries	0	0	430	1,371
	Other financial income	498	2,067	0	0
		498	**2,067**	**430**	**1,371**
3	**Financial costs**				
	Financial expenses, group entities	0	0	523	616
	Other financial costs	10,012	14,111	3,302	4,181
		10,012	**14,111**	**3,825**	**4,797**

Notes to the annual report

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
4	**Tax on profit/loss for the year**				
	Current tax for the year	13,509	4,322	0	0
	Deferred tax for the year	(2,396)	940	0	0
		11,113	**5,262**	**0**	**0**

		Parent Company	
		2019	2018
		TDKK	TDKK
5	**Distribution of profit**		
	Reserve for net revaluation under the equity method	53,007	25,182
	Retained earnings	(1,538)	(1,314)
		51,469	**23,868**

Notes to the annual report

6 Intangible assets

Group

	Acquired intangible assets	Goodwill
Cost at 1 January 2019	1,688	37,869
Exchange adjustment	3	0
Cost at 31 December 2019	1,691	37,869
Impairment losses and amortisation at 1 January 2019	1,190	26,810
Exchange adjustment	3	0
Amortisation for the year	252	4,332
Impairment losses and amortisation at 31 December 2019	1,445	31,142
Carrying amount at 31 December 2019	**246**	**6,727**

7 Assets measured at fair value

Group

	Biological assets
Cost at 1 January 2019	16,398
Exchange adjustment	5
Additions for the year	11,026
Disposals for the year	(11,029)
Cost at 31 December 2019	16,400
Carrying amount at 31 December 2019	**16,400**

Notes to the annual report

8 Tangible assets

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2019	278,024	262,461	35,718
Exchange adjustment	90	81	11
Additions for the year	13,490	14,999	22,997
Disposals for the year	(44)	(5,095)	(29,463)
Transfers for the year	(7,568)	0	0
Cost at 31 December 2019	283,992	272,446	29,263
Revaluations at 1 January 2019	323,023	0	0
Exchange adjustment	84	0	0
Revaluations for the year	14,139	0	0
Revaluations at 31 December 2019	337,246	0	0
Impairment losses and depreciation at 1 January 2019	78,984	186,291	0
Exchange adjustment	25	59	0
Depreciation for the year	1,554	14,213	0
Reversal of impairment and depreciation of sold assets	0	(5,087)	0
	(7,568)	0	0
Impairment losses and depreciation at 31 December 2019	72,995	195,476	0
Carrying amount at 31 December 2019	**548,243**	**76,970**	**29,263**
Value of leased assets	0	1,314	0

Notes to the annual report

		Parent Company	
		2019	2018
		TDKK	TDKK
9	**Investments in subsidiaries**		
	Cost at 1 January 2019	27,266	27,266
	Cost at 31 December 2019	27,266	27,266
	Revaluations at 1 January 2019	455,657	434,011
	Exchange rate adjustment	136	1,309
	Net profit/loss for the year	39,962	17,840
	Distributed dividend	(3,884)	(4,353)
	Other equity movements, net	8,789	1,151
	Other adjustments from subsidiaries	12,347	5,699
	Revaluations at 31 December 2019	513,007	455,657
	Carrying amount at 31 December 2019	**540,273**	**482,923**

Investments in subsidiaries are specified as follows:

Name	**Registered office**	**Ownership interest**
Polnovakia Agrar s.r.o.	Malinovo, Slovakia	100 %

Notes to the annual report

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
10 Investments in associates				
Cost at 1 January 2019	360	360	360	360
Cost at 31 December 2019	360	360	360	360
Revaluations at 1 January 2019	16,056	12,717	16,056	12,717
Exchange rate adjustment	6	39	6	39
Net profit/loss for the year	697	1,643	697	1,643
Other equity movements, net	(1,172)	1,657	(1,172)	1,657
Revaluations at 31 December 2019	15,587	16,056	15,587	16,056
Carrying amount at 31 December 2019	**15,947**	**16,416**	**15,947**	**16,416**

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
BIAG s.r.o.	Malinovo, Slovakia	50 %

Notes to the annual report

11 Fixed asset investments

Group

	Receivables from associates	Other fixed asset investments
Cost at 1 January 2019	2,352	180
Adjustment for the year	(1,269)	0
Cost at 31 December 2019	1,083	180
Carrying amount at 31 December 2019	**1,083**	**180**

12 Prepayments

Prepayments comprise prepaid expenses regarding e.g. rent, insurance premiums, subscriptions etc.

13 Equity

The share capital consists of 674,533 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January 2019	675	675	670	670	670
Cash capital increase	0	0	5	0	0
Share capital	**675**	**675**	**675**	**670**	**670**

Notes to the annual report

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January 2019	85,331	83,639	0	0
Deferred tax recognised in income statement	(2,396)	940	0	0
Deffered tax from equity movements	6,033	752	0	0
Provision for deferred tax at 31 December 2019	**88,968**	**85,331**	**0**	**0**

15 Long-term debt

Group	**Debt at 1 January 2019**	**Debt at 31 December 2019**	**Instalment next year**	**Debt outstanding after 5 years**
Subordinate loan capital	25,760	25,760	0	0
Banks	177,975	144,777	10,755	35,807
Other payables	1,776	896	0	0
	205,511	**171,433**	**10,755**	**35,807**

Parent Company	**Debt at 1 January 2019**	**Debt at 31 December 2019**	**Instalment next year**	**Debt outstanding after 5 years**
Subordinate loan capital	25,760	25,760	0	0
Banks	26,250	26,250	3,750	7,500
	52,010	**52,010**	**3,750**	**7,500**

Notes to the annual report

16 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years, primarily received investment grants.

17 Contingent liabilities

Group

The group has received various investment grants in Slovakia recognized as accruals and deferred income under liabilities. The payments are conditional on the completion of a number of projects in Slovakia. The obligation related to each grant expires after a period of 5 years. Investment grants recognized in the balance sheet at 31 December 2019 amount to DKK 19,639 thousand.

The group has taken several leases on land. The land lease contracts are valid for periods from 5-15 years and the expected yearly rent on current contracts is DKK 3,819 thousand.

The group has entered into operating leases on operating equipment with a maturity period of 50 months as at 31 December 2019 and a monthly lease payment of DKK 2.3 thousand.

18 Mortgages and collateral

Group

Land and buildings at a carrying amount of DKK 548,243 thousand at 31 December 2019 have been provided as security for bank loans totalling DKK 118,527 thousand.

Parent company

As security for the company's bank loan, there is transport in receivables from subsidiaries, DKK 318 thousand, and provided security in the company's shares in subsidiaries with a value of DKK 533,625 thousand at 31 December 2019.

Notes to the annual report

19 Related parties and ownership structure

Transactions

The company has decided to only disclose information that have not been made on an arm's length basis according to section 98c, subsection 7 of the Danish Financial Statements Act.

Ownership structure

The following shareholder are registered in the company's register of shareholders, whereas no one holds a controlling interest:

Ålkær Invest ApS, Vojens
In2Agriculture ApS, Middelfart
Stenagergaard Invest ApS, Gelsted
Tokløveret Holding ApS, Vejen
Kiersminde ApS, Haderslev
Kølhede Invest A/S, Bøvlingbjerg

20 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	(498)	(2,067)
Financial costs	10,012	14,111
Depreciation, amortisation and impairment losses	20,351	23,591
Gain/loss from sales of property, plant and equipment	506	54
Income from investments in associates	(697)	(1,643)
Adjustment for transfer to biological assets	(11,026)	0
Tax on profit/loss for the year	11,113	0
Minority interests' share of net profit/loss of subsidiaries	515	248
Other adjustments	345	(652)
	30,621	**33,642**

21 Cash flow statement - change in working capital

	2019	2018
Change in inventories	539	(3,924)
Change in receivables	(1,204)	(11,958)
Change in trade payables, etc.	(3,423)	(7,518)
	(4,088)	**(23,400)**