ROESGAARD

NÅR OVERBLIK SKABER VÆRDI

Agrovakia A/S

Tellerupvej 15

5591 Gelsted

Central Business Registration No. 10 12 44 68

Annual Report for 2020

The Annual Report was presented and
approved at the Annual General Meeting
of the Company on 19/05 2021

Erling Bech Poulsen
Chairman

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Company details

The company	Agrovakia A/S Tellerupvej 15 5591 Gelsted	
	CVR no.:	10 12 44 68
	Reporting period:	1 January - 31 December 2020
	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
Godkendt 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 2020.

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's and the group's financial position at 31 December 2020 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

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 be approved by the company at the general meeting.

Gelsted, 19 May 2021

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 2020, 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 company financial 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 2020 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 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 consolidated financial statements and parent company financial statements” 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 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 made 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 judgement and maintain professional scepticism 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.

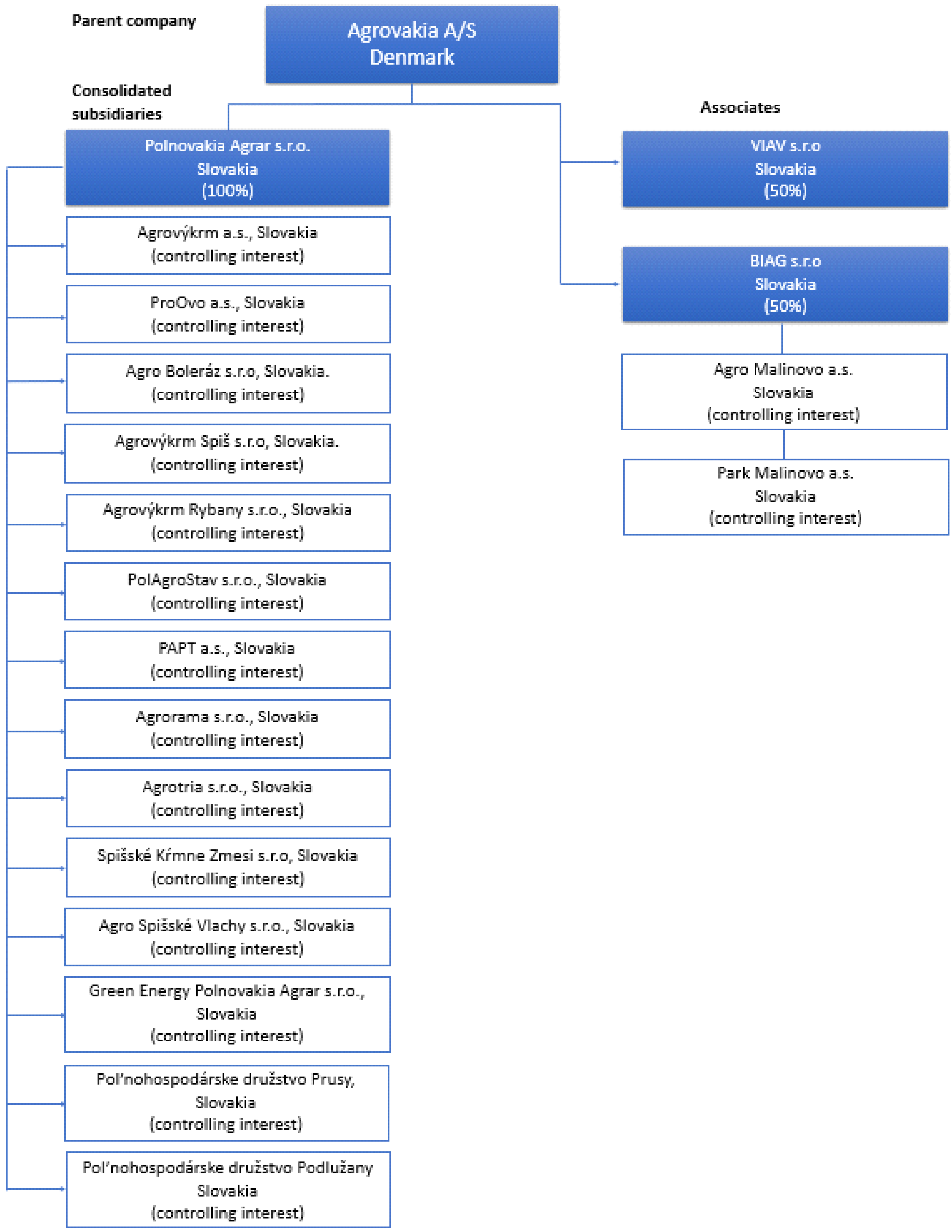
Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material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

Horsens, 19 May 2021

Roesgaard
Godkendt 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
Polnovakia Agrar s.r.o.
Slovakia
(100%)
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)
Green Energy Polnovakia Agrar s.r.o.,
Slovakia
(controlling interest)
Pol'nohospodárske družstvo Prusy,
Slovakia
(controlling interest)
Pol'nohospodárske družstvo Podlužany
Slovakia
(controlling interest)
Associates
VIAV s.r.o
Slovakia
(50%)
BIAG s.r.o
Slovakia
(50%)
Agro Malinovo a.s.
Slovakia
(controlling interest)
Park Malinovo a.s.
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				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	118,622	130,705	95,761	123,555	98,422
Earnings before depreciation and amortisation	82,138	98,149	64,795	93,126	71,167
Profit/loss before net financials	55,777	71,914	39,779	65,982	49,590
Net financials	(8,061)	(8,817)	(10,401)	(7,789)	(8,515)
Profit/loss for the year	36,652	51,984	24,116	48,524	38,508
Balance sheet					
Balance sheet total	914,251	867,129	844,748	825,642	794,714
Investment in property, plant and equipment	56,503	22,997	28,016	30,376	27,990
Equity	537,313	504,378	448,212	423,835	357,598
Number of employees	222	212	238	233	231
Financial ratios					
Return on assets	6.3 %	8.4 %	4.8 %	8.1 %	6.6 %
Solvency ratio	58.8 %	58.2 %	53.1 %	51.3 %	45.0 %
Return on equity	7.0 %	10.9 %	5.5 %	12.4 %	11.7 %

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

Business review

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.

Development in activities and economy

COVID-19 has over the year been closely monitored, keeping employees safe and productions running with the least possible impacts.

Production output in pieces pigs and eggs lived up to expectations. Also, our grain production overall performed as expected.

Sales were negatively affected by COVID-19 and ASF entering Germany created great volatility on pig prices over the year. The German marked started well off and even reached €2.02/kg, however ended the year at €1.19/kg.

Remaining non-core activities (mainly quarry) performed in line with overall expectations.

The group continued investments into increasing the pig production.

Group pre-tax profit of DKK 47.7million is lower than expected but is satisfactory considering how the year has evolved.

Significant events after year closing

None.

Outlook 2021

Due to ASF, the group decided, till the situation becomes more stable, to reduce the intensity of its pig production activities in the eastern part of the country. This mainly due to the EU keeping long restrictions; zoning/quarantine/sales stop, creating great uncertainty about maintaining good farming practise and securing productions. The change will result in less produced finishers and more sold weaners.

Egg production output is planned in line with previous years.

Plant production planned yields and acreage as usual.

World prices of various raw materials are currently showing great volatility. However, the group expects, based on a normal harvest in 2021, to have grains secured till after harvest 2022. Grains are a significant part of feed composition however not the only one. Remaining raw materials are to some extent volatile as well.

Management's review

Investments mainly into increase of pig production continue throughout 2021 and some investments in the remaining part of the group, mainly plant production, will be carried out as well.

COVID-19 is expected to have less influence on the year as countries get more control and vaccinations are rolled out.

Annual pork prices expected slightly over 2020 levels, mainly due to easing of lock downs following COVID-19, however, the timing “when” the countries in our region again are back to normal is difficult to predict.

From Asia, we see significant long-term demands for pork imports.

Result expected in the range DKK +30-40 million.

Other

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

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

Accounting policies

The annual report of Agrovakia A/S for 2020 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 2020 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 and the parent company 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 and the parent company 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.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. 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 at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the associates based on the parent company’s accounting policies and proportionate elimination of unrealised intra-group gains and losses. The proportionate share of associates’ profit/loss, after elimination of the proportionate share of intra-group gains and losses, is recognised in the income statement.

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.

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 that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised exchange gains and losses on foreign currency transactions, etc.

Income 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.

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

Accounting policies

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 added revaluations and less accumulated depreciation and impairment losses.

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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives and residual values 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 are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

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 assessment which is based on a reversal of entry of the expected future cash flows.

Biological assets are measured 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

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

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. Negative goodwill is recognised in the income statement on acquisition.

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.

Acquirees are accounted for using the purchase method, see the above description of accounting policies for goodwill.

Other securities and investments, fixed assets

Securities and other investments are measured at cost.

Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value 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.

Inventory

Inventories are measured at cost using theFIFO 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.

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 inventories 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.

Accounting policies

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.

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.

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 - except for provisions for deferred tax - are measured at net asset value.

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 at net realisable value.

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.

Accounting policies

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 net 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.

Fair value

The fair value assessment is based on the primary market. If a primary market does not exist, the most favourable market will serve as the basis for this which is the market that maximises the price of the asset or the liability less transaction and/or transport costs.

All assets and liabilities measured at fair value or where the fair value is disclosed is categorised according to the fair value hierarchy described below:

Level 1: Value determined based on the fair value of similiar assets/liabilities on a well-functioning market.
Level 2: Value determined based on accepted valuation methods based on observable market information.
Level 3: Value determined based on accepted valuation methods and fair assessments made based on unobservable market information.

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 instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Accounting policies

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 translated 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 in the consolidated financial statements.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term overdraft facilities.

Accounting policies

Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Income statement 1 January - 31 December 2020

		Group		Parent company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Gross profit		**118,622**	**130,705**	**(151)**	**1,903**
Staff costs	1	(36,484)	(32,556)	0	(45)
Earnings before interest, tax, depreciation and amortisation		**82,138**	**98,149**	**(151)**	**1,858**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(21,438)	(20,351)	0	0
Other operating costs		(4,923)	(5,884)	0	0
Profit/loss before net financials		**55,777**	**71,914**	**(151)**	**1,858**
Income from investments in subsidiaries		0	0	38,567	52,309
Income from investments in associates		833	697	833	697
Financial income	2	548	498	118	430
Financial costs	3	(9,442)	(10,012)	(3,584)	(3,825)
Profit/loss before tax		**47,716**	**63,097**	**35,783**	**51,469**
Tax on profit/loss for the year	4	(11,064)	(11,113)	0	0
Profit for the year		**36,652**	**51,984**	**35,783**	**51,469**
Minority interests' share of net profit/loss of subsidiaries		(869)	(515)		
		35,783	**51,469**		
Distribution of profit	5				

Balance sheet 31 December

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Assets					
Acquired intangible assets		0	246	0	0
Goodwill		2,395	6,727	0	0
Intangible assets	6	**2,395**	**6,973**	**0**	**0**
Biological assets	7-8	16,567	16,400	0	0
Land and buildings	8-9	557,798	548,243	0	0
Other fixtures and fittings, tools and equipment	9	73,965	76,970	0	0
Property, plant and equipment in progress	9	61,131	29,263	0	0
Tangible assets		**709,461**	**670,876**	**0**	**0**
Investments in subsidiaries	10	0	0	575,370	540,273
Investments in associates	11	16,807	15,947	16,807	15,947
Receivables from associates	12	446	1,083	0	0
Other fixed asset investments	12	180	180	0	0
Fixed asset investments		**17,433**	**17,210**	**592,177**	**556,220**
Total fixed assets		**729,289**	**695,059**	**592,177**	**556,220**

Balance sheet 31 December (continued)

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Assets					
Raw materials and consumables		18,886	21,110	0	0
Work in progress		6,112	7,500	0	0
Finished goods and goods for resale		34,569	20,939	0	0
Trading livestock		56,031	51,807	0	0
Stocks		**115,598**	**101,356**	**0**	**0**
Trade receivables		15,800	20,661	0	373
Receivables from subsidiaries		0	0	60,748	318
Receivables from associates		2,189	2,086	2,090	1,979
Other receivables		29,639	34,316	240	76
Prepayments	13	1,328	1,273	0	0
Receivables		**48,956**	**58,336**	**63,078**	**2,746**
Cash at bank and in hand		**20,408**	**12,379**	**10,689**	**373**
Total current assets		**184,962**	**172,070**	**73,767**	**3,119**
Total assets		**914,251**	**867,129**	**665,944**	**559,339**

Balance sheet 31 December

		Group		Parent company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Share capital		675	675	675	675
Reserve for net revaluation under the equity method		16,428	15,587	564,531	528,594
Retained earnings		513,706	482,226	(37,897)	(30,781)
Proposed dividend for the year		0	0	3,500	0
Non-controlling interests		6,504	5,890	0	0
Equity	14	**537,313**	**504,378**	**530,809**	**498,488**
Provision for deferred tax	15	91,650	88,968	0	0
Other provisions		34	34	0	0
Total provisions		**91,684**	**89,002**	**0**	**0**
Subordinate loan capital		0	25,760	0	25,760
Banks		147,892	134,022	122,613	22,500
Other payables		356	896	0	0
Long-term debt	16	**148,248**	**160,678**	**122,613**	**48,260**

Balance sheet 31 December (continued)

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Short-term part of long-term debt	16	17,640	10,755	12,337	3,750
Banks		81,183	52,789	0	167
Trade payables		16,900	10,550	185	105
Payables to subsidiaries		0	0	0	8,569
Payables to shareholders and management		269	4,155	0	0
Corporation tax		1,641	8,275	0	0
Other payables		8,231	6,908	0	0
Deferred income	17	11,142	19,639	0	0
Total short-term debt		**137,006**	**113,071**	**12,522**	**12,591**
Total debt		**285,254**	**273,749**	**135,135**	**60,851**
Total equity and liabilities		**914,251**	**867,129**	**665,944**	**559,339**
Contingent liabilities	18				
Mortgages and collateral	19				
Related parties and ownership structure	20				

Statement of changes in equity

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 2020	675	15,587	482,226	0	5,890	504,378
Extraordinary dividend paid	0	0	0	(3,422)	0	(3,422)
Exchange adjustment	0	(65)	(1,921)	0	(19)	(2,005)
Purchase of minority shares	0	0	65	0	(251)	(186)
Other equity movements	0	73	1,808	0	15	1,896
Net profit/loss for the year	0	833	31,528	3,422	869	36,652
Equity at 31 December 2020	**675**	**16,428**	**513,706**	**0**	**6,504**	**537,313**

Parent company

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2020	675	528,594	(30,781)	0	498,488
Exchange adjustment	0	(1,986)	0	0	(1,986)
Other equity movements	0	(1,476)	0	0	(1,476)
Net profit/loss for the year	0	39,399	(7,116)	3,500	35,783
Equity at 31 December 2020	**675**	**564,531**	**(37,897)**	**3,500**	**530,809**

Cash flow statement 1 January - 31 December

	Note	Group 2020	Group 2019
		TDKK	TDKK
Net profit/loss for the year		36,652	51,984
Adjustments	21	39,923	40,775
Change in working capital	22	(9,572)	(14,757)
Cash flows from operating activities before financial income and expenses		**67,003**	**78,002**
Interest income and similar income		548	498
Interest expenses and similar charges		(9,442)	(10,012)
Cash flows from ordinary activities		**58,109**	**68,488**
Corporation tax paid		(14,330)	(1,962)
Cash flows from operating activities		**43,779**	**66,526**
Purchase of property, plant and equipment		(56,503)	(22,997)
Fixed asset investments made etc		(205)	(448)
Sale of property, plant and equipment		894	1,033
Receivables from associates		637	1,269
Cash flows from investing activities		**(55,177)**	**(21,143)**
Repayment of subordinate loan capital		(25,760)	0
Raising/repayment of long-term debt		20,215	(37,828)
Dividend paid		(3,422)	(3,884)
Cash flows from financing activities		**(8,967)**	**(41,712)**

Cash flow statement 1 January - 31 December (continued)

	Note	Group	
		2020	**2019**
		TDKK	TDKK
Change in cash and cash equivalents		**(20,365)**	**3,671**
Cash at bank and in hand		12,379	4,867
Overdraft facility		(52,789)	(48,948)
Cash and cash equivalents		(40,410)	(44,081)
Cash and cash equivalents		**(60,775)**	**(40,410)**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		20,408	12,379
Overdraft facility		(81,183)	(52,789)
Cash and cash equivalents		**(60,775)**	**(40,410)**

Notes to the annual report

		Group		Parent company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
1	**Staff costs**				
	Wages and salaries	26,675	23,659	0	0
	Other social security costs	9,809	8,852	0	0
	Other staff costs	0	45	0	45
		36,484	**32,556**	**0**	**45**
	Average number of employees	222	212	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	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
2	**Financial income**				
	Interest received from subsidiaries	0	0	0	318
	Interest received from associates	118	112	118	112
	Other financial income	430	386	0	0
		548	**498**	**118**	**430**
3	**Financial costs**				
	Interest paid to subsidiaries	0	0	343	523
	Other financial costs	9,442	10,012	3,241	3,302
		9,442	**10,012**	**3,584**	**3,825**

Notes to the annual report

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	7,696	13,509	0	0
Deferred tax for the year	3,368	(2,396)	0	0
	11,064	**11,113**	**0**	**0**

	Parent company	
	2020	2019
	TDKK	TDKK
5 Distribution of profit		
Proposed dividend for the year	3,500	0
Reserve for net revaluation under the equity method	39,399	53,008
Retained earnings	(7,116)	(1,539)
	35,783	**51,469**

6 Intangible assets

Group

	Acquired intangible assets	Goodwill
Cost at 1 January 2020	1,691	37,869
Exchange adjustment	(7)	0
Cost at 31 December 2020	1,684	37,869
Impairment losses and amortisation at 1 January 2020	1,445	31,142
Exchange adjustment	(6)	0
Amortisation for the year	245	4,332
Impairment losses and amortisation at 31 December 2020	1,684	35,474
Carrying amount at 31 December 2020	**0**	**2,395**

Notes to the annual report

7 Assets measured at fair value

Group	Group
	Biological assets
Cost at 1 January 2020	16,400
Exchange adjustment	(67)
Additions for the year	12,322
Disposals for the year	(12,088)
Cost at 31 December 2020	16,567
Fair value adjustment at 31 December 2020	0
Carrying amount at 31 December 2020	**16,567**

8 Fair value disclosure

	Group
	2020
	TDKK
Trading livestock and biological assets	
Fair value adjustments recognised in the income statement	7,969
Fair value of trading livestock and biological assets, at 31 December 2020	72,598
Land and buildings	
Fair value adjustments recognised under equity	708
Fair value of land and buildings, at 31 December 2020	557,798
Inventory, crops	
Fair value adjustments recognised in the income statement	2,821
Fair value of crops, at 31 December 2020	41,240

Notes to the annual report

9 Tangible assets

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2020	283,992	272,446	29,263
Exchange rate adjustment	(1,156)	(1,072)	(119)
Additions for the year	12,786	11,536	56,503
Disposals for the year	(20)	(4,669)	(24,516)
Cost at 31 December 2020	295,602	278,241	61,131
Revaluations at 1 January 2020	337,246	0	0
Exchange rate adjustment	(1,101)	0	0
Revaluations for the year	1,463	0	0
Revaluations at 31 December 2020	337,608	0	0
Impairment losses and depreciation at 1 January 2020	72,995	195,476	0
Exchange rate adjustment	(297)	(778)	0
Depreciation for the year	2,714	14,147	0
Reversal depreciation of sold assets	0	(4,569)	0
Impairment losses and depreciation at 31 December 2020	75,412	204,276	0
Carrying amount at 31 December 2020	**557,798**	**73,965**	**61,131**
Value of leased assets	0	504	0

Notes to the annual report

		Parent company	
		2020	2019
		TDKK	TDKK
10	**Investments in subsidiaries**		
	Cost at 1 January 2020	27,266	27,266
	Cost at 31 December 2020	27,266	27,266
	Revaluations at 1 January 2020	513,007	455,657
	Exchange rate adjustment	(1,921)	136
	Net profit/loss for the year	38,567	39,962
	Distributed dividend	(3,422)	(3,884)
	Other equity movements, net	1,873	8,789
	Other adjustments from subsidiaries	0	12,347
	Revaluations at 31 December 2020	548,104	513,007
	Carrying amount at 31 December 2020	**575,370**	**540,273**

Investments in subsidiaries are specified as follows:

Name	**Registered office**	**Ownership interest**
Polnovakia Agrar s.r.o.	Malinovo, Slovakia	100 %
Agrovýkrm a.s.	Senica, Slovakia	
ProOvo a.s.	Bernolákovo, Slovakia	
Agro Boleráz s.r.o.	Boleráz, Slovakia	
Agrovýkrm Spiš s.r.o.	Spišské Vlachy, Slovakia	
Agrovýkrm Rybany s.r.o.	Rybany, Slovakia	
PolAgroStav s.r.o.	Malinovo, Slovakia	
PAPT a.s.	Královský Chlmec, Slovakia	
Agrorama s.r.o.	Šala, Slovakia	
Agrotria s.r.o.	Svinná , Slovakia	
Spišské Krmne Zmesi s.r.o	Spišské Vlachy, Slovakia	
Agro Spišské Vlachy s.r.o.	Spišské Vlachy, Slovakia	
Green Energy Polnovakia Agrar s.r.o.	Malinovo, Slovakia	
Pol’nohospodárske družstvo Prusy	Prusy, Slovakia	
Pol’nohospodárske družstvo Podlužany	Podlužany , Slovakia	

Notes to the annual report

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
11 Investments in associates				
Cost at 1 January 2020	360	360	360	360
Additions for the year	19	0	19	0
Cost at 31 December 2020	379	360	379	360
Revaluations at 1 January 2020	15,587	16,056	15,587	16,056
Exchange rate adjustment	(65)	6	(65)	6
Net profit/loss for the year	833	697	833	697
Other equity movements, net	73	(1,172)	73	(1,172)
Revaluations at 31 December 2020	16,428	15,587	16,428	15,587
Carrying amount at 31 December 2020	**16,807**	**15,947**	**16,807**	**15,947**

Investments in associates are specified as follows:

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

Notes to the annual report

12 Fixed asset investments

Group

	Receivables from asso-ciates	Other fixed asset investments
Cost at 1 January 2020	1,083	180
Adjustment for the year	(637)	0
Cost at 31 December 2020	446	180
Carrying amount at 31 December 2020	**446**	**180**

13 Prepayments

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

14 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:

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January 2020	675	675	675	670	670
Additions for the year	0	0	0	5	0
Share capital	**675**	**675**	**675**	**675**	**670**

Notes to the annual report

	Group 2020	Group 2019	Parent company 2020	Parent company 2019
	TDKK	TDKK	TDKK	TDKK
15 Provision for deferred tax				
Provision for deferred tax at 1 January 2020	88,968	85,331	0	0
Deferred tax recognised in income statement	3,368	(2,396)	0	0
Deffered tax from equity movements	(686)	6,033	0	0
Provision for deferred tax at 31 December 2020	**91,650**	**88,968**	**0**	**0**

16 Long-term debt

Group	**Debt at 1 January 2020**	**Debt at 31 December 2020**	**Instalment next year**	**Debt outstanding after 5 years**
Subordinate loan capital	25,760	0	0	0
Banks	144,777	165,532	17,640	62,371
Other payables	896	356	0	0
	171,433	**165,888**	**17,640**	**62,371**

Parent Company	**Debt at 1 January 2020**	**Debt at 31 December 2020**	**Instalment next year**	**Debt outstanding after 5 years**
Subordinate loan capital	25,760	0	0	0
Banks	26,250	134,950	12,337	61,813
	52,010	**134,950**	**12,337**	**61,813**

Notes to the annual report

17 Deferred income

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

18 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 11,142 thousand.

The group has taken several leases on land. The lease contracts are valid for periods from 5-15 years and the expected yearly rent on current contracts is DKK 4,102 thousand.

The group has entered into operating leases on operating equipment with a maturity period of 38 months as at 31 December 2020 and a monthly lease payment of DKK 2.3 thousand.

19 Mortgages and collateral

Group

Land and buildings at a carrying amount of DKK 557,798 thousand at 31 December 2020 have been provided as security for bank loans.

Parent company

As security for the company's bank loan, there is transport in receivables from subsidiaries, DKK 60,748 thousand, and provided security in the company's shares in subsidiaries with a value of DKK 575,370 thousand at 31 December 2020.

Notes to the annual report

20 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
Agrovakia Holding ApS, Gelsted
In2Agriculture ApS, Middelfart
Kølhede Invest A/S, Bøvlingbjerg

	Group	
	2020	**2019**
	TDKK	TDKK
21 Cash flow statement - adjustments		
Financial income	(548)	(498)
Financial costs	9,442	10,012
Depreciation, amortisation and impairment losses	21,438	20,351
Gain/loss from sales of property, plant and equipment	(376)	506
Income from investments in associates	(833)	(697)
Tax on profit/loss for the year	11,064	11,113
Other adjustments	(264)	(12)
	39,923	**40,775**

22 Cash flow statement - change in working capital		
Change in inventories	(14,242)	539
Change in receivables	9,380	(1,204)
Change in trade payables, etc.	(4,710)	(14,092)
	(9,572)	**(14,757)**