DCH International A/S

Growing in Romania

Annual Report

2021

DCH International A/S

Dannevirkevej 6, 7000 Fredericia,
Reg. no. 26 08 85 77

Annual Report
January 1st – December 31st, 2021

Presented and adopted at the Annual General Meeting on 10th of May 2022.

Chairman of the Annual General Meeting:

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Management's Statement of the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of DCH International A/S for the financial year 1 January to 31 December 2021.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and cash flows for the financial year 2021.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements.

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

Fredericia, 26th of February 2022

Executive Board

Lars V. Drescher
CEO

Morten Beider
CFO

Board of Directors

Torben Svejgård
Chairman

Carsten Lind Pedersen
Board Member

Ole Sloth Nielsen
Board Member

Bo Holse
Board Member

Jytte Rosenmaj
Board Member

Deloitte.

Independent auditor's report on the annual report for the period 01.01.2021 - 31.12.2021

Opinion

We have audited the consolidated financial statements and the parent financial statements of DCH International A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021, and of the results of their operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Statement on the management commentary

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Management's responsibilities for the annual reports

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

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

Auditor's responsibilities for the audit of the annual report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

Deloitte.

Independent auditor's report on the annual report for the period 01.01.2021 - 31.12.2021

Auditor's responsibilities for the audit of the annual report *(continued)*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 26th of February 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 96 35 56

Søren Alsen Lauridsen
State-Authorised Public Accountant
MNE no.: mne40040

Abdul Wahab Ashraf
State-Authorised Public Accountant
MNE no.: mne46664

Consolidated Financial Highlights

EUR '000	2021	2020	2019	2018	2017
Profit & Loss					
Total income	47.865	66.574	91.591	63.857	67.587
EBITDA	-1.628	1.449	28.866	10.305	23.380
Adjusted EBITDA (excl. fair value adjust. bio assets and Special Items due to ASF)	*-519*	*14.314*	*20.687*	*13.363*	*24.241*
Operating profit/loss (EBIT)	-6.720	-7.106	21.053	3.817	17.885
Net financials	-3.142	-3.228	-3.457	-2.294	-3.098
Profit/loss for the period	-8.172	-8.673	14.844	1.172	12.335
Balance sheet:					
Total assets	147.030	165.069	173.771	157.679	149.685
Investment in property, plant and equipment	2.389	8.837	11.764	15.076	23.638
Equity	80.227	88.176	91.520	74.532	73.071
Invested capital	115.455	128.153	138.592	134.089	127.402
Net interest-bearing debt	39.613	48.541	56.302	56.011	51.918
Cash flow:					
Cash flow from operating activities	7.274	18.239	5.731	11.467	10.850
Cash flow from investing activities	1.417	-10.623	-7.625	-14.908	-23.829
Cash flow from financing activities	-2.182	-5.777	-326	5.820	6.295

	2021	2020	2019	2018	2017
Employees:					
Average number of employees	446	498	471	445	335
Production Scope:					
Harvested land	1.619	1.323	1.663	1.720	1.796
Total yield (all crops)	9.321	3.573	8.377	6.159	7.496
Average number of sows	13.078	14.313	17.532	16.519	12.503
Number of pigs produced	396.841	427.887	568.385	511.111	406.702
Produced pigs per avg. sow	30,3	29,9	32,4	30,9	32,5
Ratios:					
Gross margin	17,9%	20,5%	43,5%	29,8%	42,8%
Ajusted EBITDA margin	*-1,1%*	*21,5%*	*22,6%*	*20,9%*	*35,9%*
EBIT margin	-14,0%	-10,7%	23,0%	6,0%	26,5%
Return on invested capital	-5,5%	-5,3%	15,4%	2,9%	15,7%
Adjusted ROI (excl. fair value adjust. bio assets)	*-4,6%*	*4,2%*	*9,6%*	*5,2%*	*16,6%*
Return on equity	-9,7%	-9,7%	17,9%	1,6%	18,7%
Solvency ratio	54,6%	53,4%	52,7%	47,3%	48,8%
Current Ratio	120%	124%	167%	136%	130%
Booked value per share	6,28	6,91	7,17	5,93	5,80

Definitions of financial ratios:

Adjusted EBITDA	*EBITDA adjusted for price effect on fair value adjustment of biological assets and any special items*
Gross margin	*Gross profit / Total Income x 100*
Adjusted EBITDA margin	*Adjusted EBITDA / Total Income x 100*
EBIT margin	*EBIT / Total Income x 100*
Return on invested capital	*Net financials / Avg. net interest-bearing debt x 100*
Return on equity	*Net Profit / Avg. equity x 100*
Solvency ratio	*Equity / Total assets x 100*
Current Ratio	*Current assets / current liabilities x 100*

Company Information

DCH International A/S

Address:	Synergihuset Dannevirkevej 6 DK-7000 Fredericia
Company Reg. no.:	26 08 85 77
Domicile:	Fredericia
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Telefax:	+45 64812601
Web:	www.dchi.dk
E-mail:	mail@dchi.dk

Board of Directors

Torben Svejgård (chairman)
Carsten Lind Pedersen
Ole Sloth Nielsen
Bo Holse
Jytte Rosenmaj

Executive Board

Lars Vesten Drescher (CEO)
Morten Beider (CFO)

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
DK - 8000 Aarhus C

Bank

Nordea Danmark A/S
Kirkegade 3
DK - 8900 Randers

Lawyer

Gorrissen Federspiel
Silkeborgvej 2
DK - 8000 Aarhus C

Subsidiaries

Premium Pork International A/S
Premium Porc SRL
Consinterfin SRL
Degaro SRL
Premium Porc Feed SRL
Agro Investments Moldova SRL
Premium Porc Negreni SRL
Premium Vet Depot SRL
Olsuin SRL
Premium Porc Sibiu SRL
Premium Pork Commercial SRL

About us

Main activity

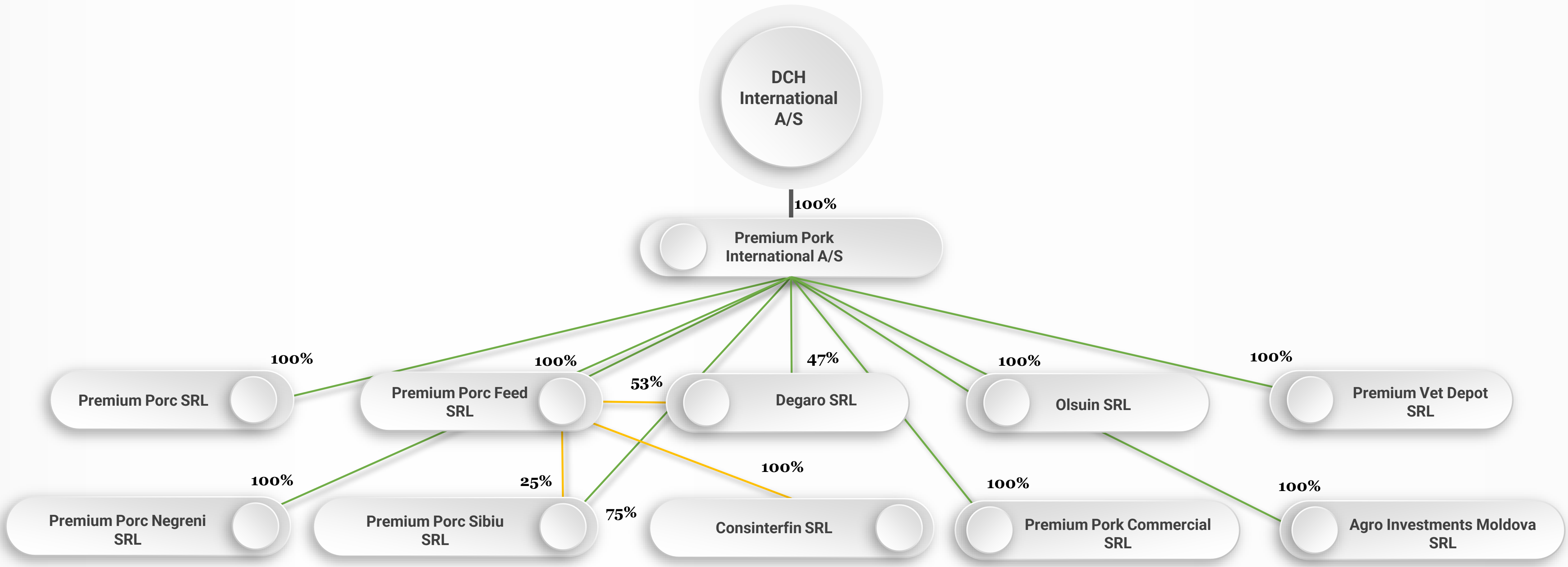
As in previous years the main activity has been to operate pig production, focusing on sales of finishers through subsidiaries in Romania.

The group manages all activities related to pig production, having all required production divisions: reproduction and genetics, maternity and finisher barns. As secondary activities, the group has its own feed production divisions as well as manure management.

- ✓ **Integrated pig production: breeding, reproduction, maternity, finishers**
- ✓ **The best Danish genetics and technology**
- ✓ **Internal logistics for animals and feed**
- ✓ **Own Feed Mills**
- ✓ **Management of natural fertilizer**

Corporate Structure

(As is from December 31st, 2021)



Note: All subsidiaries are **100% controlled** and are all 100% owned directly or indirectly by DCH International A/S.

Development in the financial year and financial positions

Challenges caused by African Swine Fever (ASF) and market conditions continued

The year show a **loss** on approx. EUR 8.2m compared to a 2020 loss on EUR 8.7m. This year fair value adjustment has no material impact as pig prices ended the year on the same low level as it started. The consolidated total income was EUR 47.9m in 2021 (-38% compared to 2020 without fair value adjustment).

Lower pig prices and higher feed prices had a significant negative impact. The average sales prices decreased by 13% from 1.52 to 1.32 EUR per kg. And the feed prices increased by 9%. The combined impact was a reduction in the overall profitability with EUR 7.1m.

On top of this, several farms were closed during the year due to outbreaks of ASF. The infected herds were ordered culled by the authorities and compensated with an amount reflecting the loss of herd value and direct costs related to the culling itself. But the subsequent loss of production is not compensated. As a result, the production capacity has only been utilized in average with approx. 62% in 2021 and the production volume in weight was reduced by 29% compared to 2020.

According to our strategy, the crop production activities was divested during H2 2021. Selling the crop activities generated a profit on approx. 3.7m EUR in 2021 and had an even bigger positive cash flow impact.

Due to the loss, the equity decreased 10% compared to yearend 2020 but still amounts to EUR 80.2m and a very solid solvency ratio on 54%. Also, the Group's liquidity reserves are, as per 31/12 2021, at a satisfactory level, EUR 19.2 million.

Overall assessment

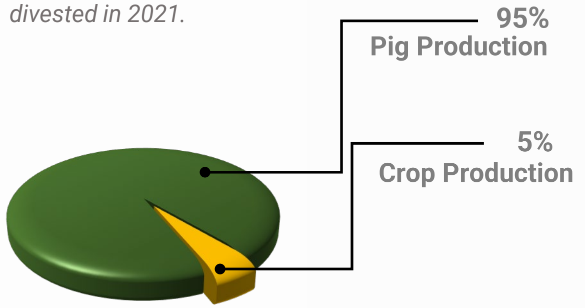
The result is not satisfactory as operations continue to be negatively influenced by the ASF outbreaks, implications of the presence of ASF in general and the unsatisfactory price ratio between pigs and feed.

Four factors describing 2021:

- **The lowest price-ratio ever** – and **20% lower** compared to last year. The ratio was only 5.1 due to a combination of low pig prices throughout the year and a high average feed prices. The trend was accelerated after harvest as the feed prices increased even more resulting in 20% higher prices end of the year compared to 2020.
- **Profit on EUR 3.7m** due to **divestment of crop production activities.**
- **Direct net losses on approx. EUR 4.5m due to ASF** as two farms were confirmed infected in January, one farm in August and four farms in September. The compensations from the authorities for the culled herds are received.
- **Indirect losses due to African Swine Fever (ASF) zoning:** The high number of ASF outbreaks in Romania continued to severely disrupt our production flows as well as our sales channels. The main impact is discounts on sales and additional costs generated by ASF-related restrictions accounting for a total loss of EUR 1.2m before tax.

	Consolidated total		Pig production		Crop Production	
EUR '000	2021	2020	2021	2020	2021	2020
Total income	47.865	66.574	46.264	64.926	2.301	1.739
Total income without fair value adjust. biological assets	*47.858*	*77.224*	*46.256*	*75.693*	*2.301*	*1.623*
EBITDA	**-1.628**	**1.449**	**-2.148**	**545**	**577**	**535**
EBITDA excl. fair value adjust. biological assets and excl. Special	*-519*	*14.314*	*-1.039*	*13.526*	*577*	*419*
EBIT	-6.720	-7.106	-10.374	-7.462	3.743	4
Profit before tax	**-9.862**	**-10.335**	**-13.919**	**-11.038**	**3.628**	**-159**

Up to 2021, the Group managed two business areas in Romania: Pig production and Crop production. The latter, representing approx. 5% of the Groups turnover, is divested in 2021.

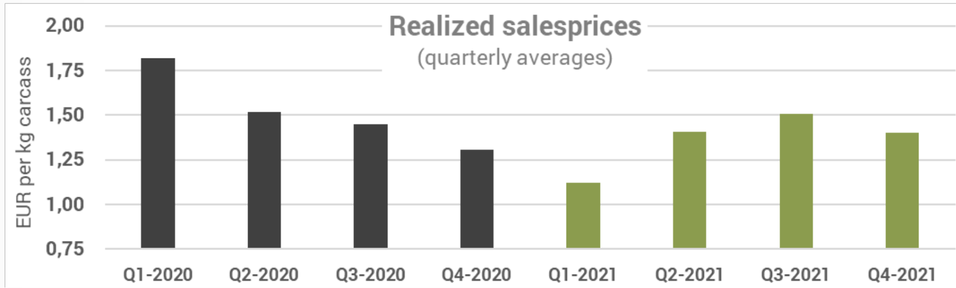


A bad combination: low pork prices and high feed prices

Pork prices 13% lower

The average realized pork price was very low, slightly lower than our previous all-time low registered in 2016. And 13% down compared to last year's average. Unlike 2020 where the trend was continuously down, prices in 2021 fluctuated around the same level and at yearend similar prices was registered as end of last year

Pork prices started 2021 at a very low level and the normal seasonal improvements kicked in late. The prices did as expected increase in Q2 and into Q3 to a reasonable level. But not as much as expected as the European prices dropped in 2nd half due to lower global demand than expected.



The trend on the market is mainly determined by:

- The demand from China is significantly reduced due to domestic production picking up speed and strong competition from US and other producers outside EU.
- Reduced demand as a result of the Covid-19 pandemic remains a factor as restrictions in some countries still limits the activities in restaurants etc.
- Increasing supplies to be consumed in EU due to ASF spreading in several EU countries limiting the export capacity to countries outside EU.

The realized prices include discounts due to sales from ASF restriction zones. The actual market prices were in average 0.02 EUR/kg higher than our realized prices.

Feed prices 9% up – and the trend is up

Average feed prices were 9% higher in 2021 compared to the average from last year. The high price level in 1st half was expected based on the price level for second half of 2020. But contrary to our expectations, the 2021 harvest fueled the trend adding additional 20% to the already high prices.

Until harvest 2020, cereal prices had been relatively stable for several years. Increased cereal prices globally from summer 2020 was locally reinforced by drought. The harvest in Romania in 2021 was record high and would normally result in reduced prices for new harvest. But the international price levels remained firm, and the prices has been on an upward trend throughout 2nd half of 2021.

Cereal prices are currently at the highest level we have registered in the company's history. The average price of raw materials consumed in December 2021 is 28% higher as compared to the same month in 2019.

The combination leads to a historical low ratio

The price ratio between pork and feed of 5.1 for 2021 is significantly lower compared to the same period last year. Despite last year's ratio being amongst the lowest ever registered in the company's history! The lower ratio represents a reduced profit before tax of EUR 7.1m in 2021 compared to the same production with 2020 prices. And compared to an average of the previous 5 years (ratio = 6.9) we could have generated EUR 9.3m more in profit.

The fluctuations in commodity prices underline the industry's high exposure to the global price ratio of meat and cereals.

Herd valuation maintained

The market prices of biological assets, primarily the pig herd, have followed the fluctuations in the pork prices. Consequently, the unit values is at similar level as end of 2020 and the value of biological assets are only adjusted with EUR 8k compared to if prices of 31.12.2020 were to be used.

The adjustment is in line with international accounting principles, which are considered to provide a more accurate description of the company's activities and financial position.

Tendency of pork and feed prices in Romania

		2015	2016	2017	2018	2019	2020	2021
Pork Prices (carcass)	*EUR/kg*	1,40	1,38	1,66	1,42	1,63	1,52	**1,32**
Feed Prices	*EUR/kg*	0,22	0,20	0,21	0,22	0,23	0,24	**0,26**
Exchange ratio pork:feed		**6,5**	**6,8**	**7,9**	**6,5**	**7,1**	**6,4**	**5,1**

Note: *The table show realized prices from the subsidiaries in Romania as an annual after ASF related discounts.*

Production temporarily reduced due to ASF

Facts about the pig production

		2018	2019	2020	2021	Diff. Y21 over Y20
Number of sows end of year	*heads*	17.427	17.744	17.956	9.449	-47%
Out of whichs sows to be culle	*heads*	*0*	*5.557*	*3.203*	*0*	
Weaned piglets per avg. sow	*heads*	34,1	34,6	34,3	32,5	-5%
Produced pigs per avg. sow *)	*heads*	32,3	32,4	30,6	30,3	-1%
Sold slaughterpigs	*heads*	393.712	441.030	423.981	291.477	-31%
Sold weaners (net)	*heads*	59.096	102.871	-3.457	60.054	N/A
Produced pigs total	*heads*	511.111	568.385	427.887	396.841	-7%
Weight produced pigs **)	*tons*	48.779	53.936	51.689	36.954	-29%

Notes:* *)** *Produced pigs per sow for 2018 are excluding the BraSib expansion and in 2020 excl. restart of Olsuin.* **)*** *Pigs culled due to ASF included in 2020 and 2021.*

Romania supports pig welfare

We have applied for and received grants to improve animal welfare in pig production, based on the Romanian support scheme. The grant we applied for in the year has been recognized in total income of EUR 4.1m. This represents 95% of the total amount applied for. Payment is expected during 1st half of 2022.

In 2021 we have received payments of EUR 6.4m for animal welfare support, for which we applied for in 2020. This represents EUR 0.3m more than allocated by the end of 2020.

In total, grants for improved animal welfare of EUR 4.4m are registered in 2021.

The subsidy amount is far from a net gain, as we could reduce the significant costs related to meeting the requirements for the subsidy in case it ceases to exist. In addition, if there were no subsidies, it would be expected to reflect positively on the local pork prices.

Pig production 29% down from 2020

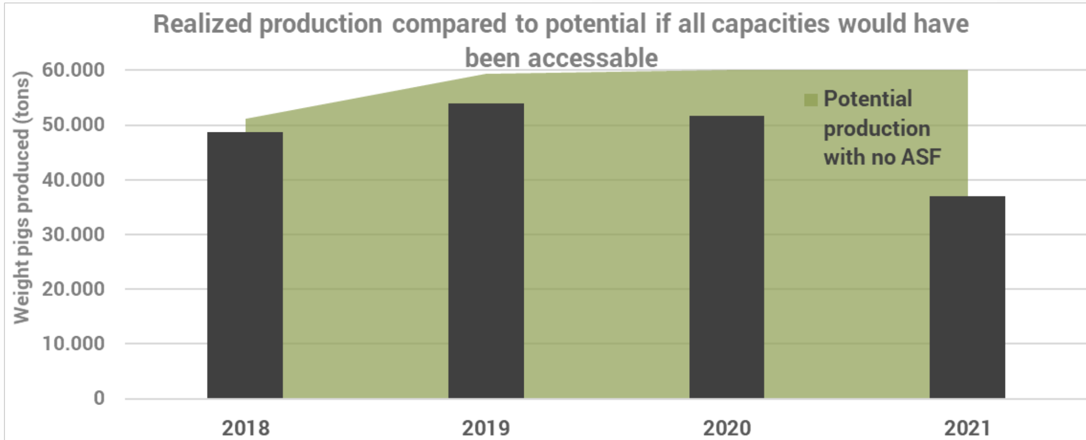
The overall production capacity, measured in number of sows at yearend, registered a 47% decline compared to 2020. Excluding sows to be culled at yearend 2020 the reduction is less although still 36%! The decline is temporary and caused by first Premium Porc farm being culled in January 2021 and secondly Olsuin farm culled in October 2021, both due to ASF-outbreaks. Only Premium Porc sow herd was in process of being replaced by end of 2021.

The production in kg is even more impacted due to first Venturelli farm (a wean-to-finish site) was culled in January followed by Negreni, Feldioara and Ianca farms culled in September. Venturelli was by end of H1 disinfected and reintroduced in the production flow, but the other farms are empty and in disinfection process. As a result of the capacity missing first in H1 and later in Q4, we had to sell a lot more pigs as weaners and not for slaughter as planned.

The farms in continuously operation maintained relatively the same efficiency level as in the previous years, although negatively impacted by production flow disturbances generated by ASF zoning, with animal transfer restrictions (blocked farms, reconfigured flows etc.).

Pig production only on 60% of full capacity

The many temporarily closed farms due to ASF are responsible for a low utilization of our capacities. The unused facilities are, until being restarted, considered a reserve to mitigate future disruptions caused by ASF.



Significant losses due to outbreaks of African Swine Fever (ASF) in our farms

Outbreaks in seven of our farms in 2021

Infections with ASF were confirmed in January in two farms (Premium Porc and Venturelli). All 60,000 animals were culled in January, followed for both farms by a comprehensive cleaning and disinfection. Venturelli, a wean-to-finish site, returned to production in Q3. Repopulation of the Premium Porc sow herd started with insemination of gilts in Q4.

Outbreaks were confirmed on five other farms from end of August to end of September. The first one was Negreni (wean-to-finish) followed by Feldoara (finishers), two Iancas (weaners) and Olsuin (5,500 sows). All 98,000 pigs were culled. The five farms are all in the disinfection process by end of 2021 and will earliest be available for production in Q2 2022.

The culled animals were for all farms compensated by the state at market value and the agreed amounts received by end of 2021. Despite the compensations received, 2021 was (and 2022 will be) significantly negatively affected by the outbreaks. The missing production of pigs and kilos will have an obvious negative impact.

Direct losses in 2021 due to ASF outbreaks estimated to EUR 4.5m

After deducting the compensations from the state, the net loss for the Group caused by the ASF outbreaks amount for 2021 alone to approx. EUR 4.5m.

The loss in 2021 originates primarily by the two outbreaks in January and secondly the Olsuin outbreak in 2020. The provisions made in 2020 for the Premium Porc outbreak covered only the losses until it was ready to repopulate by end of H1. The costs in 2021 related to the five outbreaks in Q3 were covered by the received compensations and the subsequent production loss was insignificant due to alternative production capacities available in the Group and unsatisfactory pork prices.

The five latest outbreaks will together with the continuous restart of Premium Porc farm have a considerable negative financial impact throughout 2022.The entire loss not realized by end of 2021, is estimated to EUR 9.5m out of which a part, depending on the timeframe for the production restart, will be realized beyond 2022.

The root cause for the infections can not be determined with 100% certainty in any of the cases, although we in some of the cases have identified probable causes. Except for one case were the infection most likely is brought in with the weaners, the outbreaks are considered to be independent cases.

A new outbreak after closing

A new outbreak in Venturelli occurred in February 2022. This farm is a wean-to-finish operation, and all 20,000 pigs will be culled. The immediate financial impact is considered small due to low profitability on short term and alternative production capacities available in the Group.

Biosecurity investments continue

Our biosecurity level was again in 2021 reviewed by international experts and again assessed to exceed industry standards. Nevertheless, in the light of the outbreaks during the year we need to do even more! Our priority to protect our farms within the Group remains. This by introducing additional biosecurity measures and strengthening the existing measures even more, both by investing continuously and by enhancing the biosecurity organization.

As a key element in operating in the ASF environment, we have continued our investments in biosecurity, amounting to approx. EUR 0.9m representing most of the limited investments in 2021. These investments were partial covered by grants.

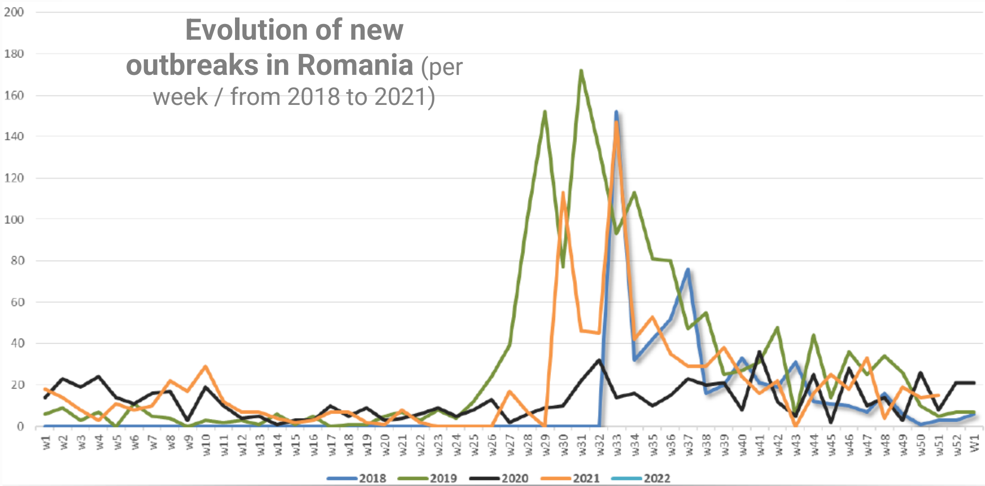
Focusing our business

As a result of the temporary downsizing caused by the outbreaks, organizational changes have been made as well. Investments and projects is reduced to a minimum, cost cutting covers all areas, and our staff is reduced with 25% during the year.

Production affected by African Swine Fever (ASF) in Romania

ASF – evolution in Romania

Since the beginning of June 2018, more than 5,300 outbreaks of African Swine Fever (ASF) are registered at national level. The entire Romania has been considered affected since 2019 and continues to register a significant number of outbreaks.



2021 have been the worst year for the Romanian industry since 2018 with biggest number of commercial farms affected ever. As a consequence, we experience huge indirect impact on our operations, due to the measures taken by the authorities in order to control and eradicate the virus.

Surveillance/protection zones caused by ASF outbreaks in areas close to our farms continued impacting our production flows negatively, due to restrictions on moving animals in and out of the blocked farms. 5 of our farms have been in ASF-zones during 2021. The zonings lasted from 4 weeks up to 14 weeks.

We work, in close collaboration with the authorities, toward lifting the zonings as soon as procedures and disease control allow. We are often able to continue the production unaffected in the blocked farms, if the zonings are lifted in 4-6 weeks, due to the measures we have taken to adjust our production flow.

Indirect losses in 2021 due to ASF in our surroundings

On top of the direct losses due to our ASF outbreaks, the accumulated losses registered by our Group, caused by ASF in Romania, add up to approx. €1.2m in 2021 (€4.0m in 2020).

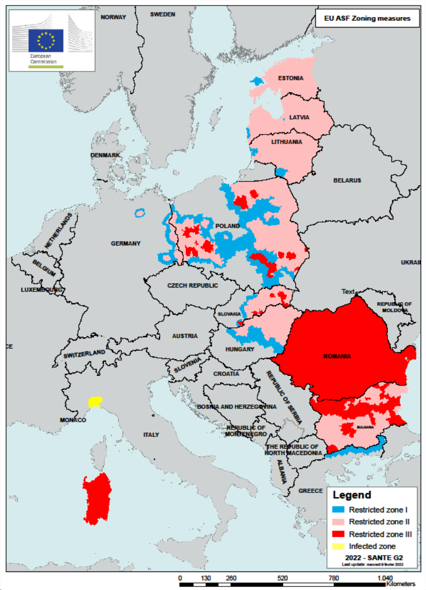
The indirect losses caused by the restrictions due to ASF outbreaks is not compensated by the authorities. These indirect losses can be split in the following components:

1. Lower sale prices due to special handling of pigs from ASF areas and, in many cases, thermal treatment of the pigs from restriction zones;
2. Lost production in finishers farms not being supplied with weaners due to surveillance/protection zones;
3. Special items: Extra costs to compensate for disrupted production flows. This category includes extra feed and a variety of additional costs for veterinarians, consultants etc.

We are determined and focused on our strategy to be the company who masters the art of producing pigs in an ASF environment.

Registered ASF outbreaks in Romanian backyard farms

2021	1.534
2020	903
2019	1.729
2018	1.158
Total	5.324



Last year with crop production

High yields in crop production in 2021

The crop yields were above normal due to plenty of rainfall in the season. Establishment of the crops in the autumn 2020 was very good and with above normal rainfall in the season also the spring crops performed very well.

As it turned out, in combination with the high cereal prices, this last year with crop production in our group was the best year since we started this activity in 2008.

Crop production activities sold

The produced cereals represent less than 5% of the total raw materials needed for the group's feed production, the remaining quantities being sourced from both local as well as international producers.

Considering the crop productions low volume to the groups overall demand for cereals, we evaluated the crop division's strategic position in our group. As an element in executing on our strategy, the crop production activities was divested in 2nd half of 2021. Selling the crop activities generated a profit before tax on 3.7m EUR and had a positive cash flow impact on approx. 4m.

The sale of the activities included land (both owned and rented) and field equipment for crop farming. Activities and equipment related to manure spreading activities was not sold as it is seen as strategic activity for the group.

Besides the land sold as part of the crop activities, sale of farmland not used by us continued as we reduced this portfolio with EUR 0.1m in 2021.

Litigations for relocation of Negreni farm

A group of citizens in Negreni village brought charges in 2016 claiming our farm should be relocated. Their claim is based on a Government Order from 2014 stipulating that distances from farm operations to the neighboring houses should be minimum 1,500m.

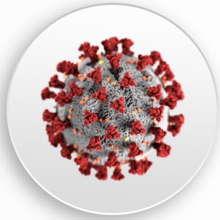
Our advisors, as well as the authorities that have assessed and validated our production and building permits, agree that this Order was meant to cover future constructions only and not farms and houses established decades before the Order was issued. Despite this, we lost in two consecutive local court hearings in 2018 and we are demanded to relocate the farm. The Ministry issuing the Order has in 2020 confirmed our understanding.

The case is contradicting in many ways with the legal framework covering our production permits. The enforceability of the verdict is anyhow seen as practically impossible as all production permits are valid, and the production can continue despite the verdict.

Seventeen new, similar claims were received during the last two years. The new claims are either from the same citizens as the original claims or from citizens connected to the original claimants. Six of the claims is, so far, dismissed by first tier court and three is lost and subsequently appealed. The others are waiting for trial.

We are also investigating other options for dealing with this case.

We have no intentions for relocating the farm and continue disputing the ruling. The management and our legal advisors have initiated several actions for annulment and estimate that we have a strong case for preventing the ruling being carried out. Based on this, we have chosen not to make any provisions as we don't expect to encounter any losses due to this case. The case is described in detail in Note 2



Covid-19 pandemic

Covid-19 – the unexpected game changer

In 2021, the Covid-19 pandemic continued impacting lives and businesses globally. We, in Premium Porc Group, were no exception to the impact of Covid-19, as we were faced with new situations that required our attention and adaption. At the very center of decisions taken was the goal to protect our employees and their families as well as ensuring business continuity.

Internal measures implemented to fight the pandemic

The measures implemented in 2020 to protect our employees and our business continued throughout 2021, closely monitored by the management and following the guidelines received from health authorities. We continued with shift working schedule in our farms and remote working schedule for employees in the administrative departments adapting to Covid-19 waves. Business travelling and face-to-face meetings were limited and replaced by online meetings. Internal events were also cancelled.

Precautionary and hygienic measures were taken in all our locations to protect our employees: constant supply of masks, gloves, tests and disinfectants available to maintain a hygienic working environment, disinfection of the workspace and additional vehicles were added for transporting production employees, respecting the rules of distancing. These measures have seemed to be effective, and in 2021 we only had a limited number of sick leave days due to Covid-19.

Covid-19 vaccination rate across Romania was lower than many other European countries. To encourage vaccination among employees and reduce potential impact of Covid-19 on the business, a vaccination bonus to incentivize vaccination was introduced.

Added pressure on the organization

Covid-19 added extra pressure on our entire organization both privately and professionally. Privately, as many of our colleagues had children at home to care for, due to school closure, while balancing work responsibilities. Professionally, as a shift working schedule was implemented in our production stretching our resources and the lack of physical attendance in offices and meetings, thus resulting in more misalignment, errors and conflicts than usual.

Despite the uncertainty and change caused by the pandemic, our employees have embraced the challenges and demonstrated collaboration, persistence and dedication in protecting each other and our business. This only underlines the strength and passion of all employees within the Premium Porc Group.

Donations to our communities

Supporting our communities has always been our motivation and not at least during the pandemic. We donated medical supplies to hospitals, such as oxygen concentrators, masks and overalls. In addition, basic food packages and hygienic items were donated to many people in our communities.

Organizational development in a Covid-19 context

With both pressure from Covid-19 and ASF we had to prioritize the resources on stabilizing our core business activities. Despite that, coaching sessions for middle management team have been completed as well as English courses for admin colleagues.

Additional focus was placed on strengthening our middle management team by engaging key managers from all relevant departments to work for a common result. They are the interface between the top management and the rest of the organization executing on company's strategy and feeling the pulse of the organization at any time.

Corporate Social Responsibility

§ 99a, §99b and §99d

We care - Responsibility and sustainability as our guiding principles

This statement has been prepared in accordance with the Statement Acts §99a and §99b.

Our CSR strategy reflects the emphasis we, Premium Pork International A/S, put on our operations being responsible and sustainable, and is built upon the pillars of animal welfare, environment, human and labor rights, local communities, corporate governance and anti-corruption. Our CSR report is public and can be read in full at our company's website: www.premiumporc.com

We put much effort in reducing the environmental impact of manure from our production. This by applying the manure as natural fertilizer in various ways and, at the same time, exploring new means to use it. To prevent release of greenhouse gasses, and reduce odors in general, the manure is stored in sealed lagoons.

Seeking to develop and support the local communities in which we operate, we have formed sponsorships with local schools and hospitals in Romania. Here, we focus our initiatives on the pillars of education, health, environment and local values.

We aim for the highest standard of animal welfare within our industry by complying to established procedures for pig production as well as biosecurity. These procedures are based on Danish practice, EU standards and further supplemented by the additional measures required by the Romanian national program for animal welfare.

Our guiding principles of sustainability and responsibility is reflected in our continuous drive to minimize the impact of our business, and by providing improvements today and for generations to come.

Statement of Data Ethics Policy

We are working on policy for data ethics, which is expected to be adopted and implemented in 2022.

Policy for the under-represented gender

Board of Directors:

The current gender balance in the board is: 1 woman and 4 men. The target regarding diversity at Board of Directors level was that at least one of the board members should be of the under-represented gender.

The company's board members are elected by the shareholders at the Annual General Meeting. Taking the specifics of the industry into account, it is unlikely that the proportion of the under-represented gender in the board will increase further over the coming years. The shareholders will be aware of this in the future constitutions of the Board, if the recruitment base supports this possibility, in order to ensure diversity in management to strengthen the innovation capacity and quality of the management.

Other management levels:

Due to the limited number of employees in Denmark, the company is not required to establish a policy for other management levels. Nevertheless, through its internal policies and practices, the group assures a fair selection process, open towards all genders as well as personal circumstances, and the selection is performed strictly on criteria related to expertise and reflection of company values.

Anticipated development

Pork prices expected to improve

Two factors, demand from China and ASF development in Europe make the predictions for the development of the European market for pork difficult. We only expect the third factor in 2021, Covid-19, to play a minor role in 2022 as restrictions are being lifted and we expect gradually returning to the pre-Covid 19 demand for pork.

The demand from China slowed down in 2021 and the EU export fell to the pre-ASF level from 2nd half of the year. Market information from China supports our belief that the market still is significantly undersupplied, and import will remain at least on the current level.

ASF continues to create problems in EU as both Germany and Poland continue to discover new cases besides new countries being added to the list. Latest Italy. The market balance in EU is adjusted to the situation with the lack of export out of EU from the affected countries. We expect the negative impact to gradually dimmish unless ASF spread to one of the big export countries.

Predictions for the supply side on the other hand seem to be on firmer grounds. European pork producers, as well as their colleagues across the globe, is negatively affected by the high production costs in general and the high feed costs in particularly. Profitability isn't possible with the current ratio between pork and feed prices. The latest herd counts in EU, as well as in the US, show a significant reduction and indicates further reductions of the production to come in 2022 as the impact of the reduced breeding stock kicks in.

We expect the price ratio to normalize during 2022, reaching at least an average level, as the pork prices are expected to increase from the current level while we expect feed prices to stabilize on a slightly lower level from new harvest.

Subsidies for animal welfare continue

As a result of the new EU budget, expectations are that the current program for improving animal welfare will be extended to cover 2022 also. We find it likely that a new program will be established starting with 2023, as continuation of support is an important factor for Romania to reestablish a reasonable degree of national self-supply.

Production temporarily downsized – focus on preparing to return in operation

The long-term strategy is to gradually resume production and again become profitable. On short-term the focus is on the existing production capacities leading to a production in 2022 being approx. 40% lower than in 2019 (the most recent year without outbreaks).

We are preparing all affected farms to be available for repopulation as soon as possible. The actual decision to repopulate will be based on updated assessments and improved visibility. The affected farms will, while closed, generate losses due to fixed costs and depreciation. The closed farms will, until actual repopulation is decided, represent a reserve production capacity to mitigate disruptions caused by ASF.

ASF restrictions expected to continue impact our production flow negatively

As ASF continues to evolve in Romania, further disruption of our production flow caused by farms entering protection/surveillance zones is considered unavoidable. Although hopefully at a lower level than 2021. In production and financial planning, we have included a reserve to cover the negative impact caused by such situations.

It's of a high importance for our industry that the ASF situation is being controlled. Improvement can be seen in the manner that some local authorities manage the clearance of ASF outbreaks, leading to gradually decreasing periods of animal movement restrictions. On the other hand, on national level, it is less likely that authorities, on short-term, will manage to gain control over and to implement a unitary disease combat strategy.

We do expect that ASF will be present in Romania for several years to come, but as backyard production is naturally decreasing, further accelerated by ASF, the risk is eventually expected to gradually decrease within the following years.

Investments strictly limited for 2022

Considering the ASF situation, and the focus on having all farms back in production, investments projects will only be implemented based on a high degree of necessity.

The expected operational profit

As stated above, we believe pork prices will increase in 2022 and the price ratio again to reach a profitable level. But the temporarily downsized production have a severe negative impact. We expect adjusted EBITDA to be positive but small, EUR 2-3m compared to EUR -0.4m in 2021. Herd valuation is expected to have a positive impact in 2022 adding to the non-adjusted EBITDA.

We have an increased focus on cash flow in 2022. To support this, a revised repayment schedule is agreed with our lenders. The starting point is strong, and the cash base is expected on a satisfactory and solid level throughout the year despite the expected low financial performance.

Income Statement

Consolidated Income Statement

EUR '000	Note	2021	2020
Revenue	3	43.184	68.876
Grants and other income	4	4.674	8.348
Value adjustment, biological assets	5	8	-10.651
Total Income		**47.865**	**66.574**
Direct costs		-26.147	-35.677
Other external costs		-13.172	-17.263
Gross profit		**8.547**	**13.634**
Staff expenses	6	-9.059	-9.970
Special items	7	-1.117	-2.214
Depreciation	8	-5.092	-8.556
Operating profit (EBIT)		**-6.720**	**-7.106**
Financial income	9	24	74
Financial expenses	10	-3.166	-3.303
Profit before tax		**-9.862**	**-10.335**
Tax on profit for the year	11	1.690	1.662
Net profit for the year		**-8.172**	**-8.673**
Distribution of profit for the year:			
Group Shareholders		-8.172	-8.673
Distributed		**-8.172**	**-8.673**

Consolidated Statement of Comprehensive Income

EUR '000	2021	2020
Net profit for the year	**-8.172**	**-8.673**
Items that may be reclassified subsequently to profit or loss		
Exchange adjustments of foreign enterprises	27	877
Fair value adjustment of hedging instruments	171	37
Tax on hedging instruments	-27	-6
Items that may not be reclassified subsequently to profit or loss		
Revaluation of land, buildings, leasehold improvements and plant and machinery	0	5.174
Tax on revaluation	0	-828
Total comprehensive income	**-8.002**	**-3.419**
Distribution of total comprehensive income		
Group shareholders	-8.002	-3.419
	-8.002	**-3.419**

Balance Sheet

Consolidated Statement of Financial Position

Assets	Note	31/12 2021	31/12 2020
		EUR '000	
Acquired rights	12	596	252
Intangible fixed assets in total		**596**	**252**
Land and buildings	13	72.608	75.955
Plant and machinery	13	18.990	21.311
Operating equipment	13	1.818	2.882
Property, plant and equipment in progre	13	1.972	3.008
Property, plant and equipment		**95.389**	**103.156**
Non-current investments	15	78	83
Fixed asset investments		**78**	**83**
Biological assets, Breeding herd	14	4.926	7.558
Biological assets		**4.926**	**7.558**
Total non-current assets		**100.988**	**111.049**
Biological assets, Commercial herd	14	5.957	11.317
Biological assets, Crop production	14	0	521
Inventories	16	6.994	7.317
Biological assets and inventories		**12.951**	**19.154**
Trade receivables	17	4.272	4.992
Other receivables	17	8.382	15.630
Prepayments		1.150	1.277
Receivables		**13.804**	**21.899**
Assets classified as held for sale	18	448	535
Cash and cash equivalents		18.838	12.431
Total current assets		**46.041**	**54.019**
Total Assets		**147.030**	**165.069**

Equity and Liabilities	Note	31/12 2021	31/12 2020
		EUR '000	
Share Capital	19	12.767	12.767
Asset revaluation surplus		13.474	13.474
Retained earnings		53.987	61.936
Equity		**80.227**	**88.176**
Provision for deferred tax	20	140	2.245
Credit institutions	21	24.114	26.409
Lease liabilities	21	1.922	2.254
Deferred income	22	2.258	2.031
Other non-current liabilities	21	49	247
Long-term liabilities		**28.482**	**33.187**
Short term portion; credit institutions, leasing and other non-current	21	32.367	32.062
Trade payables		2.757	7.043
Other liabilities	23	3.196	4.579
Short-term liabilities		**38.320**	**43.684**
Liabilities associated with assets held for sale	18	0	22
Total liabilities		**66.802**	**76.892**
Total Equity and Liabilities		**147.030**	**165.069**

Consolidated Statement of Changes in Equity

EUR '000	Share Capital	Asset revaluation surplus	Reserve for exchange adjustment	Retained earnings	Total Equity
Equity at January 1, 2020	**12.767**	**9.128**	**0**	**69.626**	**91.520**
Share based payments	0	0	0	61	61
Net profit/loss for the year	0	0	0	-8.673	-8.673
Other comprehensive income	0	4.346	877	46	5.269
Comprehensive income for the year 2020	**0**	**4.346**	**877**	**-8.567**	**-3.344**
Transfer other reserves to retained earnings	0	0	-877	877	0
Equity December 31, 2020	**12.767**	**13.474**	**0**	**61.936**	**88.176**
Share based payments	0	0	0	53	53
Net profit/loss for the year	0	0	0	-8.172	-8.172
Other comprehensive income	0	0	27	143	170
Comprehensive income for the year 2021	**0**	**0**	**27**	**-7.976**	**-7.949**
Transfer other reserves to retained earnings	0	0	-27	27	0
Equity December 31, 2021	**12.767**	**13.474**	**0**	**53.987**	**80.227**

Consolidated Cash Flow Statement

EUR '000	Note	2021	2020
Operating profit/loss (EBIT)		-6.720	-7.106
Adjustment for non-cash items:			
Depreciations & non-cash		9.029	8.862
Value adjustment, biological	5	-8	10.651
Change in commercial herd	14	5.524	1.627
Change in inventories incl. crops in progress		853	39
Change in receivables		7.758	5.820
Change in trade payables etc.		-6.577	1.112
Cash flow from operations before financial items		9.859	21.004
Financial income received	9	24	74
Financial expenses paid	10	-2.134	-1.914
Corporation taxes paid		-475	-926
Cash flow from operating activities		7.274	18.239
Acquisition of intangible assets	12	-517	-78
Sale of intangible assets	12	0	2
Acquisitions of property, plant and equipment	13	-2.389	-8.837
Sale of property, plant and equipment	13	1.385	236
Acquisition of investments	15	0	-5
Investment subsidies received	22	394	584
Net disposal of assets held for	18	64	235
Acquisition of biological assets	14	2.474	-2.761
Cash flow from investing activities		1.417	-10.623

EUR '000	Note	2021	2020
Proceeds from borrowings	21	7.725	4.164
Repayment of borrowings	21	-9.907	-9.941
Cash flow from financing activities		-2.182	-5.777
Change in cash and cash equivalents		6.510	1.839
Cash and cash equivalents,		12.431	10.706
Exchange adjustments,		-103	-113
Cash and cash equivalents at December 31		18.838	12.431
Un-utilised short term facilities		327	5.252
Liquidity available at December 31		19.165	17.683

Note 1: Summary of significant accounting policies and estimates

Significant accounting estimates and assessments in the group accounting policies

Revaluation of fair value of property, plant and equipment

The Group's land, buildings, plant and machinery are revaluated at fair value. Revaluation of property, plant and equipment is recognized in fair value using either a market-based approach or a replacement cost approach. Results of the revaluation based on the replacement cost approach were compared with a revaluation performed using the income approach to check for impairment indicators of revalued assets, if any.

The revaluation process is based on qualified independent appraisers done according with International Valuation Standard 300. This standard considers as basis for evaluation IAS36 and IFRS13. Valuation techniques are the market and replacement cost approach.

The replacement cost approach is only used in cases where there was no possibility to use the market approach. The valuation process and results for measurement are reviewed and approved by the Group's Management and by the Audit Committee at least once every year.

In the subsidiaries, revaluations are performed every third year to ensure the carrying amounts do not differ materially

from that which would be determined using fair value at the end of the reporting period. This procedure has been used for many years with only very limited value adjustments registered. This year one of the entities performed a valuation.

The total fair value of land, buildings, plant and machinery amounted to EUR 91.6 million at December 31st, 2021 (EUR 97.2 million at December 31st, 2020).

Fair value of biological assets

Biological assets are recognized when the Group controls the assets and it is probable that future economic benefits associated with the asset will flow to the Group and the cost for fair value of the asset can be measured reliably.

Biological assets are measured at fair value less selling costs.

Value adjustments of biological assets are recognized in profit or loss for the period of which they relate.

Commercial herd:

Slaughter pigs (Finishers) above 50 kg are valued based on average sales prices for November-December on the local market less costs for reaching desired sales weight on approx. 111 kg. Finishers between 25-50 kg are valued as weaners with additions for added weight.

The fair value of weaners is based on official Danish and German quotes plus a mark-up to reflect the Romanian market conditions. The Danish and German quotes are used as there isn't an official quotation for the Romanian market. The Group's experience from historical sales as well as purchases is that prices on the Romanian market are strongly correlated to the German and Danish quotations plus a mark-up reflecting the lack of weaners for sale in Romania. The mark-up is according to the Group's recent weaner sales contracts.

The valuation of piglets is based on official Danish quotes.

Breeding herd:

Breeding herd (boars, sows and young females) are valued based on official quotes, based on criteria such as genetics, costs and expected piglets.

WIP Crops:

For crops sown in the autumn, the Group estimates that there was no material biological transformation at Year-end compared with the time of sowing, and therefore these biological assets are measured at cost, which corresponds to the fair value.

Note 2: Contingent liabilities

Relocation of Negreni farm: (Negreni neighbor cases)

Five citizens from Negreni village filed, in November 2016, a claim against Premium Porc Negreni SRL with the objective of relocating the Negreni-farm as well as receiving compensation for moral damages. Their claim is based on Government Order no. 119/2014 stipulating that distances from farm operations to the neighboring houses should be minimum 1,500m. The Negreni farm, build in 1981, is currently located at few hundred meters from the nearest houses, all of them being built after the farm.

In first court, in March 2018, the judge ruled that the farm should be relocated in order to respect the mandatory distance provided by Order 119 and denied the claimants compensation for moral damages. Premium Porc Negreni SRL appealed the ruling in June 2018. In second court, in December 2018, the Mehedinti Tribunal rejected our appeal and upheld the decision from the first court.

Two means of extraordinary appeals were both denied by the court (the same court who decided the initial ruling). A formal complaint against the judge, referring to misconduct of the case and unjustified dismissal of evidence, was also dismissed by the administrative procedure.

The Government's objective, in 2014 when Order 119 was issued, was to prevent construction of new farms within less than 1,500 m from private houses for the future. And vice versa. This understanding of the Government's Order also is confirmed by all authorities and is reflected in the fact that all production and functioning permits are regularly renewed despite the distance being less than 1,500 m.

To further substantiate our understanding of the Order we've in 2020 received a response from the Ministry of Health confirming that our understanding is correct.

As a secondary measure we filed in October 2018 a request for annulment of Order No. 119/2014. The court dismissed our claim in June 2019. We have appealed to High Court, as we believe we have good grounds to obtain the annulment of this Order, which could re-open the lost case. Trial is set for early 2022.

Fighting enforcement procedures is ongoing, now we are in the second round of enforcement claims, since we won the first procedures on technicalities. No definitive results yet. Court hearings continued in 2021.

We have since September 2019 up to now received, fourteen new similar claims from other citizens with connections to the original claimants as well as three new claims from one of the original claimant and his wife. Also, a new claim from the son of one of the original claimant was received in November 2019, having as object, to meet the distance between his house and the lagoons. Of the new cases we have won six (two definitive) and lost three in first court which we have appealed. The remaining new cases is set for first trial in beginning of 2022.

We are also investigating other options for dealing with this case.

The current ruling for relocation doesn't cancel our permits and the production continues undisturbed. According to our legal advisors, since the ruling is to "move" the farm and not to close it, it will be difficult or impossible for the claimants to stop our production in the farm. Relocation of the farm is impossible to carry out in practice and calculation of the potential worst-case loss is impossible to assess with a reasonable certainty. The potential worst-case loss caused by the unlikely outcome that the farm will have to be closed and removed is substantial.

Based on the management and the company's legal advisor's opinion that the relocation ruling never will be carried out, no provisions for relocation of the farm nor other provisions are stated in the financial statements.

Notes to the Income Statement

Note	EUR '000	2021	2020
3	**Revenue**		
	Business areas:		
	Pig production	41.883	67.678
	Crop production	2.001	1.291
	Other	633	674
		44.517	**69.642**
	Intra-group trade between the business areas	-1.332	-766
		43.184	**68.876**
	Geography:		
	Romania	43.184	68.876
4	**Grants and other income**		
	Animal Welfare Payments	4.373	8.016
	EU hectare support	300	332
		4.674	**8.348**
5	**Value adjustment, biological assets**		
	Value adjustments pigs	8	-10.767
	Value adjustments crop production	0	116
		8	**-10.651**
6	**Staff expenses**		
	Wages and salaries	8.362	9.263
	Pension costs	9	9
	Social contribution & other staff expenses	635	637
		9.006	**9.910**
	Share based payments for management team	53	61
		9.059	**9.970**
	Remuneration to the Executive Board	496	551
	Remuneration to the Board of Directors	74	83
	Average number of employees	*446*	*498*

Note	EUR '000	2021	2020
7	**Special Items**		
	Costs incurred in connection with ASF restrictions:		
	Costs related to establish extra barn capacities in zones	0	138
	Costs related to operation of blocked farms	256	209
	Costs related to handling and authority requirements	49	27
	Costs for culling ASF confirmed herds in 2021	812	0
	Provision for ASF confirmed in Premium Porc in January 2021:		
	90% of expected compensation for culled herd	0	-3.150
	Value culled herd	0	2.931
	Costs related to culling, disinfection and quarantine	0	2.060
		1.117	**2.214**

Special Items are: 1) non recurrent costs related to restrictions imposed by the Authorities when our farms is placed in different ASF zones and 2) costs caused by infection of ASF leading to the herd being culled. We refer to the detailed decription in the management review.

If the special items had been recognized in operating profit before special items, they would have been included in the following items:

	2021	2020
Revenue pig production	0	-1.145
Value adjustment pig production	0	1.364
Direct costs	-256	-408
Other external costs	-861	-988
Staff expenses	0	-547
Depreciation	0	-490
	-1.117	**-2.214**

Notes to Income Statement and Intangible Assets

Note	EUR '000	2021	2020
8	**Depreciation**		
	Intangible assets	173	155
	Buildings	3.873	3.896
	Plant and equipment	4.100	3.861
	Vehicles and other machinery	831	890
	Investment subsidy amortization	-167	-207
	Loss or gain on asset sales	-3.717	-39
		5.092	**8.556**
9	**Financial Income**		
	Interest financial institutions	24	74
		24	**74**
10	**Financial Expenses**		
	Interest bank debt	1.400	1.543
	Calculated interest leasing commitments	105	132
	Other financial expenses	437	239
	Exchange rate adjustment	1.224	1.389
		3.166	**3.303**

Note	EUR '000	2021	2020
11	**Income Taxes**		
	Current tax	-3.243	237
	Tax Comprehensive Income	-27	-834
	Adjustment of deferred tax	1.580	-1.065
		-1.690	**-1.662**
	Tax on profit for the year is specified as follows:		
	Calculated 22% tax on profit for the year before tax:	-2.170	-2.274
	Tax effect of:		
	Differences in tax rates in Romania (16%) compared with Denmark	592	620
	Non-taxable income and expenses	-113	-8
		-1.690	**-1.662**
	Effective tax rate for the year	*17%*	*16%*
12	**Intangible assets**		
	Acquired rights		
	Cost at January 1	955	886
	Additions for the year	517	78
	Disposals for the year	0	-10
	Cost at December 31	**1.472**	**955**
	Amortisation at January 1	703	555
	Amortisation for the year	173	155
	Reversed depreciation on disposal	0	-8
	Amortisation at December 31	**877**	**703**
	Carrying amount at December 31	**595**	**252**

The Group has acquired and implemented several software systems used in daily operations. The value of the acquired rights are based on costs for licenses and implementations of those software systems.

Note 13 Tangible assets

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Property, plant and equipment in progress
Cost at January 1, 2020	**77.660**	**40.666**	**7.492**	**3.659**
Additions for the year	4.650	4.076	761	4.177
Disposals for the year	-419	-13	-1.311	-4.828
Cost at December 31, 2020	**81.891**	**44.730**	**6.943**	**3.008**
Apraisal at January 1, 2020	10.408	0	0	0
Apraisal increases	5.174	0	0	0
Apraisal increases at Dec. 31, 2020	**15.582**	**0**	**0**	**0**
Amortisation at January 1, 2020	17.974	19.643	4.241	0
Amortisation for the year	3.896	3.861	890	0
Reversed depreciation on disposal	-352	-85	-1.071	0
Amortisation at December 31, 2020	**21.518**	**23.419**	**4.061**	**0**
Carrying amount at Dec. 31, 2020	**75.955**	**21.311**	**2.882**	**3.008**
Land which is not depreciated	5.533			
Right of use assets	179	1.439	1.852	0
Assets provided as security for debt	74.855	21.311	2.882	0

Revaluation of fair value of property, plant and equipment

The Group's land and buildings and plant and machinery are revaluated at fair value as described in note 1. The revaluation process is based on qualified independent appraisers, and valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach.

Revaluations are in the subsidiaries carried out in a rotation principle to ensure the carrying amounts does not differ materially from what would be determined using fair value at the end of the reporting period. No valuation review has been performed in 2021 (2020: Premium Porc Feed SRL, Degaro SRL, Olsuin SRL and Premium Porc Sibiu SRL with a total financial revaluation of EUR 5.2m).

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Property, plant and equipment in progress
Cost at January 1, 2021	81.891	44.730	6.943	3.008
Additions for the year	1.664	1.737	55	1.432
Disposals for the year	-1.142	-1.118	-1.417	-2.468
Cost at December 31, 2021	**82.413**	**45.349**	**5.580**	**1.972**
Apraisal at January 1, 2021	15.582	0	0	0
Apraisal increases	0	0	0	0
Apraisal increases at Dec. 31, 2021	**15.582**	**0**	**0**	**0**
Amortisation at January 1, 2021	21.518	23.419	4.061	0
Amortisation for the year	3.873	4.100	831	0
Reversed depreciation on disposal	-3	-1.160	-1.130	0
Amortisation at December 31, 2021	**25.388**	**26.359**	**3.762**	**0**
Carrying amount at Dec. 31, 2021	**72.607**	**18.990**	**1.818**	**1.972**
Land which is not depreciated	4.541			
Right of use assets	384	1.507	1.745	0
Assets provided as security for debt	72.607	18.990	1.818	0

If Land and buildings were measured using cost model, the carrying amounts would be:

Net carrying amount Land and Buildings without revaluations, 2020	60.373
Net carrying amount Land and Buildings without revaluations, 2021	57.026

The Group had end of 2021 contractual obligations related to Property, plant and equipment in progress on EUR 0.4m (2020: EUR 0.2m).

Notes to Financial Position

14 Biological assets

Commercial and breeding herd

	Commercial herd	Breeding herd	Total herd
Carrying amount at January 1, 2020	**20.655**	**7.853**	**28.508**
Movements 2020:			
Gains/losses f. fair value changes	-7.711	-3.056	-10.767
Additions from production	58.077	1.681	59.758
Additions from purchases	1.380	2.246	3.626
Disposals from sales	-58.399	-920	-59.319
Transfers between groups	-1.363	1.363	0
Provision for herd culled in 2020	-1.322	-1.609	-2.931
Carrying amount at December 31, 2020	**11.317**	**7.558**	**18.874**
Year-end stock (heads)	*225.347*	*25.308*	*250.655*
Finishers, weaners & sows sold (heads)	*437.750*	*6.361*	*444.111*
Biological assets provided as security	11.317	7.558	18.874
Movements 2021:			
Gains/losses f. fair value changes	165	-157	8
Additions from production	38.502	2.050	40.551
Additions from purchases	0	128	128
Disposals from sales	-43.468	-5.210	-48.677
Transfers between groups	-558	558	0
Carrying amount at December 31, 2021	**5.957**	**4.926**	**10.884**
Year-end stock (heads)	*115.732*	*14.555*	*130.287*
Finishers, weaners & sows sold (heads)	*351.531*	*7.893*	*359.424*
Biological assets provided as security	5.957	4.926	10.884

Note

14 Biological assets (continued)

Crop production - work in progress

EUR '000	2021	2020
Carrying amount at begining	**521**	**432**
Gains/losses from fair value changes	0	116
Additions (field expenses) for the year	811	1.152
Disposals from harvesting	-1.323	-1.172
Exchange adjustments	-9	-8
Carrying amount at December 31	**0**	**521**
Total number of harvested hectares during year	*1.619*	*1.323*
Number of cultivated hectares end of year	*0*	*830*

Gain on changes in fair value comprises changes as a consequence of biological growth and price changes. Disposals from sales and transfer amounts are calculated using the fair value per unit from previous period. Transfers between groups' covers pigs transferred to own breeding as young females.

Reference is made to note 1 for further details of fair value measurement of biological assets.

Biological assets under crop production included winter crops sown in the autumn. Field expenses for the year include expenses relating to biological transformation. This activity is no longer a part of the Group from autumn 2021.

All biological assets are measured at fair value. All of these fair values are placed at level 3 in the fair value hierarchy as significant estimates are applied – please refer to note 1. The Groups financial department is responsible for performing the valuation of fair value measurements including level 3 fair values of biological assets. Valuation model includes market inputs from official prices and actual own sales prices on local market. The valuation process and results for measurement are reviewed and approved by Group Management and the Audit Committee at least once every year.

Notes to Financial Position

Note	EUR '000	2021	2020
15	**Non-current investments**		
	Deposits / other financial assets	78	83
	Cost at December 31	**78**	**83**
16	**Inventories**		
	Rawmaterials for feed	4.717	4.414
	Other Consumables	1.597	2.027
	Finished goods (Agriculture produce, feed a.o.)	680	875
	Total inventories	**6.994**	**7.317**
	Cost of sales recognized in profit or loss (feed)	26.147	34.506
	Inventories provided as security	6.994	7.317
	No write-down has been made on inventories.		
17	**Receiveables**		
	Trade receiveables	4.981	5.777
	Bad debt provision	-709	-785
	Trade receiveables, net	**4.272**	**4.992**
	Receiveable from public grants	5.015	7.352
	Receiveable compensation culled herd	0	3.150
	Other receiveables	3.562	5.452
	Bad debt provision	-195	-407
	Other receiveables, net	**8.382**	**15.548**
	Write down, beginning of year	1.192	1.777
	Exchange adjustments	-20	-31
	Additions for the year	61	6
	Disposals for the year	-329	-560
	Write-down at December 31	**905**	**1.192**

Note	EUR '000		2021	2020
18	**Assets held for sale**			
	Land and buildings		448	535
	Other liabilities		0	-22
	Cost at December 31		**448**	**513**

Assets held for sale is related to a agricultural land development project spread out over Galati County in Romania. The land has never been part of the Group's operation and a sale will not impact future earnings neither the future development of the Group.

Note			2021	2020
19	**Share Capital**			
	The share capital comprises the following share classes:			
	A-shares:			
	Number beginning	*number of shares*	95.364.611	95.364.611
	Capital increase	*number of shares*	0	0
	Number at December 31 in DKK		**95.364.611**	**95.364.611**

Each share has a value of DKK 1. No shares carry any special rights.

Note		2021	2020
20	**Provision for deferred taxes**		
	Provision at begining of year	2.245	3.038
	Adjustment for the year recognized in profit or loss	1.580	-1.065
	Adjustment on equity	-3.685	272
	Provision for deferred tax December 31	**140**	**2.245**

Deferred tax relates to tangible assets.

Notes to Consolidated Financial Statements

21 Interest bearing debt

EUR '000	Payable after 5 years	Payable between 2 and 5 years	Payable within 1 year	Total
Debt at December 31, 2020				
Credit institutions, non-current:	6.220	20.189	7.674	34.083
Leasing debt:	0	2.254	1.557	3.812
Other non-current debt:	0	247	1.153	1.400
Credit institutions, current:	0	0	21.677	21.677
	6.220	**22.690**	**32.062**	**60.972**
Debt at December 31, 2021				
Credit institutions, non-current:	4.665	19.448	4.296	28.409
Leasing debt:	0	1.922	1.294	3.215
Other non-current debt:	0	49	1.052	1.101
Credit institutions, current:	0	0	25.726	25.726
	4.665	**21.418**	**32.368**	**58.451**

Cash flow from financing activities

Non-cash changes

EUR '000	1/1 2020	Cash flows	Foreign exchange movement	Fair value changes	31/12 2020
Credit institutions, non-current:	41.892	147	-48	0	34.083
Leasing debt:	2.982	397	0	0	3.812
Other non-current debt:	4.297	-2.101	-107	0	1.400
Credit institutions, current:	19.962	-265	-148	0	21.677
Total liabilities from fin. activities	**69.133**	**-1.823**	**-304**	**0**	**60.972**

EUR '000	1/1 2021	Cash flows	Foreign exchange movement	Fair value changes	31/12 2021
Credit institutions, non-current:	34.083	-5.626	-48	0	28.409
Leasing debt:	3.812	-596	0	0	3.215
Other non-current debt:	1.400	-276	-23	0	1.101
Credit institutions, current:	21.677	4.123	-74	0	25.726
Total liabilities from fin. activities	**60.972**	**-2.376**	**-145**	**0**	**58.451**

Note	EUR '000	2021	2020
22	**Deferred Income**		
	Investments subsidies beginning	2.031	1.654
	New investment subsidies received	394	584
	Amortization of investments subsidies	-167	-207
		2.258	**2.031**

Deferred income primarily relates to grants for the construction of feedmills in Romania. Grants are recognised as income concurrently with the underlying fixed assets being depreciated.

Note	EUR '000	2021	2020
23	**Other liabilities**		
	Employee related payables	244	323
	ASF outbreak provision	0	2.060
	Other payables	2.952	2.196
		3.196	**4.579**

Market Risk

Note 24: Financial risks

Market risk

The Group's credit facilities are floating-rate credits, which exposes the Group to interest rate fluctuations. According to Group policy, all financing of working capital and investments in fixed assets are made on floating-rate terms. An interest hedging of approx. 14 % of the debt (EUR 9.0m) has been concluded via the same banks providing the underlying long-term facility. The interest hedge fixes the interest to approx. 3.5% including margins for the next 3 years. The market values of the interest hedge, EUR 0.3m, is included in Other liabilities (note 23). Additional 3% of the Group's debt is with fixed interest rate.

Activities abroad, earnings, cash flows and equity are not materially affected by currency risks, as the foreign activities are predominantly transacting in their functional currency (RON). Similarly, the external financing is denominated in EUR, which is the functional currency of the parent entity and the presentation currency for the Group, except for financing locally, which is in the functional currency of the subsidiary. Hence, there is no currency risks related to external financing either. Consequently, material currency risks for the Group are limited to translation risks related to foreign subsidiaries.

The Group does not engage in speculative currency positions. Introduction of the EUR as functional currency of the consolidated financial statements has contributed to reducing the overall impact of exchange rates.

Exchange rate adjustments of investments in foreign subsidiaries being independent entities are recognized in other comprehensive income. Exchange rate risks related to investments are normally not hedged, as the company's management is of the opinion that a current foreign currency hedging would not be the optimal solution with a view to the overall risk and costs.

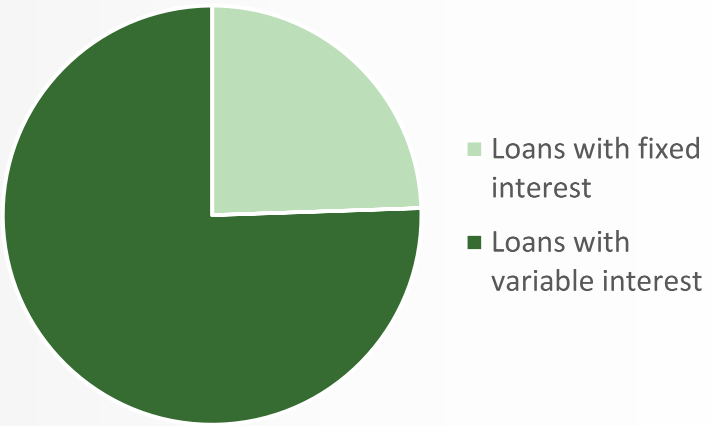
The Group is exposed to interest rate risks, as loans are primarily with variable interests except for the smaller part with fixed interests described above. A reasonable possible change in interest rates at 31.12.2021 would not have any material effect on income statement or equity.

The Group is highly exposed to global and EU development in sales prices of pork as well as raw materials for feed (grain and protein). The most significant effect on the Group's earnings is attributable to changes in the price of pig meat and price changes relating to pig feed, which makes up 2/3 of the pig production costs. The Group observes these developments closely.

A change of the pig meat price of 10% will, on an isolated basis, affect profit for the year before tax by approximately EUR 4.0 million (2020: approx. EUR 5.9 million). A 10% change in the feed price will, on an isolated basis, affect profit for the year before tax by approximately EUR 2.6 million (2020: approx. EUR 3.5 million).

Split of total outstanding interest bearing debt

EUR '000	2020	2021	Interest binding period in months	Avg. effective interst
Loans with fixed interest				
EUR	12.000	9.000	12-48	3-4%
RON	2.089	1.101	up to 36	0%
DKK	997	766		6,5%
	15.086	**10.867**		
Loans with variable interest				
EUR	40.111	43.090	1-6	2-3%
RON	5.315	4.494	1-6	2-3%
DKK	460	0	1	4%
	45.886	**47.584**		



Other Financial Risks

Liquidity risk

The Group ensures adequate cash resources by entering into framework agreements in respect of current overdraft facilities. Existing agreements subject to time limitation are irrevocable on the part of the banks prior to maturity unless there is a breach of the terms of the loans according to the loan agreements.

Maturity analysis for debt is stated in Note 21, to which reference is made. The maturity analysis is disclosed according to category and class broken down on maturity period. All amounts are excluding future interest payments.

Capital management

The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to provide return on the shareholders' investments and establish and maintain an optimal capital structure for the purpose of reducing the costs of borrowed capital and maintain a basis for continued growth in the Group.

The Group's capital management is moreover partly controlled by loan agreements which include specific requirements to the financial performance of the Group.

Total capital comprises equity and subordinate loan capital from the Parent company; as shown in the consolidated balance sheet

Credit risk

The Group is exposed to credit risks on receivables. The Group positively wants to minimize its credit risks, which mainly relates to sales transactions. Credit insurance is taken out in advance on more than 90% of the normal sales of slaughter pigs. Due to changes in the sales (thermal treatment and weaner sales) caused by ASF trade restrictions the credit exposure was significantly increased in 2018 and has gradually improved since. Credit insurance covers approx. 85% of the total receivable end of 2021 (2020: 80%). Outstanding receivables are followed-up upon on a current basis in accordance with Group procedures.

The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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EUR '000	Due above 5 years	Due Between 2 and 5 years	Due within 1 year	Total Carrying amount
Receivables at December 31, 2020				
Trade receivables	0	0	4.992	**4.992**
Other receivables	0	0	15.631	**15.631**
Prepayments	0	848	429	**1.277**
	0	**848**	**21.052**	**21.900**
Receivables at December 31, 2021				
Trade receivables	0	0	4.272	**4.272**
Other receivables	0	0	8.382	**8.382**
Prepayments	0	651	499	**1.150**
	0	**651**	**13.153**	**13.804**

Notes to Consolidated Financial Statements

Note 25: Incentive program for group management

The entity's parent DCH International A/S has granted warrants to members of the entity's management, that will allow them to purchase a number of shares in DCH International A/S at a price agreed in advance.

A total of 2,904,000 warrants have been granted, of which 1,847,500 warrants have vested on December 31, 2021. Of the remaining 1,056,500 warrants, 266,500 is cancelled due to the participants termination of employment and the rest will vest in installments up and until December 2023 if all the participants in the program remain employed. The participants may exercise their warrants by purchasing shares during a four-week period following the approval of the parent entity's annual report in the years 2023 to 2027, after which the warrants will lapse without any further notice. The agreed exercise price increases from 3.81 DKK per share in 2023 to 4.63 per share in 2027.

The fair value of each option is calculated using an option pricing model taking into account the exercise price of the option, an estimate of the current price of the underlying shares, the life of the option and the risk-free interest rate for the life of the option.

As the Group is unlisted, and no market information for comparable listed entities are currently available, the current price of the underlying shares is determined based on the equity per share according to the annual report for 2019. Management believe that this is a reasonable approximation of the current market price for the Group's shares for the purpose of the measurement of the warrants, due to the current market situation and the outbreak of ASF in Romania, and the fact that all tangible assets and biological assets of the group are measured at fair value. In determining the life of the option for the purpose of the measurement, it is assumed that the employees will exercise the option as soon as possible.

The fair value of the warrants granted has been determined to be 0.47 DKK (0.06 EUR) per warrant. The most significant inputs used in the measurement model are the following:

Volatility	25%
Exercise price (in the parent)	4.63 DKK
Risk free interest rate (pro anno)	0.0%
Life of the warrants	84 months

26 Related parties and ownership

DCH International A/S's shareholders are legal and natural persons, and no individual shareholder exercises control of the Group's activities. The following shareholders are registered as holding more than 5% of the voting share capital or minimum 5% of the share capital:

FMB Holding A/S, Søvejen 33, 8752 Østbirk

Stenagergaard Invest ApS, Tellerupvej 15, 5591 Gelsted

Helge Maagaard, Ulfsundvej 25, Nees, 7660 Bækmarksbro

Tofthøj Agro A/S, Tofthøjvej 41, 7321 Gadbjerg

Other related parties

Lars V. Drescher	CEO
Morten Beider	CFO
Torben Svejgaard	Chairman of the Board of Directors
Carsten Lind Pedersen	Member of the Board of Directors
Ole Sloth Nielsen	Member of the Board of Directors
Jytte Rosenmaj	Member of the Board of Directors
Bo Holse	Member of the Board of Directors

Transactions

Only related party transactions not conducted on an arm's lenght basis are disclosed in the annual report.

No such transactions have been conducted in the financial year.

27 Fees paid to auditors appointed by the General Assembly

Fees for statutory audits	93	79
Other Services	87	72
	180	**151**

Audit fee are recognized as administrative costs

28 Post balance sheet events

There have been no significant post balance sheet events.

Accounting Policies

Note 29: Accounting Policies

Classification

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

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

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

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

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

Consolidated financial statement

The annual report include Premium Pork International A/S (Parent) and the enterprises (group enterprises) that are controlled by the Parent, see group chart on page 11. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The annual report is prepared on the basis of the financial statements of Premium Pork International A/S and its subsidiaries. The annual report is prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognized in full in the annual report.

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

Business Combinations

Newly acquired or newly established enterprises are recognized in the annual report from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Identifiable intangible assets are recognized separately from goodwill if they are separable or arise from contractual or other legal rights.

Any remaining positive differences between cost and the fair value of assets, liabilities and contingent liabilities acquired are recognized in intangible assets in the balance sheet as goodwill. Goodwill is not amortized but is tested for impairment on an annual basis. Enterprises acquired are recognized in the consolidated financial statements as from the date of obtaining control, whereas enterprises sold are recognized up until the date of surrender of control. Intra-group acquisitions of subsidiaries are made under the pooling of interest's method.

If any remaining difference between cost and the fair value of assets, liabilities and contingent liabilities acquired are negative, the amount is recognized immediately in profit or loss as a bargain purchase gain.

Foreign currency translation

The items recognized in the financial statements of each of the group enterprises are measured at the functional currency used in the primary economic environment in which the individual enterprise operates. The functional currencies of the group enterprises are the following: Romanian Lei (RON) for the Romanian subsidiary and EUR for the parent company in Denmark.

The consolidated financial statements are presented in EUR, which are the functional currency of the parent company and the presentation currency of the Group. On initial recognition, transactions in foreign currencies are translated at the exchange rates at the date of transaction. Exchange differences arising between the transaction date rates and the rates at the date of payment are recognized in the income statement as financial income and expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or the payable arose or was recognized in the most recent financial statements are recognized in the income statement as financial income and expenses.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Balance sheet items including goodwill relating to consolidated enterprises that do not have EURO as their functional currency are translated into EUR based on the exchange rates at the balance sheet date, whereas the income statements of these enterprises are translated at average rates of exchange. Exchange adjustments arising on the translation of the opening equity at the exchange rates at the balance sheet date and net profit/loss for the year at the exchange rates at the balance sheet are recognized in other comprehensive income over equity under a separate reserve for exchange adjustments.

The Group used the following exchange rates for the translation into EUR on 31 December 2021:

RON:	Income statement 2021: 1 EUR = 4.920 RON
	(2020: 1 EUR = 4.837 RON)
DKK:	Income statement 2021: 1 EUR = 7.4365 DKK
	(2020: 1 EUR = 7.454 DKK)

Derivative financial instruments

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

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

Accounting Policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognized in other comprehensive income. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries are classified in other comprehensive income.

Income statement

Revenue

Revenue from sale of products is recognized when the Group has transferred control of products sold to the buyer and it is probable that the Group will collect the consideration to which it is entitled for transferring the products. Control of the products is transferred at a point in time, typically on delivery. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the determined consideration.

Investment grants are taken to income as actual payment is made when the conditions of payment of grants have been approved by the authorities.

Fair value adjustment biological assets

Fair value adjustments of biological assets include the adjustments of the company's biological assets for the financial year measured at fair value.

Costs of plant breeding, feed, energy and other production costs

Costs of plant breeding, feed, energy and other production costs include the consumption of raw materials and consumables used to achieve net revenue.

Other external expenses

Other external expenses comprise expenses for distribution, sale, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages, social

security costs, pension contributions, etc. for the Company's staff.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses relating to intangible and tangible assets comprise amortization, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Financial income and expenses

These items comprise interest income and interest expenses, the interest portion of finance lease payments, payables and transactions in foreign currencies, mortgage amortization premium/allowance on mortgage debt, etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized directly in equity by the portion attributable to entries directly in equity. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Intangible assets

Acquired intellectual property is amortized over the term of the agreement, but over no more than 5 years. Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and property plant and equipment in progress are measured at cost less accumulated depreciation. Cost comprises the cost of acquisition and expenses directly related to the acquisition and costs for set-up. In case of assets of own construction, cost comprises directly attributable costs of labor, materials, components and sub-suppliers.

The categories land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is recognized in retained earnings without passing the income statement. Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group uses the local, effective rate of interest on credit for construction and overdraft facilities for the calculation of expenses for capitalization.

Depreciation of a non-current asset is commenced when it is put into use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	**25-40 years**
Production plant and machinery	**7-15 years**
Operating fixtures, tools and vehicles	**3-7 years**
Land is not depreciated	

The carrying amount of property, plant and equipment is reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by fair-value or depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

Biological assets

Agricultural activity is defined as an activity in which biological transformation of biological assets for sale into agricultural produce or another biological asset takes place. Agricultural produce is defined as a harvested product of the Group's biological assets, and a biological asset is defined as living animals or crops.

The Group has assessed that its biological assets consists of breeding herds of gilts, sows and boars, commercial heard of slaughter pigs and unharvested crops.

On initial recognition and at subsequent reporting dates, biological assets are measured at fair value less estimated costs to sell unless fair value cannot be reliably measured on initial recognition.

Accounting Policies

Gains or losses on initial recognition of a biological asset measured at fair value less estimated costs to sell, and subsequent changes in the fair value less estimated costs to sell relating to the biological asset, are recognized in the income statement in the item “Gains/losses on changes in the fair value of biological assets” in the period in which the gain or loss arises.

Biological assets are recognized as current or non-current biological assets depending on the production cycle of the biological asset concerned. Generally, biological assets relating to slaughter pigs and cropping are recognized as current assets. Breeding herds of gilts, sows and boars are recognized as non-current assets.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value plus or less unamortized positive, or negative goodwill and plus or minus unrealized intra-group profits and losses.

The Parent’s share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses and minus or plus amortization of positive or negative goodwill is recognized in the income statement and the net revaluation reserve under the equity.

Upon distribution of profit or loss, net revaluation of subsidiaries is transferred from the reserve for net revaluation to retained earnings under the equity method.

The purchase method is applied in the acquisition of investments in subsidiaries; see above description under annual report.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value. The net realizable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operation with deduction of costs to sell and costs of completion. The net realizable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labor as well as directly attributable labor and production costs. These costs also comprise maintenance and depreciation of machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Agricultural produce is initially recognized at fair value at the point of harvest less estimated costs to sell, and subsequently in inventories up until the point when it is sold to a third party or is used internally as feed. The fair value of agricultural produce at the point of harvest is measured on the basis of the market prices on the markets on which the agricultural produce is expected to be sold or used as feed.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad debts.

Prepayments

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

Lease commitments

Lease payments, not recognized under IFRS 16, are recognized on a straight-line basis in the profit and loss account over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax receivable or payable

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

Cash flow statement

The consolidated cash flow statement and the parent cash flow statement are presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the cash and cash equivalents at the beginning and end of the financial year.

Cash flows from the acquisition and divestment of enterprises are shown separately under cash flows from investing activities.

Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of divestment.

Cash flows from operating activities are calculated as operating profit/loss adjusted for non-cash operating items, working capital changes, financial income and expenses and income taxes paid.

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of enterprises, activities and fixed asset investments as well as acquisition, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Parent’s share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

Parent Income Statement

EUR '000	Note	2021	2020
Revenue	30	12	22
Other external costs		-141	-121
Gross profit		-129	-99
Staff Expenses	32	0	0
Depreciation	33	-33	-17
Operating profit (EBIT)		-161	-116
Income f. investments in subsidiaries	34	-8.414	-8.912
Financial income	35	525	505
Financial expenses	36	-54	-84
Profit before tax		-8.104	-8.606
Tax on profit for the year	37	-68	-67
Net profit for the year		-8.172	-8.673
Distribution of profit for the year:			
Group Shareholders		-8.172	-8.673
Distributed		-8.172	-8.673

Parent Statement of Comprehensive Income

EUR '000	2021	2020
Net profit for the year	-8.172	-8.673
Items that may be reclassified subsequently to profit or loss		
Exchange adjustments of foreign enterprises	27	877
Hedge accounting	143	31
Items that may not be reclassified subsequently to profit or loss		
Value adjustments in subsidiaries	0	4.346
Total comprehensive income	-8.002	-3.419

Parent Statement of Financial Position

EUR '000	Note	31/12 2021	31/12 2020
Assets			
Operating equipment		0	39
Property, plant and equipment		**0**	**39**
Investments in subsidiaries	39	75.690	83.886
Loan to subsidiaries	40	3.500	3.500
Fixed asset investments		**79.191**	**87.385**
Non-current assets		**79.191**	**87.424**
Receiveables group companies	40	1.323	1.256
Other receiveables		17	83
Deferred tax assets		105	173
Receiveables		**1.444**	**1.512**
Cash and cash equivalents		370	107
Current assets		**1.815**	**1.619**
Total Assets		**81.005**	**89.043**

EUR '000	Note	31/12 2021	31/12 2020
Equity and liabilities			
Share capital	19	12.767	12.767
Reserve for net revaluation according to the equity method		56.510	64.759
Retained earnings		10.950	10.650
Equity		**80.227**	**88.176**
Other non-current liabilities	41	0	0
Credit institutions	41	0	0
Long-term liabilities		**0**	**0**
Short term portion, credit institutions and other non-current	41	766	784
Trade payables		4	72
Other payables		8	11
Short-term liabilities		**778**	**867**
Total liabilities		**778**	**867**
Total Equity and Liabilities		**81.005**	**89.043**

Parent Statement of Changes in Equity

EUR '000	Share Capital	Reserve for net revaluation according to the equity method	Retained earnings	Total Equity
Equity at January 1, 2020	**12.767**	**68.416**	**10.337**	**91.520**
Share based payments	0	0	61	**61**
Net profit/loss for the year	0	-8.912	238	**-8.673**
Other comprehensive income	0	5.254	15	**5.269**
Equity at December 31, 2020	**12.767**	**64.759**	**10.650**	**88.176**
Share based payments	0	0	53	**53**
Net profit/loss for the year	0	-8.414	242	**-8.172**
Other comprehensive income	0	165	5	**170**
Equity at December 31, 2021	**12.767**	**56.510**	**10.950**	**80.227**

Parent Cash Flow Statement

EUR '000	2021	2020
Operating profit/loss (EBIT)	-161	-116
Adjustment for non-cash items:		
Depreciations	9	17
Change in receivables	0	-238
Change in trade and other payables	-71	68
Cash flow from operations before financial items	**-224**	**-269**
Financial income received	525	505
Financial expenses paid	-52	-57
Corporation taxes paid	0	0
Cash flow from operating activities	**249**	**180**
Sale of property, plant and equipment	31	0
Cash flow from investing activities	**30**	**0**
Repayment of borrowings	-17	-263
Cash flow from financing activities	**-17**	**-263**
Change in cash and cash equivalents	**263**	**-83**
Cash and cash equivalents, start year	107	191
Cash and cash equivalents at December 31	**370**	**107**
Un-utilised short term facilities	0	0
Liquidity available at December 31	**370**	**107**

Notes to Parent Financial Statements

Note	EUR '000	2021	2020
30	**Revenue**		
	Rental of equipment	12	22
		12	**22**
31	**Fees paid to auditors appointed by the General Assembly**		
	Fees for statutory audits	1	5
	Other Services	0	3
		1	**8**
	Audit fee are recognized as other external costs.		
32	**Staff expenses**		
	Wages and salaries	0	0
	Share based payments	0	0
		0	**0**
	Average number of employees	*0*	*0*

Reference is made to note 6 for infomation about remuneration to the Executive Board and Board of Directors and to note 25 for incentive program for the group management team.

Note	EUR '000	2021	2020
33	**Depreciation**		
	Plant and machinery	9	17
	Loss or gain on asset sales	24	0
		33	**17**

Note	EUR '000	2021	2020
34	**Income from investments in subsidiaries**		
	Premium Pork International A/S	-8.414	-8.912
		-8.414	**-8.912**
35	**Financial Income**		
	Interest on loans to subsidiaries	525	505
		525	**505**
36	**Financial Expenses**		
	Interest bank debt	2	1
	Other financial expenses	50	56
	Exchange rate adjustment	2	27
		54	**84**
37	**Income Taxes**		
	Adjustment of deferred tax	68	67
		68	**67**

Notes to Parent Financial Statements

Note	EUR '000	2021	2020
38	**Tangible assets**		
	Plant and machinery		
	Cost at January 1	152	523
	Additions for the year	0	0
	Disposals for the year	-152	-371
	Cost at December 31	**0**	**152**
	Amortisation at January 1	113	467
	Amortisation for the year	9	17
	Disposals for the year	-122	-371
	Amortisation at December 31	**0**	**113**
	Carrying amount at December 31	**0**	**39**
	Right of use assets	0	39

Note	EUR '000	Ownership interest in %	2021	2020
39	**Investment in subsidiaries**			
	Cost beginning of year		19.060	19.060
	Additions for the year		0	0
	Cost end of period		**19.060**	**19.060**
	Apraisal increases at beginning		64.826	68.423
	Result for the period in subsidiaries		-8.414	-8.912
	Exchange adjustments in subsidiaries		22	877
	Share based paymemt		53	61
	Appraisal of subsidiaries		0	4.346
	Hedging in subsidiaries		143	31
	Appraisal increases at end of period		**56.630**	**64.826**
	Carrying amount at end of period		**75.690**	**83.886**
	The carrying amount of investments in subdiaries i specified as follows:			
	Premium Pork International A/S	100	75.690	83.886
			75.690	**83.886**
40	**Loans and receiveables, subsidiaries**			
	Total loan to subsidiaries subordinated		**3.500**	**3.500**
	Total receivables from subsidiaries		**1.323**	**1.256**
	Total loans and receiveables, subsidiaries		**4.823**	**4.756**

Notes to Parent Financial Statements

41 Interest bearing debt

EUR '000	Payable after 5 years	Payable between 2 and 5 years	Payable within 1 year	Total
Debt at December 31, 2020				
Leasing debt:	0	0	17	**17**
Other non-current debt:	0	0	766	**766**
Credit institutions, current:	0	0	0	**0**
	0	**0**	**784**	**784**
Debt at December 31, 2021				
Leasing debt:	0	0	0	**0**
Other non-current debt:	0	0	766	**766**
Credit institutions, current:	0	0	0	**0**
	0	**0**	**766**	**766**

Note 42: Financial risks

Reference is made to the description of financial risks for the Group in the Notes to the Consolidated Financial Statements. The Parent Company is not considered to be subject to any special financial risks other than those disclosed in the Notes to the Consolidated Financial Statements.

Note 43: Assets charged and securities

Letter of subordination has been issued to banks in respect of loans granted to subsidiaries of EUR 3,500k.

Note 44: Guarantees and other contingent liabilities

The parent has made a corporate guarantee for subsidiaries debt to credit institutions. The guarantee is limited to EUR 53.7m. The actual debt was EUR 52.0m end of year.

The Entity participates in a Danish joint taxation arrangement in which DCH International A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2016 for income taxes etc. for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

45 Related parties and ownership

Transactions between the company and the subsidiaries: EUR '000	2021	2020
The subsidiaries have obtained subordinate loans from the Company:		
Outstanding amount at Year-end:	3.500	3.500
Interest for the year amounts to:	182	182
Other interest bearing debt and intercompany amounts from the Company:		
Outstanding amount at Year-end:	1.323	1.256
Financial expenses for the year amounts to:	343	323
The subsidiaries have provided management services to the Company and the Company provided other services to the subsidiaries:		
Management services charged to the Company:	-64	-99
O. services or reinvoiced costs from the Company to subsidiaries:	12	22

Reference is made to note 26 (Note to the Consolidated Financial Statements) for details of the Groups transactions with the Parent Company.