

# JAST Holding ApS

Toftthøjvej 41, 7321 Gadbjerg

CVR no. 33 74 83 29

## Annual report 2022

Approved at the Company's annual general meeting on

Chairman: Michael Henriksen

.....  
*20<sup>th</sup> March 2023*

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of JAST Holding ApS for the financial year 1 January - 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2022 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Gadbjerg, 20<sup>th</sup> March 2023  
Executive Board:

.....  
Jytte Rosenmaj

Bestyrelse:

.....  
Carsten Lund Thomsen  
Chairman

.....  
Jytte Rosenmaj

.....  
Ole Bjerremund Hansen

.....  
Claus Baltersen

## Independent auditor's report

### To the shareholders of JAST Holding ApS

#### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JAST Holding ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

#### Basis for Opinion

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

#### Emphasis of matter

As mentioned in note 2 Critical Accounting Estimates and Judgements Russia's "special military operation" into Ukraine results in uncertainties related to assessing the future control of - and potential writedowns - of the Russian activities. Without modification of our opinion, we refer to note 2 for description of the uncertainties.

#### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

#### Management's Responsibilities for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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 financial statements.

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

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

Esbjerg, 20<sup>th</sup> March 2023  
PRICEWATERHOUSECOOPERS  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

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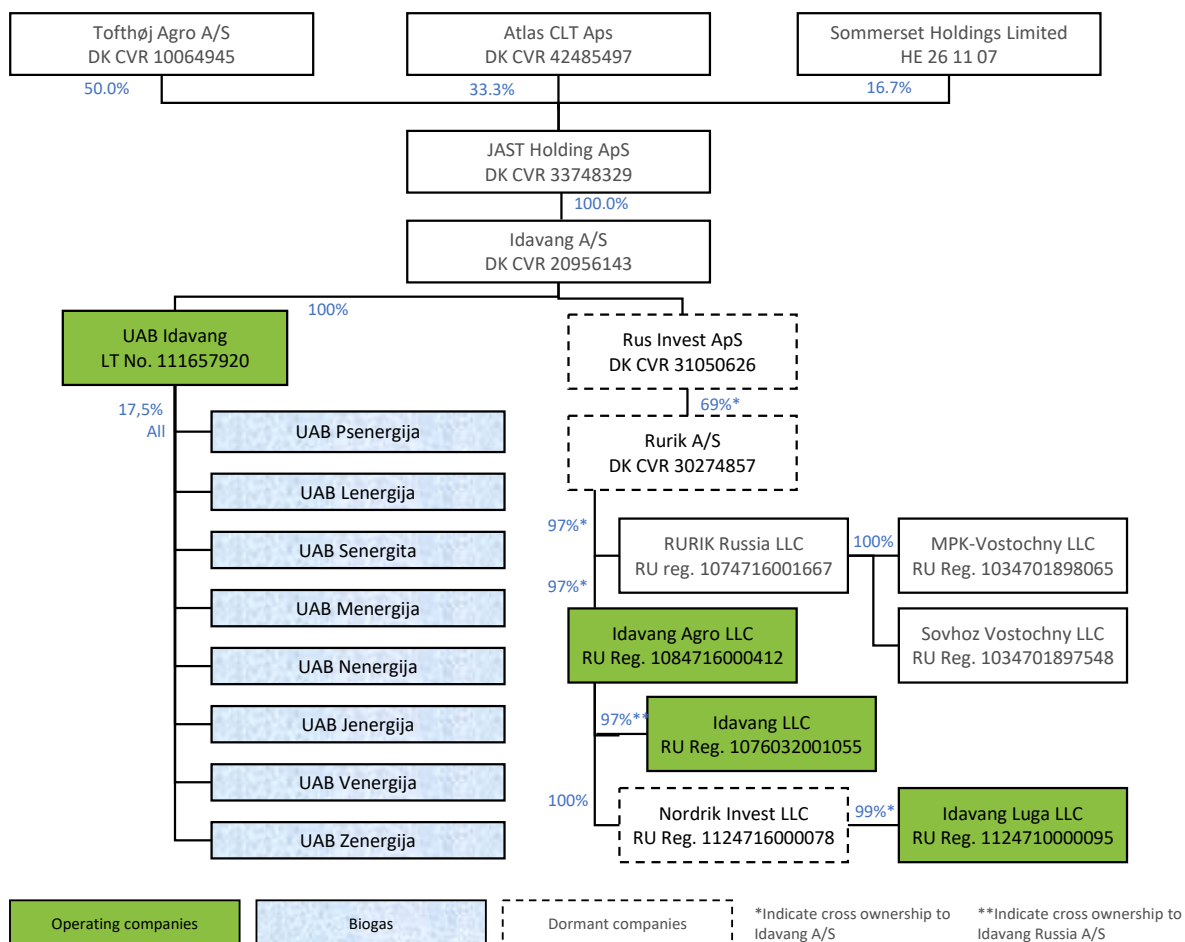
## Management's review

### Company details

Name	JAST Holding ApS
Address, Postal code, City	Toftthøjvej 41, 7321 Gadbjerg
CVR no.	33 74 83 29
Registered office	Vejle
Financial year	1 January - 31 December
Board of Directors	Carsten Lund Thomsen, Chairman Jytte Rosenmaj Ole Bjerremand Hansen Claus Baltersen
Executive Board	Jytte Rosenmaj
Auditors	Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 6700 Esbjerg, Denmark
Bankers	Jyske Bank

## Management's review

### Group chart



## Management's review

### Financial highlights for the Group

DKK'000	2022	2021	2020	2019	2018
<b>Key figures</b>					
Revenue	856,828	744,859	756,980	825,704	743,129
Operating profit/loss	165,126	55,295	-98,703	127,168	65,149
Net financials	-28,125	-40,150	-82,516	-96,837	-22,731
<b>Profit/loss for the year</b>	<b>117,086</b>	<b>18,005</b>	<b>-176,148</b>	<b>10,627</b>	<b>45,283</b>
<b>Balance sheet</b>					
Total assets	1,158,366	1,065,502	1,064,948	1,589,709	1,473,262
Investment in property, plant and equipment	-33,012	-29,285	-30,227	-69,506	-93,902
Equity	451,701	288,535	215,094	481,178	425,841
<b>Financial ratios</b>					
Operating margin	19.3%	7.4%	-13.0%	15.4%	8.8%
Return on assets	14.3%	5.2%	-9.3%	8.0%	4.4%
Current ratio	190.6%	185.0%	150.0%	245.8%	249.2%
Return on equity	31.6%	7.1%	-81.9%	2.3%	10.8%
<b>Other</b>					
Average number of employees	770	769	799	830	809

For terms and definitions of Financial ratios, please see the accounting policies.



## Management's review

### Business review

Revenue for the Idavang group was DKK 856.8 m in 2022 against DKK 744.8m in 2021. EBITDA was DKK 222.2m against DKK 105.8m (at fixed herd prices – see below in table, it was DKK 159.6m against 2021 of DKK 107.8m), and profit after tax was DKK 117.1m against DKK 18.0m in 2021.

	2022	2021
Operating profit per profit and loss	165.126	55.295
Depreciations	57.119	50.464
<b>EBITDA</b>	<b>222.245</b>	<b>105.759</b>
Value adjustment biological assets (reversed)	- 62.689	2.017
<b>EBITDA at fixed herd prices</b>	<b>159.556</b>	<b>107.776</b>

In Q1 2022, Ostrov farm in Russia received the first pigs for the repopulation. First sales normal sales happened in November. Hence, production volume in Russia during 2022 have been 29 MT, which is 26% below normal volume. In Lithuania, production was unchanged at 55 MT compared to 2021.

The Lithuanian sales prices have increased significant twice during 2022, but as sales prices were below cost prices in the beginning of the year, prices have only during the year increased above EBITDA cost price.

The extended period where sales prices have been below production cost prices, have continued the reductions in EU herd seen in 2021. The last two years have been historical in relation to how much production have been reduced in Northern Europe, and expectation is that reductions are going to continue in 2023.

Example of reduction of production is Germany and Poland is down with 18%/21% over two years and 11%/12% during 2021.

In Russia, supply and demand balance, with a slight oversupply. Idavang does not expect the government to introduce subsidy programs to increase production further. As construction prices of new stables are not justified by cash flow, no significant expansion is expected. Therefore, reasonably sales prices in the following years are expected.

Overall, these market developments have led to significant increase in sales price (to 1,42 EUR/kg) for the whole year compared to 2021 (+36% in Lithuania and +22% in Russia). Although feed average prices were 25% higher than in 2021 (effecting negative with DKK 111.5m), the underlying market increases have been even higher, which was migrated by hedging efforts.

Field activities had normal harvest in 2022, nevertheless prices were below 2021 (EBITDA DKK 32.7m), similar to 2021 (DKK 38.7m).

The group invested DKK 33.0m in 2022, which is significant less than the depreciation of DKK 57.1m. This is due to investment stop in Russia from end February.

The equity on 31st December 2022 amounted to DKK 451,7m at an equity ratio of 39% (27% 2021). The equity increased with DKK 163,2m partly due to stronger RUB (DKK 41,6m) and strong result in 2022 especially due to write up of the herd with DKK 62,7m.

Net interest-bearing debt (NIBD) decreased to DKK 482.1m in 2022, being DKK 95.9m lower than in 2021 (DKK 578.0m). Nevertheless, the following need to be considered DKK 36,1 from hedging transactions which will be included in EBITDA in 2023. Idavang has almost three years duration with the EUR 75m bond left, hence having very stable financing.

### **Vision**

Our vision is to achieve and maintain the highest quality of pigs while strictly adhering to all ethical and environmental standards

### **Mission**

Our mission is to be the top producer of pigs in the Baltic states and North Western Russia, renowned for high quality pigs produced in accordance with top ethical and environmental standards. We strive to be an important and dependable partner to our clients, an actively benevolent member of the surrounding communities, an employer who provides an exciting and appealing workplace environment while offering our employees personal and professional development opportunities, as well as steady career possibilities.

### **Core activity**

JAST (Idavang)'s core activity is the production and sale of high-quality slaughter pigs and weaners in Russia and Lithuania.

JAST (Idavang)'s specialises in both brown field and green field pig production projects in Lithuania and Russia. We acquire and invest in larger production sites. We refurbish the facilities and renew the technology and knowhow with the companies well-developed production solutions. Production sites are within a reasonable geographic area to enhance synergies.

### **Historical development**

- 1999 Idavang A/S started operating the first farm Salnaiciai (Lithuania) with an initial investment of EUR 800 thousand.
- 1999-2002 Rupinskai farm was acquired; in total, 3,000 sows were held.
- 2003-2006 Musa, Sajas and Kalvarija farms were acquired, and the production volume exceeded 11 kMT by 2005.  
Idavang paired off with IØ Fund (Danish Government) in Lithuanian operations from 2001-2005.
- 2007-2010 Skabeikiai, Lekeciai and Pasodele farms were bought, bringing sows in operation up to 19,000.
- 2009-2011 Russia expansion with Idavang Ostrov a green field farm and Farm Vostochny was acquired (mid-2008).  
Farm Vostochny totals 6,600 sows. Joniskis, Seduva and Sesupe farms were acquired in Lithuania.
- 2011 International Finance Corporation (part of World Bank Group) became an Idavang A/S shareholder and
- 2013 Russian expansion continues, Farm Ostrov went into operation and fields operation was expanded
- 2014 A small farm in Ramygala was acquired, which Idavang Lithuania started to use as a boars station in 2015.
- 2014-16 Construction of eight biogas sites in Lithuania in cooperation with Modus Energy
- 2017 Idavang (JAST subsidiary) issues re-financing using a DKK 632m bond.
- 2018 Bond was listed on Nasdaq and construction on Luga site in Russia started
- 2019 Luga slaughter pig stables were put in operation, and Berzai farm was rented in Lithuania to reduce contracting (PL)
- 2020 Refinanced 85 mEUR bond with 75 mEUR bond and reduced share capital with 20% by acquiring IFC shares.

## Management's review

### Business model

#### *Lithuania*

Our Lithuanian business model focuses primarily on pig production within brown field projects. Our core competencies and superior efficiency in pig production take advantage of premier Danish production technology and quality. Our grain is bought from third parties through stable and secure agreements.

#### *Russia*

Our Russian business model focuses both on farmland, grain production and pig production in both green field and brown field projects. Also, our core competencies and superior efficiency in pig production take advantage of premier Danish production technology and quality. Grain production is added to the value chain, which secures supply of grain and prevents dependency on Russian farmers. The extended control of the value chain also utilises synergies and reduces the risk of fluctuations in grain prices. Farmland is added to the value chain due to the low cost of land.

### Financial review

#### *Revenue*

Revenue increased from DKK 744.8m to DKK 856.8 m (15%). The change comprises of higher prices DKK 194,8m and a decrease of DKK 83.3m was due to lower volume. The lower volume mainly due to Ostrov had limited sales in Q4 whereas it had 8 months of sales in 2021.

#### *Herd value adjustment*

In 2022, the fair value adjustment for herd is driven by the increasing prices in EU and comprised DKK +62.7m. Therefore, the adjustment mainly consists in increase in Lithuania with DKK +60.8m.

#### *Production cost*

Production costs increased by DKK 47.8m to DKK 778.0m from DKK 730.2m (6.5%), but when all cost relating to Ostrov insurance case in 2021 (DKK 46.1m) has been reversed the increase is DKK 93,9m.

The increase was mainly due to the following five factors:

- Feed cost impacted production cost with DKK -70.6m – an increase compared to 2021 equals 15.1% (volume is -8.2% and price 25.3%)
- General higher cost level partly due to 28% stronger average RUB in 2022 compared to 2021 (Russia variable and fixed cost was DKK 146,5m excluding feed in 2022) and general inflation.
- Increases in energy was highest increase with 79% higher (DKK -15,6 m).
- Field impacted positive (partly due to higher prices) with DKK -5.9m
- The change in herd compared to 2021 is DKK +37.9m (DKK 29.7 m in 2022 vs. DKK -8.1m in 2021), this is driven by repopulation of the Ostrov herd.

#### *Grants*

The Government level of direct subsidies for meat and grain (excluding interest subsidies) is significant higher in 2022 (DKK 39.3m) due to support for meat producers in Lithuania compared to 2021 (DKK 15.6m mainly COVID subsidy).

Furthermore, the harvest result includes grants of EUR 3.0m, similar to 2021 (DKK 1.4m).

The interest subsidy structure is so that the subsidy goes directly to the bank from the government, and the bank then provides loans with lower interest instead. Hence, it is not subsidy.

## Management's review

### Follow-up on 2022 outlook

The EBITDA fixed herd price 2022 (DKK 162m) was higher than historical average 2021 (EBITDA DKK 148,0m) not as expected, this was nevertheless primarily due to the significant subsidies received in Lithuania (DKK 37.9m), hence normal operations without the one-off subsidies were as expected.

Therefore, when adjusting for the subsidy of DKK 37.9m the EBITDA would be DKK 124,2m, or exactly on midpoint of expectation of DKK 96,7- DKK 148,0m

### Meat prices

EU/Lithuania average prices for 2022 were significantly higher than expected with 1,35 EUR/kg, and fulfills the management expectations of being above 2021 (0,99 EUR/kg).

Russian average prices for 2022 were significantly higher than expected with 1,56 EUR/kg, and fulfills the management expectations of being above 2021 (1,28 EUR/kg). This was nevertheless mainly driven by the stronger RUB exchange rate.

### Feed price

Feed price was higher than 2021 as expected with 311 EUR/T compared to 244 EUR/T (in 2021), the level is nevertheless also impacted by the very strong EURRUB political exchange rate.

### EURRUB exchange rate

EURRUB has in 2022 been highly volatile, but also impacted by that European Central Bank (ECB) 1st Marts 2022 stopped to publish FX rates on EURRUB (last 117,20) and European banks in general have making transactions in EUR.

The fluctuation of monthly averages (57-105), but peaks have during March reached 150. The annual average (from the Russian central bank) ended with 69, which is significant below the expected range of 83-90. Nevertheless, management consider the exchange to be political created by Russia and not market denominated, but has used it for the annual report in lack of better alternatives (as no published FX rates from ECB).

### Knowledge resources

Idavang produces commodities in an international, competitive environment. One of the only ways we can secure our position as market leader in regard to productivity and quality is to retain our employees, develop their skills and enable them to constantly improve.

### Special risks

The Board of Directors regularly assesses the overall and specific risks associated with JAST (Idavang)'s business and operations and seeks to ensure that such risks are managed in a proactive and efficient manner. Internal control systems have been established and are regularly reviewed by the Board of Directors to ensure that they are appropriate and sufficient.

### Fluctuations in prices of pork

As pork is a global commodity, global supply and demand influences prices in all markets to a higher or lower degree. JAST (Idavang) mitigates this by focusing on markets where there is an undersupply of pork. Thereby, we compete with producers in other markets, which need to transport the pork to North Western Russia or Lithuania.

Fluctuations in Russian customs, subsidies and if Russia allows import of pork and live pigs from the EU

Russia wants to support domestic development of agriculture business and especially pork production where there is an undersupply.

### Russian international political risk and Russian legislation risk

Political tension and international sanctions against Russian interest have increased continuously after "special military operation" into Ukraine started in February 2022, negatively impacting the Russian economy. It is expected that full impact of current sanctions, have not been seen. Hence, the total negative impact by current and future sanctions from Western countries on Russian economy is difficult to quantify currently.

The Russian legal, tax and regulatory frameworks continue to develop in a fast pace towards countries behind sanctions ("unfriendly countries") with frequent negative changes.

Conclusion, on legal environment (in both Russia and internationally) is that it may potentially have a negative impact on JAST/Idavang's operations in Russia and the financial position in the future.

#### **Emerging market risk is increasing in Russia**

The Russian economy is particularly sensitive to oil and gas prices. Considering the sensitivity of the economy to oil and gas prices, the economic situation in the future is difficult to predict, as the country's ability both to produce and to sell its oil and gas is expected to be negatively impacted by both current and future sanctions from Western countries.

Furthermore, Russia has allocated massive part of Russian budget towards military (e.g., special military operation in Ukraine), which negatively impact both now and in the future wealth in Russia.

Hence, both purchase power and inflation levels (2022 11.8 % and 2021 8.4 %) are expected to be further negative impacted.

Conclusion, on emerging market risk, is that it is increasing in the Russian economy, and impacting Russian both consumers' purchase power and inflation negative.

#### **Ongoing review**

The Board of Directors and Executive Board of Idavang are taking these issues into account in the ongoing strategic review of Idavang's Russia business. When evaluating the different strategic options for the future of JAST/Idavang's Russian business, including a potential sale of the business. (Company Announcement No. 19/2022)

No conclusion of the process has been reached, at the date of signing the annual account.

## Management's review

### Fluctuations in prices of raw materials

Pigs are fed grain, protein (e.g. soya and sunflower) and premixes (vitamin and minerals), which account for a significant part of production costs.

An increase in these prices, together with an inability to transfer such increased costs to slaughterhouses, may have a material adverse effect on JAST (Idavang)'s profit.

Over time, such an imbalance will lead to inefficient producers and closed productions; hence supply will be reduced, which will increase prices again.

Idavang mitigates this exposure by being a cost-efficient producer with high productivity and operations in markets with natural premiums.

### Concentration of production facilities in North Western Russia and Lithuania

The concentration of production facilities in North Western Russia and Lithuania means that Idavang's operations are dependent on the degree to which raw materials can be imported into North Western Russia and Lithuania.

Furthermore, the possibility of exporting from Lithuania to EU and especially Russia (if it opens up borders) ensures the best prices for Lithuanian live pigs.

Two areas can disrupt this export possibility: the political situation and outbreaks of diseases.

Currently, Russian borders are closed for all imports of live commercial pigs, and for chilled and frozen meat from a number of countries due to veterinarian and/or political reasons (embargo).

Polish borders are closed for all imports of live commercial pigs from ASF Zone 2+3 in Lithuania, whereas pork meat from ASF Zone 2 can be sold in Poland, chilled and frozen.

### Russian, EU and global economic conditions

An economic downturn or an uncertain economic outlook in the Russian economy could adversely affect consumers' meat and pork consumption habits.

Similarly, a global economic downturn or an uncertain economic outlook in the world economy could adversely affect global consumers' meat and pork consumption habits. With pork being a global commodity, the individual regions as EU or Russia will also be affected, but the effects might be lower as regional markets have own fluctuations.

### Diseases

An outbreak of a serious disease could potentially cause a loss of earnings from the relevant farm for a period during which a replacement herd would be put into operation. Production management places high focus on the risk, and the highest biosecurity measures are taken.

Furthermore, the herd is insured for all diseases to mitigate the risk to the highest possible degree.

### Financial risks

During 2022, the RUB has fluctuated within a range of 57% against the EUR.

As a result, the total effect for 2022 was an 10% appreciation EUR/RUB, which positively affected equity by DKK 41.6m, as all Russian tangible assets are measured in RUB.

## Management's review

### Financial reporting

In relation to its financial reporting process, Idavang/JAST has set up a number of internal controls to ensure that the company's financial reporting gives a true and fair view free from material misstatement. The internal control and risk management systems also ensure that the financial reporting complies with applicable laws and standards. The financial reporting process is subject to systematic assessment on an ongoing basis. The tasks and focus areas of the Audit Committee are updated every year in the form of an annual wheel. According to the annual wheel, the tasks of the Audit Committee include monitoring the financial reporting process in connection with the publication of annual and interim reports, including a review of accounting policies and significant accounting estimates and judgments.

### Internal controls and risk management systems in relation to the financial reporting

Corporate Finance conducts regular control inspections at Lithuanian and Russian subsidiaries to ensure that corporate standards for internal controls have been implemented and operate effectively. Any proposals for improvement are reported to the Board of Directors

### Health and Safety policy

The main purpose of the Occupational Health and Safety system is to protect employees' life and health and to ensure good working conditions by avoiding injuries and accidents. The Occupational health and Safety tasks are structured in seven main tasks:

- Strengthen and develop health and safety systems by forming socially responsible approach to the employees' health and safety
- Perform an occupational risk assessment of all workplaces
- Improve the system of training certification and instruction of employees on issues of the employee's safety and health
- Increase preventive efficiency of the employees' health care
- Increase fire safety
- Improve safety of employees performing dangerous work
- Providing safe and healthy work conditions for every employee

### Key risk/targets identified

Work accident

### Actions

Activities within this area has top priority, therefore after every accident happens an e-mail is sent to all users, to ensure learning from the case. Accident reports include all details, for example "During pig vaccination, the pig climbed on employee's left foot", followed by pictures, employee account, etc. KPI is accidents 14 (2022) 23 (2021), 17 (2020). Work accident are defined as "a person was injured and he or she had sick leave or missed one or more working days"

### Statutory CSR report

The CSR policy covers the four areas of the UN Global Compact:

- Human Rights
- Labour Rights
- Environment
- Anti-corruption

The CSR policy also has special focus on climate change, occupational health and safety, animal welfare and community development. The Group focuses on the following five values:

- Respect and trust
- Quality and Ethic
- Transparency
- Responsibility towards the environment
- Constant development

The JAST Group is constantly working on safeguarding these values throughout our organisation. Historically, the JAST (Idavang) Group has always placed high focus on CSR, including animal welfare. Consequently, Idavang have had group-housed sows and used partly slatted floors since its establishment in 1999.

## Management's review

### Intellectual capital resources

JAST (Idavang) considers the employees and the organizational culture as the most important assets of the company. The Company's long-term success is highly linked to attracting, retaining and developing the employees, which is why both internal and external training and education are priorities of JAST (Idavang).

### Environmental matters

Environmental matters are an integrated part of JAST (Idavang)'s mission and we make no compromises. We constantly strive to take care of the environment in all everyday actions, and we acknowledge the need to take care of natural resources to the benefit of future generations.

Our focus is to reduce any negative impact that our production may have on the environment. We do not have full ownership of the entire value chain. However, we urge all our business partners to help us take care of the environment.

The manure is a valuable fertilizer which, however, has a specific odor. Putting the fertilizer to efficient use and causing no inconveniences to our neighbors, we carry out careful maintenance and continuous improvements of the manure collection, storage and fertilization systems.

Many of our complexes in Lithuania and Russia have successfully functioning manure management equipment that separates the liquid and solid fraction of manure and removes excess phosphorus and ammonia.

Furthermore, is there closed Lagoons on every farm with top and double liners to prevent the emission of ammonia, nitrogen (greenhouse gas). Closed lagoons also ensure that no odor will be released into the air.

### Key risk/targets identified

Reducing the amount of mineral fertilizer by supplying organic fertilizer (manure) to farmers on the optimal time.

#### Actions

Improve coordination with farmers so that the organic fertilizer has the highest effect hence reducing the volume of mineral fertilizer. KPI is price paid for organic fertilizer as we assume it equals mineral fertilizer reduced, revenue in 2022 was DKK 10,730k (2021 was DKK 6,180k & 2020 was DKK 4,924k). Increase in revenue was due to better weather conditions and increased focus.

### Climate Issue

Focus in our business relates not only to our production facility, but also to our partner companies.

Focus is on reducing energy consumption, which is done in many areas implementing efficient straw boilers as source of heat, ensuring that our partners use new EURO4/EURO5 trucks that use AdBlue technology and utilizing gas in manure through biogas. Biogas, where we use our efforts together with a business partner (Modus Energy) we have established biogas plants with the aim to improve environmental targets.

### Key risk/targets identified

Minimize energy consumption and CO<sub>2</sub>

#### Actions

Minimize energy focuses on replacing all lamps with LED, utilizing slurry to biogas in partnership with Modus and general focus on utilizing best energy source.

### Community Relationships

We will continue our work on supporting the neighboring communities, paying special attention to educational initiatives, social issues and sustainable development of rural territories.



## Management's review

### Animal welfare

The ethical treatment of animals is one of our fundamental values. Our work is based on the criteria of fairness, transparency and European and national legislation on animal welfare. We carry out regular reviews and assessments of our activities to ensure top-level animal welfare and efficiency of production.

Animal welfare is universal difficult to measure, hence indirectly measuring is best indicators for animal welfare, and we (in Idavang) say "a happy pig is a well performing pig". Good animal welfare produces good production results as well, therefore Idavang benchmark towards EU averages on the two KPI's: daily live gain for slaughter pigs (DLG – higher is better) and Feed conversion rate (FCR – lower is better).

KPI Idavang measure as follows DLG 931g/day (vs. EU norm 829g/day) and FCR 2,83 kg feed/kg gain (vs. EU average 2,83)

### Anti-corruption Policy

The aim of the company's anti-corruption policy is to define JAST (Idavang)'s business practice for countering corruption and bribery and to provide guidance to employees. JAST (Idavang) has a zero-tolerance policy towards bribery and corruption. All our partners and employees are informed about our attitude and principles towards corruption. Warning signs are placed on walls, doors and info boards around on the farms as well as in the country headquarters. This policy extends to all JAST (Idavang)'s business dealings and transactions in all countries in which we operate. The policy is fully implemented in both Lithuania and Russia. Suppliers and business contacts are periodically being informed about requirements.

### Risk identified

Small gifts and corruption from suppliers

### Actions

Small gifts (especially around Christmas) are mainly consumed at work.

In cases of corruptions are contract with both employees and suppliers terminated without any limitation. Idavang has not identified any cases of corruption in 2022.

### Human Resource policy

The company's goal is to ensure that both genders are always represented on the Board of Directors, which they currently are. The company is committed to observing the group's human resource policy, which first key principles are the equality of employees.

The Board of Directors has one female board member out of five, equal to 20% (1 of 5), and non in the management are female (by the end of 2022). The gender representation is unchanged compared to the end of 2021 (1 female of 9).

Idavang Group's objective regarding diversity at the Board of Directors level is that at least one of the board members / management team should be of the under-represented gender.

Idavang has fulfilled the ambition in 2022 and also expects to do so in future years.

The company wishes to honor diversity and equal gender representation in management. When selecting new board members or new management members, the company strives to represent both genders among the last three candidates.

We want the company's employees to experience equal opportunities for employment, improvement, career-making, and gaining management positions regardless of gender, age or nationality.

### Data Ethics Policy

The company has no policy as external data is extremely limited, but follows all applicable laws.

## Management's review

### Corporate Governance

Shareholders can exercise their rights at the general meeting of shareholders, which is the company's supreme governing body.

### Board of Directors

The overall task of Idavang's Board of Directors is to create value for the shareholders by managing the company. The Board resolves matters relating to Idavang's strategic development, budgets, risk factors, acquisitions and divestments as well as major development and investment projects. Furthermore, the Board of Directors supervises the Executive Board.

### Executive Board

The Executive Board of Idavang is appointed by the Board of Directors and is responsible for the company's day-to-day management, including the development and results of the company's operations as well as the company's internal development.

### Remuneration

#### Remuneration of members of the Board of Directors and the Executive Board

JAST seeks to ensure that the remuneration of the Board of Directors and the Executive Board is at a competitive and reasonable level compared with companies of the same size and with the same complexity as that of Idavang to ensure that Idavang is able to attract and retain competent executives. The members of the company's Board of Directors does not receive any fee as they are all shareholders, the amount of which is subject to shareholder approval. The remuneration and employment terms of the members of the Executive Board are determined by the Board of Directors, which also evaluates the work of the Executive Board. The Executive Board do not receive any salary, as the task is performed by a shareholder.

#### Remuneration General

JAST (Idavang) has a competitive remuneration system for all employees. JAST (Idavang) pays competitive salaries to our employees. The salary structure has standardized principles and is transparent to all employees. Furthermore, do we provide free meals, working clothes and footwear for our employees.

#### Intellectual Capital Resources

JAST (Idavang) considers the employees and the organizational culture as the most important assets of the company. The Company's long-term success is highly linked to attracting, retaining and developing the employees, which is why both internal and external training and education are priorities of JAST (Idavang).

#### Human rights

We care about human rights; hence we do not tolerate discrimination of any kind, be it about nationality, gender, age, sexual orientation or other. Neither do we tolerate violence physical nor psychological against employees or management.

#### Key risk/targets identified

Child labor and discrimination in our company / supply chain

#### Actions

Suppliers are periodically reviewed for fulfilling Idavang standards of, among others, anti-corruption, human rights (including child labor and discrimination) and animal welfare. During reviews done in 2022 there were no identified violations of Idavang standards.

## Management's review

### Additional information

The Company provides additional information on CSR on our subsidiary's webpage [www.idavang.com](http://www.idavang.com), which complements the information provided in this annual report.

### Events after the balance sheet date

No events materially affecting the Group and the Company's financial position have occurred subsequent to the financial year-end

### Recognition and measurement

Management makes a number of estimates in connection with the annual report, the main one relating to valuation of the herd.

### Outlook 2023

The company expects an EBITDA at fixed herd prices for 2023 around DKK 171-185m, supported by Ostrov production is expected to operate almost normal in 2023.

- Lithuanian EBITDA (at fixed herd prices) is expected to be between DKK 74-104m (with last 7 years being DKK 63m)
- Russia EBITDA (at fixed herd prices) is expected to be between RUB 1,2-1,3b (with last 7 years being 1,0b if corrected for Ostrov ASF repopulation)

### Meat prices

Sales price is expected to be higher than in 2022, but a potential weaker RUB will decrease this.

- Lithuanian sales price is expected to increase with 15-25% from 2022 level of DKK 10,00 DKK/kg
- Russian sales price is expected to be stable/increase 0-5% from 2022 level of 107 RUB/kg

### Feed price

Feed price is expected to be higher than in 2022, but a potential weaker RUB will decrease this.

- Lithuanian feed price is expected to increase with 5-10% from end 2022 level of DKK 2,37/kg
- Russian feed price is expected to be stable from end 2022 level of RUB 20 /kg

### EURRUB exchange rate

Management expects the EURRUB to continuously become higher during the year, and is expect the 2023 average of the EURRUB to be in the high end of the range 75-90 (average in 2022 was 69 with a monthly average range of 57-105).

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Income statement

Note	DKK'000	Group		Parent	
		2022	2021	2022	2021
3	<b>Revenue</b>	856,828	744,859	0	0
	Value adjustment, biological assets	62,689	2,017	0	0
4	Production costs	-778,005	-730,227	0	0
4	Administration costs	-32,750	-29,268	-1	-6
27	Other income	56,364	72,008	0	0
	Other expenses	0	-4,094	0	0
	<b>Profit/loss before net financials</b>	165,126	55,295	-1	-6
	Loss from investments in group entities	0	0	0	285,000
5	Financial income	25,705	13,747	0	0
6	Financial expenses	-53,830	-53,897	0	0
	<b>Profit before tax</b>	137,001	15,145	-1	284,994
7	Tax for the year	-19,915	2,860	0	0
	<b>Profit for the year</b>	117,086	18,005	-1	284,994

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	Group		Parent	
		2022	2021	2022	2021
	<b>ASSETS</b>				
	<b>Fixed assets</b>				
8	<b>Intangible assets</b>				
	Acquired intangible assets	1,485	1,490	0	0
	Goodwill	0	0	0	0
		<u>1,485</u>	<u>1,490</u>	<u>0</u>	<u>0</u>
9	<b>Property, plant and equipment</b>				
	Land and buildings	491,334	477,313	0	0
	Biological assets	100,710	89,935	0	0
	Plant and machinery	71,443	69,859	0	0
	Other fixtures and fittings, tools and equipment	9,474	5,176	0	0
	Property, plant and equipment in progress	16,978	23,752	0	0
		<u>689,939</u>	<u>666,035</u>	<u>0</u>	<u>0</u>
10	<b>Investments</b>				
	Investments in group entities, net asset value	0	0	500,000	500,000
	Other receivables	3,309	3,317	0	0
		<u>3,309</u>	<u>3,317</u>	<u>500,000</u>	<u>500,000</u>
	<b>Total fixed assets</b>	<u>694,733</u>	<u>670,842</u>	<u>500,000</u>	<u>500,000</u>
	<b>Non-fixed assets</b>				
	<b>Inventories</b>				
	Raw materials and consumables	129,360	111,596	0	0
	Work in progress	207,390	118,183	0	0
		<u>336,750</u>	<u>229,779</u>	<u>0</u>	<u>0</u>
	<b>Receivables</b>				
	Trade receivables	25,810	32,750	0	0
11,16	Deferred tax assets	5,656	5,656	0	0
	Other receivables	12,812	3,671	0	0
	Income taxes	2,915	4,596	0	0
12	Prepayments	5,608	17,478	0	0
		<u>52,801</u>	<u>64,151</u>	<u>0</u>	<u>0</u>
	<b>Assets held for sale</b>	0	0		
13	<b>Cash</b>	74,082	100,731	3	1
	<b>Total non-fixed assets</b>	<u>463,633</u>	<u>394,661</u>	<u>3</u>	<u>1</u>
	<b>TOTAL ASSETS</b>	<u><u>1,158,366</u></u>	<u><u>1,065,502</u></u>	<u><u>500,003</u></u>	<u><u>500,001</u></u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	Group		Parent	
		2022	2021	2022	2021
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
14	Share capital	250	250	250	250
	Retained earnings	451,451	288,285	499,726	499,727
	<b>Total equity</b>	<b>451,701</b>	<b>288,535</b>	<b>499,976</b>	<b>499,977</b>
		<b>Provisions</b>			
16	Deferred tax	21,990	7,652	0	0
	Other provisions	0	0	0	0
17	<b>Total provisions</b>	<b>21,990</b>	<b>7,652</b>	<b>0</b>	<b>0</b>
		<b>Liabilities other than provisions</b>			
15	<b>Non-current liabilities other than provisions</b>				
	Other debt raised by the issuance of bonds	417,053	523,202	0	0
	Other credit institutions	9,284	16,647	0	0
	Deferred income	10,820	11,219	0	0
	Other payables	4,120	5,652	0	0
		<b>441,277</b>	<b>556,720</b>	<b>0</b>	<b>0</b>
		<b>Current liabilities other than provisions</b>			
	Credit institutions	129,879	129,850	0	0
	Trade payables	78,604	59,024	0	0
	Income taxes payable	5,540	0	0	0
	Other payables	27,579	23,316	27	24
	Deferred income	1,796	405	0	0
		<b>243,398</b>	<b>212,595</b>	<b>27</b>	<b>24</b>
	<b>Total liabilities other than provisions</b>	<b>706,665</b>	<b>776,967</b>	<b>27</b>	<b>24</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,158,366</b>	<b>1,065,502</b>	<b>500,003</b>	<b>500,001</b>

- 1 Accounting policies
- 18 Contractual obligations and contingencies, etc.
- 19 Collateral
- 21 Related parties
- 22 Fee to the auditors appointed by the Company in general meeting

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	<b>Equity at 1 January 2021</b>	250	214,844	215,094
	Transfer through appropriation of profit	0	18,005	18,005
	Exchange adjustment	0	27,727	27,727
	Other	0	27,709	27,709
	<b>Equity at 1 January 2022</b>	250	288,285	288,535
	Transfer through appropriation of profit	0	117,086	117,086
	Exchange adjustment	0	41,751	41,751
	Other	0	4,329	4,329
	<b>Equity at 31 December 2022</b>	250	451,451	451,701

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	<b>Equity at 1 January 2021</b>	250	214,733	214,983
23	Transfer, see "Appropriation of profit"	0	284,994	284,994
	<b>Equity at 1 January 2022</b>	250	499,727	499,977
23	Transfer, see "Appropriation of profit"	0	-1	-1
	<b>Equity at 31 December 2022</b>	250	499,726	499,976

## Consolidated financial statements company financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	Group	
		2022	2021
	Profit for the year	117,087	18,005
24	Adjustments	112,249	116,948
	Cash generated from operations (operating activities)	229,336	134,953
25	Changes in working capital	-49,472	2,137
	Cash generated from operations (operating activities)	179,864	137,090
	Interest received, etc.	3,406	9,868
	Interest paid, etc.	-52,524	-52,695
	Income taxes paid	1,636	-9,548
	<b>Cash flows from operating activities</b>	<b>132,382</b>	<b>84,715</b>
	Additions of intangible assets	-37	-44
	Additions of property, plant and equipment	-33,012	-29,285
	Disposals of property, plant and equipment	989	3,309
	Disposals/Additions of other	-18,829	17,706
	<b>Cash flows from investing activities</b>	<b>-50,889</b>	<b>-8,314</b>
	Dividends paid	0	0
	Proceeds of debt to credit institutions	86,374	97,165
	Repayments, debt to credit institutions	-197,938	-180,677
	Released cash on escrow account	0	0
	<b>Cash flows from financing activities</b>	<b>-111,564</b>	<b>-83,512</b>
	<b>Net cash flows</b>	<b>-30,071</b>	<b>-7,111</b>
	Cash at 1 January	100,731	102,345
	Foreign exchange adjustments	3,422	5,497
26	<b>Cash at 31 December</b>	<b>74,082</b>	<b>100,731</b>



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

##### Accounting policies

The annual report of JAST Holding ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities. The profit and loss is presented according to functional method.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

##### Consolidated financial statements

###### *Preparation of consolidated financial statements*

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders. Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method. The group's activities in joint operations are recognised on a line-by-line basis.

###### **Currency translation**

Transactions denominated in foreign currencies are translated into DKK at the exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated into DKK at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in profit as financial income/expenses.

Non-Monetary assets and liabilities measured at historic cost in foreign currencies are translated into DKK at the exchange rates at the date of recognition. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into DKK at the exchange rates at the date of determination of the fair value.

###### **Derivative financial instruments**

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability. Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Public grants

Public grants related to expenses:

In Russia, the Group receives government grants in the form of reimbursement of interest expenses on loans, cost recovery for cost related to the production of crops and compensation for high grain prices.

Government grants related to expenses are recognised as income as the right to the grant is earned and received, i.e. as the eligible expenses are incurred and the grant is deposited in a bank account.

In Lithuania, the Group receives government grants for the investment of property, plant and equipment in return for the Group's commitment to carry on pig production for a certain number of years.

Government grants for assets are recognised as deferred income, which is reduced in step with the depreciation of the related asset and recognised in profit or loss under depreciation.

##### Income statement

##### Revenue

Revenue from the sale of slaughter pigs and piglets is recognised in profit or loss when delivery and transfer of the risk to the buyer has taken place.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

##### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	20 years
Goodwill	20 years

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The amortisation period for goodwill is based on management experience with the groups business segments.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	25-40 years
Plant and machinery	8-15 years
Other fixtures and fittings, tools and equipment	3-10 years

#### Income from investments in subsidiaries

The item includes dividend received from subsidiaries and associates in so far as the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

#### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

###### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is up to 20 years.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

###### Property, plant and equipment

Property, plant and equipment include land and buildings, plant and machinery and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Material assets which are leased and which meets the conditions to be recognized as finance leases are treated as owned assets.

Biological assets are recognized when the company controls the asset and it is likely that financial profit related to the assets will flow to the group, and fair value of the asset can be measured reliably.

Biological assets are measured at fair value less sales expenses.

The value of crops is calculated as cost value including production-overheads. At the time of the harvest, the crops are reclassified as inventories measured at fair value less transportation expenses.

###### Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received which exceed the accumulated earnings in the subsidiary in the period of ownership are treated as a cost reduction.

###### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Inventories

Biological inventories are initially measured at cost and subsequent measured at fair value.

Fair value is the expected value of a transaction between independent parties.

Other inventories are measured at cost value in accordance with the FIFO-method.

Net realizable value is the sales value less completion cost and cost related to sales taking into account marketability, obsolescence and development in expected sales price.

The taxonomy has been adapted to match Danish standards. In the balance sheet slaughter herd is categorized as work in progress. Commercial herds are biological assets, where there is a continuous biological transformation until the point of sale. Biological assets are first measured at cost values and subsequently measured at fair value less estimated sales costs. Fair value adjustment of biological assets is recorded as cost of raw materials and consumables.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and bank deposits.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

##### Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Mortgage debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

##### Other payables

Other payables are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

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

Cash comprise cash and bank deposits.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios. The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes to the financial statements**

#### **2 Critical Accounting Estimates and Judgements**

##### **Russian Activities**

As of the date of signing this annual report, Russian military forces "special military operation" into Ukraine has limited direct on Group operations in Russia. The Idavang groups operation in Russia of cropping 8.2 thousand hectares and production of 340 thousand pigs has significant distance to areas impacted by the "special military operation".

Until now, overall, the Russian "special military operation" into Ukraine has not impacted the Group's activities in Russia and Management assesses that the Group continues to be able to control and operate the Russian activities. Therefore, the Russian activities, assets and liabilities are consolidated in the Consolidated Financial Statements. Ordinary impairment tests have been performed and it has been concluded that no impairment write downs are needed on the Russian Activities. Based on the risks mentioned in "Risk Section" and the present business environment in Russia, there are uncertainties related to assessing the future control of - and potential write-downs of - the Russian activities.



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 3 Segment information

Total group revenue of DKK 857m (2021: DKK 745m) can be divided into the following segments: Lithuania: DKK 543m (2021 : DKK 400m) and Russia: DKK 314m (2021 : DKK 345m)

DKK'000	Group		Parent	
	2022	2021	2022	2021
<b>4 Staff costs</b>				
Wages/salaries	103,709	90,421	0	0
Other social security costs	10,998	8,397	0	0
Other staff costs	2,515	4,031	0	0
Staff costs transferred to the cost of fixed assets	0	0	0	0
	<u>117,222</u>	<u>102,849</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>770</u>	<u>769</u>	<u>0</u>	<u>0</u>
<b>Remuneration to members of management and board</b>				
Executive board	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>5 Financial income</b>				
Purchase of bonds below par	20,807	0	0	0
Other financial income	4,898	13,747	0	0
	<u>25,705</u>	<u>13,747</u>	<u>0</u>	<u>0</u>
<b>6 Financial expenses</b>				
Interest, bonds	44,775	42,083	0	0
Other financial expenses	9,055	11,814	0	0
	<u>53,830</u>	<u>53,897</u>	<u>0</u>	<u>0</u>
<b>7 Tax for the year</b>				
Estimated tax charge for the year	-6,826	795	0	0
Deferred tax adjustments in the year	-14,338	-3,655	0	0
Tax adjustments, prior years	1,249	0	0	0
	<u>-19,915</u>	<u>-2,860</u>	<u>0</u>	<u>0</u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Intangible assets

DKK'000	Group		
	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2022	4,529	213,879	218,408
Exchange adjustment	326	0	326
Additions in the year	37	0	37
Disposals in the year	0	0	0
Cost at 31 December 2022	4,892	213,879	218,771
Impairment losses and amortisation at 1 January 2022	3,039	213,879	216,918
Exchange adjustment	160	0	160
Amortisation/depreciation/impairment in the year	208	0	208
Impairment losses and amortisation at 31 December 2022	3,407	213,879	217,286
<b>Carrying amount at 2022</b>	<b>1,485</b>	<b>0</b>	<b>1,485</b>

#### 9 Property, plant and equipment

DKK'000	Group					
	Land and buildings	Biological assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2022	792,688	89,935	301,818	25,537	23,752	1,233,730
Exchange adjustment	39,848	2,067	18,703	364	3,459	64,441
Additions in the year	1,933	30,646	17,111	5,637	11,735	67,062
Disposals in the year		-32,282	-2,930	-699	-15	-35,926
Transfer from other accounts	14,657	10,344	3,168	178	-21,953	6,394
Cost at 31 December 2022	849,126	100,710	337,870	31,017	16,978	1,335,701
Impairment losses and depreciation at 1 January 2022	315,375	0	231,959	20,361	0	567,695
Exchange adjustment	11,503	0	12,650	371		24,524
Amortisation/depreciation in the year	30,914	0	24,570	1,428		56,524
Amortisation/depreciation and impairment of disposals in the year		0	-2,789	-580		-3,369
Transfer			37	-37		0
Impairment losses and depreciation at 31 December 2022	357,792	0	266,427	21,543	0	645,762
<b>Carrying amount at 31 December 2022</b>	<b>491,334</b>	<b>100,710</b>	<b>71,443</b>	<b>9,474</b>	<b>16,978</b>	<b>689,939</b>
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	9,563	4,417	0	13,981

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Investments

Name	Domicile	Sharecapital	Equity	Result	Interest
<b>Subsidiaries</b>			kDKK	kDKK	
Idavang A/S	Danmark	EUR 800,000	458.880	117.021	100.00%
UAB Idavang	Litauen	EUR 799,000	249.244	119.115	100.00%
Rus Invest ApS	Danmark	DKK 1.500.000	-28.418	-8.784	100.00%
Rurik A/S	Danmark	DKK 7.250.000	16.599	-4.223	100.00%
Idavang LLC	Rusland	RUB 582,430,467	322.960	9.705	100.00%
Idavang Agro LLC	Rusland	RUB 249,960,262	248.229	8.073	100.00%
Nordrik Invest LLC	Rusland	RUB 103,538,740	10.057	-285	100.00%
Idavang Luga LLC	Rusland	RUB 102,730,412	69.005	15.360	100.00%
Rurik Russia LLC	Rusland	RUB 41,132,025	-2.295	0	100.00%
MPK-Vostochny LLC	Rusland	RUB 10,272,731	1.853	-28	100.00%
Sovhoz Vostochny LLC	Rusland	RUB 100,000	-11.267	-1.431	100.00%

DKK'000

Cost at 1 January 2022

Impairment in the year

Cost at 31 December 2022

**Carrying amount at 31 December 2022**

Parent company  
Investments in  
group entities net  
asset value

500,000

0

500,000

500,000

#### 11 Deferred tax assets

##### Group

Tax losses carry forward not capitalized are DKK 43.1m (DKK 39.2m 2021) due to uncertainties of utilizing it in the future

##### Parent company

Tax losses carry forward not capitalized are DKK 30.0m (DKK 28.9m 2021) due to uncertainties of utilizing it in the future

#### 12 Prepayments

##### Group

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, subscriptions and financial interests.

##### Parent company

The parent company has no prepayments as of 31 December 2022.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 13 Cash

No cash on escrow end year.

#### 14 Share capital

Analysis of the share capital:

DKK'000	Parent company	
	2022	2021
250,000 shares of DKK 1.00 nominal value each	250	250
	250	250

#### 15 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other debt raised by the issuance of bonds	445,959	28,906	417,053	0
Other credit institutions	110,257	100,973	9,284	0
Other payables	31,599	27,479	4,120	0
	587,815	157,358	430,457	0

#### 16 Deferred tax

DKK'000	Group		Parent	
	2022	2021	2022	2021
Deferred tax relates to:				
Property, plant and equipment (and herd)	22,057	10,798	0	0
Receivables	-67	-67	0	0
Tax loss	-5,656	-8,735	0	0
	16,334	1,996	0	0
Analysis of the deferred tax:				
Deferred tax assets	-5,656	-5,656	0	0
Deferred tax liabilities	21,990	7,652	0	0
	16,334	1,996	0	0
Reconciliation of deferred tax, net				
At 1/1	1,996	5,644	0	0
The year's tax income/expense recognized in profit or loss	14,338	-3,655	0	0
The year's tax income/expense recognized in equity	0	0	0	0
Exchange adjustment	30	7	0	0
Deferred tax assets	16,334	1,996	0	0

Capitalized tax loss equals less than 15% of all carry forward losses, management expect it will take 10 year to utilize both the capitalized and the 85% non-capitalized carry forward losses.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 17 Provisions

##### **Group**

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

##### **Parent company**

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

#### 18 Contractual obligations and contingencies, etc.

##### **Other contingent liabilities**

##### **Group**

Obligation relating to purchase of grain, soya and sunflower seeds in Lithuania and Russia amounts to DKK 299,7 mio. (DKK 209,0 mio. in 2021).

##### **Parent company**

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes in the group of jointly taxed entities.

#### 19 Post balance sheet event

##### **Group**

No event materially affecting the Group's financial position have occurred subsequent to the financial year-end

##### **Parent company**

No event materially affecting the Group's financial position have occurred subsequent to the financial year-end

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 20 Collateral

##### Group

The JAST and Idavang Group is party of an intercreditor agreement with Jyske Bank and Nordic Trustee. Under this agreement, the following assets are held collateral:

Receivables from group entities, Idavang Agro LLC (Russia) DKK 981 thousand.

Shares in:

- Idavang A/S
- Rus Invest ApS (Denmark)
- Rurik A/S (Denmark)
- UAB Idavang (Lithuania)
- Idavang Agro LLC (Russia)
- Idavang Luga LLC (Russia).

In addition, the following companies in the JAST and Idavang group participate in a cross guarantee regarding the above agreement:

- Idavang A/S
- Rus Invest ApS (Denmark)
- Rurik A/S (Denmark)
- UAB Idavang (Lithuania)

The above-mentioned securities have been provided as collaterals for bank mortgages of DKK 612,574 thousand at 31 December 2022.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 21 Related parties

##### Group

##### *Related party transactions*

DKK'000	2022	2021
<b>Group</b>		
Dividend (income) received from Idavang A/S	0	0
<b>Parent Company</b>		
Management fee (income)	0	0
Dividend paid to shareholders	0	0

All transactions with related parties are carried out on an arm's length basis.

##### Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Related party	Domicile
Toftøj Agro A/S	Denmark
Akset A/S	Denmark
Somerset Holding Limited	Cyprus

DKK'000	Group		Parent	
	2022	2021	2022	2021
<b>22 Fee to the auditors appointed by the Company in general meeting</b>				
Statutory audit	810	964	0	0
Tax assistance	0	0	0	0
Assurance engagements	0	52	0	0
	<u>810</u>	<u>1,016</u>	<u>0</u>	<u>0</u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 23 Appropriation of profit

DKK'000	Parent company	
	2022	2021
Recommended appropriation of profit		
Retained earnings	-1	284,994

DKK'000	Group	
	2022	2021
<b>24 Adjustments</b>		
Amortisation/depreciation and impairment losses	57,119	50,464
Provisions	4,328	27,708
Financial income	-25,708	-13,747
Financial expenses	53,826	53,897
Tax for the year	19,915	-2,860
Other adjustments	2,769	1,486
	<u>112,249</u>	<u>116,948</u>

#### 25 Changes in working capital

Change in inventories	-7,660	-14,248
Change in receivables	12,858	-17,573
Change in trade and other payables	17,506	1,640
Other changes in working capital	-72,176	32,318
	<u>-49,472</u>	<u>2,137</u>

#### 26 Cash and cash equivalents at year-end

Cash Lithuania/Denmark	45,192	6,187
Cash Russia	28,890	94,544
	<u>74,082</u>	<u>100,731</u>

#### 27 Other income

Insurance sum Ostrov	0	45,757
Subsidies Lithuania	37,644	10,396
Subsidies Russia	1,666	4,209
Sale of slurry Lithuania	10,730	6,180
Misc.	6,324	5,466
	<u>56,364</u>	<u>72,008</u>

#### 28 Post balance sheet events

None