Approved at the Company's Annual General meeting 11 November 2020

Johannes Burger
Chairman of the Annual General Meeting

ANNUAL REPORT 2019/20

Ingleby Farms & Forests ApS
Slotsgade 1A, 4600 Køge, Denmark. CVR: 35868062

INGLEBY FARMS®

ANNUAL REPORT
2019/20

1. edition

Ingleby Farms & Forests ApS

Slotsgade 1A
4600 Køge
Denmark
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www.inglebyfarms.com

Registration No.: 35868062
Established: 30 June 1999
Registered office: Stevns
Financial year: 1 July - 30 June

BOARD OF DIRECTORS

William H. Camp, Chairman
David Blanchard, Vice-Chairman
Lisbet Rausing
Johannes Burger
Gwyneth V. Burr
Nicolas Verschuere
Steffen Stræde
Hans Henrik Koefoed, Chief Executive Officer

EXECUTIVE BOARD

Hans Henrik Koefoed, Chief Executive Officer

AUDITORS

EY Godkendt Revisionspartnerselskab
Englandsgade 25
5000 Odense C
Denmark
Registration no.: 30700228

Photographers

Rasmus Juul Christoffersen
Robin Begg
Tom McPherson

Design

BGRAPHIC

Contents

The Ingleby vision

Our vision is to be world-leading regenerative farmers. We farm to produce good, healthy food, and also to protect the environment for future generations.

As farmers, we play an important part in solving some of the most pressing global challenges we face today. We want to farm with nature – not against it. We believe farming done right can help the planet, and we aim to live up to this task every day, in everything we do.

We apply regenerative farming principles and constantly improve our soils. We preserve and enhance the biodiversity on our farms, and work towards sustainable consumption and production.

We treat our animals, people and communities with care, love and respect.

Because the way we choose to farm today echoes for generations.

INGLEBY FARMS.

Financial highlights

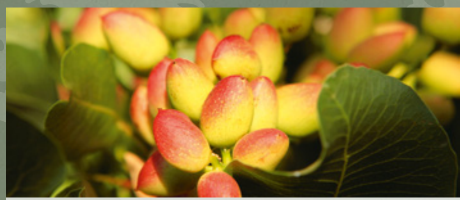
FINANCIAL HIGHLIGHTS FOR THE GROUP

Key figures – USD'000	**2019/20**	**2018/19**	**2017/18**	**2016/17**	**2015/16**
Revenue	130,927	156,608	114,111	115,585	87,923
Gross profit	38,289	65,762	31,022	39,749	24,045
Ordinary operation profit/loss	-9,454	19,319	-7,362	10,703	467
Profit/loss from financial income and expense	-4,119	-5,006	-2,789	1,892	181
Profit/loss for the year	**-19,297**	**6,174**	**-715**	**4,775**	**-5,256**
Total assets	908,585	918,293	886,657	901,334	768,079
Portion relating to investment in property, plant and equipment	727,550	724,465	712,615	682,629	595,095
Equity	**704,237**	**731,428**	**736,325**	**742,919**	**701,972**
Cash flows from operating activities	7,237	22,921	-319	13,297	16,802
Net cash flows from investing activities	-24,115	-31,120	-48,684	-89,131	-34,409
Cash flows from financing activities	4,828	31,511	-6,195	119,333	38,122
Total cash flows	**-12,050**	**23,312**	**-55,199**	**43,499**	**20,515**
Operating margin	-7.22%	12.34%	-6.45%	9.26 %	0.53 %
Gross margin	29.24%	41.99%	27.19%	34.39 %	27.35 %
Equity ratio	77.51%	79.65%	83.04%	82.42 %	91.39 %
Return on equity	**-2.69%**	**0.84%**	**-0.10%**	**0.66 %**	**-0.76 %**
Number of full-time employees	3,059	2,816	3,027	2,458	1,969

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.
For terms and definitions, please see the accounting policies.

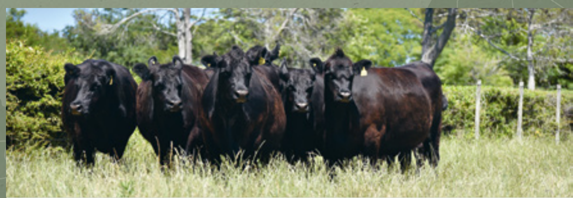
Our farms

We are long-term owners of land, managing horticulture, pastures, arable and mixed farms in nine countries across four continents. As of 30 June 2020, we manage 100,969 hectares worldwide of which we protect 29% as natural habitats, including 2.5% as water habitats.



California, USA
1,825 hectares

Peru
2,017 hectares

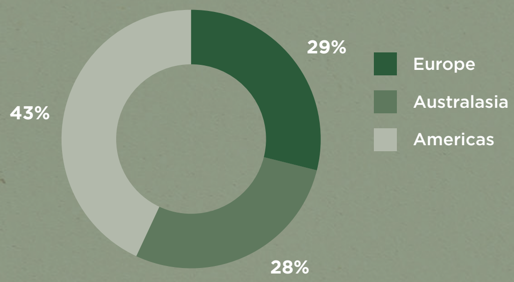


Uruguay
27,217 hectares

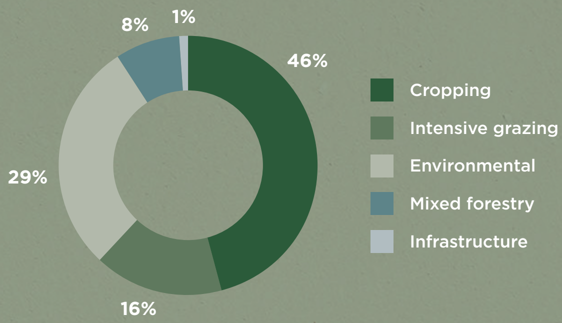
Argentina
12,519 hectares

Avocados | Blueberries | Cattle | Mixed forestry | Milk | Pistachios | Row crops | Seeds | Sheep | Table grapes

Hectares by region



Hectare distribution



Latvia & Lithuania
9,768 hectares

Romania
19,649 hectares

New Zealand
6,735 hectares

Australia
21,239 hectares

Statement by the management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ingleby Farms & Forests ApS for the financial year 1 July 2019 – 30 June 2020.

The annual report has been 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 Parent Company at 30 June 2020 and of the results of their operations and consolidated cash flows for the financial year 1 July 2019 – 30 June 2020.

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

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

Køge, Denmark, 11 November 2020

Executive Board

Hans Henrik Koefoed, CEO

Board of Directors

William H. Camp, Chairman

David Blanchard, Vice-Chairman

Lisbet Rausing

Johannes Burger

Gwyneth V. Burr

Nicolas Verschuere

Steffen Stræde

Hans Henrik Koefoed

The Ingleby Board

On 1 January 2020, Steffen Stræde (Denmark, 1966) joined the Board of Ingleby Farms. Steffen has an academic background in forestry and a PhD in Natural Resources Management from the Royal Veterinary & Agricultural University of Denmark. He has worked in 11 countries, and across a wide variety of industries.

William H. Camp, Chairman

David Blanchard, Vice-Chairman

Lisbet Rausing

Johannes Burger

Gwyneth V. Burr

Nicolas Verschuere

Steffen Stræde

Hans Henrik Koefoed, CEO

Chairman's statement

2019/20 has proven to be a very challenging year. We were unable to reach all our financial goals, despite tremendous efforts by our management and farm teams. However, due to our geographic diversity and large variety of crops, we were able to work through all supply chain and market disruptions and deliver excellent results at several of our locations. In years of extreme stress and circumstances, management often provides their best performance, but may not be able to attain their financial goals. That was certainly the case this year, despite having developed and delivered an excellent operating and marketing plan.

While battling a pandemic, we stayed focused on our long-term goals of producing healthy products through sustainable farming. We continued our mission of improving our soils and operations, and investing in our future. For example, we acquired land to develop a macadamia farm, expanded our beef and sheep production, as well as our irrigation capacity. We were also successful in expanding our certified seed cleaning and storage, our grain storage, and horticulture packaging. We increased the use of cover and companion crops with measurable success.

Our CSR team have further defined our 2030 goal of becoming free from synthetic pesticides, applying regenerative farming principles, and we have added additional goals of being zero waste, and to become climate positive by 2030. Our commitments have never been clearer. Our marketing team continues developing new sales channels for our healthy high-value horticulture and meat products.

We have learned valuable lessons in 2019/20 that will leave us better prepared for the years to come. These experiences along with changes in consumer buying habits are creating new opportunities for Ingleby products. As we continue our journey, we will research new technologies to boost our production, reduce risks, and help enhance the environment. Furthermore, Ingleby Farms will continue to train and develop our teams' skills, and find and produce a wider range of high-value crops.

The health and safety of our teams is paramount to our day-to-day operations, and our most important commitment. We have taken many extra precautions this year due to the pandemic. Even with those added complications and pandemic related stress, our teams were able to significantly reduce the number of accidents and injuries on our farms.

I would like to give a special thank you to each and every team member for their efforts and dedication during this difficult year. Your commitment is deeply appreciated.

William H. Camp
Chairman

Chief executive's review

2019/20 has due to the COVID-19 pandemic been a challenging year with a revenue of USD 130.9 million against the budgeted USD 153 million, an EBITDA of USD 10.7 million against budgeted USD 26.9 million, and an operational profit of USD -9.4 million against a budget of USD 1.0 million. We thus consider the overall 2019/20 financial result non-satisfactory.

Peru, our most labour-intensive country, has been and still is exposed to any negative COVID-19 development, as well as our farms in the US, Argentina and Romania. We have all health and safety precautions in place and have so far managed to keep everyone safe with no fatalities. Direct related COVID-19 costs, meaning additional pickers, transport, and preventive measures, exceeds USD 2.5 million.

The safety and well-being of our employees have our highest priority. In 2019/20, we had no fatal accidents and because of our teams' continued focus on safety, our LTIFR (Lost time injury frequency rate) in 2019/20 was reduced to 1.92, compared to 4.20 in 2018/19.

Our mixed farms in Australia, Latvia, Romania, Uruguay and Argentina have delivered improved results, whereas our horticultural production in Peru and California have seen reduced yields, lower product prices and higher costs due to the pandemic. Our New Zealand livestock farms fell below budget, caused by a late summer drought at our East Cape farms and COVID-19-related reduced prices.

In 2019/20, we further expanded our investments into irrigation in Tasmania, Uruguay, Romania and Lithuania and in Romania also continued our soil drainage project.

In 2020/21, we will continue our investments in automation, irrigation, and drainage, but also further develop our grain and seed, nut and fruit storage and handling facilities. The establishment of our new 245-hectare macadamia farm in Queensland, Australia, will complement our existing portfolio of pistachios in California and hazelnuts in Romania.

Our 2030 goals of regenerative agriculture, meaning no use of synthetic pesticides, reduced synthetic fertilisers, responsible water stewardship, zero waste, carbon climate positive farms and enhanced biodiversity have all our focus. Our Chief Operational Officer Rasmus Juul Christoffersen is driving this progress with the support of all our local management teams. We are allocating further management resources towards our 2030 goals in 2020/21.

The principles of regenerative agriculture help us mitigate the impacts from the increasingly volatile weather and the increasingly frequent droughts and floods. By mimicking nature, we avoid turning the soil around, and have now 98% of our cropland (excluding horticulture) in no and minimum tillage, and we keep all soil surfaces covered througout the year. We have entered into more robust, diversified crop rotations and grow 47 different crops today, compared with only 11 in 2010/11, while integrating livestock into our cropping systems. Further, we continuously improve our water and drainage infrastructure to mitigate the effect of dry and wet years. 15% of our crop production area is now under irrigation, providing input optimisation and stable yields.

The fight against the pandemic is causing unprecedented uncertainties in the global food markets and all related industries, but agriculture is everywhere confirmed as an essential business.

In the next 30 years, food supply must rise by about 50% to meet the needs of a wealthier, growing population, even as the system's carbon footprint needs at least to halve. Our diversification over nine production countries with skilled management and production teams have shown strong resilience and performance. Many of our teams have now experienced four months of lockdown and have still managed to maintain production. We are thus on plan everywhere and experience firm interest for our produce, being a most reliable, transparent and solid supplier of sustainably produced food, feed and fibre.

With all the above uncertainties in mind, we budget for a revenue for 2020/21 of USD 190 million, an EBITDA of USD 51.9 million, and an operating profit of USD 27.2 million.

Crucial for this year's budget is the performance of our farms in Peru and California. Please note our 2020/21 budget does not include any additional COVID-19 costs, which might reach USD 2–3 million.

The pandemic restricts us from traveling, but with an average seniority of our country and senior farm managers of 11.4 years, we have a strong equity of social capital and know-how.

Hans Henrik Koefoed

Hans Henrik Koefoed
Chief Executive Officer

Corporate social responsibility

With a growing world population that should all have access to healthy and nutritious food, there is significant pressure on farmers. This drives high volume production of low nutrient-content food in agriculture systems with negative health and environmental impacts. With our 150-year perspective on farming, this is not the route we wish to take.

Instead, we aim to increase the nutritional value of our products and the amount of calories that we produce, without expanding the area of land used for farming. Our teams work year-round to produce sustainable seeds, grains, vegetables, fruits, nuts, meat and milk of premium quality.

We believe that our focus on creating healthy soil will not only improve our yields, but also the nutritional value of our products. We believe that there is a correlation between fertile soil, healthy plants, and the quality of the grain, fruit or nuts.

In 2019/20, our total crop production reached 214,479 tonnes, equalling 4.7 tonnes crop per cropping hectare. Converted into calories, our food production totals 636,143 million calories. This can feed 697,143 people for a year based on an estimated daily intake of 2,500 calories per person.

We take nature seriously

Nature is not just a pretty add-on to our farms. Biodiversity in all its forms is vital to improve our farms and food production and maintain our planet's resources and ecosystems.

Biodiversity provides services which help to cycle nutrients, form soil, sequester carbon, store and filter water, provide pollination and control pests. We also believe that biodiversity makes our production systems more resilient to economic and environmental stresses, including the effects of climate change.

We continually seek to provide habitats for all species and promote connectivity between protected areas in our farming landscapes. We embrace regenerative practices and are on a journey to phase out synthetic pesticides and fertilisers to avoid their negative effects on biodiversity.

We cherish our soils and make sure to support the myriads of life herein. Diversification in crops together with new varieties and combinations sustain yields. In addition, these actions support our local biodiversity and ecosystems whilst providing more nutritious and healthy food for all.

We aim to be climate positive by 2030

Climate change is the defining issue of our time. While agriculture can be intensive with greenhouse gas emissions, this does not have to be the future. At Ingleby Farms, we plan to be a part of the solution to climate change by challenging ourselves to transition to climate positive farming by 2030.

We are mapping out how to achieve this goal through regenerative agriculture and sequestering carbon in our soil. We take responsibility for our emissions, set ambitious targets, and embrace more climate-friendly farming systems.

Renewable energy

Agriculture uses energy directly in the form of fuel or electricity to operate farm machinery and equipment, to dry grains, cool fruits, and indirectly, such as in the production of synthetic fertilisers. At Ingleby Farms, we are acutely mindful of the energy demands of farming. Embracing as much renewable energy as possible is a key tool in the box to tackle climate change.

70% of our farm and office electricity consumption is renewably sourced (22% of all gigajoules of energy consumed), including 2,252,359 kWh of solar power generated on our own farms.

Energy use

We measure our energy use to continuously improve the environmental performance of our production systems. In 2019/20, we used a total of 274,707 gigajoules (GJ) of energy.

This amounts to 2.81 GJ/ha, or 0.90 tonnes of produce per GJ. In terms of GJ of energy spent directly on our farms, the majority is in the form of diesel (50%) followed by electricity (30%) and natural gas (11%).

Irrigation is particularly energy intensive, responsible for 81% of our global electricity use.

Clean, plentiful water

Next to soil, water is our most precious natural resource. It irrigates our crops and pastures, provides fresh drinking water for livestock, and supports the most diverse habitats on our farms.

We use water efficiently. To produce 'more crop per drop', we use the best irrigation systems, avoid unnecessary water-use, and recycle water where possible. We use a range of nature-based solutions to conserve water and keep our rivers clean. We have an obligation to protect waters and water habitats for ourselves, our neighbours, and future generations.

Sustainable irrigation

We irrigate 15% of our arable area, or 7,287 hectares. Irrigation stabilises and increases our yields, enables more crop rotations per year, builds resilience to climate change, and helps increase our fertiliser-use efficiency.

We irrigate crops in the US (pistachios), Tasmania (annual crops and dairy pasture), Argentina and Uruguay (annual crops), Peru and Romania (horticultural crops). In 2019/20, we used 42,708 megalitres of water in our irrigated production.

We never allow our water use to exceed the renewable supply of water, whether from surface water or groundwater sources. We also ensure that the water used for irrigation never exceeds withdrawal amounts that would have negative impacts on aquatic and terrestrial ecosystems. But perhaps more importantly, we are extremely cautious of the waterholding capacity of our soils. All to protect the natural resource base of water for local household use, agriculture and the environment.

Our irrigation systems allow for responsive, precise, and judicious application of water through automated, self-metering systems that control the rate at which water is supplied. We continually implement new technology and practices for our drip irrigation systems. The improvements include water treatments that ensure proper water flow and soil moisture sensors to better match irrigation with plant needs.

We raise our livestock outdoors

For us, animal welfare is always a top priority. We raise healthy and ethically treated animals. Our sheep, cattle and horses are open-range and grass-fed, grazing on extensive native or seeded pastures, and fodder crops such as kale, beets, lucerne, clovers and vetch.

As part of our regenerative agriculture strategy, we are increasingly integrating animals into crop and seed productions by grazing residues and cover crops.

We follow strict ethical practices on how we treat and handle our livestock to ensure the best animal welfare, and ultimately, the best meat, milk and wool.

Striving to do right

Ingleby Farms operates in many countries, some of which are perceived to have a medium to high risk of corruption. We are committed to conducting our business in an honest and ethical manner. We work against corruption in all forms, including extortion and bribery.

Ethical policy

We abide by our Ethical Policy, Anti-Money Laundering & Anti-Corruption Policy and Supplier's Code of Conduct. Together, these constitute our Code of Business Conduct.

We require our employees and business partners to comply with the Ingleby Code of Business Conduct and to report any violations or suspected breaches. This is supported by our online whistle-blower system allowing for full anonymity.

We have a zero tolerance towards breaches of our Code of Business Conduct. For 2019/20, we are proud to report no breaches of ethical conduct, no production and sustainability breaches, no IT security breaches, and no whistleblowing cases.

We investigate all submissions thoroughly, take appropriate actions and report any breaches to the Board of Directors. We ensure there is no retaliation against people who report alleged breaches of the Code of Business Conduct.

Labour standards and human rights

We support and respect internationally recognised labour standards and human rights. We fulfil our legal obligations and offer reasonable terms on pay, pension, sick leave, holidays and notice periods. We do not use any form of forced or compulsory labour, and we do not use child labour. We uphold the freedom of association and the right to collective bargaining.

Our main risks related to human rights are found within our supply chains. To mitigate these risks, we asked employees and suppliers we have contractual agreements with to sign and adhere to our Supplier's Code of Conduct, which includes our expectations and minimum standards for labour and human rights. Again in 2019/20, we have not experienced any human rights violations on our farms or to our Supplier's Code of Conduct.

Equal opportunities

We oppose all forms of discrimination, and recruit employees regardless of age, race, gender, nationality, religion, sexual orientation or other personal diversity indicators. We are equal opportunity employers, and we want to create equal and fair working atmospheres welcome to all.

We monitor the gender ratio of our teams. Our target is for the underrepresented gender to reach at least 40% by 2025 at all levels in the organisation. Women are currently the underrepresented gender, making up 32% of our total employees, 33% of our senior and middle management and 25% of the Board of Directors. In 2019/20, we added a male candidate to our Board since he was the best suited for the position and our upcoming challenges. Hence, the target has not been met in the reporting year. Through recruitment and career development, we focus on attracting and retaining female employees and executives, who wish to pursue careers in farming or forestry.

Safety

The safety and well-being of our employees is our main priority. Farming is a hazardous profession. Providing safe work environments for our teams is one of our most important responsibilities.

One of our major goals at Ingleby Farms is a zero-harm work culture. Realistically, we know that this is difficult to achieve. Our farm managers hold daily or weekly safety briefings with their teams. Our teams report on accidents, but also on near misses. We continuously monitor and analyse this data to assess where we should direct efforts and resources to reduce risk.

The number of accidents worldwide is declining year by year. In 2018/19, we saw a 33% reduction in accidents from 72 in 2017/18 to 48. This is due to improvements in Australia and Peru, the countries with the highest safety risks given their work with livestock and horticulture, respectively. The positive trend continued into 2019/20 with 16 accidents. However, even one accident is one too many, and we will continue focusing on health and safety.

We have made a spectacular improvement with fewer accidents this financial year and especially in August, April and June with zero accidents.

Independent auditors' report

To the shareholder of Ingleby Farms & Forests ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Ingleby Farms & Forests ApS for the financial year 1 July 2019 – 30 June 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are 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 Parent Company at 30 June 2020 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 July 2019 – 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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's review.

Odense, 11 November 2020
EY Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Lars Koch-Pedersen
State Authorised
Public Accountant
mne19682

INCOME STATEMENT

USD	Note	Consolidated 2019/20	Consolidated 2018/19	Parent company 2019/20	Parent company 2018/19
Revenue	1	**130,927,051**	**156,607,922**	**8,615,720**	**6,915,465**
Change in inventories and stock at fair value		9,571,379	1,420,738	0	0
Change in basic heards and animals at fair value		74,259	1,963,339	0	0
Costs for raw materials		-87,744,966	-78,152,766	0	0
Other external costs	2	-14,538,515	-16,077,610	-5,563,452	-4,007,811
Gross profit		**38,289,208**	**65,761,623**	**3,052,268**	**2,907,654**
Staff costs	3	-27,550,512	-23,760,842	-3,985,713	-4,034,531
Impairment and depreciation of fixed assets		-20,192,693	-22,682,149	-186,750	-162,942
Operating profit/loss		**-9,453,997**	**19,318,632**	**-1,120,195**	**-1,289,819**
Share of profit/loss in subsidiaries after tax		0	0	-18,522,993	6,780,609
Financial income	4	7,610,210	6,570,072	6,248,303	5,283,793
Financial expenses	5	-11,728,527	-11,575,915	-5,742,767	-4,607,574
Profit/loss from ordinary activities before tax		**-13,572,314**	**14,312,789**	**-19,137,652**	**6,167,009**
Tax on profit/loss from ordinary activities	6	-5,724,329	-8,139,123	-158,991	6,657
Profit/loss for the year		**-19,296,643**	**6,173,666**	**-19,296,643**	**6,173,666**

BALANCE SHEET – ASSETS

		Consolidated		Parent company	
USD	**Note**	**30 June 2020**	**30 June 2019**	**30 June 2020**	**30 June 2019**
Licences and software	7	1,065,701	1,402,717	237,327	336,103
Intangible assets		**1,065,701**	**1,402,717**	**237,327**	**336,103**
Land, buildings, plantings and forests		656,601,385	659,532,214	1,491,206	1,491,206
Livestock - basic herd		9,925,023	9,741,751	0	0
Plant and machinery		36,373,417	35,199,610	0	0
Fixtures and fittings, tools and equipment		3,488,043	3,474,988	161,739	248,431
Property, plant and equipment under construction		21,162,156	16,516,923	0	0
Property, plant and equipment	8	**727,550,024**	**724,465,486**	**1,652,945**	**1,739,637**
Investments in subsidiaries		0	0	759,415,570	784,952,536
Investments	9	**0**	**0**	**759,415,570**	**784,952,536**
Total non-current assets		**728,615,725**	**725,868,203**	**761,305,842**	**787,028,276**
Raw materials and consumables		8,268,452	5,944,683	0	0
Work in progress		37,501,383	33,992,669	0	0
Inventories and stock at fair value		40,022,665	34,114,681	0	0
Inventories		**85,792,500**	**74,052,033**	**0**	**0**
Trade receivables		19,150,527	26,227,405	0	0
Amounts owed by affiliated companies		0	0	70,199,296	58,181,595
Other receivables		20,478,448	23,808,028	514,435	530,574
Joint taxation receivables		0	0	9,226	20,058
Corporation tax	10	2,520,336	1,987,219	39,312	7,510
Prepayments	11	2,536,873	3,749,218	0	0
Deferred tax asset	12	125,048	818,328	121,159	181,208
Receivables		**44,811,232**	**56,590,198**	**70,883,428**	**58,920,945**
Securities and investments		**2,414,972**	**2,439,963**	**0**	**0**
Cash at bank		**46,950,368**	**59,342,734**	**17,823,929**	**15,566,285**
Total current assets		**179,969,072**	**192,424,928**	**88,707,357**	**74,487,230**
TOTAL ASSETS		**908,584,797**	**918,293,131**	**850,013,199**	**861,515,506**

BALANCE SHEET – EQUITY & LIABILITIES

		Consolidated		Parent company	
USD	**Note**	**30 June 2020**	**30 June 2019**	**30 June 2020**	**30 June 2019**
Share capital	13	24,860	25,036	24,860	25,036
Free reserves incl. retained earnings		704,211,814	731,402,787	704,211,814	731,402,787
Equity		**704,236,674**	**731,427,823**	**704,236,674**	**731,427,823**
Deferred tax	14	38,358,869	33,335,087	0	0
Provisions		**38,358,869**	**33,335,087**	**0**	**0**
Long-term credit institutions	15	76,221,554	114,081,032	73,120,335	113,677,814
Long-term lease contracts	15	4,146,599	2,296,004	0	0
Long-term prepayments	16	515,559	652,789	0	0
Other payables	15	232,197	0	232,197	0
Non-current liabilities other than provisions		**81,115,909**	**117,029,825**	**73,352,532**	**113,677,814**
Short-term portion of long-term lease contracts	15	2,073,926	1,805,617	0	0
Credit institutions	15	46,058,820	792,963	45,100,395	61,284
Trade payables		16,432,863	14,560,398	286,041	413,598
Amounts owed to affiliated companies		0	0	14,768,787	4,515,089
Corporation taxes payables	10	819,616	1,072,458	0	0
Other payables		19,426,290	18,268,960	12,268,770	11,419,898
Prepayments	16	61,830	0	0	0
Current liabilities other than provisions		**84,873,345**	**36,500,396**	**72,423,993**	**16,409,869**
Total liabilities other than provisions		**165,989,254**	**153,530,221**	**145,776,525**	**130,087,683**
TOTAL EQUITY AND LIABILITIES		**908,584,797**	**918,293,131**	**850,013,199**	**861,515,506**
Contingent liabilities	17,18				
Currency and interest rate risks and use of derivative financial instruments	19				
Related parties	20				
Proposed distribution of profit/loss	21				
Accounting policies	24				

CAPITAL & RESERVES

USD	Consolidated		
	Share capital	Free reserves incl. retained earnings	Total
Balance at 1 July 2019	25,036	731,402,787	731,427,823
Currency translation adjustment	-176	-7,976,471	-7,976,647
Retained earnings, cf. profit appropriation	0	-19,296,643	-19,296,643
Value adjustment of hedging instrument	0	105,309	105,309
Tax on equity transactions	0	-23,168	-23,168
Balance at 30 June 2020	**24,860**	**704,211,814**	**704,236,674**

USD	Parent company		
	Share capital	Free reserves incl. retained earnings	Total
Balance at 1 July 2019	25,036	731,402,787	731,427,823
Currency translation adjustments	-176	-7,976,471	-7,976,647
Retained earnings, cf. profit appropriation	0	-19,296,643	-19,296,643
Value adjustment of hedging instrument	0	105,309	105,309
Tax on equity transactions	0	-23,168	-23,168
Balance at 30 June 2020	**24,860**	**704,211,814**	**704,236,674**

CASH FLOW STATEMENT

		Consolidated	
USD	**Note**	**2019/20**	**2018/19**
Profit/Loss for the year		-19,296,643	6,173,666
Adjustments for non-cash operation items	22	30,193,277	33,862,889
Cash generated from operations (operating activities) before changes in working capital		**10,896,634**	**40,036,555**
Changes in working capital	23	1,715,644	-5,300,691
Cash generated from operations (operating activities)		**12,612,278**	**34,735,864**
Interest received		369,862	320,763
Interest paid		-2,546,031	-2,669,129
Foreign exchange rate adjustments		-2,418,158	-4,786,761
Cash generated from operations (ordinary activities)		**8,017,951**	**27,600,737**
Corporation tax paid		-780,531	-4,679,251
Cash flows from operating activities		**7,237,420**	**22,921,486**
Acquisition of subsidiary, property		0	-1,922,062
Acquisition of intangible assets, property, plant and equipment		-26,665,731	-31,978,278
Disposal of intangible assets, property, plant and equipment		2,525,499	2,893,072
Purchase of investment and securities		24,991	-112,970
Cash flows from investing activities		**-24,115,241**	**-31,120,238**
Loan financing:			
Loan obligations – financial institutions		7,406,379	35,575,874
Loan obligations		-431,920	-1,680,268
Lease obligations		-2,009,434	-2,085,009
Long-term prepayments		-137,230	-300,066
Cash flows from financing activities		**4,827,796**	**31,510,531**
Net cash flows from operating, investing and financing activities		**-12,050,026**	**23,311,779**
Cash at 30 June 2019 before foreign exchange rate adjustments		59,342,734	36,823,881
Foreign exchange rate adjustments on cash at 30 June 2019		-342,340	-792,926
Cash at 30 June 2020		**46,950,368**	**59,342,734**

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

NOTE 1 : SEGMENT INFORMATION – REVENUE

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Geographical				
Americas	71,021,294	100,086,691	5,546,298	3,981,518
Australasia	29,380,081	29,774,963	1,121,209	1,051,469
Denmark	0	0	36,336	32,019
Europe	30,525,676	26,746,268	1,911,877	1,850,459
Total	**130,927,051**	**156,607,922**	**8,615,720**	**6,915,465**
Activities				
Row crops	43,797,952	42,657,131	0	0
Horticulture	52,512,706	81,233,215	0	0
Livestock	13,448,949	13,808,169	0	0
Dairy	12,024,784	9,473,747	0	0
Timber	461,309	1,052,447	0	0
Rental	1,210,995	1,166,468	61,769	59,808
Other	7,470,356	7,216,745	8,553,951	6,855,657
Total	**130,927,051**	**156,607,922**	**8,615,720**	**6,915,465**

NOTE 2 : FEES PAID TO AUDITORS

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
EY				
Fee regarding statutory audit	310,751	329,229	169,041	177,201
Assurance engagements	13,428	17,587	0	0
Tax assistance	312,618	179,547	312,618	173,016
Other assistance	40,540	50,180	4,043	50,180
Total fees EY	**677,337**	**576,543**	**485,702**	**400,397**
KPMG				
Fee regarding statutory audit	161,727	168,088		
Tax assistance	14,503	15,757		
Other assistance	19,923	23,041		
Total fees KPMG	**196,153**	**206,886**		
Moss Adams				
Fee regarding statutory audit	98,160	55,998		
Tax assistance	22,072	34,483		
Other assistance	0	0		
Total fees Moss Adams	**120,232**	**90,481**		

NOTE 3 : STAFF COSTS

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Wages and salaries	26,019,822	22,487,852	3,536,952	3,618,437
Pensions	434,023	388,882	211,409	214,118
Other social security costs	1,096,667	884,108	237,352	201,976
Total	**27,550,512**	**23,760,842**	**3,985,713**	**4,034,531**
Average number of full-time employees	3,059	2,816	23	22

Remuneration of the Executive Board and the Board of Directors are paid from Parent company. Both are included in staff costs and in total amounts to USD 1,143 thousands (2018/19: USD 1,142 thousands).

NOTE 4 : FINANCIAL INCOME

USD	Consolidated		Parent company	
	2019/20	2018/19	2019/20	2018/19
Interest income from affiliated companies	0	0	2,126,006	1,730,703
Foreign exchange gains	7,240,348	6,249,309	4,056,245	3,422,541
Other interest income	369,862	320,763	66,052	130,549
Total	**7,610,210**	**6,570,072**	**6,248,303**	**5,283,793**

NOTE 5 : FINANCIAL EXPENSES

USD	Consolidated		Parent company	
	2019/20	2018/19	2019/20	2018/19
Interest expense to affiliated companies	0	0	507,944	409,603
Foreign exchange losses	9,182,496	8,906,786	3,474,286	2,275,867
Other financial expenses	2,546,031	2,669,129	1,760,537	1,922,104
Total	**11,728,527**	**11,575,915**	**5,742,767**	**4,607,574**

NOTE 6 : TAX ON THE PROFIT/LOSS FOR THE YEAR

USD	Consolidated		Parent company	
	2019/20	2018/19	2019/20	2018/19
Current tax for the year	-243,884	8,818,806	122,843	193,320
Change of tax prior year	271,028	24,716	0	-35,893
Adjustment of deferred tax	5,697,185	-704,399	36,148	-164,084
Total	**5,724,329**	**8,139,123**	**158,991**	**-6,657**
Specified as follows:				
Tax on the profit/loss for the year	5,724,329	8,139,123	158,991	-6,657
Tax on changes in equity	-23,168	-28,928	-23,168	-28,928
Total	**5,701,161**	**8,110,195**	**135,823**	**-35,585**

NOTE 7 : LICENSES AND SOFTWARE

USD	Consolidated		Parent company	
	2019/20	2018/19	2019/20	2018/19
Cost at 1 July	2,768,272	2,734,089	509,627	385,349
Foreign exchange adjustments	-48,907	-116,150	-3,589	-9,748
Additions	7,448	150,333	0	134,026
Transferred	0	0	0	0
Disposals	0	0	0	0
Cost at 30 June	**2,726,813**	**2,768,272**	**506,038**	**509,627**
Impairment and amortisation at 1 July	1,365,555	1,099,124	173,524	96,181
Impairment and amortisation	314,420	318,025	94,335	79,816
Foreign exchange adjustments	-18,863	-51,594	852	-2,473
Transferred	0	0	0	0
Disposals	0	0	0	0
Impairment and amortisation at 30 June	**1,661,112**	**1,365,555**	**268,711**	**173,524**
Carrying amount at 30 June	**1,065,701**	**1,402,717**	**237,327**	**336,103**
Amortised over	5-10 years	5-10 years	5-10 years	5-10 years

NOTE 8 : PROPERTY, PLANT AND EQUIPMENT

USD	Consolidated					
	Land, buildings, plantings and forests	**Livestock - basic herd**	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Property, plant and equipment under construction**	**Total**
Cost at 1 July 2019	695,923,364	5,711,683	63,796,237	9,046,000	16,516,923	790,994,207
Foreign exchange adjustments	-6,570,072	-13,776	-894,998	-133,099	-504,652	-8,116,597
Additions on acquisition of subsidiary	0	0	0	0	0	0
Additions	9,472,954	251,577	10,567,744	1,171,429	10,059,882	31,523,586
Transferred	4,502,662	0	252,771	0	-4,755,433	0
Transferred from current assets	0	99,177	0	0	0	99,177
Disposals	-301,532	-227,265	-4,364,177	-202,151	-154,564	-5,249,689
Cost at 30 June 2020	**703,027,376**	**5,821,396**	**69,357,577**	**9,882,179**	**21,162,15**	**809,250,684**
Revaluation at 1 July 2019	0	4,030,068	0	0	0	4,030,068
Foreign exchange adjustments	0	-700	0	0	0	-700
Transferred from current assets	0	0	0	0	0	0
Change in basic heards and animals at fair value	0	74,259	0	0	0	74,259
Revaluation at 30 June 2020	**0**	**4,103,627**	**0**	**0**	**0**	**4,103,627**
Impairment and depreciation at 1 July 2019	36,391,150	0	28,596,627	5,571,012	0	70,558,789
Foreign exchange adjustments	-338,848	0	-414,922	-73,109	0	-826,879
Depreciation	10,374,123	0	7,388,777	1,033,667	0	18,796,567
Transferred	0	0	0	0	0	0
Disposals	-434	0	-2,586,322	-137,434	0	-2,724,190
Impairment and depreciation at 30 June 2020	**46,425,991**	**0**	**32,984,160**	**6,394,136**	**0**	**85,804,287**
Carrying amount at 30 June 2020	**656,601,385**	**9,925,023**	**36,373,417**	**3,488,043**	**21,162,156**	**727,550,024**
Property, plant and equipment include finance leases with a carrying amount totalling	146,895	0	5,725,764	0	0	5,873,660
Depreciated over	8-50 years	N/A	3-25 years	3-10 years	N/A	

USD	Parent company		
	Land, buildings, plantings and forests	**Fixtures and fittings, tools and equipment**	**Total**
Cost at 1 July 2019	1,491,206	519,965	2,011,171
Foreign exchange adjustments	0	-3,546	-3,546
Additions	0	10,033	10,033
Disposals	0	0	0
Cost at 30 June 2020	**1,491,206**	**526,452**	**2,017,658**
Impairment and depreciation at 1 July 2019	0	271,534	271,534
Foreign exchange adjustments	0	764	764
Depreciation	0	92,415	92,415
Disposals	0	0	0
Impairment and depreciation at 30 June 2020	**0**	**364,713**	**364,713**
Carrying amount at 30 June 2020	**1,491,206**	**161,739**	**1,652,945**

NOTE 9 : INVESTMENTS IN SUBSIDIARIES

USD	Parent company	
	2019/20	2018/19
Cost at 1 July	837,498,869	827,799,686
Additions during the year	950,194	9,699,183
Disposals	0	0
Cost at 30 June	**838,449,063**	**837,498,869**
Revaluations at 1 July	-52,546,333	-48,181,038
Disposals	0	0
Foreign exchange adjustments	-7,964,167	-11,145,904
Profit/Loss for the year	-18,522,993	6,780,609
Capital transactions in subsidiaries	0	0
Revaluations at 30 June	**-79,033,493**	**-52,546,333**
Carrying amount at 30 June	**759,415,570**	**784,952,536**

Name	Registered office	Direct ownership	Direct & indirect ownerships
Ingleby Denmark 1 A/S	Denmark	100 %	100 %
Ingleby Denmark 2 A/S	Denmark	100 %	100 %
AKL Holding 2018 ApS	Denmark	0 %	100 %
Ingleby Australia Holding Ptv. Ltd.	Australia	100 %	100 %
Ingleby New Zealand LP	New Zealand	99,99 %	100 %
San Antonio y El Espejo S.A.	Argentina	99,99 %	99,99 %
Administration Agricola S.A.	Argentina	0 %	100 %
Campo El Tigre S.A.	Argentina	0 %	100 %
Ingleby Romania S.R.L	Romania	0 %	100 %
Campo D'Oro S.R.L	Romania	0 %	100 %
Ocolul Silvic Ingleby	Romania	0 %	100 %
Brattalid Inc	USA	0 %	100 %
Eriksson L.L.C	USA	0 %	100 %
Ingleby Peru Holding S.A.C.	Peru	0 %	100 %
Plantaciones del Sol S.A.C.	Peru	0 %	100 %
Clovelly Tasmania Pty. Ltd.	Australia	0 %	100 %
Bowood Pastoral Pty. Ltd.	Australia	0 %	100 %
Felton Pastoral WA Pty. Ltd.	Australia	0 %	100 %
Mt. Elephant Pty. Ltd.	Australia	0 %	100 %
Ingleby Queensland Pty. Ltd.	Australia	0 %	100 %
Ingleby NZ Holding Ltd.	New Zealand	0 %	100 %
Ingleby Latvia Agro SIA	Latvia	0 %	100 %
Dobele Agra SIA	Latvia	0 %	100 %
Juanagra SIA	Latvia	0 %	100 %
SIA Juanberze Agra	Latvia	0 %	100 %
Elaco SIA	Latvia	0 %	100 %
SIA Log & S	Latvia	0 %	100 %
SIA Terraco	Latvia	0 %	100 %
AKL SIA	Latvia	0 %	100 %
Ingleby Lithuania Holding UAB	Lithuania	0 %	100 %
Ingleby Lithuania Agro UAB	Lithuania	0 %	100 %
Ingleby Lithuania 1 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 2 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 3 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 4 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 5 UAB	Lithuania	0 %	100 %
Ingleby Lithuania 6 UAB	Lithuania	0 %	100 %
Ingleby Uruguay S.R.L.	Uruguay	0 %	100 %
ME Holding 1 S.A.	Uruguay	0 %	100 %
Maria Elena Holding 2 S.A.	Uruguay	0 %	100 %
Maria Elena S.R.L.	Uruguay	0 %	100 %
CA3 Holding S.A.	Uruguay	0 %	100 %
CAH 4 S.A.	Uruguay	0 %	100 %
Chamizal S.R.L.	Uruguay	0 %	100 %

NOTE 10 : CORPORATION TAX

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Corporation tax payable at 1 July	914,761	5,022,100	7,510	45,636
Acquisition of subsidiary	0	0	0	0
Tax on taxable income for the year	5,958	-8,788,599	-12,551	173,262
Corporation tax paid during the year	780,531	4,679,251	44,961	-213,377
Foreign exchange adjustment	-530	2,009	-608	1,989
Corporation tax at 30 June	**1,700,720**	**914,761**	**39,312**	**7,510**
Included in assets	2,520,336	1,987,219	39,312	7,510
Included in liabilities	-819,616	-1,072,458	0	0
Corporation tax at 30 June	**1,700,720**	**914,761**	**39,312**	**7,510**

NOTE 11 : PREPAYMENTS, ASSETS

Prepayments consists of prepaid expenses concerning subsequent financial year, hereof prepaid insurance premium, prepaid lease payment etc.

NOTE 12 : DEFERRED TAX ASSET

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Deferred tax at 1 July	818,328	1,521,373	181,208	0
Foreign exchange adjustments	5,223	-27,753	-733	0
Adjustment of deferred tax	-675,335	-704,220	-36,148	152,280
Tax on equity transactions	-23,168	28,928	-23,168	28,928
Deferred tax at 30 June	**125,048**	**818,328**	**121,159**	**181,208**
Deferred tax asset relates to:				
Property, plant and equipment	0	-3,954,319	0	0
Current assets	115,399	509,913	115,399	152,280
Liabilities other than provisions	5,760	-181,971	5,760	28,928
Tax loss carryforward	3,889	4,444,705	0	0
Total	**125,048**	**818,328**	**121,159**	**181,208**

Based on the budgets, Management considers it likely that there will be future taxable income against which non-utilised tax losses and tax deductions can be offset.

NOTE 13 : SHARE CAPITAL

The share capital consists of 164,200 shares of nominal DKK 1 each. No shares have been ascribed special rights.
The company's share capital has increased in the following way during the last 5 years:

USD	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Balance at the beginning of the year	25,036	25,686	25,200	24,439	24,435
Capital increase	0	0	0	44	44
Foreign currency translation adjustment	-176	-650	486	717	-40
Balance at the end of the year	**24,860**	**25,036**	**25,686**	**25,200**	**24,439**

NOTE 14 : DEFERRED TAX

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Deferred tax at 1 July	33,335,087	34,721,977	0	11,804
Foreign exchange adjustments	6,056	-34,865	0	0
Additions on acquisition of subsidiary	0	56,496	0	0
Adjustment of deferred tax	5,017,726	-1,408,521	0	-11,804
Deferred tax at 30 June	**38,358,869**	**33,335,087**	**0**	**0**
Deferred tax asset relates to:				
Property, plant and equipment	33,878,981	26,283,912	0	0
Current assets	-423,402	-548	0	0
Liabilities other than provisions	7,911,246	7,097,946	0	0
Tax loss carryforward	-3,007,956	-46,223	0	0
Total	**38,358,869**	**33,335,087**	**0**	**0**

NOTE 15 : MORTGAGE CREDIT INSTITUTIONS AND BANKS

USD	Consolidated		Parent company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Credit institutions:				
0-1 year	46,058,820	792,963	45,100,395	61,284
1-5 years	76,221,554	114,081,032	73,120,335	113,677,814
> 5 years	0	0	0	0
Total	**122,280,374**	**114,873,995**	**118,220,730**	**113,739,098**
Lease payments:				
0-1 year	2,073,926	1,805,617	0	0
1-5 years	4,146,599	2,296,004	0	0
> 5 years	0	0	0	0
Total	**6,220,525**	**4,101,621**	**0**	**0**
Other payables:				
1-5 years	232,197	0	232,197	0
Total	**232,197**	**0**	**232,197**	**0**
Specified as follows:				
Long-term	80,600,350	116,377,036	73,352,532	113,677,814
Short-term portion of long-term	48,132,746	2,598,580	45,100,395	61,284
Total	**128,733,096**	**118,975,616**	**118,452,927**	**113,739,098**

NOTE 16 : PREPAYMENTS, LIABILITIES

Prepayments under liabilities consists of received subsidies concerning subsequent financial years.

NOTE 17 : CONTRACTUAL LIABILITIES AND CONTINGENCIES, ETC.

Parent company
The Parent Company has signed lease contracts with non-termination periods until 30 August 2030. The total obligation is USD 4,073 thousands.

The parent company is jointly taxed with Ingleby Denmark 1 A/S, Ingleby Denmark 2 A/S and AKL Holding 2018 ApS. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividens, interest and royalties amounting to USD 0.

Group
In the event of disposal of property as asset deals a deferred tax liability amounting to USD 34,478 thousand should be recognised.

The group has signed lease contracts with non-termination periods until 30 August 2030. The total obligation is USD 7,617 thousand.

The group has entered into a contract for acquiring 249 hectares of farmland with a acquisition date in 2020/21. The acquisition cost amounts to USD 3,025 thousand.

In September 2018, Ingleby subsidiary Brattalid Inc., USA, initiated an arbitration proceeding against a third party, seeking monetary damages and among other relief, a declaratory judgment that the Subsidiary has no obligations under agreements with the third party, on the basis on the third party's wrongdoing.

In the arbitration proceedings, the third party brought counterclaims against the Subsidiary for an undetermined amount of damages, alleging breach of contract and fraud, among other claims. The Subsidiary has denied the claims. In their amended counterclaims, the third party asserted an additional claim of quantum meruit. Management is pursuing the Subsidiary's claims and contesting the third party's counterclaims. There is no liability recorded as of June 30, 2020.

Additionally, in February 2020, the Subsidiary filed a claim against a chemical supplier in regard to excess residue of chemical in the Subsidiary's pistachio nuts. The litigation is currently in the discovery phase.

NOTE 18 : MORTGAGES AND SECURITY

USD'000	Consolidated		Parent company	
	2019/20	2018/19	2019/20	2018/19
The following assets have been placed as security for the Group's bank debt:				
Shares in subsidiaries	0	0	99,755[1]	104,713[1]
Land, buildings, plantings and forests with a carrying amount of	949[2]	958	0	0
Plant and machinery with a carrying amount of	1,123[3]	729	0	0
Cash at bank and in hand	1,300[4]	1,900	0	0

1. Shares in Ingleby Australia Holding Pty Ltd. has been provided as security for an amount of USD 175,610 thousand. Additionally the shares in Ingleby Latvia Agro, SIA, Ingleby Dobele Agro SIA and Ingleby Lithuania Holding UAB have been provided as security for an amount of USD 6,186 thousand towards parent companys bank debt. This collateral has been provided by Ingleby Danmark 1 A/S.
2. Provided as collateral for a mortgage of USD 483 thousand in Latvia.
3. Provided as collateral for chattel mortgages of USD 754 thousand in Australia.
4. Of the assets recognised as "cash at bank and in hand", USD 1.3 million are deposited in respect to purchase of shares in a subsidiary company.

Parent company
The Company has moreover provided a guarantee for a subsidiary's liabilities, amounting to maximally USD 38 thousand.

Negative pledges has been registered in respect of shares in Ingleby Danmark 1 A/S and Ingleby Danmark 2 A/S.

Group
In Romania there have been issued commitments amounting to USD 2,160 thousand.

NOTE 19 : CURRENCY AND INTEREST RATE RISKS AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate risks
The Company has an interest rate swap embedded in its financing agreement with its bank, which determines the base interest rates follow Eurobank offered rate, but are floor-capped at 0%.

USD'000	2019/20				2018/19			
	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity (months)	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity (months)
Interest rate swaps	53,033	105	-26	1	53,560	68	-131	13

NOTE 20 : RELATED PARTIES

Ownership:

The ultimate shareholders are:

Dr. Johannes Burger, Rötibergstrasse 2, CH- 9442 Berneck Switzerland
Dr. Markus Summer, Stelzagass 17, LI - 9487 Gamprin Principality of Liechtenstein
Geoffrey Richards, Landstrasse 33, LI - 9491 Ruggell Principality of Liechtenstein

The company has not had transactions covered by ÅRL § 98c, 7.

NOTE 21 : PROPOSED DISTRIBUTION OF PROFIT/LOSS

USD	Parent company	
	2019/20	2018/19
Retained earnings	-19,296,643	6,173,666
Total	**-19,296,643**	**6,173,666**

NOTE 22 : ADJUSTMENT FOR NON-CASH OPERATING ITEMS

USD	Consolidated	
	2019/20	2018/19
Depreciation, amortisation and impairment	20,192,693	22,682,149
Changes in basic herds and animals at fair value	-74,259	-1,963,339
Tax on loss for the year	5,724,329	8,138,236
Financial income	-7,610,210	-6,570,072
Financial expenses	11,728,527	11,575,915
Adj. of other long-term payables	232,197	0
Total	**30,193,277**	**33,862,889**

NOTE 23 : CHANGES IN WORKING CAPITAL

USD	Consolidated	
	2019/20	2018/19
Change in inventories	-13,126,055	-3,724,504
Change in receivables	11,534,643	-6,119,916
Change in prepayments and trade and other payables	3,307,056	4,543,729
Total	**1,715,644**	**-5,300,691**

NOTE 24 : ACCOUNTING POLICIES

The annual report of Ingleby Farms & Forests ApS for 2019/20 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are the following.

REPORTING CURRENCY

The financial statements are presented in USD, as the entity's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.60502 (2018/19: 6.55852).

CONSOLIDATED FINANCIAL STATEMENTS

Control

The consolidated financial statements comprise the Parent Company Ingleby Farms & Forests ApS and subsidiaries controlled by Ingleby Farms & Forests ApS.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

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 as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements.

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Upon the acquisition of enterprises who possess farm land or forest and who do not comply with the accounting definition of an enterprise, any excess values are recognised as costs of the assets and liabilities acquired. On initial recognition, any differences between the accounting and tax values of assets and liabilities which do not relate to the acquisition of enterprises must not be recognised in the balance sheet, but are to be recognised as contingent liabilities.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

FOREIGN CURRENCY TRANSLATION

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the ex-change rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

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

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost 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 together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables 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 recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

NOTE 24 : ACCOUNTING POLICIES

INCOME STATEMENT

REVENUE

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

COSTS OF RAW MATERIALS

Costs for raw materials and consumables comprise costs incurred to achieve the year's revenue.

OTHER OPERATING INCOME

Other operating income comprises items secondary to the activities of the enterprises.

OTHER EXTERNAL COSTS

Other operating expenses include the costs of distribution, sales, marketing, administration, facilities, bad debt, operating leases, etc.

STAFF COSTS

Staff costs comprise wages and salaries, remuneration, pensions and other staff costs to the company's employees.

PROFITS/LOSSES FROM INVESTMENTS IN SUBSIDIARIES

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

INTEREST INCOME AND EXPENSES AND SIMILAR ITEMS

Interest income and expenses and similar items comprise interest income and expenses, market gains and losses in respect of payables and transactions denominated in foreign currencies.

TAX ON PROFIT/LOSS FROM ORDINARY ACTIVITIES

The company is covered by the Danish rules on compulsory joint taxation of the Ingleby Group's Danish entities.

The Company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

BALANCE SHEET

INTANGIBLE ASSETS

Intangible assets consist of IT-software and water rights, and are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected economical lives of the assets. The expected depreciation periods do not exceed 10 years.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings assets consist of land and buildings, forests and bearer plants. Land and buildings assets, plant and machinery and fixtures and fittings, tools and equipment, are measured at cost less accumulated depreciation and impairment. Land, forests and assets under construction are not depreciated.

Livestock – basic herd consist of basic herds and useful animals. These are on initial recognition measured at cost. Basic herd and useful animals is measured at market value at year end. The market value is the value which the biological assets are expected to yield in a transaction between independent parties.

Change in fair value of Livestock – basic herd is included in Change in basic heards and animals at fair value in the income statement.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	50 years
Plant and machinery	3 – 25 years
Bearer plants	8 – 30 years
Fixtures and fittings, tools and equipment	3 – 10 years

Gains and losses on the disposal of equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as impairment and depreciations of fixed assets.

NOTE 24 : ACCOUNTING POLICIES

LEASES

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

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

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in the contingencies.

IMPAIRMENT OF ASSETS

The carrying amount of intangible assets and property, plant and equipment as well as in-vestments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net as-set values calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative net asset values are measured at USD 0 (nul), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under "Other provisions".

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Ingleby Farms & Forests ApS are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the purchase method is applied, see Consolidated financial statements above.

INVENTORIES

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected selling price.

Work in progress comprise non-harvested crops on land.

The fair value of crops on land is computed at direct costs, such as seed, fertilizer, tractor station and crop protection (fences) and direct payroll costs, unless this value is deemed to differ from the fair value at the balance sheet date.

Inventories and stock at fair value comprise corn inventory, cut-down wood, straw and livestock held for sale.

Fair value is the market value which the assets are expected to yield in a transaction between independent parties.

Livestock held for sale is on initial recognition measured at cost and subsequent measured at market value at year end. The market value is the value which the livestock held for sale are expected to yield in a transaction between independent parties.

Agriculture produce is initial recognised at fair value at the point of harvest less estimated costs to sell.

Value adjustments of inventories and stock at fair value are recognised as a change in inventories and stock at fair value in the income statement.

RECEIVABLES

Receivables are measured at the nominal value less write-down for bad debt losses based on an individual assessment.

PREPAYMENTS

Prepayments comprise costs incurred concerning subsequent financial years.

OTHER SECURITIES AND INVESTMENTS

Other securities and investments are measured at fair value based on a calculated capital value. To the extent fair value cannot be computed, other securities and investments are measured at cost.

NOTE 24 : ACCOUNTING POLICIES

EQUITY

Reserve for net revaluation according to the equity method
Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net re-valuation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends
Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

CORPORATION TAX AND DEFERRED TAX

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

LIABILITIES OTHER THAN PROVISIONS

Liabilities are measured at net realisable value.

DEFERRED INCOME

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents, as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enter-prises are recognised up until the date of disposal.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

CASH FLOWS FROM FINANCING ACTIVITIES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

SEGMENT INFORMATION

Information is disclosed by activities and geographical markets. Segment information is based on the Group's accounting policies, risks and management control.

FINANCIAL RATIOS

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	=	Operating profit x 100 / Revenue
Gross margin	=	Gross profit x 100 / Revenue
Equity ratio	=	Equity at year end x 100 / Total equity and liabilities at year end
Return on equity	=	Profit from ordinary activities after tax x 100 / Average equity

Farming with nature

As hands-on farmers and long-term stewards of the land, Ingleby Farms believes in farming in harmony with nature. Nature matters, diversity matters, and agriculture plays a central role in preserving and enhancing biodiversity and ecosystem services on a global scale.

We actively use landscape tools (e.g. beetle banks, waterbody creation, uncultivated buffers, let habitats naturally revegetate or plant native plants) to increase the area, diversity or quality of natural/semi-natural habitats on our farms. This helps ensure successful feeding and breeding to build healthy populations and enhance resilience.

Habitats woven throughout the productive landscape balance conservation and production; improving biodiversity, connectivity and ecosystem services while positively affecting productivity.