Premium Pork International

Growing in Romania

Annual Report 2020

Premium Pork International

Dannevirkevej 6, 7000 Fredericia,
Reg. no. 37 87 50 58

Annual Report
January 1st – December 31st, 2020

Presented and adopted at the Annual General Meeting on 25th of May 2021.

Chairman of the Annual General Meeting:

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Management's Statement of the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of Premium Pork International A/S for the financial year 1 January to 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and cash flows for the financial year 2020.

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

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

Fredericia, 14th of April 2021

Executive Board

Lars V. Drescher
CEO

Morten Beider
CFO

Board of Directors

Torben Svejgård
Chairman

Carsten Lind Pedersen
Board Member

Ole Sloth Nielsen
Board Member

Bo Holse
Board Member

Jytte Rosenmaj
Board Member

Deloitte.

Independent auditor's report on the annual report for the period 01.01.2020 - 31.12.2020

Opinion

We have audited the consolidated financial statements and the parent financial statements of Premium Pork International A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020, and of the results of their operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Statement on the management commentary

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

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

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

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

Management's responsibilities for the annual reports

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

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

Auditor's responsibilities for the audit of the annual report

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

Deloitte.

Independent auditor's report on the annual report for the period 01.01.2020 - 31.12.2020

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 14th of April 2021

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

Rasmus Brodd Johnsen
State-Authorised Public Accountant
MNE no.: mne33217

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

Consolidated Financial Highlights

EUR '000	2020	2019	2018	2017	14/7 - 31/12 2016 *)
Profit & Loss					
Total income	**66.673**	91.591	63.857	67.464	33.817
EBITDA	**1.547**	29.168	10.614	23.954	12.836
Adjusted EBITDA (excl. fair value adjust. bio assets and Special Items due to ASF)	***14.412***	*20.989*	*13.672*	*24.815*	*10.801*
Operating profit/loss (EBIT)	**-6.991**	21.382	4.185	18.572	11.157
Net financials	**-3.650**	-3.943	-2.740	-3.398	-1.279
Profit/loss for the period	**-8.912**	14.724	1.111	12.657	8.167
Balance sheet:					
Total assets	**164.840**	173.523	155.021	149.185	116.279
Investment in property, plant and equipment	**8.837**	11.764	15.076	22.256	4.186
Equity	**83.886**	87.483	72.128	70.723	56.334
Invested capital	**128.187**	138.577	133.535	128.539	101.459
Net interest-bearing debt	**52.621**	60.021	57.707	54.226	41.866
Cash flow:					
Cash flow from operating activities	**17.865**	5.840	11.173	11.389	9.599
Cash flow from investing activities	**-10.623**	-7.662	-15.405	-23.833	-3.495
Cash flow from financing activities	**-5.323**	2.073	4.191	15.755	-2.002

		2020	2019	2018	2017	14/7 - 31/12 2016 *)
Employees:						
Average number of employees		**498**	471	445	335	308
Production Scope:						
Harvested land	ha	**1.323**	1.663	1.720	1.796	1.848
Total yield (all crops)	tons	**3.573**	8.377	6.159	7.496	7.226
Average number of sows		**14.313**	17.532	16.519	12.503	12.202
Number of pigs produced		**427.887**	568.385	511.111	406.702	197.513
Produced pigs per avg. sow		**29,9**	32,4	30,9	32,5	32,4
Ratios:						
Gross margin		**20,6%**	43,6%	30,3%	43,9%	44,2%
Ajusted EBITDA margin		***21,6%***	*22,9%*	*21,4%*	*36,8%*	*31,9%*
EBIT margin		**-10,5%**	23,3%	6,6%	27,5%	33,0%
Return on invested capital		**-5,3%**	15,7%	3,2%	16,2%	22,0%
Return on equity		**-11,4%**	18,4%	1,6%	19,9%	25,4%
Solvency ratio		**50,9%**	50,4%	46,5%	47,4%	48,4%
Current Ratio		**122%**	166%	142%	140%	165%

***)** The Company was established as a new holding company in July 2016. Consolidated financial highlights prior this can be found in the Annual Report for the Company's parent: DCH International A/S.

Definitions of financial ratios:

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

Company Information

Premium Pork International A/S

Address:	Synergihuset Dannevirkevej 6 DK-7000 Fredericia
Company Reg. no.:	37 87 50 58
Domicile:	Fredericia
Telephone:	+45 64812600
Telefax:	+45 64812601
Web:	www.premiumporc.com
E-mail:	mail@dchi.dk

Board of Directors

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

Executive Board

Lars Vesten Drescher (CEO)
Morten Beider (CFO)

Auditor

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

Bank

Nordea Danmark A/S
Kirkegade 3
DK - 8900 Randers

Lawyer

Gorrissen Federspiel
Silkeborgvej 2
DK - 8000 Aarhus C

Subsidiaries

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

Ultimate Parent

DCH International A/S

About us

The second largest pig production in Romania

10 owned farms
+ rented farms

600.000
slaughter pigs/year

3 feed factories
950 tons feed/day

18.000
reproduction sows

500 employees

2.000 ha
arable land

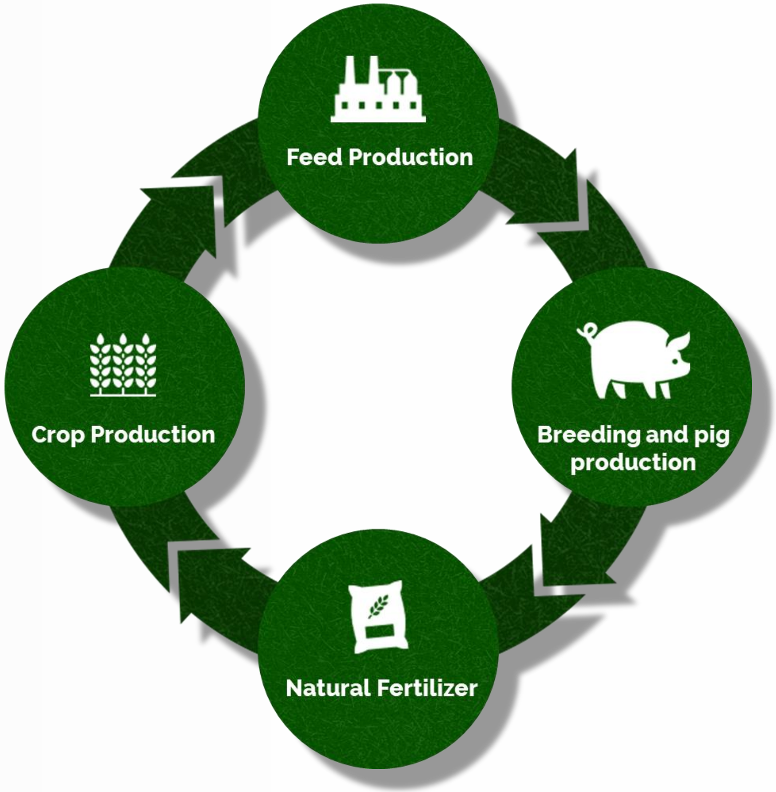
own truck fleet

48.000 tons
cereal storage

About us

Main activity

As in previous years the main activity has been to operate pig production, focusing on sales of finishers through subsidiaries in Romania. The group manages all activities related to pig production, having all required production divisions: reproduction and genetics, maternity and finisher barns. As secondary activities, the group has its own cereal and feed production divisions as well as manure management.

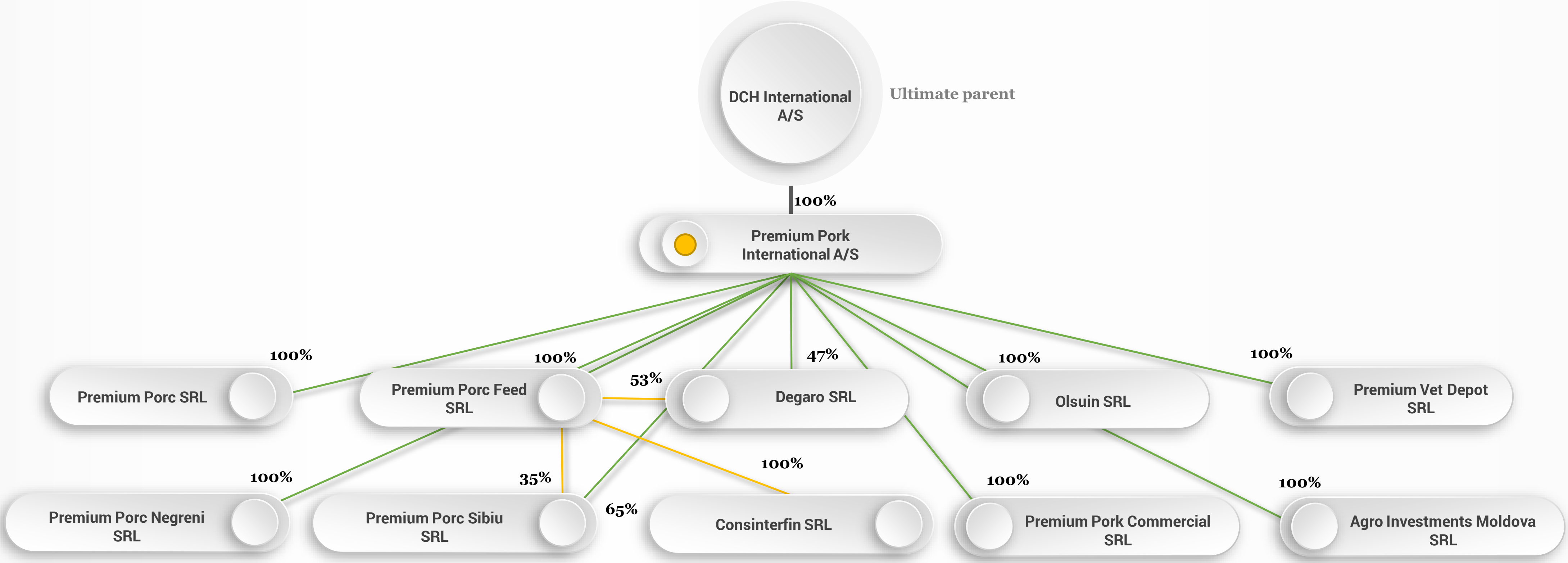


Our business model

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

Corporate Structure

(As is from December 31st, 2020)



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

Development in the financial year and financial positions

2020 was a year of challenges and unusual market conditions

The year show a loss after tax on EUR -8.9m against EUR 14.8m profit in 2019. 2020 represents the first loss since the company was established in Romania more than 12 years ago whereas 2019 represents the highest profit in the Group's history. The consolidated total income was EUR 66.7m in 2020 (-27% compared to 2019). A negative fair value adjustment of herds on EUR 10.7m in 2020, compared to a positive adjustment on EUR 10.4m in 2019, explains 85% of the reduction in total income on EUR 24.9m.

Besides herd valuation, reduced production due to African Swine Fever (ASF) and lower pig prices had a significant negative impact in 2020. EBITDA adjusted for fair value adjustment and special items dropped 30% to EUR 14.4m in 2020 compared to EUR 21.0m in 2019.

The average sales prices decreased by 7 % from 1.63 to 1.52 EUR per kg. And the feed prices increased by 3%. The combined impact was a reduction in the overall profitability with EUR 5m.

On top of this, the production volume was reduced by 4% compared to 2019 caused by Olsuin farm being closed in January due to ASF. Repopulation of the farm is with good results accomplished by end of 2020. New ASF outbreaks in two other farms were confirmed in January 2021 with a negative impact on EUR 1.8m in 2020.

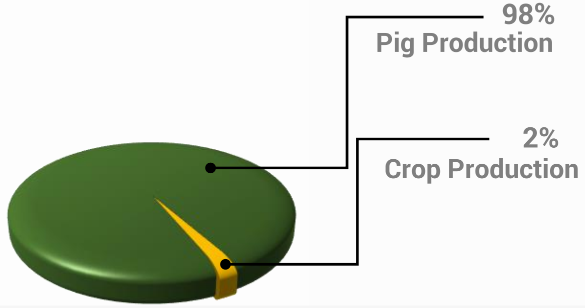
Due to the loss in 2020, the equity decreased 4% compared to 2019 but still amounts to EUR 83,9m and a very solid solvency ratio on 51%. Net interest-bearing debt (NIBD) was reduced 12% to EUR 52.6m despite the loss. Also, the Group's liquidity reserves are, as per 31/12 2020, at a high level.

Three main drivers explaining 2020 performance:

- **The average pork prices were 7% lower compared to 2019** accounting to EUR 4m lower turnover compared to if 2019 prices was repeated. The lower prices also had a big impact on the herd prices at year-end causing a negative herd fair value adjustment of EUR -10.7m (2019: EUR +10.4m).
- **Direct loses due to ASF** as the new Olsuin farm got infected at the end of 2019 and Premium Porc end of 2020. The negative financial impact due to the Olsuin outbreak is estimated to €2.5m in 2020 and the impact due to the outbreak in Premium Porc is limited to EUR 1.8m in 2020.
- **Indirect losses due to ASF-zonings:** The high number of ASF outbreaks in Romania, especially among backyard pig population, continued to severely disrupt our production flows as well as our sales channels. The main impact is the additional costs generated by indirect losses due to ASF-related restrictions, accounting for a total loss of EUR 4m before tax in 2020.

EUR '000	Consolidated total		Pig production		Crop Production	
	2020	2019	2020	2019	2020	2019
Total income	**66.673**	**91.591**	**64.926**	**89.943**	**1.739**	**1.625**
Total income wo fair value adjust. biological assets	*77.323*	*81.217*	*75.693*	*79.527*	*1.623*	1.668
EBITDA	**1.547**	**29.168**	**545**	**28.135**	**535**	**902**
EBITDA wo fair value adjust. biological assets & wo Special Items	*14.412*	*20.989*	*13.526*	*19.913*	*419*	*945*
EBIT	**-6.991**	**21.382**	**-7.462**	**20.671**	**4**	**580**
Profit before tax	**-10.641**	**17.439**	**-11.038**	**16.929**	**-159**	**385**

Overall, the Group manages two business areas in Romania from which pig production is significantly the largest.



Covid-19 and ASF in Germany disrupted the positive price trend

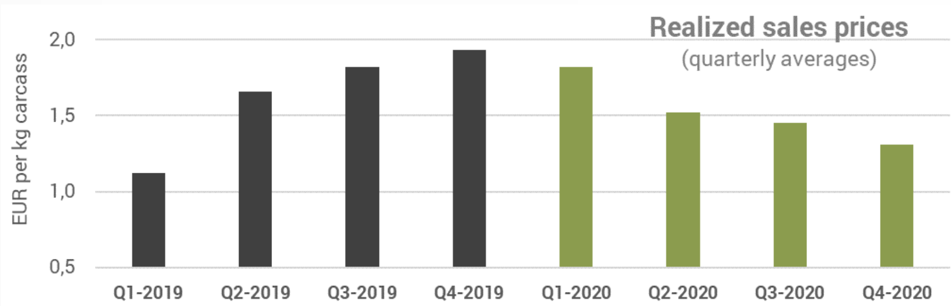
Pork prices started record high and ended low

Pork prices started 2020 on a very high level and remained on a high level in Q1. As China's pig production was severely affected by ASF in 2019, the shortage of pork supply has triggered an unprecedented demand, positively impacting pork prices at a global level.

The prices were expected to remain high throughout 2020 but Covid-19 changed the market conditions and prices dropped more than 20% from Q1 to Q2. Despite less restrictions in H2, the long-term impact on demand due to Covid-19 restrictions remained severe and added pressure on the prices throughout the year.

The discovery of ASF in wild pigs in Germany in September added additional market pressure and additional negative impact on prices. Germany lost market access to most markets outside EU including the important Chinese market adding to the quantities to be consumed in EU.

The combined impact was a price reduction on 35% from start to end of 2020.



The pork market in 2020 can be summarized by three factors:

- The high demand from China continues but global prices were driven lower by increased supplies from US and other producers outside EU
- Reduced demand as a result of the Covid-19 pandemic (restaurants closed, outdoor activities and traveling restricted, changes in consumer behavior, slaughterhouses closed etc.).
- Due to Germany's export ban the supplies to be consumed in EU increased.

Tendency of pork and feed prices in Romania

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

Note: *The table show realized prices from the subsidiaries in Romania as an annual average.*

Feed prices increased

Until harvest 2020, feed prices had been relatively stable for a few years. Increased cereal prices globally from summer 2020 was further exacerbated by drought in Romania, severely reducing yields at national level. As a result, cereal prices registered a considerable increase from the beginning of the harvesting period. The average price of raw materials purchased in H2 2020 is 15-20% higher as compared to same period in 2019.

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

The price ratio between pork and feed dropped to 6.4 for 2020 despite a good start (7.3 in H1). The price ratio for 2020 ended as low as 2018, significantly lower than the long-term average. The lower ratio represents a reduced profit before tax of EUR 5.0m in 2020 compared to the same production with 2019 prices.

Herd valuation reduced by EUR 10.7m due to the reduced pig prices

The market prices of biological assets, primarily the pig herd, have followed the fluctuations in the pork prices reaching low prices at the end of the year. Consequently, the value of biological assets are reduced by EUR 10.7m compared to the equivalent, if prices of 31.12.2019 were to be used. The unit values is now at similar level as prices end of 2018.

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

Pork prices expected to improve in 2021

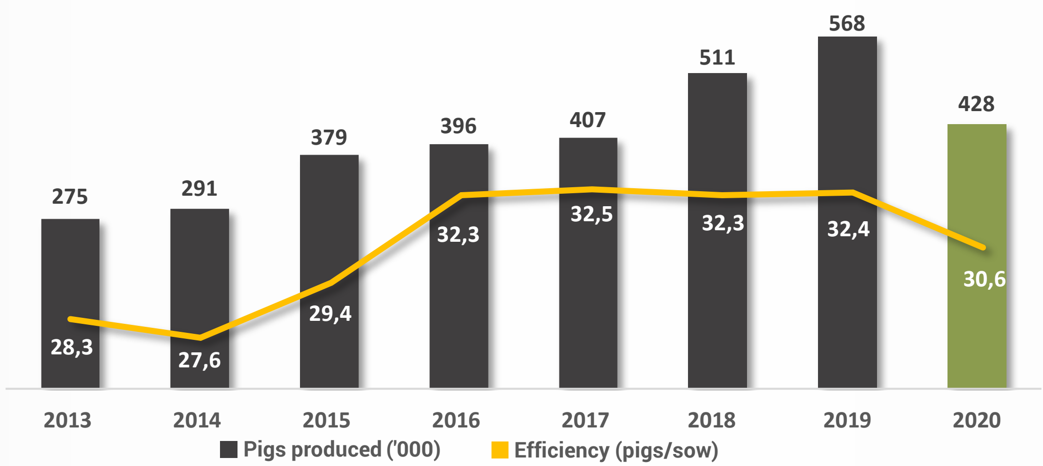
The strong global demand continue, and it can be expected that prices will return to a higher level for the upcoming period, as the current global protein production seems unable to fully cover the high supply gap.

Production reduced in 2020 due to ASF

Facts about the pig production		2017	2018	2019	2020	Diff. Y20 over Y19
Number of sows end of year	*heads*	12.510	17.427	17.744	17.956	1%
Out of whichs sows to be cullec	*heads*	*0*	*0*	*5.557*	*3.203*	
Weaned piglets per avg. sow	*heads*	34,2	34,1	34,6	34,3	-1%
Produced pigs per avg. sow *)	*heads*	32,5	32,3	32,4	30,6	-6%
Sold slaughterpigs	*heads*	396.445	393.712	441.030	423.981	-4%
Sold weaners (net)	*heads*	6.900	59.096	102.871	-3.457	N/A
Produced pigs total	*heads*	406.702	511.111	568.385	427.887	-25%
Weight produced pigs	*tons*	44.593	48.779	53.936	51.689	-4%

***) Note:** *Produced pigs per sow for 2017 & 2018 are excluding the BraSib expansion and in 2020 excl. restart of Olsuin.*

Production development



Pig production decreased by 4% in weight and 25% in number of pigs

2020 was the first year in the company's history with production numbers being lower than the previous year. The reason obviously being the ASF outbreak in Olsuin farm temporarily closing 30% of our production of piglets.

The annual production will again reach close to 600,000 produced pigs when ASF again allows full utilization of our production capacities. Unfortunately, this won't be the case in 2021 either due to the ASF outbreak in Premium Porc temporarily reducing our breeding capacity with 20%. More information of the consequences of ASF on the next page.

Productivity, measured in weaned pigs/sow per year, was maintained relatively on the same level as in the previous years for the three sow farms in full production. The production efficiency was negatively impacted by production flow disturbances generated by ASF zoning, with animal movement restrictions (blocked farms, reconfigured flows etc.).

Romania supports pig welfare

We have applied for and received grants to improve animal welfare in pig production, based on the Romanian support scheme. The grant we applied for in the year has been recognized in total income of EUR 6.2m. This represents 95% of the total amount applied for. Payment is expected during 1st half of 2021.

In 2020 we have received payments of EUR 8.1m for animal welfare support, for which we applied for in 2019. This represents EUR 1.6m more than allocated by the end of 2019. In total, payments for welfare subsidies of EUR 8.0m are booked in 2019.

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

Due to a significant reduction in the support scheme per unit, the total booked grants were gradually reduced since 2017, despite the increased number of sold finishers.

Production affected by African Swine Fever (ASF) in Romania

ASF evolution in Romania

Nationwide the ASF outbreaks were widespread and numerous again in 2020, though registered outbreaks in 2020 were almost half compared to 2019. Since the beginning of June 2018 more than 4.000 outbreaks are registered at national level and the entire country is now considered affected.

In 2020, zonings caused by ASF outbreaks in areas close to our farms continued impacting our production flows negatively, due to restrictions on moving animals out of the blocked farm. 6 of our owned farms as well as several of our rented farms were included in one or more zonings. The zonings lasted from 4 weeks up to 12 weeks. We work, in close collaboration with the authorities, toward lifting the zonings as soon as procedures allow. We are often able to continue the production unaffected in the blocked farms, if the zonings are lifted in 4-6 weeks, due to the measures we have taken to adjust our production flow.

ASF outbreaks in our farms

After the ASF infection in late 2019 Olsuin herd was culled in January 2020, the farm cleaned and disinfected in H1 and repopulated during H2 2020. The first slaughter pigs originating from Olsuin piglets were slaughtered in January 2021 and the farm is now back in full production.

In December 2020, Premium Porc farm was infected with ASF. Consequently, all 31,000 pigs were culled (out of which 3.000 sows). The comprehensive cleaning and disinfection phase has started. We expect the repopulation of the sow herd to start in October 2021. Meanwhile, finisher capacity in the farm will be used, why first pigs are slaughtered in Q4 2021. The farm will be back in full production from September 2022.

Dreadfully, the ASF infection in Venturelli farm followed in January 2021. This farm is a wean to finish operation and all 29,000 pigs were culled. The cleaning and disinfection phase has started. The repopulation of Venturelli farm is simpler compared to Premium Porc and Olsuin farms, as piglets are reintroduced immediately when the farm is available. We expect the first pigs to be slaughtered in September 2021.

The root cause for the infections is not identified in neither Premium Porc nor Venturelli. The two outbreaks are considered two independent cases as there were no contact between Premium Porc and Venturelli farm, that could transfer the infection. And both farms have a high level of biosecurity.

Direct losses caused by our ASF outbreaks

Culling of the pigs due to ASF is based on an order from the Romanian National Veterinarian authorities and the herd value is compensated by the state at market price. The expected compensation for the Olsuin herd was received in 2020. In this case, a small part of the business interruption was compensated through insurance. This is not the case for neither Premium Porc nor Venturelli farms.

After deducting the compensations from the state as well as from insurance the net loss for the Group caused by the Olsuin outbreak still amount to EUR 3.5m up to end of 2020 out of which EUR 1.0m was registered already in 2019.

The net loss registered in 2020 for the outbreak in Premium Porc is EUR 1.8m considering the agreed compensation from the state. As Venturelli was infected later no loss for this outbreak is registered in 2020. 2021 will be significantly affected by both outbreaks. The missing production in Premium Porc will have an obvious negative impact, but an even bigger impact is caused by business interruption in the other farms normally being connected in their production flow with one of the two farms.

Total losses in 2020 due to ASF

On top of the direct losses due to the outbreaks in Olsuin and Premium Porc, the accumulated losses registered in our Group, caused by ASF in Romania, add up to €4m in 2020. Losses added up to approx. €9m in 2019 and €5.2m in the 6 months with ASF in 2018.

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

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

Our priority to protect our farms within the Group remains. This by adhering to our established biosecurity measures and strengthening these by investing continuously.

Crop Production and Investments

Agro production affected by severe drought in Romania

The crop yields were less than half of normal due to a very warm and dry season. The seeding of crops in the autumn 2019 was challenging and rape was not seeded. Despite wheat and barley initial being well established, a cold winter and dry conditions reduced the number of hectares being harvested. Spring crops was even more affected. In total we only harvested 80% of the planned area due to drought.

The established crops in the autumn 2020 looks good and support a positive outlook for the 2021 harvest.

The produced cereals represent less than 5% of the total raw materials needed for the group's feed production, the remaining being sourced from both local as well as international producers. We are continuously evaluating the crop division's strategic position in our group.

EUR 0.2m profit from sales of farmland

The sale of farmland not used by us continued in 2020. The positive impact on EUR 0.2m from this activity could not prevent the total field activities to perform a loss.

Feldioara lagoons

EUR 7.8 mil. invested in 2020

Overall, the investments in 2020 reached EUR 7.8m excluding the breeding herd.

Improvements on Feldioara finisher farm

We finalized first phase of the Feldioara project including new lagoons, corridors and other renovations at the Feldioara farm purchased in 2018. EUR 1.7m were spent on this project in 2020. The second phase of the project, transforming the farm to a wean-to-finish operation were postponed.

Biosecurity investments continue

As a key element in operating in the ASF environment, we have continued our investments in biosecurity, amounting to approx. EUR 1.2m representing another significant share of the total investments in 2020. These investments were partial covered by grants.

Properties revalued by EUR 5.2m

A valuation review has been performed on the properties owned by the subsidiaries Premium Porc Sibiu SRL, Degaro SRL, Olsuin SRL and Premium Porc Feed SRL. The valuation reviews are the basis for property tax payments and have resulted in a total financial revaluation of EUR 5.2m. The revaluation after tax is allocated to other comprehensive income included in the equity and has no impact on the result for the year.

Litigations overview

Litigations for repayment of grants

The pending cases of claims for recovery of various grants with a total of EUR 1,6m have been reduced from three cases to one since the two minor cases have been ruled in favor of the company after two court rulings. The larger dispute has been appointed to a higher court from the start and was addressed starting with December 2015. An unfavorable ruling for the company was given in February 2016. The court decision was appealed to High Court. The High Court decided in our favor in January 2019 to return the case for retrial at the first court. We won the retrial in May 2019, but this time the authorities appealed to High Court and a new trial date is set for 2021.

Our Romanian lawyers and legal advisors assessed that we still have a good legal position. For that reason, we have chosen not to expense the amount. During 2017 we did pay the amount to the tax authorities, in order to avoid pledge on the tangible assets, although we consider the amount paid as a receivable.

We consider the case as an isolated event without influence on subsidies received after 2012.

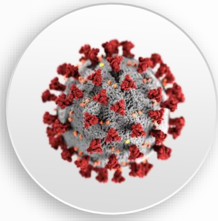
Litigations for relocation of Negreni farm

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

Our advisors, as well as the authorities that have assessed and validated our production and building permits, agree that this Order was meant to cover future constructions only and not farms and houses established decades before the Order was issued. Despite this, we lost in two consecutive local court hearings in 2018 and we are demanded to relocate the farm. The Ministry issuing the Order has in 2019 confirmed our understanding. The case is contradicting in many ways with the legal framework covering our production permits. The enforceability of the verdict is anyhow seen as practically impossible as all production permits are valid, and the production can continue despite the verdict.

In addition to the three new similar claims received in 2019, twelve more were received in 2020. All of the claims are set for trial in spring 2021.

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



Covid-19 pandemic

Covid-19 – the unexpected game changer

In 2020, the Covid-19 pandemic unexpectedly unfolded impacting lives and businesses globally. We, in Premium Porc Group, were no exception to the impact of Covid-19, as we suddenly were faced with new situations that required our attention and adaption. At the very center of decisions taken was the goal to protect our employees and their families as well as ensuring business continuity.

Internal measures implemented to fight the pandemic

Seeking to establish internal measures, to ensure our employee's health and limit the impact of Covid-19 on our business, a support committee was established representing our departments broadly. We started off by building our employees' awareness about Covid-19 aiming to stop the spread – in line with national governmental guidelines.

We implemented several hygienic and precautionary measures, such as usage of masks, gloves and disinfectants, to mention a few. Adhering to distancing became a must, why face-to-face meetings were replaced with online meetings as well as internal events were cancelled. A shift working schedule was established for our production employees to avoid contact between them and the administrative employees started working from home.

Added pressure on the organization

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

Despite the uncertainty and change caused by the pandemic, our employees have embraced the challenges and demonstrated collaboration, persistence and dedication in protecting each other and our business. This only underlines the strength and passion of our 500 employees within the Premium Porc Group.

Donations to our communities

Supporting our communities has always been our motivation and not at least during the pandemic. We donated medical supplies to hospitals, such as oxygen concentrators, masks and overalls. In addition, basic food packages and hygienic items were donated to more than 2.000 people in our communities.

Organizational development in a Covid-19 context

We continued developing our employees and build their expertise despite challenged by the distancing measure adopted due to the pandemic. We moved training online and yet managed to deliver more than 1.100 hours of training to employees from various departments and organizational levels. We see the investment in training and educating our employees as steps towards continuously improving the efficiency in our operations alongside our business results.

Additional focus was placed on strengthening the role of middle management level in our organization, aiming to building the foundation for them to increase team performance for continuous corporate growth.

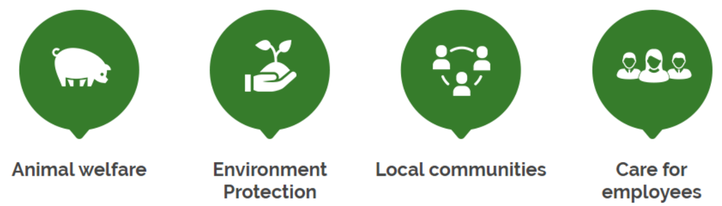
Corporate Social Responsibility

CSR

We care - Responsibility and sustainability as our guiding principles

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

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



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

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

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

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

Policy for the under-represented gender

Board of Directors:

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

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

Other management levels:

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

Anticipated development

Pork prices expected to improve

Three factors, demand from China, ASF development in Europe and Covid-19, make the predictions for the development of the European market for pork difficult. The production in EU is adjusted to the changed demand structure caused by Covid-19 and the lack of export from Germany caused by ASF. With the EU market structure stabilized the undersupply of pork on the global market, mainly driven by the severe impact of ASF in China, will maintain a strong support for the demand and the prices.

The pork market is expected to improve based on China's continuous strong demand and the prices are expected in 2021 to reach minimum a 5-year average level. Although a worst-case scenario can lead to lower pork prices than expected, we do see the upsides as being more likely, especially driven by Covid-19 restrictions lifted shifting demand towards a more normal situation.

Subsidies for animal welfare continue

The current program for improving animal welfare was originally supposed to stop by end of 2020 but was extended to cover 2021 as well on same conditions and financial level as the previous year. Even if the current program will be reduced in financial value from 2022, we still see it as an important factor for the future development of the industry in Romania as well as for the Group.

Production focused on having all farms back in operation

Despite Olsuin farm being fully repopulated by end of 2020 the production will still be affected until the efficiency during 2021 is returned to what is expected of a mature herd.

Due to the ASF outbreak in Premium Porc, and culling of the entire herd in January 2021, our total production will be approx. 100,000 pigs (17%) reduced in 2021. We plan to repopulate the farm in H2 2021 and having the herd gradually rebuilt, reaching full production in during Q3 2022.

The ASF outbreak in Venturelli will not reduce the number of pigs produced but will reduce the output of weight due to the lack of barn capacities for approx. 6 months. This farm is expected to return back to normal production flow in Q3 2021.

In terms of profitability, the decrease in production will - like in 2020 - be partly offset by higher selling weight and reduced sales of weaners.

ASF will be present in Romania for several years to come

As ASF continues to evolve in Romania, we expect production flow disruptions caused by farms entering protection/surveillance zones, although hopefully at a lower level than 2020. In production and financial planning, we have included a reserve to cover the negative impact caused by such situations.

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

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

Few investments planned for 2021

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

We expect a small net profit for 2021

As stated above, we believe pork prices will increase in 2021 compensating partial for many of the ASF challenges described.

Measured on EBITDA adjusted for fair value adjustment we expect to reach approx. EUR 8-11m compared to EUR 14.4m in 2020. Herd valuation is expected to have a positive impact in 2021 and will most likely be determining the size of the net profit.

This estimate is subject to more uncertainty than usual due to the volatile market conditions.

Income Statement

Consolidated Income Statement

EUR '000	Note	2020	2019
Revenue	3	68.975	73.035
Grants and other income	4	8.348	8.183
Value adjustment, biological assets	5	-10.651	10.373
Total Income		**66.673**	**91.591**
Direct costs		-35.677	-35.824
Other external costs		-17.264	-15.811
Gross profit		**13.732**	**39.956**
Staff expenses	6	-9.970	-8.594
Special items	7	-2.214	-2.194
Depreciation	8	-8.538	-7.786
Operating profit (EBIT)		**-6.991**	**21.382**
Financial income	9	74	76
Financial expenses	10	-3.724	-4.020
Profit before tax		**-10.641**	**17.439**
Tax on profit for the year	11	1.729	-2.715
Net profit for the year		**-8.912**	**14.724**
Distribution of profit for the year:			
Group Shareholders		-8.912	14.724
Distributed		**-8.912**	**14.724**

Consolidated Statement of Comprehensive Income

EUR '000	2020	2019
Net profit for the year	**-8.912**	**14.724**
Items that may be reclassified subsequently to profit or loss		
Exchange adjustments of foreign enterprises	877	-127
Fair value adjustment of hedging instruments	37	-178
Tax on hedging instruments	-6	29
Items that may not be reclassified subsequently to profit or loss		
Revaluation of land, buildings, leasehold improvements and plant and machinery	5.174	1.108
Tax on revaluation	-828	-177
Total comprehensive income	**-3.658**	**15.378**
Distribution of total comprehensive income		
Group shareholders	-3.658	15.378
	-3.658	**15.378**

Balance Sheet

Consolidated Statement of Financial Position

EUR '000	Note	31/12 2020	31/12 2019
Assets			
Acquired rights	12	252	330
Intangible fixed assets in total		**252**	**330**
Land and buildings	13	75.955	70.094
Plant and machinery	13	21.311	21.023
Operating equipment	13	2.843	3.195
Property, plant and equipment in progres	13	3.008	3.659
Property, plant and equipment		**103.118**	**97.971**
Non-current investments	15	83	79
Fixed asset investments		**83**	**79**
Biological assets, Breeding herd	14	7.558	7.853
Biological assets		**7.558**	**7.853**
Total non-current assets		**111.010**	**106.232**
Biological assets, Commercial herd	14	11.317	20.655
Biological assets, Crop production	14	521	432
Inventories	16	7.317	7.321
Biological assets and inventories		**19.154**	**28.407**
Trade receivables	17	4.992	9.398
Other receivables	17	15.548	16.681
Prepayments		1.277	1.639
Receivables		**21.817**	**27.718**
Assets classified as held for sale	18	535	651
Cash and cash equivalents		12.324	10.515
Total current assets		**53.830**	**67.291**
Total Assets		**164.840**	**173.523**

EUR '000	Note	31/12 2020	31/12 2019
Equity and Liabilities			
Share Capital	19	690	690
Asset revaluation surplus		10.827	6.481
Retained earnings		72.369	80.312
Equity		**83.886**	**87.483**
Provision for deferred tax	20	2.418	3.277
Credit institutions	21	26.409	34.083
Lease liabilities	21	2.254	2.268
Subordinated shareholder loan	21	3.500	3.500
Deferred income	22	2.031	1.654
Other non-current liabilities	21	247	658
Long-term liabilities		**36.860**	**45.439**
Short term portion, credit institutions, leasing and other non-current	21	31.278	28.965
Trade payables		6.971	5.461
Interest bearing payables to shareholders	21	1.256	1.063
Other liabilities	23	4.568	5.070
Short-term liabilities		**44.073**	**40.558**
Liabilities associated with assets held for sale	18	22	44
Total liabilities		**80.955**	**86.040**
Total Equity and Liabilities		**164.840**	**173.523**

Consolidated Statement of Changes in Equity

EUR '000	Share Capital	Asset revaluation surplus	Reserve for exchange adjustment	Retained earnings	Total Equity
Equity at January 1, 2019	**690**	**5.550**	**0**	**65.887**	**72.128**
IFRS 16 Implementation	0	0	0	-23	-23
Net profit/loss for the year	0	0	0	14.724	14.724
Other comprehensive income	0	930	-127	-150	654
Comprehensive income for the year 2019	**0**	**930**	**-127**	**14.552**	**15.355**
Transfer other reserves to retained earnings	0	0	127	-127	0
Equity December 31, 2019	**690**	**6.481**	**0**	**80.312**	**87.483**
Share based payments	0	0	0	61	61
Net profit/loss for the year	0	0	0	-8.912	-8.912
Other comprehensive income	0	4.346	877	31	5.254
Comprehensive income for the year 2020	**0**	**4.346**	**877**	**-8.820**	**-3.597**
Transfer other reserves to retained earnings	0	0	-877	877	0
Equity December 31, 2020	**690**	**10.827**	**0**	**72.369**	**83.886**

Consolidated Cash Flow Statement

EUR '000	Note	2020	2019
Operating profit/loss (EBIT)		-6.991	21.382
Adjustment for non-cash items:			
Depreciations		8.784	7.786
Provisions		61	0
Value adjustment, biological	5	10.651	-10.373
Change in commercial herd	14	1.627	-632
Change in inventories incl. crops in progress		39	-1.705
Change in receivables		5.901	-5.778
Change in trade payables etc.		1.009	-622
Cash flow from operations before financial items		**21.080**	**10.057**
Financial income received	9	74	76
Financial expenses paid		-2.363	-2.956
Corporation taxes paid		-926	-1.338
Cash flow from operating activities		**17.865**	**5.840**
Acquisition of intangible assets	12	-78	-148
Sale of intangible assets	12	2	0
Acquisitions of property, plant and equipment	13	-8.837	-11.764
Sale of property, plant and	13	236	362
Acquisition of investments	15	-5	-7
Investment subsidies received	22	584	0
Net disposal of assets held for	18	235	274
Acquisition of biological assets	14	-2.761	3.621
Cash flow from investing activities		**-10.623**	**-7.662**

EUR '000	Note	2020	2019
Proceeds from borrowings	21	28	6.545
Repayment of borrowings	21	-5.351	-4.471
Cash flow from financing activities		**-5.323**	**2.073**
Change in cash and cash equivalents		**1.920**	**252**
Cash and cash equivalents,		10.515	10.419
Exchange adjustments,		-111	-156
Cash and cash equivalents at December 31		**12.323**	**10.514**
Un-utilised short term facilities		5.252	8.315
Liquidity available at December 31		**17.575**	**18.830**

Note 1: Summary of significant accounting policies and estimates

Significant accounting estimates and assessments in the group accounting policies

Revaluation of fair value of property, plant and equipment

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

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

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

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

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

The total fair value of land, buildings, plant and machinery amounted to EUR 97.2 million at December 31st, 2020 (EUR 91.1 million at December 31st, 2019).

Fair value of biological assets

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

Biological assets are measured at fair value less selling costs.

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

Commercial herd:

Slaughter pigs (Finishers) above 50 kg are valued based on average sales prices for November-December on the local market less costs for reaching desired sales weight on approx. 112 kg. Finishers between 25-50 kg are valued as weaners with additions for added weight.

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

The valuation of piglets is based on official Danish quotes.

Breeding herd:

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

WIP Crops:

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

Note 2: Contingent liabilities

Repayment claim Premium Porc SRL: ("APIA case")

The Ministry of Agriculture in Romania raised in 2014 a claim for repayment of EUR 1,592k against the subsidiary company Premium Porc SRL. The repayment claim is EUR 1,337k after tax. This claim is based on an error in the application for diesel subsidy for 2011. An error which was detected and corrected in 2012.

Premium Porc SRL appealed in 2014 against the claims and prevailed in respect of 2 out of 3 cases. The last of the 3 cases is in beginning of February 2016 lost in first court and afterwards appealed as the company's management and legal advisors assess that the repayment claim is invalid, and the company are expected to win the appeal. In January 2019 the High Court annulled the sentence from February 2016 and returned the case back for retrial. We won the retrial in May 2019 as the first court ruled in our favor, but the authorities appealed to the High Court. The first term is set for Q2 2021.

Based on the management and the company's legal advisor's opinion that the repayment claim is invalid, no provisions for repayment of subsidies are stated in the income statements. The amount is paid to the authorities in 2017 and is part of other receivables since year end 2017.

Relocation of Negreni farm: (Negreni neighbor cases):

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

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

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

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

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

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

Unfortunately, this has a long-time horizon as trial is set for 2022.

Fighting enforcement procedures is ongoing. Court decisions have until now mainly dealt with technicalities and penalty claims. No definitive results yet. Court hearings continues in 2021.

We have since September 2019 up to now received, twelve new similar claims from other citizens with connections to the original claimants as well as three new claims from one of the original claimant and his wife. Also, a new claim from the son of one of the original claimant was received in November 2019, having as object, to meet the distance between his house and the lagoons. All of the claims are set for trial in spring 2021.

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

Based on the management and the company's legal advisor's opinion that the relocation ruling is invalid and will be annulled eventually, no provisions for relocation of the farm nor other provisions are stated in the financial statements.

Notes to the Income Statement

Note	EUR '000	2020	2019
3	**Revenue**		
	Business areas:		
	Pig production	67.678	71.701
	Crop production	1.291	1.312
	Other	772	1.063
		69.741	**74.075**
	Intra-group trade between the business areas	-766	-1.040
		68.975	**73.035**
	Geography:		
	Romania	68.876	73.035
4	**Grants and other income**		
	Animal Welfare Payments	8.016	7.827
	EU hectare support	332	356
		8.348	**8.183**
5	**Value adjustment, biological assets**		
	Value adjustments pigs	-10.767	10.416
	Value adjustments crop production	116	-43
		-10.651	**10.373**
6	**Staff expenses**		
	Wages and salaries	9.263	8.159
	Pension costs	9	8
	Social contribution & other staff expenses	637	427
		9.910	**8.594**
	Share based payments for management team	61	0
		9.970	**8.594**
	Remuneration to the Executive Board	551	498
	Remuneration to the Board of Directors	83	90
	Average number of employees	*498*	*471*

Note	EUR '000	2020	2019
7	**Special Items**		
	Costs incurred in connection with ASF restriction zones:		
	Costs related to establish extra barn capacities in zon	138	201
	Costs related to operation of blocked farms	209	736
	Costs related to replace weaners from restricted zone	0	265
	Costs related to handling and authority requirements	27	37
	Provision for ASF confirmed in Premium Porc in January 2021: (for 2019: ASF in Olsuin in January		
	90% of expected compensation for culled herd (reven	-3.150	-5.340
	Value culled herd	2.931	4.181
	Costs related to culling, desinfection and quarantine	2.060	2.115
		2.214	**2.194**

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

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

	2020	2019
Revenue pig production	-1.145	2.416
Value adjustment pig production	1.364	-1.256
Direct costs	-408	-984
Other external costs	-988	-1.125
Staff expenses	-547	-792
Depreciation	-490	-453
	-2.214	**-2.194**

Notes to Income Statement and Intangible Assets

Note	EUR '000	2020	2019
8	**Depreciation**		
	Intangible assets	155	128
	Buildings	3.896	3.798
	Plant and equipment	3.861	3.598
	Vehicles and other machinery	872	1.018
	Investment subsidy amortization	-207	-221
	Loss or gain on asset sales	-39	-535
		8.538	**7.786**
9	**Financial Income**		
	Interest financial institutions	74	76
		74	**76**
10	**Financial Expenses**		
	Interest bank debt	1.543	1.902
	Calculated interest leasing commitments	130	127
	Interest shareholders loans	229	306
	Other financial expenses	460	389
	Exchange rate adjustment	1.362	1.296
		3.724	**4.020**

Note	EUR '000	2020	2019
11	**Income Taxes**		
	Current tax	237	1.834
	Tax Comprehensive Income	-273	-149
	Adjustment of deferred tax	-1.693	1.030
		-1.729	**2.715**
	Tax on profit for the year is specified as follows:		
	Calculated 22% tax on profit for the year before tax:	-2.341	3.837
	Tax effect of:		
	Differences in tax rates in Romania (16%) compared with Denmark	638	-1.046
	Non-taxable income and expenses	-26	-75
		-1.729	**2.715**
	Effective tax rate for the year	*16%*	*16%*
12	**Intangible assets**		
	Acquired rights		
	Cost at January 1	886	738
	Additions for the year	78	148
	Disposals for the year	-10	0
	Cost at December 31	**955**	**886**
	Amortisation at January 1	555	428
	Amortisation for the year	155	128
	Reversed depreciation on disposal	-8	0
	Amortisation at December 31	**703**	**556**
	Carrying amount at December 31	**252**	**330**

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

Note 13 Tangible assets

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Property, plant and equipment in progress
Cost at January 1, 2019	67.576	34.549	5.749	9.269
IFRS Implementation	358	0	381	0
Additions for the year	9.768	6.580	1.026	6.730
Disposals for the year	-42	-463	-187	-12.340
Cost at December 31, 2019	77.660	40.666	6.969	3.659
Apraisal at January 1, 2019	9.300	0	0	0
Apraisal increases	1.108	0	0	0
Apraisal increases at December 31, 2019	10.408	0	0	0
Amortisation at January 1, 2019	14.027	16.265	2.698	0
IFRS Implementation	149	0	168	0
Amortisation for the year	3.798	3.598	1.018	0
Reversed depreciation on disposal	0	-220	-110	0
Amortisation at December 31, 2019	17.974	19.643	3.775	0
Carrying amount at December 31, 2019	70.094	21.023	3.195	3.659
Land which is not depreciated	5.033			
Right of use assets	360	1.141	1.406	0
Assets provided as security for debt	70.094	21.023	3.195	0

Revaluation of fair value of property, plant and equipment

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

Revaluations are in the subsidiaries carried out every third year to ensure the carrying amounts does not differ materially from that which would be determined using fair value at the end of the reporting period. A valuation review has been performed in 2020 on the properties owned by Premium Porc Feed SRL, Degaro SRL, Olsuin SRL and Premium Porc Sibiu SRL (2019: Premium Porc SRL and Premium Porc Negreni SRL). The valuation reviews resulted in a total financial revaluation of EUR 5.2m. (2019: EUR 1.1m).

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Property, plant and equipment in progress
Cost at January 1, 2020	77.660	40.666	6.969	3.659
Additions for the year	4.650	4.076	761	4.177
Disposals for the year	-419	-13	-940	-4.828
Cost at December 31, 2020	81.891	44.730	6.791	3.008
Apraisal at January 1, 2020	10.408	0	0	0
Apraisal increases	5.174	0	0	0
Apraisal increases at December 31, 2020	15.582	0	0	0
Amortisation at January 1, 2020	17.974	19.643	3.775	0
Amortisation for the year	3.896	3.861	872	0
Reversed depreciation on disposal	-352	-85	-699	0
Amortisation at December 31, 2020	21.518	23.419	3.947	0
Carrying amount at December 31, 2020	75.955	21.311	2.843	3.008
Land which is not depreciated	5.533			
Right of use assets	179	1.439	1.813	0
Assets provided as security for debt	74.855	21.311	2.843	0

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

Net carrying amount Land and Buildings without revaluations, 2019	59.686
Net carrying amount Land and Buildings without revaluations, 2020	60.373

The Group had end of 2020 contractual obligations related to Property, plant and equipment in progress on EUR 0.2m (2019: EUR 0.5m).

Notes to Financial Position

14 Biological assets

	Commercial herd	Breeding herd	Total herd
Commercial and breeding herd			
Carrying amount at January 1, 2019	12.595	8.485	21.080
Movements 2019:			
Gains/losses from fair value changes	7.428	2.988	10.416
Additions from production	69.034	-182	68.852
Additions from purchases	2.097	193	2.290
Disposals from sales	-68.787	-1.164	-69.951
Transfers between groups	-892	892	0
Provision for herd culled in 2020	-820	-3.360	-4.181
Carrying amount December 31, 2019	**20.655**	**7.853**	**28.508**
Year-end stock (heads)	*228.171*	*15.623*	*243.794*
Finishers, weaners & sows sold (heads)	*571.828*	*7.520*	*579.348*
Biological assets provided as security	20.655	7.853	28.508
Movements 2020:			
Gains/losses from fair value changes	-7.711	-3.056	-10.767
Additions from production	58.077	1.681	59.758
Additions from purchases	1.380	2.246	3.626
Disposals from sales	-58.399	-920	-59.319
Transfers between groups	-1.363	1.363	0
Provision for herd culled in 2021	-1.322	-1.609	-2.931
Carrying amount December 31, 2020	**11.317**	**7.558**	**18.874**
Year-end stock (heads)	*225.347*	*25.308*	*250.655*
Finishers, weaners & sows sold (heads)	*437.750*	*6.361*	*444.111*
Biological assets provided as security	11.317	7.558	18.874

Note	EUR '000	2020	2019
14 Biological assets (continued)			
Crop production - work in progress			
Carrying amount at begining		432	509
Gains/losses from fair value changes		116	-43
Additions (field expenses) for the year		1.152	1.287
Disposals from harvesting		-1.172	-1.309
Exchange adjustments		-8	-13
Carrying amount at December 31		**521**	**432**
Total number of harvested hectares during year		*1.323*	*1.663*
Number of cultivated hectares end of year		*830*	*887*

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

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

Current biological assets under crop production include winter crops sown in the autumn. Field expenses for the year include expenses relating to biological transformation.

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

Notes to Financial Position

Note	EUR '000	2020	2019
15	**Non-current investments**		
	Deposits / other financial assets	83	79
	Cost at December 31	**83**	**79**
16	**Inventories**		
	Rawmaterials for feed	4.414	4.553
	Other Consumables	2.027	1.992
	Finished goods (Agriculture produce, feed a.o.)	875	776
	Total inventories	**7.317**	**7.321**
	Cost of sales recognized in profit or loss (feed)	34.506	34.575
	Inventories provided as security ('000 EUR)	7.317	7.321
	No write-down has been made on inventories.		
17	**Receiveables**		
	Trade receiveables	5.777	10.523
	Bad debt provision	-785	-1.124
	Trade receiveables, net	**4.992**	**9.398**
	Receiveable from public grants	7.352	6.615
	Receiveable compensation culled herd	3.150	5.340
	Other receiveables	5.452	5.378
	Bad debt provision	-407	-653
	Other receiveables, net	**15.548**	**16.681**
	Write down, beginning of year	**1.777**	**1.752**
	Exchange adjustments	-31	-44
	Additions for the year	6	228
	Disposals for the year	-560	-158
	Write-down at December 31	**1.192**	**1.777**

Note	EUR '000	2020	2019
18	**Assets held for sale**		
	Land and buildings	535	651
	Other liabilities	-22	-44
	Cost at December 31	**513**	**607**

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

Note	EUR '000	2020	2019
19	**Share Capital**		
	The share capital comprises the following share classes:		
	A-shares:		
	Number beginning	690.000	690.000
	Capital increase	0	0
	Number at December 31	**690.000**	**690.000**

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

Note	EUR '000	2020	2019
20	**Provision for deferred taxes**		
	Provision at begining of year	3.277	1.949
	Adjustment for the year recognized in profit or loss	-1.693	1.030
	Adjustment on equity	834	298
	Provision for deferred tax December 31	**2.418**	**3.277**

Deferred tax relates to tangible assets.

Notes to Consolidated Financial Statements

21 Interest bearing debt

EUR '000	Payable after 5 years	Payable between 2 and 5 years	Payable within 1 year	Total
Debt at December 31, 2019				
Credit institutions, non-current:	9.330	24.753	7.907	41.991
Leasing debt:	0	2.268	1.075	3.342
Other non-current debt:	0	658	434	1.092
Subordinated loan to shareholder:	0	3.500	0	3.500
Other payables to shareholder:	0	0	1.063	1.063
Credit institutions, current:	0	0	19.548	19.548
	9.330	31.178	30.027	70.535
Debt at December 31, 2020				
Credit institutions, non-current:	4.669	21.740	7.674	34.083
Leasing debt:	0	2.254	1.540	3.794
Other non-current debt:	0	247	387	634
Subordinated loan to shareholder:	0	3.500	0	3.500
Other payables to shareholder:	0	0	1.256	1.256
Credit institutions, current:	0	0	21.677	21.677
	4.669	27.742	32.534	64.945

Cash flow from financing activities — Non-cash changes

EUR '000	1/1 2019	Cash flows	Foreign exchange movement	Fair value changes	31/12 2019
Credit institutions, non-current:	42.000	39	-48	0	41.991
Leasing debt:	2.874	468	0	0	3.342
Other non-current debt:	546	559	-14	0	1.092
Subordinated loans	3.500	0	0	0	3.500
Other payables to shareholder	-210	1.273	0	0	1.063
Credit institutions, current:	19.962	-265	-148	0	19.548
Total liabilities from fin. activities	68.672	2.073	-210	0	70.535

Cash flow from financing activities — Non-cash changes

EUR '000	1/1 2020	Cash flows	Foreign exchange movement	Fair value changes	31/12 2020
Credit institutions, non-current:	41.991	-7.859	-48	0	34.083
Leasing debt:	3.342	452	0	0	3.794
Other non-current debt:	1.092	-438	-19	0	634
Subordinated loans	3.500	0	0	0	3.500
Other payables to shareholder	1.063	193	0	0	1.256
Credit institutions, current:	19.548	2.223	-94	0	21.677
Total liabilities from fin. activities	70.535	-5.430	-161	0	64.945

Note	EUR '000	2020	2019
22	**Deferred Income**		
	Investments subsidies beginning	1.654	1.874
	New investment subsidies received	584	0
	Amortization of investments subsidies	-207	-221
		2.031	1.654

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

Note		2020	2019
23	**Other liabilities**		
	Employee related payables	323	450
	Other payables	4.245	4.620
		4.568	5.070

Market Risk

Note 24: Financial risks

Market risk

The Group's credit facilities are floating-rate credits, which exposes the Group to interest rate fluctuations. According to Group policy, all financing of working capital and investments in fixed assets are made on floating-rate terms. An interest hedging of approx. 16 % of the debt (EUR 10.5m) has been concluded via the same banks providing the underlying long-term facility. The interest hedge fixes the interest to approx. 3.5% including margins for the next 4 years. The market values of the interest hedge, EUR 0.4m, is included in Other liabilities (note 23). Additional 7 % of the Group's debt is with fixed interest rate.

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

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

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

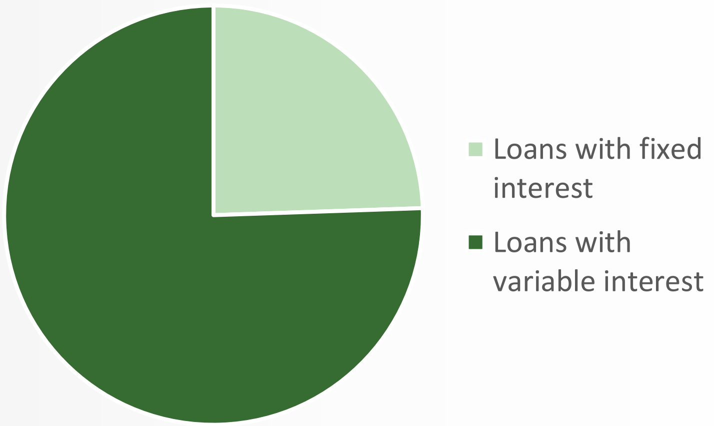
The Group is exposed to interest rate risks, as loans are primarily with variable interests except for the smaller part with fixed interests described above. A reasonable possible change in interest rates at 31.12.2020 would not have any material effect on income statement or equity.

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

A change of the pig meat price of 10% will, on an isolated basis, affect profit for the year before tax by approximately EUR 5.9 million (2019: approx. EUR 6.8 million). A 10% change in the feed price will, on an isolated basis, affect profit for the year before tax by approximately EUR 3.5 million (2019: approx. EUR 3.5 million).

Split of total outstanding interest bearing debt

EUR '000	2019	2020	Interest binding period in months	Avg. effective interst
Loans with fixed interest				
EUR	16.563	15.256	12-60	3-5%
RON	1.092	634	up to 36	0%
DKK	0	0		
	17.654	**15.890**		
Loans with variable interest				
EUR	46.464	43.740	1-6	2-3%
RON	5.957	5.315	1-6	2-3%
DKK	460	0	1	4%
	52.881	**49.055**		



Other Financial Risks

Liquidity risk

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

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

Capital management

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

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

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

Credit risk

The Group is exposed to credit risks on receivables. The Group positively wants to minimize its credit risks, which mainly relates to sales transactions. Credit insurance is taken out in advance on more than 90% of the normal sales of slaughter pigs. Due to changes in the sales (thermal treatment and weaner sales) caused by ASF trade restrictions the credit exposure was significantly increased in 2018 and has gradually improved since. Credit insurance covers approx. 80% of the total receivable end of 2020 (2019: 65%). Outstanding receivables are followed-up upon on a current basis in accordance with Group procedures.

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

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

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EUR '000	Due above 5 years	Due Between 2 and 5 years	Due within 1 year	Total Carrying amount
Receivables at December 31, 2019				
Trade receivables	0	0	9.398	**9.398**
Other receivables	0	0	16.681	**16.681**
Prepayments	0	1.046	593	**1.639**
	0	**1.046**	**26.672**	**27.718**
Receivables at December 31, 2020				
Trade receivables	0	0	4.992	**4.992**
Other receivables	0	0	15.548	**15.548**
Prepayments	0	848	429	**1.277**
	0	**848**	**20.969**	**21.817**

Notes to Consolidated Financial Statements

25 Related parties and ownership

Controlling Interest	Base for influence
DCH International A/S, Dannevirkevej 6, 7000 Fredericia	Parent Company

DCH International A/S's shareholders are legal and natural persons, and no individual shareholder exercises control of the Group's activities.

Other related parties

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

Transactions

EUR '000	2020	2019
The Group has obtained a subordinate loan from the Parent Company:		
Outstanding amount at Year-end:	3.500	3.500
Interest for the year amounts to:	182	210
Other interest bearing debt and intercompany amounts from the Parent Company:		
Outstanding amount at Year-end:	1.256	1.063
Financial expenses for the year amounts to:	47	96
The Group has leased equipment and received management and other services from the Parent Company:		
Salaries and other expenses amounts to:	22	78
The Group has provided services for the Parent Compa	-99	-138

Remuneration of the Executive Board and the Board of Directors is specified in note 6.

Intercompany transactions have been eliminated in accordance with the accounting policies. All transactions have taken place on arm's length basis.

Note 26: Incentive program for group management

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

A total of 2,904,000 warrants have been granted, of which 1,226,000 warrants have vested on December 31, 2020. The remaining 1,678,000 warrants will vest in installments up and until December 2023 if all the participants in the program remain employed. The participants may exercise their warrants by purchasing shares during a four-week period following the approval of the parent entity's annual report in the years 2023 to 2027, after which the warrants will lapse without any further notice. The agreed exercise price increases from 3.81 DKK per share in 2023 to 4.63 per share in 2027.

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

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

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

26 Fees paid to auditors appointed by the General Assembly

	2020	2019
Fees for statutory audits	89	79
Other Services	64	72
	153	**151**

Audit fee are recognized as administrative costs

27 Post balance sheet events

There have been no significant post balance sheet events.

Accounting Policies

Note 29: Accounting Policies

Classification

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statement

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

Basis of consolidation

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

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

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

Business Combinations

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

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

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

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

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

Foreign currency translation

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

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

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

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

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

The Group used the following exchange rates for the translation into EUR on 31 December 2020:

RON:	Income statement 2020: 1 EUR = 4.837 RON
	(2019: 1 EUR = 4.782 RON)
DKK:	Income statement 2020: 1 EUR = 7.454 DKK
	(2019: 1 EUR = 7.469 DKK)

Derivative financial instruments

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

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

Accounting Policies

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

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

Income statement

Revenue

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

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

Fair value adjustment biological assets

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

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

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

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages, social

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

Amortization, depreciation and impairment losses

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

Financial income and expenses

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

Tax

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

Balance Sheet

Intangible assets

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

Property, plant and equipment

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

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

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

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

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

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

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

Biological assets

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

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

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

Accounting Policies

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

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

Investments in subsidiaries

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

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

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

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

Inventories

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

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

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

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

Receivables

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

Prepayments

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

Lease commitments

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

Other financial liabilities

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

Deferred income

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

Cash

Cash comprises bank deposits.

Deferred tax

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

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

Income tax receivable or payable

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

Cash flow statement

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

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

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

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

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

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

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

Parent Income Statement

EUR '000	Note	2020	2019
Revenue	29	1.488	1.886
Other external costs		-563	-747
Gross profit		925	1.139
Staff Expenses	31	-933	-1.062
Depreciation		0	0
Operating profit (EBIT)		-8	77
Income from investments in subsidiaries	32	-8.876	14.722
Financial income	33	211	236
Financial expenses	34	-231	-310
Profit before tax		-8.905	14.725
Tax on profit for the year	35	-7	-1
Net profit for the year		-8.912	14.724
Distribution of profit for the year:			
Group Shareholders		-8.912	14.724
Distributed		-8.912	14.724

Parent Statement of Comprehensive Income

EUR '000	2020	2019
Net profit for the year	-8.912	14.724
Items that may be reclassified subsequently to profit or loss		
Exchange adjustments of foreign enterprises	879	-127
Hedge accounting	31	-150
Items that may not be reclassified subsequently to profit or loss		
Value adjustments in subsidiaries	4.346	930
Total comprehensive income	-3.656	15.378

Parent Statement of Financial Position

EUR '000	Note	31/12 2020	31/12 2019
Assets			
Intangible assets in progress		306	0
Intangible fixed assets		**306**	**0**
Investments in subsidiaries	36	84.195	87.815
Loan to subsidiaries	37	3.500	3.500
Other non-current investments		7	7
Fixed asset investments		**87.702**	**91.322**
Non-current assets		**88.008**	**91.322**
Receiveables group companies	37	755	660
Other receiveables		60	48
Deferred tax assets		21	29
Receiveables		**836**	**736**
Cash and cash equivalents		8	5
Current assets		**845**	**742**
Total Assets		**88.853**	**92.064**

EUR '000	Note	31/12 2020	31/12 2019
Equity and liabilities			
Share capital	19	690	690
Reserve for net revaluation according to the equity method		38.312	41.932
Retained earnings		44.884	44.861
Equity		**83.886**	**87.483**
Subordinate loan capital	38	3.500	3.500
Long-term liabilities		**3.500**	**3.500**
Credit institutions		89	287
Trade payables		212	135
Interest bearing payables to group companies		962	441
Other payables	39	203	217
Short-term liabilities		**1.467**	**1.080**
Total liabilities		**4.967**	**4.580**
Total Equity and Liabilities		**88.853**	**92.064**

Parent Statement of Changes in Equity

EUR '000	Share Capital	Reserve for net revaluation according to the equity method	Retained earnings	Total Equity
Equity at January 1, 2019	**690**	**26.556**	**44.882**	**72.128**
IFRS 16 Implementation	0	0	-23	-23
Net profit/loss for the year	0	14.722	2	14.724
Other comprehensive income	0	654	0	654
Equity at December 31, 2019	**690**	**41.932**	**44.861**	**87.483**
Share based payments		0	61	61
Net profit/loss for the year	0	-8.876	-35	-8.912
Other comprehensive income	0	5.256	-2	5.254
Equity at December 31, 2020	**690**	**38.312**	**44.884**	**83.886**

Parent Cash Flow Statement

EUR '000	2020	2019
Operating profit/loss (EBIT)	-8	77
Adjustment for non-cash items:		
Provisions	61	0
Change in receivables	-107	-52
Change in trade and other payables	63	135
Change in interest bearing payables group	522	441
Cash flow from operations before financial items	**531**	**601**
Financial income received	210	236
Financial expenses paid	-231	-310
Corporation taxes paid	0	0
Cash flow from operating activities	**510**	**527**
Intangible assets in progress	-306	0
Investments in subsidiaries	0	-10
Cash flow from investing activities	**-306**	**-10**
Proceeds from borrowings	0	0
Repayment of borrowings	-201	-520
Cash flow from financing activities	**-201**	**-520**
Change in cash and cash equivalents	**3**	**-4**
Cash and cash equivalents, start year	5	9
Cash and cash equivalents at December 31	**8**	**5**
Un-utilised short term facilities	255	320
Liquidity available at December 31	**263**	**325**

Notes to Parent Financial Statements

Note	EUR '000	2020	2019
29	**Revenue**		
	Management services	910	918
	Secondment	169	379
	Other	409	590
		1.488	**1.886**
30	**Fees paid to auditors appointed by the General Assembly**		
	Fees for statutory audits	26	27
	Other Services	15	15
		41	**41**
	Audit fee are recognized as administrative costs		
31	**Staff expenses**		
	Wages and salaries	872	1.062
	Share based payments	61	0
		933	**1.062**
	Average number of employees	*5*	*8*

Reference is made to note 6 for infomation about remuneration to the Executive Board and Board of Directors and to note 26 for incentive program for the group management

Note	EUR '000	2020	2019
32	**Income from investments in subsidiaries**		
	Premium Porc SRL	-2.944	2.357
	Consinterfin SRL, owned partly by Premium Porc Feed SRL	-1.172	2.351
	Agro Investments Moldova SRL	-136	307
	Premium Porc Negreni SRL	-1.406	1.166
	Premium Porc Feed SRL	-59	240
	Degaro SRL, owned partly by Premium Porc Feed SRL	237	7.352
	Olsuin SRL, owned partly by Premium Porc Feed SRL	-242	1.059
	Premium Porc Sibiu SRL, owned partly by PP Feed SRL	-2.510	-143
	Premium Vet Depot SRL	74	35
	Premium Pork Commercial SRL	-720	-
		-8.876	**14.722**
33	**Financial Income**		
	Interest on loans to subsidiaries	210	230
	Exchange rate adjustment	1	5
		211	**236**
34	**Financial Expenses**		
	Interest bank debt	11	22
	Interest on loans from shareholders	220	288
		231	**310**
35	**Income Taxes**		
	Adjustment of deferred tax	7	1
		7	**1**

Notes to Parent Financial Statements

Note	EUR '000		2020	2019
36	**Investment in subsidiaries**			
	Cost beginning of year		45.901	45.890
	Additions for the year		0	10
	Cost end of period		**45.901**	**45.901**
	Apraisal increases at beginning		41.914	26.561
	Result for the period in subsidiaries		-8.876	14.722
	Exchange adjustments in subsidiaries		879	-127
	IFRS 16 Implementation 1/1 2019		0	-23
	Appraisal of subsidiaries		4.346	930
	Hedging in subsidiaries		31	-150
	Appraisal increases at end of period		**38.294**	**41.914**
	Carrying amount at end of period		**84.195**	**87.815**
	The carrying amount of investments in subdiaries i specified as follows:	Ownership interest in %		
	Premium Porc SRL	100	11.714	14.673
	Consinterfin SRL	100	3.232	4.816
	Agro Investments Moldova SRL	100	4.790	4.895
	Premium Porc Negreni SRL	100	9.924	12.036
	Premium Porc Feed SRL	100	23.563	22.904
	Degaro SRL	100	24.098	22.122
	Olsuin SRL	100	6.586	4.524
	Premium Porc Sibiu SRL	100	726	1.639
	Premium Vet Depot SRL	100	266	195
	Premium Pork Commercial SRL	100	-705	10
			84.195	**87.815**

All subsidiaries are registered in Romania.

Note	EUR '000	2020	2019
37	**Loans and receiveables, subsidiaries**		
	Subordinated loan to Premium Porc Feed SRL	2.900	2.900
	Subordinated loan to Premium Porc Negreni SRL	0	600
	Subordinated loan to Premium Porc Sibui SRL	600	0
	Total loan to subsidiaries subordinated	**3.500**	**3.500**
	Total receivables from subsidiaries	**755**	**660**
	Total loans and receiveables, subsidiaries	**4.255**	**4.160**
38	**Subordinate Loan Capital**		
	Payable after 5 years	1.900	2.300
	Payable between 2 and 5 years	1.600	1.200
	Long term debt	**3.500**	**3.500**
	Short term debt	0	0
		3.500	**3.500**

The subordinated loan carries an interest on approx. 6% p.a.

Note	EUR '000	2020	2019
39	**Other liabilities**		
	Employee related payables	39	162
	Other payables	165	55
		204	**217**

Notes to Parent Financial Statements

Note 41: Financial risks

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

Note 42: Assets charged and securities

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

Note 43: Guarantees and other contingent liabilities

The parent has made a corporate guarantee for subsidiaries debt to credit institutions. The guarantee is limited to EUR 58.3m. The actual debt was EUR 53.3m end of year.

The Entity guarantee for the Parent Company's debt to Nordea Denmark if any. The actual debt was EUR 0 end of year.

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

43 Related parties and ownership

Transactions between the company and the subsidiaries: *EUR '000*	2020	2019
The subsidiaries have obtained subordinate loans from the Company:		
Outstanding amount at Year-end:	3.500	3.500
Interest for the year amounts to:	182	210
Other interest bearing debt and intercompany amounts from the Company:		
Outstanding amount at Year-end:	755	660
Financial expenses for the year amounts to:	28	20
The subsidiaries have received management and secondment services as long as other services from the Company:		
Management and secondment services amounts to:	980	1.159
O. services or reinvoiced costs from the Company to subsidiaries:	409	590

Reference is made to note 25 (Note to the Consolidated Financial Statements) for details of the Groups transactions with the Parent Company.

Premium Pork International

Growing in Romania

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