

# Annual Report 2020



		Group		Parent Company	
Statement by the Board of Directors and the Executive Board	3				
Independent auditors' report	4				
<b>Management's review</b>	6	<b>Financial statements for the period 1 January - 31 December</b>	25	<b>Financial statements for the period 1 January - 31 December</b>	54
Company Details	7	Income statement	26	Income statement	55
Group Chart	8	Statement of other comprehensive income	26	Statement of other comprehensive income	55
Historical Development	11	Balance sheet	27	Balance sheet	56
Business Review 2019	12	Statement of changes in equity	28	Statement of changes in equity	57
Current Risks	16	Cash flow statement	29	Cash flow statement	58
Environmental Matters	19	Notes	30	Notes	59
Human Resource Policy	23				

Click or tap the content list on this page to jump to appropriate chapter.

Click or tap Menu button on the top right of other pages to jump back to this page.

# Statement

by the Board of Directors and the Executive Board

*Gadbjerg, 26 February 2021*

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Idavang A/S for the financial year 1 January - 31 December 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish requirements for annual reports.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, Management review gives a true and fair statement of the development of the group and parent company's activities and financial situation, net profit for the year and of the group and parent company's financial positions and describes the most significant risks and uncertainties pertaining to the group and parent company.

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

## Executive Board

**Claus Baltersen**

CEO

**Michael Henriksen**

CFO

## Board of Directors

**Niels Hermansen**

Chairman

**Jytte Rosenmaj**

**Claus Baltersen**

**Ole Bjerremund Hansen**

**Carsten Lund Thomsen**

# Independent Auditor's Report

## to the shareholders of Idavang A/S

### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of IFRSC-Group for the financial year 1 January - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants'

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 Management's Review

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

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

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

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

### Management's Responsibilities for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due



# Independent Auditor's Report

## to the shareholders of Idavang A/S

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

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

Vejle, 26 February 2021

**PricewaterhouseCoopers**  
 Statsautoriseret Revisionspartnerselskab  
 CVR No 33 77 12 31

**Palle H. Jensen**

State Authorised  
 Public Accountant  
 mne32115

**Henrik Forthoft Lind**

State Authorised  
 Public Accountant  
 mne34169

Annual  
Report  
2020

# Management's Review



## Company Details

<b>Name</b>	Idavang A/S
<b>Address, zip code, city</b>	Tofthøjvej 41 DK-7321 Gadbjerg
<b>CVR no.</b>	20 95 61 43
<b>Established</b>	1998
<b>Financial year</b>	1 January - 31 December
<b>Website</b>	www.idavang.com
<b>Telephone</b>	+45 75 87 64 15
<b>Board of Directors*</b>	Niels Hermansen, Chairman Jytte Rosenmaj, Deputy chairman Claus Baltersen Ole Bjerremad Hansen Carsten Lund Thomsen
<b>Executive Board*</b>	Claus Baltersen, CEO Michael Henriksen, CFO
<b>Shareholders</b>	Jast Holding ApS, Tofthøjvej 41, DK-7321 Gadbjerg, 100%
<b>Ultimate parent company</b>	Jast Holding ApS, Tofthøjvej 41, DK-7321 Gadbjerg, 100%
<b>Auditors</b>	Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, DK-6700 Esbjerg

(\*) See note 23 for further information

## Financial Highlights

EUR'000,000

Key Figures	2020	2019	2018	2017	2016
Revenue	101.8	110.5	99.5	109.6	95.1
EBITDA (*)	10.5	26.9	17.6	21.6	26.0
Profit/loss before net financials (EBIT)	2.8	18.4	10.1	13.8	18.7
Net financials	-11.2	-4.8	-9.3	-5.9	-3.8
<b>Profit/loss for the year</b>	<b>-7.8</b>	<b>11.0</b>	<b>1.2</b>	<b>6.1</b>	<b>14.3</b>

Tangible assets	79.5	96.7	86.8	88.6	94.0
Biological assets (herd and crop)	33.7	45.0	37.4	37.3	43.8
<b>Total assets</b>	<b>146.4</b>	<b>200.1</b>	<b>181.0</b>	<b>179.1</b>	<b>165.0</b>
<b>Equity</b>	<b>29.9</b>	<b>67.3</b>	<b>50.4</b>	<b>54.1</b>	<b>72.3</b>
Net interesting-bearing debt (NIBD)	87.8	90.1	78.3	73.0	68.1
Non-current liabilities	83.4	98.0	100.1	95.3	64.6
Current liabilities	33.1	34.8	30.4	29.7	28.2

Cash flows from operating activities	21.8	2.7	5.3	19.6	14.6
Investment in property, plant and equipment	-4.6	-9.3	-12.6	-6.3	-3.5
Cash flows from financing activities	-6.0	-2.8	9.8	-11.4	-11.5
<b>Total cash flows</b>	<b>11.6</b>	<b>-9.7</b>	<b>3.2</b>	<b>2.0</b>	<b>0.2</b>

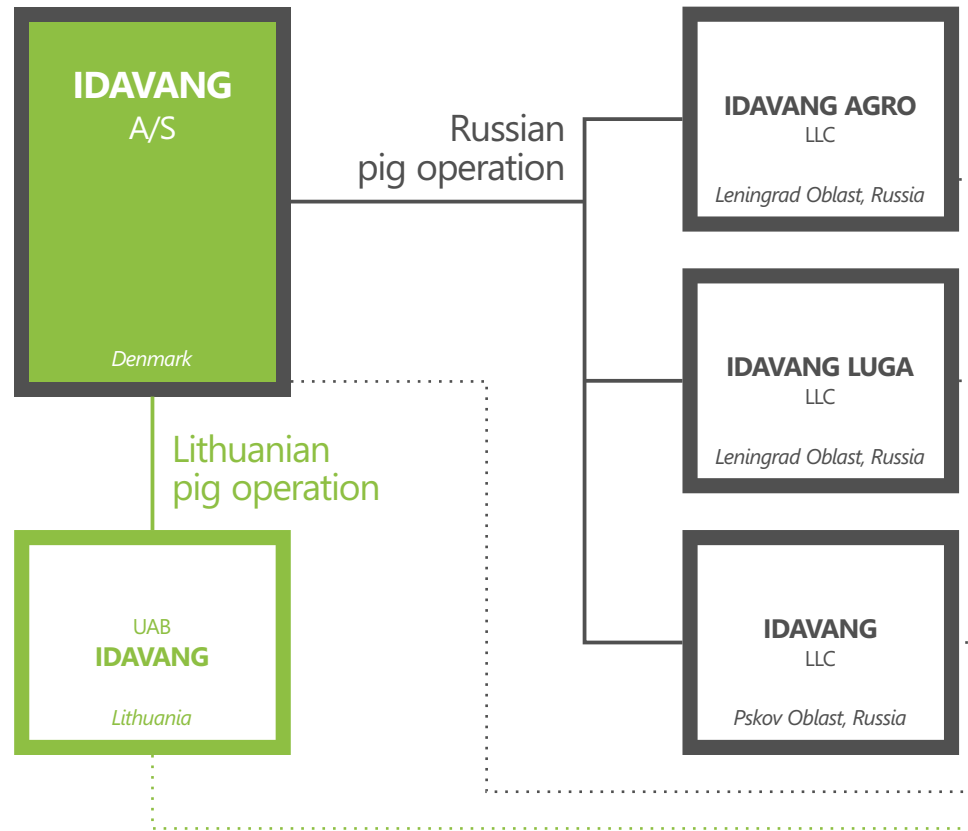
## Financial Ratios

EBITDA margin	10%	24%	19%	20%	27%
Current ratio	148%	245%	255%	254%	196%
Equity ratio	20%	34%	28%	30%	44%
Return on equity	-26%	16%	2%	10%	20%
Sold volume liveweight (kMT)	92	89	88	86	86
Return on average invested capital (ROIC)	2%	13%	7%	10%	14%

<b>Average number of full-time employees</b>	<b>799</b>	<b>830</b>	<b>809</b>	<b>807</b>	<b>787</b>
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(\*) Refer to note 3 Segments. Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies in note 1. Historical figures have not been adjusted for IFRS 9,15 (2016-2017) and 16 (2016-2018).

## Group Chart



Above group chart shows only operational entities. All group enterprises are 100% directly or indirectly owned by Idavang A/S. Please see Parent Company Note 9 on page 63 for details.

Репрезентативна компанија: ОНЕРИЈ-СБ8СІРМІС88Х-88ІЕДІ-ІОІІІІІ-ІОІПМІО



Revenue for the Idavang group was EUR 101.8m in 2020 against EUR 110.5m in 2019. EBITDA was EUR 10.5m against EUR 26.9m (at fixed herd prices it was EUR 19.7m against 2019 of EUR 22.8m), and loss after tax was EUR -7.8m against EUR 11.0m profit in 2019.

Production volume in Russia has during 2020 increased further (from 37,1 to 39,5MT or 6%) mainly due to volume produced in Luga, and the sale of weaners stopped mid-2020 as Luga now is finishing them. In Lithuania, production increased from 52,1 to 55,1MT by increasing weight, volume, and finishing all weaners.

The massive outbreaks of African Swine Fever (ASF) in China have significantly increased pork import. Chinese investment into new production facilities has similarly increased. Idavang expects China to continue with above normal imports for years to come, but the import size will most likely have peaked in 2020.

During 2020 two new macro events impacted Idavang significantly. The first being covid-19, which during the first half-year only impacted minimal, but the long-term closure of restaurants, hotels, and general society have reduced European consumption of meat, giving a downwards pressure on prices for live pigs.

The second was the ASF outbreak in Germany, which made countries like China, Japan, and South Korea close for German pork export. Hence, suddenly demand for German pork fell dramatically, giving a downwards pressure on especially German pork and initiated a significant reduction of production capacity and breeding herd is already down 5% compared to the year before and the decline continues.

Overall, the sales prices decrease from 1,23 EUR/kg to 1,11 EUR/kg for the full year compared to 2019 (-9% in Lithuania and -11% in Russia). High pork prices dominated the first four months, hereafter decreasing first due to covid and from Q4, further impacted by African Swine Fever breakouts in Germany.

Feed average prices were in 2020 5% lower than in 2019 (EUR 3.1m).

Again, field activities had a strong harvest in 2020 (EUR 3.9m), similar to 2019 (EUR 3.8m). The grain yields were 5,3T/ha (4.5T/ha average last five years).

The Group invested EUR 4.0m in 2020, which is less than the depreciation of EUR 7.7m, the reduction in investments compared to 2019 (EUR 9.6 m) was mainly due to lower investment in Luga site.

Equity on 31st December 2020 amounted to EUR 29.9m at an equity ratio of 20%, the equity size and percentage was impacted by the EUR 17.9m buy-back of 20% from IFC in December 2020.

Net interest-bearing debt (NIBD) decreased to EUR 87.9m in 2020, being EUR 2.2m higher than in 2019 (90.1 mEUR). The EUR 2.2m are EUR -17.9m share repurchase, net working capital improvement 10.8 mEUR, and strong operational cash flow, especially in 1st half of 2020. Idavang re-financed its bond during Q4 2020 securing financing for the next 5 years (last bond had 4 year tenor), the new bond increased interest of 0,75% to 7,25%.

## Vision

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

## Mission

Our mission is to be the top producer of pigs in the Baltic states and North Western Russia, renowned for high quality pigs produced in accordance with top ethical and environmental standards.

We strive to be an important and dependable partner to our clients, an actively benevolent member of the surrounding communities, an employer who provides an exciting and appealing workplace environment while offering our employees personal and professional development opportunities, as well as steady career possibilities.

## Core Activity

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

Idavang specialises in both brown field and green field pig production projects in Lithuania and Russia.

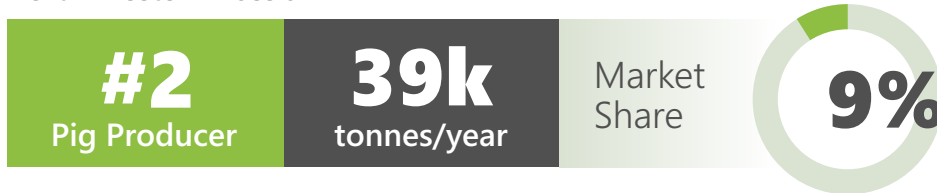
We acquire and invest in larger production sites. We refurbish the facilities and renew the technology and knowhow with the companies well-developed production solutions. Production sites are within a reasonable geographic area to enhance synergies.

## Key Market Facts

Lithuania



North Western Russia



## Historical Development

- 1999 ● Idavang A/S started operating the first farm Šalnaičiai (Lithuania) with an initial investment of EUR 800 thousand.
- 2002 ● Rupinskai farm was acquired; in total, 3,000 sows were held.
- 2006 ● Mūša, Sajas and Kalvarija farms were acquired, and the production volume exceeded 11 kMT by 2005. Idavang paired off with IØ Fund (Danish Government) in Lithuanian operations from 2001-2005.
- 2008 ● Activities were expanded to Russia as Farm Vostochny (Idavang Agro LLC) was acquired and reached a total of 6,600 sows the next year.
- 2010 ● Skabeikiai, Lekėčiai and Pasodėlė farms were bought, bringing sows in operation up to 19,000.
- 2011 ● Construction of Farm Idavang Ostrov, a green field farm, began in Russia and in Lithuania Joniškis, Šeduva and Šešupė farms were acquired. Furthermore, the International Finance Corporation (part of World Bank Group) became a Idavang A/S shareholder.
- 2013 ● Russian expansion continued. Farm Ostrov went into operation, and field operations increased significantly.
- 2014 ● Construction of biogas sites in Lithuania in cooperation with Modus Energy and establishment of contracting in Poland. Idavang Lithuania started to use as a boars station.
- 2017 ● Idavang Group issues re-financing using a EUR 85m bond.
- 2018 ● Bond was listed on Nasdaq and construction on Luga site in Russia started.
- 2019 ● Luga slaughter pig stables in operation, and Berzai farm was rented in Lithuania to reduce contracting in Poland.
- 2020 ● Refinanced 85 mEUR bond with 75 mEUR bond and reduced share capital with 20% by acquiring IFC shares.

## Knowledge Resources

Idavang produces commodities in an international, competitive environment.

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

# Management's Review

## Business Focus

### Lithuania

Lithuania, our focus is on pig production within brown field projects, as it utilize our core competencies and superior efficiency in pig production.

Sales is made weekly auctioneering of slaughter pigs for the best possible prices based on demand and supply in the Lithuanian and Polish market.

Production, utilize our core competencies and superior efficiency in pig production.

> Sourcing of feed component is done predominantly from a limited number of larger local agricultural companies, to which we have long relations.

> Manure is sold to local farmers as fertilizer instead of cultivating the fields, but Idavang spread most of it on the farmer's fields to secure the correct handling.

### Russia

Russia, our focus has an extended value chain as it include farmland, grain production and pig production in both green field and brown field projects.

Sales is made weekly auctioneering of slaughter pigs for the best possible prices based on demand and supply in the Leningrad and Pskov Oblast market.

Production, utilize our core competencies and superior efficiency in pig production.

> Grain production on own fields supply significant part of feed removing dependency on Russian Farmers. Sourcing of remaining of feed is done from a number of medium and larger agriculture companies predominant in Russia.

> Manure is used on own fields as fertilizer, but some part is also supplied to local farmers for their fields as fertilizer.

## Value Chain

### Lithuania Value Chain



### Russia Value Chain



### Development in Segments

	EUR'000	FY2020	FY2019
<b>Lithuania</b>	<b>Revenue</b>	<b>60,551</b>	<b>65,052</b>
	Value adjustment, biological assets	-11,270	7,894
	Production costs	-53,098	-54,833
	Administrative costs	-1,844	-1,904
	Other income	1,615	1,324
	Other expense	2	-153
	<b>Operating profit</b>	<b>-4,044</b>	<b>17,380</b>
	Net financials	195	106
	Foreign exchange adjustments	-1,251	-1,211
	<b>Profit before tax</b>	<b>-5,100</b>	<b>16,275</b>
Tax on profit for the year	765	-2,382	
<b>Profit for the period</b>	<b>-4,335</b>	<b>13,893</b>	
	Depreciations included in production cost	3,182	3,895
	<b>EBITDA</b>	<b>-862</b>	<b>21,275</b>
	EBITDA fixed herd prices	10,408	13,381

Lithuania accounted for **60%** of Group revenue in FY2020 (59% in FY2019).

EBITDA fixed herd prices reflect that the above EBITDA has been adjusted for the unrealized value adjustment related to biological assets.

The EBITDA fixed herd price for 2020 amounted to 10.408 kEUR corresponding to an EBITDA margin of 17.2% (2019: 13,381 kEUR and EBITDA margin 20.6 %). The EBITDA decreased compared to 2019 of 2,973 kEUR is mainly due to negative development in sales prices with 5,470 kEUR, whereas higher volume and lower cost of production compared to 2019 compensate partly.

The sales price decreased 9% compared to 2019 to an average 1,13 EUR per kilo slaughter pigs' live weight in 2020 (2019: 1,23 EUR per kilo live weight slaughter pigs) with 5,470 kEUR negative effect. The sales price was in Q1 supported by high demand from Asia, especially China, due to African Swine Fever breakouts. But sales prices from Q2 started being reduced due to COVID, and Q4 was furthermore impacted by African Swine Fever breakouts in Germany.

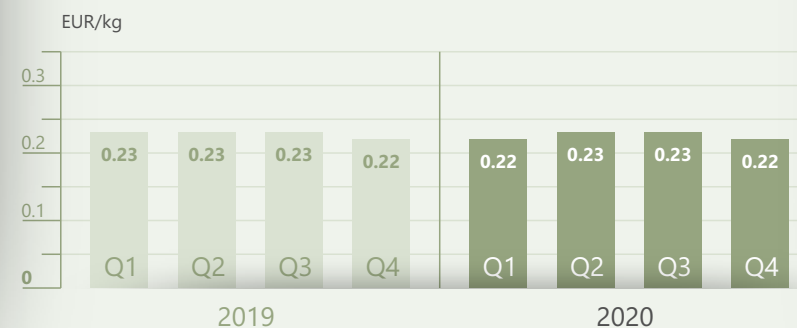
### Live weight sales price

Lithuania



### Feed price

Lithuania



### Development in Segments

	EUR'000	FY2020	FY2019
<b>Russia</b>	<b>Revenue</b>	<b>41,203</b>	<b>45,488</b>
	Value adjustment, biological assets	2,006	-3,805
	Production costs	-35,516	-38,828
	Administrative costs	-1,038	-1,496
	Other income	821	981
	Other expense	-67	-109
	<b>Operating profit</b>	<b>7,409</b>	<b>2,231</b>
	Net financials	1,071	503
	Foreign exchange adjustments	-2,643	-2,119
	<b>Profit before tax</b>	<b>5,837</b>	<b>615</b>
Tax on profit for the year	-83	-256	
<b>Profit for the period</b>	<b>5,754</b>	<b>359</b>	
	Depreciations included in production cost	4,514	4,598
	<b>EBITDA</b>	<b>11,923</b>	<b>6,829</b>
	EBITDA fixed herd prices	9,917	10,634

Russia accounted for **40%** of Group revenue in FY2020 (41% in FY2019).

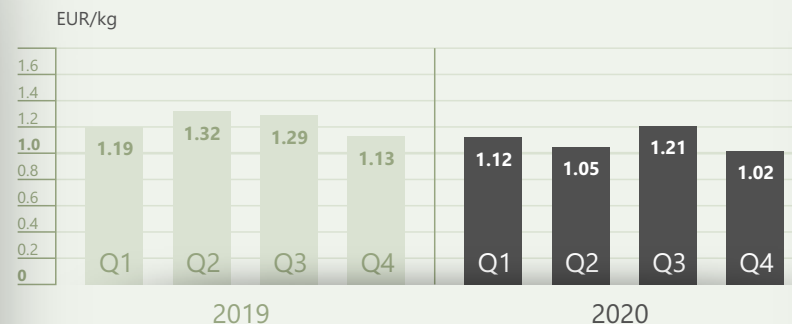
EBITDA fixed herd prices reflect that the above EBITDA has been adjusted for the unrealized value adjustment related to biological assets.

The EBITDA fixed herd price for 2020 amounted to 9,917 kEUR corresponding to an EBITDA margin of 24.1% (2019: 10,634 kEUR and EBITDA margin 23.4%). The EBITDA decreased compared to 2019 of 717 kEUR is mainly due to negative development in sales prices with 4,652 kEUR, whereas lower feed prices (2.832 kEUR), higher volume and general lower cost of production compared to 2019 compensate.

The sales price decreased 11% compared to 2019 to an average 1,10 EUR per kilo slaughter pigs' live weight in 2020 (2019: 1,23 EUR per kilo live weight slaughter pigs) with 4,652 kEUR negative effect. The sales price in 2020 has had a positive impact from increases in export to Vietnam. Feed prices have been stable throughout 2020.

### Live weight sales price

Russia



### Feed price

Russia



## Revenue

Revenue decreased from EUR 110.5 m to EUR 101.8 m (-8%). The decrease of EUR 8.7 m due to lower sales prices (EUR 10.1 m), as increasing volume partly compensate for reduction in prices (EUR 1.4m).

Sales prices in EUR / Averages	2020	2019	2018	2017
Slaughter pigs Lithuania - Price / Kg live weight	1.13	1.23	1.01	1.17
Weaners Lithuania - Price / Unit	87	71	53	64
Slaughter pigs Russia - Price / Kg live weight	1.10	1.23	1.33	1.43
Weaners Russia - Price / Unit	45	49	53	60

## Herd value adjustment

In 2020, the fair value adjustment for herd comprised EUR -9.3m. The adjustment consists almost sole of a decrease in the commercial herd, due to decrease in prices in Lithuania with average of 56% (equal to EUR -10.8m); this is partly reduced by increasing prices in Russia (equivalent to EUR +0.4m) hence in total a EUR -10.4m increase to commercial herd and the breeding herd has overall increased price with EUR +1.1m due to Russia.

## Production cost

Production costs decreased by EUR 5.1m to EUR 88.6m from EUR 93.7m (5.4%). The decrease was mainly due to the following four factors:

- > Feed cost impacted production cost with EUR-0.8m (a decrease compared to 2019 equals -1.0%, of which volume is +6.1% and price -5.1%)
- > Lower maintenance cost of EUR -0.9m
- > Increase in herd of EUR -1.7m higher (EUR 2.6 m in 2020 – EUR 0.9m in 2019), as size of slaughter pigs on stock is higher (as sale of weaners have finished), which reduce production cost
- > Devaluation of RUB by 11% (average 2019 EUR/RUB rate compared to average 2020 improved)

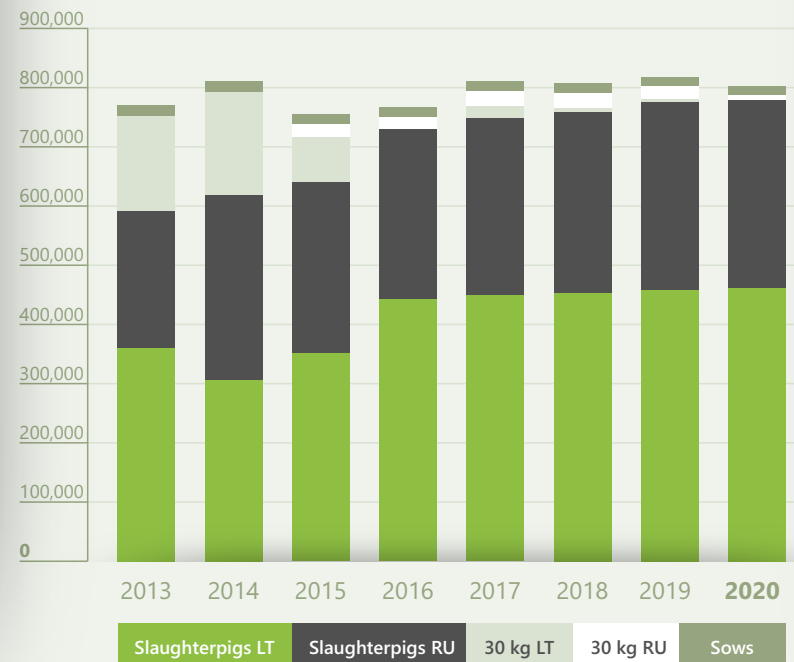
## Grant

The Government level of direct subsidies for meat and grain (excluding interest subsidies) is slightly higher in 2020 (EUR 1.0m) due to an additional payment compared to 2019 (2019: EUR 0.6m).

Furthermore, does harvest result include grants of EUR 0.3m similar to 2019 (2019: EUR 0.3m).

The interest subsidy structure is so that the subsidy goes directly to the bank from the government, and the bank then provide loans with lower interest instead. All Russian loans have fixed interest rates of 3,5-4,0% in RUB.

## Product mix



## Outlook

The company expects a lower EBITDA at fixed herd prices for 2021 compared to 2020 (EBITDA 19.7 mEUR) due to COVID lockdown effect in 1st half 2020 and ASF outbreak in Germany, but unlikely below 13 mEUR.

### Meat prices

Assumptions below are made based on the continuation of the current USD/EUR level and demand from China/Asia from Europe on at least current levels.

EU/Lithuania average prices for 2021 are expected to be slightly lower than in 2020 (1,13 EUR/kg).

Russian pork prices 2021 are expected to be slightly below 2020 (1,10 EUR/kg).

### Feed price

Feed price is expected to be higher than in 2020, mainly due to grain prices.

### Follow up on 2020 outlook

The EBITDA fixed herd prices 2020 (EUR 19.7m) was lower compared to 2019 (EBITDA EUR 22.8 m) due to lower Asian demand and COVID.

#### Meat prices

China required lower prices and COVID restrictions (lower EU demand). Hence, average sales prices were 0,11 EUR below expectations. Russian pork prices in RUB were slightly above 2019, but RUB depreciation made sales prices in EUR 0,14 EUR below expectations.

#### Feed price

Feed price was 5% lower mainly due to grain prices, as outlook.

## Current Risks

Fluctuations in prices of pork	Fluctuations in Russian customs, subsidies and if Russia allows import of pork and live pigs from the EU	Current situation regarding support from the Russian government
<p>As pork is a global commodity, global supply and demand influences prices in all markets to a higher or lower degree, Idavang mitigates this by focusing on markets where there is an undersupply of pork.</p> <p>Thereby, we compete with producers in other markets, which need to transport the pork to North Western Russia or Lithuania.</p>	<p>Russia wants to support domestic development of agriculture business and especially pork production where there is an undersupply.</p>	<p>Import has been closed for European due to veterinarian reasons (from 2014) and embargo (from 2015).</p> <p>Therefore, the main competitive product is imported chilled and frozen meat within or outside quotas from Brazil. The quota system changed from January 1st 2020, and replaced with a flat rate, but as Russia is self supplied it has limited effect.</p> <p>Interest subsidies of apx. 7% on loans, which fulfil a number of criteria, typical a net interest of 3.5%.</p>







## Current Risks

Fluctuations in prices of raw materials	Concentration of production facilities in North Western Russia and Lithuania	Russian, EU and global economic conditions	Diseases	Financial risks
<p>Pigs are fed grain, protein (e.g. soya and sunflower) and premixes (vitamin and minerals), which account for a significant part of production costs.</p> <p>An increase in these prices, together with an inability to transfer such increased costs to slaughterhouses, may have a material adverse effect on Idavang's profit. Over time, such an imbalance will lead to inefficient producers and closed productions; hence supply will be reduced, which will increase prices again.</p> <p>Idavang mitigates this exposure by being a cost-efficient producer with high productivity and operations in markets with natural premiums.</p>	<p>The concentration of production facilities in North Western Russia and Lithuania means that Idavang's operations are dependent on the degree to which raw materials can be imported and the possibility of exporting from Lithuania to EU and especially Russia (if it opens up borders) ensures the best prices for Lithuanian live pigs.</p> <p>Two areas can disrupt this export possibility: the political situation and outbreaks of diseases.</p> <p>Currently, Russian borders are closed for all imports of live commercial pigs and for chilled and frozen meat from a number of countries due to veterinarian and/or political reasons (embargo).</p> <p>Polish borders are closed for all imports of live commercial pigs from ASF Zone 2+3 in Lithuania, whereas pork meat from ASF Zone 2 can be sold in Poland, chilled and frozen.</p>	<p>An economic downturn or an uncertain economic outlook in the Russian economy could adversely affect consumers' meat and pork consumption habits.</p> <p>Similarly, a global economic downturn or an uncertain economic outlook in the world economy could adversely affect global consumers' meat and pork consumption habits. With pork being a global commodity, the individual regions as EU or Russia will also be effect, but the effects might be lower as regional markets have own fluctuations.</p>	<p>An outbreak of a serious disease could potentially cause a loss of earnings from the relevant farm for a period during which a replacement herd would be put into operation.</p> <p>Production management places high focus on the risk, and the highest biosecurity measures are taken. Furthermore, the herd is insured for all diseases to mitigate the risk to the highest possible degree.</p>	<p>During 2020, the RUB has fluctuated within a range of 25% against the EUR. The total effect for 2020 was a 24% depreciation EUR/RUB, which among others affected equity negatively by EUR 12.4m, as all Russian tangible assets are measured in RUB.</p> <p>For more information about financial risks, see note 24.</p>

## Corporate Social Responsibility

Idavang's CSR policy covers the four areas of the UN Global Compact:

Human Rights

Labour Rights

Environment

Anti-corruption

The CSR policy also has special focus on climate change, occupational health and safety, animal welfare and community development.

The company focuses on the following five values:

Respect & Trust

Quality & Ethic

Transparency

Environmental Responsibility

Constant Development

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

## Intellectual Capital Resources

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

## Anti-corruption Policy

The aim of the company's anti-corruption policy is to define Idavang's business practice for countering corruption and bribery and to provide guidance to employees. Idavang has a zero tolerance policy towards bribery and corruption.

All our partners and employees are informed about our attitude and principles towards corruption.

Warning signs are placed on walls, doors and info boards around on the farms as well as in the country headquarters.

This policy extends to all Idavang's business dealings and transactions in all countries in which we operate. The policy is fully implemented in both Lithuania and Russia. Suppliers and business contacts are periodically being informed about requirements.

### Risk identified

Small gifts and corruption from suppliers

### Actions

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

In cases of corruptions are contract with both employees and suppliers terminated without any limitation. Idavang has not identified any cases of corruption in 2020.

## Environmental Matters

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

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

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

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

Furthermore is there closed Lagoons on every farm

with top and double liners to prevent the emission of ammonia, nitrogen (greenhouse gas). Closed lagoons also ensure that no odour will be released into the air.

### Key risk/targets identified

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

### Actions

Improve coordination with farmers so that the organic fertilizer has the highest effect hence reducing the volume of mineral fertilizer.

KPI is the price paid for organic fertilizer as we assume it equals mineral fertilizer reduced, revenue in 2020 was EUR 662k (2019: EUR 687k, 2018: EUR 493k, 2017: EUR 598k). A small decrease in revenue from record 2019.

## Animal Welfare

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

## Health and Safety Policy

The main purpose of the Occupational Health and Safety system is to protect employees' life and health

and to ensure good working conditions by avoiding injuries and accidents. The Occupational health and Safety tasks are structured in seven main tasks:

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

### Key risk/targets identified

Work accident

### Actions

Activities within this area has top priority, therefore after every accident happens an e-mail is sent to all users, to ensure learning from the case.

Accident reports include all details, for example "During pig vaccination, the pig climbed on employee's left foot", followed by pictures, employee account, etc.

KPI is accidents 17 (2020), 18 (2019), 19 (2018), 16 (2017)

## Human Rights

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

### Key risk/targets identified

Child labor and discrimination in our company / supply chain

### Actions

Suppliers are periodically reviewed for fulfilling Idavang standards of, among others, anti-corruption, human rights (including child labor and discrimination), and animal welfare.

During reviews done in 2020, there were no identified violations of Idavang standards.

## Community Relationships

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

## Climate

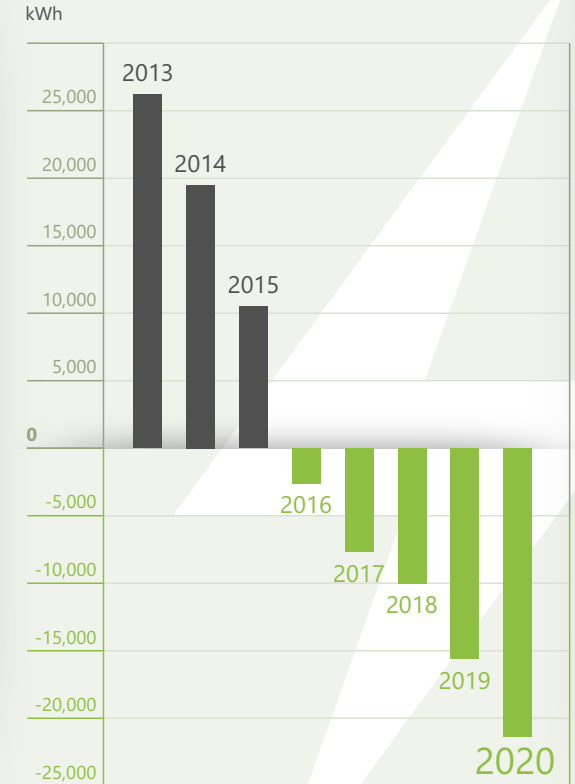
Focus in our business relates not only to our production facility, but also to our partner companies.

Focus is on reducing energy consumption, which is done in many areas implementing efficient straw boilers as source of heat, ensuring that our partners use new EURO4/EURO5 trucks that use AdBlue technology and utilizing gas in manure through biogas.

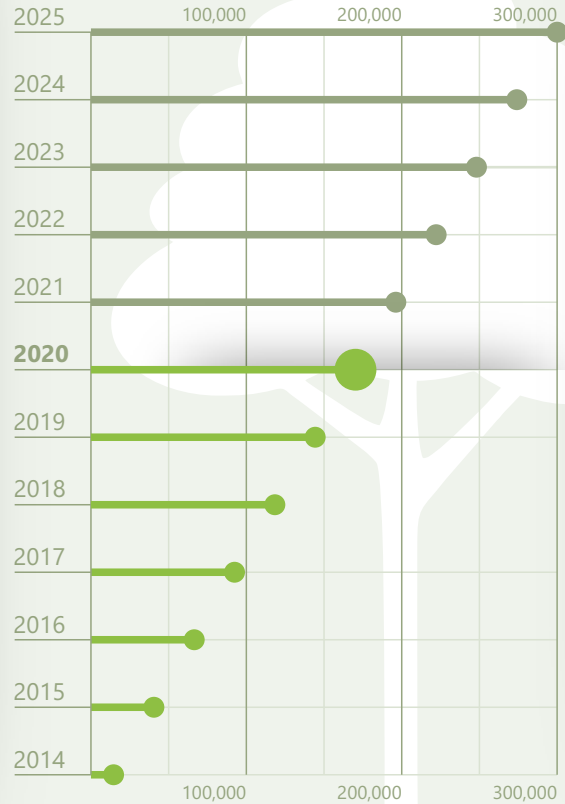
Biogas, where we use our efforts together with a business partner (Modus Energy) we have established biogas plants with the aim to improve environmental targets.

In 2016 we managed to become net supplier of energy, and as you can see in the graph we are increasing the net supply in 2020.

## Net consumption



## Biogas plant = planting trees



An important benefit of the biogas plants is also to save CO<sub>2</sub>. With the current plants the decrease in CO<sub>2</sub> emissions is equivalent to planting more than 300,000 trees over the next 10 years.

### Key risk/targets identified

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

### Actions

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

See graph for development.

## Additional information

The company provides additional information on CSR on our webpage **[www.idavang.com](http://www.idavang.com)**, which complement the information provided in this annual report.

## Corporate Governance

### Shareholders

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

### Board of Directors

The overall task of Idavang's Board of Directors is to create value for the shareholders by managing the company.

The Board resolves matters relating to Idavang's strategic development, budgets, risk factors, acquisitions and divestments as well as major development and investment projects. Furthermore, the Board of Directors supervises the Executive Board.

### Executive Board

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

The Executive Board is responsible for implementing Idavang's strategy and the overall resolutions approved by the Board of Directors.

For details on the Board of Directors or Executive Board see note 23.

## Audit Committee

The Board of Directors has set up an Audit Committee to assist it in supervising the financial reporting process and the efficiency of Idavang's internal control and risk management systems.

The Executive Board is responsible for maintaining controls and an effective risk management system and it has taken the necessary steps to address the risks identified in relation to financial reporting.

The composition of the Board of Directors, Audit Committee and Executive Board ensures the availability of relevant competencies with respect to internal controls and risk management.

## Financial reporting

In relation to its financial reporting process, Idavang has set up a number of internal controls to ensure that

the company's financial reporting gives a true and fair view free from material misstatement. The internal control and risk management systems also ensure that the financial reporting complies with applicable laws and standards.

The financial reporting process is subject to systematic assessment on an ongoing basis in collaboration with the Audit Committee. The tasks and focus areas of the Audit Committee are updated every year in the form of an annual wheel. According to the annual wheel, the tasks of the Audit Committee include monitoring the financial reporting process in connection with the publication of annual and interim reports, including a review of accounting policies and significant accounting estimates and judgments.

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

Corporate Finance conducts regular control inspections at Lithuanian and Russian subsidiaries to ensure that corporate standards for internal controls have been implemented and operate effectively.

Any proposals for improvement are reported to the audit committee. The audit committee chairman is the board member Jytte Rosenmaj.

The duties of the audit committee are to monitor the following:

- > The financial reporting process.
- > The company's internal control systems and risk management systems, including insurance matters.
- > The statutory audit of the financial statements.
- > The independence of the auditors, including in particular the provision of non-audit services to the Group.

## Remuneration

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

Idavang seeks to ensure that the remuneration of the Board of Directors and the Executive Board is at a competitive and reasonable level compared with companies of the same size and with the same complexity as that of Idavang to ensure that Idavang is able to attract and retain competent executives.

The members of the company's Board of Directors receive a fixed fee, the amount of which is subject to shareholder approval.

The remuneration and employment terms of the members of the Executive Board are determined by the Board of Directors, which also evaluates the work of the Executive Board.

The members of the Executive Board receive a fixed annual salary, and either have a performance-related cash bonus or a share-based long-term incentive program.

The remuneration paid for 2020 is specified in note 5 in the Group Notes.

## Remuneration General

Idavang has a competitive remuneration system for all employees.

Idavang pays competitive salaries to our employees. The salary structure has standardized principles and is transparent to all employees.

Furthermore do we provide free meals, working clothes and footwear for our employees.

## Intellectual Capital Resources

Idavang considers the employees and the organizational culture as the most important assets of the company.

The Company's long-term success is highly linked to attracting, retaining and developing the employees, which is why both internal and external training and education are priorities of Idavang.

## Human Resource Policy

The company's goal is to ensure that both genders are always represented on the Board of Directors, which they currently are.

The company is committed to observing the Group's human resource policy, which first key principles are the equality of employees.

The Board of Directors has one female board member out of five, equal to 20% (1 of 5). The company's management today (by the end of 2020) is represented by six individuals. One of whom is female; the gender representation is improved compared to end of 2019 (1 female of 8).

It is the Idavang Group's objective that both genders should represent a minimum of 25% of the company's management and board in 2022 compared to 18% females and 86% males today.

The company wishes to honor diversity and equal gender representation in all parts of management. When selecting new board members or new management members, the company strives toward that both genders are represented among the last three candidates.

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

The company periodic measures and monitors how this goal is met through satisfaction surveys (last survey was 2019), which include questions like "I know what is expected of me at work" (rated 4,6 out of 5,) and "I receive recognition or praise for doing good job" (rated 3.9 out of 5) to ensure that the company adheres to the goals mentioned above.

## Post Balance Sheet Events

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



# Group Financial Statements



**Annual  
Report  
2020**

Income statement	26
Statement of other comprehensive income	26
Balance sheet	27
Statement of changes in equity	28
Cash flow statement	29
Notes to the financial statements	30

### Income Statement

NOTE	EUR'000	2020	2019
<b>3</b>	<b>Revenue</b>	<b>101,754</b>	110,540
<b>16</b>	Value adjustment, biological assets	-9,263	4,089
<b>5 7</b>	Production costs	-88,616	-93,666
<b>4 5 6 7</b>	Administrative costs	-3,464	-4,586
<b>8</b>	Other income	2,436	2,305
	Other expense	-65	-262
	<b>Operating profit</b>	<b>2,782</b>	18,420
<b>9</b>	Financial income	410	2,171
<b>10</b>	Financial expenses	-11,635	-6,974
	<b>Profit before tax</b>	<b>-8,443</b>	13,617
<b>12</b>	Tax on profit for the year	682	-2,638
	<b>Profit for the year</b>	<b>-7,761</b>	10,979
<i>Attributable to:</i>	Owners of the parent	-7,761	10,979

### Statement Of Other Comprehensive Income

EUR'000	2020	2019
<b>Profit for the year</b>	<b>-7,761</b>	10,979
<b>Other comprehensive income</b>		
Exchange adjustment, foreign subsidiaries	-12,349	6,321
Hedge accounting transferred to production cost	-13	-364
Value adjustment at hedge instrument of the year	548	12
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-11,814	5,969
Other comprehensive income not be reclassified to profit or loss in subsequent periods	0	0
<b>Total comprehensive income</b>	<b>-19,575</b>	16,948

### Balance Sheet

NOTE	EUR'000	Assets	2020	2019
<b>Non-current assets</b>				
13		Intangible assets	1,227	1,305
15		Property, plant and equipment	79,452	96,745
16		Biological assets	15,469	15,772
<i>Other non-current assets:</i>				
18		Deferred tax	760	757
		Financial assets	446	445
		Total other non-current assets	1,206	1,202
		<b>Total non-current assets</b>	<b>97,354</b>	115,024
<b>Current assets</b>				
19		Inventories	12,195	15,599
16		Biological assets	18,215	29,251
<b>Receivables</b>				
20		Trade receivables	3,369	5,664
		Other receivables	429	1,715
		Prepayments	900	2,192
		Income tax	0	351
		<b>Total receivables</b>	<b>4,698</b>	9,922
		Assets held for sale	150	0
21		Cash	13,757	30,286
		<b>Total current assets</b>	<b>49,015</b>	85,058
<b>Total assets</b>			<b>146,369</b>	200,082

NOTE	EUR'000	Equity & Liabilities	2020	2019
<b>22 Equity</b>				
		Share capital	800	1,000
		Exchange adjustments	-38,577	-26,228
		Other reserves	547	12
		Retained earnings	67,098	92,564
		<b>Total equity</b>	<b>29,868</b>	67,348
<b>Non-current liabilities</b>				
24		Credit institutions and issued bonds	80,282	92,735
11		Government grants	1,597	2,003
18		Deferred tax	1,519	3,069
		Provisions	0	134
		Other non-current liabilities	39	39
		<b>Total non-current liabilities</b>	<b>83,437</b>	97,980
<b>Current liabilities</b>				
24		Credit institutions	21,268	27,694
24		Trade payables	6,885	4,337
		Prepayments from customers	1,511	995
12		Income taxes	559	0
		Other payables	2,841	1,728
		<b>Total current liabilities</b>	<b>33,064</b>	34,754
		<b>Total liabilities</b>	<b>116,501</b>	132,734
<b>Total equity &amp; liabilities</b>			<b>146,369</b>	200,082

# Group

Financial Statements for the period January 1 - December 31

## Statement Of Changes In Equity

EUR'000	Share Capital	Exchange Adjustment	Other Reserves	Retained Earnings	Total
<b>Equity at 31 December 2018</b>	1,000	-32,549	364	81,585	<b>50,400</b>
Profit/loss for the year				10,979	<b>10,979</b>
Exchange rate adjustments, foreign subsidiaries		6,321			<b>6,321</b>
Hedge instrument transferred to production cost			-364		<b>-364</b>
Value adjustment of hedge instrument of the year			12		<b>12</b>
<b>Total comprehensive income</b>	0	6,321	-352	10,979	<b>16,948</b>
<b>Equity at 31 December 2019</b>	1,000	-26,228	12	92,564	<b>67,348</b>
Profit/loss for the year				-7,761	<b>-7,761</b>
Exchange rate adjustments, foreign subsidiaries		-12,349			<b>-12,349</b>
Hedge instrument transferred to production cost			-13		<b>-13</b>
Value adjustment of hedge instrument of the year			548		<b>548</b>
<b>Total comprehensive income</b>	0	-12,349	535	-7,761	<b>-19,575</b>
<b>Buyback of own shares</b>	-200			-17,705	<b>-17,905</b>
<b>Equity at 31 December 2020</b>	800	-38,577	547	67,098	<b>29,868</b>

### Cash Flow Statement

NOTE	EUR'000	2020	2019
	Operating profit/loss	2,782	18,420
<b>7</b>	Depreciation and amortisation	7,698	8,498
	Profit from sale of tangible assets	-18	-29
	Accrual of hedging accounting	535	-352
	Changes in inventories	862	-4,390
	Changes in receivables	4,661	-4,299
	Changes in trade payables & prepayments from customers	4,036	-3,289
	Changes in other current liabilities	991	-242
<b>6</b>	Share-based payments	-134	0
	Addition of biological assets	-2,078	-393
<b>16</b>	Value adjustment, biological assets	9,263	-4,089
	<b>Total</b>	<b>28,598</b>	<b>9,835</b>
	Interest received	410	389
	Interest paid	-7,279	-6,465
	Corporation tax paid	39	-1,049
	<b>Cash flows from operating activities</b>	<b>21,768</b>	<b>2,710</b>

The Group owns EUR 0.0m (2019: EUR 1.2m) Idavang A/S bonds year end, furthermore the Group has EUR 4.9m overdraft (2019: EUR 1.1m).

NOTE	EUR'000	2020	2019
<b>13</b>	Acquisition of intangible assets	-15	-13
<b>15</b>	Acquisition of property, plant and equipment	-4,012	-9,254
	Disposal of property, plant and equipment	221	279
<b>16</b>	Acquisition/disposal of biological assets	-411	-605
	Acquisition of investments	0	0
	<b>Cash flows from investing activities</b>	<b>-4,217</b>	<b>-9,593</b>
<b>24</b>	Proceeds from borrowings	88,578	18,500
<b>24</b>	Repayment of borrowings	-101,296	-21,269
	Surplus from IFC escrow account	6,722	0
	Dividends paid	0	0
	<b>Cash flows from financing activities</b>	<b>-5,996</b>	<b>-2,769</b>
	Net cash flows from operating, investing and financing activities	11,555	-9,652
	Cash and cash equivalents at 1 January	5,524	13,586
	Exchange adjustments	-3,322	1,590
<b>21</b>	<b>Cash and cash equivalents at 31 December</b>	<b>13,757</b>	<b>5,524</b>

# NOTES: Group

Financial Statements for the period January 1 - December 31

1

## Note 1. Significant Accounting Policies

### Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and additional Danish disclosure requirements for financial statements prepared by large reporting class D enterprises.

The consolidated financial statements are presented in EUR. The parent's functional currency is DKK.

The financial statements have been prepared on the historical cost basis except for biological assets and hedging contracts, which are measured at fair value, and amortized cost for loans were relevant.

The accounting policies remain unchanged from previous year.

### Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consolidated financial statements are prepared by aggregating the parent's and the subsidiaries' financial statements, prepared in accordance with the accounting policies applied by the group. Intra-group income and expenses, shareholdings, etc., intra-group balances and dividends and realized and unrealized gains on transactions between the consolidated entities are eliminated on consolidation.

### Currency translation

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

Non-monetary assets and liabilities measured at historic cost in foreign currencies are translated into EUR at

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

### Derivative financial instruments

The Group enters into commodity contracts with respect to grain in order to secure future supply.

Derivate financial instruments are initially measured at fair value at the time of conclusion of the contract and subsequently at fair value at the balance sheet date. They are recognised in other receivables when the fair value is positive and in other payables when the fair value is negative. Changes in the fair values of derivate financial instruments that are designated and qualify as hedges of future commodity purchases are recognised in other comprehensive income. Income and expenses relating to such hedging transactions are transferred from other comprehensive income on realisation of the hedged item and are recognised in the same entry as the hedged item.

Any gains or losses arising from changes in the fair value of derivative financial instruments that not qualify as hedges are recognised under net financials in the income statement.

### Purchase contracts

The company enters into purchase contracts on feed components, for future delivery, for use in pig production (executory contracts). The cost price for the grain is the agreed contract price which is recognised in the books at time of delivery.

An onerous executory contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. An executory contract for purchase of inventory is deemed onerous if the economic benefit expected to be received from the products produced with it (net realisable value of the inventories to be obtained) is lower than the costs. For onerous contract a provision is recognised.

### Share-based payments

Employees in the Group receive compensation in the form of share-based payments with the employees providing services as consideration for equity instruments ('equity-settled share-based payments').

Expenses incurred in connection with equity-settled share-based payments to employees are

measured on the basis of the fair value at the grant date. The fair value is determined using an appropriate pricing model, see note 6.

Expenses related to equity-settled share-based payments are recognised over the vesting period. The total expenses recognised in respect of equity-settled share-based payments at the balance sheet date reflect the share of the vesting period that has passed and the group's best estimate of the number of equity instruments that will eventually vest.

The amount recognised in profit or loss represents the change in the total expenses recognised at the beginning and at the end of the year.

### **Income statement**

#### **Revenue**

Revenue from sale of slaughter pigs and weaners are recognised in the income statement when the delivery and transfer of risk to the buyer has been made before year end. Revenue is recognised exclusive of VAT and is measured at the fair value of the consideration received or receivable.

#### **Production costs**

Production costs comprise expenses incurred in generating the revenue for the year. Such costs include direct and indirect production costs relating to raw materials and consumables, wages and salaries, rent and leases, and depreciation, amortisation and impairment losses in respect of production plant.

#### **Dividend**

Dividend revenue is recognised when the Group's right to receive the dividend has been established.

#### **Net financials**

Financial income and expenses are recognised in profit or loss at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

### **Government grants**

The Group's government grants are subject to IAS 20 and comprise:

#### ***Government grants related to expenses***

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

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

#### ***Government grants related to property, plant and equipment***

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

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

#### **Income taxes**

Income taxes include current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

### **Balance sheet**

#### **Intangible assets**

Intangible assets with indefinite lives comprise goodwill. Goodwill is not amortised but is tested for impairment on an annual basis. The impairment test is performed for the cash-generating unit to which the goodwill belongs.

The carrying amount of goodwill is reduced to the higher of the value in use and the fair value less costs to sell of the activity or the business area to which the assets relate (recoverable amount) if it is lower than the carrying amount.

### Intangible assets with definite lives

Intangible assets with definite lives comprise electricity rights and the right to buy leased land in Russia. The rights are measured at cost less accumulated amortisation and impairment.

Rights are depreciated using the straight-line method on the basis of the cost over the following useful lives:

		<i>Useful life, years</i>
Intangible assets	<b>Rights</b>	20-25

The rights are tested for impairment whenever there is an indication that they might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of the assets is reduced to the higher of the value in use and the fair value less costs to sell of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

### Property, plant and equipment

Property, plant and equipment include land and buildings, plant and machinery and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment. The cost includes the cost of acquisition, expenses directly attributable to the acquisition of the asset and expenses incurred to prepare the asset until such time as it is ready to be put into operation.

Depreciation is calculated on the basis of cost price reduced by the residual value and any impairment losses. The residual value is determined at the date of acquisition and is reviewed on an annual basis. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued. Where the depreciation period or the residual value changes, the effect on depreciation is recognized prospectively

as a change in accounting estimates.

Property, plant and equipment are depreciated using the straight-line method on the basis of the cost over the following useful lives:

		<i>Useful life, years</i>
Fixed assets	<b>Buildings</b>	25-40
	<b>Plant and machinery</b>	8-15
	<b>Other fixtures and fittings, tools and equipment</b>	3-10
Leasing assets	<b>Buildings - office</b>	5
	<b>Buildings - production</b>	10
	<b>Other (contract length)</b>	3-70

Land is not depreciated. Gains and losses from the sale of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in profit or loss.

Property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of the assets is reduced to the higher of the value in use and the fair value less costs to sell of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset which requires a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset concerned until such time as it is essentially ready for its intended use or sale. Borrowing costs comprise interest and other expenses incurred in connection with borrowing.



### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use-assets.** The Group recognizes right-of-use assets at the commencement date of the lease. Initially right-of-use assets are measured at the present value of the future lease payment plus the cost of obligations to refurbish the assets. Payments mainly consist of fixed payment and is adjusted for any remeasurement of lease liabilities. The leased assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Right-of-use assets are tested for impairment whenever there is an indication that the asset may be impaired.

**Lease liabilities.** At the commencement date of the lease, the Group recognize lease liabilities measured at the present value of lease payment to be made over the lease term. The lease payments include fixed payments. In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is reduced for the lease payments made and the carrying amount of the lease liability is re-measured if there is a modification, a change in the lease payments or a change in the assessment of an option to either extend or terminate the contract. The Group's lease liabilities are included in interest bearing debt (see note 24).

**Short-term leases and leases of low value assets.** The Group applies the recognition exemption to its short-term (lease term of less than 12 months that do not contain a purchase option) and low value asset leases. Lease payments on these contracts are recognized as expenses.

### Biological assets

Biological assets are recognized when the Group controls the asset and it is probable that future economic benefits associated with the asset will flow to the Group and the cost or 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 to which they relate. The value of crops is calculated at cost plus production overheads. At the time of harvest, crops are reclassified from biological assets to inventories, measured at fair value less the cost of transportation, which subsequently makes up the cost.

Breeding herds are classified as non-current. Commercial herd (slaughter pigs) are classified as current.

### Inventories

Inventories are measured at cost by reference to the FIFO method. Where the net realizable value is less than the cost, the carrying amount is reduced to such lower value.

### Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment assessment is based on the Expected Credit Loss model (ECL).

The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes.

The stages determine how impairment losses are measured and the effective interest is applied. For trade receivables, the Group applies the simplified approach, which permits the use of lifetime ECL. Provisions rates are determined based on groupings of trade receivables sharing the same credit risk characteristics and days past due.

### Prepayments

Prepayments comprise prepaid expenses.

### Equity

#### Foreign currency translation adjustments

Foreign currency translation adjustments comprise exchange adjustments in connection with the translation of foreign subsidiaries' balance sheets from their functional currency into the Group's presentation currency.

#### Other reserves

Other reserves comprise hedge accounting in Lithuania.

#### Income taxes

Current taxes are recognized in the balance sheet as the estimated tax in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated at local rates of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on goodwill.

Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

#### Financial liabilities

Financial liabilities comprise mortgage debt, payables to other credit institutions and subordinated loans. Financial liabilities are recognized at the inception of the loan at the proceeds received, net of transaction costs incurred. Financial liabilities are subsequently measured at amortized cost, determined by reference to the effective interest rate at the time of borrowing.

#### Fair value

Fair value measurements are based on the principal market. If no principal market exist, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs. All assets and liabilities which are measured at fair value,

or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

#### Level 1:

Value in an active market for similar assets/liabilities

#### Level 2:

Value based on recognized valuation methods on the basis of observable market information

#### Level 3:

Value based on recognized valuation methods and reasonable estimates (non-observable market information).

#### Cash flow statement

The cash flow statement shows the Group's and the parent company's net cash flow during the year, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and at the end of the year.

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

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets, securities related to investing activities and dividends received from subsidiaries. Cash flows from financing activities comprise dividends paid to shareholders, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash.

#### Financial highlights

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

#### Segment information

Revenue, result, total assets and liabilities has been allocated according to geographical markets.

## Ratios

Term	Description
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization
<b>EBITDA margin</b>	$\text{EBITDA} \times 100 / \text{Revenue}$
<b>Current ratio</b>	$\text{Current assets} \times 100 / \text{Current liabilities}$
<b>Equity ratio</b>	$\text{Total equity} \times 100 / \text{Total assets}$
<b>Return on equity</b>	$\text{Profit for the year} \times 100 / \text{Equity}$
<b>Sold volume live weight</b>	Weight of slaughter pigs, piglets, weaners and sows sold
<b>kMT</b>	1,000,000 kg
<b>Average invested capital</b>	Assets less cash, less bonds less non-interest-bearing debt including provisions
<b>Return on average invested capital</b>	$\text{EBIT (Operating profit)} \times 100 / \text{Average invested capital}$
<b>Net interest-bearing debt</b>	Non-current interest-bearing liabilities plus debt to credit institutions less cashless bonds
<b>EBITDA fixed herd prices</b>	EBITDA adjusted for the unrealized value adjustment related to biological assets.

2

Note 2.

### Critical Accounting Estimates And Judgements

In connection with the preparation of the consolidated financial statements, Management makes a number of judgements and estimates, which form the basis of the recognition and measurement of income, expenses, assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date.

#### Accounting judgements

In the process of applying the Group's accounting policies, management has not exercised judgements which may have a significant effect on the amounts recognized in the consolidated financial statements.

#### Accounting estimates

Recognition and measurement of certain assets and liabilities at the balance sheet date require that management makes assumptions and estimates of future events. If these assumptions and estimates are not realized as expected, it may result in significant corrections of the carrying amounts of the affected assets and liabilities in the subsequent financial year.

In 2020, Management made assumptions and estimates in connection with the recognition and measurement of biological assets.

Idavang Group value the herd based on fair value.

Slaughter pigs above 60 kg are valued based on recent sales price per kg.

The sales price for weaners in Lithuania is based on official quotes plus volume fee agreed with customers. The valuation of piglets is based on official quotes. Sows (and the remaining breeding herd) are valued based on, official quotes, a number of elements genetics, cost and expected piglets.

The carrying amount at 31 December 2020 is EUR 32,585 thousand (2019: EUR 43,434 thousand). Please refer to note 16.

EUR	2020	2019
Slaughterpig sales price liveweight – Russia end year	1.00	1.50
Slaughterpig sales price liveweight – Lithuania end year	0.82	1.05
Weaners (30 kg) sales price – Lithuania end year	29	78
Piglets (7 kg)	15	48
Premium/discount for Russian meat (relation between slaughter pig prices)	22%	-30%
Sows unit price – Russia	639	664
Sows unit price – Lithuania	487	508

3

 Note 3.  
Segments

EUR'000	2020	Lithuania	Russia	Other / Eliminations	Group
Revenue		60,551	41,203	0	101,754
Value adjustment, biological assets (non-cash item)		-11,270	2,006	1	-9,263
Production costs		-53,098	-35,516	-2	-88,616
Administrative costs		-1,844	-1,038	-582	-3,464
Other income		1,615	821	0	2,436
Other expense		2	-67	0	-65
<b>Operating profit</b>		<b>-4,044</b>	<b>7,409</b>	<b>-583</b>	<b>2,782</b>
Financial income		195	1,071	-856	410
Financial expense		-1,251	-2,643	-7,741	-11,635
<b>Profit before tax</b>		<b>-5,100</b>	<b>5,837</b>	<b>-9,180</b>	<b>-8,443</b>
Tax on profit for the year		765	-83	0	682
<b>Profit for the year</b>		<b>-4,335</b>	<b>5,754</b>	<b>-9,180</b>	<b>-7,761</b>
Depreciations included in production cost		3,182	4,514	2	7,698
<b>EBITDA</b>		<b>-862</b>	<b>11,923</b>	<b>-581</b>	<b>10,480</b>
EBITDA fixed herd prices (excluding value adjustment)		10,408	9,917	-582	19,743
Total assets		61,218	80,884	4,267	146,369
Liabilities		-46,259	-37,581	-32,661	-116,501
<b>Net assets</b>		<b>14,959</b>	<b>43,303</b>	<b>-28,394</b>	<b>29,868</b>

See Parent Company Note 15 for details on eliminations.

+

 Note 3.  
Segments

EUR'000	2019	Lithuania	Russia	Other / Eliminations	Group
Revenue		65,052	45,488	-	110,540
Value adjustment, biological assets (non-cash item)		7,894	-3,805	-	4,089
Production costs		-54,833	-38,828	-5	-93,666
Administrative costs		-1,904	-1,496	-1,186	-4,586
Other income		1,324	981	-	2,305
Other expense		-153	-109	-	-262
<b>Operating profit</b>		<b>17,380</b>	<b>2,231</b>	<b>-1,191</b>	<b>18,420</b>
Financial income		106	503	1,562	2,171
Financial expense		-1,211	-2,119	-3,644	-6,974
<b>Profit before tax</b>		<b>16,275</b>	<b>615</b>	<b>-3,273</b>	<b>13,617</b>
Tax on profit for the year		-2,382	-256	-	-2,638
<b>Profit for the year</b>		<b>13,893</b>	<b>359</b>	<b>-3,273</b>	<b>10,979</b>
Depreciations included in production cost		3,895	4,598	5	8,498
<b>EBITDA</b>		<b>21,275</b>	<b>6,829</b>	<b>-1,186</b>	<b>26,918</b>
EBITDA fixed herd prices (excluding value adjustment)		13,381	10,634	-1,186	22,829
Total assets		78,370	95,623	26,089	200,082
Liabilities		-36,611	-45,803	-50,320	-132,734
<b>Net assets</b>		<b>41,759</b>	<b>49,820</b>	<b>-24,231</b>	<b>67,348</b>

4

Note 4.  
**Fees Paid To Auditors Appointed At The Annual General Meeting**

EUR'000	2020	2019
Fee regarding statutory audit	112	111
Assurance engagements	7	14
Tax assistance	0	1
Other assistance	0	0
<b>Total</b>	119	126

5

Note 5.  
**Staff Costs**

EUR'000	2020	2019
Wages and salaries	12,203	12,295
Other social security costs	1,180	1,203
Share-based payments (note 6)	-134	0
Other staff costs	581	612
<b>Total</b>	13,830	14,110

Staff costs are recognized as follows in the financial statements:

EUR'000	2020	2019
Production	11,462	11,151
Fixed assets	51	142
Administration	2,317	2,817
	13,830	14,110

Of which:

Remuneration for executive board	602	622
Salaries to other executive officers	695	555
Remuneration for board of directors	113	138
Shareholders in JAST Holding Aps (excluding fee in Executive Board and remuneration for board of directors)	261	548
Share-based payments (note 6), executive board and officers	-134	0
<b>Total</b>	1,276	1,315

Average number of full-time employees	799	830
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6

### Note 6. Share-based Payments

Idavang A/S has in 2013 set up an equity-based compensation plan under which options are granted to one group executive. The options vests on 31 December 2022 or on an earlier change in the Company's ownership structure (exit).

Management has estimated the expected vesting period.

If all the options vest, the executives become entitled to subscribe for shares in the Company worth a total nominal amount of up to EUR 24,000. Each option granted provides the owner with a right, but not an obligation, to purchase one share with a nominal value of EUR 84.00 in the Company in 2015 indexed up to EUR 269.56 in 2022.

The market value of the options is calculated using the Black-Scholes model. The calculation of present market values is based on the following assumptions:

Volatility 22.3%, risk-free interest rate 1.0%, exercise price up to EUR 269.56, and no dividend before after 2022.

The volatility is calculated on the basis of a peer group of comparable enterprises. These peers were analyzed over a period, following which the volatility for purposes of the valuation was calculated as the median. As at 31 December 2020, the fair value amounts to EUR 0 (2019: EUR 134,000).

7

### Note 7. Amortization, Depreciation And Impairment

EUR'000	2020	2019
Buildings & land	3,750	3,841
Buildings & land IFRS16	229	120
Plant and machinery	3,190	3,402
Plant and machinery IFRS16	165	109
Other fixtures and fittings, tools and equipment	132	274
Plants under construction	200	712
Intangible assets	32	40
<b>Total</b>	<b>7,698</b>	<b>8,498</b>

8

### Note 8. Other Income

EUR'000	2020	2019
Grants in Russia on meat and grain	985	637
Sale of slurry	662	687
Delivery of pigs	507	650
Sale of fixed assets	18	29
Miscellaneous	264	302
<b>Total</b>	<b>2,436</b>	<b>2,305</b>

9

### Note 9. Financial Income

EUR'000	2020	2019
<i>&gt; Financial income from financial assets and liabilities at fair value through profit or loss:</i>		
Interest, derivative financial instruments	15	55
Exchange gains	0	1,782
Interest income, banks	202	251
Other	193	83
<b>Total financial income</b>	<b>410</b>	<b>2,171</b>

10

### Note 10. Financial Expenses

EUR'000	2020	2019
<i>&gt; Financial expenses from financial assets and liabilities at fair value through profit or loss:</i>		
Interest, derivative financial instruments	0	0
<i>&gt; Financial expenses originating from loans and receivables measured at amortized cost:</i>		
Exchange losses	-3,574	0
Interest payables to credit institutions	-800	-853
Interest, bonds	-7,060	-5,561
Interest, subordinated loans	-69	-42
Other	-132	-518
<b>Total financial expenses</b>	<b>-11,635</b>	<b>-6,974</b>

11

### Note 11. Government Grants

The Group receives government grants in the form of reimbursement of interest on loans, grants for crop production and compensation for high grain prices.

The Group also receives grants for the maintenance of property, plant and equipment in return for a commitment to carry on pig production for a certain number of years.

EUR'000	2020	2019
<b>Carrying amount 1/1</b>	<b>2,003</b>	<b>1,925</b>
Received in the year - investments	667	744
Recognised in profit or loss in the year	-790	-827
Exchange adjustment	-283	161
<b>Carrying amount 31/12</b>	<b>1,597</b>	<b>2,003</b>

The carrying amount of the grants partly relates to the EU SAPARD. The carrying amount is no longer subject to non-fulfilment terms if the underlying assets are not used.

Government grants relating to interest on loans from credit institutions have been deducted in financial expenses.



12

### Note 12. Income Taxes

EUR'000	2020	2019
<i>Income tax expense recognized in profit or loss:</i>		
Estimated tax on the taxable income for the year	-868	-1,016
Adjustment regarding prior year	0	-147
Change in deferred tax	1,550	-1,475
Income taxes	682	-2,638
<i>Reconciliation of tax rate:</i>		
Danish tax rate	22%	22%
Difference, tax rate in foreign subsidiaries	-6%	-7%
Tax loss carry forward not capitalized	-24%	4%
<b>Effective tax rate</b>	<b>-8%</b>	<b>19%</b>
<i>Income taxes:</i>		
Carrying amount 1/1	0	-464
Payment	-309	-691
Tax on taxable income for the year	868	1,155
Exchange rate adjustment	0	0
<b>Carrying amount 31/12</b>	<b>559</b>	<b>0</b>

13

### Note 13. Intangible Assets

EUR'000	Goodwill	Right	Total
Cost at 1 January 2019	1,967	599	2,566
Additions	0	0	-
Disposals	0	13	13
Exchange adjustments	0	61	61
<b>Cost at 31 December 2019</b>	<b>1,967</b>	<b>673</b>	<b>2,640</b>
Amortization at 1 January 2019	948	322	1,270
Amortization	0	40	40
Disposals	0	0	0
Impairment	0	0	0
Exchange adjustments	0	25	25
Impairment losses and amortization at 31 December 2019	948	387	1,335
<b>Carrying amount at 31 December 2019</b>	<b>1,019</b>	<b>286</b>	<b>1,305</b>
Cost at 1 January 2020	1,967	673	2,640
Additions	0	15	15
Disposals	0	0	0
Exchange adjustments	0	-113	-113
<b>Cost at 31 December 2020</b>	<b>1,967</b>	<b>575</b>	<b>2,542</b>
Amortization at 1 January 2020	948	387	1,335
Amortization	0	32	32
Disposals	0	0	0
Impairments	0	0	0
Exchange adjustments	0	-52	-52
Impairment losses and amortization at 31 December 2020	948	367	1,315
<b>Carrying amount at 31 December 2020</b>	<b>1,019</b>	<b>208</b>	<b>1,227</b>

14

Note 14.

### Impairment Test, Intangible Assets

Intangible assets with indefinite lives (goodwill) are tested for impairment on an annual basis.

#### Goodwill

Goodwill relates to Lithuania: Šalnaičių (1999) and Skabeikių (2006).

Goodwill is tested for the smallest group of cash-generating units in respect of which goodwill is monitored by Management and which is not larger than the group's operating segments.

As sales and production are managed centrally in each individual country, goodwill is monitored at country level. Goodwill has been allocated to Lithuania, the carrying amount of goodwill at 31 December totaled:

Lithuania	2020	2019
<b>EUR'000</b>	1,019	1,019

The recoverable amount is determined on the basis of a calculation of the value in use using cash flow calculations based on budgets and forecasts for 2021-2023 (2019: 2020-2022), as approved by management. The calculation of the value in use is based on the following estimates:

Lithuania	2020	2019
Discount factor before tax	8.5%	9.1%
Growth rate in terminal period	2%	2%

The key assumptions used in cash flow projections are as follows:

#### ***Selling price per kilo pork compared with cost price per kilo grain***

For Lithuania, an expectation as to average sales prices and grain prices has been used, based on 2021 budget. Forward estimates are based on historical averages and EU forecasts.

#### ***Investments***

Lithuania's investments are expected to be EUR 1.3m in 2021, but in from 2022 and in terminal value investment is included equal to depreciations to be conservative. It is therefore Management's judgement that investments will be lower than depreciation charges going forward.

#### ***Working capital***

In Management's opinion, working capital reached a normal level in 2021 in the cash generating units. Management does not expect significant changes to the level of working capital in future.

As the estimated value in use is considerably higher than the carrying amount, the impairment test shows no indication of impairment of goodwill.

15

### Note 15. Property, Plant And Equipment

Cost amount of assets written off but still in use is EUR 22,489 thousand.

The amount of borrowing costs capitalised during the year ended 31 December 2020 was EUR 329k (2019: EUR 335k).

See note 24 for financial liabilities relating to right-to-use assets.

EUR'000	2020	Land and buildings	IFRS16 Land and buildings	Plant and machinery	IFRS16 Plant and machinery	Fixtures, fittings, tools, equipment	Plants under construction	Total
Cost at 1 January 2020		111,113	2,092	42,853	391	3,357	6,412	166,218
Additions		316	608	936	56	70	2,067	4,014
Disposals		-12	-185	-68		-65	0	-330
Transfers		3,896	0	617		18	-5,633	-1,063
Exchange adjustments		-13,567	-88	-6,244		-120	-901	-20,920
Cost at 31 December 2020		101,746	2,427	38,094	447	3,260	1,945	147,919
Impairment losses and depreciations at 1 January 2020		37,423	120	28,509	109	2,600	712	69,473
Depreciations and impairments		3,750	229	3,190	165	132	200	7,666
Reversed depreciation on disposals		-14	0	-67		-46	0	-127
Transfers							-912	-912
Exchange adjustments		-3,597	-13	-3,895		-128	0	-7,633
Impairment losses and depreciations at 31 December 2020		37,562	336	27,737	274	2,558	0	68,467
Carrying amount at 31 December 2020		64,184	2,091	10,357	173	702	1,945	79,452
Land which is not depreciated		2,945						
Of which is financial leased				3,713				

15

**Note 15.  
Property,  
Plant And  
Equipment**

Cost amount of assets written off but still in use is EUR 15,588 thousand.

The amount of borrowing costs capitalised during the year ended 31 December 2019 was EUR 335k (2018: EUR 50k).

See note 24 for financial liabilities relating to right-to-use assets.

EUR'000	2019	Land and buildings	IFRS16 Land and buildings	Plant and machinery	IFRS16 Plant and machinery	Fixtures, fittings, tools, equipment	Plants under construction	Total
Cost at 1 January 2019		95,826		37,364		3,634	8,383	145,207
Additions		5,460	2,092	2,035	391	20	1,737	11,735
Disposals		0	0	-845	0	-385	0	-1,230
Transfers		3,380	0	1,207	0	23	-4,610	0
Exchange adjustments		6,447	0	3,092	0	65	902	10,506
Cost at 31 December 2019		111,113	2,092	42,853	391	3,357	6,412	166,218
Impairment losses and depreciations at 1 January 2019		31,921		24,075		2,456		58,452
Depreciations and impairments		3,841	120	3,402	109	274	712	8,458
Reversed depreciation on disposals		0	0	-781	0	-199	0	-980
Exchange adjustments		1,661	0	1,813	0	69	0	3,543
Impairment losses and depreciations at 31 December 2019		37,423	120	28,509	109	2,600	712	69,473
Carrying amount at 31 December 2019		73,690	1,972	14,344	282	757	5,700	96,745
Land which is not depreciated		3,411						
Of which is financial leased				1,304				

# NOTES: Group

Financial Statements for the period January 1 - December 31

16

Note 16.  
**Biological Assets**

Value adjustment  
of biological assets.

2019

2020

EUR'000	Crops	Commercial herd	Total current assets	Non current assets Breeding herd
Carrying amount at 1 January 2019	1,453	21,739	23,192	14,194
Gains/losses from fair value changes	0	4,058	4,058	31
Additions	4,207	83,237	87,444	4,174
Disposals	-4,280	-80,119	-84,399	-6,221
Transfers	0	-2,653	-2,653	2,653
Exchange adjustments	209	1,400	1,609	941
<b>Carrying amount at 31 December 2019</b>	<b>1,589</b>	<b>27,662</b>	<b>29,251</b>	<b>15,772</b>
Biological assets provided as security for loans	0	0	0	0
Carrying amount at 1 January 2020	1,589	27,662	29,251	15,772
Gains/losses from fair value changes	0	-10,403	-10,403	1,140
Additions	3,512	81,052	84,564	3,412
Disposals	-3,640	-76,203	-79,843	-5,644
Transfers	0	-2,643	-2,643	2,643
Exchange adjustments	-362	-2,349	-2,711	-1,854
<b>Carrying amount at 31 December 2020</b>	<b>1,099</b>	<b>17,116</b>	<b>18,215</b>	<b>15,469</b>
Biological assets provided as security for loans	0	0	0	0

Idavang uses the following hierarchy for determining and disclosing the fair value:

**Level 1:**

Quoted (unadjusted) prices in active markets for identical assets

**Level 2:**

Significant observable inputs

**Level 3:**

Significant unobservable inputs

Commercial and breeding herd are measured at fair value level 2 due to significant links to observable quotes on pigs and recent sales prices.

	2020	2019
<b>Crops</b>	An area of 7.604 ha was harvested mainly wheat, and by the end of 2020 6.895 ha were seeded	An area of 7,096 ha, was harvested mainly wheat, and by the end of 2019 5,499 ha, were seeded
<b>Commercial herd</b>	Stock increased and at year-end stock was 396.971 pigs. During the year 778.848 slaughter pigs, 9,116 weaners and 15.182 sows were sold	Stock decreased and at year-end stock was 372,610 pigs. During the year 776,419 slaughter pigs, 26,461 weaners and 14,689 sows were sold
<b>Breeding herd</b>	Stock increased and the year ended with a total of 30.690 sows, gilts and boars	Stock increased and the year ended with a total of 29,809 sows, gilts and boars

*Crops are based on cost of seed, fertilizer, chemical, variable cost and salary to field production. Revaluation of consumable biological assets was made based on the prices of the most recent sales prices and official quotes.*

17

Note 17.

**Loans, Receivables And Liabilities Measured At Amortised Cost**

EUR'000	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>&gt; Loans and receivables at amortised cost:</i>				
Trade receivables	3,369	3,369	5,664	5,664
Other receivables	429	429	1,715	1,715
Cash	13,757	13,757	30,286	30,286
<b>Total cash and receivables measured at amortised cost</b>	<b>17,555</b>	<b>17,555</b>	<b>37,665</b>	<b>37,665</b>
<i>&gt; Financial liabilities measured at amortised cost:</i>				
Payables to credit institutions	99,282	99,282	118,196	118,196
Payables to IFRS16	2,267	2,267	2,233	2,233
Trade payables	6,885	6,885	5,332	5,332
<b>Total financial liabilities measured at amortised cost</b>	<b>108,434</b>	<b>108,434</b>	<b>125,761</b>	<b>125,761</b>

Idavang uses the following hierarchy for determining and disclosing the fair value:

**Level 1:**

Quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:**

Other techniques for which all input that have a significant effect on the recorded fair value are observable, either directly or indirectly.

All financial assets and liabilities are classified as level 2 except bonds, which are level 1.

18

 Note 18.  
**Deferred Tax**

EUR'000	Consolidated balance sheet			Income statement	
	2020	2019	1/1 2019	2020	2019
Property, plant and equipment	-775	-802	-829	27	27
Biological assets	-753	-2,276	-1,101	1,523	-1,175
Other non-current assets	1	1	1	0	-24
Current assets and liabilities	8	8	32	0	-303
Tax loss carry forward	760	757	1,060	0	0
<b>Deferred tax income/(expense)</b>				<b>1,550</b>	<b>-1,475</b>
<b>Deferred tax asset/(liability)</b>	<b>-759</b>	<b>-2,312</b>	<b>-837</b>		
<i>Deferred tax asset/liability is recognised in the balance sheet as follows:</i>					
Deferred tax asset	760	757	757		
Deferred tax liability	1,519	3,069	1,594		
Deferred tax, net	-759	-2,312	-837		
<i>Reconciliation of deferred tax, net:</i>					
At 1/1	-2,312	-837			
The year's tax income/expense recognized in profit or loss	1,550	-1,475			
Exchange adjustments	3	0			
<b>At 31/12</b>	<b>-759</b>	<b>-2,312</b>			

Tax losses carry forward not capitalized are EUR 4.491 thousand (2019 EUR 3.542 thousand) due to uncertainties of utilizing it in the future.

Deferred tax assets (tax loss carry forward) are recognised when it is assumed highly probably that the assets will be utilised.

Effect of income statement is the difference of opening and closing deferred tax.

# NOTES: Group

Financial Statements for the period January 1 - December 31

19

Note 19.

## Inventories

EUR'000	2020	2019
Raw materials and consumables	12,195	15,599
Cost of sales recognised in profit or loss (feed)	62,004	62,798

20

Note 20.

## Trade Receivables

Trade receivables at 31 December 2020 include receivables at a nominal value of EUR 3,369 thousand (2019: EUR 5,664 thousand), the carrying amount of which has been reduced by EUR 0 thousand (2019: EUR 0 thousand) regarding write downs. Trade receivables overdue by more than 30 days are EUR 70 thousand (2019: EUR 155 thousand).

The reason why trade receivables are low compared to revenue is that all sales in Russia are prepaid by the customer and sales in the EU (mainly Lithuania) have been covered through credit insurance agreements since 2006.

As all sales in Russia are prepaid and all other sales have been covered by credit insurance the write-down according to the expected credit loss model is insignificant. Therefore there have not been recognized any write-downs on the receivables.

21

Note 21.

## Cash

EUR'000	2020	2019
Cash	13,757	5,524
Escrow account	0	24,762
<b>Total</b>	<b>13,757</b>	<b>30,286</b>

22

Note 22.

## Capital Structure

### Capital management

The Group aims to create the room required to secure its strategic development activities and be able to provide a competitive return for its shareholders.

The Board of Directors generally intends to distribute excess cash to the shareholders by way of dividends. However, dividends will always take into account the Group's growth plans and funding requirements.

### Share and authorisations

Idavang A/S has only one share class with equal rights. Shares have a denomination of EUR 1 per share. The shares are non-negotiable instruments.

### Capital Structure

The share capital has been paid in full and 100% owned by JAST Holding Aps.

All resolutions at the general meetings of shareholders must be adopted by a simple majority of the votes of the shares present at the meeting, unless one of the listed voting right restrictions or the Danish Companies Act provides otherwise. In the event of a tie, the proposal will lapse.



23

Note 23.

**Management**

		Board Of Directors				Executive Board	
Name		<b>Niels Hermansen</b>	<b>Jytte Rosenmaj</b>	<b>Ole Bjerremand Hansen</b>	<b>Carsten Lund Thomsen</b>	<b>Claus Baltersen</b>	<b>Michael Henriksen</b>
Role		CHAIRMAN	DEPUTY CHAIRMAN	BOARD MEMBER	BOARD MEMBER	CEO & BOARD MEMBER	CFO
Born		1953	1964	1960	1967	1971	1974
Gender		Male	Female	Male	Male	Male	Male
Nationality		Danish	Danish	Danish	Danish	Danish	Danish
First elected		2013	1999	1999	1999	2017	
Employed since						1998	2009
Independent		Yes	No	No	No	No	
Audit Committee		Member	Chairman	Member	Member		
Securities 31.12.2020		0	0	0	0	0	0
JAST Holding <sup>1)</sup>		0	0	125,000 <sup>2)</sup>	83,332	41,668	0
Directorships	Chairman	Fredericia Furniture A/S, Erik Jørgensen Møbelfabrik A/S Vikan A/S, Vissingfonden	Nutriflow Aps, CubAgro Holding Aps, CerCa A/S, Tofthøj Agro Aps, Danish Farmers Abroad, Commoditrader Aps		Jast Holding Aps, CMC Agro A/S, Ejendomsselskabet Niels Bugges Kro og Hotel A/S, Naturbiogas, Sode A/S		
	Deputy Chairman		AgroSkandia Holding A/S				
	Member	Stjerneskanen Holding Aps, Vissing Holding A/S	Jast Holding Aps, Meta Mariehjemmet, DCH International A/S, Premium Pork International A/S	Jast Holding Aps, Nutriflow Aps, Tofthøj Agro Aps	Slovakian Farm Invest A/S, Danish Pig Consulting Group A/S, Akset A/S, Sundgaard Invest A/S, Biogastechnik A/S	Jast Holding Aps	

1) JAST Holding A/S is Idavang A/S's sole shareholder with 100%, and the company has issued 250,000 shares in total.

2) Include all shares controlled

24

Note 24.

### Financial Risks

#### Sales price risk

The Group is highly exposed to global and EU developments in the price of pork.

Lithuanian sales are fully linked to EU and German prices. A 1% change would affect profit by EUR 0.6m (2019: EUR 0.6m), all other things being equal.

Russian sales due to closed borders towards the EU more linked to the global market. A 1% change would affect profit by EUR 0.4m (2019: EUR 0.5m), all other things being equal.

#### Raw material price risk

The Group is highly exposed to global and EU developments in the price of grain and protein (soy and sunflower). A change of 10% on grain prices is estimated to affect profit by +/- EUR 2.8m in 2020 (2019: EUR 3.4m), all other things being equal.

Furthermore, a similar 10% change in protein prices is estimated to affect profit by +/- EUR 1.5m in 2020 (2019: EUR 2.0m), all other things being equal.

#### Credit risk

The Group positively wants to minimise its credit risks, which mainly relate to sales transactions and bonds/cash holdings.

Sales transactions should therefore for all Russian customers be carried through up-front in cash, and for EU clients, credit insurance need to be taken out in advance.

#### Liquidity risk

The Idavang Group has its main financing in a 5 year bond with bullet payment on expiry in December 2025, hence limited debt service. The Group monitors its risk to a shortage of funds, high-level liquidity planning tool and detailed budgets. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, cash and bonds.

The Group have targets for reduction of net interest bearing debt during the next 4 years, so that refinancing the bond will be unproblematic.

The Bond loan agreements is not subject to financial covenants.

There is breach on covenants as at 31 December 2020 on Russian subsidy loans of EUR 4.2m, hence classified as short term. Waivers has been received in 2021 and contract have been changed in 2021 to new ratios.

#### Foreign exchange risk

The Group's indebtedness is roughly split evenly between Lithuanian and Russia currencies to make natural hedge against fluctuations in revenue streams.

Consolidated profit and loss and financial debt divided by foreign exchange risk (without change in herd and depreciation).

EUR'000	2020	RUB	USD	EUR
Revenue		41,203	0	60,551
Production cost		-16,661	-18,855	-53,100
Administration expenses		-1,038	0	-2,425
<b>Net exposure</b>		<b>23,504</b>	<b>-18,855</b>	<b>5,026</b>
Payables to credit institutions		20,548	0	81,001
<b>Net exposure</b>		<b>20,548</b>	<b>0</b>	<b>81,001</b>

*The following assumptions are made in the overview above: revenue in Russia is RUB-denominated. Grain and soy in Russia are linked to USD also when formally invoiced in RUB. EUR includes DKK as it is tied up to the EUR.*

#### Interest rate risk

The Group's funding from bonds has variable interest rates and the remaining have fixed rates. It is the Group's policy not to enter into interest rate swaps.

A 1% change in Euribor 3 months would, all other things being equal, affect P/L by EUR 0.8m (2019: EUR 0.9m), but as it has a floor of 0% is the increase from negative 0.4% to 0% without effect.

The Group's policy is to minimize current payables to credit institutions. The Group has assessed the concentration of risk with respect to refinancing of its debt, finding it to be low and spread among a number of banks.

Access to sources of funding is sufficiently available and debt maturing within 12 months is expected to a high degree to be rolled over with existing lenders.

EUR'000	2020	1/1	Cash flow	FX/Other	12/31
Payables to credit institutions, IFRS 16	2,233	114	-80	2,267	
Issued bonds	83,153	-9,976	647	73,824	
Payables to credit institutions	35,043	-2,856	-6,728	25,458	
<b>Total</b>	<b>120,429</b>	<b>-12,718</b>	<b>-6,162</b>	<b>101,549</b>	

Issued bonds include prepaid cost of EUR 1.176k 31.12.2020, which is written off over the tenor of the loan. For 2020 the Group has paid EUR 370k regarding lease contracts of which EUR 69k is related to interest and EUR 301k is related to repayment of lease debt.

EUR'000	2019	1/1	Cash flow	FX/Other	12/31
Payables to credit institutions	14,019	1,601	-8,271	7,349	
Payables to credit institutions, IFRS16		-223	2,456	2,233	
Issued bonds	82,822	0	331	83,153	
Current portion of non-current liabilities to credit institutions	9,254	-4,628	10,202	14,828	
Payable to credit institutions	10,686	480	1,700	12,866	
<b>Total</b>	<b>116,781</b>	<b>-2,769</b>	<b>6,417</b>	<b>120,429</b>	

### Payables to credit institutions are recognised in the balance sheet as follows:

Currency	Interest	2020	Within 1 year	1-5 years	More than 5 years
EUR	7.5%	73,824	0	73,824	0
EUR	2.5-4.0%	7,177	942	5,594	641
RUB	3.5%-4.0%	20,548	20,326	223	0
<b>Total</b>		<b>101,549</b>	<b>21,268</b>	<b>79,641</b>	<b>641</b>

Currency	Interest	2019	Within 1 year	1-5 years	More than 5 years
EUR	6.9%	83,153	0	83,153	0
EUR	2.5-3.5%	9,494	971	7,902	621
RUB	3.5-4.5%	27,090	26,723	367	0
DKK	2.5%*	692	0	692	0
<b>Total</b>		<b>120,429</b>	<b>27,694</b>	<b>92,114</b>	<b>621</b>

\* Partly subsidy loans with higher interest where reimbursement goes directly to Idavang, the interest illustrated is net of subsidy.

### Payables to credit institutions and bonds including interest have the following maturity terms:

EUR'000	2020	2019
Within 1 year	27,465	24,308
1-5 years	101,584	107,497
More than 5 years	777	922
<b>Total</b>	<b>129,827</b>	<b>132,727</b>

Quoted bond is included with EUR 5,513k with 1 year and 95,188k 1-5 years. See note 25 for more information.

25

 Note 25.  
**Bond**

<b>Issuer</b>	Idavang A/S
<b>Security package:</b>	(i) share pledges over Guarantors and Russian operating companies (ii) mortgages over substantially Lithuanian real estate, (iii) Danish registered negative pledges, (iv) assignment over intra-group loan (RUB 0.9bn) from the Issuer to Idavang Agro LLC
<b>Original Guarantors:</b>	Rus Invest Aps, Rurik A/S, Pskov Invest Aps, Idavang Russia A/S and UAB Idavang
<b>Status of the bond:</b>	Senior secured
<b>Currency:</b>	EUR
<b>Initial debt amount:</b>	EUR 75 millions
<b>Other facilities:</b>	Super senior RCF up to 9 mEUR, governed under an inter-creditor agreement with bondholders. Basket of leasing, factoring and other of 6,5 mEUR and permitted indebtedness of RUB 1,750m in Russia (apx. EUR 19m)
<b>Tenor</b>	5 years
<b>Pricing:</b>	3m EURIBOR + 725 bps p.a., quarterly interest payments, EURIBOR floor of 0%
<b>Rating:</b>	Unrated
<b>Call options:</b>	Non call during the first 30 months, then 50/33/25/10/0 after 30/36/42/48/57
<b>Incurrence test</b>	"NIBD/EBITDA LTM fixed herd price (net leverage) of 3.00 and No Event of Default is continuing or occurring upon the incurrence or payment"
<b>Restricted payments</b>	No financial support (by way of loans, capital or similar) by the Issuer to Russian subsidiaries, except if funded by the super senior facility or if the incurrence test is met (excluding the IFC Deposit from Net Interest Bearing Debt)
<b>Information covenants:</b>	Annual audited statements, quarterly unaudited reports
<b>Change of control:</b>	Investor put at 101%
<b>Listing of bonds:</b>	Nasdaq Copenhagen
<b>Trustee:</b>	Nordic Trustee
<b>Governing law:</b>	Danish law

# NOTES: Group

Financial Statements for the period January 1 - December 31

26

Note 26.

## Contingent Liabilities, Securities And Other Financial Obligations

### Contingent liabilities

### Securities

The following assets have been provided as security for the group's bankers:

EUR'000	2020	2019
Land, buildings and machinery	40,630	40,300
Herd	0	0
Inventories	0	0
Cash and cash equivalents	0	24,762
<b>Total</b>	<b>40,630</b>	<b>65,062</b>

### Other obligations

Purchase contracts of grain, soy and sunflower in Lithuania and Russia of EUR 19.3m (2019: EUR 15.2m).

The Idavang Group is party of a credit facility agreement with Jyske Bank and Nordic Trustee. See details in Parent Company Note 17.

27

Note 27.

## Post Balance Sheet Events

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

# Parent Company Financial Statements



Annual  
Report  
2020

Income statement	55
Statement of other comprehensive income	55
Balance sheet	56
Statement of changes in equity	57
Cash flow statement	58
Notes to the financial statements	59

### Income Statement

NOTE	EUR'000	2020	2019
	<b>Revenue</b>	<b>0</b>	150
<b>3 4 5</b>	Administration costs	-583	-1,341
	<b>Operating profit</b>	-583	-1,191
<b>6</b>	Financial income	33,630	4,490
<b>7</b>	Financial expenses	-12,624	-6,284
	<b>Profit before tax</b>	<b>20,423</b>	-2,985
<b>8</b>	Tax on profit for the year	14	680
	<b>Profit for the year</b>	<b>20,437</b>	-2,305
<i>Attributable to:</i>			
	Transferred to equity	20,437	-2,305

### Statement Of Other Comprehensive Income

EUR'000	2020	2019
<b>Profit for the year</b>	<b>20,437</b>	-2,305
<i>Other comprehensive income:</i>		
Exchange adjustment, foreign subsidiaries	59	-2
Other comprehensive income not be reclassified to profit or loss in subsequent periods	0	0
<b>Other comprehensive income</b>	<b>59</b>	-2
<b>Total comprehensive income</b>	<b>20,496</b>	-2,307

### Balance Sheet

		Assets	
NOTE	EUR'000	2020	2019
<b>Non-current assets</b>			
10	Property, plant and equipment	0	13
	<i>Other non-current assets</i>		
9	Shares in subsidiaries	28,623	28,507
14	Deferred tax	194	180
	Other receivables	441	441
	<b>Total non-current assets</b>	<b>29,258</b>	<b>29,141</b>
<b>Current assets</b>			
	<i>Receivables</i>		
12	Receivables from group companies	55,282	51,353
	Other receivables	54	13
	<b>Total receivables</b>	<b>55,336</b>	<b>51,366</b>
13	Cash	3,011	24,864
	<b>Total current assets</b>	<b>58,347</b>	<b>76,230</b>
	<b>Total assets</b>	<b>87,605</b>	<b>105,371</b>

### Equity & Liabilities

NOTE	EUR'000	2020	2019
<b>Equity</b>			
	Share capital	800	1,000
	Exchange adjustments	20	-39
	Retained earnings	4,413	1,681
	<b>Total equity</b>	<b>5,233</b>	<b>2,642</b>
<b>Non-current liabilities</b>			
11 12	Credit institutions and issued bonds	73,823	89,609
	Provisions	0	134
	<b>Total non-current liabilities</b>	<b>73,823</b>	<b>89,743</b>
<b>Current liabilities</b>			
	Payable to group companies	7,440	12,627
	Other payables	1,109	359
12	<b>Total current liabilities</b>	<b>8,549</b>	<b>12,986</b>
	<b>Total liabilities</b>	<b>82,372</b>	<b>102,729</b>
	<b>Total equity &amp; liabilities</b>	<b>87,605</b>	<b>105,371</b>



## Statement Of Changes In Equity

EUR'000	Share Capital	Exchange Adjustment	Retained Earnings	Total
<b>Equity at 1 January 2019</b>	1,000	-37	3,986	<b>4,949</b>
Profit/loss for the year			-2,305	<b>-2,305</b>
Other comprehensive income		-2		<b>-2</b>
<b>Total comprehensive income</b>	0	-2	-2,305	<b>-2,307</b>
<b>Equity at 31 December 2019</b>	1,000	-39	1,681	<b>2,642</b>
Profit/loss for the year			20,437	<b>20,437</b>
Other comprehensive income		59		<b>59</b>
<b>Total comprehensive income</b>	0	59	20,437	<b>20,496</b>
<b>Buyback of own shares</b>	-200		-17,705	<b>-17,905</b>
<b>Equity at 31 December 2020</b>	800	20	4,413	<b>5,233</b>

### Cash Flow Statement

NOTE	EUR'000	2020	2019
	Operating profit/loss	-583	-1,191
<b>5</b>	Depreciation and amortisation	2	5
	Changes in receivables	-7,442	-27,575
	Changes in non-current receivables	0	0
	Changes in other current liabilities	-4,437	1,010
<b>4</b>	Share-based payments	-134	0
	<b>Total</b>	<b>-12,594</b>	<b>-27,751</b>
	Interest received	3,420	2,204
	Dividend received	29,694	442
	Interest paid	-8,395	-5,821
	Corporation tax paid	0	0
	<b>Cash flows from operating activities</b>	<b>12,125</b>	<b>-30,926</b>

NOTE	EUR'000	2020	2019
<b>10</b>	Acquisition of property, plant and equipment	0	0
	Disposal of property, plant and equipment	11	0
	<b>Cash flows from investing activities</b>	<b>11</b>	<b>0</b>
	Proceeds from borrowings	73,794	5,365
	Repayments of borrowings	-89,743	0
	Excess cash after repurchase of IFC shares	6,722	0
	<b>Cash flows from financing activities</b>	<b>-9,227</b>	<b>5,365</b>
	Net cash flows from operating, investing and financing activities	2,909	-25,561
	Cash and cash equivalents at 1 January	102	25,663
	Exchange adjustments	0	0
<b>13</b>	<b>Cash and cash equivalents at 31 December</b>	<b>3,011</b>	<b>102</b>

# NOTES: Parent Company

Financial Statements for the period January 1 - December 31

1

## Note 1. Significant Accounting Policies

The financial statements of Idavang A/S are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and additional Danish disclosure requirements for financial statements.

The financial statements are presented in EUR. The company's functional currency is DKK.

The accounting policies applied by Idavang A/S are consistent with those applied by the group, cf. note 1 to the consolidated financial statements and the below.

The accounting policies remain unchanged from previous year.

### Revenue

Revenue consists of management fee allocated to subsidiaries in the group and is recognized on a straight-line bases as the services are provided.

Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, the carrying amount is reduced to such lower value.

### Dividends

Dividends from investments in subsidiaries are recognised in the parent company's income statement in the reporting year in which the dividends are declared.

2

## Note 2. Critical Accounting Estimates And Judgements

In connection with the preparation of the financial statements, management makes a number of judgements and estimates, which form the basis of the recognition and measurement of income, expenses, assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date.

### Accounting judgements

In the process of applying the company's accounting policies, management exercises judgements which may have a significant effect on the amounts recognised in the financial statements.

The judgements made with respect to the parent company's accounting policies are consistent with those stated in note 2 to the consolidated financial statements.

### Accounting estimates

Recognition and measurement of certain assets and liabilities at the balance sheet date require that Management makes assumptions and estimates of future events. If these assumptions and estimates are not realised as expected, it may result in significant corrections of the carrying amounts of the affected assets and liabilities in the subsequent financial year.

In 2011, Management made assumptions and estimates in connection with the recognition and measurement of share-based payments and deferred tax assets. Reference is made to the description in note 2 to the consolidated financial statements.

### Changes in accounting estimates

It may become necessary to change estimates due to changes in the circumstances underlying the estimates or to new information or subsequent events.

Changes in accounting estimates are recognised in the financial year in which the change takes place and in subsequent financial years where appropriate.

3

## Note 3. Fees Paid To Auditors Appointed At The Annual General Meeting

Audit fees are recognised under administration expenses.

EUR'000	2020	2019
Fee regarding statutory audit	34	34
Assurance engagements	7	15
Tax assistance	0	1
Other assistance	0	0
<b>Total</b>	<b>41</b>	<b>50</b>

4

### Note 4. Staff Costs

EUR'000	2020	2019
Wages and salaries	572	1,137
Other social security costs	0	0
Share-based payments (Group Note 6)	-134	0
<b>Total</b>	<b>438</b>	<b>1,137</b>
Production	0	0
Fixed assets	0	0
Administration	438	1,137
<i>Of which:</i>		
Remuneration for executive board	61	447
Salaries to other executive officers	0	0
Remuneration for board of directors	113	138
Share-based payments (Group Note 6), board & officers	0	0
<b>Total</b>	<b>174</b>	<b>585</b>
Average number of full-time employees	2	2

Staff costs are recognised under administration expenses.

5

### Note 5. Amortisation, Depreciation And Impairment Losses

Amortisation, depreciation and impairment losses are recognised under administration expenses.

EUR'000	2020	2019
Other fixtures and fittings, tools and equipment	2	5

6

### Note 6. Financial Income

EUR'000	2020	2019
Exchange gains	0	1,844
Interest income from credit institutions	0	0
Interest income, related parties	3,420	2,183
Dividend	29,694	442
Other	516	21
<b>Total financial income</b>	<b>33,630</b>	<b>4,490</b>

Financial income originating from loans and receivables measured at amortised cost.

7

### Note 7. Financial Expenses

EUR'000	2020	2019
Exchange losses	3,414	0
Interest payables to credit institutions	7,725	6,132
Interest payables to related parties	1,485	152
Interest, relating to IFRS 16	0	0
Other	0	0
<b>Total financial expenses</b>	<b>12,624</b>	<b>6,284</b>

Financial expenses originating from financial liabilities measured at amortised cost.

8

**Note 8.  
Income Taxes**

EUR'000	2020	2019
<b>Income tax expense recognised in profit or loss:</b>		
Estimated tax on the taxable income for the year	0	0
Group taxation contribution	0	500
Adjustment regarding prior year	0	0
Changes in deferred tax	14	180
Income taxes	14	680
<b>Reconciliation of tax rate:</b>		
Danish tax rate	22%	22%
Ajustment regarding prior year	0%	0%
Not recognized tax assets	0%	1%
Tax free income	-22%	0%
<b>Effective tax rate</b>	0%	23%

9

**Note 9.  
Investments  
In Subsidiaries  
Of The Group**

EUR'000	2020	2019	1/1 2019
<b>Cost 1/1</b>	28,507	28,516	28,604
Additions	0	0	0
Disposals	0	0	0
Write-down	0	0	0
Exchange adjustments	116	-9	-88
<b>Cost 31/12</b>	28,623	28,507	28,516

**Subsidiaries Of The Group**

Lithuania	Subsidiary	Ownership
	<b>UAB Idavang</b>	100%
<b>Denmark</b>		
	<i>Pskov Invest Aps</i>	100%
	<i>Rus Invest Aps</i>	100%
	<i>Idavang Russia A/S</i>	100%
	<i>Rurik A/S</i>	100%
<b>Russia</b>		
	<b>Idavang Agro LLC</b>	100%
	<i>Idavang Invest LLC</i>	100%
	<b>Idavang LLC</b>	100%
	<i>Nordrik Invest LLC</i>	100%
	<b>Idavang Luga LLC</b>	100%
	<i>Rurik Russia LLC</i>	100%
	<i>MPK-Vostochny LLC</i>	100%
	<i>Sovhoz Vostochny LLC</i>	100%
<b>Active / No activities</b>		

10

Note 10.  
**Property,  
 Plant And  
 Equipment**

Carrying amount of assets written off but still in use is EUR 0.

The amount of borrowing costs capitalised during the year ended 31/12 2020 was EUR 0 (2019 - EUR 0).

### 2020

EUR'000	Fixtures, fittings, tools, equipment	Total
Cost at 1/1 2020	26	26
Additions	0	0
Disposals	-26	-26
Cost at 31/12 2020	0	0
Impairment losses and depreciation 1/1 2020	-13	-13
Depreciation	-2	-2
Reversed depreciation on disposal	15	15
Impairment losses and depreciation 31/12 2020	0	0
<b>Carrying amount 31/12 2020</b>	<b>0</b>	<b>0</b>

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Note 10.  
**Property,  
 Plant And  
 Equipment**

### 2019

EUR'000	Fixtures, fittings, tools, equipment	Total
Cost at 1/1 2019	26	26
Additions	0	0
Disposals	0	0
Cost at 31/12 2019	26	26
Impairment losses and depreciation 1/1 2019	-8	-8
Depreciation	-5	-5
Reversed depreciation on disposal	0	0
Impairment losses and depreciation 31/12 2019	-13	-13
<b>Carrying amount 31/12 2019</b>	<b>13</b>	<b>13</b>

# NOTES: Parent Company

Financial Statements for the period January 1 - December 31

11

Note 11.  
**Payables to credit institutions and issued bonds**

EUR'000	2020	2019
Non-current liability	73,823	89,609
Current liability	0	0
<b>Book value in total</b>	<b>73,823</b>	<b>89,609</b>

Payables to credit institutions and bonds including interest have the following maturity terms:

EUR'000	2020	2019
Within 1 year	5,491	5,447
1-5 years	95,100	94,830
More than 5 years	0	0
<b>Total</b>	<b>100,591</b>	<b>100,277</b>

Quoted bond is included with EUR 5,491k with 1 year and 95,100k 1-5 year.

2020

EUR'000	Avg. nominal interest	Avg. effective interest	Currency	Interest period	Book value
Issued bonds	7.3%	7.6%	EUR	4 years	73,823
<b>Total</b>					<b>73,823</b>

2019

Variable loans	2.5%	2.5%	EUR	2 years	6,457
Issued bonds	6.5%	6.9%	EUR	2 years	83,152
<b>Total</b>					<b>89,609</b>

12

### Note 12. Financial Assets And Liabilities

Receivables from group entities are based on agreements with 3rd party, hence assumed equal to fair value.

EUR'000	Carrying amount 2020	Fair value 2020	Carrying amount 2019	Fair value 2019
<i>Loans and receivables at amortised cost:</i>				
Receivables from group entities	55,282	55,282	51,353	51,353
Other receivables	54	54	13	13
Cash	3,011	3,011	24,864	24,864
<b>Total loans and receivables measured at amortised cost</b>	<b>58,347</b>	<b>58,347</b>	<b>76,230</b>	<b>76,230</b>
<b>Total financial assets</b>	<b>58,347</b>	<b>58,347</b>	<b>76,230</b>	<b>76,230</b>
<i>Financial liabilities measured at amortised cost:</i>				
Payables to credit institutions	73,823	73,823	89,609	89,609
Payable to group entities	7,440	7,440	12,627	12,627
Other payables	1,109	1,109	359	359
<b>Total financial liabilities measured at amortised cost</b>	<b>82,372</b>	<b>82,372</b>	<b>102,595</b>	<b>102,595</b>
<b>Total financial liabilities</b>	<b>82,372</b>	<b>82,372</b>	<b>102,595</b>	<b>102,595</b>

EUR'000	2020				2019			
	1/1	Cash flow	FX/other	12/31	1/1	Cash flow	FX/other	12/31
Payables to credit institutions	6,457	-6,457	0	0	1,073	5,384	0	6,457
Issued bonds	83,152	-9,492	163	73,823	82,822	0	330	83,152
Payable to credit institutions	0	0	0	0	0	0	0	0
<b>Total</b>	<b>89,609</b>	<b>-15,949</b>	<b>163</b>	<b>73,823</b>	<b>83,895</b>	<b>5,384</b>	<b>330</b>	<b>89,609</b>



13

Note 13.  
**Cash**

EUR'000	2020	2019
Cash	3,011	102
Escrow account	0	24,762
<b>Total</b>	<b>3,011</b>	<b>24,864</b>

Balance sheet

Income statement

14

Note 14.  
**Deferred Tax**

EUR'000	2020	2019	1/1 2019	2020	2019
Loss bought forward/group taxation	194	180	0	203	203
Deferred tax income/(expense)				0	0
Deferred tax asset/(liability)	0	0	0		
<b>Deferred tax asset/liability is recognised in the balance sheet as follows:</b>					
Deferred tax asset	194	180	0		
Deferred tax liability	0	0	0		
Deferred tax, net	194	180	0		
<b>Reconciliation of deferred tax, net:</b>					
At 1/1	180	0	0		
Transferred in connection with the group taxation	0	180	0		
The year's tax income/expense recognised in profit or loss	14	0	0		
The year's tax income/expense recognised in other comprehensive income	0	0	0		
<b>At 31/12</b>	<b>194</b>	<b>180</b>	<b>0</b>		

Tax losses carry forward are capitalized with EUR 203 thousand (out of EUR 2,941 thousand) due to uncertainties of utilizing it in the future.

15

### Note 15. Related Party Transactions

## 2020

EUR'000	Repurchase of shares	Management fee & salary	Dividend
<i>Owners:</i>			
Shareholders in Jast Holding ApS (excluding Executive Board)	0	297	0
IFC	17,905	0	0
<b>Total</b>	<b>17,905</b>	<b>297</b>	<b>0</b>

EUR'000	Management fee	Interest net	Loan to/from
<i>Subsidiaries:</i>			
UAB Idavang	0	938	30,000
Idavang Agro LLC	0	1,085	12,197
Idavang LLC	0	0	75
Pskov Invest ApS	0	-1,486	-7,440
Rus Invest ApS	0	1,394	13,010
<b>Total</b>	<b>0</b>	<b>1,931</b>	<b>47,842</b>

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### Note 15. Related Party Transactions

## 2019

EUR'000	Management fee and salary	Dividend
<i>Owners:</i>		
Shareholders in Jast Holding ApS (excluding Executive Board)	601	0
IFC	0	0
<b>Total</b>	<b>601</b>	<b>0</b>

In addition to the related parties mentioned in the consolidated financial statements, Idavang A/S's related parties include the subsidiaries set out in Note 9 and executive board and board of directors.

The tables show transactions with related parties in the financial year.

Transactions with executive board and board of directors are enclosed in Note 4.

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

Rus Invest Aps and Idavang Agro LLC's creditworthiness have been evaluated due to high equity ratio, it has been concluded that the receivables do not have any risk for losses, hence they are not written down.

EUR'000	Management fee	Interest net	Loan to/from
<i>Subsidiaries:</i>			
UAB Idavang	0	870	25,074
Idavang Agro LLC	75	1,313	14,633
Idavang LLC	75	0	75
Pskov Invest ApS	0	-1,400	-12,627
Rus Invest ApS	0	1,248	11,571
<b>Total</b>	<b>150</b>	<b>2,031</b>	<b>38,726</b>

# NOTES: Parent Company

Financial Statements for the period January 1 - December 31

16

Note 16.

## Contingent Liabilities, Securities And Other Financial Obligations

### Contingent liabilities

The Company is taxed on a joint basis with its parent, Jast Holding ApS. The Company is thus jointly and severally liable for all tax liabilities under the joint taxation arrangement until and including the financial year ended 31 December 2020.

### Securities

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

- > Receivables from group entities:
  - Idavang Agro LLC (Russia) EUR 10,011k.
- > Shares in:
  - Rus Invest ApS (Denmark)
  - Rurik A/S (Denmark)
  - Pskov Invest ApS (Denmark)
  - Idavang Russia A/S (Denmark)
  - Idavang Agro LLC (Russia)
  - Idavang Luga LLC (Russia)
  - UAB Idavang (Lithuania)

In addition, the following companies in the Idavang group participate in a cross guarantee to Jyske Bank as the lender of this agreement: all except Russians.

The above mentioned securities have been provided as collaterals for bank mortgages of EUR 84,000 thousand at 31 December 2020.

### Other obligations

None

17

Note 17.

## Post Balance Sheet Events

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

Annual  
Report  
2020



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CEO

På vegne af: Idavang A/S

Serienummer: cb@idavang.com

IP: 78.60.xxx.xxx

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## Claus Baltersen

Bestyrelsesmedlem

På vegne af: Idavang A/S

Serienummer: cb@idavang.com

IP: 78.60.xxx.xxx

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Bestyrelsesmedlem

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