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Dan-Slovakia Agrar A/S

Karlslundvej 14
8330 Beder
CVR No. 26296978

Annual report 2020

The Annual General Meeting adopted the annual report on 23.03.2021

Erik Jantzen
Chairman of the General Meeting

Contents

Entity details

Entity

Dan-Slovakia Agrar A/S

Karlslundvej 14

8330 Beder

Business Registration No.: 26296978

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Niels Rauff Hansen, formand

Erik Jantzen

Anders Bundgaard

Mogens Hansen

Executive Board

Erik Jantzen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dan-Slovakia Agrar A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Beder, 23. marts 2021

Executive Board

Erik Jantzen

Board of Directors

Niels Rauff Hansen
formand

Erik Jantzen

Anders Bundgaard

Mogens Hansen

Independent auditor's report

To the shareholders of Dan-Slovakia Agrar A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dan-Slovakia Agrar A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 23. marts 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Rasmus Brodd Johnsen
State Authorised Public Accountant
Identification No (MNE) mne33217

Management commentary

Financial highlights

	2020 EUR'000	2019 EUR'000	2018 EUR'000	2017 EUR'000	2016 EUR'000
Key figures					
Gross profit/loss	14,411	18,583	15,725	17,783	14,098
Operating profit/loss	6,415	11,121	7,037	9,990	7,201
Net financials	(944)	(952)	(1,162)	(1,149)	(1,092)
Profit/loss for the year	4,212	7,954	4,630	6,987	4,871
Balance sheet total	111,190	104,427	108,181	109,158	99,347
Investments in property, plant and equipment	7,241	8,459	4,858	9,467	17,010
Equity	52,640	49,206	49,189	54,951	47,170
Average number of employees	150	138	194	181	178
Ratios					
Return on equity (%)	8.27	16.17	8.89	13.68	10,90
Equity ratio (%)	47.34	47.12	45.47	50.34	47.48

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The primary activity of the Group is production of crops and pigs in the subsidiaries of Dan-Slovakia Agrar a.s. and AgroEco s.r.o. in Slovakia.

The Parent, Dan-Slovakia Agrar A/S, mainly provides consultancy services to its subsidiaries.

Development in activities and finances

The activities for the financial year have been crop production on approx. 5,000 ha of land and production of pigs from 8,500 sows and pregnant gilts on average.

Pig production performed mainly as planned. The market for pork was changing more than normal. First four month the average price was 1,47 EUR/kg and the rest of the year the average price was 1,08 EUR/kg. The big drop in price was due to a combination of African Swine Fewer in Germany and COVID-19 lock downs all over the world.

The crop production was in general in line with budget.

Our investing activities in 2020 were primarily focused on the first phase of extending our sow farm. By end of the year the capacity for 10,500 sows was ready. Beside that ongoing investments into improvement of biosecurity measures was done.

During the year, the Group has had to learn to change workplaces for maximum protection of employees against COVID-19 infection. Production could thus run without significant obstacles with consequent negative economic impact.

Profit/loss for the year in relation to expected developments

Group profit for the financial year was EUR 4.212. This is lower than the expectations for 2020, but Management considers the result as satisfactory taken the given circumstances into consideration.

Uncertainty relating to recognition and measurement

Recognition of welfare subsidy

The subsidiary, Dan-Slovakia Agrar a.s., participates in projects regarding increased welfare for sows and fatteners, which qualifies for a subsidy from the local Slovakian authorities. The projectperiod is 5 years, however the company needs to be approved on an annual basis in order to receive the subsidy. The last approval was regarding 2019. The entity has calculated and booked the part of the expected subsidy that relates to the activities performed in 2020, based on the demands and conditions set out by the Slovakian authorities. The procedures are unchanged compared to 2019, hence the company also expect to be approved for 2020. The subsidy receivable amounts to EUR 748 (2019: 735) before tax.

Outlook

Due to the current market outlook for 2021, management expects that pig meat prices will be not lower than 2020. If the world community succeeds in reopening after the great COVID-19 lock down, it must be expected that the demand for pork will increase sharply. We expect a net profit for the Group not lower than in 2020.

However, it should be noted that African Swine Fewer has entered East Slovakia. If the disease is to make its way to West Slovakia, it can pull in the opposite direction and lead to lower prices. In that case the profit will be lower.

Due to the experiences from 2020 we don’t expect that Covid-19 will have significant impact on the production.

Particular risks

Operating risk

The Group's primary operating risk relates to the subsidiaries' ability to produce profitable, which means the risks associated with developing and operating a company in Slovakia. The sales price for pigs is the most uncertain factor in the Group's economy.

The uncertainty regarding African Swine Fever is also primarily about the effect on pig prices. So much has been invested in biosafety that the risk of infection of the group's pigs is minimal. In addition, the entire herd is covered by a herd insurance which will replace the animals in case of liquidation.

Financial exposure

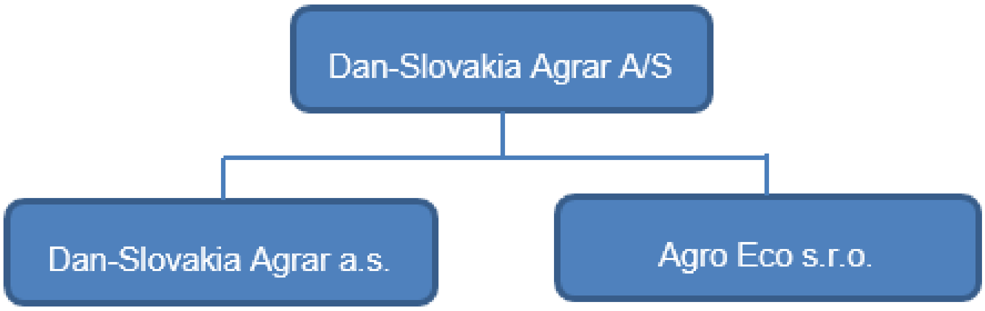
The Company is exposed to changes in HUF and DKK exchange rates. Sales are primarily formed in EUR and a substantial part of financing has been arranged in EUR.

Group debt primarily carries floating rate interest.

The Group is not exposed to major risks from single customers or trading partners since all significant debtors are credit insured or paying cash.

It is the Group´s policy that the cash generation as well as the placing of surplus liquidity are centrally controlled by the Parent in so far this is appropriate.

Group relations



Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 EUR'000	2019 EUR'000
Gross profit/loss		**14,411**	**18,583**
Staff costs	1	(4,100)	(3,707)
Depreciation, amortisation and impairment losses	2	(3,896)	(3,755)
Operating profit/loss		**6,415**	**11,121**
Other financial income		88	107
Other financial expenses	3	(1,032)	(1,059)
Profit/loss before tax		**5,471**	**10,169**
Tax on profit/loss for the year	4	(1,259)	(2,215)
Profit/loss for the year	5	**4,212**	**7,954**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 EUR'000	2019 EUR'000
Land and buildings		65,130	62,298
Plant and machinery		9,309	10,348
Biological assets		4,364	3,501
Property, plant and equipment in progress		7,756	2,717
Property, plant and equipment	6	**86,559**	**78,864**
Other investments		7	7
Financial assets	7	**7**	**7**
Fixed assets		**86,566**	**78,871**
Raw materials and consumables		8,924	7,824
Livestock		6,801	6,436
Inventories		**15,725**	**14,260**
Trade receivables		3,333	3,857
Deferred tax	8	8	0
Other receivables		4,382	5,912
Prepayments	9	4	2
Receivables		**7,727**	**9,771**
Cash		**1,172**	**1,525**
Current assets		**24,624**	**25,556**
Assets		**111,190**	**104,427**

Equity and liabilities

	Notes	2020 EUR'000	2019 EUR'000
Contributed capital		3,564	3,564
Revaluation reserve		11,817	8,745
Retained earnings		35,084	33,047
Proposed dividend for the financial year		2,175	3,850
Equity		**52,640**	**49,206**
Deferred tax	8	5,734	4,787
Provisions		**5,734**	**4,787**
Bank loans		30,805	30,222
Lease liabilities		1,608	1,477
Non-current liabilities other than provisions	10	**32,413**	**31,699**
Current portion of non-current liabilities other than provisions	10	7,520	6,499
Bank loans		5,204	4,170
Trade payables		3,220	2,225
Tax payable		329	1,126
Other payables		4,130	4,715
Current liabilities other than provisions		**20,403**	**18,735**
Liabilities other than provisions		**52,816**	**50,434**
Equity and liabilities		**111,190**	**104,427**
Assets charged and collateral	12		
Transactions with related parties	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2020

	Contributed capital EUR'000	Revaluation reserve EUR'000	Retained earnings EUR'000	Proposed dividend for the financial year EUR'000	Total EUR'000
Equity beginning of year	3,564	8,745	33,047	3,850	49,206
Ordinary dividend paid	0	0	0	(3,850)	(3,850)
Value adjustments	0	3,072	0	0	3,072
Profit/loss for the year	0	0	2,037	2,175	4,212
Equity end of year	**3,564**	**11,817**	**35,084**	**2,175**	**52,640**

Consolidated cash flow statement for 2020

	Notes	2020 EUR'000	2019 EUR'000
Operating profit/loss		6,415	11,121
Amortisation, depreciation and impairment losses		3,870	3,894
Working capital changes	11	(280)	(2,432)
Cash flow from ordinary operating activities		**10,005**	**12,583**
Financial income received		(943)	(952)
Taxes refunded/(paid)		(658)	(374)
Cash flows from operating activities		**8,404**	**11,257**
Acquisition etc. of property, plant and equipment		(13,336)	(7,290)
Sale of property, plant and equipment		5,660	2,536
Divestment of entities, net of cash		0	5,719
Cash flows from investing activities		**(7,676)**	**965**
Free cash flows generated from operations and investments before financing		**728**	**12,222**
Loans raised		7,800	6,440
Repayments of loans etc.		(6,065)	(9,848)
Dividend paid		(3,850)	(8,030)
Dividend received		0	91
Cash flows from financing activities		**(2,115)**	**(11,347)**
Increase/decrease in cash and cash equivalents		**(1,387)**	**875**
Cash and cash equivalents beginning of year		(2,645)	(3,520)
Cash and cash equivalents end of year		**(4,032)**	**(2,645)**
Cash and cash equivalents at year-end are composed of:			
Cash		1,172	1,525
Short-term bank loans		(5,204)	(4,170)
Cash and cash equivalents end of year		**(4,032)**	**(2,645)**

Notes to consolidated financial statements

1 Staff costs

	2020 EUR'000	2019 EUR'000
Wages and salaries	2,972	2,686
Other social security costs	1,128	1,021
	4,100	**3,707**
Average number of full-time employees	**150**	**138**

2 Depreciation, amortisation and impairment losses

	2020 EUR'000	2019 EUR'000
Depreciation on property, plant and equipment	3,870	3,894
Profit/loss from sale of intangible assets and property, plant and equipment	26	(139)
	3,896	**3,755**

3 Other financial expenses

	2020 EUR'000	2019 EUR'000
Other interest expenses	1,022	1,053
Exchange rate adjustments	10	6
	1,032	**1,059**

4 Tax on profit/loss for the year

	2020 EUR'000	2019 EUR'000
Current tax	1,136	1,812
Change in deferred tax	123	403
	1,259	**2,215**

5 Proposed distribution of profit/loss

	2020 EUR'000	2019 EUR'000
Ordinary dividend for the financial year	2,175	3,850
Extraordinary dividend distributed in the financial year	0	5,930
Retained earnings	2,037	(1,826)
	4,212	**7,954**

6 Property, plant and equipment

	Land and buildings EUR'000	Plant and machinery EUR'000	Biological assets EUR'000	Property, plant and equipment in progress EUR'000
Cost beginning of year	69,405	28,533	3,501	2,717
Additions	926	1,276	6,095	10,082
Disposals	(105)	(1,187)	(5,232)	(5,043)
Cost end of year	**70,226**	**28,622**	**4,364**	**7,756**
Revaluations beginning of year	8,965	0	0	0
Revaluations for the year	3,889	0	0	0
Revaluations end of year	**12,854**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(16,072)	(18,185)	0	0
Depreciation for the year	(1,927)	(1,943)	0	0
Reversal regarding disposals	49	815	0	0
Depreciation and impairment losses end of year	**(17,950)**	**(19,313)**	**0**	**0**
Carrying amount end of year	**65,130**	**9,309**	**4,364**	**7,756**

7 Financial assets

	Other investments EUR'000
Cost beginning of year	7
Cost end of year	**7**
Carrying amount end of year	**7**

8 Deferred tax

Changes during the year	2020 EUR'000	2019 EUR'000
Beginning of year	4,787	5,446
Recognised in the income statement	123	(403)
Recognised directly in equity	816	(256)
End of year	**5,726**	**4,787**

Deferred tax has been recognised in the balance sheet as follows	2020 EUR'000	2019 EUR'000
Deferred tax assets	8	0
Deferred tax liabilities	(5,734)	(4,787)
	(5,726)	**(4,787)**

The deferred tax primarily relates to the difference between accounting and tax values of fixed assets

9 Prepayments

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

10 Non-current liabilities other than provisions

	Due within 12 months 2020 EUR'000	Due within 12 months 2019 EUR'000	Due after more than 12 months 2020 EUR'000
Bank loans	6,959	6,019	30,805
Lease liabilities	561	480	1,608
	7,520	**6,499**	**32,413**

11 Changes in working capital

	2020 EUR'000	2019 EUR'000
Increase/decrease in inventories	(1,465)	513
Increase/decrease in receivables	2,050	(5,508)
Increase/decrease in trade payables etc.	(865)	2,563
	(280)	**(2,432)**

12 Assets charged and collateral

Bank debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged land amounts to EUR 23.122k and the carrying amount of mortgaged assets amounts to EUR 40.982.

Bank debt is secured by way of company charge covering properties, plant and machinery, heard and receivables.

The carrying amount of properties, plant and machinery, heard and receivables amounts to EUR 83.830k.

Bank debt is secured by way of cross guarantee between Dan-Slovakia Agrar A/S and Agri Consult ApS. The guaranteed bank debt in Agri Consult ApS amounts to EUR 7.098k as of 31.12.2020 (31.12.2019: EUR 7.510k).

13 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

14 Subsidiaries

	Registered in	Ownership %
Dan-Slovakia a.s.	Slovakia	100
AgroEco a.s.	Slovakia	100

Parent income statement for 2020

	Notes	2020 EUR'000	2019 EUR'000
Gross profit/loss		**16**	**44**
Income from investments in group enterprises		4,240	7,936
Other financial income	1	109	154
Other financial expenses	2	(161)	(178)
Profit/loss before tax		**4,204**	**7,956**
Tax on profit/loss for the year		8	(2)
Profit/loss for the year	3	**4,212**	**7,954**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 EUR'000	2019 EUR'000
Investments in group enterprises		55,593	52,131
Financial assets	4	**55,593**	**52,131**
Fixed assets		**55,593**	**52,131**
Trade receivables		10	0
Receivables from group enterprises		1,648	1,174
Deferred tax	5	8	0
Other receivables		3,635	4,208
Prepayments	6	4	2
Receivables		**5,305**	**5,384**
Cash		**50**	**102**
Current assets		**5,355**	**5,486**
Assets		**60,948**	**57,617**

Equity and liabilities

	Notes	2020 EUR'000	2019 EUR'000
Contributed capital		3,564	3,564
Reserve for net revaluation according to the equity method		46,879	41,742
Retained earnings		22	50
Proposed dividend for the financial year		2,175	3,850
Equity		**52,640**	**49,206**
Bank loans		1,824	3,026
Non-current liabilities other than provisions	7	**1,824**	**3,026**
Current portion of non-current liabilities other than provisions	7	1,271	1,205
Bank loans		5,204	4,170
Trade payables		9	8
Tax payable		0	1
Other payables		0	1
Current liabilities other than provisions		**6,484**	**5,385**
Liabilities other than provisions		**8,308**	**8,411**
Equity and liabilities		**60,948**	**57,617**
Working conditions	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2020

	Contributed capital EUR'000	Reserve for net revaluation according to the equity method EUR'000	Retained earnings EUR'000	Proposed dividend for the year EUR'000	Total EUR'000
Equity beginning of year	3,564	41,742	50	3,850	49,206
Ordinary dividend paid	0	0	0	(3,850)	(3,850)
Value adjustments	0	3,072	0	0	3,072
Profit/loss for the year	0	2,065	(28)	2,175	4,212
Equity end of year	**3,564**	**46,879**	**22**	**2,175**	**52,640**

Reserve for netrevaluation according to the equity method takes into account expected dividend payments of EUR 2.175k from subsidaries to be approved in the local entities.

Notes to parent financial statements

1 Other financial income

	2020 EUR'000	2019 EUR'000
Financial income from group enterprises	21	47
Other interest income	88	102
Exchange rate adjustments	0	5
	109	**154**

2 Other financial expenses

	2020 EUR'000	2019 EUR'000
Financial expenses from group enterprises	0	9
Other interest expenses	156	163
Exchange rate adjustments	5	6
	161	**178**

3 Proposed distribution of profit and loss

	2020 EUR'000	2019 EUR'000
Ordinary dividend for the financial year	2,175	0
Retained earnings	2,037	7,954
	4,212	**7,954**

4 Financial assets

	Investments in group enterprises EUR'000
Cost beginning of year	6,539
Cost end of year	**6,539**
Revaluations beginning of year	45,592
Adjustments on equity	3,072
Share of profit/loss for the year	4,240
Dividend	(3,850)
Revaluations end of year	**49,054**
Carrying amount end of year	**55,593**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5 Deferred tax

Changes during the year	2020 EUR'000
Recognised in the income statement	8
End of year	**8**

Deferred tax relates to taxible loss in the current year.

6 Prepayments

Prepayments attributes to insurance paid in advance.

7 Non-current liabilities other than provisions

	Due within 12 months 2020 EUR'000	Due within 12 months 2019 EUR'000	Due after more than 12 months 2020 EUR'000
Bank loans	1,271	1,205	1,824
	1,271	**1,205**	**1,824**

8 Working conditions

Average number of employees: 2020: 0 (2019: 0)

9 Assets charged and collateral

Bank debt is secured by way of mortgage in shares in Dan-Slovakia Agrar a.s. of EUR 9.865k nominal.

Bank debt is secured by way of cross gurantee between Dan-Slovakia Agrar A/S and Agri Consult ApS. The guaranteed bank debt in Agri Consult ApS amounts to EUR 7.098 as of 31.12.2020 (31.12.2019: EUR 7.510k).

10 Related parties with controlling interest

Dan-Slovakia Agrar A/S has no related parties with controlling interest.

Related parties with significant interest include the company’s supervisory and executive boards.

11 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment
Land and buildings, plant and machinery and biological assets are measured at cost less accumulated depreciation and impairment losses. Land and biological assets are not depreciated.

Farmland has been revaluated on the basis of an independent assessment of the market value of land. The assessment has been made by benchmarking to comparable transactions.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30 years
Plant and machinery	3 - 10 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Biological assets
Biological assets in comprising live animals and crops are measured at the lower of cost and net realisable value.

For acquired assets, the cost comprises the acquisition price plus any directly related acquisition cost. For own produced crops and live animals, the biological assets are measured at standard costs comprising directly and indirectly production costs.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.
Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise securities which are measured at cost.

Inventories
Inventories are measured at the lower of cost using the average cost method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial

year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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