Idavang A/S
Tofthøjvej 41, DK-7321 Gadbjerg
CVR 20 95 61 43

Annual Report 2019

IDAVANG

IDAVANG

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IDAVANG A/S

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Statement

by the Board of Directors and the Executive Board

Gadbjerg, 26 February 2020

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 2019.

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 2019 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 2019.

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

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

Leo Grønvall

Ole Bjerremand Hansen

Carsten Lund Thomsen

Independent Auditor's Report

to the shareholders of Idavang A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Idavang A/S for the financial year 1 January – 31 December 2019, which comprise income statement, statement of other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 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 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

Idavang A/S has issued bonds, which was listed on the NASDAQ Copenhagen Stock Exchange in July 2018. We were initially appointed as auditor of Idavang A/S on 15 July 2011 for the financial year 2011.

We have been reappointed annually by resolution of the general meeting for a total consecutive period of 9 years up until and including the financial year 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2019.

These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon.

We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below.

Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Independent Auditor's Report

to the shareholders of Idavang A/S

Key audit matters

Fair value of commercial and breeding herd

The Group's biological assets in terms of commercial and breeding herd are measured at fair value less selling costs at the balance sheet date.

At the 31 December 2019 the fair value of the group's herds amount to EUR 43,434 thousand (2018: EUR 35,933 thousand).

The Group's model applied for determining the fair value is complex and involves significant judgements, as local prices are not available in all relevant markets for all stages in the production from piglet to slaughter pigs and from young females to sows. The model includes information, quotations and prices from known markets with necessary adjustments appropriate for each local market.

We refer to note 16 in the consolidated financial statements.

How our audit addressed the key audit matter

We have evaluated and tested the appropriateness of the Group's model for determining the fair value of the herd throughout all stages of production.

We challenged Management's assumptions applied in the models with reference to historical data and, where applicable, external documented quotations and prices based on age, breed and genetic heritage.

We tested the valuation models for consistency with previous years. Further, we evaluated the appropriateness of the related disclosures provided.

Statement on the Management's review

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

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

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

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

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 additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain

Independent Auditor's Report

to the shareholders of Idavang A/S

professional scepticism throughout the audit. We also:

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

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

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

> Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

> Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Aarhus
26 February
2020

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State Authorised Public Accountant
mne10121

Soren Jensen
State Authorised Public Accountant
mne34132

Annual Report 2019

Management's Review

IDAVANG

Management's Review

Company Details

Name	Idavang A/S
Address, zip code, city	Tofthøjvej 41 DK-7321 Gadbjerg
CVR no.	20 95 61 43
Established	1998
Financial year	1 January - 31 December
Website	www.idavang.com
Telephone	+45 75 87 64 15
Board of Directors*	Niels Hermansen, Chairman Jytte Rosenmaj, Deputy chairman Claus Baltersen Ole Bjerremand Hansen Carsten Lund Thomsen
Executive Board*	Claus Baltersen, CEO Michael Henriksen, CFO
Shareholders	Jast Holding ApS, Tofthøjvej 41, DK-7321 Gadbjerg, 80% International Finance Corporation, 2121 Pennylvania Ave., Washington, D.C. 20433, USA, 20%
Ultimate parent company	Jast Holding ApS, Tofthøjvej 41, DK-7321 Gadbjerg, 80%
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8000 Aarhus C

(*) See note 23 for further information

Financial Highlights

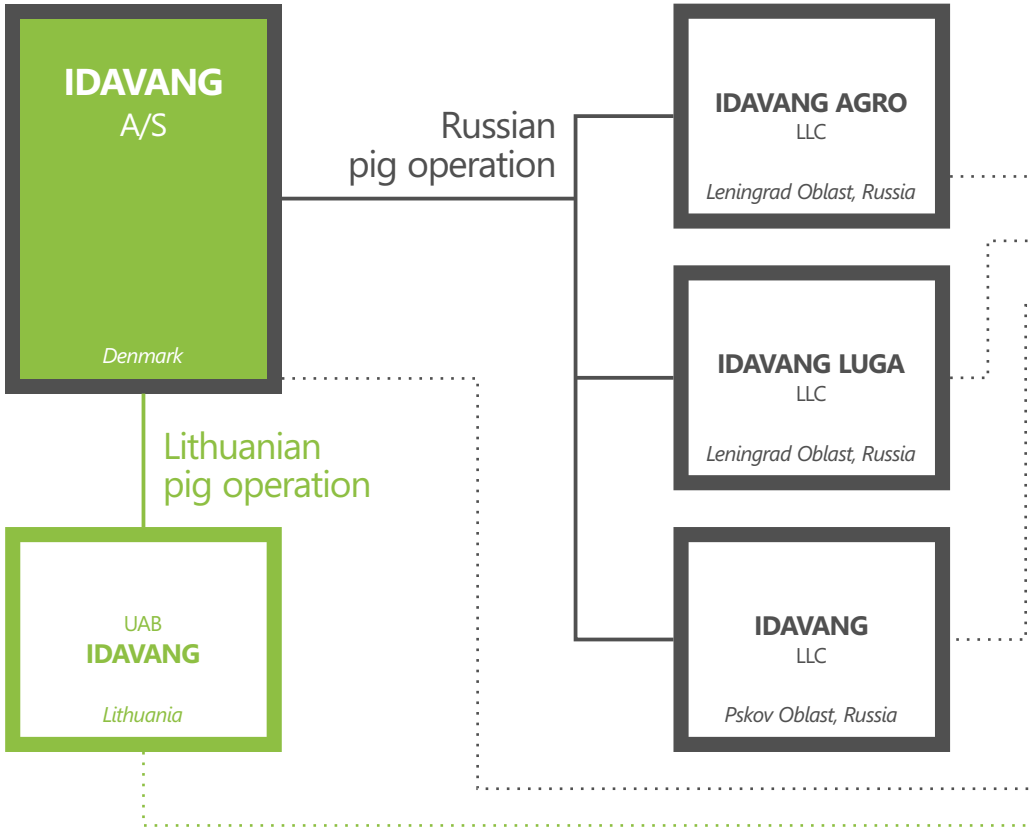
EUR'000,000

Key Figures	2019	2018	2017	2016	2015
Revenue	110.5	99.5	109.6	95.1	91.2
EBITDA (*)	26.9	17.6	21.6	26.0	20.3
Profit/loss before net financials (EBIT)	18.4	10.1	13.8	18.7	12.3
Net financials	–4.8	-9.3	-5.9	-3.8	-6.3
Profit/loss for the year	**11.0**	**1.2**	**6.1**	**14.3**	**5.9**
Tangible assets	96.7	86.8	88.6	94.0	87.6
Biological assets (herd and crop)	45.0	37.4	37.3	43.8	32.6
Total assets	**200.1**	**181.0**	**179.1**	**165.0**	**145.5**
Equity	**67.3**	**50.4**	**54.1**	**72.3**	**50.0**
Net interesting-bearing debt (NIBD)	90.1	78.3	73.0	68.1	74.4
Non-current liailities	98.0	100.1	95.3	64.6	56.9
Current liabilities	34.8	30.4	29.7	28.2	38.5
Cash flows from operating activities	2.7	5.3	19.6	14.6	10.9
Investment in property, plant and equipment	–9.3	-12.6	-6.3	-3.5	-4.6
Cash flows lrom financing activities	-2.8	9.8	-11.4	-11.5	-2.7
Total cash flows	**-9.7**	**3.2**	**2.0**	**0.2**	**4.3**
Financial Ratios					
EBITDA margin	24%	19%	20%	27%	22%
Current ratio	245%	255%	254%	196%	109%
Equity ratio	34%	28%	30%	44%	34%
Return on equity	16%	2%	10%	20%	12%
Sold volume liveweight (kMT)	89	88	86	86	75
Return on average invested capital (ROIC)	13%	7%	10%	14%	9%
Average number of full-time employees	**830**	**809**	**807**	**787**	**767**

(*) 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 and 16.

Management's Review

Group Chart



Above group chart shows only operational entities. All group enterprises are 100% directly or indirectly owned by Idavang A/S.

Management's Review

Revenue for the Idavang group was EUR 110.5m in 2019 against EUR 99.5m in 2018. EBITDA was EUR 26.9m against EUR 17.6m (at fixed herd prices it was EUR 22.8m against 2018 of EUR 15.1m) and profit after tax was EUR 10.8m against EUR 1.2m in 2018.

Implementation of IFRS 16 have had EUR 0.2m effect on EBITDA and EUR 0.0m on profit after tax.

Production flow has during 2019 been changed in Russia with our new farm Luga started operations with slaughterpigs in May and sold first pigs in August, currently eight stables are operational and additional two will follow start 2020. In Lithuania more production has been in-sourced reducing contracting operation (in Poland) with 34%, and with the rental of Berzai farm end 2019 it is expected to in-source the remaining production in 2020.

The massive outbreaks of African Swine Fever (ASF) in China started affecting the European pork market in April, driving sales prices significant upwards in Lithuania. The positive effect resulted in that prices end 2019, where the highest (nominal terms) the last 30 years in Europe. Nevertheless, it has not benefitted sales from Russia that the Asian pork prices are booming, as limited export has existed before 1st January 2020, where Vietnam was opened for import from Russia.

Overall the sales prices increase from 1,14 EUR/kg to 1,23 EUR/kg for the full year compared to 2018 (+22% in Lithuania and -7% in Russia). The price increase was dominated by higher prices on pork from Q2-Q4 in Lithuania, where the increase was +32% compared to the same period in 2018.

Feed average prices were in 2019 4.5% higher than in 2018 (EUR 2.6m), but from new harvest Q4, 2019 has prices been reduced again mainly due to cheaper grain. The reduction in feed price in Q4 2019 was 6% compared to Q1-Q3, equal to EUR 0.9m saving in Q4.

Field activities had a strong harvest in 2019 (EUR 3.8m), improving EUR 1.7m compared to 2018. The yields of grain where 6,9T/ha by far the best recorded (4.3T/ha average last five years).

The Group invested EUR 9.3m in 2019, which is more than the depreciation of EUR 8.5m, the investments were driven mainly by expansion on the Luga site with EUR 7.3m.

Equity on 31 December 2019 amounted to EUR 67.2m at an equity ratio of 34%.

Net interest-bearing debt (NIBD) increased to EUR 90.1m in 2019, being EUR 11.8m higher than in 2018. The adverse development in NIBD has been driven by four different elements first the expansion on Luga site with EUR 7.3m, IFRS 16 Leases implementation EUR 2,2m, a higher focus on buying grain in Russia in the harvest (driving higher inventories with EUR 5.4m) and optimizing networking capital where possible to save interest.

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.

Management's Review

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 along with International Finance Corporation (part of World Bank Group) 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

#1 Pig Producer	52m tonnes/year	Market Share	28%

North Western Russia

#2 Pig Producer	37m tonnes/year	Market Share	8%

Management's Review

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.

2010 Skabeikiai, Lekėčiai and Pasodėlė farms were bought, bringing sows in operation up to 19,000.

2011 Activities were expanded to Russia as Farm Idavang Ostrov was acquired where the construction of a green field farm began in 2011 and Farm Vostochny was acquired (mid-2008). Farm Vostochny totals 6,600 sows. Furthermore, in 2011 the International Finance Corporation (part of World Bank Group) became an Idavang A/S shareholder and Joniškis, Šeduva and Šešupė farms were acquired in Lithuania.

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.

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

Management's Review

Business Review 2019

Development in Segments

Lithuania

Lithuania accounted for **59%** of Group revenue in FY2019 (54% in FY2018).

EUR'000	FY2019	FY2018
Revenue	**65,052**	**53,257**
Value adjustment, biological assets	7,894	-1,206
Production costs	-54,833	-53,158
Administrative costs	-1,904	-2,054
Other income	1,324	1,095
Other expense	-153	0
Operating profit	**17,380**	**-2,066**
Net financials	106	-1,034
Foreign exchange adjustments	-1,211	-8
Profit before tax	**16,275**	**-3,108**
Tax on profit for the year	-2,382	413
Profit for the period	**13,893**	**-2,695**
Depreciations included in production cost	3,895	3,270
EBITDA	**21,275**	**1,204**
EBITDA fixed herd prices	13,381	2,410

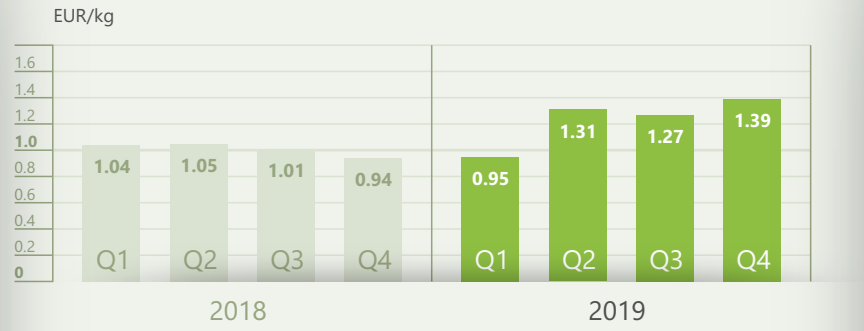
EBITDA fixed herd prices reflect that the above EBITDA has been adjusted for the unrealized value adjustment related to biological assets.

The EBITDA fixed herd price for 2019 amounted to 13.381 kEUR corresponding to an EBITDA margin of 20.6% (2018: 2,410 kEUR and EBITDA margin 4.5 %). The EBITDA increased compared to 2018 of 10,971 kEUR is mainly due to positive development in sales prices with 11,120 kEUR, whereas feed had the same average price of 228 EUR/T compared to 2018.

The sales price increased 18% compared to 2018 to an average 1,23 EUR per kilo slaughter pigs' live weight in 2019 (2018: 1,01 EUR per kilo live weight slaughter pigs) with 11,120 kEUR positive effect. The sales price increases have been driven by demand from Asia, especially China, due to African Swine Fever breakouts which have reduced the world production of pork significant. Feed prices have in Q4 2019 decreased to 220 EUR/T compared to 231 EUR/T (Q1-Q3 2019).

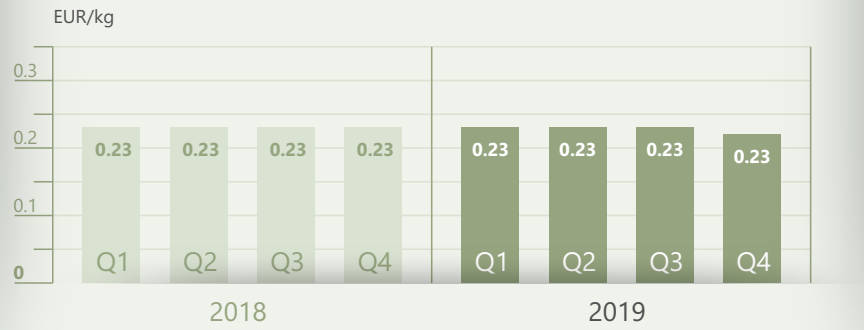
Live weight sales price

Lithuania



Feed price

Lithuania



Management's Review

Business Review 2019

Development in Segments

Russia

Russia accounted for **41%** of Group revenue in FY2019 (46% in FY2018).

EUR'000	FY2019	FY2018
Revenue	**45,488**	**46,261**
Value adjustment, biological assets	-3,805	3,762
Production costs	-38,828	-35,692
Administrative costs	-1,496	-1,414
Other income	981	579
Other expense	-109	-102
Operating profit	**2,231**	**13,394**
Net financials	503	-2,192
Foreign exchange adjustments	-2,119	26
Profit before tax	**615**	**11,228**
Tax on profit for the year	-256	-30
Profit for the period	**359**	**11,198**
Depreciations included in production cost	4,598	4,235
EBITDA	**6,829**	**17,629**
EBITDA fixed herd prices	10,634	14,867

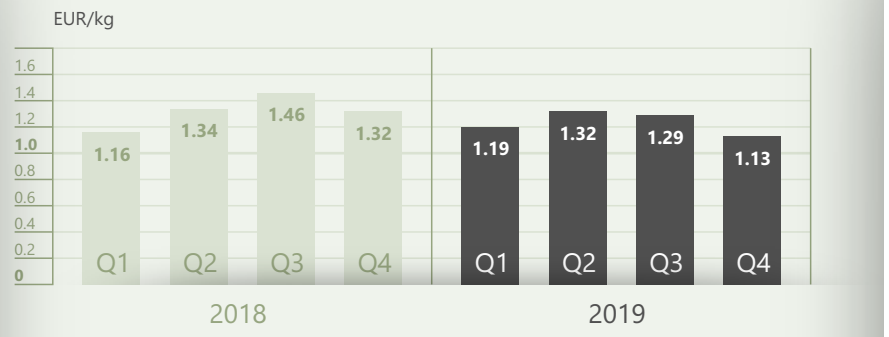
EBITDA fixed herd prices reflect that the above EBITDA has been adjusted for the unrealized value adjustment related to biological assets.

The EBITDA fixed herd price for 2019 amounted to 10,634 kEUR corresponding to an EBITDA margin of 23.4% (2018: 13,867 kEUR and EBITDA margin 30.0 %). The EBITDA decreased compared to 2018 of 4,101 kEUR is mainly due to negative development in sales prices with 3,118 kEUR, and higher feed price equal to 2.413 kEUR due to average price of 256 EUR/T compared to 2018 price of 232 EUR/T.

The sales price decreased 8% compared to 2018 to an average 1,23 EUR per kilo slaughter pigs' live weight in 2019 (2018: 1,33 EUR per kilo live weight slaughter pigs) with 3,118 kEUR positive effect. The sales price has not had a positive impact from increases in demand from Asia Fever breakouts, as Russia first from 1st January 2020 got it's first full export agreement in place to Asia (Vietnam). Feed prices have in Q4 2019 reduced to 240 EUR/T compared to 261 EUR/T (Q1-Q3 2019).

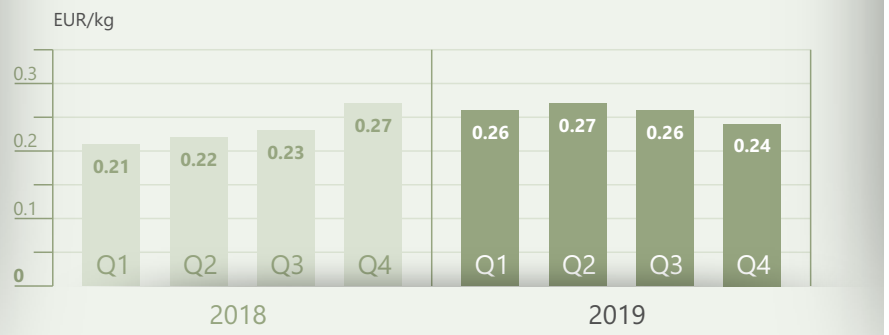
Live weight sales price

Russia



Feed price

Russia



Management's Review

Revenue

Revenue increased from EUR 99.5 m to EUR 110.5 m (+11%). The increase of EUR 11.0 m due to higher sales prices (EUR 9.0 m), as Lithuania increase of EUR 12.1 m compensated the decrease of Russia of EUR 3.1m

Sales prices in EUR / Averages	**2019**	2018	2017	2016
Slaughter pigs Lithuania - Price / Kg live weight	1.23	1.01	1.17	1.08
Weaners Lithuania - Price / Unit	71	53	64	-
Slaughter pigs Russia - Price / Kg live weight	1.23	1.33	1.43	1.24
Weaners Russia - Price / Unit	49	53	60	53

Herd value adjustment

In 2019, the fair value adjustment for herd comprised EUR 4.1m. The adjustment consists sole of an increase in the commercial herd, due to increase in prices in Lithuania with average of 42% (equal to EUR 7.3m); this is partly reduced by decreasing prices in Russia (equivalent to EUR 3.2m) hence in total a EUR 4.1m increase to commercial herd and the breeding herd has overall unchanged price with EUR 0.0m.

Production cost

Production costs increased by EUR 4.8m to EUR 93.7m from EUR 88.9m (5.4%). The increase was mainly due to the following two factors:

> Feed cost impacted production cost with EUR -3.5m (an increase compared to 2018 equals 6.0%, of which volume is 1.5% and price 4.5%)

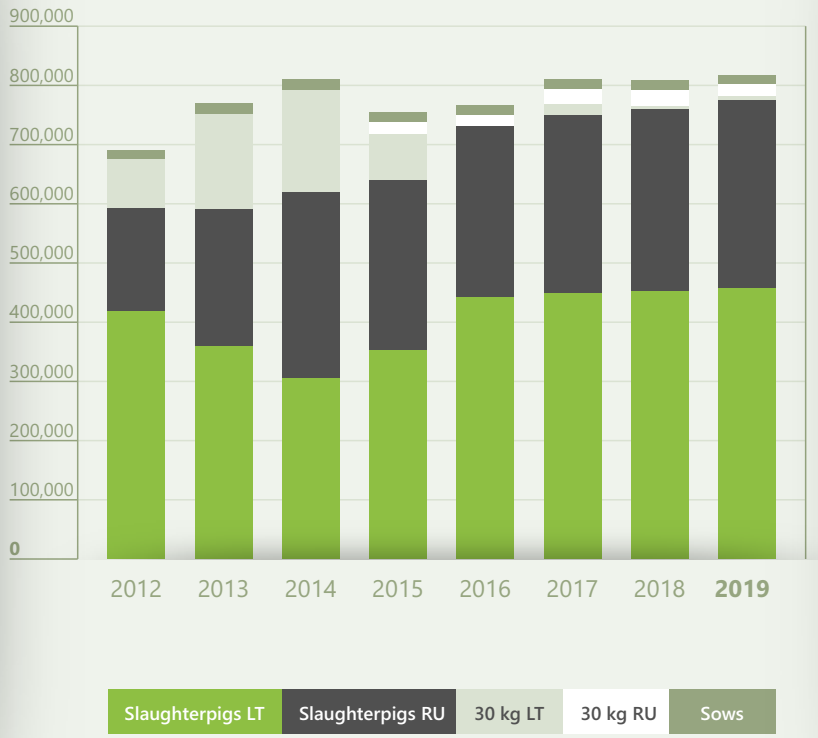
> Improved EBITDA from field of EUR +1.8m mainly due to higher yields

Grant

The Government level of direct subsidies for meat and grain (excluding interest subsidies) is slightly higher in 2019 (EUR 0.6m) due to an additional payment compared to 2018 (2018: EUR 0.2m).

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



Management's Review

Outlook

The company expects a higher EBITDA at fixed herd prices for 2020 compared to 2019 (EBITDA 22.8 mEUR) due to meat prices, driven by Asian demand.

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 2020 are expected to be higher than in 2019 (1,23 EUR/kg)

Russian pork prices 2020 are expected to be slightly above 2019 (1,23 EUR/kg)

Feed price

Feed price is expected to be lower than in 2019, mainly due to grain prices.

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
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. Thereby, we compete with producers in other markets. which need to transport the pork to North Western Russia or Lithuania.	Russia wants to support domestic development of agriculture business and especially pork production where there is an undersupply.	Import has been closed for European due to veterinarian reasons (from 2014) and embargo (from 2015). Therefore, the main competitive product is imported chilled and frozen meat within or outside quotas from Brazil. The quota system should change from January 1st 2020, where it should be replaced with a flat rate of 25% on all import to Russia. Interest subsidies of apx. 7% on loans, which fulfil a number of criteria, typical a net interest of 3.5%.

Management's Review

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
Pigs are fed grain, protein (e.g. soya and sunflower) and premixes (vitamin and minerals), which account for a significant part of production costs. An increase in these prices, together with an inability to transfer such increased costs to slaughterhouses, may have a material adverse effect on Idavang's profit. Over time, such an imbalance will lead to inefficient producers and closed productions; hence supply will be reduced, which will increase prices again. Idavang mitigates this exposure by being a cost-efficient producer with high productivity and operations in markets with natural premiums.	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. Two areas can disrupt this export possibility: the political situation and outbreaks of diseases. Currently, Russian borders are closed for all imports of live commercial pigs and for chilled and frozen meat from a number of countries due to veterinarian and/or political reasons (embargo). Polish borders are closed for all imports of live commercial pigs from ASF Zone 2+3 in Lithuania, whereas pork meat from ASF Zone 2 can be sold in Poland, chilled and frozen.	An economic downturn or an uncertain economic outlook in the Russian economy could adversely affect consumers' meat and pork consumption habits. Similarly, a global economic downturn or an uncertain economic outlook in the world economy could adversely affect global consumers' meat and pork consumption habits. With pork being a global commodity, the individual regions as EU or Russia will also be effect, but the effects might be lower as regional markets have own fluctuations.	An outbreak of a serious disease could potentially cause a loss of earnings from the relevant farm for a period during which a replacement herd would be put into operation. Production management places high focus on the risk, and the highest biosecurity measures are taken. Furthermore, the herd is insured for all diseases to mitigate the risk to the highest possible degree.	During 2019, the RUB has fluctuated within a range of 13% against the EUR. The total effect for 2019 was a 13% appreciation EUR/RUB, which among others affected equity negatively by EUR 6.3m, as all Russian tangible assets are measured in RUB. For more information about financial risks, see note 24.

Management's Review

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 place 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 2019.

Management's Review

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 faction 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 2019 was EUR 687k (2018: EUR 493k, 2017: EUR 598k). An increase in revenue was due to better weather conditions (than 2018) and increased focus.

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 18 (2019), 19 (2018), 16 (2017)

Management's Review

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 2019, 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

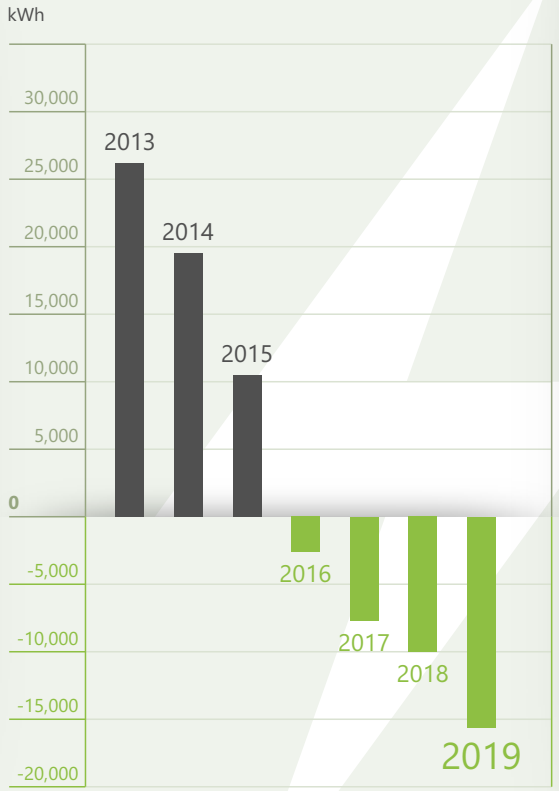
Focus in our business relates not only to our production facility, but also to our partner companies.

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 though 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.

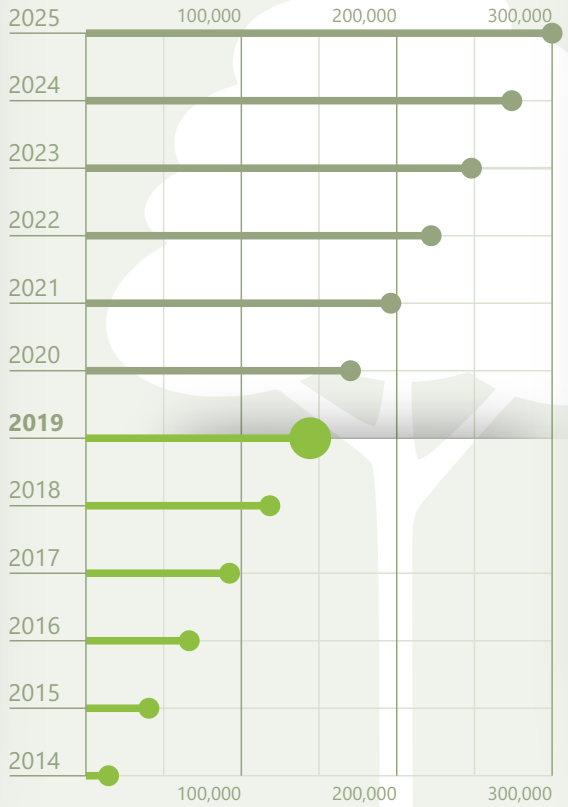
In 2016 we managed to become net supplier of energy, and as you can see in the graph we are increasing the net supply in 2019.

Net consumption



Management's Review

Biogas plant = planting trees



An important benefit of the biogas plants is also to save CO_2. With the current plants the decrease in CO_2 emissions is equivalent to planting more than 300,000 trees over the next 10 years.

Key risk/targets identified
Minimize energy consumption and CO_2

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**, 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.

Management's Review

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.

Management's Review

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 2019 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.

Management's Review

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 2019) is represented by eight individuals. One of whom is female; the gender representation is unchanged compared to end of 2018.

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 14% females and 86% males today.

The external board process ended in 2019 with the election of a man for the board of directors, as no female candidates had a similar background within the slaughter industry.

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 measures and monitors how this goal is met through satisfaction surveys, 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

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Financial Statements for the period January 1 - December 31

Income Statement

NOTE	EUR'000	2019	2018
3	**Revenue**	**110,540**	99,518
16	Value adjustment, biological assets	4,089	2,556
5 7	Production costs	-93,666	-88,854
4 5 6 7	Administrative costs	-4,586	-4,666
8	Other income	2,305	1,674
	Other expense	-262	-102
	Operating profit	**18,420**	10,126
9	Financial income	2,171	236
10	Financial expenses	-6,974	-9,532
	Profit before tax	**13,617**	830
12	Tax on profit for the year	-2,638	383
	Profit for the year	**10,979**	1,213

Statement Of Other Comprehensive Income

EUR'000	2019	2018
Profit for the year	**10,979**	1,213
Other comprehensive income		
Exchange adjustment, foreign subsidiaries	6,321	-5,785
Hedge accounting transferred to production cost	- 364	537
Value adjustment at hedge instrument of the year	12	364
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**5,969**	-4,884
Other comprehensive income not be reclassified to profit or loss in subsequent periods	0	0
Total comprehensive income	**16,948**	-3,671

Group

Financial Statements for the period January 1 - December 31

Balance Sheet

NOTE	EUR'000	Assets	2019	2018
		Non-current assets		
13		Intangible assets	1,305	1,296
15		Property, plant and equipment	96,745	86,755
16		Biological assets	15,772	14,194
		Other non-current assets		
18		Deferred tax	757	757
		Financial assets	445	445
		Total other non-current assets	1,202	1,202
		Total non-current assets	**115,024**	103,447
		Current assets		
19		Inventories	15,599	10,160
16		Biological assets	29,251	23,192
		Receivables		
20		Trade receivables	5,664	2,194
		Other receivables	1,715	1,930
		Prepayments	2,192	1,117
		Income tax	351	465
		Total receivables	**9,922**	5,706
21		Cash	30,286	38,462
		Total current assets	**85,058**	77,520
		Total assets	**200,082**	180,967

NOTE	EUR'000	Equity & Liabilities	2019	2018
22		**Equity**		
		Share capital	1,000	1,000
		Exchange adjustments	-26,228	-32,549
		Other reserves	12	364
		Retained earnings	92,564	81,585
		Total equity	**67,348**	50,400
		Non-current liabilities		
24		Credit institutions and issued bonds	92,735	96,436
11		Government grants	2,003	1,925
18		Deferred tax	3,069	1,594
		Provisions	134	134
		Other non-current liabilities	39	39
		Total non current liabilities	**97,980**	100,128
		Current liabilities		
24		Credit institutions	14,828	9,659
24		Payable to credit institutions	12,866	10,686
		Trade payables	5,332	8,208
12		Income taxes	0	0
		Other payables	1,728	1,886
		Total current liabilities	**34,754**	30,439
		Total liabilities	**132,734**	130,567
		Total equity & liabilities	**200,082**	180,967

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
Equity at 31 December 2017	1,000	-26,764	-537	-80,372	**54,071**
Profit/loss for the year				1,213	**1,213**
Exchange rate adjustments, foreign subsidiaries		-5,785		0	**-5,785**
Hedge instrument transferred to production cost			537		**537**
Value adjustment of hedge instrument of the year			364		**364**
Total comprehensive income	0	-5,785	901	1,213	**-3,671**
Equity at 31 December 2018	1,000	-32,549	364	81,585	**50,400**
Profit/loss for the year				10,979	**10,979**
Exchange rate adjustments, foreign subsidiaries		6,321			**6,321**
Hedge instrument transferred to production cost			-364		**-364**
Value adjustment of hedge instrument of the year			12		**12**
Total comprehensive income	0	6,321	-352	10,979	**16,948**
Equity at 31 December 2019	1,000	-26,228	12	92,564	**67,348**

Group

Financial Statements for the period January 1 - December 31

Cash Flow Statement

NOTE	EUR'000	2019	2018
	Operating profit/loss	18,420	10,126
7	Depreciation and amortisation	8,498	7,508
	Profit from sale of tangible assets	-29	-279
	Accrual of hedging accounting	-352	901
	Changes in inventories	-4,390	-2,112
	Changes in receivables	-4,299	-909
	Changes in trade payables	-3,289	1,252
	Changes in other current liabilities	-242	-459
6	Share-based payments	0	0
	Addition of biological assets	-393	-817
16	Value adjustment, biological assets	-4,089	-2,556
	Total	**9,835**	12,655
	Interest received	389	236
	Interest paid	-6,465	-6,589
	Corporation tax paid	-1,049	-1,027
	Cash flows from operating activities	**2,710**	5,275

NOTE	EUR'000	2019	2018
13	Acquisition of intangible assets	-13	-15
15	Acquisition of property, plant and equipment	-9,254	-12,601
	Disposal of property, plant and equipment	279	452
16	Acquisition/disposal of biological assets	-605	740
	Acquisition of investments	0	-441
	Cash flows from investing activities	**-9,593**	-11,865
24	Proceeds from borrowings	18,500	24,558
24	Repayment of borrowings	-21,269	-14,744
	Dividends paid	0	0
	Cash flows from financing activities	**-2,769**	9,814
	Net cash flows from operating, investing and financing activities	-9,652	3,224
	Cash and cash equivalents at 1 January	13,586	12,457
	Exchange adjustments	1,590	-2,095
21	**Cash and cash equivalents at 31 December**	**5,524**	13,586

The Group owns EUR 1,2m (2018: EUR 1.2m) Idavang A/S bonds year end, furthermore the Group has EUR 1.1m overdraft (2018: EUR 7: 0.0m).

NOTES: Group

Financial Statements for the period January 1 - December 31

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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.

New and amended statements effective for 2019

IFRS 16 "Leases" sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract, i.e., the customer ('lessee') and the supplier ('lessor'). The Group has also elected to use the recognition exemptions for lease contracts that at commencement date have a lease term of 12 months or less and do not contain a purchase option (Short-term leases) and lease contracts for which the underlying assets is of low value (low value assets). Furthermore Idavang A/S Group has elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease, hence applied the standard only to contracts that were previously identified as leases when applying IAS 17.

The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. IFRS has been implemented using the modified retrospective approach; hence no adjustment of comparison figures has been made; hence presentation is made in accordance with rules in IAS17 and IFRIC 4 as material difference exists.

Several other amendments and interpretations apply for the first time in 2019, including IFRIC 23 - uncertainty over income tax, but do not have any significant impact on the consolidated financial statement of Idavang A/S Group. Idavang A/S Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Implementing IFRS 16 has effected the balance sheet end 2019 in following way leasing assets EUR 2,254k, prepayments EUR 69k, leasing obligation EUR 2,233k, and equity EUR 47k.

Evaluation of the expected renting period is based on contract length in agreements added with a predicted extension period. Rental contracts for operating lease equipment and land are only original contracts, as limited experience for extension exists and they do not have strategic value.

Rental agreements on both office and production facilities have been included with expected extensions as real rental periods typically are longer than base agreements. The discount rate used is 2%-6,25%.

New and amended statements and bases for conclusions not yet effective

IASB has issued a number of new standards, amendments to existing standards and bases for conclusions, which have not yet come into force, but which will become effective in the financial year 2019 or later. These are not expected to have a significant effect on recognition and measurement in future annual reports.

Consolidated financial statements

The consolidated financial statements comprise the parent, Idavang A/S, and entities in which the parent, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest (see group chart on page 9).

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.

NOTES: Group

Financial Statements for the period January 1 - December 31

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 the sale of slaughter pigs and piglets are recognised in profit or loss, when control of them are transfer to the customer based on incoterms in sales agreement. Revenue is reduced for 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.

Also operating expenses relating to investment property are recognised.

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.

NOTES: Group

Financial Statements for the period January 1 - December 31

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:

		Useful life, years
Intangible assets	**Rights**	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.

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

		Useful life, years
Fixed assets	**Buildings**	25-40
	Plant and machinery	8-15
	Other fixtures and fittings, tools and equipment	3-10
Leasing assets	**Buildings - office**	5
	Buildings - production	10
	Other (contract length)	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.

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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.

Regarding Group intercompany loans, impairment losses will be recognized based on 12-months or lifetime ECL depending on whether a significant increase in credit risk has arisen since initial recognition.

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.

Leasing liabilities is measured after signing contract at NPV of the future leasing payment discounted with market interest.

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).

NOTES: Group

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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 and near money securities in respect of which the risk of changes in value is insignificant.

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
EBITDA	Earnings before interest, tax, depreciation and amortization
EBITDA margin	EBITDA x 100 / Revenue
Current ratio	Current assets x 100 / Current liabilities
Equity ratio	Total equity x 100 / Total assets
Return on equity	Profit for the year x 100 / Equity
Sold volume liveweight	Weight of slaughter pigs, piglets, weaners and sows sold
kMT	1,000,000 kg
Capital invested	Assets less cash, less bonds less non-interest-bearing debt including provisions
Return on average invested capital	EBIT x 100 / Average invested capital
Net interest-bearing debt	Non-current interest-bearing liabilities plus debt to credit institutions less cashless bonds

NOTES: Group

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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 2019, 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 2019 is EUR 43,434 thousand (2018: EUR 35,933 thousand). Please refer to note 16.

EUR	**2019**	2018
Slaughterpig sales price liveweight – Russia end year	1.50	1.30
Slaughterpig sales price liveweight – Lithuania end year	1.05	0.93
Weaners (30 kg) sales price – Lithuania end year	78	47
Piglets (7 kg)	48	21
Premium/discount for Russian meat (relation between slaughter pig prices)	-30%	40%
Sows unit price – Russia	664	630
Sows unit price – Lithuania	508	475

NOTES: Group

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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
Operating profit	**17,380**	**2,231**	**-1,191**	**18,420**
Net financials	106	503	1,562	2,171
Foreign exchange adjustments	-1,211	-2,119	-3,644	-6,974
Profit before tax	**16,275**	**615**	**-3,273**	**13,617**
Tax on profit for the year	-2,382	-256	-	-2,638
Profit for the year	**13,893**	**359**	**-3,273**	**10,979**
Depreciations included in production cost	3,895	4,598	5	8,498
EBITDA	**21,275**	**6,829**	**-1,186**	**26,918**
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
Net assets	**41,759**	**49,820**	**-24,231**	**67,348**

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Note 3.
Segments

EUR'000 2018	Lithuania	Russia	Other / Eliminations	Group
Revenue	53,257	46,261	0	99,518
Value adjustment, biological assets (non-cash item)	-1,206	3,762	0	2,556
Production costs	-53,158	-35,692	-4	-88,854
Administrative costs	-2,054	-1,414	-1,198	-4,666
Other income	1,095	579	0	1,674
Other expense	0	-102	0	-102
Operating profit	**-2,066**	**13,394**	**-1,202**	**10,126**
Net financials	-1,034	-2,192	-3,660	6,886
Foreign exchange adjustments	-8	26	-2,428	-2,410
Profit before tax	**-3,108**	**11,228**	**-7,290**	**830**
Tax on profit for the year	413	-30	0	383
Profit for the period	**-2,695**	**11,198**	**-7,290**	**1,213**
Depreciations included in production cost	3,270	4,235	3	7,508
EBITDA	**1,204**	**17,629**	**-1,199**	**17,634**
EBITDA fixed herd prices (excluding non-cash items)	2,410	13,867	-1,199	15,078
Total assets	66,656	85,467	28,844	180,967
Liabilities	38,741	42,320	49,809	130,567
Net assets	**27,915**	**43,147**	**-20,965**	**50,400**

NOTES: Group

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

EUR'000	**2019**	2018
Fee regarding statutory audit	111	99
Assurance engagements	14	18
Tax assistance	1	0
Other assistance	0	0
Total	126	117

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Note 5.
Staff Costs

EUR'000	**2019**	2018
Wages and salaries	12,295	10,074
Other social security costs	1,203	2,515
Share-based payments (note 6)	-	0
Other staff costs	612	523
Total	14,110	13,112

Staff costs are recognized as follows in the financial statements:

EUR'000	**2019**	2018
Production	11,151	10,309
Fixed assets	142	50
Administration	2,817	2,753
	14,110	13,112
Of which:		
Remuneration for executive board	622	653
Salaries to other executive officers	555	539
Remuneration for board of directors	138	169
Share-based payments (note 6), executive board and officers	0	0
Total	1,315	1,361
Average number of full-time employees	830	809

NOTES: Group

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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 2019, the fair value amounts to EUR 134,000 (2018: EUR 134,000).

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Note 7.
Amortization, Depreciation And Impairment

EUR'000	**2019**	2018
Buildings & land	3,841	3,634
Buildings & land IFRS16	120	-
Plant and machinery	3,293	3,600
Plant and machinery IFRS16	109	-
Other fixtures and fittings, tools and equipment	383	243
Plants under construction	712	-
Intagible assets	40	31
Total	8,498	7,508

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Note 8.
Other Income

EUR'000	**2019**	2018
Grants in Russia on meat and grain	637	125
Sale of slurry	687	493
Delivery of pigs	650	558
Sale of fixed assets	29	-
Miscellaneous	302	498
Total	2,305	1,674

NOTES: Group

Financial Statements for the period January 1 - December 31

9 Note 9. Financial Income

EUR'000	**2019**	2018
> Financial income from financial assets and liabilities at fair value through profit or loss:		
Interest, derivative financial instruments	55	29
Exchange gains	1,782	0
Interest income, banks	251	204
Other	83	3
Total financial income	2,171	236

10 Note 10. Financial Expenses

EUR'000	**2019**	2018
> Financial expenses from financial assets and liabilities at fair value through profit or loss:		
Interest, derivative financial instruments	0	0
> Financial expenses originating from loans and receivables measured at amortized cost:		
Exchange losses	-	-2,410
Interest payables to credit institutions	-853	-1,235
Interest, bonds	-5,561	-5,381
Interest, subordinated loans	-42	0
Other	-518	-507
Total financial expenses	-6,974	-9,532

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	**2019**	2018
Carrying amount 1/1	1,925	2,221
Received in the year - investments	106	86
Received in the year - other	638	865
Recognised in profit or loss in the year - investments received current year	-9	-7
Recognised in profit or loss in the year - investments received previous years	-180	-193
Recognised in profit or loss in the year - other	-638	-865
Exchange adjustment	161	-182
Carrying amount 31/12	2,003	1,925

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.

NOTES: Group

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Note 12.
Income Taxes

EUR'000	2019	2018
Income tax expense recognized in profit or loss:		
Estimated tax on the taxable income for the year	-1,016	-96
Adjustment regarding prior year	-147	0
Change in deferred tax	-1,475	479
Income taxes	-2,638	383
Reconciliation of tax rate:		
Danish tax rate	22%	22%
Difference, tax rate in foreign subsidiaries	-7%	-68%
Tax loss carry forward not capitalized	4%	0%
Effective tax rate	19%	-46%
Income taxes:		
Carrying amount 1/1	-464	470
Payment	-691	-1,027
Tax on taxable income for the year	1,155	96
Exchange rate adjustment	0	-3
Carrying amount 31/12	0	-464

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Note 13.
Intangible Assets

EUR'000	Goodwill	Right	Total
Cost at 1 January 2018	1,967	648	2,615
Additions	0	15	15
Disposals	0	0	0
Exchange adjustments	0	-64	-64
Cost at 31 December 2018	1,967	599	2,566
Amortization at 1 January 2018	948	314	1,262
Amortization	0	31	31
Disposals	0	0	0
Impairment	0	0	0
Exchange adjustments	0	-23	-23
Impairment losses and amortization at 31 December 2018	948	322	1,270
Carrying amount at 31 December 2018	1,019	277	1,296
Cost at 1 January 2019	1,967	599	2,566
Additions	0	0	-
Disposals	0	13	13
Exchange adjustments	0	61	61
Cost at 31 December 2019	1,967	673	2,640
Amortization at 1 January 2019	948	322	1,270
Amortization	0	40	40
Disposals	0	0	0
Impairments	0	0	0
Exchange adjustments	0	25	25
Impairment losses and amortization at 31 December 2019	948	387	1,335
Carrying amount at 31 December 2019	1,019	286	1,305

NOTES: Group

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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	**2019**	2018
EUR'000	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 2020-2022 (2018: 2019-2021), as approved by management. The calculation of the value in use is based on the following estimates:

Lithuania	**2019**	2018
Discount factor before tax	9.1%	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, a conservative expectation as to average sales prices and grain prices has been used, based on 2020 budget. Forward estimates are based on historical averages and EU forecasts.

Investments

Lithuania's investments are expected to be EUR 2.8m, but 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 2019 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.

NOTES: Group

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Note 15.
Property, Plant And Equipment

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	1,644	391	411	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	42,462	391	3,748	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	3,293	109	383	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	28,400	109	2,709	712	69,473
Carrying amount at 31 December 2019	73,690	1,972	14,062	282	1,039	5,700	96,745
Land which is not depreciated	3,411						
Of which is financial leased			1,304				
Written off still in use							
Capitalized interest							

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 (2017: EUR 50k).

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

NOTES: Group

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Note 15.
Property, Plant And Equipment

EUR'000 2018	Land and buildings	Plant and machinery	Fixtures, fittings, tools, equipment	Plants under construction	Total
Cost at 1 January 2018	100,329	36,359	3,690	3,501	143,879
Additions	673	3,255	244	8,429	13,444
Disposals	-1	-1,108	-138	0	-1,247
Transfer	1,049	1,802	-93	-2,758	0
Exchange adjustments	-6,260	-2,944	-69	-789	-10,063
Cost at 31 December 2018	95,826	37,364	3,634	8,383	146,014
Impairment losses and depreciation at 1 January 2018	29,811	23,003	2,473	0	55,287
Depreciation	3,634	3,600	243	0	8,346
Reversed depreciation on disposal	0	-969	-116	0	-1,085
Exchange adjustments	-1,586	-1,559	-144	0	-3,289
Impairment losses and depreciation at 31 December 2018	31,921	24,075	2,456	0	59,259
Carrying amount at 31 December 2018	63,905	13,289	1,178	8,383	86,755
Land which is not depreciated	2,708				
Of which financial leased		2,064			

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 2018 was EUR 50k (2017: EUR 0)

NOTES: Group

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Note 16. **Biological Assets**

Value adjustment of biological assets.

EUR'000	Crops	Commercial herd	Total current assets	Non current assets
Carrying amount at 1 January 2018	579	22,454	23,033	14,235
Gains/losses from fair value changes	0	943	943	1,613
Additions	4,356	77,752	82,108	3,398
Disposals	-3,332	-75,985	-79,317	-6,110
Transfers	0	-1,973	-1,973	1,973
Exchange adjustments	-150	-1,452	-1,602	-915
Carrying amount at 31 December 2018	1,453	21,739	23,192	14,194
Biological assets provided as security for loans	0	0	0	0
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
Carrying amount at 31 December 2019	1,589	27,662	29,251	15,772
Biological assets provided as security for loans	0	0	0	0

2018

2019

NOTES: Group

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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.

	2019	2018
Crops	An area of 7,096 ha, was harvested mainly wheat, and by the end of 2019 5,499 ha, were seeded	An area of 6,926 ha, was harvested mainly wheat, and by the end of 2018 5,903 ha, were seeded
Commercial herd	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	Stock decreased due to one farm not in operations and at year-end stock was 369,352 pigs. During the year 759,945 slaughter pigs, 31,778 weaners and 15,773 sows were sold
Breeding herd	Stock increased and the year ended with a total of 29,809 sows, gilts and boars	Stock decreased and the year ended with a total of 28,880 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.

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Note 17.
Loans, Receivables And Liabilities Measured At Amortised Cost

	2019		2018	
EUR'000	**Carrying amount**	**Fair value**	Carrying amount	Fair value
> Loans and receivables at amortized cost:				
Trade receivables	5,664	5,664	2,194	2,194
Other receivables	1,715	1,715	1,930	1,930
Cash	30,286	30,286	38,462	38,462
Total cash and receivables measured at amortised cost	**37,665**	**37,665**	**42,586**	**42,586**
> Financial liabilities measured at amortized cost:				
Payables to credit institutions	118,196	118,196	116,781	116,781
Payables to IFRS16	2,233	2,233	-	-
Trade payables	5,332	5,332	8,208	8,208
Total financial liabilities measured at amortised cost	**125,761**	**125,761**	**127,639**	**127,639**

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.

NOTES: Group

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Note 18.
Deferred Tax

EUR'000	Consolidated balance sheet 2019	2018	1/1 2018	Income statement 2019	2018
Property, plant and equipment	-802	-829	-856	27	29
Biological assets	-2,276	-1,101	-1,241	-1,175	140
Other non-current assets	1	1	1	-24	0
Current assets and liabilities	8	32	23	-303	7
Tax loss carry forward	757	1,060	760		
Deferred tax income/(expense)				-1,475	176
Deferred tax asset/(liability)	-2,312	-837	-1,313		

Deferred tax asset/liability is recognised in the balance sheet as follows:

Deferred tax asset	757	757	761
Deferred tax liability	3,069	1,594	2,073
Deferred tax, net	-2,312	-837	-1,312

Reconciliation of deferred tax, net:

At 1/1	-837	-1,313
The year's tax income/expense recognized in profit or loss	-1,475	479
Exchange adjustments	0	-3
At 31/12	-2,312	-837

Tax losses carry forward not capitalized are 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

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Note 19.
Inventories

EUR'000	2019	2018
Raw materials and consumables	15,599	10,160
Cost of sales recognised in profit or loss (feed)	62,798	59,228
Non-Cash EBITDA recognised in Profit and Loss and still on inventory:		
Primo	664	0
Previous year harvest EBITDA consumed	-725	0
Harvest EBITDA	3,835	1,152
Current year harvest EBITDA consumed	-1,636	-437
Exchange adjustments	169	-50
Harvest EBITDA on stock end period	2,306	664

Harvest EBITDA primo 2018 is zero as EBITDA on harvest EBITDA was negative in 2017

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Note 20.
Trade Receivables

Trade receivables at 31 December 2019 include receivables at a nominal value of EUR 5,664 thousand (2018: EUR 2,194 thousand), the carrying amount of which has been reduced by EUR 0 thousand (2018: EUR 0 thousand) regarding write downs.

Trade receivables overdue by more than 30 days are EUR 155 thousand (2018: EUR 358 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.

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Note 21.
Cash

EUR'000	2019	2018
Cash	5,524	13,586
Escrow account	24,762	24,876
Total	30,286	38,462

Cash deposit on escrow account in order for JAST Holding ApS to manage the put option from IFC if IFC wants to utilize it.

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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.

NOTES: Group

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Idavang's Ownership

Shares

JAST Holding ApS **800,000** | **200,000** International Finance Corporation

Ownership

JAST Holding ApS **80%**

20% International Finance Corporation

Voting rights

JAST Holding ApS **80%**

20% International Finance Corporation

Capital Structure

The share capital has been paid in full.

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.

The Company must not make the following decisions or actions without the prior written consent of IFC:

1. Amend the articles of association

2. Change the designations, powers, rights, preferences or privileges, or qualifications, limitations or restrictions of the shares owned by IFC

3. Create, authorise or issue any shares in the capital, equivalent to shares or other equity security

4. Perform any disposal, including, but not limited to, any sale, or arranging for the disposal of:

a) More than five per cent (5%) of the total assets of the company on a consolidated basis during any financial year

b) Shares in the company or any subsidiary

5. Carry through any amalgamation, merger, consolidation, reconstruction, restructuring or similar transaction of the company except for mergers of any subsidiaries with the company or mergers between subsidiaries

6. Authorise or undertake any liquidation event, unless such decision is mandatory under Danish law or ordered by the Danish Business Authority

7. Authorise or undertake any listing, any offering or any delisting of the shares of the company

8. Authorise or undertake any reduction of capital or share repurchase

9. Change the primary business of the company

10. Remove or replace the external auditor or change the financial year

11. Declare or pay any dividend, distribution or redemption of shares

The Company is managed by a Board of Directors counting 5-9 members who are elected for one year at a time. Directors are eligible for re-election.

The Company must have at least one independent director for as long as IFC is a shareholder. IFC is entitled to appoint one director for as long as IFC is a shareholder in the Company.

NOTES: Group

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Note 23.
Management

	Board Of Directors					Executive Board	
Name	**Niels Hermansen**	**Jytte Rosenmaj**	**Ole Bjerremand Hansen**	**Carsten Lund Thomsen**	**Leo Grønvall**	**Claus Baltersen**	**Michael Henriksen**
Role	CHAIRMAN	DEPUTY CHAIRMAN	BOARD MEMBER	BOARD MEMBER	BOARD MEMBER	CEO	CFO
Born	1953	1964	1960	1967	1968	1971	1974
Gender	Male	Female	Male	Male	Male	Male	Male
Nationality	Danish	Danish	Danish	Danish	Danish	Danish	Danish
First elected	2013	1999	1999	1999	2019	2017	
Employed since						1998	2009
Independent	Yes	No	No	No	Yes	No	
Audit Committee	Member	Chairman	Member	Member	Member		
Securities 31.12.2018	0	0	0	0	0	0	0
JAST Holding [1]	0	0	125,000 [2]	83,332	0	41,668	0
Directorships – Chairman	Fredericia Furniture 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			
Directorships – Deputy Chairman		AgroSkandia Holding A/S					
Directorships – Member	Stjerneskansen 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, CerCa A/S, CubAgro Holding 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	Dane Pork A/S, LHTS Invest A/S, Slagtergården Biprodukter A/S	Jast Holding Aps	

1) JAST Holding A/S is Idavang A/S's majority shareholder with 80%, and the company has issued 250,000 shares in total.

2) Include all shares controlled

NOTES: Group

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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 (2018: 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 0.5m (2018: 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 3.4m in 2019 (2018: EUR 3.1m), all other things being equal.

Furthermore, a similar 10% change in protein prices is estimated to affect profit by +/- EUR 2.0m in 2019 (2018: EUR 1.9m), 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 is main financing in a 4 year bond with bullet payment on expiry in December 2022, 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 3 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 2019 on Russian subsidy loans of EUR 26,723k, hence classified as short term.

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 2019	RUB	USD	EUR
Revenue	45,488	0	65,052
Production cost	-15,636	-23,192	-54,838
Administration expenses	-1,496	0	-3,090
Net exposure	28,357	-23,192	7,123
Payables to credit institutions	27,090	0	93,339
Net exposure	27,090	0	93,339

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 0.9m (2018: EUR 0.9m), but as it has a floor of 0% is the increase from negative 0.4% to 0% without effect.

NOTES: Group

Financial Statements for the period January 1 - December 31

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	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
Total		**116,781**	**-2,769**	**6,417**	**120,429**

Issued bonds include prepaid cost of EUR 647k 31.12.2019, which is written off over the tenor of the loan.
For 2019 the Grouphas paid EUR 223k regarding lease contracts of which EUR 42k is related to interest and EUR 181k is related to repayment of lease debt.

EUR'000	2018	1/1	Cash flow	FX/Other	12/31
Payables to credit institutions		12,148	3,145	-1,274	14,019
Issued bonds		78,715	3,733	374	82,822
Current portion of non-current liabilities to credit institutions		2,578	7,509	-833	9,254
Payable to credit institutions		17,004	-4,573	-1,745	10,686
Total		**110,445**	**9,814**	**-3,478**	**116,781**

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

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
Total		**120,429**	**27,694**	**92,114**	**621**

Currency	Interest	2018	Within 1 year	1-5 years	More than 5 years
EUR	6.9%	82,822	0	82,822	0
EUR	2.5-3.5%	6,713	349	6,364	0
RUB	3.5-4.5%	26,173	19,996	6,177	0
DKK	2.5%*	1,073	0	1,073	0
Total		**116,781**	**20,345**	**96,436**	**0**

* 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	2019	2018
Within 1 year	24,308	20,891
1-5 years	107,497	108,204
More than 5 years	922	0
Total	**132,727**	129,095

Quoted bond is included with EUR 5,771k with 1 year and EUR 89,344k 1-5 years. See note 25 for more information.

NOTES: Group

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Note 25.
Bond

Issuer	Idavang A/S
Security package:	(i) share pledges over Guarantors and Russian operating companies, excluding Idavang LLC (Ostrov), (ii) mortgages over substantially Lithuanian real estate, (iii) Danish registered negative pledges, (iv) account pledge over IFC Deposit account and (v) assignment over intra-group loan (RUB 1.37bn) from the Issuer to Idavang Agro LLC
Original Guarantors:	Rus Invest Aps, Rurik A/S, Pskov Invest Aps, Idavang Russia A/S, UAB Idavang, UAB Idavang Pasodele and UAB Kepaliai
Status of the bond:	Senior secured
Currency:	EUR
Initial debt amount:	EUR 85 millions
Other facilities:	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 indebteness of RUB 1,750m in Russia (apx. EUR 25m)
Tenor	4 years
Pricing:	3m EURIBOR + 650 bps p.a., quarterly interest payments, EURIBOR floor of 0%
Rating:	Unrated
Call options:	Non call during the first 24 months, then 50/30/10/0 after 24/30/36/42
Incurrence test	"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"
Restricted payments	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)
Information covenants:	Annual audited statements, quarterly unaudited reports
Change of control:	Investor put at 101%
Listing of bonds:	Nasdaq Copenhagen
Trustee:	Nordic Trustee
Governing law:	Danish law

NOTES: Group

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Note 24.
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	**2019**	2018
Land, buildings and machinery	40,300	49,035
IFRS16 land, buildings and machinery	2,254	0
Herd	0	0
Inventories	0	0
Cash and cash equivalents	24,762	24,876
Total	67,316	73,911

Other obligations

IFC has a put option on its 200,000 nom. Shares in Idavang A/S to Idavang A/S and Jast ApS. The put option can be exercised from 2016 to 2020. The put option is recognised and disclosed in the financial statements for the parent company, Jast Holding ApS.

IFC's put option is based on market values, hence it fluctuates, end 2019 the full obligation of Idavang A/S and Jast Holding ApS constitute a payment of EUR 18.0 million.

Purchase contracts of grain, soy and sunflower in Lithuania and Russia of EUR 15.2m (2018: EUR 17.3m).

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

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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

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Parent Company

Financial Statements for the period January 1 - December 31

Income Statement

NOTE	EUR'000	2019	2018
	Revenue	**150**	150
3 4 5	Administration costs	-1,341	-1,353
	Operating profit	**-1,191**	-1,203
6	Financial income	4,490	14,107
7	Financial expenses	-6,284	-8,996
	Profit before tax	**-2,985**	3,908
8	Tax on profit for the year	680	0
	Profit for the year	**-2,305**	3,908
	Attributable to:		
	Transferred to equity	-2,305	3,908

Statement Of Other Comprehensive Income

EUR'000	2019	2018
Profit for the year	**-2,305**	3,908
Other comprehensive income		
Exchange adjustment, foreign subsidiaries	-2	-4
Other comprehensive income not be reclassified to profit or loss in subsequent periods	0	0
Total comprehensive income	**-2,307**	3,904

Parent Company

Financial Statements for the period January 1 - December 31

Balance Sheet

Assets

NOTE	EUR'000	2019	2018
	Non-current assets		
10	Property, plant and equipment	13	18
	Other non-current assets		
9	Shares in subsidiaries	28,507	28,516
14	Deferred tax	180	0
	Other receivables	441	441
	Total non-current assets	**29,141**	28,975
	Current assets		
	Receivables		
12	Receivables from group companies	51,353	23,193
	Other receivables	13	98
	Total receivables	**51,366**	23,291
13	*Cash*	24,864	50,539
	Total current assets	**76,230**	73,830
	Total assets	**105,371**	102,805

Equity & Liabilities

NOTE	EUR'000	2019	2018
	Equity		
	Share capital	1,000	1,000
	Exchange adjustments	-39	-37
	Retained earnings	1,681	3,986
	Total equity	**2,642**	4,949
	Non-current liabilities		
11 12	Credit institutions and issued bonds	89,609	83,895
	Provisions	134	134
	Total non-current liabilities	**89,743**	84,029
	Current liabilities		
12	Credit institutions	0	0
	Payable to group companies	12,627	13,469
12	Other payables	359	358
	Total current liabilities	**12,986**	13,827
	Total liabilities	**102,729**	97,856
	Total equity & liabilities	**105,371**	102,805

Parent Company

Financial Statements for the period January 1 - December 31

Statement Of Changes In Equity

EUR'000	Share Capital	Exchange Adjustment	Retained Earnings	Total
Equity at 1 January 2018	1,000	-33	78	**1,045**
Profit/loss for the year			3,908	**3,908**
Other comprehensive income		-4		**-4**
Total comprehensive income	0	-4	3,908	**3,904**
Equity at 31 December 2018	1,000	-37	3,986	**4,949**
Profit/loss for the year			-2,305	**-2,305**
Other comprehensive income		-2		**-2**
Total comprehensive income	0	-2	-2,305	**-2,307**
Equity at 31 December 2019	1,000	-39	1,681	**2,642**

Parent Company

Financial Statements for the period January 1 - December 31

Cash Flow Statement

NOTE	EUR'000	2019	2018
	Operating profit/loss	-1,191	-1,203
5	Depreciation and amortisation	5	5
	Changes in receivables	-27,575	12,292
	Changes in non-current receivables	0	-441
	Changes in other current liabilities	1,010	5,026
4	Share-based payments	0	0
	Total	**-27,751**	15,679
	Interest received	2,204	2,426
	Dividend received	442	11,681
	Interest paid	-5,821	-6,195
	Corporation tax paid	0	0
	Cash flows from operating activities	**-30,926**	22,843

NOTE	EUR'000	2019	2018
10	Acquisition of property, plant and equipment	0	0
	Disposal of property, plant and equipment	0	0
	Cash flows from investing activities	**0**	0
	Proceeds from borrowings	5,365	4,806
	Repayment of borrowings	0	-3,180
	Dividends paid	0	0
	Reserved cash on escrow account	0	0
	Cash flows from financing activities	**5,365**	1,626
	Net cash flows from operating, investing and financing activities	-25,561	25,217
	Cash and cash equivalents at 1 January	25,663	322
	Exchange adjustments	0	0
13	**Cash and cash equivalents at 31 December**	**102**	25,539

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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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:

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.

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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.

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

Audit fees are recognised under administration expenses.

EUR'000	**2019**	2018
Fee regarding statutory audit	34	35
Assurance engagements	15	0
Tax assistance	1	0
Other assistance	0	11
Total	50	46

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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Note 4. **Staff Costs**

EUR'000	**2019**	2018
Wages and salaries	1,137	1,151
Other social security costs	0	0
Share-based payments	0	0
	1,137	1,151
Of which:		
Remuneration for executive board	447	459
Salaries to other executive officers	0	0
Remuneration for board of directors	138	169
Share-based payments	0	0
	585	628
Average number of full-time employees	1	1

Staff costs are recognised under administration expenses.

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

EUR'000	**2019**	2018
Other fixtures and fittings, tools and equipment	5	5

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

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Note 6. **Financial Income**

EUR'000	**2019**	2018
Exchange gains	1,844	0
Interest income from credit institutions	0	4
Interest income, related parties	2,183	2,422
Dividend	442	11,681
Other	21	0
Total financial income	4,490	14,107

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

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Note 7. **Financial Expenses**

EUR'000	**2019**	2018
Exchange losses	0	2,427
Interest payables to credit institutions	6,132	6,085
Interest, payables to related parties	152	484
Write-down of shares in subsidiaries	0	0
Total financial expenses	6,284	8,996

Financial expenses originating from financial liabilities measured at amortised cost.

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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Note 8. **Income Taxes**

EUR'000	**2019**	2018
Income tax expense recognised in profit or loss:		
Estimated tax on the taxable income for the year	0	0
Group taxation contribution	500	0
Adjustment regarding prior year	0	0
Change in deferred tax	180	0
Income taxes	680	0
Reconciliation of tax rate:		
Danish tax rate	22%	22%
Adjustment regarding prior year	0%	0%
Not recognized tax assets	1%	-22%
Tax	0%	0%
Effective tax rate	23%	0%

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

EUR'000	**2019**	2018	1/1 2018
Cost 1/1	28,516	28,604	31,859
Additions	0	0	0
Disposals	0	0	0
Write-down	0	0	-3,250
Exchange adjustments	-9	-88	-5
Cost 31/12	28,507	28,516	28,604

Subsidiaries Of The Group

	Subsidiary	Interest
Lithuania		
	UAB Idavang	100%
Denmark		
	Pskov Invest Aps	100%
	Rus Invest Aps	100%
	Idavang Russia A/S	100%
	Rurik A/S	100%
Russia		
	Idavang Agro LLC	100%
	Idavang Invest LLC	100%
	Idavang LLC	100%
	Nordrik Invest LLC	100%
	Idavang Luga LLC	100%
	Rurik Russia LLC	100%
	MPK-Vostochny LLC	100%
	Sovhoz Vostochny LLC	100%

Active / *No activities*

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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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
Carrying amount 31/12 2019	13	13

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 2019 was EUR 0 (2018 - EUR 0).

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Note 10.
Property, Plant And Equipment

2018

EUR'000	Fixtures, fittings, tools, equipment	Total
Cost at 1/1 2018	26	26
Additions	0	0
Disposals	0	0
Cost at 31/12 2018	26	26
Impairment losses and depreciation 1/1 2018	-3	-3
Depreciation	-5	-5
Impairment losses and depreciation 31/12 2018	-8	-8
Carrying amount 31/12 2018	18	18

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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Note 11.
Payables to credit institutions and issued bonds

EUR'000	**2019**	2018
Non-current liability	89,609	83,895
Current liability	0	0
Book value in total	89,609	83,895

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

EUR'000	**2019**	2018
Within 1 year	5,447	0
1-5 years	94,830	101,218
More than 5 years	0	0
Total	100,277	101,218

Quoted bond is included with
EUR 5,771k with 1 year and 89,344k 1-5 years.

	EUR'000	**Avg. nominal interest**	**Avg. effective interest**	**Currency**	**Interest period**	**Book value**
2019	Variable loans	2.5%	2.5%	EUR	2 years	6,457
	Issued bonds	6.5%	6.9%	EUR	2 years	83,152
	Total					**89,609**
2018	Variable loans	2.5%	2.5%	EUR	3 years	1,073
	Issued bonds	6.5%	6.9%	EUR	3 years	82,822
	Total					**83,895**

NOTES: Parent Company

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Note 12. Financial Assets And Liabilities

EUR'000	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
Loans and receivables at amortised cost:				
Receivables from group entities	51,353	51,353	23,193	23,193
Other receivables	13	13	539	539
Cash	24,864	24,864	50,539	50,539
Total loans and receivables measured at amortised cost	76,230	76,230	74,271	74,271
Total financial assets	76,230	76,230	74,271	74,271
Financial liabilities measured at amortised cost:				
Payables to credit institutions	89,609	89,609	83,895	83,895
Payable to group entities	12,627	12,627	13,469	13,469
Other payables	359	359	358	358
Total financial liabilities measured at amortised cost	102,595	102,595	97,722	97,722
Total financial liabilities	102,595	102,595	97,722	97,722

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

EUR'000	2019	1/1	Cash flow	FX/other	12/31	2018	1/1	Cash flow	FX/other	12/31
Payables to credit institutions		1,073	5,384	0	6,457		0	1,073	0	1,073
Issued bonds		82,822	0	330	83,152		78,715	3,733	-374	82,822
Payable to credit institutions		0	0	0	0		3,180	-3,180	0	0
Total		83,895	5,384	330	89,609		81,895	1,626	-374	83,895

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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Note 13.
Cash

Cash deposit on escrow account in order for JAST Holding ApS to manage the put option from IFC if IFC wants to utilize it.

EUR'000	**2019**	2018
Cash	102	25,663
Escrow account	24,762	24,876
Total	24,864	50,539

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Note 14.
Deferred Tax

EUR'000	Balance sheet **2019**	Balance sheet 2018	Balance sheet 1/1 2018	Income statement **2019**	Income statement 2018
Loss bought forward/group taxation	180	0	0	203	0
Deferred tax income/(expense)				0	0
Deferred tax asset/(liability)	0	0	0		
Deferred tax asset/liability is recognised in the balance sheet as follows:					
Deferred tax asset	180	0	0		
Deferred tax liability	0	0	0		
Deferred tax, net	180	0	0		
Reconciliation of deferred tax, net:					
At 1/1	0	0	0		
Transferred in connection with the group taxation	180	0	0		
The year's tax income/expense recognised in profit or loss	0	0	0		
The year's tax income/expense recognised in other comprehensive income	0	0	0		
At 31/12	180	0	0		

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.

NOTES: Parent Company

Financial Statements for the period January 1 - December 31

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Note 15. **Related Party Transactions**

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 10 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.

2019

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

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

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Note 15. **Related Party Transactions**

2018

EUR'000	Management fee and salary	Dividend
Owners:		
Shareholders in Jast Holding ApS *(excluding Executive Board)*	535	0
IFC	0	0
Total	535	0

EUR'000	Management fee	Interest net	Loan to/from
Subsidiaries:			
UAB Idavang	-	591	0
UAB Idavang Pasodele	-	70	0
UAB Idavang Kepaliai	-	103	0
Idavang Agro LLC	75	1,658	12,793
Idavang LLC	75	0	-1,224
Pskov Invest ApS	-	-1,310	-12,245
Rus Invest ApS	-	826	10,400
Total	150	1,938	9,724

NOTES: Parent Company

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Note 16.
Contingent Liabilities, Securities And Other Financial Obligations

Contingent liabilities

IFC has a put option on its 200,000 nom. Shares in Idavang A/S to Idavang A/S and Jast ApS. The put option can be exercised from 2016 to 2020. The put option is recognised and disclosed in the financial statements for the parent company, Jast ApS.

IFC's put option is based on market values, hence it fluctuates, end 2019 the full obligation of Idavang A/S and Jast ApS constitute a payment of EUR 18.0m.

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 2019.

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:

> Bank deposits with a book value of:
- EUR 24,762 thousand as of 31 December 2019

> Receivables from group entities:
- Idavang Agro LLC (Russia) EUR 14,633k.

> 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 92,800 thousand at 31 December 2019.

Other obligations

None

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Note 17.
Post Balance Sheet Events

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

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IDAVANG