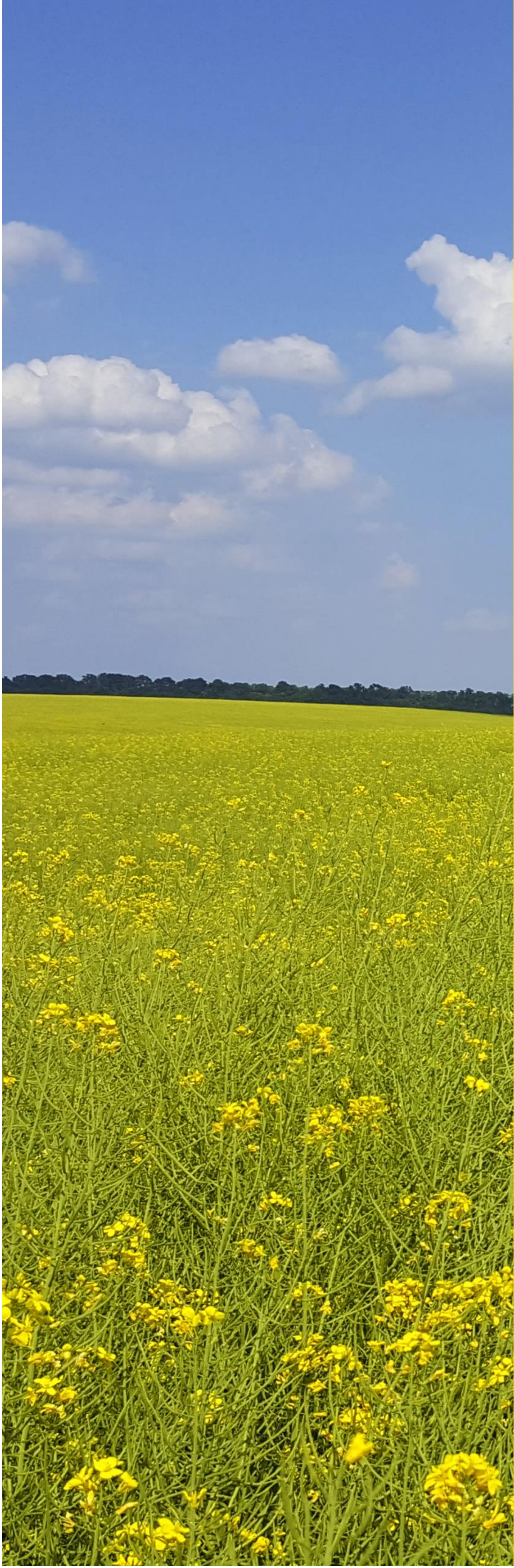


Agromino A/S
Registration number: CVR no. 29801843
Vester Farimagsgade 23, DK-1606 København Ø

01.01.2019-31.12.2019

agromino

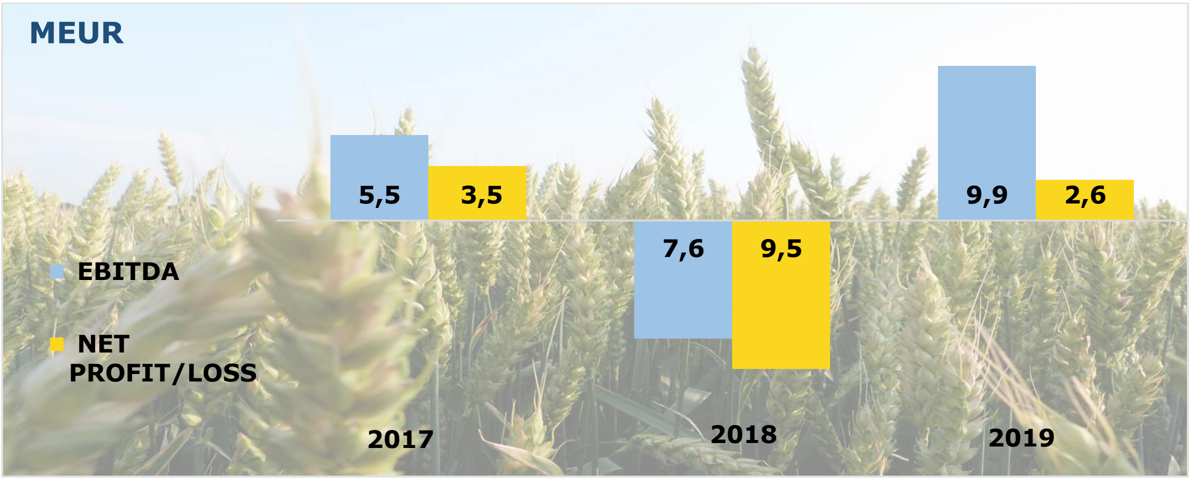
2019 ANNUAL REPORT

WE ARE FARMERS AND AGRIBUSINESS MANAGERS WITH OPERATIONS IN UKRAINE, RUSSIA AND ESTONIA

CONTENTS

BUSINESS HIGHLIGHTS

- EBITDA profit of EUR 9.9 million in 2019 compared to EBITDA loss of EUR 7.6 million in 2018.
- Net profit of EUR 2.6 million in 2019 compared to net loss of EUR 9.5 million in 2018.
- A significant change in net loss in 2019 in comparison with 2018 was due to absence of currency translation losses from disposal of subsidiaries (EUR 10 million loss in 2018).
- Crop harvest in 2019 completed with satisfactory results, mainly due to 31% increase in average net yield to 3,54 t/ha (2,70 t/ha in 2018).
- Revenues were negatively affected by hryvnia 2019 revaluation – EBITDA decreased by EUR 3,1 mil. in this respect.
- Winter crops of harvest 2020 were established on time.
- Agromino increased total storage capacity to 121,000 tonnes through construction and acquisition (85,000 tonnes as of 31 December 2018) to manage its increased production.
- Agromino acquired Resilient group for EUR 12,9 mil. in shares, i.e. consideration of 7,5 mil. newly issued ordinary shares in Agromino at 18.6 SEK/share. Transaction was completed on October 17 and is included in the financials for 2019 since October 17 till December 31, 2019. Revenues (both financial and physical numbers) of Resilient were reflected in consolidated numbers just for this period.
- Combined harvest of the group including Resilient has reached 198 thousand tonnes brutto. Agromino itself harvested 156 thousand brutto tonnes compared to 124 thousand brutto tonnes in 2018.
- Cultivated land as of December 31, 2019 increased to 55 thousand hectares (47 thousand hectares at December 31, 2018)
- Both assets and liabilities were expanded as of December 31, 2019 because of IFRS 16 adoption by the Group. Assets were increased by land right-of-use assets, liabilities by lease liabilities.



OPERATIONS

Our business is divided into two segments: Ukraine (Cereal Production, Storage, Trading and newly also the milk production from Resilient farms) and Russian milk production in the St Petersburg region. Additionally, Agromino owns 39.24% shareholding in the Trigon Dairy Farming Estonia (TDFE) business, however, the Group only shows its share of profit/loss from this investment in one line and therefore revenue and EBITDA from this segment is not included in the segment report.

Our largest business segment by revenue and EBITDA is Ukraine as sales of this segment account for 92% of total Group´s revenue. In Ukraine, the Group earns money mainly by growing and selling own crop. Trading third-party grain in year 2019 was at rather low level. The Group owns 4 elevators, used predominantly for the storage of own crop. The Group sells maximum amount of wheat, corn, rapeseed, and soya for exports and other crops on the domestic market.

Russian milk production segment produces more than seven thousand tonnes of milk per year, while sales of milk in Russian milk production segment amount to 8% of total Group´s revenue.

TOTAL REVENUE

EUR 31,615,366 SALES OF OWN CROP

EUR 3,029,549 SALES OF MILK

EUR 525,686 SALES OF ELEVATOR SERVICES

EUR 452,051 OTHER SALES

CEREAL PRODUCTION

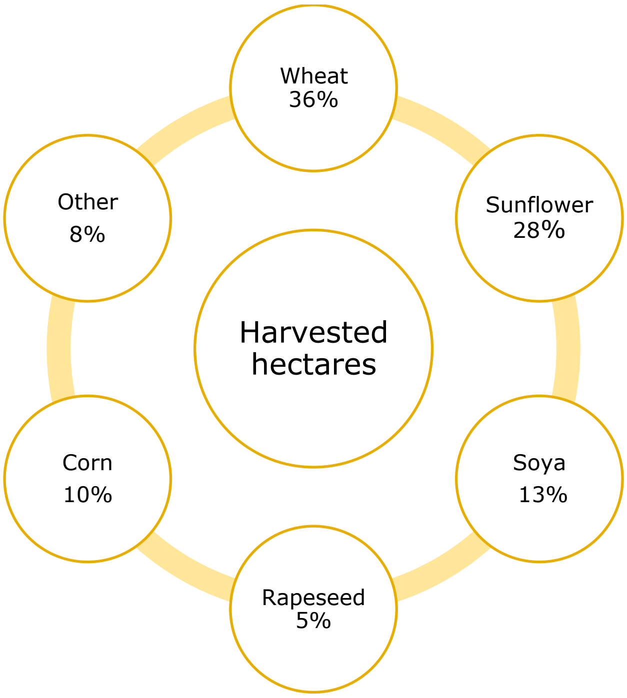
In Ukraine, the Group operates a landbank of 52.6 thousand hectares, mainly under medium to long-term rental agreements (8.5 thousand hectares related to the acquisition of Resilient). The core farming operations are organised in Kharkov, Nikolaev, Kropyvnytskyi, and newly also in Bila Tserkva, Zhytomyr, Khmelnytsky and Lviv thanks to the acquisiton of Resilient.

Only small part of Resilient harvested fields and revenues were reflected in Annual report of Agromino for the period of October 17 till December 31, 2019.

To support its cereal operations and to supply storage services the group operates four elevators with a usable total capacity of 121 thousand tonnes.

The segment´s revenue is made up primarily from sales of own produced cereals.

Biological assets as of December 31, 2019, comprise of winter crops sown for 2020 harvest. Wheat on 18.9 thousand ha and oilseed rape on 4.9 thousand ha as of December 31, 2019 are in reasonable condition. The fair value of these crops has been determined by valuing the net cash flows expected to be generated from the assets discounted at interest rate 18.35 %.



MILK PRODUCTION

Ukraine
Group´s production capacity arised due to the acquisition of Resilient and is located in the south of Kyiv region.

Russia
250 kilometres South West of St Petersburg the group operates near 2200 head milk farm at Dobruchi. The facilities were built in 2008. The Group also owns near 3,000 hectares of land in the region utilised for forage production. The herd is predominantly Holstein Friesian.

Estonia
The Group also has a shareholding in Estonian milk production business through associate AS Trigon Dairy Farming Estonia (TDFE). The Group´s shareholding in TDFE amounted to 39.24% as of December 31, 2019. Agromino's share in TDFE's profit/loss is shown on the income statement line 'Share of profit of investments accounted for using the equity method'. The share of loss for 2019 from TDFE amounted to EUR 0.06 million, because of a one-time loss stemming from the sale of the least effective farm on the Saaremaa island. For 2018 the share of profit was EUR 0.8 million.

FINANCIAL REVIEW

The Group's operations are divided into the following operational segments: Ukraine cereals and milk production including storage and trading, and milk production in Russia. The Group also has a 39.24% shareholding in Trigon Dairy Farming Estonia Ltd. (TDFE).

Revenues

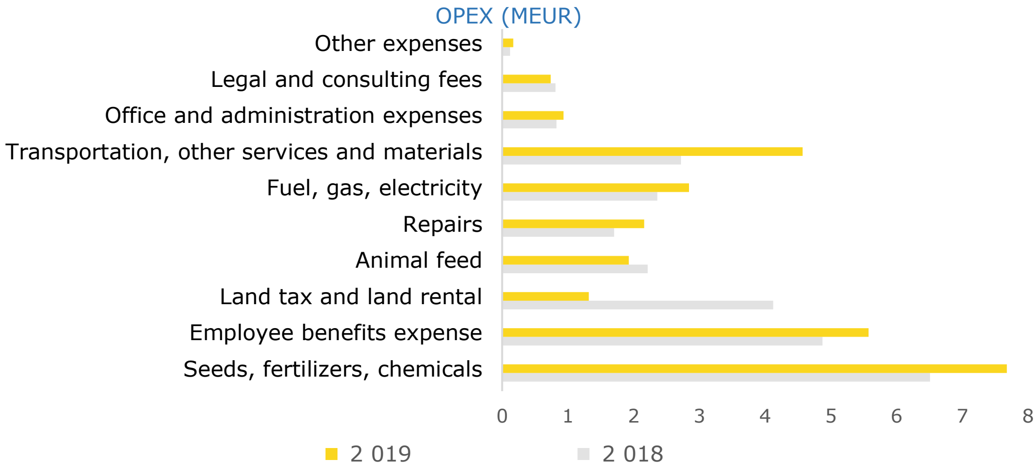
Total revenue of the Group for 2019 at EUR 35.6 million compared to EUR 25.3 million for 2018. Revenues of the acquired Resilient are included only since October 17 till December 31, 2019 (EUR 1.9 million).

Changes in biological assets/inventories

The current biological assets as of the year end consist of winter crops sown for 2020 harvest. Changes in biological assets amounted to EUR 2.7 million (EUR 0.8 million in 2018).

Expenses

OPEX for 2019 increased by 6% in comparison with 2018. Decrease in Land rental element was related with IFRS 16 adoption by the Group. Operating lease expenses related to long-term lease contracts were not recorded within OPEX, depreciation of right-of-use assets and financial costs were recognized instead.



Net result

Agromino recorded net profit of EUR 2,6 million compared to net loss of EUR 9,5 million in 2018. And EBITDA stood at a profit of EUR 9.9 million compared to a loss of EUR 7.6 million in 2018.
There were no currency translation losses from disposal of subsidiaries in 2019 (loss of EUR 10 million from exchange translation difference was recycled from Other Comprehensive Income to Income statement in 2018).

Assets

The consolidated assets of the Group as of December 31, 2019, amounted to EUR 113 million (EUR 46.7 million at December 31, 2018).

Consolidated assets as of December 31, 2019 were increased by land right-of-use asset recognized under IFRS 16 adoption by the Group.

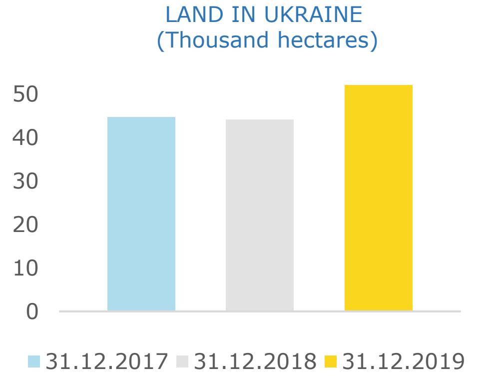
Another substantial increase was recorded due to Resilient acquisition.

Fixed assets

Property, plant and equipment as of December 31, 2019, in the amount of EUR 26.3 million accounted for 23% of the total assets, comprising of land, buildings, machinery, equipment and construction in progress.

Total land under control as at December 31, 2019 was 55.4 thousand hectares (47 thousand hectares at December 31, 2018). Increase in land under control as of December 31, 2019 in comparison with December 31,2018 was due to acquisition of Resilient a.s. The Group owns land in Russian Milk production (near 2.9 thousand hectares). In

Ukraine, the land is covered with mostly medium to long-term land lease contracts. There is 1.5 thousand hectares in ownership (0.7 thousand hectares related with the acquisition of Resilient).



Inventories and biological assets

As of December 31, 2019, the inventories stood at EUR 16.1 million, 3.9 million increase compared to 2018 as the Group had more grain in stock.

Biological assets of EUR 13.1 million as of December 31, 2019, comprised of the dairy herd, grasslands and winter crops seeded for 2019 harvest.

During 2019 the Group voluntary changed assumption relating to fair value measurement of biological assets of winter wheat and winter rapeseed of next year harvest. Management of the Group decided to determine fair value of biological assets sown for next year harvest by present valuing the net cash flows expected to be generated from the assets discounted at average cost of short-term financing.

Investment in associates

The Group has a shareholding in Estonian milk production business through associate AS Trigon Dairy Farming Estonia (TDFE). The Group´s shareholding in TDFE amounted to 39.24% as of December 31, 2019. The value of investment decreased on the back of the loss, out of which the Group´s share stood at EUR 0.06 million (2018: EUR 0.8 million profit).

Liabilities and equity

Borrowings

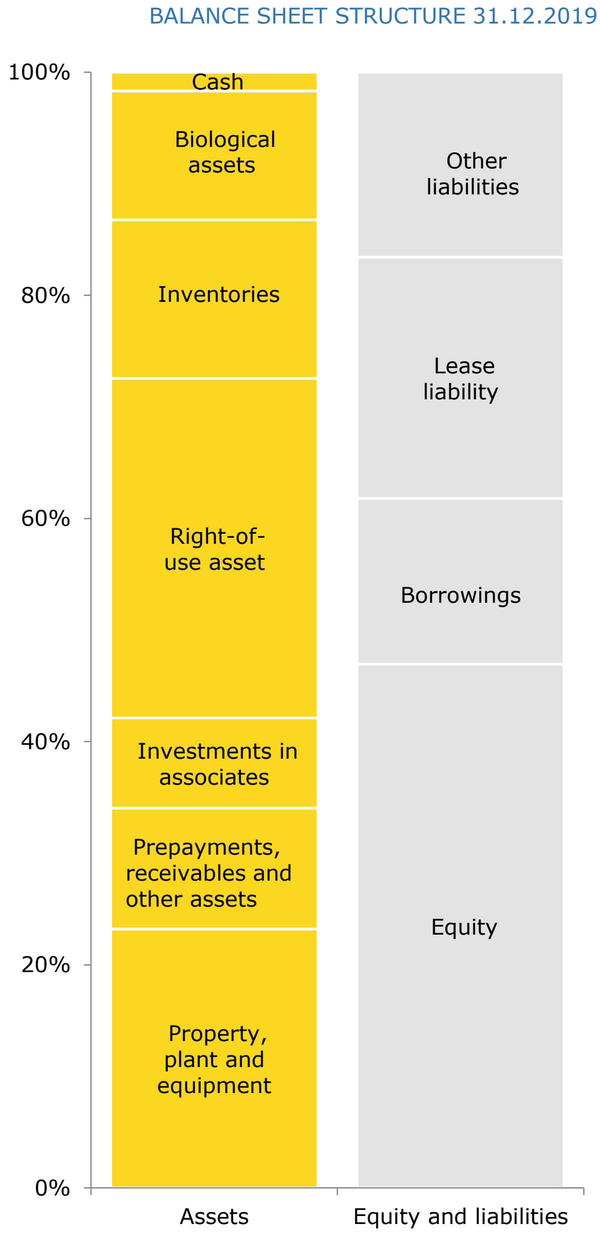
The total borrowings of the Group as of December 31, 2019, amounted to EUR 16.8 million (EUR 11.3 million as at December 31, 2018).

Equity

In the year 2019 ordinary shares in quantity 7,473,810 were issued as a consideration in amount of EUR 12 935 thousand for the acquisition of Resilient. As a result the total number of shares with par value of 1 EUR in the Company increased from 17,421,313 to 24,895,123.

Lease liabilities

Consolidated liabilities as of December 31, 2019 were increased by current and non-current lease liabilities recognized under IFRS 16 adoption by the Group.



UKRAINE SEGMENT

The operations of the Group comprise cereal farming, storing, trading and newly also the milk production from Resilient farms in the Black Earth region of Ukraine.

For cereal farming, Agromino focuses on previously cultivated land in the Black Earth region because of its highly fertile soil and the availability of fertile farmland at a relatively low cost compared to other farming regions in the world.

The Group's strategy is to secure sufficient elevator capacity to enable the Group to dry the in-house produced grain after it has been harvested. In the year 2019 Total storage capacity increased to 121,000 tonnes due to setting up new elevator capacities in the Group (85,000 tonnes as of 31 December 2018) to solve urgent storage need after divesting 237,000 tonnes storage capacities in 2018 and 2017.

The Group generates its main net revenues from the sales of own produced cereals. The company can sell its products on the local market or on export markets, where the goods are delivered to the Black Sea ports. Generally, the Group sells the maximum amount of wheat, corn, rapeseed, and soya to exports and sunflower on the local market.

KEY FIGURES

EUR 32,765,916 REVENUE

EUR 9,893,513 EBITDA

160,530 TONNES OF GRAIN HARVESTED

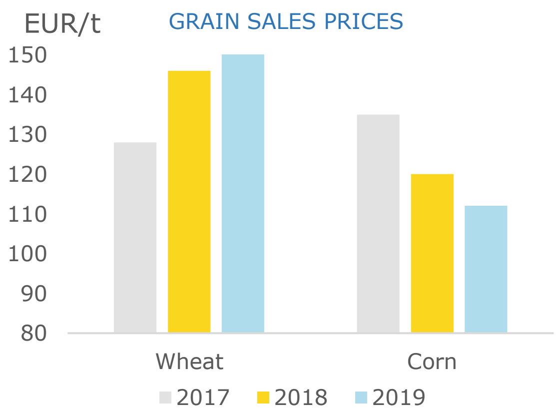
45,378 HECTARES HARVESTED

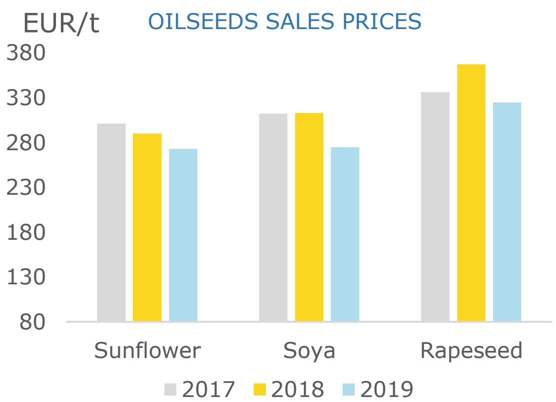
Financial review

The segment´s revenue is made up primarily from sales of own produced cereals. Revenue from sales of cereals for 2019 comprised of sales of our last and this year´s harvest as well as sales of Resilient for the period since October 17, 2019 till December 31, 2019. A higher volume of sold crop recalculated into EUR 9.9 million increase in grain sales in 2019 in comparison with 2018.

Biological assets as of December 31, 2019, comprise of winter crops sown for 2020 harvest. Wheat on 18.9 thousand ha and oilseed rape on 4.9 thousand ha as of December 31, 2019 are in reasonable condition. The fair value of these crops has been determined by valuing the net cash flows expected to be generated from the assets discounted at interest rate 18.35 %.

The Group revalued the grain for sale using the market or contracted prices. In total, the Change in inventories for 2019 stood at EUR (2.3) million (EUR 3.5 million in 2018).





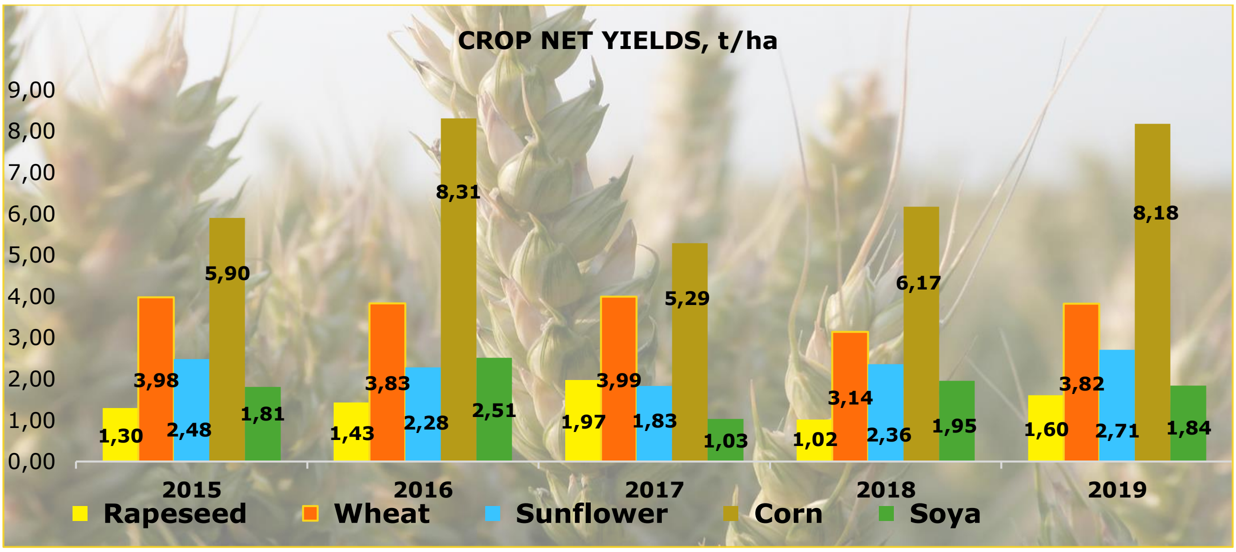
Operational review

Harvested hectares	2015	2016	2017	2018	2019
Wheat	23 218	19 536	21 399	20 987	16 124
Sunflower	12 222	16 529	9 413	14 745	12 910
Rapeseed	6 742	4 416	7 570	1 822	2 137
Corn	3 199	1 879	1 179	1 013	4 727
Barley	-	424	335	-	-
Soya	1 248	3 044	3 550	2 537	6 001
Other	-	330	1 862	3 447	3 479
Total	**46 629**	**46 157**	**45 308**	**44 551**	**45 378**

Net production, t	2015	2016	2017	2018	2019
Wheat	92 302	74 788	85 328	65 940	61 650
Sunflower	30 319	37 619	17 216	34 747	34 934
Rapeseed	8 739	6 309	14 943	1 850	3 429
Corn	18 876	15 620	6 239	6 253	38 659
Barley	-	1 449	726	-	-
Soya	2 256	7 653	3 658	4 954	11 048
Other	-	5 693	3 751	6 788	10 810
Total	**152 493**	**149 130**	**131 861**	**120 532**	**160 530**

Net yield, t/ha	2015	2016	2017	2018	2019
Wheat	3,98	3,83	3,99	3,14	3,82
Sunflower	2,48	2,28	1,83	2,36	2,71
Rapeseed	1,30	1,43	1,97	1,02	1,60
Corn	5,90	8,31	5,29	6,17	8,18
Barley	-	3,42	2,17	-	-
Soya	1,81	2,51	1,03	1,95	1,84
Other	-	17,28	2,01	1,97	3,11
Total	**3,27**	**3,23**	**2,91**	**2,70**	**3,54**

*Resilient harvesting was included since October 17, 2019



Sales of grain and oilseeds (2019 and 2018 crop)

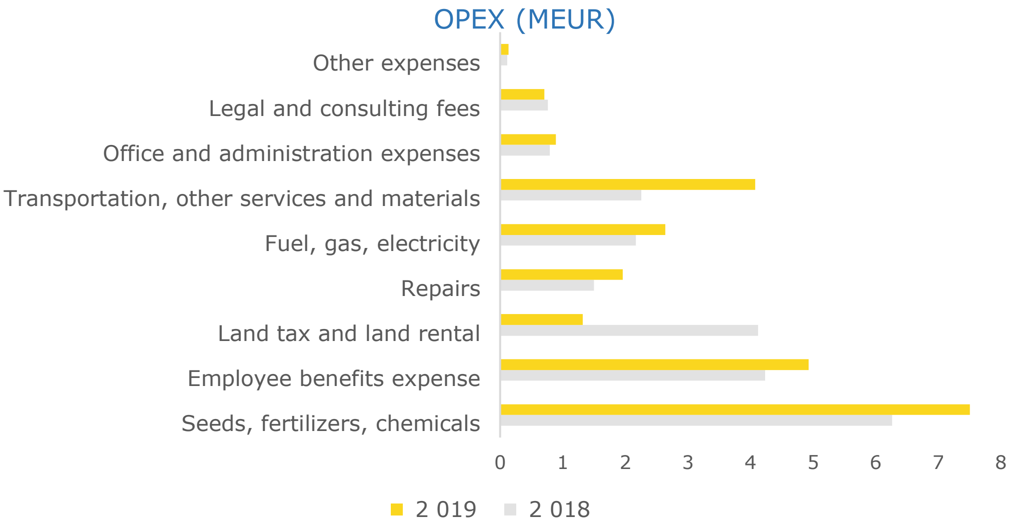
2019	Tonnes	Own produced, EUR thousand	Price* EUR/t	Tonnes	Third party, EUR thousand	Price EUR/t	Tonnes	Total Revenue, EUR thousand	Price EUR/t
Wheat	65 884	10 219	155	15	2	137	65 899	10 221	155
Barley	51	6	118	0	0	0	51	6	118
Sunflower	42 583	11 613	273	0	0	0	42 583	11 613	273
Corn	21 004	2 354	112	0	0	0	21 004	2 354	112
Rapeseed	3 556	1 155	325	0	0	0	3 556	1 155	325
Soya	17 769	4 876	274	0	0	0	17 769	4 876	274
Other	7 503	1 391	185	0	0	0	7 503	1 391	185
Total	**158 350**	**31 615**	**200**	**15**	**2**	**137**	**158 365**	**31 617**	**200**

Sales of grain and oilseeds (2018 and 2017 crop)

2018	Tonnes	Own produced, EUR thousand	Price EUR/t	Tonnes	Third party, EUR thousand	Price EUR/t	Tonnes	Total Revenue, EUR thousand	Price EUR/t
Wheat	66 109	9 648	146	18	2	104	66 127	9 650	146
Barley	1	0	80	0	0	0	1	0	80
Sunflower	24 261	7 024	290	298	91	306	24 559	7 115	290
Corn	10 715	1 263	118	3 038	391	129	13 753	1 654	120
Rapeseed	1 830	663	362	0	0	0	1 830	663	362
Soya	3 018	947	314	314	95	301	3 332	1 042	313
Other	8 125	1 597	197	579	5	9	8 704	1 602	184
Total	**114 059**	**21 142**	**185**	**4 247**	**584**	**138**	**118 306**	**21 726**	**184**

All prices exclude VAT, Domestic sales are ex elevator and export sales are CPT

Overall, the EBITDA in Ukrainian segment stood at profit of EUR 9.9 million in 2019 in comparison with EBITDA loss of EUR 5.3 million in 2018, that was significantly affected by the loss EUR 8.3 million from currency translation difference being recycled from Other Comprehensive Income to Income Statement in relation to the sale of the part of the elevator business.

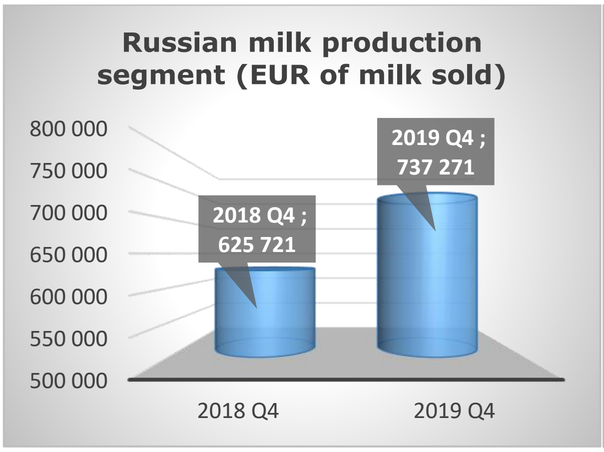


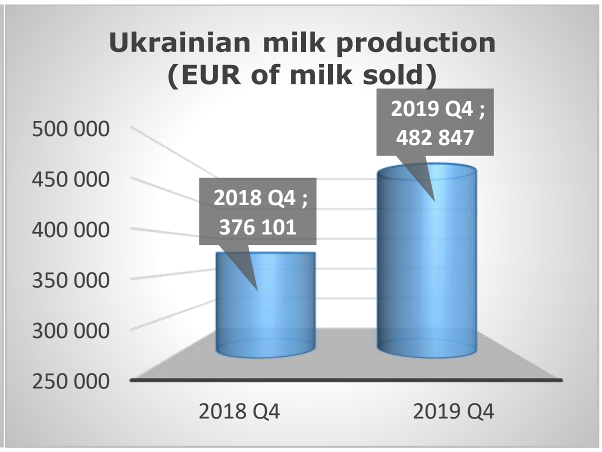
RUSSIAN MILK SEGMENT

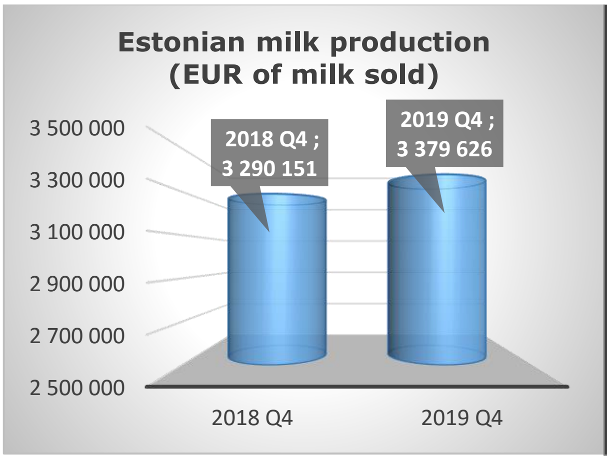
The Group's managed Russian milk production operations are located in the St Petersburg region.

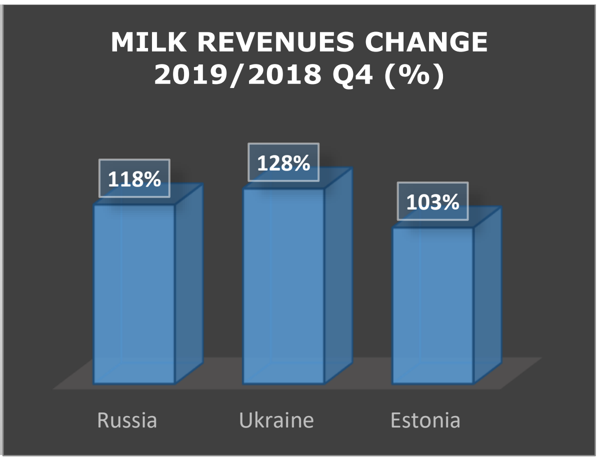
Our Russian milk production: The number of milking cows as of December 31, 2019 was 1 194 (1 190 milking cows as at December 31, 2018). The fair value of animals was determined by independent valuator. In 2019, the gain from revaluing 2 239 animals was recorded at EUR 0.22 million in the Income Statement in comparison with loss from revaluing 2 277 animals at EUR 0.03 million in 2018. In total, the fair value of the herd (2 239 animals), as of December 31, 2019, stood at EUR 2 546 thousand (2018: 2 227 animals at EUR 2 192 thousand).

The EBITDA of Milk production segment in Russia amounted to a profit of EUR 0.09 million (loss of EUR 2.3 million in 2018). In conjunction with the disposal of the assets held for sale, the currency translation difference of EUR -1.7 million was recycled from the Other Reserves to the Income Statement in 2018. Milk price in EUR for 2019 increased compared to 2018 both due to higher domestic milk prices and rouble appreciation.









CORPORATE GOVERNANCE

INTRODUCTION

The full Report on Corporate Governance during the period of 1 January 2019 - 31 December 2019 ("Report") is published at the same time with the Annual Report on the Company's web page

http://www.agromino.com/wp-content/uploads/2020/03/Agromino-Report-on-Corporate-Governance-2019.pdf

The following constitutes Agromino's statutory reporting on corporate governance in accordance with Section 107 b (1)(3) of the Danish Financial Statements Act.

Agromino A/S applies the recommendations issued by the Committee on Corporate Governance (the "Code", latest version of which is available at www.corporategovernance.dk)

The principles of corporate governance in Agromino are described below and governed by the Articles of Association, applicable laws, the Code, Rules of Procedure for both of the Boards, exchange requirements, and market practice. Specific reference is made to any areas in which Agromino deviates from the Code, as is required by the 'comply or explain' principle in the Code.

It is Agromino's declared intention to secure that the standards and principles of good corporate governance will be adhered to at all times.

The governance of Agromino is attended to by:

- The General Meeting of Shareholders
- The Board of Directors
- The Executive Board

GENERAL MEETING

The General Meeting of Shareholders has supreme authority in all matters and things pertaining to the Company subject to the limits set by statute and by the Articles of Association. Any share carries one vote in the General Meeting of Shareholders. The members of the Board of Directors and the auditor are elected by the General Meeting of Shareholders.

BOARD OF DIRECTORS

Between January 1, 2019 and December 31, 2019, the Board of Directors consisted of three members, Petr Krogman (chairman), Jan Urban, Jiří Vyskočil. In accordance with the Code, at least half of the members must be independent of the company, management, and shareholders, and this requirement is fulfilled by Agromino having two independent members of the Board of Directors, Jan Urban and Jiří Vyskočil are independent members.

In accordance with the Code, the elected members of the Board of Directors are appointed to hold office for one year and thus the election term expires at the Annual General Meeting following the election. The Board of Directors shall have a Chairman, which they shall elect from among their members.

More information for the Board of Directors has been presented in the following paragraphs. No member of the Board of Directors has management positions in any other Danish company.

<u>Petr Krogman (born in 1973)</u>

Chairman of the Board of Directors of Agromino since February 26, 2018.

Shareholding in Company (March 30, 2020): 18,614,328 shares and voting rights in Agromino A/S, corresponding to 74,77% of the total share capital and of the total voting rights of Agromino A/S.

Other current active positions:

• Agromino Group companies in Estonia, Supervisory Board Member
• Statutory Director in the Czech investment funds Mabon investiční fond s proměnným základním kapitálem a.s. and ZSZ investiční fond s proměnným základním kapitálem a.s.
• Member of the Supervisory Board of Resilient a.s.
Experience (highlights of former positions):
• Owner and CEO of Spojené farmy a.s

Jan Urban (born in 1972)

Vice-Chairman of the Board of Directors of Agromino since April 26,2018.

Shareholding in the Company (March 30, 2020)

306,184

Associate with the US law firm White & Case (Prague office), management consultant with McKinsey & Co., took part in the restructuring of several Czech industrial and banking conglomerates. Mr. Urban is qualified Czech and US attorney

Jiří Vyskočil (born in 1973)

Member of the Board of Directors of Agromino since July 23, 2018.

Shareholding in Company (March 30, 2020): 0

Experience (highlights of former positions):

Top management positions in Erste Bank and KBC Bank in the Czech Republic. CEO and Chairman of the BoD of Patria Finance (member of CSOB/KBC group).

All the members of Board of Directors are at the age below 80 which is the retirement age for Board of Directors set by Articles of Association.

A Board of Directors meeting shall constitute a quorum when more than half the directors are present. Resolutions by the Board of Directors shall be passed by a simple majority of votes. The Board of Directors has held twenty - seven meetings during 2019 partially physical meetings and partially via electronic means.

The Board of Directors is the highest level of the management structure, which primary functions are to be responsible for the overall and strategic management as well as decision outside of the day-to-day management, i.e. decisions of unusual nature or of major importance. The Board of Directors will arrange for the proper organisation of the activities of Agromino and will ensure that the keeping of accounts and the administration of property are carried out in a satisfactory way.

The Board of Directors has drawn up rules of procedure governing the performance of its duties.

Fees paid to Board of Directors are resolved by General Meeting and are disclosed under the section 'Related Party Transactions'.

EXECUTIVE BOARD

The Board of Directors has appointed an Executive Board consisting of two members to be responsible for the day-to-day operations of the company. Between January 1, 2019 and December 31, 2019 the Executive Board consisted of: Petr Toman acting as member of the Executive Board and CEO, and the Executive Board member Rastislav Pagac.

List of management positions of Executive Board members in other companies is presented in the following paragraphs. No member of the Executive Board has management positions in any other Danish company.

Petr Toman (born in 1973)

CEO and Member of the Executive Board of Agromino since March 27, 2018.

Shareholding in Company (30.03.2020): 0

Other current active positions:

- Member of the Board/director of Agromino Group Companies in Estonia and Cyprus
- Manager of Agromino A/S branch in Estonia
- CEO of Resilient Group
- CEO of Czech investment fund Mabon investiční fond s proměnným základním kapitálem a.s.

Experience (highlights of former positions):
- EPIC, various top management positions in EPIC group and in its daughter companies

Rastislav Pagáč (born in 1986)

Member of the Executive Board of Agromino since July 3, 2018

Shareholding in Company (30.03.2020): 0

Experience (highlights of former positions):

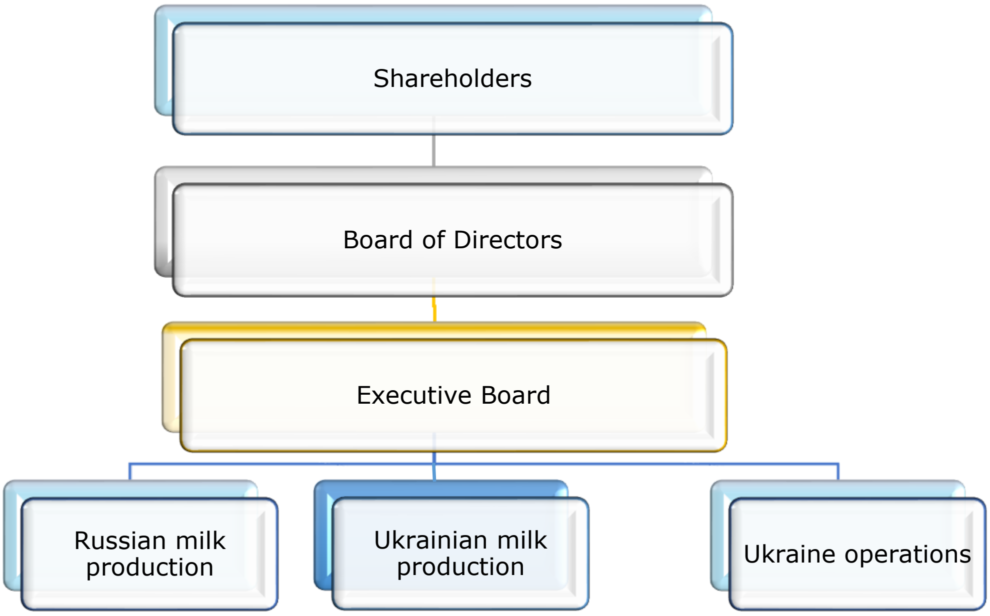
Active in legal consultancy business as well as an in-house counsel in major Central European listed bank and international energy company. Mr. Pagáč has practical experience in the area of investment banking regulations, international contracting and company law

The Executive Board shall be accountable to the Board of Directors for managing the company in accordance with applicable law in force, the company's Articles of Association, the Rules of Procedure of the Board of Directors and the Guidelines for Segregation of Duties between the Board of Directors and Executive Board.

The Board of Directors has drawn up guidelines to segregation of duties between the Board of Directors and the Executive Board.

Fees paid to Executive Board are disclosed under the section 'Related Party Transactions'.

The management structure of the Group as at the date of publication of the current report is shown in the following graph.



The average number of employees in 2019 stood at 1 065 (2018: 784).

RULES FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION

Amendments to the Group's Articles of Association may be proposed either by the shareholders or the Board of Directors.

As a general rule, proposed resolutions to amend the Articles of Association shall be passed at a general meeting by the shareholders. The resolution to amend the Articles of Association shall generally be passed by a majority of at least two-thirds of the votes cast as well as of the share capital represented at the general meeting, cf. Section 106(1) of the Danish Companies Act (the "DCA").

For the sake of good order, please note that pursuant to Section 107(2) of the DCA, certain proposals to amend the Articles of Association shall be passed by at least nine-tenths of the votes cast as well as of the share capital represented at the general meeting. Finally, certain decisions which favor certain shareholders to the detriment of other shareholders may contravene with the principle of equal treatment of shares in Section 45 of the DCA and as such requires unanimity.

However, pursuant to the DCA the shareholders may by passing a resolution at a general meeting authorise the Board of Directors to amend the Articles of Association in certain respects e.g. by an increase or decrease of the share capital of the Group. The authorisation is subject to a number of requirements.

Except for the authorisations mentioned under Authorizations to Board of Directors' below, the Group's general meeting has not passed resolutions with respect to such authorisations.

AUTHORISATIONS TO THE BOARD OF DIRECTORS

The board of directors is in the period until 20 April 2022 authorized to issue in one or more rounds up to 1,014,695 warrants which shall entitle the recipients to subscribe for ordinary shares in the Company for a total aggregate nominal amount of up to EUR 1,014,695. The warrants may be issued to members of the Company's executive management and to key employees. Partial payment of the share capital which is subscribed for in connection with the exercise of warrants shall not be allowed. The existing shareholders shall neither have pre-emptive rights in connection with the issuance of warrants nor in connection with the subscription of shares by exercise of the warrants. The warrants are subject to transfer restrictions and may only be transferred in accordance with the warrant terms as determined by the board of directors. The new ordinary shares which are subscribed for on the basis of the warrants shall be negotiable instruments and shall be registered in the name of the holder. The remaining terms and conditions for the warrants shall be determined by the board of directors in connection with the board's utilization of the authority.

The board of directors is at the same time authorized in the period until 20 April 2022 to increase the share capital of the company with a total aggregate nominal amount of up to EUR 1,014,695 (or such other amount which results from any adjustment of the number of warrants due to changes in the share capital of the company in the period between issuance and exercise of the warrants) in connection with the exercise of the issued warrants.

The board of directors is authorized (as per article 4c.1) in the period until 20 April 2022 to increase the share capital of the Company by way of a cash contribution or by way of conversion of debt in one or more rounds with a maximum nominal amount of EUR 2,000,000 at market price without pre-emptive rights for the existing shareholders.

The board of directors is authorized (as per article 4c.2) in the period until 20 April 2022 to increase the share capital of the Company by way of cash contribution in one or more rounds with a maximum nominal amount of EUR 2,000,000 at market price with pre-emptive rights for the existing shareholders.

The board of directors is authorized (as per article 4c.2) in the period until 20 April 2022 to increase the share capital of the Company by way of a cash contribution or by way of conversion of debt in one or more rounds with a maximum nominal amount of EUR 2,000,000 at a price below market price with pre-emptive rights for the existing shareholders.

If the board of directors utilizes one or more of the authorizations in article 4c.1, 4c.2 or 4c.3, the following shall apply to the respective capital increases: Partial payment of the share capital which is subscribed for in connection with the capital increase shall not be allowed. The new shares shall be ordinary shares. The new shares shall not be subject to any transfer restrictions. The new shares shall be negotiable instruments and shall be registered in the name of the holder. The remaining terms and conditions for the capital increase shall be determined by the board of directors in connection with the board's utilization of the authority. The total aggregate nominal amount of the capital increase(s) which may be carried out by the board of directors pursuant to the authorizations in articles 4c.1, 4c.2 and 4c.3 may not exceed EUR 2,000,000.

In addition to the above authorizations, the board of directors is authorized in the period until 2 September 2024 to increase the share capital of the Company by way of cash contribution, non-cash contribution and/or by way of conversion of debt in one or more rounds with a maximum nominal amount of EUR 8,000,000 at fair market value, which can be lower than the listed price for the existing shares on Nasdaq Stockholm, without pre-emptive rights for the existing shareholders. Partial payment of the share capital which is subscribed for in connection with the capital increase shall not be allowed. The new shares shall be ordinary shares. The new shares shall not be subject to any transfer restrictions. The new shares shall be negotiable instruments and shall be registered in the name of the holder. The new shares shall have the same rights as the Company's existing shares. The remaining terms and conditions for the capital increase shall be determined by the board of directors in connection with the board's utilization of the authority. At the board meeting held 16 October 2019, the board of directors resolved in accordance with the authorization set in this paragraph to issue nominally EUR 7,473,810 shares.

COMMITTEES

In the autumn of 2010, the Board of Directors established three committees: The Audit Committee, the Nomination Committee, and the Remuneration Committee.

Audit committee

The responsibilities of the Audit Committee include: (i) notifying the board of directors of the result of the statutory audit, including the reporting process, (ii) monitoring the reporting process and present recommendations or proposals to ensure the integrity, (iii) monitoring whether the Group's internal control system, the internal audit function (if any) and risk management systems function efficiently with regard to the reporting in the Group without violating its independence, (iv) monitoring the statutory audit of the annual report etc. taking into account the result of the most recent quality control of the audit company, (v) controlling and monitoring the independence of the auditor pursuant to sections 24-24(c) and article 6 of regulation (EU) 537/2014 of the European Parliament and the Council dated 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and approving the auditor's provision of services other than auditing, ref. article 5 of this regulation, and (vi) being responsible for the procedure for selection and recommendation of the auditor for election in accordance with article 16 regulation (EU) 537/2014 of the European Parliament and the Council dated 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. The members of the Audit Committee are appointed by the Board of Directors and among its members. Between January 1, 2019 and December 31, 2019 Agromino's Audit Committee consisted of of Jan Urban (Chairman), Petr Krogman and Jiří Vyskočil.

The Audit Committee shall meet as frequently as the Chairman of the Audit Committee deems necessary, but it should be at least twice a year.

In 2019, the Audit Committee held 5 meetings.

Nomination Committee

The Nomination Committee's duties include: (i) identifying and recommending members of the Board of Directors and Executive Board to the Board of Directors; (ii) evaluating the structure, size, composition and performance of the Board of Directors and Executive Board and to propose any changes in this respect to the Board of Directors; and (iii) considering proposals submitted by relevant persons for candidates for executive positions.

The Nomination Committee shall consist of two to four persons and at least half of its members shall be independent of Agromino and its subsidiaries. The members of the Nomination Committee shall be appointed by the Board of Directors and among its members. Between January 1, 2019 and December 31, 2019, the Nomination Committee consisted of Petr Krogman (Chairman), Jan Urban and Jiří Vyskočil.

In 2019, the Nomination Committee held 1 meeting via electronic means.

Remuneration Committee

The Remuneration Committee's duties include to make proposals to the Board of Directors, prior to approval at the general meeting, on the remuneration policy and the principles of the incentive pay schemes for the Board of Directors and the Executive Board and to ensure that the remuneration is consistent with Agromino's remuneration policy and the evaluation of the performance of the persons concerned.

The members of the Remuneration Committee shall be appointed by the Board of Directors and among its members. The Remuneration Committee shall consist of two to three members and the Chairman of the Board of Directors shall always be the Chairman of the Remuneration Committee. At least half of the members shall be independent in relation to Agromino and its subsidiaries. Between January 1, 2019 and December 31, 2019 Agromino's Remuneration Committee consisted of Petr Krogman (Chairman), Jan Urban and Jiří Vyskočil. The Remuneration Committee shall convene as often as considered necessary by the Chairman of the Committee and at least once a year.

In 2019, the Remuneration Committee held 2 meeting via electronic means.

INTERNAL CONTROL

The Executive Board is responsible for the organisation and administration of the Group, which includes establishing an effective system of internal control. Internal control in this context refers to those measures taken by the Executive Board, the senior executives and other personnel to ensure that the bookkeeping and the Group's financial condition, in general, are controlled and reported upon in a reliable fashion and in compliance with relevant legislation, applicable accounting standards and other requirements related to the Group's listing on the Stock exchange.

In order to ensure that the organisational structure, chain of command and authority are well defined and clearly communicated, the Group has prepared written instructions and formal routines for the division of labour between the Executive Board, the Board of Directors, the management and other personnel. The Executive Board has established general guidelines for the Group's activities in internal policies, manuals, and codes. Controls have also been carried out to ensure that the IT-/computer systems involved in the reporting process support a sufficiently high dependability for its task. The Group has established fixed routines and invested in reliable technical applications to guarantee a fast and reliable way of sharing information throughout the organisation. Internal policies and general guidelines for financial reporting are communicated between the Executive Board, senior executives and other personnel through regular meetings and via an electronic form.

The internal control system followed in 2019 consisted of risk assessment, reporting instructions, control procedures and monitoring.

The Executive Board and also the Audit Committee assess risks related to financial reporting that the Group is exposed to. The main risks have been identified as a risk of fraud and misconduct.

Several control procedures have been integrated into the accounting and reporting systems such as financing policy, payment policy, internal reporting guidelines, and certain internal accounting control routines.

The Executive Board follows up to ensure that any internal control weaknesses are addressed and that potential errors are detected and reported and corrected in timely and orderly fashion.

The policies, guidelines, and routines are updated on an on-going basis and are introduced to employees regularly via electronic form or internal training events.

Monitoring over accounting and financial reporting are conducted by the Executive Board and Audit Committee on a regular basis. Monitoring procedures are designed to identify risks, detect errors and correct any weaknesses. The Executive Board receives monthly internal financial reporting and the Audit Committee receives quarterly interim reports.

SUMMARY OF CODE RECOMMENDATIONS NOT FOLLOWED AND REASONS WHY NOT FOLLOWED

The following table is a summary of the Report and outlines the Code recommendations the Group did not follow as well as an explanation why the Group did not comply with the recommendation. Regardless, the Group is satisfied with its Code adherence discipline.

Recommendation	**The reason why the Group complied only partially**
1.1.2. The Committee **recommends** that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	The Company follows good market practice and continuously releases information on its activities and news and keeps contact with the key investors. The process of evaluation, formalization, and formal adoption of the policies which the Company currently abides by is continuing.
4.1.1. The Danish Committee on Corporate Governance (hereinafter the "Committee") **recommends** that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. The remuneration policy should be approved by the general meeting and published on the company's website.	The remuneration of the members of the Board of Directors members is based on the principle of transparency - each member's remuneration constitutes a flat annual fee which is resolved at the AGM and the remuneration amount is included in the AGM Agenda available for review by each shareholder prior the AGM. The remuneration of the Executive Board members is determined by the Board of Directors based on recommendation from the Remuneration Committee. The Company will propose within the upcoming annual meeting new remuneration policy which shall better reflect current statutory requirements as well as requirements stemming from the Code.
5.2.1. The Committee **recommends** that the board of directors decides whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	The board of directors continues to evaluate the current arrangements that relate to the wrongdoing reporting. Until the evaluation is completed, the communication lines were set up which shall ensure that wrongdoings may be communicated directly to Company´s top management.

CORPORATE SOCIAL RESPONSIBILITY

Statutory statement on social responsibility in accordance with section 99a of the Danish Financial Statements Act

Agromino is a leading Agribusiness manager involved in the full farming chain from land acquisition, land operation, crop production, to crop storage, marketing, and trading. We operate today in Ukraine, Russia, and Estonia. Agromino is committed to operating the agricultural businesses under its control utilizing environmentally and agronomically sustainable production methods. Agromino will continue to ensure that all its employees are fully conversant with the aims set out in this policy statement in order that all its activities are compliant and represent best practice. The number of employees as at December 31, 2019, stood at 1 028 out of which 934 were employed in Ukraine, 75 in Russia, 17 in Czech republic, and 2 were employed by parent company. In 2019, the expenses of employee training totaled at EUR 21 thousand (2018: EUR 14 thousand), excluding the costs of internal training as our top management also conducts internal training courses for local specialists. The Group management has a policy on social responsibility with the following focus areas:

Anti-corruption and bribery

It is the policy of Agromino not to engage in bribery or corruption and comply with applicable anti-corruption laws. We support the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. We adhere to the UN Global Compact principle 10: We shall work against corruption in all its forms, including extortion and bribery. Making, promising or offering any payments, gifts or inducements with the purpose of influencing someone (incl. government officials, suppliers, clients, etc.) to act improperly is strictly forbidden; the same applies to accepting payments, gifts or inducements. All payments should be reasonable and fall within the acceptable commercial practice. All such expenses have to be properly recorded in the accounts. We do not tolerate so-called facilitating payments (for example small unofficial payments to officials in order to speed up processes). Agromino does not make political contributions. When engaging in business relationships Agromino chooses its partners with the same zero tolerance approach to corruption and bribery. The Group appreciates the risk of corruption and bribery in the countries it operates and continues to take measures to minimize this risk. All funds received and paid by the Group and its subsidiaries during the course of business are strictly accounted and handled via bank transfers exclusively to minimize the possibilities of cash being taken in or out for the purposes of bribery. In 2019, the Group continued to ensure its adherence to such cash management.

Human rights

The Group operates in countries where businesses' exposure to human rights violations is limited. Consequently, the Group does not conduct any activities, liaise or contract with business partners or suppliers in countries considered high-risk in terms of human rights abuses. Therefore, there is no separate formal human rights policy. However, Agromino is respecting human rights and supports the UN Global Compact principles for human rights and labour. The rights include the rights covered in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. In 2019 there were no registrations of violations of human rights or incidents of discrimination reported.

Health and safety

The Group health and safety policy provides a brief overview of major principles in the field of health and safety. According to the health and safety policy, basic obligations of Agromino in the area of health and safety are to provide:

- safe and healthy systems of work;
- safe and healthy work environment;
- adequate amenities;
- safe and healthy premises of work;
- safe and well-maintained plant and machinery;
- safe methods of handling, storing and transporting materials;

- adequate instruction and training for employees;
- adequate supervision by competent and trained personnel;
- relevant and adequate information for all employees;
- responsible person.

According to the health and safety policy, each employee of the Group is encouraged to play a vital and responsible role in maintaining a safe and healthy workplace through:

- being involved in the workplace health and safety system;
- sticking to correct procedures and equipment;
- wearing appropriate clothing and equipment as and when required;
- ensuring all accidents and incidents are reported to direct superior and responsible staff member;
- helping new employees, trainees and visitors to the workplace understand the right safety procedures and their objective;
- telling your direct superior immediately of any health and safety concerns;
- keeping the workplace tidy to minimise the risk of any trips and falls.

As Agribusiness managers the Group is fully aware of the risks associated with grain production, transport, and storage processes. In 2019, there were no workplace accidents reported in Ukraine, Russia, and Estonia. The Group, however, continues to monitor and improve the workplace safety situation. In 2019, The Group continued to implement and follow strict work safety regulations and provide proper training and updates to employees in order to ensure safety and avoid accidents. The Group employs dedicated work safety officers to ensure compliance with the policy.

Community involvement

Agromino contributes to making the communities in which it operates better places to live and do business. Agromino values mutually beneficial relationships with communities where it operates and strives to engage or consult with communities regarding business development plans that have a material impact on those communities. Agromino strives to support on a targeted basis local municipalities and organizations taking into account the availability of resources. For example, the support can be in the form of organising local events, buying equipment for schools, helping with the renovation works of public facilities, etc. A record of contributions and donations is kept to monitor activities and progress.

In 2019, the Group's subsidiaries in Russia and Ukraine have supported local municipalities and organisations by

- making non-returnable charity and financial aid payments
- making gifts for children, students or veteran organisations
- supporting other local activities.

Environment and climate change

Agromino is committed to operating the agricultural businesses under its control utilising environmentally and agronomically sustainable production methods. We recognise the need to honour the responsibilities we have with respect to protecting the environment and to the consumer by ensuring that the food we produce is both safe and of a high standard. To achieve this commitment, we ensure that all our agronomists and managers are fully trained with the most up to date technical information, to ensure that there is the optimal use of seeds, fertilisers, and pesticides so as to keep a sound balance between production and the environment. The crop rotations adopted are carefully planned to ensure no build-up of pests, diseases or weeds. We are highly water conscious and at all times look to preserve this most precious resource. All waste materials are disposed of in an environmentally sensitive way so as to minimise pollution of our planet.

The Group appreciates the environment and climate situation as the technology evolves and production increases and reassesses its operational activities from this perspective regularly. Principles to our business are the following:

- The continued development of the Telematics Management Department, which has been a crucial support service for the group for the past several years, providing a cross-Group platform to enable effective planning, monitoring and reporting of all production related operations
- Maintaining soil fertility is ensured by having in place a sustainable rotation,

nutrient management plan, soil management plan and crop protection management plan. These are enforced by approving annual budgets where the utilization of hectares and application of nutrients and chemicals is detailed.

- Crop protection – chemicals are applied strictly adhering to label recommendations that specify which crops the chemical can be applied to, application rate per hectare, the permissible frequency of application and harvest interval – i.e. the minimum time period that has to be left between application and harvest to ensure food safety. Reduced application rates are used when they have internally been proven to be sufficient, which also assists to reduce our environmental footprint.
- Nutrient management – appropriate quantities and application practices are used to ensure optimum growing conditions, maintain soil fertility and prevent pollution that would be caused by over-application of nutrients.
- Fertilizer and Pesticide storage – national regulations are followed that specify maximum quantities permissible to store and the required distance from habitation.
- Fuel consumption is monitored using real-time GPS tracking of vehicles which enables Management, for example, to monitor and enforce optimum driving speeds and engine revolutions which optimises fuel consumption.
- Waste disposal – washed chemical, fertilizer and seed packaging are delivered to a special factory.
- Accident and emergency plan – in case of a chemical spill there is an action plan listing specific steps in each vehicle and all relevant operatives have been trained in the procedure.

The Group has acted in accordance with this policy for several years. No environmental incidents were reported in 2019. Agromino will continue to ensure that all its employees are fully conversant with the aims set out in this policy statement in order that all its activities are compliant and represent the best practice possible.

Statutory statement on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

Agromino remains focus on encouraging diversity at managerial levels. In line with section 139a of the Danish Companies Act, the Board of Directors, thus, has implemented a target figure for the proportion of women, who currently constitute the underrepresented sex of the Board. It is the aim of the Board of Directors of Agromino that 2 female will become members of the Board of Directors or Executive Board till 2021. Alternatively, within said timeframe the aim is that the under-represented gender should represent at least 20% of the members at the level of Board of Directors or the Executive Board. Currently, the Company Board of Directors and Executive Board consists of men only and accordingly, the Company has not progressed towards stipulated target by 31 December 2019. However, the Group operational top management team consists of 3 key persons, two of whom are female and one of whom is male. Consequently, at year-end 2019, the Group operational top management below the Board of Directors and Executive Board was covered by respectively 33% male managers and 67% female managers. This represents an equal gender composition of the employees.

Agromino remain to engage executives based on the premise that the best-qualified candidate is engaged irrespective of gender. Agromino believes that the target will be attained as part of a natural exchange of executives and employees.

FINANCIAL HISTORY

Income statement, EUR thousand	2015	2016	2017	2018[1]	2019
Revenue from continuing operations	39 618	39 190	31 019	25 287	35 623
EBIT from continuing operations	7 754	3 192	3 821	-9 266	5 922
Net financials from continuing operations	-11 785	-3 231	-1 754	-1 100	-3 180
Net profit/loss	-52 955	-25 079	3 479	-9 552	2 662

Balance sheet, EUR thousand	31.12.2015	31.12.2016	31.12.2017	31.12.2018[1]	31.12.2019
Total assets	67 848	45 140	46 765	46 707	112 912
incl Non-current assets	35 766	24 016	26 672	25 481	77 760
incl Property, plant and equipment	22 787	13 795	14 940	12 609	26 317
Investment in property, plant and equipment	4 478	657	4 710	2 502	5 004
Net debt (including accrued interest)	60 423	6 436	10 478	10 635	14 936
Total equity	541	30 421	31 197	31 837	52 381

Cash flow statement, EUR thousand	2015	2016	2017	2018	2019
Cash flows from operating activities	9 127	5 952	-1 154	1 671	11 112
Cash flows from investing activities	-1 130	11 213	466	271	-6 289
Cash flows from financing activities	-9 622	-15 347	-874	-2 942	-5 743
Effects of exchange rate changes	-599	-73	-404	21	2 119
Cash and cash equivalents at beginning of period	4 125	1 901	3 646	1 680	701
Cash and cash equivalents at end of period	1 901	3 646	1 680	701	1 900

Key figures	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Number of shares, end of the period (adjusted for reversed share split)	1 296 275	17 283 575	17 421 313	17 421 313	24 895 123
Total number of employees	1 011	893	835	735	1 028
Land under control, hectares	123 544	58 835	57 867	47 134	55 358

Ratios	2015	2016	2017	2018	2019
Earnings per share (EPS), EUR (adjusted for reversed share split)	-40.60	-1.45	0.20	-0.54	0.14
Book value per share, EUR (adjusted for reversed share split)	0.42	1.74	1.77	1.83	2.10
Return on assets (ROA)	-48%	-44%	8%	-20%	3%
Return on equity (ROE)	-99%	-166%	11%	-30%	6%
Equity ratio, %	1%	67%	67%	69%	47%
Current ratio	1.16	1.52	1.46	1.58	1.32
Acid test	0.48	0.74	0.46	0.41	0.36

For definitions of the ratios please refer to page 91.

[1] The Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information for the year 2018 in annual report was recalculated respectively.

THE SHARE

Share information			
Official listing:	NASDAQ Stockholm	Exchange ISIN:	DK0060823516
Form of listing:	Common stock	Short name:	AGRO
Sector:	Agricultural Products	Reuters ticker:	AGROM.ST
		Bloomberg ticker:	AGRO: SS

Major shareholders as at 31.12.2019	**Country**	**No of shares (thousands)**	**No of votes (thousands)**
Mabon investiční fond s proměnným základním kapitálem a.s.	Czech Republic	18 614	18 614
GOMOBILE NU AKTIEBOLAG	Sweden	2 487	2 487
OTHER		3 794	3 794
Total number		**24 895**	**24 895**

Note: As at 28.02.2020 there were no changes in the figures specified in the above table. Due to specifics of cross border listing of the Company shares and technical limitations the Company is unable to specify precise data about the number of shares and votes on the financial reporting date.

FINANCIAL CALENDAR

Annual General Meeting	April 30, 2020
Interim Report 1Q 2020	May 29, 2020
Interim Report 1H 2020	August 31, 2020
Interim Report 9m 2020	November 30, 2020
Year-end Report 2019	February 26, 2021
Annual Report 2019 (via Agromino web)	March 24-31, 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in EUR thousand	Note	31.12.2019	31.12.2018[1]	31.12.2017[1]
ASSETS				
Current assets				
Cash and cash equivalents	5,7	1 900	701	1 680
Trade and other receivables	6,7	7 617	4 771	4 632
Inventories	8	16 137	12 282	11 456
Biological assets	9	9 498	3 454	2 660
Assets held for sale		0	18	188
Current assets		**35 152**	**21 226**	**20 616**
Prepaid land rents and land usage rights	12	460	457	816
Other non-current prepayments and receivables	6,7	116	143	49
Biological assets	9	3 589	2 267	2 447
Intangible assets	10	3 485	761	8
Property, plant and equipment	11	26 317	12 609	14 940
Right-of-use asset	22	34 610	-	-
Investments in associates	30	9 183	9 244	8 412
Non-current assets		**77 760**	**25 481**	**26 672**
Total assets		**112 912**	**46 707**	**47 288**
LIABILITIES				
Trade and other payables	7,13	6 498	3 068	2 776
Borrowings	7,14	15 439	10 350	11 018
Current portion of lease liability	22	4 657	-	-
Current liabilities		**26 594**	**13 418**	**13 794**
Trade and other payables	7,13	12 080	23	29
Borrowings	7,14	1 397	986	1 140
Lease liability	22	19 989	-	-
Deferred tax liabilities	16	213	187	605
Non-current liabilities		**33 679**	**1 196**	**1 774**
Total liabilities		**60 273**	**14 614**	**15 568**
EQUITY				
Ordinary shares	17	24 895	17 421	17 421
Share premium	17	125 612	120 151	120 151
Other reserves	18	-34 039	-38 988	-48 913
Accumulated deficit		-64 087	-66 747	-57 303
Capital and reserves attributable to equity holders of the Group		**52 381**	**31 837**	**31 356**
Non-controlling interest in equity		258	256	364
Total equity		**52 639**	**32 093**	**31 720**
Total equity and liabilities		**112 912**	**46 707**	**47 288**

The notes on pages 29 to 74 are an integral part of these consolidated financial statements.

[1] The Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information was recalculated respectively. Please see Note 2.1 for more details

CONSOLIDATED INCOME STATEMENT

in EUR thousand	Note	2019	2018[1]
Continuing operations:			
Revenue	19	35 623	25 287
Other income	19	410	271
Gain/loss of biological assets arising from changes in fair value less cost to sell	9	2 737	813
Total revenue, other income and fair value adjustments		**38 770**	**26 371**
Net changes in inventories of agricultural produce and work in process	8	**-2 306**	**3 483**
Cost of purchased goods for trading purposes		-120	-575
Raw materials and consumables used for production purposes	20	-20 417	-19 625
Employee benefits expense	21	-5 574	-4 872
Depreciation and amortization	10,11	-4 066	-1 662
Other administrative expenses	23	-1 834	-1 763
Revaluation of land	11	78	-148
Other (losses)/gains - net	24	1 387	-10 475
		5 918	**9 266**
Gains/losses from exchange rate differences		1 799	-157
Finance income	25	42	21
Finance costs	25	-5 021	-964
Share of profit/loss of investments accounted for using the equity method	30	-61	832
Profit/loss before income tax		**2 677**	**-9 534**
Corporate income tax	15	-15	-18
Profit/loss for the period		**2 662**	**-9 552**
Attributable to:			
Equity holders of the Company		2 660	-9 444
Non-controlling interest		2	-108
		2 662	**-9 552**
Profit/loss per share for profit/loss attributable to the equity holders of the Company during the period, both basic and diluted (expressed in Euros per share)	26	**0.14**	**-0.54**

The notes on pages 29 to 74 are an integral part of these consolidated financial statements.

[1] The Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information was recalculated respectively. Please see Note 2.1 for more details

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand		2019	2018[1]
Profit/Loss for the period		**2 662**	**-9 552**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gain/Loss from revaluation of land of continuing operations	11,18	514	-85
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	18	4 435	29
Currency translation difference recycled from Other Comprehensive Income to Income Statement in relation to disposal of subsidiary	18	-	9 981
Other comprehensive expense/income for the period; net of tax		**4 949**	**9 925**
Total comprehensive income/expense for the period		**7 611**	**373**
Attributable to:			
Equity holders of the Company		7 609	481
Non-controlling interest		2	-108
Total comprehensive income/expense for the period		**7 611**	**373**

The notes on pages 29 to 74 are an integral part of these consolidated financial statements.

[1] he Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information was recalculated respectively. Please see Note 2.1 for more details

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total Equity
	Attributable to equity holders of the Company						
Balance at 31.12.2017[1]	**17 421**	**120 151**	**-48 913**	**-57 303**	**31 356**	**364**	**31 720**
Profit/loss for the period[1]	**-**	**-**	**-**	-9 444	**- 9 444**	-108	**-9 552**
Other Comprehensive Income recycled to Income Statement in relation to disposal of subsidiary			9 981		**9 981**		**9 981**
Other comprehensive expense	**-**	**-**	-56	**-**	**-56**	**-**	**-56**
Total comprehensive income	**-**	**-**	**9 925**	**-9 444**	**481**	**-108**	**373**
Balance at 31.12.2018[1]	**17 421**	**120 151**	**-38 988**	**-66 747**	**31 837**	**256**	**32 093**
Profit/loss for the period	**-**	-	-	2 660	**2 660**	2	**2 662**
Other comprehensive income	**-**	-	4 949	-	**4 949**	-	**4 949**
Total comprehensive income	**-**	**-**	**4 949**	**2 660**	**7 609**	**2**	**7 611**
Issuance of share capital	7 474	5 461	-	-	**12 935**	**-**	**12 935**
Balance at 31.12.2019	**24 895**	**125 612**	**-34 039**	**-64 087**	**52 381**	**258**	**52 639**

The notes on pages 29 to 74 are an integral part of these consolidated financial statements.

[1] The Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information was adjusted respectively. Please see Note 2.1 for more details

CONSOLIDATED STATEMENT OF CASH FLOW

in EUR thousands	Note	2019	2018
Cash flows from operating activities			
Cash receipts from customers		40 885	26 381
Cash paid to suppliers and employees		-29 872	-24 844
Income tax paid	15	2	-78
Subsidies received		53	193
Interest received	25	44	19
Net cash used in/generated from operating activities		**11 112**	**1 671**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		110	-
Disposal of subsidiary, net of cash disposed of		-	2 227
Purchase of property, plant and equipment	11	-6 436	-2 028
Proceeds from sales of property, plant and equipment	11	37	72
Net cash generated from investing activities		**-6 289**	**271**
Cash flows from financing activities			
Proceeds from borrowings	14	4 034	2 442
Repayments of borrowings	14	-2 389	-2 951
Repayments of lease liabilities	14	-2 102	-1 505
Repayments of land lease liabilities		-4 154	-
Interest paid	25	-1 132	-928
Net cash used in financing activities		**-5 743**	**-2 942**
Net decrease/increase in cash and cash equivalents		**-920**	**-1 000**
Effects of exchange rate changes on cash and cash equivalents		2 119	21
Cash and cash equivalents at beginning of period	5	701	1 680
Cash and cash equivalents at end of period	**5**	**1 900**	**701**

The notes on pages 29 to 74 are an integral part of these consolidated financial statements.

CONTENTS OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Agromino A/S (The Company) is an integrated soft commodities producer (operating commercial cereals and dairy farms), storage provider and trader with operations in Ukraine, Russia and Estonia. (no farms etc. are in the Czech Republic).

The parent company is a limited liability company incorporated and domiciled in Denmark. The address of its registered office is c/o Advokatfirmaet Poul Schmith, Vester Farimagsgade 23, 1606 Copenhagen, Denmark. The company listed its shares on the Stockholm First North Stock Exchange on May 18, 2007. From December 8, 2010, the company's shares have been traded on the main market Small Cap segment on NASDAQ Stockholm. The Group's owners are legal and physical persons.

These financial statements were authorised for issue by the Board of Directors on March 30, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

2.1 BASIS OF PREPARATION

This consolidated financial information of Agromino A/S for 2019 ended December 31, 2019, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets and land.

The reporting period of the consolidated financial statements is the calendar year.

The Company prepares its separate financial statements in accordance with IFRS as adopted by the European Union and the further requirements in the Danish Financial Statements Act. Parent company financial statements are presented after notes to the consolidated financial statements in the same set of financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The following amended standards that are relevant to the Group became effective from 1 January 2019.

Adoption of IFRS 16 "Leases"

The Group has elected to apply IFRS 16 Leases in 2019 (initial application date: 1 January 2019). The group has applied the simplified transition approach and therefore, the comparative information has not been restated and continues to be reported under IAS 17. On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The associated rights-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at 31 December 2018. Adoption of IFRS 16 has no impact on the Group's finance leases. Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. Payments associated with short-term leases are recognized as an expense in profit or loss. In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has chosen to present the right-of-use assets and the lease liabilities as separate lines in the statement of financial position.
There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

CHANGE IN ASSUMPTIONS RESULTING IN COMPARATIVE DATA CORRECTIONS

Earlier the Group measured fair value of winter crops at cost, which was used as an approximation of fair value as little biological transformation has taken place. During 2019 the Group voluntary changed assumption relating to fair value measurement of biological assets of winter wheat and winter rapeseed of next year harvest. Management of the Group decided to determine fair value of biological assets sown for next year harvest by present valuing the net cash flows expected to be generated from the assets discounted at average cost of short-term financing. The fair value of biological assets is determined by the Group's own agricultural and IFRS experts. The valuation of the biological assets (winter wheat and winter rapeseed) is within level 3 of the fair value hierarchy.

This approach for biological assets fair value measurement as of December 31, 2019 is most commonly used in the industry and the Group's management believes that such change in assumption will provide more precise, relevant and consistent approach towards gross profit result of the Group. In order to correct and to put comparative amounts into correspondence relating to change in assumptions, fair value of biological assets of winter crops as of December 31,2018 and December 31, 2017 was recalculated. The effect of the retrospective application of this approach on the Consolidated Condensed Income Statement was as follows:

	2019			2018		
	New approach	**Old approach**	**Effect of the change in approach**	**New approach**	**Old approach**	**Effect of the change in approach**
Gain/loss of biological assets arising from changes in fair value less costs to sell	2 737	-1 552	4 289	813	16	797

The effect of the retrospective application of this approach on the Consolidated Condensed Statement of Financial Position was as follows:

	31.12.2019			31.12.2018			31.12.2017		
	New approach	**Old approach**	**Effect of the change**	**New approach**	**Old approach**	**Effect of the change in approach**	**New approach**	**Old approach**	**Effect of the change in approach**
Current biological assets	9 498	3 154	6 344	3 454	2 117	1 337	2 660	2 137	523
Accumulated deficit	(64 087)	(69 695)	5 608	(66 747)	(68 067)	1 320	(57 303)	(57 826)	523

CONSOLIDATION

a) Subsidiaries

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

Any difference between fair value and the carrying value of assets transferred is recognised in the income statement. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Losses are also eliminated but considered whether they indicate an impairment that requires recognition in consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.1 d) below), after initially being recognised at cost.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.5.

2.2 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currencies of group entities are the following: for Estonian subsidiaries the Euro, for Ukrainian subsidiaries the Ukrainian hryvna, for Russian subsidiaries the Russian rouble, for Cypriot subsidiaries the Euro, for Czech Republic the Czech koruna and for Danish parent company the Euro. The consolidated financial statements are presented in Euro, which is the functional currency for the parent company and the presentation currency for the group.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the income statement within 'Gains/losses from exchange rate differences'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates of a month or a longer period as appropriate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in Other comprehensive income are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment except for land is stated at historical cost less depreciation and impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings 25-40 years
- Machinery 7-20 years
- Vehicles 3-5 years
- Furniture, fittings and equipment 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Other gains/losses – net, in the income statement.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

FAIR VALUE OF LAND

Land is carried using the revaluation method.

Under the revaluation method, an increase in an asset's carrying amount as a result of a revaluation is recognised in other comprehensive income and accumulated in equity under other reserves. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in an asset's carrying amount as a result of a revaluation is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under other reserves (Note 18).

Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.4 INTANGIBLE ASSETS

a) Licenses

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two to ten years.

b) Land-usage rights under emphyteusis

Land-usage rights under emphyteusis are capitalised on the basis of the costs incurred. Land-usage rights are amortised over their estimated useful lives to forty-nine years.

2.5. IMPAIRMENT ON NON-FINANCIAL ASSETS

Assets that are subject to depreciation and land are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 FINANCIAL ASSETS

a) Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" (see Note 6) and Cash and cash equivalents (see Note 5) in the balance sheet. See Note 2.10 for measurement of trade receivables.

b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.10.

c) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.7 AGRICULTURE AND BIOLOGICAL ASSETS

Agricultural activity is defined by the management as an activity of the biological transformation of biological assets for sale into agricultural produce or into additional biological assets. Agricultural produce is defined as the harvested product of the Group's biological assets and a biological asset is defined as a living animal or plant. The Group has determined the groups of its biological assets to be livestock and growing crops.

Biological assets are measured on initial recognition and at each balance sheet date at its fair value less cost to sell. Agricultural produce harvested from the Group's biological assets is measured at its fair value less cost to sell and is subsequently recorded as inventories and measured in accordance with the accounting principles of inventory (Note 2.9).

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist the most proximate market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date, is used in determining fair value.

A gain or loss arising on initial recognition of a biological asset at fair value less cost to sell and from a subsequent change in fair value less cost to sell is included in profit or loss for the period in which it arises as "Gain/loss of biological assets arising from changes in fair value less cost to sell".

The biological assets are recorded as current and non-current biological assets based on the operational cycle of the respective biological assets. In general, biological assets of growing plants are recognised as current assets because the operational cycle is less than 12 months. Dairy herd is recorded as a non-current biological asset.

a) Livestock and dairy herd

Livestock is measured at their fair value less estimated point-of-sale costs. The fair value measurements are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13.

b) Crops – cereals and grassland

Crops are measured at their fair value less cost to sell. The fair value measurements are categorized under Level 3 in the fair value hierarchy, as defined by IFRS 13. Fair value of biological assets sown for next year harvest by present valuing the net cash flows expected to be generated from the assets discounted at average cost of short-term financing.

The Group's grasslands qualify as bearer plants under the definition in IAS 41 Agriculture and are therefore accounted for under the rules for plant and equipment. The grasslands are carried at cost less depreciation. Grasslands are depreciated for a period of 3 years.

2.8 GOVERNMENT GRANTS

a) Government grants related to agricultural activity

An unconditional government grant related to a biological asset measured at its fair value less cost to sell is recognised as income when the government grant becomes receivable (government grants for the dairy herd, general area-aid subsidies). If a government grant related to a biological asset measured at its fair value less cost to sell, is conditional, including whereby a government grant requires a Group company not to engage in specified agricultural activity, the Group recognizes the government grant as income when the conditions attaching to the government grant are met (investment subsidies, area-aid environmental subsidies) and until then aid received is recognized as a liability.

b) Government grants related to purchase of property, plant and equipment

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are amortised to the income statement on a straight-line basis over the expected lives of the related assets.

2.9 INVENTORIES

a) Agricultural produce

i. Milk

Milk is initially measured at its fair value less cost to sell at the time of milking and subsequently recorded as inventories and measured at the lower of cost and net realisable value. The fair value of milk is determined based on market prices in the local area.

ii. Grain- own produced (harvested)

Grain and feeds produced by the Group are initially measured at its fair value less cost to sell at the time of harvest and recorded in inventories until sold to third parties or used internally for feeding animals or for seeds. Grains and feed produced by the Group are subsequently measured at net realisable value. The net realisable value of feed is determined based on market prices in the local area. The net realisable value of grain is determined based on quoted prices on the nearest market or if multiple markets are available, in the market where the Group's company expects to sell the produce.

b) Grain – purchased from third parties

Purchased grain from third parties is initially recorded at the purchase price and subsequently measured at a fair value less cost to sell. The fair value of grain is determined based on quoted prices on the nearest market or if multiple markets are available, on the most advantageous market.

c) Work-in-progress related to field preparation

Cost of agricultural preparation on fields before seeding is recorded as work-in-progress in inventories. Work in progress comprises raw materials, direct labor costs and other direct costs (based on normal operating capacity). After seeding the cost of field preparation is reclassified as biological assets (Note 2.7 b)).

d) Raw materials

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

If the collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Deposits over three months are classified as cash and cash equivalents if they are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

2.12 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Income statement as finance income or finance cost. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Income statement, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

2.15 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises a current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity, respectively.

a) Corporate income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Income tax rate in Ukraine is 18%, in Russia 20%, in Denmark 22% and in Cyprus 12.5%. Agricultural producers in both Ukraine and Russia are exempted from the ordinary corporate income tax system if they meet the requirements to be recognised as agricultural producers (Note 2.15 b)). The income tax in Estonia is calculated only on distributed earnings with the effective rate 20/80 of the distributed amount. From 2019, a tax rate of 14/86 can be applied to dividend payments. The more beneficial tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed at the tax rate of 20/80.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there are an intention and ability to settle the balances on a net basis.

b) Agricultural tax regimes in Ukraine and Russia

Both in Ukraine and Russia companies are exempt from ordinary corporate income tax regime if they meet criteria to be recognised as agricultural producers.

In Ukraine, a company is considered to be an agricultural producer if it derived at least 75% of its revenue in the previous tax year from the sales of the self-produced agricultural product. Simplified agricultural tax means that the agricultural producer pays tax based not on its profits, but on the total area used for agricultural production.

In Russia, a company can apply for the agricultural tax regime if it meets the criteria of an agricultural company. However, the companies on a general tax regime having the revenue from sales of self-produced agricultural produce have reduced tax rates.

2.16 EMPLOYEE BENEFITS

a) Pension obligations and other post-employment obligations

The Group does not operate pension schemes and does not provide post-retirement benefits to their retirees. Pension obligations may arise due to a legal obligation to pay for the incapability to work because of an accident.

The Group has legal obligation to pay contributions to the state pension funds according to the local regulations of each country of location. The contributions to the local pension funds are treated as social security tax payments.

b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

2.17 PROVISIONS

Provisions for environmental restoration, restructuring costs, and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 REVENUE RECOGNITION

Revenue is income arising in the course of the Croup's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of discounts, returns and value added taxes, export duties, other similar mandatory payments.

Group's contracts with customers are fixed-price contracts and generally include both advance payment and deferred payment for the same contracts. Generally the sales are made with a credit term mainly to 2-5 business days, which is consistent with the market practice and consequently trade receivables are classified as current assets.

A receivable is recognised when the goods are delivered or dispatched based on delivery terms as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due (Note 6). Contract assets are immaterial and therefore not presented separately in the consolidated financial statements.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. Contract liabilities are included in trade and other payables line item as advances from customers (Note 13).

a) Sales of goods – agricultural produce

The Group's main revenue arises from the sales of agricultural produce – grain and milk. The agricultural produce is subject to quality control at the point of sale and the sales value is depending on the quality. Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

b) Sales of biological assets

The Group sells living animals for slaughter. The revenue from sales of living animals is recognised after the animals have been delivered to the slaughterhouse.

c) Sales of services

The Group occasionally sells services to other agricultural producers. Revenue from the services is recognised when the service has been provided.

d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.19 LEASES

The Group is a party to lease contracts as a lessee for, the land plots.

Leases are recognized, measured and presented in line with IFRS 16 Leases. The Group implemented a single accounting model, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard as at 1 January 2019. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

Based on the accounting policy applied the Group recognizes a land lease rights and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The land lease rights are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives;

- any initial direct costs incurred by the lessee;

After the commencement date the land lease rights are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. The Group depreciates the land lease rights from the commencement date to the earlier of the end of the useful life of the land lease right asset or the end of the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

The lease payments are discounted using the borrowing cost as published by National Bank of Ukraine on its official web-site (www.bank.gov.ua) since the interest rate implicit in the lease could not be determined.

2.20 DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.21 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Executive Board. The Executive Board considers the business from a geographical and operational perspective. Local production units, which are interlinked with each other in operational activities, are aggregated in the internal reporting in production clusters. The management considers two continuing business segments (Ukraine and Russian milk production). The Group uses the equity method to record the accounts of the Milk production segment in Estonia as the profit/loss on the Income Statement is shown under the line Share of profit of investments accounted for using the equity method. See Note 27 for further information on the Russian milk production segment. Ukraine segment includes cereals production, storage, trading operations and and newly also the milk production from Resilient farms.

2.22 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk, cash flow interest rate risk, fair value interest rate risk), credit risk, liquidity risk and capital repatriation risk. The Group's overall risk management program acknowledges the unpredictability of financial markets and on the basis of the current business operations of the Group, the management is following financial risk management policies to minimise potential adverse effects on the Group's financial performance from unpredictable fluctuations in the financial markets. The Group's centralised controlling and risk management function carries out risk management activities on a day-to-day basis in close cooperation with the regional management members.

1. Market risk

(i) Foreign exchange risk

The Group operations in Ukraine and Russia are exposed to foreign exchange risk arising primarily from exposures to the US dollar, Russian rouble, and Ukrainian hryvna. Foreign exchange risks from US dollar, Russian rouble, and Ukrainian hryvna arise mainly from recognised assets and liabilities. The Group has not implemented any formal currency risk management policies.

The average value of US dollar relative to euro appreciated by 5.2% in 2019 (depreciated in 2018 by 5%)

The average value of Ukrainian hryvna relative to euro appreciated by 10% in 2019 (depreciated in 2018 by 7%).

The average value of Russian rouble relative to euro appreciated by 2% in 2019 (depreciated in 2018 by 12%).

The average change in the exchange rate of Ukrainian hryvna has been unfavorable to the Group's business in 2019.

The total recognised decrease in equity from currency translation differences amounted to EUR 34 749 thousand at December 31, 2019 (EUR 39 188 thousand at December 31, 2018) (Note 18).

2019	Reasonably possible change	Impact on Equity
UAH	+/- 30%	+/-303
RUB	+/- 30%	+/-60
USD	+/- 5%	+/-504

2018	Reasonably possible change	Impact on Equity
UAH	+/- 30%	+/-625
RUB	+/- 30%	-/+122
USD	+/- 5%	-/+394

(ii) Commodity price risk

The Group is exposed to commodities price risk because of the significant size of its business operations in the production of cereals. In case cereals produced by the Group are primarily exported, a significant share of the Group's revenues will be exposed to global fluctuations in agricultural commodity prices. The milk production operations of the Group are to a lesser extent affected by global commodity prices since the raw milk is sold regionally and cannot be exported over long distances.

The Group's strategy is not to hedge against any commodity price movements in order to provide its shareholders a direct exposure to the fluctuation in the market. Unlike traditional large-scale farming enterprises that have typically used a financial hedging strategy to protect against adverse price fluctuations or the risks inherent in a highly seasonal business, the Group does not engage in any commodity hedging. The Group believes that its diversified crop rotation system and its combination of cereal production and dairy farming provide its business with sufficient operational stability while enabling investors to pursue their own individual hedging strategies.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant floating interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Cash (see Note 5) is invested in short-term deposits and no material interest rate risk arises from these assets.

The Group's interest rate risk arises from borrowings (Note 14). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

At 31 December 2019, if interest rates on floating interest rate borrowings at that date had been 0.5% higher with all other variables held constant, net loss for the year would have been EUR 38 thousand higher (2018: EUR 26 thousand higher), as a result of higher interest expense on floating rate borrowings.

The breakdown between floating and fixed interest rates for the existing borrowings of the Group is shown below:

in EUR thousand	**31.12.2019**	**31.12.2018**
Borrowings and finance leases (outstanding amount)		
Floating rate	7 574	5 132
incl. related to bank´s base interest rate	-	36
incl. related to LIBOR	5 877	5 096
incl. related to EURIBOR	1 696	-
Fixed rate	9 262	6 204
	16 836	**11 336**

2. Credit risk and counterparty business risk

Credit risk for the Group arises from cash and cash equivalents, deposits with banks and financial institutions and customers, including outstanding receivables and committed transactions. In respect of banks and financial institutions, the Group's policy is to work with institutions, which have an internationally reputable strategic shareholder as the majority investor. (See also Note 5 for details).

3. Liquidity risk

The Group's main liquidity risks derive from the cyclical nature of agricultural production. Field-works in spring and harvest in autumn entails concentration of costs and working capital need in the spring season and concentration of revenues in the autumn season. The cyclicality is stronger in cereals production and much lower in dairy production, as dairy production revenues accrue evenly throughout the whole operating year. The Group has been lowering the cyclicality also in cereals production by acquiring its own warehousing infrastructure to store grain for longer time periods and to be able to sell cereal products more evenly throughout the year. The management monitors the liquidity risk by following the main key performance indicators on a continuous basis, including cash flows.

The undiscounted gross payments of all borrowings and trade payables are presented in the included tables. The amounts include interest payments. Majority of Group´s bank borrowings as at December 31, 2019, are short-term working capital loans in Ukraine. Based on the positive results from operations in Ukraine in the past and also expected going forward, Management does not expect any issues regarding renewal of the loans as they fall due.

in EUR thousand	Total 31.12.2019	Less than 6 months	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	Maturity	Interest rate
Borrowings and finance leases (Note 14)	17 792	1 748	14 501	1 499	44		
incl. related to LIBOR	*6 312*	*434*	*5 303*	*531*	*44*	*2020-2023*	*1mLIBOR+3.5%-9,4%*
incl. related to EURIBOR	*1 015*	*-*	*1 015*	*-*		*2020*	*1M EURIBOR + 1,6% p.a.*
incl. related to EURIBOR	*681*	*-*	*681*	*-*	*-*	*2020*	*7DAYS EURIBOR + 1,6% p.a.*
inc.with fixed interest rate	*9 784*	*1 314*	*7 502*	*968*	*-*	*2020-2022*	*5%-25,8%*
Trade payables (Note 13)	16 189	987	2 477	667	12 058	2020-2029	no interest rate; 4-5% for payables from related parties
Total	**33 981**	**2 735**	**16 978**	**2 166**	**12 102**		

in EUR thousand	Total 31.12.2018	Less than 6 months	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	Maturity	Interest rate
Borrowings and finance leases (Note 14)	12 144	1 834	9 137	924	250		
incl. related to LIBOR	*5 629*	*432*	*4 153*	*794*	*250*	*2019-2023*	*1mLIBOR+3.5%-9,4%*
incl bank´s base rate	*36*	*36*	*-*	*-*	*-*	*2019*	*15,5%*
inc.with fixed interest rate	*6 479*	*1 366*	*4 984*	*130*	*-*	*2019-2021*	*5%-25,8%*
Trade payables (Note 13)	2 025	670	1 332	23	-	2019-2021	no interest rate
Total	**14 169**	**2 504**	**10 469**	**947**	**250**		

3.2 CAPITAL MANAGEMENT

The Group considers as capital its equity and borrowings.

in EUR thousand	31.12.2019	31.12.2018
Borrowings (Note 14)	16 836	11 336
Total shareholders´ equity	52 639	30 756

Capital repatriation risk

The capital repatriation risk derives from the Group's investments into Ukrainian and Russian subsidiaries. Potential changes in the political environment in Ukraine or Russia may impose restrictions on repatriating capital invested as it was historically.

3.3 FAIR VALUE ESTIMATION

The different levels for assets carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

See Note 11 for disclosures of the land that is measured at fair value, Note 8 for inventories, Note 9 for biological assets and Note 14 for borrowings.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Fair value of biological assets

The Group's biological assets are measured at fair value less cost to sell at each balance sheet date (value at December 31, 2019, was EUR 13 087 thousand and value at December 31, 2018, was EUR 5 721 thousand) (Note 9).

Variability analysis:
Were the actual prices for the biological assets in animal husbandry higher by 10% from management's estimates, the fair value would increase by EUR 350 thousand (by EUR 219 thousand in 2018), if the prices were lower by 10%, the fair value would decrease by the same amount.
Were the actual crop yields or prices in crop cultivation higher by 10 % from management estimates, the fair value would increase by EUR 1 719 as of December 31, 2019 (by EUR 830 thousand as of December 31, 2018), if crop yields or prices were lower by 10 %, the fair value would decrease for the same amount.
Were the actual cost per ha in crop cultivation higher by 10 % from management estimates, the fair value would decrease by EUR 774 thousand as of December 31, 2019 (by EUR 613 thousand as of December 31, 2018), if crop yields were lower by 10 %, the fair value would increase for the same amount.

b) Useful lives of property, plant, and equipment

The depreciable items of property, plant, and equipment amounted to EUR 21 401 thousand as at December 31, 2018 (EUR 10 560 thousand as at December 31, 2018) (Note 11). The remaining balance includes land, which does not depreciate; and construction in process. Management has estimated useful lifetimes for depreciable property, plant, and equipment. However, the actual useful lifetimes can be different than those estimated by the management. If the average useful lifetime would be 10% longer (shorter) than estimated by the management, it would decrease (increase) the depreciation charge by EUR 211 thousand (decrease/increase by EUR 153 thousand in 2018).

c) Net realisable value and fair value less cost to sell of inventories

The Group has its agricultural produce in inventory as of the year-end (Note 8). The agricultural produce and inventories for commodities trading have been valued to fair value less cost to sell. The fair value of the grain is determined based on the market statistics published by APK-Inform or in case the Group had sold or had sales contracts for its inventory then those actual prices were used. Would the prices be lower (higher) than estimated by 10%, the value of the inventories would be EUR 1 059 thousand less (more) and the equity smaller (bigger) by the equal amount (in 2018: EUR 880 thousand).

d) Recoverable values of property, plant, and equipment

For the assets in Ukraine impairment test was carried out in 2019. The value-in-use method was applied to determine the recoverable values of non-current assets. Cash flows were projected, including revenues, operating expenses, investment requirements and working capital needs. The Group used in the model its target yields and prices based on forecasts. The Group applied 5% long-term growth rate. The discount rate applied was 15.67%. The test demonstrated that the segment´s assets value in use was higher than the carrying amount of these assets.

Major sensitive inputs 2019:

EUR thousand	Change	Recov. Amount change	Impairment
Increase in discount rate	2pp	-10 127	no
Decrease in terminal growth rate	1pp	-3 749	no

No impairment indicators were identified for assets in Ukraine as of December 31, 2018.

For the assets in milk production in Russia impairment test was carried out in 2019 and 2018. The value-in-use method was applied to determine the recoverable values of non-current assets. The total value of the non-current assets and net working capital in milk production in Russia on December 31, 2019, amounted to EUR 6 528 thousand (2018: EUR 6 698 thousand). Cash flows were projected, including revenues, operating expenses, investment requirements and working capital needs. The Group used in the model its target yields and prices for milk based on forecasts. The Group applied 4% long-term growth rate (2018: 4%) that has been aggregated from the long-term growth perspective in Russia and estimation of the growth in food prices in relation to other inputs. The discount rate applied was 14.76%.

The test demonstrated that the segment´s assets value in use was higher than the carrying amount of these assets as of December 31,2019.

In 2018 impairment losses for property, plant and equipment were recognised in Income Statement for EUR 796 thousand.

In 2019 and 2018, the following reasonable changes in major sensitive inputs would have caused the decrease of the recoverable amount below the carrying amount:

Major sensitive inputs 2019:

EUR thousand	Change	Impairment
Increase in discount rate	2pp	-1 120
Decrease in milk price from 2020 onwards	5%	-1 547
Decrease in terminal growth rate	1pp	-417

Major sensitive inputs 2018:

EUR thousand	Change	Impairment
Increase in discount rate	2pp	-1 100
Decrease in milk price from 2019 onwards	5%	-33
Decrease in terminal growth rate	1pp	-418

e) Fair value of land

The fair value of land is reliant on significant assumptions and unobservable inputs. See Note 11.1 for the measurement of fair value of land and financial impact of a potential change in the value per hectare.

4.2 OTHER RISK FACTORS

RISKS RELATED TO UKRAINIAN LAND RENTAL

There is a blanket moratorium against selling freeholds of agricultural land until the adoption of the particular legal act on the land market and land cadaster in Ukraine. Land market is expected to be opened in Autumn 2020.

The Group owns the buildings and structures of its Ukrainian farms and controls the Ukrainian land through registered long-term leases supplemented with a right of first refusal to acquire the freehold, or through signed, but not yet registered, leases. In the event that the Group's title to any of its land is challenged, and the Group is unable to defend such a claim, the Group risks losing its rights to such land which could materially affect the Group's business, financial condition, and operational results.

RISKS RELATED TO LAND OWNERSHIP IN RUSSIA

Russian law does not allow a foreign entity nor a foreign controlled Russian entity to own agricultural land in Russia. A Russian entity is considered a foreign-controlled entity when more than 50 percent of its share capital is owned by a foreign entity.

The Russian agricultural land (Note 11) of the Group is currently owned by Russian operating company, which is wholly-owned subsidiary of the holding company incorporated in Russia. The holding company is, in turn, owned by the non-Russian parent companies. While this structure technically complies with the Russian law restriction on the foreign ownership of Russian agricultural land, no assurances can be given that the ownership structure could not be challenged on the basis that they possibly violate the spirit of the law. The Russian courts and legal system generally tend to adopt a formal approach to legislative interpretation. However, no assurance can be given as to how a Russian court would treat each particular situation brought to its consideration or as to future developments in the Russian legal system which may give greater weight to substance over form.

If the Russian agricultural land holding structure of the Group is found to breach the above mentioned Russian law restriction, the Group could be forced to either sell its land, or return the land to the previous owner (in which case it will be entitled to require the purchase price back from the previous owner), or introduce Russian shareholders to its subsidiaries, which may have a material adverse effect on the Group's business, financial condition and operational results.

4.3 SITUATION IN UKRAINE AND RUSSIA AND POTENTIAL IMPACT ON THE GROUPS´S OPERATIONS

Ukraine

The inflation rate in Ukraine during 2019 amounted to 4.1% (as compared to 9.8% in 2018).

As at March 27, 2020, the official exchange rate of Hryvnia against euro was UAH 30.8633 per EUR, compared to UAH 26.422 per EUR as at 31 December 2019 (31 December 2018: UAH 31.71 per EUR).

Fruitful cooperation between IMF and Ukrainian government continue. In December 2019 Ukraine and IMF preliminary agreed on new credit program for an amount of USD 5.5 billion for 3 years period. Continued cooperation with IMF also opened up access to related financing for Ukraine.

The conflict in the parts of Eastern Ukraine which started in spring 2014 has not been resolved to date. However, there was no substantial escalation of the conflict since the signing of ceasefire agreements in September 2014. The relationships between Ukraine and the Russian Federation remained strained. On January 1, 2016, the agreement on the free trade area between Ukraine and the EU came into force. The Russian government reacted to this event by implementing a trading embargo on many key Ukrainian export products. In response, the Ukrainian government implemented similar measures against Russian products. The final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy and the Company's business.

Russia

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. In 2019 inflation equaled to 3.0 % (3.9 % in 2018). Considering the sensitivity of the economy to oil and gas prices, the economic situation in the future is difficult to predict and management's current expectations and estimates could differ from actual results. Management is taking necessary measures to ensure sustainability of the Group's operations.

4.4. OTHER

In 2018 an internal investigation has been initiated based on indications that certain assets may have been divested on terms not viable from a commercial point of view, resulting in the company not receiving the full benefit from the transactions. The transactions in question were described in press releases 29 January and 22 February 2018. The investigation has not been closed yet but based on current status the management is of opinion that the investigation of transactions will not lead to any adjustments in the Annual Report 2019.

5. CASH AND CASH EQUIVALENTS

in EUR thousand	31.12.2019	31.12.2018
Cash on hand	5	1
Short-term bank deposits	1 895	700
	1 900	**701**

Short-term bank deposits bear interest of 0%-5% on annualised base (in 2018 0% – 5%)

The credit quality of cash at bank according to banks external credit rating (Moody's) is given in the following table:

in EUR thousand	31.12.2019	31.12.2018
A1**	3	14
Aa2**	126	136
Aa3**	8	-
Baa1**	626	-
Baa3**	551	334
Ba1	68	6
B3	7	90
Caa1	5	11
Caa2	358	-
Other*	143	109
	1 895	**700**

*As at December 31, 2019, Other includes cash in UkrSibbank, Ukrgasbank (Ukraine) - not rated (in 2019: cash in UkrSibbank (Ukraine).

** As at December 31, 2019, the parent company ratings were used for the money at AS SEB Pank (Estonia), AS Swedbank (Estonia), PJSC OTP Bank (Ukraine) and PJSC Credit Agricole Bank (Ukraine) (the same in 2018).

The split of cash between currencies:

in EUR thousand	31.12.2019	31.12.2018
Ukrainian hryvna	653	353
US dollar	538	321
Euro	632	10
Russian rouble	55	7
Other currencies	22	10
	1 900	**701**

6. TRADE AND OTHER RECEIVABLES

in EUR thousand	31.12.2019	31.12.2018
Trade receivables	775	452
Other receivables	945	915
Prepayments for taxes	3 875	3 167
Prepayments to suppliers	2 138	380
Total receivables and prepayments	**7 733**	**4 914**
Less non-current portion:		
Prepayments for non-current assets	-22	-39
Other receivables	-94	-104
Total non-current portion	**116**	**143**
Current portion	**7 617**	**4 771**

The fair values of trade and other receivables are not materially different from the carrying values based on the expected discounted cash flows. All non-current receivables are due within more than one year from the balance sheet date. Non-current prepayments will realize in non-current assets, like property, plant, and equipment. As of December 31, 2019, VAT receivable in amount of EUR 94 thousand is presented in non-current portion of total trade and other receivables. For a breakdown of trade and other receivables by category please refer to Note 7.

The ageing of trade receivables is as follows:

in EUR thousand	31.12.2019	31.12.2018
including receivables not due	728	433
including receivables overdue up to 3 months	17	10
including receivables overdue up 3 to 6 months	1	1
including receivables overdue over 6 months	29	8

The ageing of other receivables is as follows:

in EUR thousand	31.12.2019	31.12.2017
including receivables not due	299	377
including receivables overdue up to 3 months	-	-
including receivables overdue over 6 months	646	538

Overdue trade receivables are not considered impaired based on the individual assessment of each significant receivable.

The credit quality of trade receivables that are not overdue can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

in EUR thousand	31.12.2019	31.12.2018
Group 1	257	17
Group 2	470	415
Group 3	1	1
Total unimpaired trade receivable	**728**	**433**

Group 1 – new customers/related parties (less than 6 months).
Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.
Group 3 – existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

As at December 31, 2019, Other receivables not due are from counterparties with no or some defaults in the past (no or some defaults in the past in as at December 31, 2018).

Impairment losses in amount EUR 100 thousand and EUR 8 thousand relating to other receivables and prepayments correspondingly were recognized in 2018. (Note 24).

in EUR thousand	2019	2018
At January 1	**-108**	**-**
Provision for receivables impairment	-	-108
Receivables written off during the year as uncollectible	-	-
Provision recovery	95	-
Currency translation differences	-1	-
At December 31	**-14**	**-108**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

in EUR thousand	31.12.2019	31.12.2018
US dollar	919	835
Russian rouble	146	101
Ukrainian hryvna	646	429
Euro	1	2
Czech koruna	8	-
	1 720	**1 367**

The maximum exposure to credit risk arising from trade and other receivables at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security for the trade receivable

7. FINANCIAL INSTRUMENTS BY CATEGORY

In EUR thousand	31.12.2019 Loans and receivables	31.12.2018 Loans and receivables
Assets as per balance sheet		
Cash and cash equivalents (Note 5)	1 900	701
Trade and other receivables excluding prepayments (Note 6)	1 720	1 367
	3 620	**2 068**
Liabilities as per balance sheet	**31.12.2019 Financial liabilities at amortised cost**	**31.12.2018 Financial liabilities at amortised cost**
Trade and other payables excluding social security, other taxes and prepayments from clients (Note 13)	16 189	2 025
Borrowings excluding lease liabilities (Note 14)	14 868	9 061
Lease liabilities (Note 14)	1 968	2 275
	33 025	**13 361**

Prepayments are excluded as this analysis is required only for financial assets.

8. INVENTORIES

Inventory breakdown, EUR thousand	31.12.2019	31.12.2018
Grain for sale	10 594	8 802
Raw materials, supplies	3 941	2 251
Fieldworks in process	1 602	1 229
Total	**16 137**	**12 282**
Incl. own produced inventory	**12 840**	**10 072**

Grain for sale as at December 31, 2019, includes grain from third parties in the amount of EUR 195 thousand (EUR 293 thousand as at December 31, 2018). Raw materials, supplies include materials and supplies purchased from third parties in the amount of EUR 3 102 thousand as at December 31, 2019 (EUR 1 918 thousand as at December 31, 2018).

in EUR thousand	**2019**	**2018**
At 1 January	**10 072**	**7 832**
Changes in balances of finished product stocks:	-2 306	3 483
- Agricultural production recognised at the fair value (Note 9)	26 927	23 450
- Dairy production recognised at the fair value	3 089	2 951
- Capitalization of costs to fieldworks in process	1 930	1 515
- Reclassification from fieldworks in process to biological assets at the moment of seeding	-1 815	-1 086
- Cost of own production on realization to third parties	-32 267	-22 774
- Inventory revaluation	-171	-573
For internal use*	-902	-1 668
Increase due to subsidiary acquisition (Note 34)	4 002	-
Currency translation differences	1 975	425
At 31 December	**12 840**	**10 072**

*Own produced inventory for internal use includes seeds, fertilizer and animal feed, which are presented in the Income statement on the line Raw materials and consumables used for production purposes (Note 20).

Inventories that are measured at fair value are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13.

Grain for sale is revalued by the Group on each balance sheet date using contracted and market prices. Market prices were retrieved from APK-Inform as at the end of January for both years as the year-end prices do not reflect the real market situation due to the long holiday season in Ukraine and therefore the very low volume of trades. Own produced inventories are measured at net realizable value. In determining the NRV (net realizable value), the Group also considers existing sales agreements at balance sheet date, and actual sales transactions by the Group shortly after the balance sheet date.

As at December 31, 2019, inventories in the amount of EUR 1 343 thousand were pledged at a carrying value for the benefit of the bank (2018: EUR 1 308 thousand).

Breakdown of the grain for sale, agricultural produce inventory, 31.12.2019	**Grain for sale, agricultural produce, EUR thousand**	**Tonnes**	**Average price used, EUR/t**
Wheat	195	1 371	142
Barley	23	173	132
Sunflower	6 375	22 460	284
Corn	3 164	25 648	123
Rapeseed	6	17	347
Soya	12	41	284
Other	819	4 773	172
Total	**10 594**	**54 483**	**194**

Breakdown of the grain for sale, agricultural produce inventory, 31.12.2018	Grain for sale, agricultural produce, EUR thousand	Tonnes	Average price used, EUR/t
Wheat	1 243	7 769	160
Barley	10	59	170
Sunflower	6 128	23 322	263
Corn	37	317	117
Rapeseed	54	164	329
Soya	1 177	4 571	257
Other	153	1 131	135
Total	**8 802**	**37 333**	**236**

9. BIOLOGICAL ASSETS

in EUR thousand	Plant cultivation	Animal husbandry	Total
Carrying amount at 31.12.2018 (recalculated)	**3 529**	**2 192**	**5 721**
Non-current biological assets	75	2 192	2 267
Current biological assets	3 454	-	3 454
2019			
Increases due to subsidiaries acquisition (Note 34)	2 370	890	3 260
Gain/loss of biological assets arising from changes in fair value less cost to sell:	2 642	95	2 737
- Increases due to new plantations/birth	***29 717***	***364***	***30 081***
- Harvest (Note 8)	***-26 927***	***-***	***-26 927***
- Decreases due to written-off biol.assets	***-147***	***-651***	***-798***
- Other changes in fair value	***-***	***382***	***382***
Currency translation differences	1 041	328	1 369
Carrying amount at 31.12.2019	**9 582**	**3 505**	**13 087**
Non-current biological assets	84	3 505	3 589
Current biological assets	9 498	-	9 498

in EUR thousand	Plant cultivation	Animal husbandry	Total
Carrying amount at 31.12.2017 (recalculated)	**2 762**	**2 345**	**5 107**
Non-current biological assets	102	2 345	2 447
Current biological assets	2 660	-	2 660
2018			
Gain/loss of biological assets arising from changes in fair value less cost to sell (recalculated):	650	163	813
- Increases due to new plantations/birth	***24 265***	***178***	***24 443***
- Harvest (Note 8)	***-23 450***	***-***	***-23 450***
- Decreases due to written-off biol.assets	***-165***	***-373***	***-538***
- Other changes in fair value	***-***	***358***	***358***
Currency translation differences	117	-316	-199
Carrying amount at 31.12.2018 (recalculated)	**3 529**	**2 192**	**5 721**
Non-current biological assets	75	2 192	2 267
Current biological assets	3 454	-	3 454

	Animals, pcs	Winter crops, hectares
Physical quantities at 31.12.2019	3 899	23 858
Physical quantities at 31.12.2018	2 277	20 457

As at the balance sheet date, Current biological assets in plant cultivation include winter crops seeded for the next harvest. Non-current biological assets in plant cultivation include grasslands, which are used for harvesting animal feed. Non-current assets in animal husbandry include dairy herd, both mature and immature. Animal husbandry is measured at fair value less cost to sell.

The gain arising from changes in fair value includes changes in both physical quantities due to the growth of plants/animals and changes in market prices of the biological assets.

During 2019 the Group voluntary changed assumption relating to fair value measurement of biological assets of winter wheat and winter rapeseed of next year harvest (Note 2.1). Management of the Group decided to determine fair value of biological assets sown for next year harvest by present valuing the net cash flows expected to be generated from the assets discounted at average cost of short-term financing. The fair value of biological assets is determined by the Group's own agricultural and IFRS experts. The valuation of the biological assets (winter wheat and winter rapeseed) is within level 3 of the fair value hierarchy.

Winter crops seeded in 2019 for the next year are determined by valuing the net cash flows expected to be generated from the assets discounted at average cost of short-term financing.

The following inputs and assumptions were made to determine the fair value of biological assets:

- revenue from the crops sales is projected based on the expected volume of crop harvested;

- prices are projected based on budget data for next year;

- production and costs to sell are projected based on budget data for next year;

-a discount rate 18.35% is applied in determining fair value of biological assets as of December 31, 2019 (23.11% as of December, 2018; 21.50 % as of December 2017).

The significant unobservable inputs used in the fair value measurement of the crops as of 31.12.2019 are as follows:

Yields of crops (4,95 tons per hectare for winter wheat and 2,60 tons per hectare for winter rapeseed)

Prices of crops (UAH 4 253 per ton for winter wheat and UAH 10 177 per ton for winter rapeseed).

Inputs used in the recalculated fair value measurement of the crops for comparative reporting dates were as follows:

Yields of crops: 3,84 tons per hectare for winter wheat and 1,63 tons per hectare for winter rapeseed as of December 31, 2018 and 3,14 tons per hectare for winter wheat and 0,96 tons per hectare for winter rapeseed as of December 31, 2017.

Prices of crops: UAH 4 192 per ton for winter wheat and UAH 9 833 per ton for winter rapeseed as of December 31, 2018 and UAH 4 146 per ton for winter wheat and UAH 10 667 per ton for winter rapeseed as of December 31, 2017.

As at December 31, 2019 winter crops on 2.8 thousand hectares were related with the acquisition of Resilient.

The fair value of the livestock is based on the valuation from the independent valuator. The valuator used the market prices of livestock of similar age, breed and genetic merit based on the relevant market, taking into account transaction prices on the most advantageous market, and the market situation in the dairy sector. The fair value measurements are categorized under Level 2 in the fair value hierarchy, as defined by IFRS 13. In 2019, the gain from revaluating 3 899 animals was recorded at EUR 235 thousand in the Income Statement (in 2018 the loss from revaluating 2 277 animals in amount EUR 34 thousand in the Income Statement). In total, the fair value of the herd (3 899 animals), as of December 31, 2019, stood at EUR 3 505 thousand (EUR 2 192 thousand as at December 31, 2018).

As at December 31, 2019 animals in quantity 1 660 heads were related to the acquisition of Resilient.

As at December 31, 2019, biological assets in Ukraine were pledged at a value of EUR 7 976 thousand for the benefit of the bank.

In the year 2019 harvest of cereals was at the level of 166 635 brutto tonnes or 160 530 net tonnes (2018: 123 955 brutto tonnes or 120 532 net tonnes). Milk production for the year 2019 was 8 908 tonnes (8 824 tonnes for the year 2018).

10. INTANGIBLE ASSETS

in EUR thousand	Software	Land-usage rights under emphyteusis	Total
31.12.2018			
Cost	85	762	847
Accumulated depreciation	-82	-4	-86
Net book amount	**3**	**758**	**761**
2019			
Additions	1	1 575	1 576
Additions due to subsidiary acquisitions	3	852	854
Amortization charge	-2	-32	-33
Currency translation differences	1	326	326
Closing net book amount	**6**	**3 479**	**3 485**
31.12.2019			
Cost	107	3 518	3 625
Accumulated depreciation	-101	-39	-140
Net book amount	**6**	**3 479**	**3 485**

in EUR thousand	Software	Land-usage rights under emphyteusis	Total
31.12.2017			
Cost	80	-	80
Accumulated depreciation	-72	-	-72
Net book amount	**8**	**-**	**8**
2018			
Additions	-	752	752
Amortization charge	-7	-4	-11
Currency translation differences	2	10	12
Closing net book amount	**3**	**758**	**761**
31.12.2018			
Cost	85	762	847
Accumulated depreciation	-82	-4	-86
Net book amount	**3**	**758**	**761**

In 2019 the Group obtained 350 hectares of land under emphyteusis agreements related to the acquisition of Resilient. In 2019 the Group concluded emphyteusis contracts for 1 461.77 hectares of land (1 146.81 hectares in 2018).

11. PROPERTY, PLANT AND EQUIPMENT

The Group's acquisitions of property, plant and equipment during 2019 amounted to EUR 12 736 thousand (EUR 2 502 thousand in 2018). The major increment was recorded because of the acquisition of Resilient a.s. Total value of its property, plant and equipment was EUR 7 672 thousand (Note 34).

The total amount of owned land as of December 31, 2019, stood at 4.4 thousand hectares (2018: 3.5 thousand hectares).

Land in Milk production segment used for production was revalued to fair value based on fair value assessments performed by independent valuators. The valuators used market approach. A revaluation gain in respect of the land was recognized in Income statement amounting to EUR 78 thousand in 2019 (loss of EUR 148 thousand in 2018 through Other Comprehensive Income).

In Ukraine, the Group has a total of 1 472 hectares of land in ownership at a carrying value at EUR 3 154 thousand as at December 31, 2019 (2018: 568 hectares at a carrying value 340 thousand). 686 hectares of land in ownership at fair value of EUR 1 893 thousand was related to the acquisition of Resilient. The land was revalued using the market approach by independent valuators. Revaluation gain in the amount of EUR 430 thousand recorded through Other Comprehensive Income (2018: revaluation loss in amount EUR 85 thousand) (Note 18).

in EUR thousand	Land	Buildings	Vehicles & machinery	Furniture, fittings & equipment	Construction in process	Total
31.12.2018						
Cost	993	6 594	20 720	981	1 056	30 344
Accumulated depreciation	-	-2 976	-13 983	-775	-	-17 734
Net book amount	**993**	**3 617**	**6 737**	**206**	**1 056**	**12 609**
2019						
Additions	317	549	3 146	102	950	5 064
Additions due to subsidiary acquisitions	1 893	1 789	3 576	148	265	7 672
Revaluation through Other Comprehensive Income	430	-	-	-	-	430
Revaluation through Income statement	78	-	-	-	-	78
Disposals	-7	-35	-287	-	-	-329
Reclassification balance sheet items/between groups	-	749	662	2	-1 414	0
Depreciation charge	-	-348	-1 664	-102	-	-2 114
Currency translation differences	191	911	1 596	45	163	2 906
Closing net book amount	**3 896**	**7 233**	**13 766**	**402**	**1 020**	**26 317**
31.12.2019						
Cost	3 896	10 421	29 400	1 287	1 020	46 023
Accumulated depreciation	-	-3 188	-15 634	-885	-	-19 706
Net book amount	**3 896**	**7 233**	**13 766**	**402**	**1 020**	**26 317**

in EUR thousand	Land	Buildings	Vehicles & machinery	Furniture, fittings & equipment	Construction in process	Total
31.12.2017						
Cost	1 175	10 369	18 502	900	1 028	31 975
Accumulated depreciation		-3 350	-12 905	-780	-	-17 035
Net book amount	**1 175**	**7 019**	**5 597**	**120**	**1 028**	**14 940**
2018						
Additions	59	17	2 310	134	-18	2 502
Revaluation through Other Comprehensive Income	-85	-	-	-	-	-85
Revaluation through Income statement	-148	-	-	-	-	-148
Disposals	-	-2 162	-12	-17	-	-2 191
Reclassification balance sheet items/between groups	-	-2	-	2	-1	1
Depreciation charge		-281	-1 214	-39	-	-1 534
Impairment	-	-660	-132	-	-5	-797
Currency translation differences	-9	-314	188	7	52	-77
Closing net book amount	**993**	**3 617**	**6 737**	**206**	**1 056**	**12 609**
31.12.2018						
Cost	993	6 594	20 720	981	1 056	30 344
Accumulated depreciation	-	-2 977	-13 983	-775	-	-17 735
Net book amount	**993**	**3 617**	**6 737**	**206**	**1 056**	**12 609**

For the assets in Ukraine impairment test was carried out in 2019. The value-in-use method was applied to determine the recoverable values of non-current assets. Cash flows were projected, including revenues, operating expenses, investment requirements and working capital needs. The Group applied 5% long-term growth rate. The discount rate applied was 15.67%. The test demonstrated that the segment´s assets value in use was higher than the carrying amount of these assets. No impairment indicators were identified for property, plant and equipment in Ukraine as of December 31, 2018.

For the assets in milk production in Russia impairment test was carried out in 2019. The value-in-use method was applied to determine the recoverable values of non-current assets. Cash flows were projected, including revenues, operating expenses, investment requirements and working capital needs. The Group applied 4% long-term growth rate. The discount rate applied was 14.76%. The test demonstrated that the segment´s assets value in use was higher than the carrying amount of these assets. In 2018 impairment losses for property, plant and equipment were recognised in Income Statement for EUR 796 thousand.

The change in total property, plant and equipment carrying value was also influenced by the change in the exchange rate of Russian rouble and Ukrainian hryvna. Ukrainian hryvna in 2019 increased its value in relation to the euro by 10% (decreased in 2018 by 7%). Russian rouble in 2019 increased in relation to the euro by 2% (decreased in 2018 by 12%). Please see Note 3.1 for further information.

Land in Russian Milk production was not mortgaged in 2019 and 2018. Machinery in Russia were pledged at a carrying value of EUR 58 thousand (2018: EUR 83 thousand). Land, buildings, machinery, vehicles and equipment in Ukraine were pledged at a carrying value of EUR 7 011 thousand (2018: EUR 1 152 thousand).

The net book value of assets leased (vehicles and machinery) as at December 31, 2019, stood at EUR 4 119 thousand (as at December 31, 2018, EUR 4 009 thousand).

11.1 FAIR VALUE OF LAND

The fair value of freehold land as at December 31, 2019, is EUR 3 896 thousand (EUR 993 thousand as at December 31, 2018). Had the assets been carried under the cost model, the balance as at December 31, 2019, would have been EUR 3 109 thousand (EUR 837 thousand as at December 31, 2018). In 2019 revaluation gain through Other Comprehensive Income stood at EUR 430 thousand. In 2018, revaluation loss through Income Statement stood at 148 thousand and revaluation loss through Other Comprehensive Income amounted to EUR 85 thousand.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The valuation of the land in Russian Dairy cluster (the same valuator in 2018) as at December 31, 2019, was performed by Company "Price Consulting" LLC. The valuation of the land in Ukraine as at December 31, 2019 was performed by Company "Proconsul" LLC.

RUSSIAN MILK PRODUCTION SEGMENT

Gdov (land carried using the revaluation method as at December 31, 2019)
Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2019 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Sales comparison approach				
Russian dairy cluster	742	Rate per hectare (EUR)	236-290	256
		Adjustments applied to comparison data:		
		Size adjustment	-0%-20%	
		Location adjustment	0%	
		Bargaining discount	-10%	

Gdov (land carried using the revaluation method as at December 31, 2018)
Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2018 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Sales comparison approach				
Russian dairy cluster	653	Rate per hectare (EUR)	204-254	221
		Adjustments applied to comparison data:		
		Size adjustment	0%-20%	
		Location adjustment	0%	
		Bargaining discount	-10%	

UKRAINE SEGMENT

Ukraine (land carried using the revaluation method as at December 31, 2019)
Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2019 (EUR thousand)	Unobservable inputs	Range	Weighted average
Agricultural land Market approach				
Ukraine cluster	3 154	Rate per hectare (EUR)	1 401-2 851	2 142
		Adjustments applied to comparison data:		
		Location adjustment	0%	
		Bargain discount	-30%	

Ukraine (land carried using the revaluation method as at December 31, 2018)
Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31.12.2018 (EUR thousand)	Unobservable inputs	Rate per hectare (EUR)
Agricultural land Market approach			
Ukraine cluster	340	Rate per hectare (EUR)	599

Sales comparison approach was applied for the land. It is a valuation methodology whereby the subject property is compared to recently sold or to sales quotes of properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing attributes.

Unobservable inputs within the sales comparison approach:
Size adjustment – the valuer's assessment of the price differential between the valued property and compared property attributable to their size difference.
Location adjustment – the valuer's assessment of the price differential between the valued property and compared property attributable to differences in their location.
Bargaining discount – the valuer's assessment of the average price discount generally obtained compared to quoted asking prices of property.
Relationship of unobservable inputs to fair value: The fair value measurements listed above are all sensitive to a significant increase (decrease) in the unobservable inputs. The higher the rate per hectare, the higher the fair value.
If the value per hectare had been 10% higher/lower, the fair value of land as at December 31, 2019, would have been EUR 74 thousand higher/lower in Russia and EUR 315 thousand higher/lower in Ukraine (EUR 65 thousand and EUR 34 thousand as at December 31, 2018 correspondingly).

12. PREPAID LAND RENTS AND LAND USAGE RIGHTS

The Group's land in Ukraine is used mainly based on lease agreements. There were 48.1 thousand hectares of land under medium to long-term lease agreements as of December 31, 2019 (as of December 31, 2018: 43.6 thousand hectares). Out of total land bank 7.4 thousand hectares of land are under control of the Group as a result of the acquisition of Resilient. The Group has made prepayments or has recognised land usage rights in business combinations to get access to that land in previous periods. These prepayments and land usage rights are amortised during the period of the lease (Note 22).

in EUR thousand	31.12.2019	31.12.2018
Balance at the beginning of the period	**457**	**816**
Additional prepayments made	11	-
Amortization recognised	-91	-387
Unrealised exchange rate differences	83	28
Balance at the end of the period	**460**	**457**

13. TRADE AND OTHER PAYABLES

in EUR thousand	31.12.2019	31.12.2018
Trade payables	666	290
Prepayments from clients	17	9
Social security and other taxes	1 427	618
Accrued expenses	1 393	1 346
Amounts due to related parties (Note 32)	14 114	22
Other payables	961	806
	18 579	**3 091**
Less: non-current portion (Note 32)	-12 080	-23
	6 498	**3 068**

Non-current portion of trade and other payables in amount EUR 12 058 thousand relates to the acquisition of Resilient and is included in amounts due to related parties and is denominated in Czech koruna in amount EUR 8 049 thousand and in Euro in amount EUR 4 009 thousand. Current amount EUR 2 056 thousand due to related party is denominated in EUR.

The carrying amounts of the Group's financial liabilities (trade and other payables, excluding prepayments, tax liabilities and payables to employees) are denominated in the following currencies:

in EUR thousand	31.12.2019	31.12.2018
US dollar	-	4
Russian rouble	264	221
Ukrainian hryvna	1 258	856
Euro	6 610	944
Czech koruna	8 057	-
	16 189	**2 025**

14. BORROWINGS

The total borrowings of the Group as at December 31, 2018, amounted to EUR 16,835 thousand (EUR 11,336 thousand as at December 31, 2018).

Details of the borrowings' currencies, interest rates, and maturities are shown in the included tables. Total finance costs in 2019 amounted to EUR 936 thousand (EUR 964 thousand in 2018) (Note 25).

in EUR thousand	**31.12.2019**	**31.12.2018**
Current		
Bank borrowings	14 379	9 061
Finance lease payables	1 060	1 289
	15 439	**10 350**
Non-current		
Bank borrowings	491	-
Finance lease payables	906	986
	1 397	**986**
Total borrowings	**16 836**	**11 336**

31.12.2019, in EUR thousand	**31.12.2019**	**Maturity**	**Interest rate**
RUB-nominated	138	2020-2021	5%-25.8%
USD-nominated	5 908	2020-2022	5%-6,5%
EUR-nominated	2 419	2020	5,0%
EUR-nominated	1 015	2020	1M EURIBOR + 1,6%
EUR-nominated	681	2020	7days EURIBOR + 1,6%
USD-nominated	797	2021	12,59% - 12,62%
USD-nominated	4 828	2020	1mLIBOR+3,5%
UAH-nominated	1 050	2020-2023	1mLIBOR + 4,4%-9,4%
	16 836		
Less: non-current portion	**1 397**		
	15 439		
Less accrued interest	-62		
Current portion excl accrued interest	**15 377**		

31.12.2018, in EUR thousand	**31.12.2018**	**Maturity**	**Interest rate**
RUB-nominated	258	2019-2021	5%-25.8%
RUB-nominated	36	2019	15.5%
USD-nominated	5 946	2019-2020	5.1%-7%
USD-nominated	3 088	2019	1mLIBOR+3,5%
UAH-nominated	2 008	2020-2023	1mLIBOR + 4,4%-9,4%
	11 336		
Less: non-current portion	986		
	10 350		
Less accrued interest	-50		
Current portion excl accrued interest	**10 300**		

	31.12.2019		31.12.2018	
	Bank borrowings	**Lease payables**	**Bank borrowings**	**Lease payables**
Floating rate:				
– Expiring within one year	6 524	569	3 124	1 134
– Expiring beyond one year	-	481	-	875
Fixed rate:				
– Expiring within one year	7 853	491	5 937	155
– Expiring beyond one year	491	427	-	111
	14 868	**1 968**	**9 061**	**2 275**

	31.12.2019		31.12.2018	
in EUR thousand	**Bank borrowings**	**Lease payables**	**Bank borrowings**	**Lease payables**
US dollar	10 687	845	8 874	159
Euro	4 115	-	-	-
Russian rouble	66	73	187	107
Ukrainian hryvna	-	1 050	-	2 009
	14 868	**1 968**	**9 061**	**2 275**

in EUR thousand	**Cash**	**Leases due within 1 year**	**Leases due after 1 year**	**Borrow. due within 1 year**	**Borrow. due after 1 year**	**Total**
Net debt as at 31 December 2018*	**701**	**-1 289**	**-986**	**-9 012**	**-**	**-10 586**
Cash flows	-1 137	2 102	-	-1 645	-	-680
Acquisition of finance leases	-	-651	-800	-	-	-1 451
Foreign exchange adjustments	2 119	-235	-90	-489	-42	1 263
Movements due to subsidiary acquisition	217	-	-	-3 667	-	-3 450
Other non-cash movements	0	-977	968	486	-446	31
Net debt as at 31 December 2019*	**1 900**	**-1 050**	**-908**	**-14 327**	**-488**	**-14 873**

* Net debt reconciliation is shown excluding the interest liability

in EUR thousand	**Cash**	**Leases due within 1 year**	**Leases due after 1 year**	**Borrow. due within 1 year**	**Borrow. due after 1 year**	**Total**
Net debt as at 31 December 2017*	**1 680**	**-896**	**-1 140**	**-10 055**	**-**	**-10 411**
Cash flows	-1 000	1 505	-	509	-	1 014
Acquisition of finance leases	-	-880	-1 038	-	-	-1 918
Foreign exchange adjustments	21	-39	-44	-167	-	-229
Other non-cash movements**	-	-979	1 236	701	-	958
Net debt as at 31 December 2018*	**701**	**-1 289**	**-986**	**-9 012**	**-**	**-10 586**

* Net debt reconciliation is shown excluding the interest liability

** Most of the amount is related to the factoring

Total future finance lease minimum payments in EUR thousand	31.12.2019	31.12.2018
up to 12 months	1 274	1 515
1-5 years	1 046	1 173
	2 320	**2 688**
Future interests	352	414
Present value of the lease	1 968	2 274

All the loan and lease arrangements have been concluded under regular terms in the respective country. Lease agreements are related to the purchase of buildings, machinery and equipment in the Group's production clusters of Ukraine and Russia. All these leases are classified as finance lease because the ownership of leased assets passes to the Group at the end of lease term. The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant or market rates are not significantly different from actual borrowing rates. The borrowings are classified as Level 3 under the fair value hierarchy, as defined by IFRS 13.

15. INCOME TAX

in EUR thousand	**2019**	**2018**
Current tax:		
Current tax on profits for the year	32	12
Adjustments in respect of prior years	-2	19
Total current tax	**30**	**31**
Deferred tax (Note 16):		
Origination and reversal of temporary differences	-15	-13
Total deferred tax	**-15**	**-13**
Income tax expense	**15**	**18**

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

in EUR thousand	**2019**	**2018**
Profit/loss before tax	**2 672**	**-9 534[1]**
Profit/Loss before tax from entities not subject to Income tax by statutory legislation	15 770	12 187[1]
Profit/loss before tax from entities subject to income tax	**-13 098**	**-21 721**
Tax calculated at domestic tax rates applicable to profits in the respective countries	-1 739	-3 997
Tax effects of:	-	-
Income not subject to tax	-584	-366
Expenses not deductible for tax purposes	1 822	4 229
Utilisation of previously unrecognised tax losses	-	-2
Tax losses for which no deferred income tax asset was recognised	491	135
Adjustments in respect of prior years	25	19
Tax charge	**15**	**18**

[1] The Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information was recalculated respectively. Please see Note 2.1 for more details

The Group does not have material deferred tax assets or liabilities in companies, which are active in agricultural production. This is due to the following reasons:

1) The Group companies in Estonia are subject to income tax only when the profits are distributed. No corporate income tax is imposed on earnings; therefore, there are no

temporary differences between the tax and accounting bases of assets and liabilities.

2) All of the Group companies in Ukraine that are producing agricultural produce are not subject to income tax but to the unified agricultural tax. The agricultural tax is based on hectares of arable land the company uses, not on its earnings and therefore no deferred tax arises. All other companies in Ukraine (companies that are related to sales and trading and storage elevators) are under regular tax regime and subject to income tax.

3) The Group company in Russia, except for sub-holding company, is subject of the agricultural tax and not income tax. Agricultural tax regime means that the agricultural producer pays tax only from non-agricultural profits. Major income not subject to tax relates to currency translation differences. Major expenses not deductible for tax purposes related to interests on intra-group borrowings.

4) The Group companies in Czech republic are subject to income tax at rate 19% . The Group companies in Czech republic are holding companies which generate accounting losses. The non-tax duductible expenses are permanent (refreshment and non-deductible part of paid interest) so there are no temporary differences between the tax and accounting bases of assets and liabilities

16. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

in EUR thousand	**2019**	**2018**
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	-	-
– Deferred tax asset to be recovered within 12 months	-	-
	-	-
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	213	187
– Deferred tax liability to be recovered within 12 months	-	-
	213	**187**
Deferred tax liabilities (net)	**213**	**187**

The gross movement on the deferred income tax account is as follows:

in EUR thousand	**2019**	**2018**
At 1 January	187	605
Currency translation differences	41	28
Income statement charge related to change in deferred tax assets/ liability (Note 15)	-15	-446
Tax charge /(credit) relating to components of other comprehensive income	-	-
At 31 December	**213**	**187**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred income tax assets of EUR 491 thousand (EUR 135 thousand in 2018) in respect of losses amounting to EUR 2 555 thousand (EUR 685 thousand in 2018) that can be carried forward against future taxable income. The accumulated amount of tax losses where tax asset was not recognized as at 31.12.2019 was 30 622 EUR thousand (2018: EUR 28 747 thousand) that can be carried forward against future taxable income. Losses amounting to EUR 29 882 thousand (EUR 28 737 thousand 2018) have unlimited usage and the rest of losses will expire during 4 to 10 years.

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax liabilities	**Accelerated tax depreciation**	**Other**	**Total**
At 31 December 2017	**577**	**28**	**605**
Charged/(credited) to the income statement	-446	-	-446
Currency translation differences	28	-	28
At 31 December 2018	**159**	**28**	**187**
Charged/(credited) to the income statement	-15	0	-15
Currency translation differences	41	0	41
At 31 December 2019	**184**	**28**	**213**

Deferred tax assets	**Other**	**Total**
At 31 December 2017	**-**	**-**
Charged/(credited) to the income statement	-	-
Currency translation differences	**-**	**-**
At 31 December 2018	-	-
Charged/(credited) to the income statement		
Currency translation differences	**-**	**-**
At 31 December 2019	**-**	**-**

17. SHARE CAPITAL

in EUR thousand	**Number of shares**	**Incl. ordinary shares**	**Share capital**	**Share premium**	**Total**
31.12.2017	**17 421 313**	**17 421 313**	**17 421**	**120 151**	**137 572**
31.12.2018	**17 421 313**	**17 421 313**	**17 421**	**120 151**	**137 572**
Issuance of share capital	**7 473 810**	**7 473 810**	**7 474**	**5 461**	**12 935**
31.12.2019	**24 895 123**	**24 895 123**	**24 895**	**125 612**	**150 507**
Including treasury shares	42	42	-	-	-

As at December 31, 2019, the total number of issued shares was 24,895,123 (as of December 31, 2018: 17,421,313 shares) including 42 treasury shares with a par value of 1 EUR per share. All shares have been fully paid. The shares of Agromino A/S are listed on the main market of Small Cap segment on NASDAQ Stockholm.

In the year 2019 ordinary shares in quantity 7,473,810 were issued as a consideration in amount of EUR 12 935 thousand for the acquisition of Resilient As a result the total number of shares in the Company increased from 17,421,313 to 24,895,123.

18. OTHER RESERVES

in EUR thousand	**Revaluation of land***	**Translation differences**	**Total**
31.12.2017	**283**	**-49 196**	**-48 913**
Currency translation differences	**-**	29	29
Currency translation difference recycled from Other Comprehensive Income to Income Statement in relation to disposal of subsidiary		9 981	9 981
Revaluation of land (Note 11)	-85	**-**	-85
31.12.2018[1]	**198**	**-39 186**	**-38 988**
Currency translation differences	**-**	4 435	4 435
Revaluation of land (Note 11)	514	**-**	514
31.12.2019	**712**	**-34 751**	**-34 039**

As at December 31, 2019, land reserve (related to land in ownership) amounts to EUR 714 thousand (December 31, 2017: EUR 198 thousand) included in Other reserves attributable to the holders of the parent.

19. REVENUE AND OTHER INCOME

in EUR thousand	2019	2018
Sales of cereals	31 621	21 727
Sales of milk	3 030	2 799
Revenue from elevator services	526	552
Other revenue	446	209
TOTAL revenue	**35 623**	**25 287**
Subsidies	61	194
Other income	349	77
Total other income	**410**	**271**

Government grants recognized as income include subsidies for both plant cultivation and animal husbandry. Government grants have been received within the framework of the Russian government. Revenues of EUR 8 962 thousand (2018: EUR 5 419 thousand) are derived from one external customer, revenues of EUR 3 231 thousand (2018: EUR 5 405 thousand) are derived from the second external customer and revenues of EUR 2 811 thousand (2018: 2 393 thousand) are derived from the third external customer. Revenue from the first three customers is attributable to the Ukraine segment. Revenue of EUR 1 861 thousand was related to the acquisition of Resilient.

20. RAW MATERIALS AND CONSUMABLES USED FOR PRODUCTION PURPOSES

in EUR thousand	2019	2018
Seeds, fertilizers, chemicals	7 679	6 508
Animal feed	1 926	2 214
Repairs	2 160	1 701
Fuel, gas, electricity	2 841	2 360
Land tax and land rental	1 328	4 123
Other services and materials	4 483	2 719
	20 417	**19 625**

Increase in raw materials costs in total was at the level of 4%. Decrease in Land tax and land rental due to adopting IFRS 16 by the Group. Operating lease expenses related to long-term lease contracts were not recorded within Land tax and land rental element, since depreciation of right-of-use assets and financial costs were recognized instead due to IFRS 16 adoption.

21. EMPLOYEE BENEFITS EXPENSE

in EUR thousand	2019	2018
Wages and salaries	4 566	4 140
Social security costs	1 008	732
	5 574	**4 872**

The average number of employees in 2019 stood at 1 065 (2018: 784). Remuneration to the Board of Directors and Executive Board is disclosed in Note 32.

22. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to land leases:

in EUR thousand	31.12.2019	01.01.2019	31.12.2018
Right-of-use assets			
Land	24 114	17 647	-
Land usage rights from business acquisition*	10 496	-	
	34 610	**17 647**	
Land lease liabilities			
Non-current	19 989	14 457	-
Current portion	4 657	3 190	-
Total lease liabilities	**24 646**	**17 647**	-

*The Group has recognised land usage rights in business combinations to get access to that land related to the acquisition of Resilient for amount EUR 10 799 thousand as of the date of acquisition (Note 34). Balance value of land usage rights acquired was EUR 10 496 thousand as of December 31, 2019. Amortization recognized for the period from the date of acquisition to the reporting date was EUR 303 thousand.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

in EUR thousand	2019	2018
Depreciation charge of right-of-use assets (under IFRS 16)	1 527	-
Depreciation charge of land-usage rights from business combinations	303	-
Interest expense on land lease liabilities (included in finance cost)	3 796	-

Movements for the right-of-use assets during the 2019 were the following:

in EUR thousand	2019
Deemed cost as at 1 January 2019	17 647
Additions due to subsidiary acquisition:	14 475
Recognized under IFRS 16	*3 676*
Land usage rights from business acquisition	*10 799*
Additions to the right-of-use assets	24
Depreciation	-1 830
Other movements (including changes to agreements)	1 304
Disposals	-592
Currency translation differences	3 582
Cost as of 31 December 2019	36 580
Accumulated depreciation	-1 970
Net book value as at 31 December 2019	**34 610**

Movements for the land lease liability during the 2019 were the following:

in EUR thousand	2019
Land lease liability as at 1 January 2019	**-17 647**
Non-current	-14 457
Current	-3 190
Additions due to subsidiary acquisition	-3 676
Additions due to new agreements	-24
Financial costs	-3 796
Other movements (including changes to agreements)	-727
Disposals	685
Repayment	4 154
Currency translation differences	-3 615
Land lease liability as at 31 December 2019	**-24 646**
Non-current	-19 989
Current	-4 657

23. OTHER ADMINISTRATIVE EXPENSES

in EUR thousand	2019	2018
Legal and consulting fees	724	814
Office and administration expenses	936	827
Other expenses	174	122
	1 834	**1 763**

24. OTHER (LOSSES)/GAINS-NET

in EUR thousand	2019	2018
Reversal/write down of doubtful receivables and prepayments (Note 6)	624	-16
Foreign exchange losses/gains net	532	377
Gain on disposal of a part of non-core elevator business	-	288
Currency translation difference recycled from Other Comprehensive Income to Income Statement in relation to disposal of subsidiary	-	-9 981
Other losses / gains net	231	-1 143
	1 387	**-10 475**

The Group wrote off the prepayment for the undelivered fertilizers in 2017 amounting to EUR 1,337 thousand. In 2019 the amount of EUR 688 thousand was recovered (EUR 175 thousand in 2018).

In 2018, the Gain on disposal of a part of non-core elevator business was recorded at EUR 288 thousand.

An impairment loss in amount of EUR 797 thousand regarding property, plant and equipment in Milk segment was recognized in 2018 in other losses

25. FINANCE INCOME AND FINANCE COST

in EUR thousand	2019	2018
Interest income	42	21
	42	**21**
Interest expense at effective interest rate:		
Finance lease liabilities	-200	-355
Bank borrowings	-736	-609
Lease liabilities (Note 22)	-3 796	-
Related parties (Note 32)	-207	-
Other finance costs	-82	-
	-5 021	**-964**

26. PROFIT/LOSS PER SHARE

Basic earnings/loss per share is calculated by dividing the profit attributable to the equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. As at December 31, 2018, the diluted number of shares included the possible conversion of warrants into shares totaling 1 857 896 new shares.

in EUR thousand	2019	2018
Profit/Loss attributable to equity holders of the parent (EUR thousand)	2 660	-9 444
Weighted average number of ordinary shares outstanding (thousands)	18 978	17 421
Basic profit/loss per share (EUR per share)	**0.14**	**-0.54**

Earnings per share for profit attributable to the ordinary equity holders of the company: (EUR per share)	2019	2018
Basic earnings per share	0.14	-0,54
Diluted earnings per share	0.14	-0.49

27. SEGMENT REPORTING

Primary measures monitored by the Executive Board are a segment´s OPEX (which is defined as operating expenses less Depreciation and amortization) and a segment´s EBITDA (which is defined as a Total segment revenue, other income and fair value adjustments adjusted with Changes in inventories of agricultural produce and work in process less operating expenses before Depreciation and amortization). OPEX comprises of Raw materials and consumables used for production purposes (Note 20), Other administrative expenses (Note 23) and Employee benefits expense (Note 21).

The management considers two business segments (Ukraine and Russian milk production). The Group uses the equity method to record the accounts of the Milk production segment in Estonia as the profit/loss on the Income Statement is shown under the line Share of loss/profit of investments accounted for using the equity method. Ukraine segment includes cereals production, storage, and trading operations, and newly also the milk production from acquired farms. In Russia, the Group has a Milk production farm in the St Petersburg region, around 250 kilometres South West of St Petersburg. The facilities, which have a capacity of 1,200 cows, were built in 2008.

The Group’s business is seasonal by its nature. The largest increase in fair value of biological assets occurs during the plant growth season from March to September. The harvest starts in the last days of June and usually lasts until the end of October but subject to weather conditions can continue also to November. During the harvest time, the prices for the cereals are usually lowest and the Group may use its storage capacities to keep the crops until the price increases.

The income from milk sales has no significant seasonal nature.

2019, in EUR thousand	**Ukraine**	**Milk production**	**Total**
Revenue from external customers	32 766	2 857	35 623
Total segment revenue	**32 766**	**2 857**	**35 623**
Subsidies	20	41	61
Other income	347	2	349
Gain/loss of biological assets arising from changes in fair value less cost to sell	2 706	30	2 737
Total revenue, other income and fair value adjustments	**35 843**	**2 930**	**38 770**
Net changes in inventories of agricultural produce and work in process	-2 875	569	-2 306
Cost of purchased goods	-120	-	-120
OPEX	-24 339	-3 485	-27 824
Revaluation of land	-	78	78
Other (losses)/gains - net	1 385	2	1 387
EBITDA	**9 894**	**94**	**9 985**
Depreciation and amortization			-4 066
Finance income/costs and gains/losses from exchange rate differences			-3 180
Share of profit of investments accounted for using the equity method		-61	-61
Profit before income tax			**2 677**

2018[1], in EUR thousand	**Ukraine**	**Milk production**	**Total**
Revenue from external customers	22 347	2 940	25 287
Total segment revenue	**22 347**	**2 940**	**25 287**
Subsidies	-	194	194
Other income	76	1	77
Gain/loss of biological assets arising from changes in fair value less cost to sell (recalculated)	665	148	813
Total revenue, other income and fair value adjustments	**23 088**	**3 283**	**26 371**
Net changes in inventories of agricultural produce and work in process	2 381	1 102	3 483
Cost of purchased goods	-575	-	-575
OPEX	-22 214	-4 046	-26 260
Other (losses)/gains - net	-7 983	-2 640	-10 623
EBITDA	**-5 303**	**-2 301**	**-7 604**
Depreciation and amortization			-1 662
Finance income/costs and gains/losses from exchange rate differences			-1 100
Share of loss of investments accounted for using the equity method		832	832
Profit before income tax			**-9 534**

[1] The Group has changed its assumption regarding fair value measurement of biological assets of winter wheat and winter rapeseed for next year harvest. Comparative information was recalculated respectively. Please see Note 2.1 for more details

28. CONTINGENCIES

TAXES

UKRAINE:

Tax legislation. Ukrainian tax, currency, and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. The tax authorities in Ukraine may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties, and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

The tax consequence of transactions for Ukrainian taxation purposes is frequently determined by the form in which transactions are documented and the underlying accounting treatment prescribed by Ukrainian GAAP.

RUSSIA:

Tax legislation. Russian tax legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This includes them following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties, and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

Russian transfer pricing legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, the list of which is established by the Russian Tax Code.

Controllable transactions include transactions with interdependent parties, all cross-border transactions (irrespective whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. The arbitration court practice has not yet taken shape.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Given the brief nature of the current Russian transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

ESTONIA:

The tax authorities may at any time inspect the books and records within three to five years subsequent to the reported tax year and may impose additional tax assessments and penalties on Estonian subsidiaries of the Group. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect

29. COMMITMENTS

Within the framework of the share purchase agreement (SPA) for the acquisition of 100% of shares of Resilient a.s. (Shares) a pledge over the Shares was established by the Company in favour of Mabon investiční fond s proměnným kapitálem a.s. (Mabon). Mabon is controlled by Mr. Petr Krogman, who is also the Chairman of the Agromino's Board of Directors.

The pledge shall secure potential future liabilities of the Company towards Mabon which may arise mainly in case of substantial breach of limited warranties by Agromino under the SPA. No liabilities towards Mabon under the framework of the SPA exist on the date of this report. The Company assesses the risk of origination of substantial liabilities under the framework of the SPA as very low. Consequently, the Company assesses the risk of pledge realization as very low.

During the process of the SPA negotiation applicable disqualification rules were respected by the Company.

30. INTEREST IN ASSOCIATE

The Group's interest in Trigon Dairy Farming Estonia is carried using the equity method. In 2019, Group's share in the loss of the associate stood at EUR 61 thousand (2018: Group´s share in the profit totaled EUR 832 thousand).

Summarised balance sheet	**As at 31 December**	
in EUR thousand	**2019**	**2018**
Current		
Assets	12 802	10 790
Liabilities	-3 150	-4 035
Total current net assets	**9 652**	**6 755**
Non-current		
Assets	39 199	41 802
Liabilities	-16 293	-15 829
Total non-current net assets	**22 906**	**25 973**
Net assets	**32 558**	**32 728**

Summarised income statement	**For the period ended 31 December**	
in EUR thousand	**2019**	**2018**
Revenue	15 301	15 411
Profit/(loss) before income tax	-155	2 045
Income tax expense/income	-	-
Post-tax profit/loss	-155	2 045
Other comprehensive income/expense	-	-
Total comprehensive income/expense	**-155**	**2 045**
Total comprehensive income allocated to non-controlling interests	-	-

Reconciliation to carrying amounts: **As at December 31** **in EUR thousand**	**2019**	**2018**
Opening net assets	32 728	30 665
Sales of intra-company PPE	-	18
Profit/(loss) for the period	-155	2 045
Other comprehensive income/expense	-	-
New capital invested	-	**-**
Closing net assets	**32 558**	**32 728**
Group's share in %	39.24%	39.24%
Group's share in EUR thousand	12 776	12 842
Adjustment to equity value	-3 593	-3 598
Carrying amount	**9 183**	**9 244**

31. GROUP STRUCTURE

The Group's parent company Agromino A/S registered in Denmark. The parent company operates also its branch in Estonia (Agromino A/S Eesti filial).

The transfer of funds from subsidiaries to Agromino A/S is not restricted. However, the transfer of funds from Ukraine and Russia to sub-holdings may be subject to restrictions regarding foreign currency transactions due to the particular limitations in local legislation.

As of December 31, 2019, and 2018, the Group included the following companies:

	Country of registration	Segment	Ownership percentage in 2019	Ownership percentage in 2018	Legal Status in the Group
Agromino A/S	Denmark	-	100%	100%	Parent company
LLC Trigon Security	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon Farming Kharkiv	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon Agro 2	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Agro Capital Center	Ukraine	Ukraine	100%	100%	Subsidiary
OJSC Krasnokutskagrohim	Ukraine	Ukraine	65.31%	65.31%	Subsidiary
LLC Kirovograd agroinvestment company	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Objedinjonnye Agrarnye Sistemy	Ukraine	Ukraine	-	100%	Subsidiary
PAC Molniya-1	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon Farming	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon-Export	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Trigon-Elevator	Ukraine	Ukraine	100%	100%	Subsidiary
LLC Kovyaqovskoye	Ukraine	Ukraine	100%	100%	Subsidiary
CJSC Vovchanskiy Combinat Khliboproduktiv	Ukraine	Ukraine	100%	100%	Subsidiary
OJSC Yavkinskiy elevator	Ukraine	Ukraine	92.5945%	92.33%	Subsidiary
LLC Resilient	Ukraine	Ukraine	99.99%	-	Subsidiary
LLC Resilient Agro	Ukraine	Ukraine	100%	-	Subsidiary
Private Rental Agricultural Enterprise Sydory	Ukraine	Ukraine	100%	-	Subsidiary
LLC Oliynykova Sloboda,	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Gorodolovichi	Ukraine	Ukraine	100%	-	Subsidiary
LLC Gorodolovichi	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Pryvitiv	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Stara Synyava	Ukraine	Ukraine	100%	-	Subsidiary
Private enterprise, Trans Agro	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Matyushi	Ukraine	Ukraine	100%	-	Subsidiary
LLC Saturn Agrokom	Ukraine	Ukraine	100%	-	Subsidiary
LLC Agrocompany Bilotserkivska	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Bilotserkivska	Ukraine	Ukraine	100%	-	Subsidiary
LLC Pryvitivske	Ukraine	Ukraine	100%	-	Subsidiary
LLC Agrocompany Matyushi	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Oliynykova Sloboda	Ukraine	Ukraine	100%	-	Subsidiary
LLC Resilient Sydory	Ukraine	Ukraine	100%	-	Subsidiary
LLC Trigon Moloko	Russia	Milk production	100%	100%	Subsidiary
LLC Dobruchi-2	Russia	Milk production	100%	100%	Subsidiary
Resilient a.s.	Czech Republic	-	100%	-	Subsidiary
Rimela International s.r.o.	Czech Republic	-	100%	-	Subsidiary
TC Farming Ukraine Ltd.	Cyprus	-	100%	100%	Subsidiary
TC Farming Russian Ltd.	Cyprus	-	100%	-	Subsidiary
Trigon Dairy Farming Ltd.	Estonia	Milk production	100%	100%	Subsidiary
Trigon Farming Ltd.	Estonia	-	100%	100%	Subsidiary
Trigon Dairy Farming Estonia Ltd. (Note 30)	Estonia	Interest in associates	39.24%	39.24%	Associate

32. RELATED PARTY TRANSACTIONS

The Group's owners are legal and physical persons.

Associate Ltd Trigon Dairy Farming Estonia (a holding company for milk production operations in Estonia where the Group has a 39.24% stake) is considered a related party.

Other related parties comprise of companies which are controlled by the Group´s management personnel or the members of the Board of Directors.

During the reporting period the Group had the following balances outstanding and operations with related parties:

in EUR thousand **Sales and purchases**	**2019**	**2018**
Purchase of goods and services from related parties (Companies under control of Members of Board of Directors)	-455	-130

The following table sets forth the aggregate gross amounts of salaries and other remuneration by the Group to the members of its Board of Directors and Executive Board in 2019 and in 2018.

in EUR thousand	**Salary (incl social security costs)**	**Total**
2019		
Members of Board of Directors	69	69
Members of the Executive Board	210	210
	279	**279**
2018		
Members of Board of Directors	58	58
Members of the Executive Board	193	193
	251	**251**

The payments from the company to the Executive Board members in 2019 amounted to EUR 210 thousand (in 2018 EUR 193 thousand). As of December 31, 2019, the Group had liability to Board of Directors members in the amount of EUR 11 thousand (EUR 17 thousand as of December 31, 2018).

Balances from sales/purchases of goods/services	**31.12.2019**	**31.12.2018**
Payable to related parties (Companies under control of Members of Board of Directors) (Note 13)	-	22
Receivables from related parties (Companies under control of Members of Board of Directors)	-	16

Loans from related parties (Companies under control of Members of Board of Directors)

in EUR thousand	**2019**	**2018**
Beginning of the year	-	-
Loans advanced	2 000	-
Loans related to new acquisition	12 059	
Loan repayments made	-	-
Interest charged	55	-
Interest paid	-	-
End of the period (Note 13)	**14 114**	**-**

Purchase of goods and services with Resilient a.s. for period January 1, 2019 till October 16, 2019 was included in related party transaction.

Since October 17, 2019 Resilient a.s. became Group company.

Loans related to new acquisition in amount EUR 12 059 thousand have maturity within years 2024-2029. Interest rate is 4%-5% per loan contracts. Loans related to new acquisition were measured at their fair value by discounting them at the effective rate 6.71%. Loans to related parties are unsecured.

33. FEES TO THE AUDITORS APPOINTED BY THE SHAREHOLDERS

In 2019 expenses to auditors were:

in EUR thousand	**2019**	**2018**
Audit	96	92
Audit accrual reversal	-	-34
Other assurance engagements	7	-
Tax advice and consultations	-	4
Other services	17	0
	120	**62**

Beierholm and Baker Tilly were not elected as the statutory auditor, and thus did not audit the annual report for the following companies:

- LLC Dobruchi-2
- Trigon Farming AS

34. SUBSIDIARY ACQUISITION

On October, 17 Agromino A/S completed the acquisition of 100 per cent of the shares of Resilient a.s. from Mabon investiční fond s proměnným základním kapitálem a.s.

The consideration consisted of 7,473,810 newly issued ordinary shares in Agromino, subscribed for by Mabon investiční fond s proměnným základním kapitálem a.s at a subscription price of SEK 18.6 per share, based on an acquisition value of EUR 12,935,040.

Mabon subscribed for 7,473,810 newly issued shares at a subscription price of SEK 18.6 per share and upon the issuance of new shares Mabon controlled approximately 74.3 per cent of the outstanding shares and votes in Agromino. Total number of shares and votes in the Company increased from 17,421,313 to 24,895,123.

Resilient a.s. owns a total of eighteen wholly-owned subsidiaries out of which one is incorporated in the Czech Republic and seventeen are incorporated in Ukraine and engaged in the agricultural sector producing grains, oilseeds, pulses, and milk on its farms in black-earth regions of western Ukraine. Acquisition of Resilient a.s. is expected to help the Agromino Group to increase its landbank, cattle quantity and will supplement its current business model and strategy. Additionally, it will improve its regional diversification within Ukraine and will partially mitigate the risks related to weather conditions as well as the geopolitical risks. It will also allow exchange/rotate the best managers and experts between both companies to improve the Agromino group and may lead to economies of scale.

in EUR thousand

Net assets of acquired Company	Book value	Fair value adjustment	Fair value
Cash and bank accounts	217	-	217
Receivables and prepayments	2 128	-	2 128
Inventory*	4 415	360	4 775
Biological assets	904	1 466	2 370
TOTAL CURRENT ASSETS	**7 664**	**1 826**	**9 490**
Prepayments for land rent	7	-	7
Fixed assets	8 769	-1 097	7 672
Intangible assets	524	330	854
Land right of use assets	-	10 799	10 799
Biological assets	1 304	-414	890
TOTAL NON-CURRENT ASSETS	**10 604**	**9 618**	**20 222**
TOTAL ASSETS	**18 269**	**11 443**	**29 713**
Current loan liabilities	3 803	-	3 803
Trade and other payables	1 023	-	1 023
Total current liabilities	**4 826**		**4 826**
Non-current payables to related party	**15 264**	**-3 312**	**11 952**
TOTAL LIABILITIES	**20 090**	**-3 312**	**16 778**
NET ASSETS	**-1 821**	**14 755**	**12 935**

* including own-produced inventory in amount EUR 4 002 thousand

Receivables and prepayments included the following groups: trade receivables in amount EUR 477 thousand, prepayments to suppliers in amount EUR 501 thousands, prepayments of taxes in amount EUR 714 thousand and Other receivables in amount EUR 435 thousand.

Grain for sale was revalued using market prices in order to measure inventories at fair value.

As at the date of acquisition, Current biological assets included winter crops (2 799 hectares) seeded for the next harvest and crops of 2019 harvest that remained unharvested (1 192 hectares). Crops in the field as of the acquisition date were determined by valuing the net cash flows expected to be generated from the assets discounted at average cost of short-term financing (18.35%).

The significant unobservable inputs used in the fair value measurement of winter crops as of the date of acquisition were as follows:

Yields of crops (7,14 tons per hectare for winter wheat and 3,45 tons per hectare for winter rapeseed)

Prices of crops (UAH 4 241 per ton for winter wheat and UAH 10 001 per ton for winter rapeseed).

Inputs used in the fair value measurement of crops of 2019 unharvested as of the date of acquisition were as follows:

Yields of crops (9,03 tons per hectare for corn and 2,32 tons per hectare for soya)

Prices of crops (UAH 3 313 per ton for corn and UAH 7 536 per ton for soya).

Revaluation of fixed assets was performed by independent valuator "Proconsul" LLC using market approach. Fair value of property, plant and equipment acquired per groups is presented in Note 11, including 686 hectares of land in ownership.

Intangible assets were mainly presented by land-usage rights under emphyteusis agreements. As of the date of acquisition there 350 hectares of land under emphyteusis agreements.

The Group has recognised land usage rights in business combinations to get access to land under rental agreements (7 429 hectares) related to the acquisition of Resilient for amount EUR 10 799 thousand as of the date of acquisition.

Land right-of-use assets and land lease liability were recognized under IFRS 16 in same amount EUR 3 676 thousand as of the date of acquisition (Note 22). Since total effect from this recognizing was nil on net assets as of the date of acquisition, land right-of-use assets and related land lease liability were not disclosed in table above.

Non-current biological assets include dairy herd, both mature and immature. Animal husbandry was measured at fair value less cost to sell, using the market prices of livestock of similar age, breed and genetic.

Non-current payables to related party includes loans with interest rate 4%-5% per loan contracts and maturity within years 2024-2029. Loans payable to related party were measured at their fair value by discounting them at the effective rate 6.71%. Loans to related parties are unsecured.

Revenue of Resilient for the period since the date of acquisition to December 31, 2019 was included in Consolidated income statement in amount EUR 1 861 thousand. Net loss of Resilient for the period since the date of acquisition to December 31, 2019 was included in Consolidated income statement in amount EUR 2 055 thousand.

Disclosure of profit or loss of Resilient for the year ended December 31, 2019 as if the acquisition occurred as of the beginning of the year 2019 is impracticable, because effect of fair value adjustments that could be as of the beginning of the year 2019 and could effect net profit or loss of acquired Group is not possible to estimate.

35. EVENTS AFTER THE BALANCE SHEET DATE

On 3 February Agromino A/S (the "Company") informed that on said date the claim towards supplier of fertilizer ammonium nitrate over the return of prepayment (approx. EUR 1.4 million) for undelivered ammonium nitrate fertilizer has been successfully resolved. After lengthy court disputes the Company eventually succeeded to recover the full amount of prepayment incl. accrued penalties for breach of contractual obligations. The Company announced that intends to raise further claims for interest and inflation charges which were not part of the initial claim. Due to the overall time since the delay with prepayment return occurred, the amount of such further claim is approx. EUR 0.4 million.

Information about Coronavirus

On 31 December 2019, the World Health Organisation was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. Since 31 December 2019, the development and spread of COVID-19 has resulted in the occurrence of a multitude of associated events. The beginning of 2020 was characterized by the spread of a pandemic generated by COVID-19 Coronavirus. The first coronavirus case was identified in Ukraine on March 3.

To stop the COVID-19 virus from spreading in Ukraine, in March 2020 the Government of Ukraine introduced temporary restrictions at the state border, provided cancellation of regular transport and introduced other restrictions for the period of a national-wide quarantine till April 3, 2020. On March 25, 2020 Government of Ukraine made a decision to extend a national-wide quarantine till April 24, 2020. Depending on further developments with the pandemic, the restrictive measure may be lifted or extended.

It cannot be excluded that, an economic slowdown could emerge with potential impacts, not yet quantifiable, also on the Company's profitability, mainly with reference to the operating income and the cost of risk.

Following the COVID-19 outbreak, Company is continuing to monitor the situation carefully and taking precautions in line with the recommendations of the World Health Organization and local authorities.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

in EUR thousand	**Note**	**31.12.2019**	**31.12.2018**
ASSETS			
Current assets			
Cash and cash equivalents	5	120	109
Trade and other receivables	7	6 374	13 802
		6 494	**13 911**
Non-current assets			
Investments in subsidiaries	6	63 407	40 876
Trade and other receivables	7	-	-
Tangible assets		-	-
		63 407	**40 876**
Total assets		**69 901**	**54 787**
LIABILITIES			
Current liabilities			
Trade and other payables	8	4 314	3 267
Borrowings	9	2 863	782
		7 177	**4 049**
Total liabilities		**7 177**	**4 049**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	10	24 895	17 421
Share premium	10	125 612	120 151
Accumulated deficit		-87 783	-86 834
Total equity		**62 724**	**50 738**
Total equity and liabilities		**69 901**	**54 787**

The notes on pages 78 to 85 are an integral part of the parent company financial statements.

STATEMENT OF THE COMPREHENSIVE INCOME OF THE PARENT COMPANY

in EUR thousand	**Note**	**2019**	**2018**
Revenues	11	1 353	6 355
Other income		52	319
Cost of purchased goods for trading purposes	12	-1 331	-5 753
Employee benefits expense	13	-182	-370
Other expenses		-623	-1 284
Impairment losses	15	-	-
Gains/losses from exchange rate differences		20	-19
Interest income	14	241	231
Interest expense	14	-478	-31
Net loss before income tax		**-948**	**-552**
Corporate income tax		-	-
Net loss for the period		**-948**	**-552**
Other comprehensive income		-	-
Total comprehensive loss for the period		**-948**	**-552**

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

in EUR thousand	**Share capital**	**Share premium***	**Accumulated deficit**	**Total**
Balance at 31.12.2016	**17 284**	**120 014**	**-68 204**	**69 094**
Issuance of share capital	137	138	-	275
Total comprehensive loss for the period	-	-	-18 079	-18 079
Balance at 31.12.2017	**17 421**	**120 151**	**-86 283**	**51 290**
Transactions with entities under common control	-	-	-	-
Total comprehensive income for the period	-	-	-552	-552
Balance at 31.12.2018	**17 421**	**120 151**	**-86 835**	**50 738**
Issuance of share capital	7 474	5 461		12 935
Total comprehensive loss for the period			-948	-948
Balance at 31.12.2019	**24 895**	**125 612**	**-87 783**	**62 724**

* Share premium can be distributed as dividend.

The notes on pages 78 to 85 are an integral part of the parent company financial statements.

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

In EUR thousand	Note	2019	2018
Cash flows from operating activities			
Cash receipts from customers	11	1 270	5 930
Cash paid to suppliers and employees	12,13,16	-2 045	-7 881
Income tax paid		-	-2
Interest received		-	123
Net cash used in/generated from operating activities		**-775**	**-1 830**
Cash flows from investing activities			
Contribution to share capital of subsidiary	16	-	171
Loans issued to subsidiaries	16	-2 803	-643
Proceeds from loan repayments from subsidiaries	16	1 594	1 761
Proceeds from interest repayments from subsidiaries	16	-	212
Purchase of tangible assets		-	-1
Net cash used in/generated from investing activities		**-1 209**	**1 504**
Cash flows from financing activities			
Loans received from related parties	16	2 000	-
Loans repaid to subsidiaries	16	-5	-3
Loans repaid to related parties	16	-	-
Net cash generated from or used in financing activities		**1 995**	**-3**
Net increase in cash and cash equivalents		11	-329
Effects of exchange rate changes on cash and cash equivalents		1	-45
Cash and cash equivalents at beginning of period	5	109	483
Cash and cash equivalents at end of period	5	**121**	**109**

The notes on pages 78 to 85 are an integral part of the parent company financial statements.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. GENERAL INFORMATION

The Company was established on December 11, 2006. Agromino A/S ("the Company") is the parent company of the Agromino Group. The Company is a limited liability company incorporated and domiciled in Denmark. Agromino A/S registered and duly certified address is c/o Advokatfirmaet Poul Schmith, Vester Farimagsgade 23, 1606 Copenhagen, Denmark.

The Parent Company has in 2011 established a branch "Agromino Eesti Filiaal" in Estonia.

The Company prepares its separate financial statements in accordance with IFRS and further requirements in the Danish Financial Statements Act.

The principal accounting policies applied in the preparation of these financial statements are set out below.

2. ACCOUNTING PRINCIPLES

Basis of preparation of the financial statements of the parent company

The financial statements of Agromino A/S have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU (IFRS) and further requirements in the Danish Financial Statements Act. The parent company has applied the same accounting policies as the Group, except for the investments in subsidiaries as described below. See Note 2 to the Consolidated Financial Statements, for the summary of significant accounting policies of the Group.

Long-term investments in subsidiaries and associate companies

In the separate financial statements of the parent company, the investments in subsidiaries are recognised and measured at cost. Equity interests in foreign currencies are translated to the reporting currency using the historical exchange rate prevailing at the time of the transaction. Where cost exceeds the recoverable amount, the carrying value is written down to the recoverable amount. Dividends from investments in subsidiaries, joint ventures, and associates are recognized as income in the financial year when the dividends are distributed.

3. CRITICAL ACCOUNTING ESTIMATES

An impairment test was performed at investments in subsidiaries as at December 31, 2019, and 2018.

The test demonstrated that the Ukraine segment assets carrying amount is higher than the recoverable value of the investment as at December 31, 2019. Based on the test performed there has been no impairment recognition in 2019. The test performed at 31, December 2018 also demonstrated that the Ukraine segment assets carrying amount is higher than the recoverable value of the investment.

The parent company has in the model used its target yields and prices for cereals and milk based on forecasts. The parent company has applied 5.0% long-term growth rate that has been aggregated from the long-term growth perspective in the respective country and estimation of the growth in food prices in relation to other inputs for both Ukrainian and Russian milk production segments. The discount rates applied in Ukraine 18,21 % (21.5% in 2018). If budgeted EBITDA had been 10% lower or discount rate had been 1% higher, no impairment loss would be identified. In Russian milk production, no discounts were applied in 2019.

4. FINANCIAL RISK MANAGEMENT

Financial risk management principles of Agromino A/S correspond to the principles used for the whole Group. For further information on the financial risk management principles used please refer to the consolidated financial statements Note 3. For details concerning the parent company please refer to the other Notes of the financial statements of the parent company.

The Company is exposed to foreign exchange risk arising primarily from exposures to the US dollar. Refer to Notes 7,8,9 for the amounts of assets and liabilities nominated in the US dollar.

As at December 31, 2019, if the US dollar rate against euro had been 10% higher with all other variables held constant, profit for the year would have been EUR 288 thousand lower (2018: EUR loss 151 thousand). If the US dollar rate against euro had been 10% lower with all other variables held constant, profit for the year would have been higher by the same amount.

5. CASH AND CASH EQUIVALENTS OF THE PARENT COMPANY

in EUR thousand	**2019**	**2018**
Cash at bank and on hand	120	109
	120	**109**

As at December 31, 2019 (and December 31, 2018) there was no cash on bank deposits. The credit rating (Moody`s) of the banks where the cash was held was Aa2.

6. LONG TERM INVESTMENTS IN SHARES OF SUBSIDIARIES

Breakdown of investments in subsidiaries by companies is given in the table below:

in EUR thousand	**2019**	**2018**
TC Farming Ukraine Ltd.	23 801	23 801
Ltd Trigon Dairy Farming	14 345	14 345
Llc Trigon Security	28	28
Trigon Farming Ltd.	2 187	2 187
LLC Trigon Moloko	515	515
LLC Kovyaqovskoye	254	-
RESILIENT A.S.	12 935	-
LLC Trigon Farming Kharkiv	7 325	-
CJSC Vovchanskiy Combinat Khliboproduktiv	450	-
PAC Molniya-1	1 560	-
LLC Trigon-Export	-	-
LLC Trigon Farming	-	-
LLC Trigon-Elevator	-	-
LLC Agro Capital Center	-	-
LLC Trigon Agro 2	7	-
	63 407	**40 876**

As a result of restructuring the Company has purchased from subsidiary Ukranian group companies for EUR 9,595 thousand. Liability was partially set-off against receivable in amount of EUR 8,595 thousand.

During 2019 The Company acquired 100% shares in Resilient A.S. for a consideration of 7,473,810 newly issued shares in Agromino, equivalent to a value of EUR 12,935 thousand.

During 2018 there were no changes in Company's subsidiaries.

As of December 31, 2019, the parent company owned or controlled directly the following companies:

				2019
	Country of registration	**Segment**	**Ownership persentage**	**Legal Status in the Group**
LLC Trigon Security	Ukraine	-	100%	Subsidiary
LLC Kovyaqovskoye	Ukraine	Ukraine	100%	Subsidiary
LLC Trigon Farming Kharkiv	Ukraine	Ukraine	99,85%	Subsidiary
CJSC Vovchanskiy Combinat Khliboproduktiv	Ukraine	Ukraine	100%	Subsidiary
PAC Molniya-1	Ukraine	Ukraine	100%	Subsidiary
LLC Trigon-Export	Ukraine	Ukraine	100%	Subsidiary
LLC Trigon Farming	Ukraine	Ukraine	100%	Subsidiary
LLC Trigon-Elevator	Ukraine	Ukraine	100%	Subsidiary
LLC Agro Capital Center	Ukraine	Ukraine	100%	Subsidiary
LLC Trigon Agro 2	Ukraine	Ukraine	8,78%	Minority interest
LLC Trigon Moloko	Russia	Milk production	99%	Subsidiary
Resilient a.s.	Czech Republic	-	100%	Subsidiary
Ltd Trigon Dairy Farming	Estonia	Milk production	69%	Subsidiary
Trigon Farming Ltd.	Estonia	-	100%	Subsidiary
TC Farming Ukraine Ltd.	Cyprus	-	100%	Subsidiary
TC Farming Russia Ltd.	Cyprus	-	100%	Subsidiary

As of December 31, 2018, the parent company owned directly the following companies:

	Country of registration	**Segment**	**Ownership percentage**	**Legal Status in the Group**
TC Farming Ukraine Ltd.	Cyprus	-	100%	Subsidiary
Ltd Trigon Dairy Farming	Estonia	Milk production	69%	Subsidiary
Llc Trigon Security	Ukraine	-	100%	Subsidiary
Trigon Farming Ltd.	Estonia	-	100%	Subsidiary
LLC Trigon Moloko	Russia	Milk production	99%	Subsidiary

7. TRADE AND OTHER RECEIVABLES

in EUR thousand	**2019**	**2018**
Current receivables:		
Receivables from subsidiaries (Note 16)	2 523	8 551
Short-term loans given to subsidiaries (Note 16)	3 173	5 208
Other receivables	650	4
Total current receivables	**6 346**	**13 763**
Current prepayments:		
Prepayments	-	-
Prepayments for indirect taxes	28	39
	28	**39**
Total current receivables and prepayments	**6 374**	**13 802**
Total receivables and prepayments	**6 374**	**13 802**

Breakdown of the receivables from subsidiaries and group companies by companies is given below:

in EUR thousand	31.12.2019	31.12.2018
TC Farming Ukraine Ltd.	1 242	11 038
Trigon Dairy Farming Ltd.	1 015	993
LLC Trigon Farming Kharkiv	2 867	1 529
LLC Dobruchi	560	199
TC Farming Russia Ltd	12	-
Total receivables	**5 696**	**13 759**

During 2019 the Company has set-off loan receivable in amount of EUR 3,090 thousand (including EUR 859 thousand interest).

The Company also has waived receivable from subsidiary in amount of EUR 400 thousand.

Assigned receivable from subsidiary amounted to EUR 653 thousand.

During 2018 no receivables or loans from the group companies were impaired.

Trade and other receivables are not due as at December 31, 2019, and December 31, 2018.

The effective interest rates on non-current receivables were as follows:

	2019	2018
Loans to related parties	4.25-11.0%	4.25-11.0%

The carrying amounts of the trade and other receivables were denominated in the following currencies:

in EUR thousand	31.12.2019	31.12.2018
US dollar	2 867	321
Russian ruble	-	-
Euro	3 507	13 481
	6 374	**13 802**

8. TRADE AND OTHER PAYABLES

in EUR thousand	31.12.2019	31.12.2018
Trade payables	3	110
Trade payables to related parties (Note 16)	3 163	223
Social security and other taxes	1	-
Accrued expenses	127	116
Amounts due to related parties (Note 16)	1 020	2 818
	4 314	**3 267**
Less: non-current portion	-	-
	4 314	**3 267**

The carrying amounts of the trade and other payables were denominated in the following currencies:

in EUR thousand	31.12.2019	31.12.2018
US dollar	270	83
Euro	4 044	3 185
	4 314	**3 268**

9. BORROWINGS

in EUR thousand	31.12.2019	31.12.2018
Current		
Borrowings from subsidiaries (Note 16)	808	782
Borrowings from Related parties (Note 16)	2 055	-
Total borrowings	**2 863**	**782**

in EUR thousand	31.12.2019	31.12.2018
Euro	2 863	782
	2 863	**782**

10. SHARE CAPITAL OF THE PARENT COMPANY

in EUR thousand	Number of shares	Ordinary shares	Share capital	Share premium	Total
Balance at 31.12.2017	**17 421 313**	**17 421 313**	**17 421**	**120 151**	**137 572**
Including treasury shares	42	42	-	-	-
Balance at 31.12.2018	**17 421 313**	**17 421 313**	**17 421**	**120 151**	**137 572**
Including treasury shares	42	42	-	-	-
Share capital increase	7 473 810	7 473 810	7 474	5 461	12 935
Balance at 31.12.2019	**24 895 123**	**24 895 123**	**24 895**	**125 612**	**150 507**
Including treasury shares	**42**	**42**	-	-	-

During 2019 the Company issued 7,473,810 new ordinary shares. subscribed for by Mabon at a subscription price of SEK 18.6 per share, based on an acquisition value of 100% of Resilient A.S. EUR 12,935,040. As at December 31, 2019, the total number of issued shares was 24,895,123 including 42 treasury shares with a par value of 1 EUR per share.

As at December 31, 2018, the total number of issued shares was 17,421,313 including 42 treasury shares with a par value of 1 EUR per share. All shares have been fully paid. The shares of Agromino A/S are listed on the main market of Small Cap segment on NASDAQ Stockholm.

11. REVENUE

in EUR thousand	2019	2018
Sales of cereals	1 344	6 182
Sales of services	9	173
TOTAL revenue	**1 353**	**6 355**

Revenues of 83 EUR (2018: zero EUR thousand) are derived from the external customer A, revenues of 12 EUR (2018: EUR 2,474 thousand) are derived from the external customer B, revenues of EUR 146 thousand (2018: EUR 718 thousand) are derived from the external customer C and revenues of EUR 1,103 thousand (2018: EUR zero thousand) are derived from the external customer D. These revenues are attributable to Sales of cereals. Sale of services includes revenue from related parties in amount EUR 9 thousand (2018: EUR 175 thousand) (Note 16).

12. COST OF PURCHASED GOODS FOR TRADING PURPOSES

in EUR thousand	2019	2018
Cost of goods sold (Note 16)	-1 331	-5 753
Total cost of goods sold	**-1 331**	**-5 753**

13. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense in the amount of EUR 182 thousand (EUR 370 thousand in 2018) includes salary expenses in the amount of EUR 170 thousand (EUR 308 thousand in 2018) and social tax expenses in the amount of EUR 12 thousand (EUR 62 thousand in 2018).

The average number of employees in 2019 was 2 (6 in 2018).

in EUR thousand	2019	2018
Fees of Members of Board of Directors and Executive Board (Note 16)	169	186
Social security costs related to fees of Members of Board of Directors and Executive Board (Note 16)	12	-
	181	**186**
Wages and salaries	1	122
Social security costs	-	62
	1	**184**
	182	**370**

14. FINANCE INCOME AND FINANCE COST

in EUR thousand	2019	2018
Interest income from related parties (Note 16)	241	231
TOTAL interest income	**241**	**231**
Interest expense from related parties (Note 16)	-47	-31
Other interests	-431	**-**
TOTAL interest expense	**-478**	**-31**

15. IMPAIRMENT LOSSES

in EUR thousand	2019	2018
Impairment of investments (Note 6)	-	-
	-	-

16. RELATED PARTY TRANSACTIONS

in EUR thousand		
Sales and purchases	**2019**	**2018**
Sale of services to group companies (Note 11)	9	2
Including re-charged expenses	-	2
Cost of purchased goods for trading purposes from subsidiaries (Note 12)	1 331	5 399
Shares purchase from subsidiaries (Note 6)	9 595	-
Interest income from subsidiaries (Note 14)	241	231
Interest expense from subsidiaries (Note 14)	-431	-31
Cash flow transactions		
Cash paid to subsidiaries	-3	-285
Loans issued to subsidiaries	-2 803	-643
Proceeds from loan repayments from subsidiaries	1 588	1 761
Proceeds from interest repayments from subsidiaries	-	212
Loans received from related parties	2 000	-
Repayments of loans from subsidiaries	-5	-3

The following table sets forth the aggregate gross amounts of salaries and other remuneration to the Board of Directors and Executive Board in 2019 and 2018.

in EUR thousand	Salary (incl social security costs)	Total
2019		
Members of Board of Directors	69	69
Members of the Executive Board	110	110
	179	**179**
2018		
Members of Board of Directors	58	58
Members of the Executive Board	128	128
	186	**186**

Balances from subsidiaries and other group companies

in EUR thousand	31.12.2019	31.12.2018
Receivables (Note 7)	2 523	8 551
Loan receivables (Note 7)	3 173	5 208
Payables (Note 8)	4 183	3 041
Borrowings (Note 9)	808	782

Balances from other related parties	31.12.2019	31.12.2018
Payable to related parties (Note 8)	2 056	10

17. FEES TO THE AUDITORS OF THE PARENT COMPANY

in EUR thousand	2019	2018
Audit	89	87
Audit accrual reversal	-	-34
Other assurance engagements	7	4
Other services	17	-
	113	**57**

18. COMMITMENTS

Surety agreement #253 CL/S2 was concluded between the Company and JSC "CREDIT AGRICOLE BANK" on 12 February 2019. Under surety agreement the Company shall be liable to the Bank in case of breach of the Debt obligations by its subsidiaries under Agreement on rendering of banking services #253 CL dated 07 December 2012 with general loan limit USD 4 100 thousand.

Surety agreement # SR 19-652/28-2 was concluded between the Company and OTP Bank on 13 December 2019, under the agreement the Company shall be liable to the Bank in case of breach of the Debt obligations by its subsidiaries with general loan limit UAH 200 000 thousand.

Surety agreement # SR 20-001/28-2 was concluded between the Company and OTP Bank on 14 January 2020, under the agreement the Company shall be liable to the Bank in case of breach of the Debt obligations by its subsidiaries with general loan limit UAH 80 000 thousand.

Within the framework of the share purchase agreement (SPA) for the acquisition of 100% of shares of Resilient a.s. (Shares) a pledge over the Shares was established by the Company in favour of Mabon investiční fond s proměnným kapitálem a.s. (Mabon). Mabon is controlled by Mr. Petr Krogman, who is also the Chairman of the Agromino's Board of Directors.

The pledge shall secure potential future liabilities of the Company towards Mabon which may arise mainly in case of substantial breach of limited warranties by Agromino under the SPA. No liabilities towards Mabon under the framework of the SPA exist on the date of this report. The Company assesses the risk of origination of substantial liabilities under the framework of the SPA as very low. Consequently, the Company assesses the risk of pledge realization as very low.

During the process of the SPA negotiation applicable disqualification rules were respected by the Company.

MANAGEMENT´S STATEMENT

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Agromino A/S for the financial year 1 January – 31 December 2019.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Moreover, the Annual Report is prepared in accordance with further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Group and the Company and of the results of the Group and Company operations and cash flows for the financial year 1 January – 31 December 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

March 30, 2020

Petr Krogman	Jan Urban	Jiri Vyskočil
Chairman of the	Vice-Chairman of the	Member of the
Board of Directors	Board of Directors	Board of Directors

Petr Toman	Rastislav Pagáč
Chief Executive Officer	Executive Board Member

INDEPENDENT AUDITOR´S REPORT

To the shareholders of Agromino A/S

OPINION

We have audited the consolidated financial statements and the financial statements of Agromino A/S for the financial year 1 January 2019 - 31 December 2019, which comprise the income statement, balance sheet, statement of changes in equity and notes to the consolidated financial statements and the financial statements, including a summary of significant accounting policies, for the group and the company as well as the consolidated statement of comprehensive income and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and the financial statements have been prepared in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*).

In our opinion, the consolidated financial statements present fairly, in all material respects, the group's assets, equity and liabilities and financial position as at 31 December 2019 and the group's financial performance and cash flows for the financial year 1 January 2019 - 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Furthermore, in our opinion, the financial statements present fairly, in all material respects, the company's assets, equity and liabilities and financial position as at 31 December 2019 and the company's financial performance for the financial year 1 January 2019 - 31 December 2019 in accordance with the Danish Financial Statements Act.

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

BASIS FOR OPINION

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

According to the best of our knowledge, no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No 537/2014, have been provided.

We were appointed as auditors of Agromino A/S for the first time on 23 July 2018 for the financial year 1 January 2018 - 31 December 2018. We have been reappointed annually at the annual general meeting for a total uninterrupted period of engagement of 2 years up to and including the financial year 1 January 2019 - 31 December 2019.

EMPHASIS OF MATTER

Without modifying our opinion, we draw attention to note 4 to the financial statements, which describes the uncertainty associated with the outcome of an internal investigation that has been initiated based on indications that certain assets may have been divested on terms not viable from a commercial point of view, resulting in the company not receiving the full benefit from the transactions. We agree with the management as to the description of the uncertainty.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of non-current assets in Dobruchi dairy cluster

As set out in note 4.1(d) to the financial statements, the group operates a dairy production cluster in Dobruchi, north-western Russia. The management has considered the adverse economic circumstances in Russia to be an impairment indicator and has carried out an impairment test for non-current assets located in Dobruchi cluster.

The impairment test performed on non-current assets located in the Dobruchi cluster demonstrated that their recoverable amount was higher than their carrying amount. Thus no impairment loss was recognised in the income statement by the management.

The impairment test on non-current assets is considered a key audit matter due to its potential magnitude as well as the judgement involved in assessing the recoverability of the assets.

The judgement involved relates predominantly to future cluster performance, which is, among others, dependent on the expected milk yields and milk price levels on the local market. Furthermore determining the weighted average cost of capital (WACC) is judgmental.

We obtained and evaluated the management's impairment model.

Our audit procedures included challenging the management on the reasonableness of the key assumptions underlying the cash flow forecast such as revenue growth through performing the following:

- Assessing the reliability of cash flow forecasts through a review of actual past performance, comparison to previous forecasts and comparison to the management's internal forecasts;
- Performing sensitivity analyses of the models;
- Where possible comparison of assumptions with external data sources and market outlooks.

We assessed the impact of the developments of the Russian economic environment on the revenues and earnings before interest, taxes, depreciations and amortizations (EBITDA), for example through estimating the impact of inflation and foreign currency movements on the cost of goods or services.

The audit of the model included verification that the impairment methodology was consistently applied and that the model was mathematically accurate

STATEMENT REGARDING THE MANAGEMENT'S REVIEW

The management is responsible for the management's review.

Our opinion on the consolidated financial statements and the financial statements does not include the management's review, and we do not express any form of opinion on the management's review.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management's review and in this connection consider whether the management's review is materially inconsistent with the consolidated financial statements or the financial statements or the knowledge we have obtained during our audit, or in any other way appears to be materially misstated.

Furthermore, it is our responsibility to consider whether the management's review contains the information required under the Danish Financial Statements Act.

Based on the work performed, we believe that the management's review is in accordance with the consolidated financial statements and the financial statements and has been prepared in accordance with the provisions of the Danish Financial Statements Act. We have not detected any material misstatement in the management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for the preparation of financial statements that provide a fair presentation in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the financial statements, the management is responsible for assessing the group's and the 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 unless the management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting in its preparation of the consolidated financial statements and 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 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 consolidated financial statements and 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 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.

Aalborg, 30 March 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Bjørn

State Authorized Public Accountant

MNE no. mne28606

DEFINITIONS

Acid test	*(Total current assets – Inventories (inventories including biological assets)-Assets held for sale (including Assets of disposal group classified as held for sale)/Total current liabilities*. The acid test or quick ratio measures a company's ability to use its near cash or quick assets to immediately extinguish or retire its short-term liabilities (liabilities due within the next twelve months).
Current ratio	*Total current assets/Total current liabilities*. The current ratio measures a company's ability to meet short-term obligations (liabilities due within the next twelve months).
Earnings per share	*Net result attributable to the shareholders of the Company/ year-end number of common shares outstanding during the period* (in accordance with IAS 33). Earnings/loss per share for profit attributable to the equity holders of the Company during the year, both basic and diluted.
EBITDA	EBITDA is calculated by adding to the operating profit the annual depreciation of the fixed assets and amortisation of land-related long-term prepayments.
Equity ratio	*Total equity/Total assets.* The equity ratio indicates how much debt a company uses to finance its assets relative to equity.
Net debt	*Total borrowings and the fair value of derivative financial instruments (including Liabilities directly associated with assets classified as held for sale -Cash and cash equivalents.* Net debt is a measure of a company's ability to repay its debts if they were all due today.
Return on assets (ROA)	*Net profit attributable to the owners of the parent company/Average total assets.* Return on assets compares income with total assets measuring management's ability and efficiency in using the firm's assets to generate profits.
Return on equity (ROE)	*Net profit attributable to the owners of the parent company/Average equity excluding minority interest.* Return on equity relates income with the equity capital measuring management´s ability and efficiency in generating a return to the shareholders of the Company
Book value per share	*Total Stockholders' equity/ year-end number of common shares outstanding during the period (in accordance with IAS 33).* The book value per share measures the per share value of a company based on its equity available to shareholders.