GOODVALLEY

Since 1994

Home of Quality

Annual report 2021

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Snapshots from 2021

Despite challenging market situations, we continued to build our food brand and expanded our production capacity with the acquisition of two farms in Ukraine.

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Letter from the Executive Board

"Goodvalley's business concept really proved its worth in 2021. The system of complementary production divisions pays off in times of great volatility in pig prices as well as feed prices."

Page 7

Sustainability Report 2021

We can see that sustainability is finally getting the attention that it deserves. It is an agenda, we have had for many years and we therefore welcome the global trend with open arms.

Go to report

Goodvally.com

Goodvally

Overview

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2021

Snapshots from 2021

Continuously building the brand

We continued to develop the sales of our branded products. Number of branded products grew by 10 and our own products are found in more than 16,000 stores across Poland. Volumes reached 4,038 tonnes compared to the 2,441 tonnes of branded products sold in 2020.

Our creative advertising universe highlights Goodvalley's climate friendly profile and conveys the message that sustainability and meat consumption can go hand in hand.

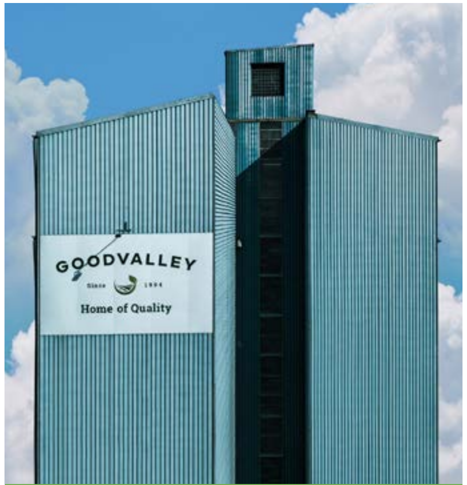
Coping with COVID-19

The impact of COVID-19 on our markets was severe also in 2021, and our employees displayed admirable flexibility and initiative. We moved swiftly to protect our employees and reduce the negative effects on our business.

We implemented strict rules in all parts of the business and avoided forced lockdowns in 2021, enabling us to continuously keep crucial food supplies flowing during lockdowns and restrictions.

Expansion in Ukraine

Our production capacity in Ukraine was expanded with the acquisition of two finisher farms near our main site in Ukraine. With this acquisition we are supporting the development to becoming a full line pig producer in Ukraine and by that improving our ability to generate strong results in this market in the coming years.



Refinancing and new ownership structure

In January 2021 the Goodvalley's board of directors has approved a facilities agreement regarding refinancing of Goodvalley's senior secured bond. In March, 2021 the Group has redeemed the bond debt in total and at the same time Polen Invest A/S acquired ownership over the shares held by IFC. At 31 December 2021 Polen Invest A/S holds 90,5% of Goodvalley share capital.

2021

Goodvalley at a glance

Goodvalley is a vertically integrated pork and food brand producer founded on sustainable farming principles focusing on animal welfare and lowering carbon emissions.

Our operations are located in Poland, Ukraine and Russia and comprised of arable production, feed mills, pig farming, slaughtering, meat processing and marketing as well as biogas production. We use the most advanced technology and farming methods at our modern facilities and apply Danish pig farming principles of sustainability and efficiency in countries with strong market drivers and prospects for growth and development.

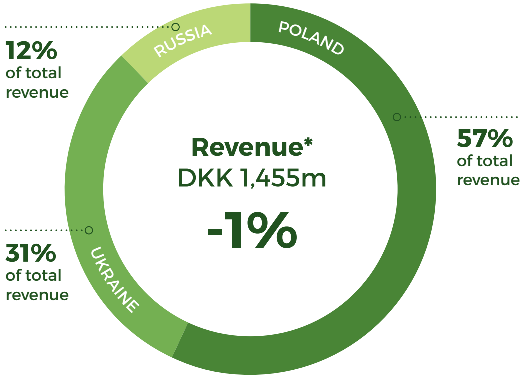
We sell live pigs to external slaughterhouses and produce pork products at our own slaughterhouse, which supplies retail chains across Poland where we are building a strong food brand based on a range of climate-friendly premium products made from pigs raised without antibiotics.

Goodvalley produces sustainable meat for a better tomorrow.

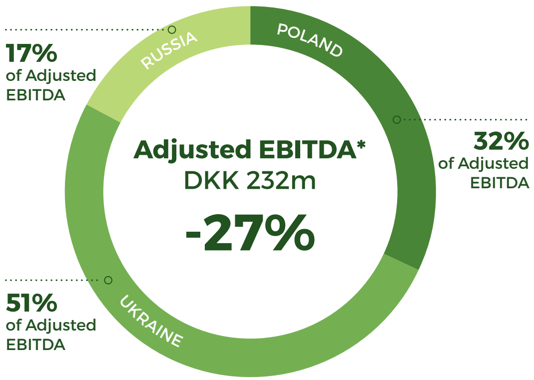
2021

Facts and figures

Total results



Revenue declined by 1% due to decrease in live pig prices.



Adjusted EBITDA declined due to volatile and difficult market situation where sales prices decreased and production costs increased

* In this report, Adjusted EBITDA refers to EBITDA adjusted for herd price changes and non-recurring items, cf. page 82.

- 103
in 2021

2,221 employees

The continued education of our skilled and experienced employees forms the foundation for Goodvalley's continued development and success.

- 1000
in 2021

41,000 hectares

Goodvalley's arable land bank decreased by 1000 hectares in 2021 to a total of 41,000 hectares of land.

+ 2
in 2021

37 farms

We continuously invest in our well-diversified production network comprised of 37 farms, 1 slaughterhouse and 9 biogas plants in Poland, Ukraine and Russia.

+ 10
in 2021

25 branded products

We are building a strong food brand in Poland where we now offer 25 branded products to consumers in more than 16,000 stores across the country.

CO_2

Sustainable farming

Based on our fully ntegrated business model. with biogas plants our meat has a footprint of 2.5 kg CO2-e per kilo in 2021

SDGs

Sustainability is an integral part of Goodvalley's business model, and we continue to improve our sustainable and responsible production principles with reference to the SDGs.

LETTER FROM THE EXECUTIVE BOARD

Goodvalley delivered solid results in a still challenging 2021

2021 continued being a year of unprecedented challenges and unusual market conditions, and we are proud to report strong operational performance and solid financial results based on our dedicated employees' extraordinary discipline and work efforts during still difficult times.

Looking at the number of external factors influencing Goodvalley, 2021 could in many ways be described as "the perfect storm". Continuous outbreaks of African Swine Fever have proven itself to become more of a circumstance rather than an incident and outbreaks in Germany and eastern Europe continued to spread in 2021. Following the outbreaks of African Swine Fever in Germany, China banned all imports of pig meat from Germany leading to an oversupply of pig meat in Europe having negative effect on meat prices. At the same time the world experienced extremely high prices of feed and grain leading to the wo rst conversion rates since 1994. Additionally COVID-19 continues to pose a challenge to our cooperation across the Group limiting travel and transportation as well as jeopardizing production of both pigs and food products.

"Goodvalley's business concept really proved its worth in 2021. The system of complementary production divisions pays off in times of great volatility in pig prices as well as feed prices."

Kristian Brokop Jakobsen
CEO

On this backdrop, our teams delivered disciplined and determined work efforts enabling us to sustain operations in all markets throughout the year. We owe thanks and gratitude to all our managers and employees who took the necessary precautions and displayed great flexibility and professionalism to keep the business running while ensuring a safe working environment in the face of the pandemic. We stepped up the use of long-distance management activities and processes, which have been part of our toolbox for years due to the distance between our rural locations. Our integrated business model and the geographical diversification of our business across three countries contributed to safeguard profitability and protect our business.

Amid the operational and market-related challenges in 2021, there were definitely rays of sunshine as well. Our arable yield improved to a satisfactory level following years of committed optimisation efforts and improved weather conditions, and the results from our arable activities were further supported by higher prices. At the same time, we expanded the production network in Ukraine with the acquisition of two finisher farms near our main site in Ukraine. With this acquisition we are supporting the development to becoming a full line pig producer in Ukraine and by that improving our ability to generate strong results in this market in the coming years.

"Our continued efforts to optimise operations across our markets paid off and mitigated the impact of the volatility caused by COVID-19 and the spread of African Swine Fever"

Kristian Brokop Jakobsen
CEO

Following the breakthrough for the branded product category in 2020, we continue our dedicated efforts to build a strong food brand. Sales of branded products continue to increase and grew by 65% to a volume of 4,038 tonnes compared to the realized 2,441 tonnes in 2020 corresponding to 10% of total food volume. We are now selling our branded products in more than 16,000 stores across Poland, and we will leverage our production capacity to grow sales further in 2022 and beyond with a view to improve profitability and reduce Goodvalley's overall exposure to pork price fluctuations.

In January 2021 Goodvalley's board of directors has approved a facilities agreement regarding refinancing of the Group's senior secured bond. In March, 2021 Goodvalley has redeemed the bond debt in total and at the same time Polen Invest A/S acquired ownership over the shares held by IFC.

Kristian Brokop Jakobsen
CEO

Jesper Vikelsø Jensen
CFO

Branded product sales volume

+65%

We continued to expand our branded product category and invest in marketing campaigns and wider distribution across Poland, resulting in an improved brand position and accelerated sales in 2021. Consumers appreciate our branded and easily recognisable climate-friendly quality meat, and we expect the positive development to continue.

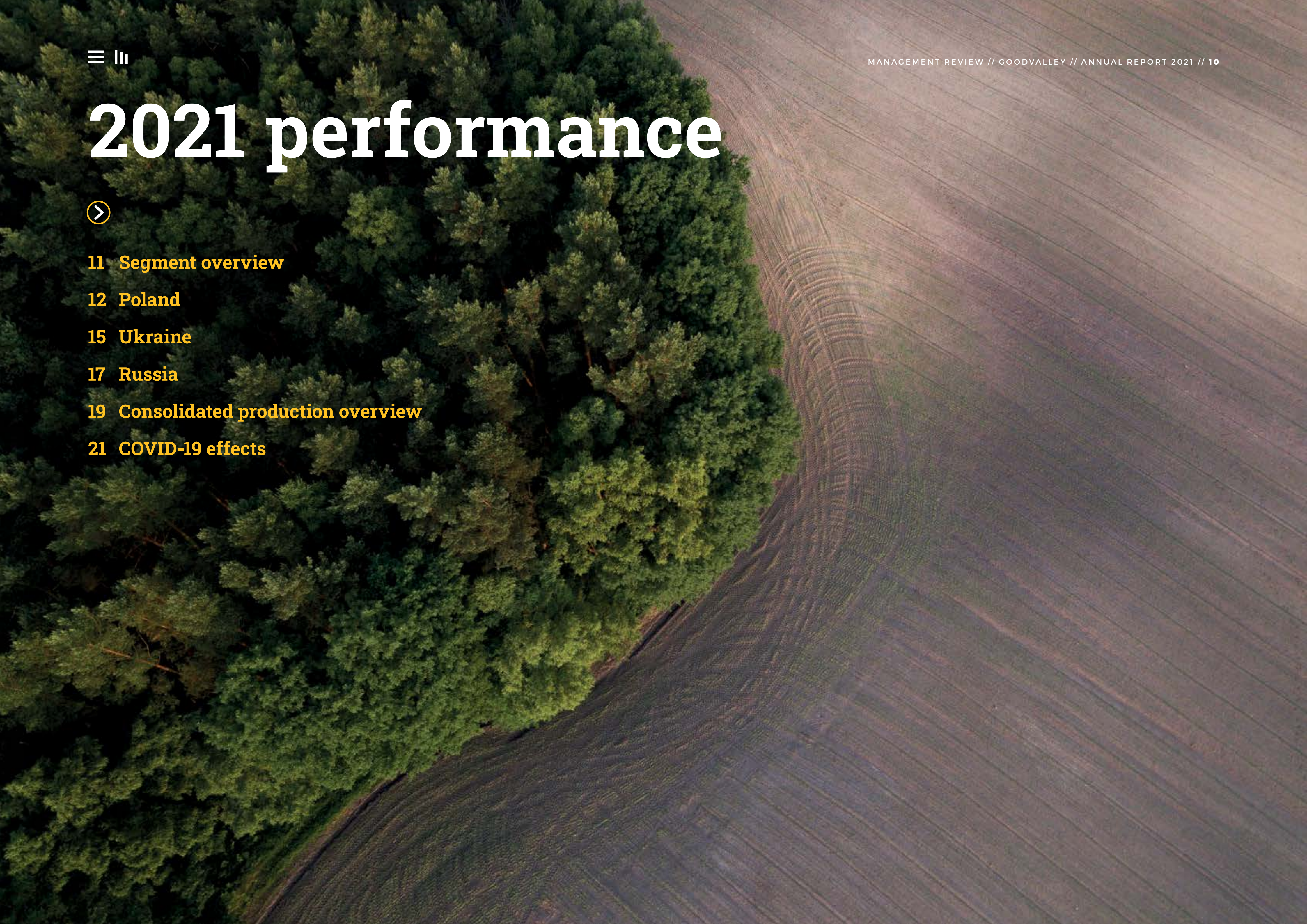
Key figures and financial ratios

DKK million	2021	2020	2019	2018	2017
Income statement					
Revenue	1,455	1,463	1,526	1,473	1,620
Total income	1,500	1,429	1,644	1,493	1,653
Gross profit	363	345	474	333	511
EBITDA	238	233	354	212	426
Adjusted EBITDA[1]	*232*	*316*	*274*	*222*	*431*
EBIT	89	71	207	91	304
Financial items, net	-34	-159	-18	-65	-135
Profit/(loss) for the period	49	-86	188	18	169
Adjusted profit[2]	*15*	*93*	*59*	*36*	*246*
Cash flow					
Operating activity	76	178	205	194	274
Investing activity	-96	-142	-83	-269	-202
Free cash flow	-21	36	121	-75	131
Financing activity	46	12	-97	-28	-31
Balance sheet					
Non-current assets	1,886	1,858	2,105	1,927	1,833
Net working capital	615	460	585	475	532
Invested capital	2,501	2,318	2,691	2,402	2,365
Total assets	2,805	2,564	2,929	2,630	2,751
Equity	1,297	1,166	1,569	1,230	1,265
Net interest-bearing debt	1,081	1,042	1,057	1,171	1,100

DKK million	2021	2020	2019	2018	2017
Share ratios					
Earnings per share, DKK	0.9	-1.6	3.5	0.3	3.1
Key financials Group					
Gross margin	25.0%	23.6%	31.0%	22.6%	31.5%
EBITDA margin	16.4%	15.9%	23.2%	14.4%	26.3%
Adjusted EBITDA margin	15.9%	21.6%	17.9%	15.1%	26.6%
EBIT margin	6.1%	4.8%	13.5%	6.2%	18.8%
Free cash flow / Revenue	-1.4%	0.7%	7.9%	-5.0%	8.1%
Cash conversion	-23.2%	14.5%	58.6%	87.4%	43.1%
Investments in property, plant and equipment	146	155	100	257	141
NIBD/EBITDA LTM	4.7	3.3	3.9	5.3	2.6
Equity ratio	46.2%	45.5%	53.6%	46.8%	46.0%
ROIC	3.4%	6.4%	4.9%	3.9%	13.2%
FTE year end	2,221	2,304	2,284	2,327	2,232

1) In this report, Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation (EBITDA) excluding price regulation of herd value and non-recurring items., cf. page 82.

2) In this report, Adjusted profit refers to profit for the period adjusted for non-recurring items, herd price changes and exchange rate adjustments in financial items.



2021 performance

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BUSINESS

Segment overview

We have established strong market positions in Central and Eastern Europe with a total land bank of 41,000 hectares and a well-diversified production network of 37 farms. Goodvalley maintained satisfactory operations in 2021 despite challenging market conditions, which entailed volatility, significant price fluctuations and a decline in local currencies entailing a temporary negative translation effect in all countries.

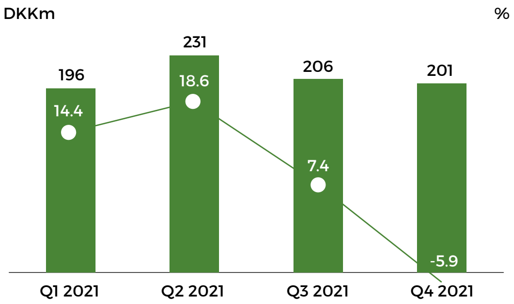
POLAND

We boosted sales of our branded products, which now comprise 10% of total pork meat sales volume.

+65%

growth in branded product sales volume

Revenue and Adjusted EBITDA margin



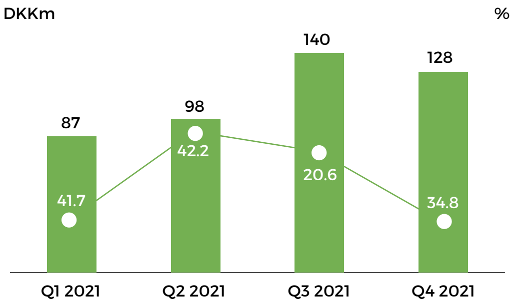
UKRAINE

A strong arable yield and growth of pig production efficiency offset by high feed price and declining pig prices.

36

pigs sold per sow/year

Revenue and Adjusted EBITDA margin



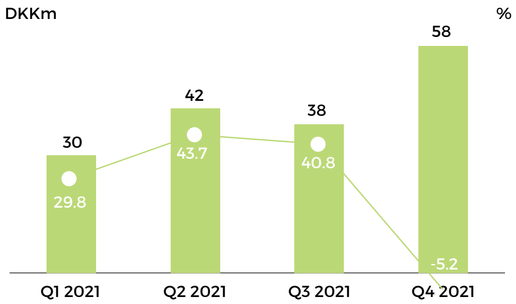
RUSSIA

Supportive arable yield and increased pig prices partly affected by grew of feed cost..

+29%

growth in revenue

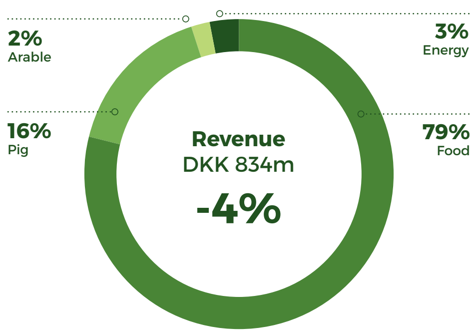
Revenue and Adjusted EBITDA margin

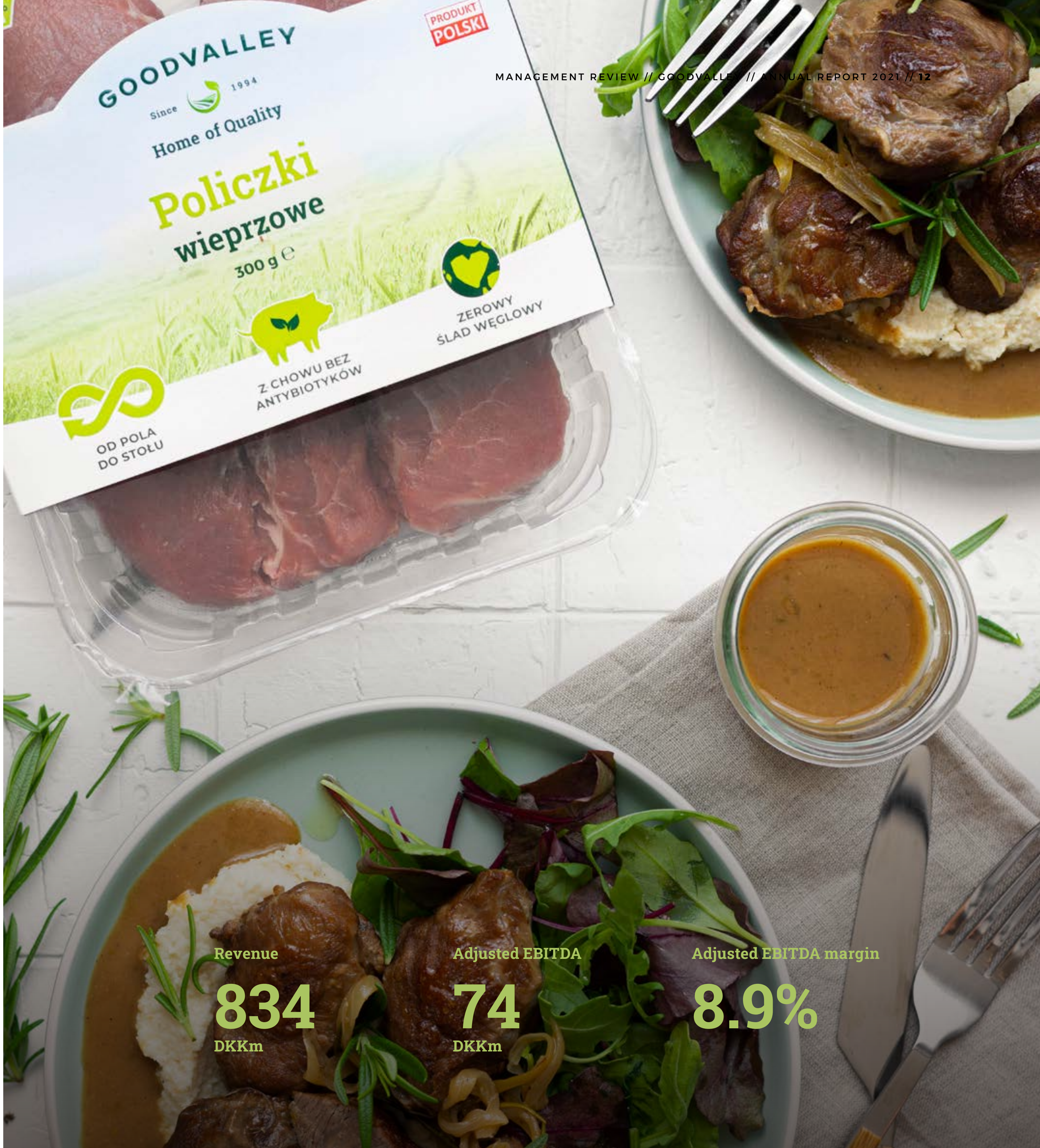


Poland

26 farms producing climate friendly meat
The Polish business is comprised of production and sales of pork products – including branded Goodvalley products – from our slaughterhouse, live pigs from 26 production facilities and crops from 16,900 hectares of land as well as energy from eight biogas plants.

Revenue by division





Revenue	Adjusted EBITDA	Adjusted EBITDA margin
834 DKKm	74 DKKm	8.9%

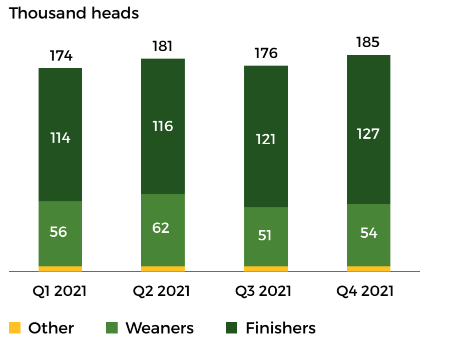
POLAND

DKK million	2021	2020	Q4 2021	Q4 2020
Revenue	**834**	**871**	**201**	**193**
Change in fair value	(5)	(64)	(38)	(47)
Other income	49	25	24	9
Total income	**878**	**832**	**188**	**156**
EBITDA	**94**	**46**	**4**	**(27)**
Adjusted EBITDA	**74**	**114**	**(11,9)**	**(2)**
Adjusted EBITDA margin	8.9%	13.1%	(5.9%)	(0.8%)

Branded volumes

4,038
tonnes

Sale of pigs, heads



We continued to grow branded product sales in 2021, which was characterised by price volatility due to COVID-19 and ASF outbreaks resulting in lower revenue for the year.

We grew sales of branded products to a record high of 4,038 tonnes (2020: 2,441 tonnes) in 2021 by investing in campaigns, online marketing and expanded distribution to more than 16,000 stores across Poland. While the share of branded products increased to 10%. The margins were challenged by consequences relating to COVID-19 impacting sales to hotels and restaurants. The share of deboned meat remained at 69% of pork sales and is still an important part of the food sale activities. Continuously building the Goodvalley brand we expect higher share of sale of branded products in the future.

We increased the number of pig slaughtered slightly, entailing an increase in pork meat sales to 41.6 thousand tonnes (2020: 40,4 thousand tonnes) in 2021.

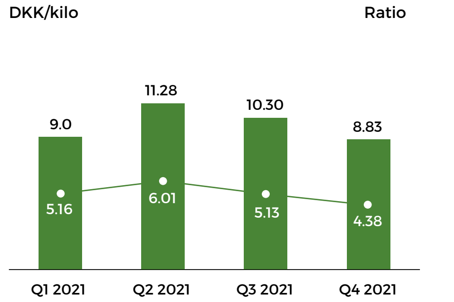
Our Polish business increased its sales of live pigs to 63.5 thousand tonnes (2020: 59.7 thousand tonnes) at significantly lower price of DKK 9.83 per kilo (2020: DKK 11.23 per kilo). The significant drop in price, especially in the last quarter of the year is driven by consequenses of COVID-19, ASF outbreaks in Germany and the general over-supply of pig meat in the European markets.

Segment revenue decreased to DKK 834 million (2020: DKK 871 million) in 2021 due to lower pig and pork meat prices. The Polish business accounted for 57% of Group revenue, and segment revenue was comprised of 79% from pork products, 16% from external sales of live pigs and 5% from external sales of crops and energy

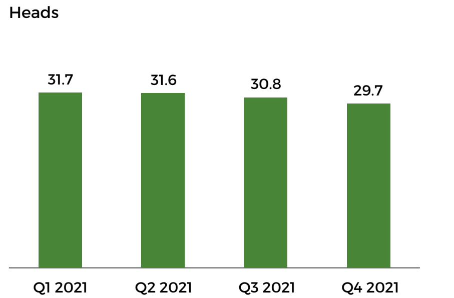
The segment's total income increased to DKK 878 million (2020: DKK 833 million) in 2021 including fair value adjustments of DKK -5 million (2020: negative DKK 64 million) and gain on compulsory sale of land.

Adjusted EBITDA decreased to DKK 74 million (2020: DKK 114 million), corresponding to an decrease in Adjusted EBITDA margin to 8.9% (2020: 13.1%). The decrease was realised in consequence of the difficult market situations together with a drop in the meat to feed ratio to 5.13 (2020: 6.35) due to inreas-

Pig price, DKK/kilo, and meat to feed ratio



Pigs sold per sow, heads



POLAND

ing feed price to DKK 1.91 per kilo (2020: DKK 1.77 per kilo).

Efficiency was improved as pigs sold per sow increased to 30.9 (2020: 29.8). The feed conversion ratio increased slightly to a level of 2.72 (2020: 2.67). Improving the general efficiency in the Polish business unit continues to be a priority, and we will continue to focus on cost control and implement additional efficiency improvements drawing on knowhow from internal and external experts to optimise the performance of the organisation and ageing infrastructure. EBITDA increased to DKK 93 million (2020: DKK 46 million) in 2021.

In Q4 2021, we continued growing the sales of our branded products to 1,033 tonnes (Q4 2020: 842 tonnes), and total pork volume increased to 11.2 thousand tonnes (Q4 2020: 10.5 thousand tonnes). Sales of live pigs increased to 16.8 thousand tonnes (Q4 2020: 15.8 thousand tonnes) in the quarter.

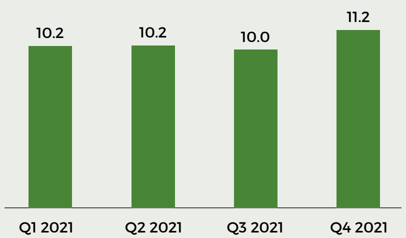
In Q4 2021 revenue increased to DKK 201 million (Q4 2020: DKK 193 million) accounting for 52% of Group revenue, with adjusted EBITDA amounting to DKK -11.9 million (Q4 2020: DKK -2 million) and EBITDA standing at DKK 4 million (Q4 2020: DKK -27 million).

Food division

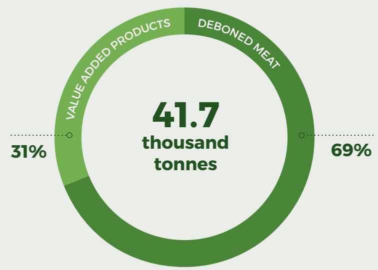
A breakthrough for our food brand
In 2021, we continued to grow sales of our branded products, which were launched in late 2018 to improve profitability in the food production business and reduce Goodvalley's exposure to pork price fluctuations over time. This strategy has proven highly relevant in a year marked by significant fluctuations, and demand for our branded products remained strong during the outbreak of COVID-19, resulting in sales growth of 65% to 4,038 tonnes accounting for 10% of total pork meat sales in 2021. We continued to invest campaigns and online and in-store marketing during the year, and we expanded our distribution to more than 16,000 stores across Poland from 12,000 stores in 2020. The performance of our branded products exceeded expectations in a difficult year, and we expect to sell at least 4,700 tonnes in 2022 with a significant positive effect on the gross margin in the food business.

Our food business manufactured and sold 41.7 thousand tonnes (2020: 40.4 thousand tonnes) of pork meat products in 2021 comprised of deboned meat 2021 deboned 69% (2020: 55%) and value-added products 2021 value added 31% (2020: 45%) including private label products and Goodvalley's branded premium products.

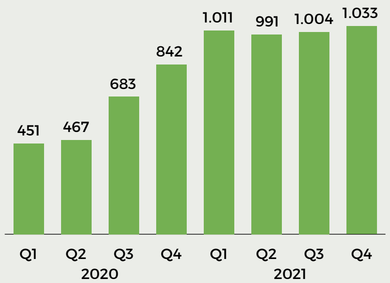
Sale of pork (slaughtered), thousand tonnes



Food product portfolio



Sales of branded products, tonnes



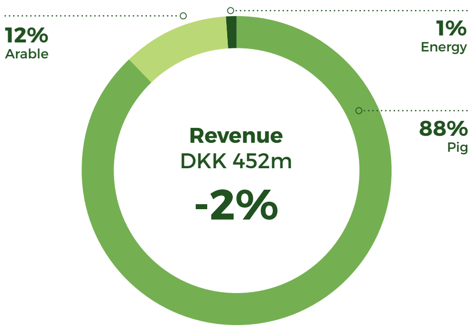
GO TO BRANDED PRODUCT OVERVIEW – PAGE 26

Ukraine

9 farms

Our Ukrainian segment is comprised of production and sales of live pigs from 9 production facilities and crops from 18,000 hectares of land as well as energy from one biogas plant. We expanded the production network in Ukraine with the acquisition of two finisher farms near our main site in Ukraine. With this acquisition we are supporting the development to becoming a full line pig producer in Ukraine and by that improving our ability to generate strong results in this market in the coming years

Revenue by division



Revenue
452
DKKm

Adjusted EBITDA margin
26.4%

Adjusted EBITDA
120
DKKm

UKRAINE

DKK million	2021	2020	Q4 2021	Q4 2020
Revenue	**452**	**461**	**128**	**118**
Change in fair value	(0.6)	(3)	(28)	(31)
Other income	4	11	3	10
Total income	**456**	**469**	**103**	**98**
EBITDA	**113**	**154**	**11**	**29**
Adjusted EBITDA	**120**	**161**	**19**	**41**
Adjusted EBITDA margin	26.4%	34.8%	15.1%	34.8%

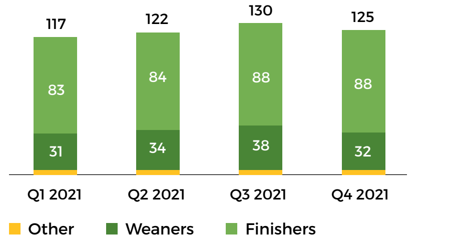
Expanding production

+ 2

farms

Sale of pigs, heads

Thousand heads



Record breaking yields and result in arable production was not enough to offset negative effect of low pig prices and increasing production costs.

We grew sales of live pigs to 43.2 thousand tonnes (2020: 43.0 thousand tonnes) in 2021 at still declining average sales price of DKK 11.19 per kilo (2020: 11.53 and 2019: DKK 12.56 per kilo).

The declining pig price outweighed the growth volume in the pig production keeping revenue on DKK 452 million (2020: DKK 461 million) comprised of 88% from external sales of live pigs and 12% from external sales of crops and energy. The Ukrainian segment accounted for 31% of Group revenue in 2021.

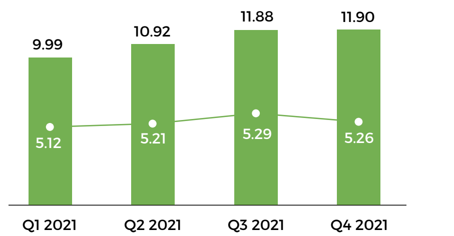
Total income for the segment decreased to DKK 456 million (2020: DKK 469 million) in 2021 with fair value adjustments of DKK −0.6 million (2020: DKK -3 million).

The Ukrainian segment's Adjusted EBITDA decreased to DKK 120 million (2020: DKK 161 million), corresponding to an Adjusted EBITDA margin of 26.4% (2020: 34.8%). Despite record breaking results in our arable production with an average crop yield of 5.8 tonnes per hectare (2020: 5.0 tonnes per hectare) low pig prices and increasing feed prices could not be offset. We improved pig production efficiency significantly and lifted the number of pigs sold per sow to 35.98 (2020: 34.3). Simultaneously, the feed conversion ratio improved to a level of 2.62 (2020: 2.68). Unfortunately, the positive trends in these KPI's are outweighed by significantly increasing feed price to DKK 2.10 per kilo (2020: DKK 1.56 per kilo). Consequently, the meat to feed ratio decreased to 5.32 (2020: 7.37). EBITDA came to DKK 113 million (2020: DKK 154 million).

In Q4 2021, the Ukrainian segment's live pig sales was stable at 11.2 thousand tonnes (Q4 2020: 11.3 thousand tonnes), resulting in revenue of DKK 128 million (Q4 2020: DKK 118 million), accounting for 33% of Group revenue. Adjusted EBITDA came to DKK 19 million (Q4 2020: DKK 41 million), and EBITDA was DKK 11 million (Q4 2020: DKK 29 million) in Q4 2021.

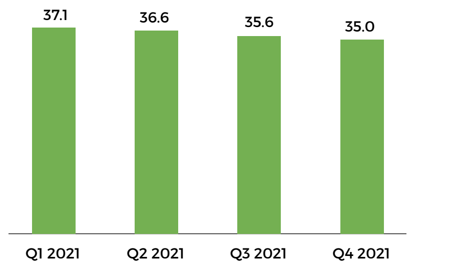
Pig price, DKK/kilo, and meat to feed ratio

DKK/kilo | Ratio



Pigs sold per sow, heads

Heads

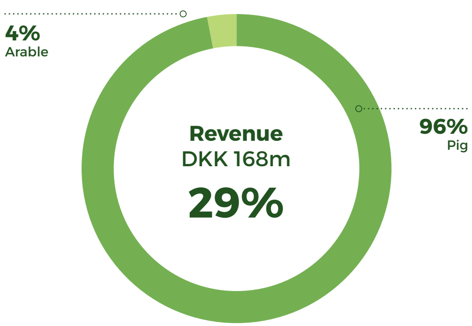


Russia

2 farms

Our Russian activities include production and sales of live pigs from 2 production facilities and crops from 6,100 hectares of land.

Revenue by division



RUSSIA

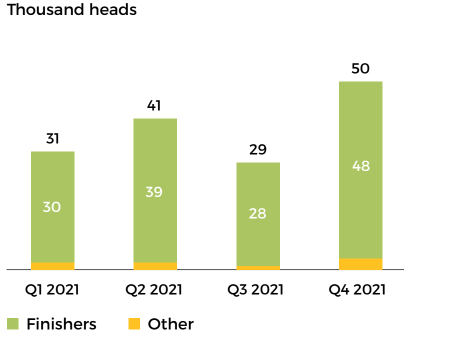
DKK million	2021	2020	Q4 2021	Q4 2020
Revenue	168	131	58	22
Change in fair value	(1)	1	(29)	(1)
Other income	2	1	0	0
Total income	170	133	29	21
EBITDA	39	34	(12)	(6)
Adjusted EBITDA	40	40	(3)	4
Adjusted EBITDA margin	23.8%	30.5%	(5.2%)	18.2%

Adjusted EBITDA was

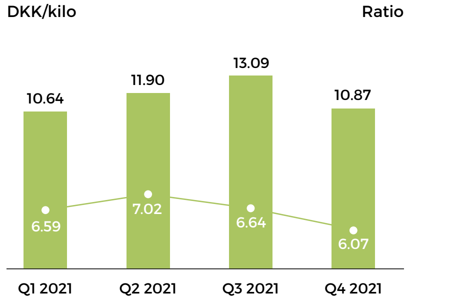
40

DKKm

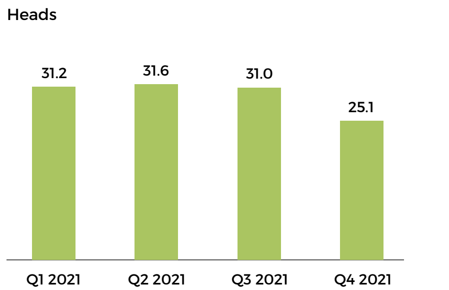
Sale of pigs, heads



Pig price, DKK/kilo, and meat to feed ratio



Pigs sold per sow, heads



Our Russian business recovered from an outbreak of PRRS in 2020 but was challenged by increasing feed prices.

Our Russian business' sales of live pigs increased to 18.6 thousand tonnes (2020: 16.2 thousand tonnes) in 2021 recovering from the negative effect of a PRRS (porcine reproductive and respiratory syndrome) outbreak in 2020.Revenue increased to DKK 168 million (2020: DKK 131 million) due to the higher volume and a increase in the average sales price to DKK 11.49 per kilo (2020: DKK 10.28 per kilo). Revenue was comprised of 96% from external sales of live pigs and 4% from external sales of crops, accounting in total for 12% of Group revenue.

Total income for the Russian activities increased to DKK 170 million (2020: DKK 133 million).

The Russian segment's Adjusted EBITDA maintained a level of DKK 40 million (2020: DKK 40 million), corresponding to an Adjusted EBITDA margin of 23.8% (2020: 30.5%) in 2021. Recovering the PRRS outbreak number of pigs sold per sow increased to 30.5 (2020: 26.5). The production has returned to full capacity and KPIs were improved in 2021. The meat-to-feed ratio improved to 6.48 (2020: 6.94) and together with increased feed prices at DKK 1.77 per kilo (2020: DKK 1.48 per kilo) this offsets the positive effect of higher pig prices and increased volumes. Record crop yields and strong cost control partly compensated for the volumes lost and the negative currency effect. EBITDA increased to DKK 38 million (2020: DKK 34 million) in 2021.

In Q4 2021, the sale of live pigs in the Russian segment increased to 6.8 thousand tonnes (Q4 2020: 3.0 thousand tonnes), and revenue increased to DKK 58 million (Q4 2020: DKK 22 million), accounting for 15% of Group revenue. Adjusted EBITDA was DKK -3 million (Q4 2020: DKK 4 million), and EBITDA came to DKK -12 million (Q4 2020: DKK -6 million) in Q4 2021.

Consolidated production overview

Volume	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Total pigs sold, tonnes (live weight)					
Poland	63,551	59,746	58,007	56,687	60,508
Ukraine	44,212	43,041	39,768	38,543	40,845
Russia	18,578	16,238	19,154	18,171	16,233
Group	**126,341**	**119,025**	**116,929**	**113,401**	**117,586**
Total heads sold					
Weaners	357,006	319,943	306,615	377,703	323,221
Finishers	965,424	906,338	904,394	859,752	906,424
Other pigs	40,103	65,656	64,063	46,266	42,930
Group	**1,362,533**	**1,291,937**	**1,275,072**	**1,283,721**	**1,272,575**

Prices	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Pig price 1. class finishers sl. weight					
Poland STD price	9.83	11.23	11.91	10.44	12.10
Poland RWA	11.06	12.58	12.71		
Ukraine	11.19	11.53	12.56	11.34	11.04
Russia	11.49	10.28	11.58	12.42	13.36
Group	**10.69**	**11.19**	**12.09**	**11.09**	**11.91**
Feed price per kg, all feed					
Poland	1.91	1.77	1.78	1.74	1.67
Ukraine	2.10	1.56	1.60	1.53	1.46
Russia	1.77	1.48	1.63	1.37	1.56
Group	**1.96**	**1.66**	**1.69**	**1.61**	**1.59**
Meat to feed ratio					
Poland	5.13	6.35	6.70	5.99	7.25
Ukraine	5.32	7.37	7.85	7.40	7.55
Russia	6.48	6.94	7.12	9.09	8.54
Group	**5.46**	**6.76**	**7.14**	**6.87**	**7.52**

Efficiency	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Feed conversion ratio, whole herd					
Poland	2.72	2.67	2.76	2.82	2.80
Ukraine	2.62	2.68	2.71	2.65	2.68
Russia	2.86	2.85	2.69	2.70	2.73
Group	**2.70**	**2.70**	**2.73**	**2.75**	**2.75**
Pigs sold per sow per year					
Poland	30.93	29.81	30.65	30.30	29.98
Ukraine	35.98	34.27	33.32	32.78	32.30
Russia	30.56	26.53	32.94	32.79	28.25
Group	**32.60**	**30.89**	**31.87**	**31.63**	**30.55**

Consolidated production overview

Volume	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Total pigs sold, tonnes (live weight)								
Poland	16,824	15,452	15,844	15,431	15,775	14,900	13,887	15,183
Ukraine	11,194	11,307	10,992	10,719	11,308	10,702	10,677	10,353
Russia	6,840	3,396	4,659	3,670	3,009	4,467	4,164	4,597
Group	**34,858**	**30,155**	**31,495**	**29,820**	**30,093**	**30,069**	**28,728**	**30,134**
Total heads sold								
Weaners	85,953	88,402	95,655	86,996	79,796	84,370	81,450	74,327
Finishers	262,708	237,634	238,593	226,489	227,801	229,317	219,231	229,989
Other pigs	10,985	9,983	9,996	8,947	10,006	22,238	23,221	10,191
Group	**359,646**	**336,019**	**344,244**	**322,432**	**317,603**	**335,925**	**323,902**	**314,507**

Prices	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Pig price 1. class finishers sl. weight								
Poland	8.83	10.30	11.28	9.00	9.04	10.67	11.99	13.57
Ukraine	11.90	11.88	10.92	9.99	10.12	11.37	12.01	12.76
Russia	10.87	13.09	11.90	10.64	9.39	11.22	9.97	10.24
Group	**10.46**	**11.36**	**11.25**	**9.67**	**9.54**	**11.04**	**11.63**	**12.62**
Feed price per kg, all feed								
Poland	2.02	2.01	1.88	1.75	1.74	1.84	1.77	1.72
Ukraine	2.26	2.16	2.10	1.95	1.71	1.56	1.60	1.46
Russia	1.79	1.97	1.70	1.61	1.55	1.41	1.43	1.52
Group	**2.06**	**2.05**	**1.93**	**1.80**	**1.70**	**1.64**	**1.63**	**1.60**
Meat to feed ratio								
Poland	4.38	5.13	6.01	5.16	5.20	5.79	6.76	7.88
Ukraine	5.26	5.49	5.21	5.12	5.92	7.28	7.51	8.74
Russia	6.07	6.64	7.02	6.59	6.04	7.97	6.96	6.72
Group	**5.08**	**5.53**	**5.84**	**5.39**	**5.60**	**6.74**	**7.13**	**7.89**

Efficiency	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Feed conversion ratio, whole herd								
Poland	2.78	2.65	2.71	2.73	2.68	2.67	2.61	2.73
Ukraine	2.66	2.61	2.62	2.50	2.62	2.73	2.58	2.69
Russia	3.37	2.71	2.70	2.67	2.85	3.00	2.80	2.77
Group	**2.82**	**2.65**	**2.68**	**2.64**	**2.68**	**2.73**	**2.62**	**2.72**
Pigs sold per sow per year								
Poland	29.67	30.78	31.59	31.67	29.80	29.68	29.22	30.20
Ukraine	34.99	35.66	36.60	37.17	34.61	33.32	34.87	35.19
Russia	25.07	31.02	31.61	31.20	31.25	21.14	19.56	33.57
Group	**30.88**	**32.42**	**33.21**	**33.37**	**31.62**	**29.82**	**29.88**	**32.29**

COVID-19 effects

COVID-19 continued to impact our markets in 2021, and our business was affected as well. Market participants reacted sharply, and governments introduced lockdowns and closed hotels, restaurant and cafés, entailing a drop in demand from slaughterhouses.

Supply chain

Logistic challenges
The lockdowns entailed immediate concerns and complicated the distribution of goods. Our integrated business model mitigated this negative impact as we are less dependent on external suppliers and were able to receive supplies from primarily local markets.

Production

Forced lockdowns by government
We have worked diligently to manage COVID-19 related risks at our own slaughterhouse following a series of government-imposed closures of other slaughterhouses following local outbreaks.

We immediately implemented even stricter rules for working in shifts, social distancing requirements during breaks and restricted access between departments.

Our live animals
We implemented strict rules for working in small groups in the pig production. Access between farms was restricted even further than under the strict biosecurity rules already implemented to ensure that employees would always be available to take care of the live animals.

Our employees
Based on the dedicated efforts of our 2,221 responsible employees, we also avoided forced lockdowns in 2021. We reacted swiftly when employees were infected, and succeeded in containing the disease to protect our employees and our business.

Sales

Sales of products from the slaughterhouse and live pigs
COVID-19 had a significant negative impact on pig prices as foodservice demand continued to be on a very low level caused by the pandemic. The meat was instead sold via the retail channel at discounted prices.

Business

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BUSINESS MODEL

Sustainability from field to fork

Resources

People
We base our business on the efforts and skill of our more than 2,200 employees who are continuously educated.

Knowledge
We leverage Danish pig production knowhow in the ongoing efforts to optimise operational efficiency.

Reputation
We benefit from Goodvalley's solid reputation as a certified GLOBALG.A.P. producer, focusing on lowering carbon emissions together with being a good employer and neighbour.

Facilities
We invest in our facilities throughout the value chain to ensure good production practices, animal welfare, sustainability and efficiency.

Natural resources
We rely on high-quality arable land and depend on local weather conditions and careful use of manure from the pig production when growing our own crops for feed.

Core activities

Value creation

Society
We contribute greatly to local communities as we stimulate growth, generate new jobs and share knowledge of modern and sustainable farming.

Climate
We have established a sustainable and environmentally friendly operation by constantly pursuing initiatives to lower our emissions and impact on the climate.

Customers
We provide safe and sustainable high-quality products to customers and consumers in our markets and beyond.

Employees
We offer interesting work, continuous education and great career and development opportunities in a modern and well-renowned organisation.

Financial markets
We create long-term value for our shareholders by continuously building a stronger and more resilient business.

- VALUE CHAIN CONTROL
- HIGH QUALITY AND TRACEABILITY
- REDUCED EXPOSURE TO VOLATILE INPUT COSTS
- DIFFERENTIATES US FROM THE BULK MARKET
- SUSTAINABLE PRODUCTION WITH FOCUS ON LOWERING EMISSIONS AND CARBON FOOTPRINT

Strategy update

Based on the breakthrough of our branded premium products in 2020, we are shifting the balance of our strategy to sharpen our focus on boosting the Goodvalley food brand in Poland while ensuring continuous sustainability and efficiency improvements across our existing core markets.

Market drivers

Population growth and increased wealth
While pork consumption is stable in Western European markets, consumption is increasing in our existing core markets in Eastern Europe where pork is a primary source of animal protein. Pork consumption is mainly driven by population growth and increasing prosperity, which are expected to develop positively in the coming years. Consequently, the global pork market is expected to grow at a stable rate of 1% annually with significantly higher growth rates in our core markets.

Focus on sustainability
Increasing focus on the impact of human activity on the global climate has put the spotlight on the agricultural industry and meat producers. Some consumers are increasingly focused on replacing conventional meat with sustainable quality meat products. This trend will be leveraged by producers like Goodvalley with a sustainable business model and premium products to gain a competitive advantage against conventional producers.

Strategy update

Optimisation

We continue to optimise Goodvalley's operations and improve our competitive edge to ensure efficiency and a strong platform for growing sales of live pigs and food products, aiming to deliver strong operational and financial performance under attractive and challenging market conditions. The optimisation work is rooted in our strategic focus on continuous education of employees and managers and knowledge sharing across our three markets as well as constant performance measurement and benchmarking internally and against best practice production units in Denmark.

Consumer focus

We are accelerating the efforts to build a strong food brand providing value added premium products tailored to local market trends and consumer preferences and demands. Our branded products are sold in the majority of retail chains in Poland and address an attractive and steadily increasing consumer segment focused on quality, food safety, animal welfare and climate friendly production, enabling us to fully exploit our sustainable business model. Growing our branded product category reduces our exposure to fluctuations in live pig and bulk pork prices as retail prices on our premium branded products are relatively stable.

Capacity expansion

Based on our perpetual optimisation work, we continuously expand our production capacity throughout the value chain to leverage our scalable production setup. We focus on expanding production capacity in close proximity to the existing facilities in our core markets. The current capacity of our arable and live pig production as well as our slaughterhouse in Poland positions Goodvalley well to further expand the food business focused on our branded premium products.

STRATEGY UPDATE

Progress and prospects

Optimisation

2021

We continued our work to ensure superior efficiency standards maintaining a feed conversion ratio of 2.70.

The marketing and sales team was further expanded and developed focusing on the optimisation of sales from our slaughterhouse.

We implemented strong cost control to mitigate price fluctuations and salary inflation.

2022

Continue driving efficiency improvements, especially in Poland, by reducing the time and resources spent to produce.

Continue focusing on lowering emissions disclosing this through lifecycle analysis.

Share best practice across business units.

Maintain focus on unit cost in all production divisions to ensure competitiveness.

Consumer focus

2021

Our branded category grew significantly in 2021 as we sold 4,038 tonnes of branded products.

We launched 10 new branded products and continued in investing in campaigns, online and in-store marketing to further build and develop the brand.

The branded products reached more than 16,000 stores across Poland.

2022

Intensify marketing efforts and strengthen consumer awareness through social media, TV advertising and new product launches

Increase sales of branded products to 4,700 tonnes in Poland

Grow the Polish distribution network and partner with major retailers in Poland.

Capacity expansion

2021

We acquired 2 farms near our main production site in Ukraine supporting the development of becoming a full line pig producer in Ukraine.

We maintained our existing production facilities and increased production efficiency.

Our land bank was decreased with 1000 hectares.

2022

Obtain permissions to expand capacity in close proximity to existing facilities to leverage scalable production setup.

Focus on existing core markets and downstream value chain.

MARKETS AND PRODUCTS

Product range

We are a leading fully integrated pork producer, and our product range covers the spectrum from weaners to branded premium products, which offer strong consumer benefits, secure price stability in a fluctuating market and ensure significant price premia of 40-80% compared to established brands. The fully integrated business model enables us to allocate production to ensure optimum efficiency and mitigate input cost fluctuations.

FROM FIELD TO FORK

RWA

CLIMATE FRIENDLY

Weaners sold externally
Based on years of experience, we raise healthy piglets and weaners of which the latter are sold to other farms in Poland and Ukraine under the right market conditions.

Deboned meat for value-added products
At our own processing facilities in Poland, we produce and distribute deboned meat for other processors. Deboned meat is a low-margin product, but it enables us to ensure high efficiency at all processing lines.

Goodvalley products
We have introduced our own branded products in Poland and strive to continuously push the market with new sustainable products and consumer benefits. We grew sales of branded products with 65% compared to 2020, and we will continue to invest in and strengthen the category.

WEANER

FINISHERS

DEBONED

VALUE ADDED

PORK

BRANDED

Finishers sold externally
Our high-quality finishers are sold to other processors in all three countries of operation.

Private label for retail and foodservice
We have established strong collaborations with retailers and food service as we offer our partners a variety of products and consumer benefits for their own branded product ranges. This contributes to developing the market, building relations and ensuring high utilisation of the pig.

GUIDANCE

Outlook for 2022

The earnings outlook for 2022 is presented at fixed herd price in terms of Adjusted EBITDA in order to provide the most accurate perspective on Goodvalley's expected financial performance in an industry characterized by fluctuating prices on live pigs. This approach serves to reduce fluctuations in guidance and better align operational and financial performance with a view to provide capital markets with the optimum conditions for assessing Goodvalley's operational efficiency and performance specifically and in isolation from fluctuations in market prices for live pigs, potentially entailing material fair value adjustments of the Group's biological assets on the balance sheet date.

The Russian invasion of Ukraine has provided big changes and caused significant uncertainties about the time to come. Being present in both countries, Goodvalley expects to some extent to be restrained in our business.

Assumptions
In 2022, Goodvalley expects to generate revenue of DKK 1,450 - 1,650 million and an Adjusted EBITDA of 110 – 150 million. The outlook is based on pig price being at the current level with a slight recovery in the second half of 2022. The pig production business is expected to be negatively impacted by continued high salary inflation and high prices on feed, fertilizer and utilities. Looking at our Russian and Ukrainian subsidiaries from a stand-alone point of view, we assume that they will be able to continue operations even in these times of war, as both companies are food producers and operating in a sector that is vital to society in general.

Due to sanctions and local measures, capital is not expected to flow freely for a while. The current outlook accounts for this situation by not considering any cash transfers to or from our subsidiaries in Russia and Ukraine in 2022. This is a challenge to the Group's cashflow. To offset the effect of these challenges, significant reduction of planned investments and operating costs are measures that have already been implemented and are reflected in our outlook. At the same time, we expect to see a steady improvement in our food division from a continued increase in branded products sales and improvement in margins. However, the food business' contribution to earnings in Poland is still expected to be negatively impacted by market volatility and a certain high cost level to continue our brand building. In addition, the current volatility in energy prices creates a situation of significant uncertainty and creates low visibility.

The outlook is furthermore based on exchange rates for the Group's key currencies remaining at the closing rates at the end of December 2022 for the full year, except with regards to exchange rates for RUB and UAH. Due to the uncertainty related to the Russian invasion of Ukraine we reduced exchange rates for RUB and UAH towards DKK with respectively 30% and 10%. In January 2021, Goodvalley signed a facility agreement of EUR 140 million, securing the Group's financing for the period 2021 - 2025. Most of the proceeds was used to settle the senior secured bond debt and repay part of the subordinated loan from Polen Invest A/S. As mentioned above significant and extensive measures have already been made to secure the necessary cash flow for Goodvalley to honour all obligations towards external partners, and the cash-flow generation from our Polish operations together with available cash funds and unused credit facilities at group level will be sufficient to meet our financial obligations in 2022.

The outlook represents our current expectations for the development in the Group's revenue and Adjusted EBITDA, and Goodvalley's actual EBITDA for 2022 may thus deviate significantly from this outlook.

DKK million	2021 actuals	2022 outlook
Revenue	1,455	1,450 - 1,650
Adjusted EBITDA	232	110-150

- Increase in branded sales and margins in Food division
- Improved production efficiency

- Significant impact of salary inflation and high feed prices in all three countries
- Overcapacity in the Polish bulk market for pork meat
- Impact of the Russian invasion of Ukraine on exchange rates, earnings and liquidity
- Stable average pig prices for the year

Forward looking statements
This report contains forward-looking statements reflecting Goodvalley's current forecasts of future events, operational performance and financial results. Such statements are subject to uncertainty as factors within and beyond Goodvalley's control may cause actual performance and results to differ materially from the forecasts in this report. Such factors include, among other things, the fair value of pigs, global and local market prices of pork meat, changes in consumer preferences and demand, consumer purchasing power, competition, any outbreak of animal diseases or epidemics, the supply of utilities, destruction of assets and herds and any disturbances of losses related hereto, possible expropriation of assets and loss of control of subsidiaries and the outlook for possible compensation to Goodvalley in such situations, development in financial markets and changes or amendments to legislation, regulation or the political situation in Goodvalley's markets. See also the section on risk management and note 4.2 to the financial statements.

Risk management

Goodvalley's risk management efforts aim to reduce the exposure to various risks by identifying and assessing significant risk areas and establishing mitigation and reporting procedures.

The oversight responsibility for risk management lies with the Board of Directors, who is monitoring the Group risk management process together with the Executive Board. The Executive Board and the Group CFO convene with the Group's Chief Risk Officer in a Risk Committee quarterly.

Group risk appetite is defined by the Board of Directors in the Group's Risk Appetite Framework, and risks are managed according to the Group Risk Management Framework. The Framework is based on a tool for identification, assessment and mitigation of risks by local management teams as well as on a consolidated Group level by the Executive Board. The Chief Risk Officer and the Group's internal audit function follow up on the status of risks and mitigation efforts on a quarterly basis. Results are presented to the Board of Directors at the quarterly board meetings.

COVID-19 had a significant negative impact on the Group's markets and on Goodvalley's operational and financial performance in 2020. The risks and effects related to COVID-19 are described on page 21.

RISK MANAGEMENT

Key risks

	African swine fever (ASF)	Renewal of leasing terms	Pig and crop prices
Risk	African swine fever (ASF) outbreaks have been recorded in Goodvalley's production countries and in key markets in Europe. An instance of ASF at one or more of the Group's farms may entail serious operational and financial consequences, and outbreaks in key markets may cause market disturbance and significant price fluctuations due to export restrictions and imbalance between supply and demand.	The Group's production at selected farms in Poland is dependent on renewal of leasing terms that will expire in 2024. Furthermore, the production in Ukraine is located on leased land.	Pig and crop prices are impacted by market conditions, which may significantly affect Goodvalley's revenue and earnings.
Monitoring and mitigation	All production sites operate according to Goodvalley's biosecurity policy and standard procedures to minimise infection risk and maintain a high level of biosecurity at all times. Goodvalley's internal audit team performs quarterly audits of the biosecurity status across the Group. Production sites are located apart and in remote areas to contain potential instances of ASF. Each production unit has a contingency plan in place describing steps to be taken and defining responsibilities in case of an ASF outbreak. Local veterinary authorities conduct epidemiological tests to identify the source of outbreaks, and national emergency plans are in place and being updated regularly. Developments are monitored closely by the European Commission. The Group's business platform is geographically diversified with production across three markets, which reduces the impact of single instances of ASF on the Group and the exposure to local fluctuations in supply and demand.	Goodvalley maintains an ongoing dialogue with lessors, primarily the Polish state, concerning negotiation of terms for leased farms in Poland and potential acquisition of farms that are currently leased. Furthermore, Goodvalley is actively seeking new land to replace existing land leases that may not be prolonged as well as investigating alternatives to owning or leasing agricultural land in Poland. Also, Goodvalley is actively furthering the interests of foreign investors in agriculture with the Polish authorities and relevant decision makers. In Ukraine, a moratorium on the sale of agricultural land has been in force since 2001, de facto preventing foreign as well as domestic investors from owning and trading agricultural land. However, the moratorium was lifted in a tightly controlled process in 2021 with a possibility for physical persons to sell and purchase up to 100 hectares of agricultural land. In 2024, legal entities will have the possibility to purchase up to 10,000 hectares of agricultural land. Goodvalley monitors the development in the land market closely and is ready to act if land of strategic importance to the company comes up for sale. Goodvalley maintains a close dialogue with landowners as well as local communities and the company sponsors investments in developing local farming and education to uphold good relationships with landowners and authorities. Furthermore, Goodvalley has a pre-emptive right to purchase the leased land should the lessor want to sell it.	Goodvalley's business platform is geographically diversified with production both inside and outside the European Union, thereby reducing the Group's exposure to fluctuations in national pig prices. Goodvalley's vertically integrated business model mitigates the impact of price fluctuations through production chain-control as the Group's own feed and pig production reduce this exposure to external pricing and volatile input costs to some extent. The vertically integrated business model is fully implemented in Poland and partly implemented in Ukraine and Russia. Furthermore, branded products are marketed to ensure differentiation from bulk products.

RISK MANAGEMENT

Key risks

	Political instability and corruption	Reputational damage	Employees	IT risk
Risk	The Russian and Ukrainian markets in which the Group operates are to some extent characterised by risks related to political instability and corruption.	Reputational damage may entail serious operational and financial consequences or scrutiny by authorities and animal welfare organisations etc.	Goodvalley may not be able to attract and retain key personnel and qualified employees in markets where demand for labour is high.	As any other modern business Goodvalley depends on IT systems to run and control its operations. A major IT-system breakdown may cause business interruption and financial loss.
Monitoring and mitigation	To mitigate these risks and reduce dependency on one single market, Goodvalley has established a diversified production and sales setup across several countries. Moreover, the Group acts as a good corporate citizen to maintain professional relationships with relevant authorities and local stakeholders. Goodvalley takes an active role in developing the local community and provides information and education to stakeholders about Danish farming principles, applied technologies, practices and the nature of the work performed at the Group's local production sites. To mitigate potential corruption risks, Goodvalley has implemented and enforces a strict code of conduct and an anti-fraud policy combined with an IT-based whistle blower platform reporting directly to the Chairman of the Board and the Chief Risk Officer who handle all incoming cases together In 2021, there were two whistle blower cases filed anonymously through the whistle blower platform which proved groundless following thorough investigation.	Goodvalley has obtained a GLOBALG.A.P. certification in recognition of the Group's efforts to promote food safety, environmental protection and animal welfare. Goodvalley's vertically integrated business model ensures traceability and allows the Group to differentiate its products as field-to-fork and Raised Without Antibiotics (RWA). The Group's production facilities are regularly monitored by the internal audit department and external parties and experts to ensure compliance with GLOBALG.A.P. and internal guidelines and principles for animal welfare. Findings are reported to the Board of Directors and changes are implemented when needed.	The continued services and employment of management and key personnel are important to Goodvalley. The Group has strengthened and continues to professionalise its organisational setup and management structure to mitigate this risk and reduce dependency of individuals. Goodvalley conducts regular employee satisfaction monitoring and invests in HR, employee development and education. All employees are trained and educated in their line of work within the framework of the Goodvalley Agriculture and Management Academy. Top 75 managers and other key employees across departments and production countries are included in Goodvalley's incentive programs.	Following the 2017 so-called "Not-Petya" malware attack of several European businesses having relations with Ukraine, including Goodvalley, the Group moved all its data to cloud services thereby mitigating the risk of business interruption and loss of critical data. Before the attack around 20% of the Group's data was in the cloud. Furthermore, investments continue in cyber security awareness programs and training, safer backup systems, next-generation firewalls, and antimalware software. Goodvalley keeps its systems updated to the latest versions wherever applicable, and the groups efforts to assess and mitigate IT risks are vested in the Goodvalley IT user policy and the Internal communications policy.

RISK MANAGEMENT

African swine fever

Goodvalley considers African swine fever (ASF) the Group's most material risk. Mitigation efforts are continuously developed and intensified through infrastructure investments, contingency planning, rigorous training and adherence to strict processes. The size and geographical diversification of Goodvalley's production network contribute to reducing the risk of dispersion and alleviating the impact of a potential outbreak.

ASF facts

ASF is a moderately contagious viral disease that affects pigs and wild boars entailing a 100% mortality rate. The disease does not infect or harm humans. The virus is transferred through body fluids, manure, meat products and feed and there are no vaccine or treatment options available. ASF is present in Asia, Eastern Europe and a few Western European markets, including Germany and Italy. The virus has been registered in Poland since 2014, Ukraine since 2012 and Russia since 2007.

Impact

Operational

- Culling the entire affected herd
- Dismantling, cleaning and disinfecting the affected farm
- Quarantine on the affected farm according to local legislation
- The farm can be repopulated only after the expiry of quarantine period
- Limitations on the movement of pigs in quarantine zones

Financial

- Loss of revenue
- Reduced cash flow
- Cleaning and culling costs
- Market price impact from trade restrictions
- Potential compensation from national authorities

ASF outbreak – standard procedures

3-8 months depending on scope and national regulation

Culling the herd
The entire herd at a farm infected with ASF will be culled and destroyed by order of the authorities.

Cleaning the stables
Stables are emptied of all inventory, cleaned, chemically disinfected, and washed.

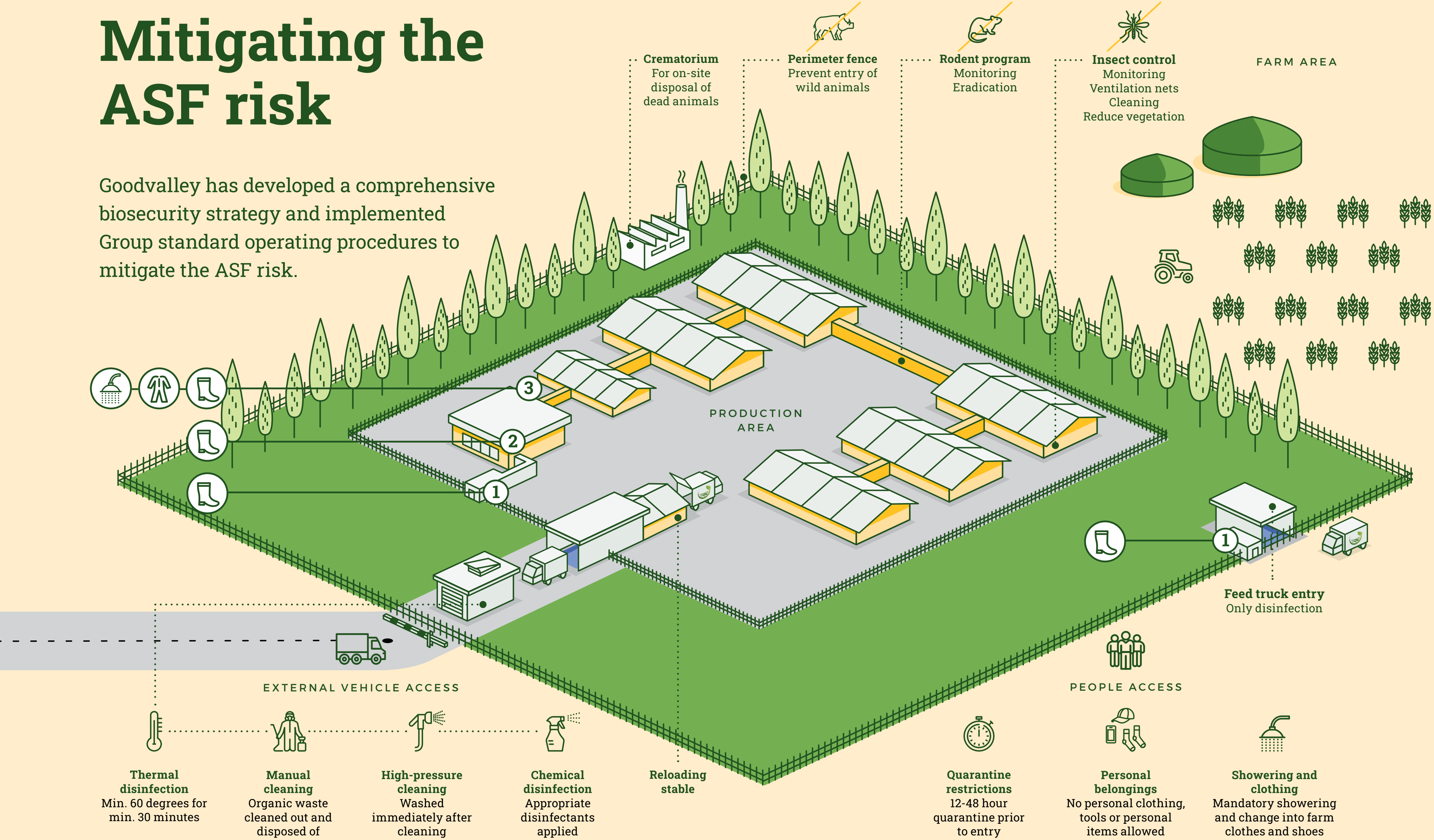
Quarantine
The empty and disinfected farm is approved by veterinary authorities for quarantine.

After expiry of the quarantine
The farm is populated with a test herd. If the test is successful, the farm can be fully repopulated.

RISK MANAGEMENT

Mitigating the ASF risk

Goodvalley has developed a comprehensive biosecurity strategy and implemented Group standard operating procedures to mitigate the ASF risk.



Sustainability

At Goodvalley, we consider sustainability a cornerstone in our ambition of working for a better tomorrow. To support this ambition, we have established a sustainability strategy and continuously sharpen and target our efforts to drive the sustainable agenda in all parts of our operations.

Our sustainability strategy focuses on four specific areas in our business where Goodvalley can make a significant difference to our stakeholders and surroundings. The strategy has been developed based on a materiality assessment conducted in collaboration with local management and the Executive Board. The four pillars of Goodvalley's sustainability strategy are built on the foundation of selected Sustainable Development Goals, emphasising our commitment to contribute to the UN's goals for a better future.

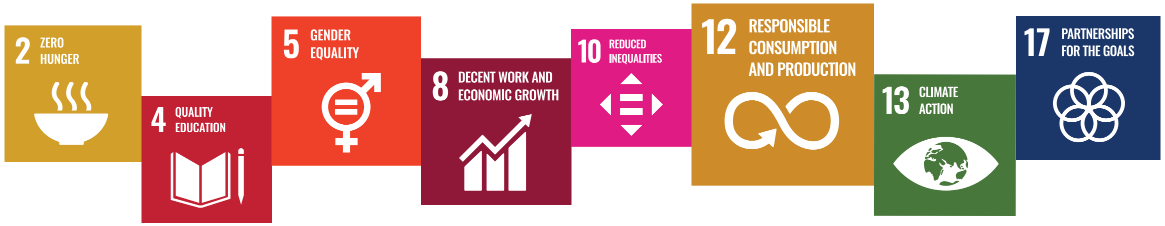
The UN Sustainable Development Goals serve as a tool for us to navigate our actions in the right direction with special emphasis on goals relevant for a food producing company like Goodvalley. The goals have played an integral part in developing Goodvalley's CSR strategy.

SUSTAINABLE DEVELOPMENT GOALS

Read about our commitment to the Sustainable Development Goals overleaf

SUSTAINABILITY

Our commitment to the SDGs



SDG 2

No hunger

We strive to develop and promote sustainable agriculture and food production methods in the countries where we are present and set an example for our peers and stakeholders in other geographies where our business model and production set-up could be adapted.

SDG 4

Quality education

Working in sometimes remote rural areas we often hire people without a relevant education, if any. We provide high quality education for all our employees on all levels of the company offering mandatory education and training related to the position, but also voluntary education driven by the interests and ambitions of the employee. In doing so, we help increase the general level of education in the communities where we work.

SDG 5

Gender equality

32% of Goodvalley's employees are women, and 30% of Goodvalley managers are women. We hire and pay our employees according to qualifications, not gender. We strongly believe in equality between men and women, and working in a male-dominated sector and countries with traditional gender roles we pride ourselves on being a role model for other employers.

SDG 8

Decent work and economic growth

As a significant employer in rural areas where the future job perspectives for a young person might seem less attractive, Goodvalley offers an opportunity to stay and develop in the local area, earn a fair wage and build a career.

SDG 10

Reduced inequalities between countries

Goodvalley uses Danish know-how in geographies where fundamentals like pig and feed prices, meat consumption per capita and level of education provide an opportunity to get an attractive return on the invested capital. We introduce Danish production techniques and management principles, Danish pig genetics and high ethical standards, thereby pushing the development of the industry further and leaving a clear and lasting footprint everywhere we work.

SDG 12

Responsible consumption and production

The agricultural sector has a big responsibility to develop and improve its production methods. Our sustainable production model is an example of how resources can be recycled in the value chain thereby reducing waste, gaining higher yields in the process while promoting a sustainable approach to agriculture.

SDG 13

Climate change

In our fully integrated field to fork business model we destroy methane in the pig manure in our 9 biogas plants and produce renewable energy (electricity), which we utilize in our own production and sell to local grids thereby replacing electricity from conventional sources. We consider it both a business as well as a societal goal to promote and work for the development of more green energy solutions in favour of the climate.

SDG 17

Partnerships

To realise the targets within the SDGs, we seek to engage in and promote partnerships that can help drive both local, regional, and national sustainable development of agriculture and food production where we work.

SUSTAINABILITY

Working together with our stakeholders

Through continuous improvements of our sustainable practices, we work to create value for all our stakeholders, entering into dialogue and collaboration to further develop our responsible business operations.

Customers

We develop and offer sustainable pork products and live pigs to retail chains, consumers, and slaughterhouses driving an increase in consumer demand for sustainable meat products.

Employees

We promote sustainability, a healthy lifestyle and climate awareness as a way of thinking among our employees, offering joint commuting to the workplace, ensuring proper waste segregation at our sites, reusing office supplies, and applying a responsible travel policy.

Investors

We promote our sustainable and vertically integrated business model, which diversifies Goodvalley from bulk producers of pork meat, and highlight our sustainable production methods as competitive advantages and testament to the future-proof nature of our business.

Suppliers and partners

We respectfully demand that our suppliers adhere to criteria defined to ensure sustainable and responsible production and resource consumption. In 2019, we introduced a well-received Group-wide supplier code of conduct to replace existing agreements and ensure alignment across our business units.

Communities

We continue to develop our engagement in the local communities, providing more training and materials for waste segregation and promoting a healthy lifestyle as well as supporting projects and initiatives concerning recycling, climate-friendly transportation, and minimising of food waste.

Authorities

The use of agricultural land is a highly regulated area in all the geographies where Goodvalley works. As large landowners and operators we have an ongoing dialogue and cooperation with local and regional authorities building on long term trust and transparency.

SUSTAINABILITY

Highlights 2021

Goodvalley's sustainability strategy defines four central areas that have the most material impact on our business with the most significant potential for driving Goodvalley's sustainable agenda.

CLIMATE

- **Resources**
- **Nature**

FOOD

- **Consumer safety**
- **Animal welfare**

WORK

- **Work safety**
- **Rights**
- **Employee development**

FAIR PLAY

- **Community**
- **Anti-corruption**

2021 highlights

- 100% recyclable packaging
- 52 GWh renewable energy
- 8% less diesel consumption per hectare
- 26% less waste generation

- 32% less work accidents
- 15% less water consumption per kilo produced meat
- 4% less electricity consumption per kilo produced meat

- 90% of our employees feel proud to be working in Goodvalley
- Zero animal welfare-related fines
- Quality-related recalls form slaughterhouse all time low at 5.1 tonnes

- 30% of Goodvalley managers are women
- EUR 305 thousand non-political donations

TACKA w 100% Z RECYKLINGU

GLOBALG.A.P.

UNIC Ukrainian Network of Integrity and Compliance

Sustainability report 2021

Goodvalley's policies, activities, risks and results in relation to Corporate Social Responsibility (CSR) and our Diversity Policy are described in accordance with sections 99 a,99 b and 99 d of the Danish Financial Statements Act in our statutory CSR (Sustainability) report 2021, which is available at

Go to report

The report includes an evaluation of Goodvalley's CSR efforts and achievements in 2020 based on 19 parameters in four key commitment areas:

- Climate
- Food
- Work
- Fair Play

Corporate matters

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Board of Directors

	Anders Christen Obel	Niels Rauff Hansen
Position	**Chairman**	**Vice Chairman**
Work experience	CEO at C.W. Obel A/S (incl. Directorships in 4 subsidiaries) and Anders Christen Obel ApS as well as professional board member. Former Vice CEO at C. W. Obel A/S, Vice President at Gemini Consulting/Cap Gemini and employment at Hambros Bank Plc.	Farmer, pig producer and CEO at Rauff Group A/S, Sjørup Svinefarm (incl. 2 subsidiaries) and Søvang Svineproduktion A/S and Søvang Gods A/S.
Special expertise	Special expertise in property and land investments, general management of industrial companies and corporate finance. Experience from listed companies. BSc in Economics and Business Administration from Copenhagen Business School.	Special expertise in international agricultural management and pig farming as well as investments in agriculture in Eastern Europe and Russia. Agricultural education from Asmildkloster Agricultural College.
Shares in Goodvalley A/S	0	0
Shares in Polen Invest A/S [3]	65,786 [4]	287,573
Independence	Yes	No [2]
First election	2013	2002
Nationality	Danish	Danish
Gender	Male	Male
Birth year	1960	1964
Other directorships	**Chairman:** C.W. Obel Ejendomme A/S, Semco Maritime A/S, Semco Maritime Holding A/S, Obel-LFI Ejendomme A/S, Woodmancott Fonden and C.W. Obel Bolig A/S. **Vice chairman:** Skandinavisk Holding A/S, Fritz Hansen A/S. **Member:** Aktieselskabet Dampskibsselskabet Orient's Fond, A/S Motortramp, Scandinavian Tobacco Group A/S, Minkpapir A/S, Palcut A/S, Kilsmark A/S, Rexholm A/S, Fonden Det Obelske Jubilæumskollegium, C.W. Obels Fond, Danmark-Amerika Fondet, Høvdingsgaard Fonden, Skjørringefonden, Mullerupgaard- og Gl. Estrup Fonden and Scandinavian Tobacco Group's Gavefond, Ejendomsselskabet Amaliegade 49 A/S, Skovselskabet af 13. december 2017 A/S. **Alternate:** Polen Invest A/S. **Fully responsible stakeholder:** Haxholm v/Anders Christen Obel.	**Chairman:** Polen Invest A/S, Agri Consult ApS, Dan-Slovakia Agrar A/S, Leki A/S, Vestfyn Foder A/S, Trummersgård A/S, Ny Eskelund A/S **Member:** Viborg F.F. PROF. FODBOLD A/S, Rauff Group A/S, SEVEL SLAGTERI A/S, DanRus Agro ApS, Avgas ApS, Søvang Gods A/S. **Fully responsible stakeholder:** General Partnership Randrup Gods I/S.

Board of Directors

	Anders Bundgaard	Leif Stig Hansen	Tom Axelgaard
Position	**Board member**	**Board member**	**Board member**
Work experience	Farmer, pig producer and CEO at AB Vadsholt Holding ApS (incl. 2 subsidiaries), Sdr. Badsbjerg A/S, Bella Vista Nibe ApS, Rosenhaven Dronninglund ApS, Sæby Havnefront A/S and AHL Glarmester og Maskinsnedkeri ApS.	CEO at Bergvall Hansen Holding ApS. Former CEO of Scandi Standard AB Formerly Bisca A/S, Findus A/S, Nestlé and ESS-FOOD.	Former pig and livestock producer, and founder of Goodvalley in 1994. CEO of Goodvalley from 1994 - 2019. CEO at Axelgaard.org ApS, Outrup Golfbane ApS Tomax ApS, Auh.dk ApS and Turist Invest ApS.
Special expertise	Special expertise in agricultural management and pig production as well as investments in agriculture in Eastern Europe, Russia and Denmark. Agricultural education from Næsgaard School of Agriculture.	Special expertise within sales, marketing and brand-building of food sector businesses, strategic transformation of businesses, including IPO, acquisitions and managing international businesses.	Special expertise in international agricultural management and pig production as well as general management.
Shares in Goodvalley A/S	0	0	2,075,531
Shares in Polen Invest A/S [3]	561,837	0	60,907
Independence	No [2]	Yes	No
First election	2002 [1]	2019	2020
Nationality	Danish	Danish	Danish
Gender	Male	Male	Male
Birth year	1944	1966	1957
Other directorships	**Chairman:** Avgas ApS and Danrus Agro ApS. Vice chairman: Polen Invest A/S. **Member:** Agri Consult ApS, Agro Advice s.r.o. (Slovakia), Agro Center s.r.o. (Slovakia), Agro Projects s.r.o. (Slovakia), Dan-Slovakia Agrar A/S (incl. 1 subsidiary), Sdr. Badsbjerg A/S,Klitgaard Agro A/S, Sæby Havnefront A/S and Striben Agro ApS. **Fully responsible stakeholder:** General Partnership ABJ I/S.	**Member:** Iconovo AB	**Member:** Outrup Golfbane ApS, Turist Invest ApS, **Other:** Honorary Consul of Ukraine

All members are elected for 1 year at a time by shareholders at Goodvalley's general meeting.

[1] Served as board members in the Group prior to 2002.

[2] Not considered independent as per the recommendations from the Danish Committee on Corporate Governance as the members have served longer than 12 years and represent Goodvalley's majority shareholder, Polen Invest A/S.

[3] Polen Invest A/S is Goodvalley's majority shareholder, and the company has issued 3,700,000 shares in total.

[4] Including 61,969 shares held by C.W. Obel A/S

Executive Board

	Kristian Brokop Jakobsen	Jesper Vikelsø Jensen
Position	**CEO**	**CFO**
Work experience	Was appointed Vice CEO in 2019 after acting as Goodvalley's COO and CEO of Ukrainian subsidiary Goodvalley Ukraine Ltd. Also CEO of Brokop Holding ApS. Formerly employed in positions at Danosha Ltd., the Royal Danish Army and at Danish farm Gyldensteen Gods. Diploma in agricultural management from Dalum Agricultural College.	Joined Goodvalley in October 2021 with 10 years of experience in the industry, holding CFO positions at DanBred A/S, SPF-Denmark A/S (Danish Crown) and SB Pork A/S (Tönnies Fleisch). Appointed State Authorised Public Accountant in 2005 and have 20+ years of experience working in auditing and accounting with Big 4 auditing companies.
Shares in Goodvalley A/S	685,976 shares	0
Shares in Polen Invest A/S [3)]	2,000	0
Employeed since	2006	October 2021
Nationality	Danish	Danish
Gender	Male	Male
Birth year	1980	1970

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INCOME STATEMENT

Sales and earnings

Revenue

Group revenue slightly decreased by 1% and came to DKK 1,455 million (2020: DKK 1,463 million) in 2021 within our most recent guidance for the year of DKK 1,450-1,600 million. The decrease was mainly driven by a drop in the average live pig price to DKK 10,69 per kilo (2020: DKK 11.19 per kilo). In 2021 the world market trend of decrease in pig prices, continued especially in Poland, however supported by recovered pig price on Russian markets.

Total income came to DKK 1,500 million (2020: DKK 1,428 million) including fair value adjustments of DKK -7 million (2020: DKK -66 million). The increase of total income was also caused by the rise of other income due to gain from compulsory sale of land. Only slight fluctuation of currencies towards DKK was registered and had a minor effect of 2021 figures.

Cost of goods sold

Cost of goods sold increased by 5% to DKK 1,136 million (2020: DKK 1,083 million) in 2021 following an increase in feed prices and overall inflation impact on cost across the market of operations, particularly strong in second half of 2021. COGS in percentage to revenue reached 78% (2020: 74%).

SG&A

The Group's sales, general and administrative expenses went up to DKK 126 million (2020: DKK 112 million) in 2021. Sales and branding expenses relating to the Group's branded premium products in Poland amounted to approximately DKK 19 million in 2021 (2020: DKK 20 million). The growth was caused partially by inflation, however also impacted by additional costs of legal and consultancy services related to refinancing process.

Adjusted EBITDA and EBITDA

Adjusted EBITDA decreased to DKK 232 million (2020: DKK 316 million) in 2021, corresponding to an Adjusted EBITDA margin of 15.9% (2020: 21.6%). Adjustments to EBITDA consider herd price change as well as non-recurring items, resulting the total loss of DKK 6 million in 2021 (2020: DKK 83 million gain). The Group's earnings were thus within the most recent guidance of Adjusted EBITDA in the DKK 220-280 million range. EBITDA increased to DKK 238 million (2020: DKK 233 million), corresponding to an EBITDA margin of 16.4% (2020: 15.9%).

EBIT

EBIT increased to DKK 89 million (2020: DKK 71 million) in 2021, corresponding to an EBIT margin of 6.1% (2020: 4.8%).

Net financials

Net financials were an expense of DKK 34 million (2020: an expense of DKK 159 million). The net financials for the year were positively affected by foreign exchange gains of DKK 32 million (2020: negative effect of DKK 92 million). Financial expenses stayed on similar year to year level, however in 2021 we recognized additional DKK 8 million expenses related to the refinancing, which was balanced by lower interest cost.

Adjusted profit and net profit/loss

Adjusted profit came to DKK 15 million (2020: DKK 93 million) in 2021, corresponding to an Adjusted profit margin of 1.0% (2020: 6.4%). Net result was a net profit of DKK 49 million (2020: net loss of DKK -86 million) in 2021 resulting from positive impact of non-recurring items being DKK 8 million as well as slightly higher currency rates for the subsidiaries.

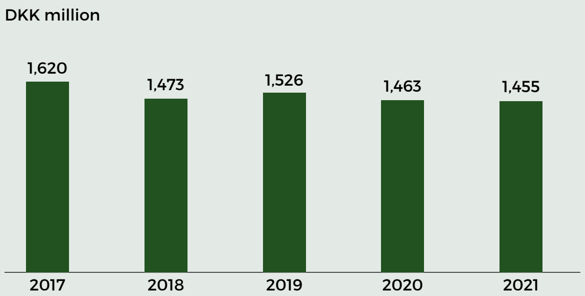
Comprehensive income

Comprehensive income was DKK 130 million in 2021 (2020: DKK -402 million) comprising the net profit for the year and foreign exchange adjustments of subsidiaries of DKK 81 million (2020: DKK -316 million) from slight increase in the Ukrainian UAH and Russian RUB towards Danish DKK.

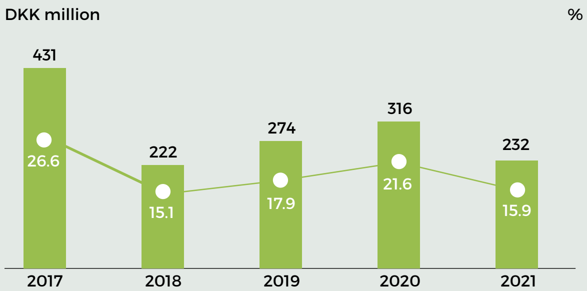
Earnings per share

Earnings per share (diluted) were DKK 0.92 in 2021 compared to DKK -1.61 in 2020.

Revenue



Adjusted EBITDA and margin



Consolidated Income Statement

Income Statement, 1 January - 31 December

DKK million	Note	2021	2020
Revenue	2.1	1,455	1,463
Change in fair value of biological assets	2.2	-7	-66
Grants and other income	2.3	52	31
Total Income		**1,500**	**1,429**
Cost of goods sold (COGS)	2.1	-1,136	-1,083
Gross profit/loss		**363**	**345**
SG&A		-126	-112
EBITDA		**238**	**233**
Depreciation, amortization and impairment losses	3.1 , 3.2	-149	-162
Profit/loss before financial expenses and tax		**89**	**71**
Financial income	4.5	4	4
Financial expenses	4.5	-70	-71
Exchange rate adjustments	4.5	32	-92
Profit/loss before tax		**55**	**-88**
Corporation tax	2.6	-6	2
Profit/loss		**49**	**-86**
Profit/loss is attributable to:			
Owners		49	-86
Non-controlling interest (minorities)		0	0
Total		**49**	**-86**

Statement of comprehensive income, 1 January - 31 December

DKK million	Note	2021	2020
Profit/loss for the year		**49**	**-86**
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments of foreign enterprises		81	-316
Total comprehensive income/loss		**130**	**-402**
Comprehensive income/loss is attributable to:			
Owners		130	-402
Non-controlling interest (minorities)		0	0
Total		**130**	**-402**

BALANCE SHEET

Financial position

Total assets
Total assets at 31 December 2021 amounted to DKK 2,805 million (2020: DKK 2,564 million). The increase was driven by current assets mainly reflecting the increased value of biological assets and inventories. Non-current assets were insignificantly impacted by exchange rate adjustments.

Net working capital
Net working capital was DKK 615 million (2020: DKK 460 million) at year-end including 160 thousand tonnes (2020: 136 thousand tonnes) of grain and feed components. The increase in inventories is due to the mix of increase in volume and purchase prices.

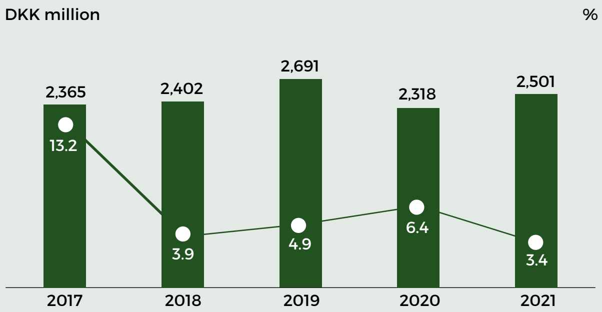
Invested capital
Invested capital was DKK 2,501 million (2020: DKK 2,318 million), and return on invested capital (ROIC) decreased to 3.4% (2020: 6.4%) mainly driven by low pig prices and growing production cost in 2021, what drove down earnings.

Net interest-bearing debt
At 31 December 2021, Goodvalley's net interest-bearing debt was DKK 1,081 million (2020: DKK 1,042 million) following the refinancing which replaced EUR 135 million of bond senior secured debt by private banking loan facilities, consisting of EUR 140 million of term loans and EUR 10 million of revolving facility. Additionally we obtained an investment loan amounting to EUR 6 million, for financing the acquisition of two Ukrainian farms.

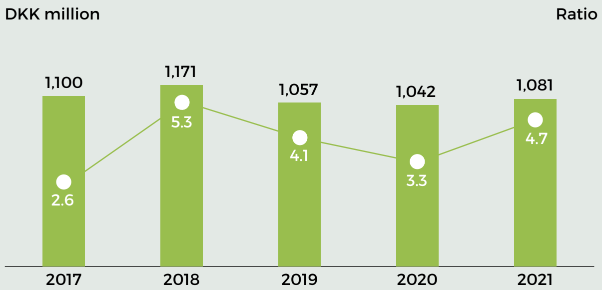
The Group does not include IFRS 16 related figures into the calculation of Net interest-bearing debt.

Net interest-bearing debt to adjusted EBITDA
Net interest-bearing debt to adjusted EBITDA came to 4.7 compared to 3.3 in 2020.

Average invested capital and ROIC



NIBD/Adjusted EBITDA



Consolidated Balance Sheet

Balance Sheet, 31 December

DKK million	Note	2021	2020
Assets			
Goodwill	3.1	79	74
Leasehold rights		17	17
Intangible assets		**96**	**91**
Land and buildings		1,004	1,001
Leasehold improvements		65	84
Plant and machinery		213	230
Other fixtures and fittings, tools and equipment		104	103
Property, plant and equipment in progress		172	114
Right-of-use assets	3.3	113	104
Property, plant and equipment	3.2	**1,671**	**1,635**
Non-current asset investment	4.4	3	3
Financial asset investments		**3**	**3**
Biological assets - basic herd	3.4	117	129
Biological assets		**117**	**129**
Non-current assets		**1,886**	**1,858**
Biological assets - sales herd	3.4	178	157
Biological assets - Arable, crop production	3.4	68	63
Inventories	3.5	380	265
Biological assets and inventories		**626**	**485**
Trade receivables	3.6	82	69
Receivables from associates		7	7
Other receivables	3.6	41	33
Prepayments		34	13
Receivables		**164**	**122**
Cash at bank and in hand		**129**	**99**
Current assets		**919**	**706**
Assets		**2,805**	**2,564**

Balance Sheet, 31 December

DKK million	Note	2021	2020
Liabilities and equity			
Share capital		538	538
Reserve for exchange adjustments		-633	-714
Retained earnings		1,392	1,343
Capital and reserves attributable to owners		**1,297**	**1,166**
Non-controlling interests		0	0
Total Equity		**1,297**	**1,166**
Credit institution	4.1	1081	15
Other provisions	3.7	4	4
Subordinated loan from Polen Invest A/S		10	40
Non-current trade payables		0	0
Deferred income	3.7	5	6
Lease liabilities	3.3	113	101
Long-term liabilities		**1,212**	**166**
Bond debt	4.1	0	952
Credit institutions	4.1	112	112
Subordinated loan from Polen Invest A/S	4.1	8	22
Trade payables		99	70
Current income tax liabilities		0	-0
Other provisions	3.7	2	2
Other payables		62	62
Deferred income	3.8	3	3
Lease liabilities	3.3	11	9
Short-term liabilities		**296**	**1,232**
Liabilities		**1,508**	**1,398**
Liabilities and equity		**2,805**	**2,564**

STATEMENT OF CHANGES IN EQUITY AND CASH FLOWS

Cash position and shareholder return

Cash flows from operating activities
Cash flows from operating activities decreased to an inflow of DKK 75 million (2020: an inflow of DKK 177 million) in 2021 and were negatively impacted by lower earnings.

Cash flows from investing activities
Cash flows from investing activities were a net outflow of DKK 96 million (2020: an outflow of DKK 142 million) and was influenced by inflow from compulsory sale of land in Poland. Purchase of PP&E is mainly driven by investment in the new pig farms in Ukraine.

Free cash flows
The Group's free cash flows amounted to an outflow of DKK 21 million (2020: an inflow of DKK 36 million) in 2021. The decrease was caused by lower inflow from operating activities in 2021.

Financing activities
Cash flows from financing activities expressed an inflow of DKK 46 million (2020: an outflow of DKK 13 million) in 2021, driven by proceeds from long-term refinancing facilities, offset by repayments of bond debt and external loans in Russia, as well as repayment of DKK 40 million of Subordinated loan to Polen Invest A/S.

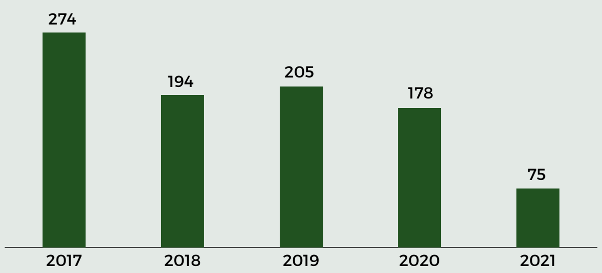
Cash position
Cash and cash equivalents amounted to DKK 129 million at 31 December 2021 against DKK 99 million at 31 December 2020. Undrawn committed credit facilities were DKK 37 million at 31 December 2021 (2020: DKK 59 million).

Shareholders equity
Equity stood at DKK 1,297 million at 31 December 2021 up from DKK 1,166 million as of 31 December 2020. The increase is attributable to comprehensive income for 2021.

Equity ratio
Equity stayed at similar level of 46% of the total balance sheet as of 31 December 2021 compared to 31 December 2020.

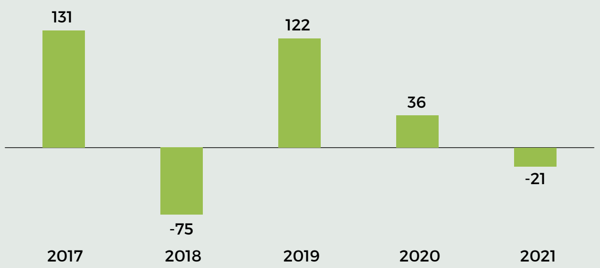
Operating cash flows

DKK million



Free cash flows

DKK million



Consolidated statement of changes in equity

DKK million	Share capital	Other reserves	Reserve for exchange adjustments	Retained earnings	Equity owners	Non-controlling interests	Total Equity
Equity at 1 January 2020	**538**	**0**	**-398**	**1,429**	**1,569**		**1,569**
Net profit/loss for the year	0	0	0	-86	-86		-86
Other comprehensive income/loss	0	0	-316	0	-316		-316
Comprehensive income/loss for the year 2020	**0**	**0**	**-316**	**-86**	**-402**		**-402**
Equity at 31 December 2020	**538**	**0**	**-714**	**1,343**	**1,166**		**1,166**
Equity at 1 January 2021	**538**	**0**	**-714**	**1,343**	**1,166**		**1,166**
Net profit/loss for the year	0	0	0	49	49		49
Other comprehensive income	0	0	81	0	81		81
Comprehensive income for the year 2021	**0**	**0**	**81**	**49**	**130**		**130**
Equity at 31 December 2021	**538**	**0**	**-633**	**1,392**	**1,297**		**1,297**

In the financial statements for 2020 a proposed dividend of DKK 10 million was disclosed. The proposal was withdrawn and the proposed dividend of DKK 10 million for 2020 is included in retained earnings.

Consolidated statement of cash flows

DKK million	Note	2021	2020
Profit/loss		**49**	**-86**
Adjustments:			
Financial income and expenses		66	67
Currency losses		-32	92
Depreciation, amortisation and impairment losses		149	162
Tax on the profit/loss for the year		6	-2
Other adjustments		41	-139
Change in working capital		-143	138
Cash flows from operating activities before financial income and expenses and tax		**136**	**232**
Financial income received		4	3
Financial expenses paid		-59	-57
Cash flows from ordinary activities		**81**	**178**
Corporation Income tax paid		-6	0
Cash flows from operating activities		**75**	**178**
Purchase property, plant and equipment		-128	-145
Sale of property, plant and equipment		32	3
Cash flows from investing activities		**-96**	**-142**

DKK million	Note	2021	2020
Proceeds from borrowings		1,193	124
Repayments of borrowings		-1,131	-125
Dividends payments		0	0
Repayments of lease liabilities under financing		-15	-13
Cash flows from financing activities		**46**	**-13**
Change in cash and cash equivalents		**26**	**23**
Cash and cash equivalents at 1 January		99	91
Exchange adjustment, beginning, cash and cash equivalents		5	-15
Cash and cash equivalents at 31 december		**129**	**99**

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Note 1.1

BUSINESS OVERVIEW

Goodvalley A/S is a limited liability company (in Danish "Aktieselskab") with its registered address being Vesterbrogade 4A, 5, DK-1620 Copenhagen, Denmark. Polen Invest A/S, a Danish limited liability company with its registered office being Solvænget 21, 7400 Herning, holds a majority shareholding owning 90.5% of the share capital as at 31 December 2021. Polen Invest A/S has 84 shareholders with no single shareholder having a majority shareholding.

Goodvalley A/S and subsidiaries ("the Group" or "the Goodvalley Group") is a vertically integrated pork and food brand producer with its headquarter located in Copenhagen, Denmark and with operations in Poland, Ukraine and Russia. Activities comprise production and sales of pork products, including own branded products in Poland, arable production, feed mills, pig farming, slaughtering, meat processing and marketing as well as biogas production.

Notes to the consolidated financial statements

Note 1.2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Consolidated Financial Statements of the Goodvalley Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and additional requirements of the Danish Financial Statements Act.

IMPACT OF NEW ACCOUNTING STANDARDS
Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by the (IASB) and IFRSs endorsed by the European Union. As of 1 January 2021, the Group adopted the following new or amended standards and interpretations:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR) Phase 2 - enable to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Amendment to IFRS 16 – COVID-19 Related Rent Concessions - extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The adoption of new or amended standards and interpretations has not had a significant impact on recognition, measurement or disclosures in the Consolidated Financial Statements for 2021 and is not anticipated to have a significant impact on future periods.

NEW IFRS STANDARDS ISSUED, BUT NOT YET EFFECTIVE
In addition to the above, the IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. These are not expected to have significant impact on current accounting regulation.

RECOGNITION AND MEASUREMENT
The Consolidated Financial Statements have been prepared under the historical cost basis except when IFRS explicitly requires the use of fair value.

DKK is the Group's presentation currency.

The principal accounting policies set out below have been applied consistently in the preparation of the Consolidated Financial Statements for all the years presented.

SIGNIFICANT ACCOUNTING POLICIES
The Group's accounting policies are described in relation to the individual notes to the Consolidated Financial Statements.

Considering all the accounting policies applied in the preparation of the Consolidated Financial Statements, Management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts as well as relevant to an understanding of the Consolidated Financial Statements:

- Segment information (note 2.1)
- Gains/losses from changes in the fair value of biological assets (note 2.2)
- Intangible assets and property, plant and equipment including impairment (notes 3.1 and 3.2)
- Biological assets (note 3.4)
- Inventories (note 3.5)

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
In preparing the Group's Consolidated Financial Statements, Management makes various accounting estimates, judgments and assumptions, which form the basis of presentation, recognition and measurement of the Group's assets and liabilities.

Material accounting estimates and judgments relate primarily to the Group's biological assets in the fields, which in a large part of the year are covered by snow. When assessing the fair value of crops, the Group estimates that there was no material biological transformation from the time of sowing until the field work starts 1 July, and therefore these biological assets are measured at cost, which corresponds to the fair value.

ESTIMATION UNCERTAINTY
Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events.

The judgments, estimates and assumptions made are based on historical experience and other factors, which Management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The Group is also subject to risks and uncertainties, which may lead to actual results differing from these estimates, both positively and negatively. Assumptions about the future and estimation uncertainty on the balance sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Management regards the following areas to include the key accounting estimates and assumptions used in the preparation of the Consolidated Financial Statements:

- Impairment assesment of non-current assets (notes 3.1 and 3.2)
- Biological assets (note 3.4)
- Inventories (note 3.5)

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

Notes to the consolidated financial statements

Note 1.2, continued

ACCOUNTING POLICIES
Basis of consolidation
The Consolidated Financial Statements consist of the financial statements of Goodvalley A/S (the Parent Company) and its subsidiaries in which the Company's voting rights directly or indirectly exceed 50%, or in which the Company is able to exercise a controlling interest in any other way.

The Consolidated Financial Statements are prepared on the basis of the Parent Company financial statements and the individual subsidiaries by consolidating items of a uniform nature. Equity interests, intercompany transactions, intercompany balances, unrealized intercompany gains on inventories and dividends are eliminated.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the first time of consolidation.

Business combinations
On the acquisition of business, the difference between consideration and net asset value of the enterprise acquired is determined at the date of acquisition after the identified assets and liabilities have been adjusted to fair value (the acquisition method). Transaction costs relating to the acquisition of subsidiaries are not included in the value of the acquired assets. All acquisition-related costs are expensed in the period they incur. Any remaining positive differences are recognised as goodwill in intangible assets in the balance sheet. Goodwill is not amortised, but instead tested for impairment on an annual basis and when there is an indication of impairment. Any remaining negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until one year from the acquisition date. These adjustments are also reflected in the value of goodwill or negative goodwill.

Defining materiality
The Consolidated Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The trans- actions are presented in classes of similar items in the Consolidated Financial Statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the Consolidated Financial Statements or in the notes.

There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is not applicable or considered immaterial to the economic decision-making of the users of these financial statements.

Non-IFRS financial measures
Goodvalley uses certain financial measures that are not defined in IFRS to describe the Group's financial performance, financial position and cash flows. These financial measures may therefore be defined and calculated differently from similar measures in other companies, and may thus not be comparable.

The key non-IFRS financial measures presented in the annual report are:

- EBITDA (Earnings before interest, tax, depreciation and amortisation)
- Adjusted EBITDA (EBITDA adjusted for herd price changes and non-recurring items)
- EBIT (Earnings before interest and tax)
- ROIC (Return on invested capital)

Definitions of non-IFRS financial measures are provided in the Glossary.

TRANSLATION POLICIES
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction.

Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised in other comprehensive income and accumulated in a separate component of equity.

The Group used the following exchange rates for the translation into DKK at 31 December 2021 and 2020:

Income statement:
- PLN: 2021: 1,62894 (2020: 1.67807)
- UAH: 2021: 0,23061 (2020: : 0.24378)
- RUB: 2021: 0,08538 (2020: 0.09125)
- EUR 2021: 7,43705 (2020: 7.45437)

Balance sheet:
- PLN: 2021: 1,61684 (2020: 1.61205)
- UAH: 2021: 0,24163 (2020: 0.21414)
- RUB: 2021: 0,08846 (2020: 0.08204)
- EUR: 2021: 7,43650 (2020: 7.43930)

Notes to the consolidated financial statements

Note 1.2, continued

EQUITY
Proposed dividend is recognised as a liability at the time of approval by the general meeting. Dividend, which is expected to be distributed for the year, is disclosed in the statement of changes in Group equity.

The reserve for exchange adjustments in the Consolidated Financial Statements comprises foreign exchange differences arising from translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the Group (DKK). On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

CASH FLOW STATEMENT
The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. Cash flow from operating activities is calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents, prepaid tax and corporate tax liabilities.

Cash flow from investing activities comprises cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flow from financing activities comprises cash flows from the raising and repayment of financial debt as well as payments to and from shareholders.

Cash and cash equivalents comprises 'Cash at bank and in hand'.

The cash flow statement cannot be derived directly from the Consolidated Financial Statements.

COST OF GOODS SOLD
Cost of sales includes direct costs incurred when generating the revenue for the year. The Group recognises cost of sales as revenue is earned.

Notes to the consolidated financial statements

Section 2
Results for the year

Comprises the notes related to the result for the year including segment information, taxes and staff costs.

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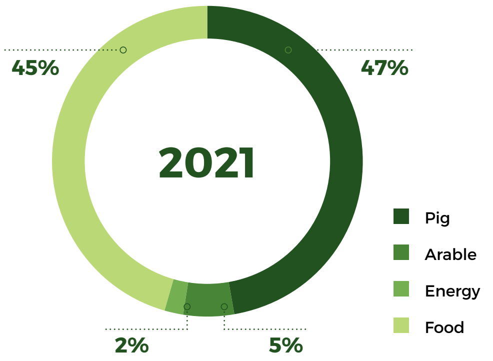
External revenue by division



2%

EBITDA increase

DKK million	Note	2021	2020
Revenue	2.1	1,455	1,463
Change in fair value of biological assets	2.2	-7	-66
Grants and other income	2.3	52	31
Total Income		**1,500**	**1,428**
Cost of goods sold (COGS)	2.1	-1,136	-1,083
Gross profit		**363**	**345**
SG&A	2.4	-126	-112
EBITDA		**238**	**233**
Adjustments			
Herd price adjustment		7	70
Non recurring items*		-13	13
Adjusted EBITDA		**232**	**316**
Depreciation and amortization (ex impairment losses)	3.1 , 3.2	-149	-162
Adjusted EBIT		**82**	**160**
Net financials ex exchange rate adjustments		-66	-67
Adjusted profit		**15**	**93**
Invested capital		2,501	2,318
ROIC		3.4%	6.4%

** Non-recurring items include adjustment for cost mainly related to payments of the director's exit fee. Additionally in 2021 Goodvalley recognized non-recurring items for the gain related to compulsory sale of land. in Poland.*

Notes to the consolidated financial statements

2.1 Segment information

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Inter-company elimina-tions	Total
2021						
Revenue	834	452	168	36	-36	1,455
Change in fair value of biolog-ical assets	-5	-1	-1	0	0	-7
Grants and other income	49	4	2	0	-4	52
Total Income	**878**	**456**	**170**	**36**	**-40**	**1,500**
Cost of goods sold (COGS)	-709	-310	-117	0		-1,136
Gross profit	**168**	**146**	**53**	**36**	**-40**	**363**
SG&A	-75	-32	-15	-43	40	-126
EBITDA	**94**	**113**	**39**	**-8**	**0**	**238**
Adjusted EBITDA	*74*	*120*	*40*	*-2*	*0*	*232*
Depreciation on non-curent assets and impairment losses	-94	-40	-13	0		-149
EBIT	**-1**	**73**	**26**	**-8**	**0**	**89**
Net financials				-66		-66
Exchange rate adjustments				32		32
Profit/loss before tax	**-1**	**73**	**26**	**-42**	**0**	**55**

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Inter-company elimina-tions	Total
2020						
Revenue	870	461	131	36	-36	1,463
Change in fair value of biolog-ical assets	-64	-4	1	0	0	-66
Grants and other income	26	11	1	0	-6	31
Total Income	**832**	**469**	**133**	**36**	**-42**	**1,429**
Cost of goods sold (COGS)	-720	-280	-84	0		-1,083
Gross profit	**113**	**189**	**49**	**36**	**-42**	**345**
SG&A	-68	-35	-15	-37	42	-112
EBITDA	**46**	**154**	**34**	**-1**	**0**	**233**
Adjusted EBITDA	*114*	*161*	*40*	*1*		*316*
Depreciation on non-curent assets and impairment losses	-101	-47	-14	0		-162
EBIT	**-55**	**107**	**20**	**-1**	**0**	**71**
Net financials				-67		-67
Exchange rate adjustments				-92		-92
Profit/loss before tax	**-55**	**107**	**20**	**-160**	**0**	**-88**

Notes to the consolidated financial statements

2.1 Segment information, continued

Geography:

	Revenue		Assets	
TDKK	**2021**	**2020**	**2021**	**2020**
Poland	657	752	969	1,045
Ukraine	452	461	532	434
Russia	168	131	260	244
Rest of world	176	119	6	3
Total	**1,455**	**1,463**	**1,767**	**1,726**

Other / not allocated items and eliminations
In all material respects, not allocated items and eliminations include:

- income and costs in group functions which are not allocated to the Group's business segments;
- intercompany eliminations

Geographic information
Revenue is allocated to the geographic areas based on the customer's geographic location. Allocation of assets is made based on the geographic location of the assets.

§ Accounting policies

Segment information has been prepared in accordance with the Group's applied accounting policies and is consistent with the Group's internal reporting to the Executive Board.

The Executive Board evaluates operating profits of business segments separately in order to make decisions in relation to resource allocation and performance measurement. The segment results are evaluated on the basis of operating results, which are calculated by the same methods as in the consolidated financial statements. Financial income, costs and corporate taxes are calculated at Group level and are not allocated to the business segments.

Segment income and costs comprise income and costs that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Business segments earnings are illustrated as reported and before elimination of internal trade to show the separate segments contribution to the Group's integrated setup. No individual customer accounts for more than 10% of revenue.

No information has been provided as to the segments' share of items concerning financial position or cash flows as the Executive Board does not use this segmentation in the internal reporting.

Revenue
Revenue comprises the value of goods delivered for the year less VAT and price reduction directly related to sales.

The Group recognises revenue when the income can be measured reliably; it is probable that the Group will receive future economic benefits and the specific criteria described below have been met. It is not considered possible to measure the amount of revenue reliably until all liabilities relating to the sales have been met. The Group bases its estimates on historical data considering the type of customer, the type of transaction and any other special matters relating to the transaction.

The most material sources of income are recognised in the income statement as follows:

Sales of biological assets: The Group primarily sells pigs for slaughterhouses. Revenue from the sales of pigs is recognised when delivery has taken place.

Sales of finished goods and consumables from slaughterhouses: Revenue from finished goods and consumables from slaughterhouses is recognised when delivery has taken place.

Sales of green energy and CO2 emission reduction units: The Group produces electricity on biogas plants. The electricity is sold as green energy and is recognised concurrently with the production. Revenue is recognised before the final settlement of the biogas activity based on historical data and market prices.

Cost of sales
Cost of sales includes direct costs incurred when generating the revenue for the year. The Group recognizes cost of sales as revenue is earned.

SG&A
SG&A costs comprise selling, general and administrative costs, including share of staff costs, agents' commissions to external sales agents, marketing, IT, bad debts, etc. For direct staff cost see disclosure 2.4.

Notes to the consolidated financial statements

2.2 Gains/losses from changes in the fair value of biological assets

DKK million	2021	2020
Sales herd of pigs:		
- Due to volume	1	-4
- Due to Prices	10	-77
Basic herd of pigs:		
- Due to volume	-3	4
- Due to Prices	-16	7
Arable - Crop production	**1**	**4**
Total	**-7**	**-66**

Significant accounting estimates

Please see the main accounting estimates and judgments in Note 3.4 Biological assets. At initial recognition, purchase of boars and gilts resulted in an expense of DKK 7 million in 2021 (2020: DKK 3 million).

§ Accounting policies

Gains and losses resulting from changes in the fair value of biological assets relate to changes for the year in prices and quantities of the herd and changes for the year of the fair value of unharvested crops.

2.3 Grants and other income

DKK million	2021	2020
EU hectare support	13	11
Biogas	3	1
Other income	36	19
Total	**51**	**31**

EU hectare support consist of agricultural grant schemes in EU, where the Group receives grants for possessing and producing arable activities. Other income includes sale of machinery and other sales not directly attributable to the Group's core business.

In 2021 the Group recognized under Other income the compulsory sale of land of Polish legal entity, contributing with a gain of DKK 22 million.

§ Accounting policies

Unconditional grants relating to biological assets measured at fair value less estimated costs to sell are recognised in the income statement when the government grant is received (general area grants). See also the accounting policy for deferred income relating to conditional grants.

Notes to the consolidated financial statements

2.4 Staff costs

DKK million	2021	2020
Staff costs		
Wages and salaries	-233	-237
Pensions	-1	-2
Other social security expenses, social funds etc.	-37	-35
Staff costs capitalized	5	4
Total	**-267**	**-270**
Included in the income statement:		
Staff costs related to COGS	-205	-206
Staff costs related to SG&A	-62	-63
Staff costs	**-267**	**-270**
Average number of employees	2,186	2,274
Employees at end of period	2,221	2,324
Remuneration to the Executive Board		
Salary, pension and bonus	6.9	6.6
Share-based payments		
Social security costs		
Members of the Executive Board	**2**	**2**

Remuneration to the Executive Board includes expected proceeds from long and short term incentive programmes. In the event of change of control, members of the Executive Board do not receive any additional compensation.

Remuneration of the Board of Directors
Remuneration of the Board of Directors amounted to DKK 2.1 million in 2021 (2020: DKK 2.2 million).

§ Accounting policies

Salaries, remuneration, contributions to the state pension and social insurance funds, paid annual leave and sick leave, retirement benefit schemes and other staff costs, including to the members of the Executive Board and Board of Directors, are accrued in the year in which the associated services are rendered by the employees of the Group.

The average number of employees is calculated as the average of the number of permanent employees at the end of each month, expressed on full-time basis.

2.5 Income and deferred income taxes

DKK million	2021	2020
Corporation tax		
Current tax for the year	-6	-
Change in deferred tax	-	2
Tax in the income statement	**-6**	**2**
Recognized as follows:		
Tax on profit/loss for the year	-6	2
Tax on other comprehensive income/loss	-	-
Tax for the year	**-6**	**2**
Net tax payables at 1 January		
Tax payable on profit for the year	-6	-
Tax paid during the year	-6	-
Foreign currency translation adjustments, etc.		
Total	**-**	**-**
Recognized as follows:		
Tax receivable	-	-
Tax payable	-	-
Total	**-**	**-**

Notes to the consolidated financial statements

2.5 Income and deferred income taxes, continued

DKK million	2021	2020
Tax on profit for the year is specified as follows:		
Calculated tax on profit for the year before tax, 22%	19	-
Tax-exempted profit on agricultural activities abroad	-13	-
Non tax deductable cost and income	-	-
Differences in tax rates compared with Denmark	-	-
	6	**-**
Effective tax rate for the year	10.7%	0%
Provision for deferred tax		
Provision at 1 January	-	2
Foreign currency translation adjustments, etc		
Change in deferred tax on profit for the year	-	-2
Changes in deferred tax from prior years	-	-
Provision for deferred tax 31 December	-	-

Income taxes
The tax value of the unrecognized share of tax loss carry-forwards, tax credits, etc. with indefinite lives amounts to DKK 38 million (2020: DKK 38 million).

§ Accounting policies

Tax on profit/loss for the year

Corporation tax comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity. Any changes in deferred tax due to changes to tax rates are recognised in the income statement, unless they relate to items recognized either in other comprehensive income or directly in equity.

Deferred tax asset and liabilities

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the value at which the asset is expected to be realised.

! Accounting estimates and judgments

As the Group operates across several different countries, the calculation of the Group's total tax charge in the income statement necessarily involves some estimations and judgments. A material part of the profit on agricultural activities abroad is tax-exempted. Tax and transfer prices disputes with authorities in some countries may occur and Management judgment is applied to assess the possible outcome of such disputes.

Notes to the consolidated financial statements

Section 3
Operating assets and liabilities

Relates to the assets that form the basis for the activities of the Group and the related liabilities.

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3.7	Other provisions	69
3.8	Deferred income	69

DKK million	Note	2021	2020
Intangible assets	3.1	96	91
Property, plant and equipment	3.2	1,671	1,635
Financial asset investments		3	3
Biological assets - basic herd	3.4	117	129
Biological assets and inventories	3.4 3.5	626	485
Receivables	3.6	164	122
Trade payables		99	70
Other payables		62	62
Other provisions	3.7	5	6
Deferred income	3.8	7	9
Net working capital		**615**	**460**
Invested capital		**2,501**	**2,318**

128 DKKm

Gross investments included acquisition of two Ukrainian farms.

Notes to the consolidated financial statements

3.1 Intangible assets

DKK million	Goodwill	Leasehold rights	Total
2021			
Cost at 1 January	74	24	97
Additions for the year	0	0	0
Exchange adjustment at balance sheet date rates	5	3	8
Cost at 31 december	**79**	**27**	**105**
Amortization and impairment losses at 1 January	0	7	7
Exchange adjustment at balance sheet date rates	0	1	1
Amortization and impairment losses for the year	0	2	2
Amortization and impairment losses at 31 December	**0**	**10**	**10**
Carrying amount at 31 december	**79**	**17**	**96**
2020			
Cost at 1 January	94	31	125
Additions for the year	0	0	0
Exchange adjustment at balance sheet date rates	-20	-7	-28
Cost at 31 december	**74**	**24**	**97**
Amortization and impairment losses at 1 January	0	7	7
Exchange adjustment at balance sheet date rates	0	-2	-2
Amortization and impairment losses for the year	0	2	2
Amortization and impairment losses at 31 December	**0**	**7**	**7**
Carrying amount at 31 december	**74**	**17**	**91**

The carrying amount of goodwill is specified as follows:

DKK million	2021	2020
Goodvalley LLC	62	58
Goodvalley Agro S.A.	13	13
Goodvalley Ltd.	3	3
Total carrying amount	**79**	**74**

Goodwill relates to Goodvalley Agro S.A., Goodvalley Ukraine LLC. and Goodvalley Russia LLC. For all companies, an impairment test in respect of goodwill and related underlying non-current asset has been carried out at 31 December 2021 based on the calculation of value in use. The impairment test in respect of goodwill and other non-current assets was based on a DCF model. The DCF model used as basis for impairment has 3 to 5 years (2022-2026) as budget periods. There is no general growth in the budget and prognosis period, which instead is based on the approved and actual forecast for 2022 and approved prognosis by Management for 2023-2026. For the terminal period covering the years after 2026, value has been determined based on historical normalised earnings and applying the growth of 3%. For Goodvalley Agro S.A. discount rate before tax was 9.0% (2020: 7.0%); For Goodvalley Ukraine LLC., the discount rate before tax was 13.4% (2020: 13.4%); For Goodvalley Russia LLC, the discount rate before tax was 11% (2020: 11%). The applied discount rate and budgets are exclusive of inflation. The applied discount rate is based on the inherent risk in the market related to the Group's business and industry peers.

! Accounting estimates and judgments

Risk of impairment of the Group's intangible and tangible assets are assessed regularly by Management. The significant judgments are identification of CGUs and assumptions used in the Group's impairment model. In case of any indication of impairment, value in use is estimated and compared with the carrying amount. The impairment test is performed through calculation of value in use based on a DCF model. The key parameters are the expected revenue, EBITDA margin and the rates used to discount the cash flows.

CGUs identified and used for allocation of goodwill and other intangible and tangible assets and impairment testing is based on countries as the countries are viewed as the smallest unit that generates identifiable cash flows. This approach has only two exceptions which are Goodvalley Sp. z o.o. and Goodvalley Agro S.A. Both entities are located in Poland. The activities are, however, very different in nature and thus Management considers them of two separate CGUs. The activity of Goodvalley Sp. z o.o. is food production with a share of branded products, while Goodvalley Agro's primary activity is the production of pigs. The CGUs are Goodvalley Russia LLC, Goodvalley Ukraine LLC, Goodvalley Sp. z o.o. and Goodvalley Agro S.A. The impairment test for all CGUs show comfortable head room and none of the CGUs are considered specifically sensitive to changes in assumptions. In all CGUs, impairment losses will only incur if there are significant long-lasting negative development in earnings and/or significant increases in discount rates

§ Accounting policies

Goodwill

Goodwill is recognised at cost less any impairment losses. Goodwill is not amortised but is subject to an annual impairment test. Impairment losses are recognised as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value of the asset less expected costs to sell and the value in use. At the assessment of the need for impairment, the recoverable amount of the smallest group of CGU is calculated.

Leasehold rights

Leasehold rights are measured at cost comprising payments to take over leases. Leasehold rights are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The basis for amortization is reduced by any write-downs.

Notes to the consolidated financial statements

3.2 Property, plant and equipment

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings tools and equipment	Property, plant and equipment under construction	Right-of-use assets	Total
2021							
Cost at 1 January	1,289	175	611	324	114	127	2,641
Exchange adjustment at balance sheet date rates	52	1	19	17	7	5	101
Additions for the year	0	0	0	2	125	19	146
Disposals for the year	-30	0	-4	-16	-3	0	-52
Reclassification	24	1	21	25	-71	0	0
Cost at 31 december	**1,336**	**177**	**647**	**352**	**172**	**151**	**2,836**
Depreciation and impairment losses at 1 January	288	91	382	221	0	24	1,006
Exchange adjustment at balance sheet date rates	11	0	11	11	0	0	33
Depreciation and impairment losses for the year	39	20	43	30	0	14	147
Depreciation disposals for the year	-5	0	-2	-13	0	0	-21
Reclassification	0	0	0	0	0	0	0
Depreciation and impairment losses at 31 December	**332**	**112**	**434**	**249**	**0**	**38**	**1,165**
Carrying amount at 31 december	**1,004**	**65**	**213**	**104**	**172**	**113**	**1,671**
Right-of-use assets by category	**112**		**1**				**113**
Assets provided as security for debt	**98**		**19**	**2**			

Property, plant and equipment include assets in the Polish Food division of approx. DKK 145 million (31.12.2020: DKK 144 million). The carrying value of these assets have been tested for potential impairment. The recoverable amount exceeds the carrying value and no impairment is considered imminent. Recoverable amount is determined on the basis that the Group expects to continue the positive sales development of the branded premium products in the coming years combined with a significant positive effect on the margins in the Food division.

On January 27, 2021, the Group signed a facility agreement with two banks consisting of two term loans in the aggregate amount of EUR 140 million and two revolving credit facilities of up to EUR 10 million. The said facilities were secured with Group fixed assets and shares.

Notes to the consolidated financial statements

3.2 Property, plant and equipment

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings tools and equipment	Property, plant and equipment under construction	Right-of-use assets	Total
2020							
Cost at 1 January	1,456	190	694	361	73	73	2,848
Exchange adjustment at balance sheet date rates	-208	-15	-89	-56	-13	-12	-394
Additions for the year	2	0	1	3	138	66	210
Disposals for the year	-15	0	-2	-10	4	0	-23
Reclassification	54	0	8	27	-89	0	0
Cost at 31 december	**1,289**	**175**	**612**	**325**	**113**	**127**	**2,641**
Depreciation and impairment losses at 1 January	296	79	385	237	0	11	1,008
Exchange adjustment at balance sheet date rates	-41	-8	-51	-36	0	0	-137
Depreciation and impairment losses for the year	49	20	50	30	0	13	162
Depreciation disposals for the year	-15	0	-2	-10	0	0	-27
Reclassification	0	0	0	0	0	0	0
Depreciation and impairment losses at 31 December	**288**	**91**	**382**	**221**	**0**	**24**	**1,006**
Carrying amount at 31 december	**1,001**	**84**	**230**	**104**	**113**	**103**	**1,635**
Assets provided as security for debt	**276**		**34**	**1**			**311**

Notes to the consolidated financial statements

3.2 Property, plant and equipment, continued

§ Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment, where required.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and subsuppliers.

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

Production building	25-40 years
Leasehold improvements	25-40 years
Plant and machinery	7-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Impairment of property, plant and equipment. At the end of each reporting period, Management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, Management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year.

Contractual commitments
There are no contractual commitments for acquisition of property, plant and equipment.

3.3 Leases

DKK million	2021	2020
Land and buildings	98	91
Plant and machinery	15	13
Carrying amount of lease assets	**113**	**104**
Lease liablites		
Less than 1 year	11	9
Between 1 and 5 years	33	31
More than 5 years	80	70
Undiscounted lease liabilities at December 31	**124**	**110**
Lease liabilities		
Short-term	11	9
Long-term	113	101
Total lease obligation recognized on the balance sheet	**124**	**110**
Amount recognised in the income statement		
Interest on lease liablities	15	12
Depreciation of lease assets per asset class		
Land and buildings	11	9
Plant and machinery	3	4
Depreciation of lease assets	**14**	**13**

Notes to the consolidated financial statements

3.3 Leases, continued

§ Accounting policies

Lease assets
Lease assets are 'right-of-use assets' from lease agreements. If, at inception, it is assessed that a contract contains a lease, a lease asset is recognised. Lease assets are initially measured at the present value of future lease payments, plus the cost of obligations to refurbish the asset. Payments include fixed payments, variable lease payments depending on an index or a rate and the exercise price of purchase options that are reasonably certain to be exercised. The lease assets are depreciated using the straight-line method over the shorter of the expected lease term and the useful life of the underlying asset. The lease assets are tested for impairment whenever there is an indication that the assets may be impaired. Lease assets are depreciated as follows:

- Buildings: 1-12 years
- Land: 10-90 years
- Plant and machinery: 1-10 years
- Equipment and company cars: 1-10 years

Short-term leases and leases of low value are recognised as expenses in the income statement on a straight-line basis over the lease term. Goodvalley's portfolio of leases covers leases of land, buildings and other equipment such as production lines, cars and transportation containers.

Lease liabilities
Lease liabilities are initially recognised at the present value of future lease payments including payments from extension or purchase options that are considered reasonably certain to be exercised. The lease liability is measured using the implicit borrowing rate in the contracts or, where this is not available, the marginal borrowing rate in the countries in which Goodvalley operates. Goodvalley applies a single discount rate to portfolios of leases in the countries in which Goodvalley operates based on contract currency and loan periods. If a lease contract is modified, the lease liability is remeasured.

3.4 Biological assets

DKK million	Basic Herd	Sales Herd	Total herd
2021			
Opening balance as of 1. January	**129**	**157**	**286**
Movements:			
Acquisitions	10	0	10
Produced piglets, cattles	1	555	556
Gain/loss from change in fair value	-29	554	525
Sales	-31	-1,068	-1,099
Transfer between groups	29	-29	0
Exchange adjustments	7	10	17
Closing balance - Values as of 31 december	**117**	**178**	**294**
2020			
Opening balance as of 1. January	**142**	**275**	**417**
Movements:			
Acquisitions	11	0	11
Produced piglets, cattles	0	570	570
Gain/loss from change in fair value	-4	379	375
Sales	-32	-991	-1,023
Transfer between groups	35	-35	0
Exchange adjustments	-23	-41	-64
Closing balance - Values as of 31 december	**129**	**157**	**286**

Additions for piglets are calculated as the value of weaners at standard price.

Gain on changes in fair value comprises changes as a consequence of biological growth of herd and price changes.

Disposals from sales and transfer amounts are calculated using the fair value per unit from previous period. Transfer between groups covers pigs transferred to own breeding as young females.

Herd provided as security for loan from credit institution amounts to DKK 42 million at 31 December 2021 (2020: DKK 38 million).

Notes to the consolidated financial statements

3.4 Biological assets, continued

DKK million	2021	2020
Crop production		
Opening balance as of 1. January	**63**	**72**
Acquisitions	210	182
Gain/loss from change in fair value	86	10
Harvest	-296	-188
Exchange adjustments	4	-13
Closing balance	**68**	**63**
Numbers of hectars harvested	29,896	31,727
Numbers of hectars seeded as of closing balance	14,627	12,874

! Accounting estimates and judgments

The Group's biological assets are measured at fair value less estimated costs to sell at each balance sheet date.

The fair value of sales herd (slaughter pigs) is based on the existence of an active market for these, including quotations and prices. The market price is based on the Group's realised sales prices per kilo live weight at 31 December on the local existing markets, and all finishers are valued at this price per kilo based on their average weight.

The fair value of the basic herd is measured on the basis of current market prices for animals of the same age, breed and genetic heritage on the nearest market place. Measurement is based on an average between the market price of young females purchased and the slaughter value of a sow at 31 December.

The Group's financial departments are responsible for performing the valuation of fair value measurements including level 2 fair values of biological assets. Same valuation model and techniques are used every month in all companies. The valuation model includes market inputs from official prices and actual own sales prices in local markets. The valuation process and results for recurring measurement are reviewed and approved by Group Management at least once every quarter.

For crops sown in autumn, the Group generally estimate that there was no material biological transformation at 1 January till 30 June compared with the time of sowing, and therefore, these biological assets are measured at cost occurred in the process, which corresponds to the fair value. If assumptions for biological transformation have changed, additional adjustments to the fair value are made at the end of each reporting period till the end of harvesting.

Biological assets were measured at a total of DKK 362 million at 31 December 2021 (DKK 348 million at 31 December 2020).

§ Accounting policies

Biological assets of the Group consist of unharvested crops and pig herd. Basic herd and green grass with harvest period more than one year are classified as non-current assets; sales herd and unharvested crops (winter crops sown in the autumn) are classified as current assets in the consolidated statement of financial position.

All biological assets are measured at fair value. All of these fair values are placed at level 2 in the fair value hierarchy as input is based on observable market prices and quotations.

Notes to the consolidated financial statements

3.5 Inventories

DKK million	2021	2020
Inventories		
Agriculture produce (stocks of own produced grain ect)	180	126
Raw materials, medicine etc, bought feed	175	118
Work in progress	3	2
Finished goods and goods for resale	23	19
Total inventory	**380**	**265**
Provision at 1 January	2	2
Exchange adjustments	0	0
Additions for the year	1	0
Provision at 31 december	**3**	**2**
Borrowings are secured on following inventories:		
Grains and raw materials/Agricultural stocks	0	2
Total	**0**	**2**

§ Accounting policies

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

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

Agricultural produce is initially recognised in inventory at fair value at the point of harvest less estimated costs to sell. The fair value of agricultural produce at the point of harvest is measured based on the market prices on the local markets on which the agricultural produce could be sold.

! Accounting estimates and judgments

The Group's inventories consist of agriculture produce (grain, silage, straw), feed, energy certificates and processed meat products from the Food division.

Agricultural produce are measured at fair value (based on the existence of an active market for these) at time of harvest and storage weight (established at time of harvest). Assessment of total inventories is subject of management estimates as the fair value of the agricultural produce is based on market prices.

Notes to the consolidated financial statements

3.6 Receivables

DKK million	2021	2020
Receivables		
Trade receivables	86	72
Allowance of expected credit losses	-3	-3
Trade receivables, net	**82**	**69**
Other receivables	43	35
Allowance of expected credit losses	-2	-2
Other receivables, net	**41**	**33**
Aging of trade receivables, gross		
Up to 30 days	82	67
Between 30 and 90 days	0	0
More than 90 days	3	5
Trade receivables, gross, at December 31	**86**	**72**
Allowance for expected credit losses at 1 January	**4**	**5**
Exchange adjustment	1	-1
Additions for the year	1	1
Utilisation for the year:	0	0
- Write-off	0	0
- Reversed	0	0
	5	**3**

§ Accounting policies

Trade and other receivables are recognised in the balance sheet at amortised cost less allowance for lifetime expected credit losses. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

Furthermore, an allowance for lifetime expected credit losses for trade receivables is recognized on initial recognition. Trade and other receivables are written off after all efforts to collect have been exhausted and there is no reasonable expectation of recovery.

The cost of allowance for expected credit losses for trade receivables are included in SG&A costs.

! Accounting estimates and judgments

The allowance for expected credit losses for trade and other receivables is based on historical credit losses experience combined with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The expected loss rates are updated at every reporting date

The allowance for to the lifetime expected credit loss model has only an immaterial effect on allowances recognised. The Group´s trade terms are generally covered by payment upon delivery or insurance of the receivable, whereby the risk is transferred.

Notes to the consolidated financial statements

3.7 Other provisions

DKK million	2021	2020
Staff obligations:		
Balance at 1 January	6	6
Exchange adjustment at balance sheet date rates	0	3
Provision for the year	1	2
Utilised provisions	-2	-1
Reversal of unutilised provision	0	-4
Total provisions	**5**	**6**
Provisions are recognised in the balance sheet as follows:		
Long-term	4	4
Short-term	2	2
Total provisions	**5**	**6**

Other provisions relating to staff obligation comprise provision for voluntary social funds in foreign subsidiaries as well as provisions for redundancy schemes for which the Group has no further obligations once the contribution has been paid. Uncertainty in respect of the recognition primarily relates to the unknown time horizon and the scope involved.

§ Accounting policies

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a legal or constructive obligation resulting from previous events; when it is probable that the Group will have to give up future economic benefits to settle the obligation, and the obligation can be measured reliably.

Other provisions relating to staff obligations comprise provision for voluntary social funds in foreign subsidiary as well as provision for contribution-based redundancy schemes for which the Group has no further obligations once the contribution has been paid.

3.8 Deferred income

DKK million	2021	2020
Deferred income		
Short term	3	3
Long term	5	6
	7	**8**

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

§ Accounting policies

Deferred income is recognised in liabilities when the government grants have been received but the conditions relating to the grants have not yet been met, or — where the government grant relates to non-current assets — the grants are recognised as income concurrently with the underlying non-current asset being depreciated.

Notes to the consolidated financial statements

Section 4

Capital structure and financing items

Encompasses notes related to capital structure and financing items.

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4.7 Net interest-bearing debt 77

DKK million	Note	2021	2020
Cash at bank and in hand		-129	-99
Bond debt	4.1	0	952
Credit institution	4.1	1,193	127
Subordinated loan from Polen Invest A/S	4.1	18	62
Net interest -bearing debt		**1,081**	**1,042**
Leverage (NIBD/Adjusted EBITDA LTM)		**4.67**	**3.30**

Notes to the consolidated financial statements

4.1 Financial institutions

DKK million	2021	2020
Bond debt		
Within 1 year	0	952
Debt to credit institutions		
Payable after 5 years	0	0
Payable between 2 and 5 years	1,081	15
Long-term debt	**1,081**	**967**
Short term - ordinary	112	112
Financial debt without Lease liabilities	**1,193**	**1,079**
Subordinate loan capital		
Payable after 5 years	0	0
Payable between 1 and 5 years	10	40
Long-term debt	**10**	**40**
Short-term debt	8	22
Total	**18**	**62**

§ Accounting policies

Debt is recognised at cost at the time of contracting the debt. Subsequently, it is stated at amortised cost, which in respect of short-term and non-interest-bearing debt and of floating rate loans usually corresponds to nominal value.

The Group recognises lease liabilities regarding right-of-use-assets, which are generally divided into: land, farms and machinery. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed contract payments (including in-substance fixed payments) and variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment, phones and small items of office furniture with value of EUR 1,500 or less.

	Carrying amount	Interest period binding months	Average effective interest in %
Debt to credit institutions			
Loans with fixed interest:			
RUB	10	12-28 month	13,5
Loans with variable interest:			
PLN	20	30	4.0
EUR	1,119	30	4.0
DKK	21	30	4.0
RUB	0	12-24	13.8
UAH	22	0	5.0

! Accounting estimates and judgments

For the Group's lease liabilities calculation, the following assumptions of lease payments were made for the lease of land contracts:

1) The contracts are often attached to the price for grain (often specifically wheat). In Ukraine, the land owners can decide whether they would get the payment in either crop or cash. Crops are paid in the 2nd half of the year (after harvest) and if Cash is chosen, they are paid in 1st half of the year. For simplifying the approach the calculation is based on actual payments – whereby it takes into consideration the payment for land and any bonus payments related to the contract.

2) For calculation purpose prices for the actual harvest (2nd half of year) are used for calculating the effect.

Discount rates are calculated for each country based on risk free rates adjusted for credit risk and lease specifics, local National Bank's deposit and credit rates.

The low value contracts were excluded for calculation purposes (covering phones and IT equipment).

Notes to the consolidated financial statements

4.2 Financial risks

Credit risks
The Group is exposed to credit risks on receivables. The Group considers the credit risk to be low. The Group's maximum credit risk is the sum of receivables recognised less insured amounts.

Outstanding receivables are followed-up upon on a current basis in accordance with Group procedures. If it is uncertain whether a customer is able or willing to pay, and the receivable is deemed doubtful, the receivable is written down.

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

In case of a breach of the terms of the loans, the Group has a right to remediate causes of breach without undue delay, and failing that, the bank is entitled to cancel the entire or part of the facility.

The maturity analysis is disclosed according to category and class broken down on maturity period.

Market risk
The majority of the Group's credit facilities are floating-rate credits, which exposes the Group to interest rate fluctuations. According to Group policy, all financing of working capital and investments in fixed assets are made on floating-rate terms. No financial instruments are used to hedge the interest level.

Based on interest-bearing debt at the balance sheet date, an increase in the market rate of 1% would affect profit/loss for the year before tax by approximately DKK 12 million (2020: DKK 11 million). The Group's settlement currencies are primarily PLN, RUB and UAH. No financial instruments are used to hedge positions in foreign currencies.

Due to the Danish Central Bank's fixed-rate policy towards EUR, it is assessed that the foreign currency positions in EUR do not involve any significant risk due to changes in the EUR rate.

As a consequence of the individual Group enterprises primarily operating in their individual functional currencies, the Group results will mainly be affected by changes in exchange rates due to intercompany accounts and receivables/payables and loans denominated in other currencies than the functional currency for the individual Group enterprise.

A 5% increase/decrease in the PLN, UAH and RUH rate versus DKK would impact profit/loss before tax positively/negatively by DKK 1 million and impact other comprehensive income positively/negatively by DKK 1 million arising from financial assets and liabilities. The sensitivity analysis does not include financial assets and liabilities in the functional currency of the Group's subsidiaries and translation risk from consolidation of income statement.

The most significant effect on the Group's earnings is attributable to changes in the price of pig meat and price changes relating to pig feed, which makes up 2/3 of the pig production costs.

Goodvalley is engaged in large-scale agricultural activities, which makes it possible to use the pig slurry. Moreover, this provides considerable hedging of the risk of changes in feed prices. A change of the pig meat price of 10% will, on an isolated basis, affect profit/loss for the year before tax relating to the pig production by approximately DKK 108 million (2020: approx. DKK 111 million). A change in the feed price will, on an isolated basis, affect profit for the year before tax relating to the pig production by approximately DKK 48 million (2020: approx. DKK 35 million).

Capital management
The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to provide return on the shareholders' investments and establish and maintain an optimal capital structure for the purpose of reducing the costs of borrowed capital and maintain a basis for continued growth in the Group. The Group's capital management is moreover partly controlled by loan agreements which include specific requirements to the financial performance of the Group and certain restrictions on the level of dividend distributions. Total capital comprises equity, credit facilities and subordinated loan capital from the Parent company; Polen Invest A/S, as shown in the consolidated balance sheet. In 2021 the Group successfully completed the refinancing process replacing the previous bond debt wit a four-year private banking facility.

Notes to the consolidated financial statements

4.2 Financial risks, continued

Maturity analysis at 31 December 2021 excluding future interest payments:

Measured at amortised cost	<1 year	1-5 year	>5 year	Without agreed settlement	Total	Carrying amount	Fair Value
2021							
Credit institutions	112	1,081			1,192	1,192	1,192
Subordinated loan, Polen Invest A/S	8	10			18	18	18
Trade payables	99	0			99	99	99
Other short-term payables	62	0			62	62	62
Financial liabilities	**281**	**1,091**	**0**	**0**	**1,372**	**1,372**	**1,372**
Receivables:							
Receivables from associates	7	0			7	7	7
Trade receivables	82	0			82	82	82
Other receivables	41	0			41	41	41
Cash at bank and in hand	129	0			129	129	129
Financial assets	**260**	**0**	**0**	**0**	**260**	**260**	**260**
Net Cash Outflow position	**21**	**1,091**	**0**	**0**	**1,112**	**1,112**	**1,112**

Notes to the consolidated financial statements

4.2 Financial risks, continued

Maturity analysis at 31 December 2020 excluding future interest payments:

Measured at amortised cost	<1 year	1-5 year	>5 year	Without agreed settlement	Total	Carrying amount	Fair Value
2020							
Credit institutions	112	15		0	127	127	127
Bond obligation	952	0			952	952	952
Subordinated loan, Polen Invest A/S	22	40			62	62	62
Trade payables	70	0	0	0	70	70	70
Other short-term payables	62	0		0	62	62	62
Financial liabilities	**1,217**	**55**	**0**	**0**	**1,273**	**1,273**	**1,273**
Receivables:							
Receivables from associates	7	0		0	7	7	7
Trade receivables	72	0		0	72	69	69
Other receivables	35	0		0	35	33	33
Cash at bank and in hand	99	0		0	99	99	99
Financial assets	**213**	**0**	**0**	**0**	**213**	**208**	**208**
Net Cash Outflow	**1,004**	**55**	**0**	**0**	**1,060**	**1,065**	**1,065**

Notes to the consolidated financial statements

4.2 Financial risks, continued

Market risk
Currency exposure at 31 December:

Currency	Payment maturity	Receivables	Payables	Bank and credit institutions	Payables to group companies	Net position 2021	Net position 2020
USD	< 1 year	14	-1	0	0	13	6
	> 1 year	0	0	0	0	0	0
EUR	< 1 year	1	-24	-1,079	0	-1,102	-963
	> 1 year	0	0	-41	0	-41	-3
PLN	< 1 year	46	-29	-18	0	-1	-21
	> 1 year	0	0	-2	0	-2	-22
UAH	< 1 year	29	-5	-22	0	3	14
	> 1 year	0	0	0	0	0	0
DKK	< 1 year	22	-4	-21	-8	-11	-80
	> 1 year	0	0	0	-10	-10	-40
RUB	< 1 year	4	-3	-5	0	-4	-6
	> 1 year	0	0	-5	0	-5	-9
		116	**-66**	**-1,192**	**-18**	**-1,160**	**-1,123**

Notes to the consolidated financial statements

4.3 Change in working capital

DKK million	2021	2020
Change in receivables and inventories	-157	-0
Change in biological assets	-14	140
Change in other short-term debt	28	-1
Total	**-143**	**138**

4.4 Non-current investments

DKK million	Other financial assets	Other non-current receivables	Associates	Total
2021				
Cost at 1 January	0	3	1	4
Disposal		-2		-2
Cost at 31 december	**0**	**-2**	**1**	**3**
2020				
Cost at 1 January	0	3	1	4.3
Cost at 31 december	**0**	**3**	**1**	**4.3**

DKK million	2021	2020
The carrying amounts of investments in associates are specified as follows:		
Sevel Slagteri A/S, Denmark, 40%	1	1

§ Accounting policies

Non-current asset investments include other investments and long-term loans provided.

Other investments for which no fair value can be reliably estimated are recognised at cost. When it becomes possible to estimate a reliable fair value, such investments will be measured accordingly. Unrealised fair value changes are recognised in other comprehensive income over equity, except for impairment losses and exchange adjustments on investments in foreign currencies which are recognised in the income statement. Long-term loans provided are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

4.5 Financial income and costs

DKK million	2021	2020
Financial income		
Interest income	4	4
	4	**4**
Financial expenses		
Interest expenses:	-62	-71
Refinancing related costs not eligible for capitalization	-8	
Capitalized interests	0	0
	-70	**-71**
Exchange rate adjustments		
Loans	30	-21
Other	2	-70
	32	**-92**

In January 2021 the Goodvalley board of directors has approved a facilities agreement consisting of two term loans in the aggregate amount of EUR 140 million and two revolving credit facilities of up to EUR 10 million. The operation generated refinancing costs of DKK 8 million and respectively DKK 17 million was capitalized and being subject to amortization during the facilities expected duration.

§ Accounting policies

Financial income and costs comprise interest income and interest costs, realised and unrealised exchange adjustments. Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the cost of the asset. Financial expenses relating to new loans are capitalized and are amortized over the duration of the loans. All other financial expenses are recognised as expenses in the financial year in which they relate.

Notes to the consolidated financial statements

4.6 Share capital, dividend and earnings per share

Development in share capital:

Number of shares issued before 2016	53,111,848
Number of shares issued 2017	685,976
Total shares	**53,797,824**

The share capital consists of 53,797,824 shares of a nominal value of DKK 10. No shares carry any special rights. The Group does not hold any treasury shares. The Group has not issued any rights to subscribe new shares in Goodvalley A/S.

Net cash distribution to shareholders (dividend):

DKK million	2021	2020
Ordinary dividend	0	0
Extraordinary dividend	0	0
	0	**0**
Dividend per share (DKK)	**0**	**0**
Earnings pr share:		
Earnings per share (DKK)	0.9	-1.6
Diluted earnings per share (DKK)	0.9	-1.6
Earnings per share (DKK) - including discontinued operations	0.9	-1.6

The proposal to distribute dividend of DKK 10 million disclosed in 2020 was reversed with the consent of the shareholders, and the amount is included in Retained earnings.

§ Accounting policies

Dividend is recognised as a liability at the time of resolution at the general meeting.

The reserve relating to exchange adjustments comprises translation differences arising in con- nection with translation of the financial statements of foreign subsidiaries from their functional currency into DKK. On realisation of the net investment, exchange adjustments are recognised in the income statement.

4.7 Net interest-bearing debt

The Group excludes IFRS 16 debt from Net interest-bearing debt

DKK million	2021	2020
Credit institutions, subordinated loan and bond debt (only for 2020)	1,210	1,141
Cash and cash equivalents	129	99
Net interest bearing debt	**1,081**	**1,042**

Notes to the consolidated financial statements

Section 5
Other disclosures

Includes statutory notes and other notes.

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5.1 Cash flow adjustments

DKK million	2021	2020
Other adjustments:		
Provisions	0	4
Exchange rate adjustments	36	-121
Other adjustments	5	-22
Total other adjustments	**41**	**-139**

5.2 Contingent liabilities

The Group has provided cross surety for debt within the Group.

Goodvalley A/S is jointly taxed with its parent, Polen Invest A/S, which acts as an administration company, and has joint and several liability together with other jointly taxed Group entities for the payment of income tax as well as for withholding taxes on interest, royalties and dividends. Tax payable for the joint taxation amounts to DKK 0 at 31 December 2021 (DKK 0 at 31 December 2020).

The Group is on a recurring basis involved in ongoing lawsuits as both applicant and defendant with partners and tax authorities. At the closing of the annual report for 2021, the Group is part in an ongoing tax audit in Poland. None of the ongoing cases are expected to have significant influence on the Group's financial position.

Apart from this, the Group has no contingent liabilities except for what is usual for the line of business.

Notes to the consolidated financial statements

5.3 Related-party transactions

Controlling interest	Basis for influence
Polen Invest A/S, Solvænget 21, DK-7400 Herning	Parent Company

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

Other related parties

Tom Axelgaard, Gyldenrisvej 11, DK-6854 Henne	Member of the Board of Directors, former, CEO
Hans Henrik Pauk Pedersen, Agnesvej 14, DK-2800 Kgs. Lyngby	CEO until 8 March 2021
Kristian Brokop, Skovgårdsparken 12, DK-5462 Morud	CEO from 8 March 2021
Jesper Vikelsø Jensen, Hollændervej 105, DK-5500 Middelfart	Member of the Executive Board from 15 October 2021
Anders Christen Obel, Haxholmvej 80, DK-8870 Langå	Chairman of the Board of Directors
Niels Rauff Hansen, Vinkelvej 141, DK-8800 Viborg	Deputy Chairman of the Board of Directors
Anders Bundgaard, Rørholtvej 32, DK-9370 Hals	Member of the Board of Directors
Helle Okholm, Islands Brygge 32 B, 02. 0219., DK-2300 København S	Member of the Board of Directors until 22 April 2021
Leif Bergvall Hansen	Member of the Board of Directors
Goodvalley Agro S.A., Poland	Group company
Goodvalley Sp. z o.o., Poland	Group company
Goodvalley Ltd., Ukraine	Group company
Goodvalley LLC, Russia	Group company
Finansax ApS, Denmark	Group company
Goodvalley ApS, Denmark	Group company
Sevel Slagteri A/S. Søgårdsvej 28, DK-7830 Vinderup	Associated company

5.3 Related-party transactions, continued

Transactions

The Group has obtained a subordinated loan from the Parent company: Polen Invest A/S, with a balance of DKK 15 million at 31 December 2021 (balance at 31 December 2020: DKK 55 millions). The loan is repaid accordingly to the financial position of the company. The loan carries interest, and the interest for 2021 amounts to DKK 2 million (2020: DKK 3.5 million).

Remuneration of the Executive Board and the Board of Directors is specified in note 2.4

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

The ultimate parent company is:
Polen Invest A/S, Copenhagen V, Denmark (90.5%). Goodvalley A/S and subsidiaries are included in the consolidated financial statements for Polen Invest A/S.

The following control more than 5% of the shares:
Polen Invest A/S, Copenhagen V, Denmark (90.5%)

5.4 Events after the reporting period

The Group has not experienced any significant events after 31 December 2021 which have an impact on the annual report.

Notes to the consolidated financial statements

5.5 Fee to statutory auditor

Audit fee

DKK million	Deloitte	Others
2021		
Audit fees	1.0	0.4
Other assurance services	0	0
Tax advisory services	0	0
Other services	0.2	0
	1.2	**0.4**
2020		
Audit fees	1.1	0.3
Other assurance services	0	0
Tax advisory services	0	0.1
Other services	0	0.5
	1.1	**0.9**

The Russian subsidiary Goodvalley Russia LLC is not audited by the Parent company's auditors, but by another recognised international auditing firm.

The fee for non-audit services provided to the Group in 2021 by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 0.2 million and consisted of accounting and financial advisory services.

5.6 Income Statement classified by function

DKK million	2021	2020
Total income	1,500	1,429
Cost of goods sold including depreciations and amortisations	-1,279	-1,237
Gross profit	**221**	**191**
SG&A, including depreciations and amortisations	-132	-120
EBIT	**89**	**71**
Depreciation and amortisation consist of:		
Amortisation of intangible assets	-2	-2
Depreciation of tangible assets	-147	-160
	-149	**-162**
Depreciation and amortisation are divided into:		
Cost of goods sold	-142	-154
Sales and administrative costs	-6	-8
	-149	**-162**

Notes to the consolidated financial statements

5.7 Entities in Goodvalley

Name	Country of incorporation	%	Principal activities: Farming	Energy	Slaughter-house	Food	Management
Goodvalley A/S	**Denmark**						+
Finansax ApS	**Denmark**	**100%**					+
Goodvalley Denmark ApS	**Denmark**	**100%**				+	
Goodvalley Agro S.A.	**Poland**	**100%**	+	+			+
Subsidiaries							
Zegrol Sp. z o.o.	Poland	100%	+				+
Kniat Agro Sp. z o.o.	Poland	100%	+				+
Przedsiębiorstwo Uboju Zwierząt Rzeźnych Rolnik Sp. z o.o.	Poland	100%	+				+
Agro Wlodarski Sp. z o.o.	Poland	100%	+				+
Bioenergia Sp. z o.o.	Poland	100%		+			+
Invest Farm Sp. z o.o.	Poland	100%	+				+
L.M.-POL Sp. z o.o.	Poland	100%	+				+
Ośrodek Hodowli Zarodowej Sp. z o.o.	Poland	100%	+				+
Agro Wiesiólka Sp. z o.o.	Poland	100%	+				+
Agro Pokrzywy Sp. z o.o.	Poland	100%	+				+
Agro Gębarzewo Sp. z o.o.	Poland	100%	+				+
Goodvalley Sp. z o.o	**Poland**	**100%**			+	+	+
Goodvalley Ukraine LLC	**Ukraine**	**100%**	+	+			+
Subsidiaries							
Daryna Food LLC	Ukraine	100%	+				
Galytski Agrarni Investytsii PE	Ukraine	100%	+				
OOO Goodvalley	**Russia**	**100%**					+
Subsidiaries							
OOO RASK	Russia	100%	+				
Associates							
Sevel Slagteri A/S	**Denmark**	**40%**			+		

Notes to the consolidated financial statements

5.8 Explanation of financial ratios

FINANCIAL

NIBD/Adjusted EBITDA LTM

Net Interest-Bearing Debt divided by adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) rolling for the last twelve months excluding price regulation of herd value.

EBITDA	=	EBIT + depreciation, amortisation and impairments
Adjusted EBITDA	=	EBIT before depreciation, amortisation and impairments adjusted for price effect on herd valuation and any non-recurring items
Free cash flow	=	Cash flow before financing activities
Net working capital	=	Biological assets + inventories + receivables - operating long- and short-term payables
Invested capital	=	Non-current assets + net working capital
Net interest-bearing debt	=	Current and non-current liabilities and debt, debt to credit institutions, subordinated loan - cash and cash equivalents (NIBD). Lease liabilities not included.

Gross margin (%)	=	Gross profit / Revenue
EBITDA margin (%)	=	Operating profit before depreciation, amortisation and impairments / Revenue
EBIT margin (%)	=	Operating profit / Revenue
Free cash flow / Revenue	=	Free cash flow / Revenue
Cash conversion	=	Free cash flow / Operating profit (EBIT)
EBITDA LTM	=	Operating profit/loss before depreciation, amortisation and impairment last 12 months
Equity ratio	=	Equity year-end / Total assets year-end
ROIC	=	EBIT-taxes / Average invested capital
FTE year end	=	Total hours worked year-end / Standard work hours per week
Earnings per share	=	Profit/loss attributable to shareholders of the Parent Company / Average number of shares excluding treasury shares

Financial statements Parent Company

Income Statement

Income Statement

DKK million	Note	2021	2020
Revenue	2	**36**	**36**
Other external expenses		0	-2
Gross profit/loss		**36**	**34**
SG&A	3	-43	-35
EBITDA		**-7**	**-1**
Depreciation		0	0
EBIT		**-7**	**-1**
Dividend from subsidiaries		0	84
Financial income	4	35	35
Financial expenses	5	-52	-71
Profit/loss before tax		**-24**	**47**
Income tax	6	0	0
Profit/loss		**-24**	**47**
Distribution of profit/loss for the year			
Retained earnings		-24	47

Statement of comprehensive income

DKK million	Note	2021	2020
Profit/loss for the year		-24	47
Total comprehensive income		**-24**	**47**

Balance Sheet

Balance Sheet, 31 December

DKK million	Note	2021	2020
Assets			
Software and systems		6	3
Intangible assets	7	**6**	**3**
Investment in associates	8	1	1
Investment in subsidiaries	9	1,457	1,456
Receivables from group companies		543	583
Financial investments		**2,000**	**2,040**
Non-current assets		**2,006**	**2,043**
Receivables from group companies		181	192
Receivables from associates		7	7
Other receivables		4	3
Prepayments		18	
Receivables		**210**	**202**
Cash at bank and in hand		44	9
Current assets		**254**	**211**
Assets		**2,260**	**2,254**

Balance Sheet, 31 December

DKK million	Note	2021	2020
Liability and equity			
Share capital		538	538
Retained earnings		570	595
Total equity	11	**1,108**	**1,133**
Credit institution - long term		1,073	0
Subordinated loan capital from Polen Invest A/S		10	40
Long-term liabilities		**1,083**	**40**
Bond debt		0	992
Credit institution - short term		40	47
Subordinated loan capital from Polen Invest A/S		8	22
Other payables		21	20
Long-term liabilities		**69**	**1,081**
Liabilities		**1,151**	**1,121**
Liabilities and equity		**2,260**	**2,254**

Statement of changes in equity

DKK million	Share capital	Retained earnings	Dividend	Total equity
Equity at 1 January 2020	**538**	**548**		**1,086**
Net profit/loss for the year		47		
Comprehensive income/loss for the year 2020	**538**	**595**	**0**	**1,133**
Equity at 31 December 2020	**538**	**595**	**0**	**1,133**
Net profit/loss for the year		-24		-247
Comprehensive income/loss for the year 2021	**0**	**-24**	**0**	**-24**
Equity at 31 December 2021	**538**	**570**	**0**	**1,108**

In the financial statements for 2020 a proposed dividend of DKK 10 million was disclosed. The proposal was withdrawn and the proposed dividend is included in the retained earnings.

Statement of cash flows

DKK million	2021	2020
Profit/loss	**-24**	**47**
Adjustments for non-cash items and interest, etc.	17	36
Change in working capital	-18	7
Cash flow from operating activities before financial income and expense	**-25**	**91**
Interest received	34	36
Interest paid	-52	-55
Cash flow from operating activities before tax	**-42**	**72**
Corporation Income tax paid	0	0
Cash flow from operating activities	**-42**	**72**
Purchase of intangible assets	-3	-3
Change of financial investments	38	-144
Dividend from subsidiaries	0	84
Cash flow from investing activities	**36**	**-63**
Repayment of bond debt	-979	0
Proceeds from borrowings (incl. revolving facility)	1065	27
Repayment of subordinated loan from parent	-44	-17
Repayment of other borrowings	0	-15
Cash flow from Financing activities	**42**	**-5**
Change in cash and cash equivalents	**35**	**5**
Cash and cash equivalents at 1 January	9	4
Cash and cash equivalents at 31 December	**44**	**9**

Notes to Parent Company Financial Statements

1. Significant accounting estimates and assessments

Investments in subsidiaries constitute a significant part of Goodvalley A/S' total assets. Impairment tests of subsidiaries are carried out where events or changed conditions indicate that the carrying amount may not be recoverable. The significant devaluation in 2020 of some of the currencies in the countries where Goodvalley A/S has subsidiaries is considered an indication of impairment. On this basis, Goodvalley A/S has tested the investment in subsidiaries for potential impairment applying a DCF model as further described in notes 3.1 and 3.2 to the consolidated financial statements. The impairment tests show head room for all subsidiaries, and no impairment loss has been recognised in 2021 (2020: no impairment loss).

2. Revenue

DKK million	2021	2020
Services	36	36
Total revenue	**36**	**36**

3. Staff costs

DKK million	2021	2020
Wages and salaries	**24**	**25**

Reference is made to note 2.4 for information to the Executive Boards and Board of Directors.

4. Financial income

DKK million	2021	2020
Intercompany loans	32	35
Exchange rate adjustments	1	0
	33	**35**

5. Financial expenses

DKK million	2021	2020
Borrowings	44	51
Other costs related to refinancing	6	4
Exchange rate adjustments	0	16
	50	**71**

In January 2021 the Goodvalley's board of directors has approved a facilities agreement consisting of two term loans in the aggregate amount of EUR 140 million and two revolving credit facilities of up to EUR 10 million. The purpose of the facility was to refinance Goodvalley's existing EUR 135 million senior secured bond. At March 18, 2021 the company has redeemed the bond debt in total. The refinancing triggered costs, of which DKK 17 million was capitalized and being subject to amortization over the facilities expected duration.

6. Tax on profit for the year

DKK million	2021	2020
Corporation tax		
Current tax for the year	0	0
Deffered tax for the year	0	0
	0	**0**
Tax on profit/loss for the year is specified as follows:		
Calculated 22% tax on profit/loss for the year before tax	-5	10
Tax effect of:		
Zero-tax agriculture		
Non tax deductible costs and income	0	-18
Unrecognized tax asset	5	8
	0	**0**
Effective tax rate for the year	0%	0%

Notes to Parent Company Financial Statements

7. Intangible assets

DKK million	2021	2020
Cost at 1 January	**3**	**0**
Additions for the year	3	3
Cost at 31 December	**6**	**3**
Amortisation 1 January	**0**	**0**
Amortisation for the year	0.3	0
Amortisation 31 December	**0.3**	**0**
Carrying amount 31 December	**5.3**	**3**

8. Investments in associates

DKK million	2021	2020
Cost at 1 January	**1**	**1**
Cost at 31 December	**1**	**1**
The carring amount of investments in associates is specified as follows:		
Sevel Slagteri A/S	**1**	**1**

9. Investments in subsidiaries

DKK million	2021	2020
Cost at 1 January	**1,456**	**1,372**
Additions for the year	0	84
Disposals for the year	0	0
Cost at 31 December	**1,456**	**1,456**

Investments in subsidiaries are specified as follows:

'000	Office	Currency	Share capital	Ownership
Goodvalley Agro S.A.	Poland	PLN	11,601	100%
Goodvalley Sp. z o.o.	Poland	PLN	20,853	100%
Goodvalley Russia LLC	Russia	RUB	232,532	100%
Goodvalley Ukraine LL	Ukraine	UAH	362,328	100%
Finansax ApS	Denmark	DKK	50,000	100%
Goodvalley Denmark ApS	Denmark	DKK	40,000	100%

The underlying equities of the subsidiaries are specified as follows:

DKK million	2021	2020
Goodvalley Agro S.A.	875	884
Goodvalley Sp. z o.o.	-35	-21
Goodvalley Russia LLC	152	269
Goodvalley Ukraine LL	611	472
Finansax ApS	-1	0
Goodvalley Denmark ApS	0	0

Notes to Parent Company Financial Statements

10. Deferred tax

DKK million	2021	2020
Deferred tax at 1 January	0	0
Deferred tax at 31 December	**0**	**0**
Tax loss carry forward	34	29
Write down to estimated value	-34	-29
Deferred tax at 31 December	**0**	**0**

The deferred tax asset has been calculated at 22% corresponding to the current tax rate.

11. Share capital

The share capital consists of 53.797.824 shares of a nominal amount of DKK 10. No shares carry any special rights.

12. Audit fees

DKK million	2021	2020
Audit fees	0.5	0.5
Other assurance services		
Tax advisory services		
Other non-audit services	0.2	0.1
	0.7	**0.6**

13. Related parties and ownership

Related parties and ownership are stated in the notes to the Consolidated Financial Statements, to which reference is made.

The Company has transactions with subsidiaries in the form of interest-bearing loans and intercompany accounts. Total loans to the subsidiaries amount to DKK 717 million at 31 December 2021 (2020: DKK 775 million) . Interest income on loans and intercompany accounts for 2021 amounts to DKK 32 million (2020: DKK 35 million). Currency gain on intercompany loans amounted to DKK 1 million (2020: Loss of DKK 16 million). Management fee from subsidiaries amounts to DKK 36 million (2020: DKK 36 million).

Subordinated loan from the Parent company; Polen Invest A/S, equals DKK 15 million at 31 December 2021 (balance at 31 December 2020: DKK 55 million), refer to Note 5.3 of the Group. The loan carries interest, and the interest for 2021 amounts to DKK 2 million (2020: DKK 3.5 million). At the balance sheet date, accrued interest stood at DKK 3 million.

All transactions have been taken place on an arm's lenght basis.

14. Accounting policies

The Parent Company Financial Statements of Goodvalley A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

The reporting period of these Financial Statements follows the calendar year. The Parent Company Financial Statements for 2021 is presented in DKK million. The accounting policies applied by the Parent Company are the same as those applied by the Group except for the below-mentioned additions. Reference is made to the Consolidated Financial Statements for a description of the accounting policies applied by the Group.

Supplementary accounting policies applied for the Parent Company: Dividend from investments in subsidiaries is recognised as income in the income statement under financial income in the financial year in which the dividend is distributed. Investments in subsidiaries are measured at cost. Where the cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount.

Glossary

GENERAL

Group
Consists of Goodvalley A/S, Goodvalley Agro S.A., Goodvalley Sp. z o.o., Goodvalley Ukraine LLC, OOO Goodvalley, Finansax ApS and Goodvalley Denmark ApS.

PRODUCTION

ASF
African swine fever.

Arable stock, WIP
The arable stock in the fields which is not yet harvested.

Basic herd
The part of the pig herd, which consists of sows, maiden gilts and boars.

Bio assets
Biological assets (mainly pigs and crops).

Bioenergy
Energy produced based on biological resources.

Biosecurity
Level of measures taken to prevent infection by contagious diseases.

Certificates on biogas
Energy units used for calculating extra price for sold kWh on top of market price (based on political decisions).

CO_2-e:
Carbon dioxide equivalent describing different greenhouse gasses in a common unit signifying the amount of CO2 which would have the equivalent global warming impact

Crop split
The split between the different types of crops grown in the fields.

Cultivated land
Land used for crop production.

Efficiency
Measurable technical results from the production.

Feed conversion ratio
Kilo of feed used for one kilo meat produced (live weight).

Immunization strategy
Strategy for improving the immunity of the pigs mainly by vaccination.

Land bank
Own and leased land

Live weight
Weight of the pig before slaughtering and deboning.

Modified Atmosphere Packaging (MAP)
A packing method where the products are packed in a sealed and protected atmosphere to increase the period from manufacturing to last sales date.

Meat-to-feed ratio
Price of one kilo meat (carcass weight) divided by the price of one kilo feed.

Oil seeds
Crops that contain oil. Typically rape seed, soya and sunflower.

Piglets
Pigs in farrowing before they are weaned from the sow.

Pig price
Price per kilo pig meat in carcass weight.

Processed products
Meat products which have been cooked, smoked or salted.

RWA
Pigs Raised Without Antibiotics

Sales herd
The part of the pig herd that consists of piglets, weaners and slaughter pigs.

Carcass weight
Weight of the pig in kilos of meat after slaughtering.

Slaughter pigs
Pigs from 30 kilo live weight to slaughter (app. 110 kilo).

Weaners
A pig in the period between weaning from the sow and slaughter pig (approximately 6.5-30 kilo).

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Goodvalley A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2021 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2021.

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

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

Copenhagen, 11 March 2022

Executive Board

Kristian Brokop Jakobsen
Chief Executive Officer

Jesper Vikelsø Jensen
Chief Financial Officer

Board of Directors

Anders Christen Obel
Chairman

Niels Rauff Hansen
Vice Chairman

Tom Axelgaard

Anders Bundgaard

Leif Stig Hansen

Independent auditor's report

To the shareholders of Goodvalley A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Goodvalley A/S for the financial year 1 January – 31 December 2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2021, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Copenhagen,11 March 2022

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GOODVALLEY

Since 1994

Home of Quality

Design and production: Noted