



GOODVALLEY

Since 1994

Home of Quality

Annual Report 2022

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Letter from the Executive Board

"Despite 2022 being a year of war and very high prices on energy and feed Goodvalley's diversified field-to-fork business model and not least the team "of highly dedicated employees once again proved resilient."

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Sustainability Report 2022

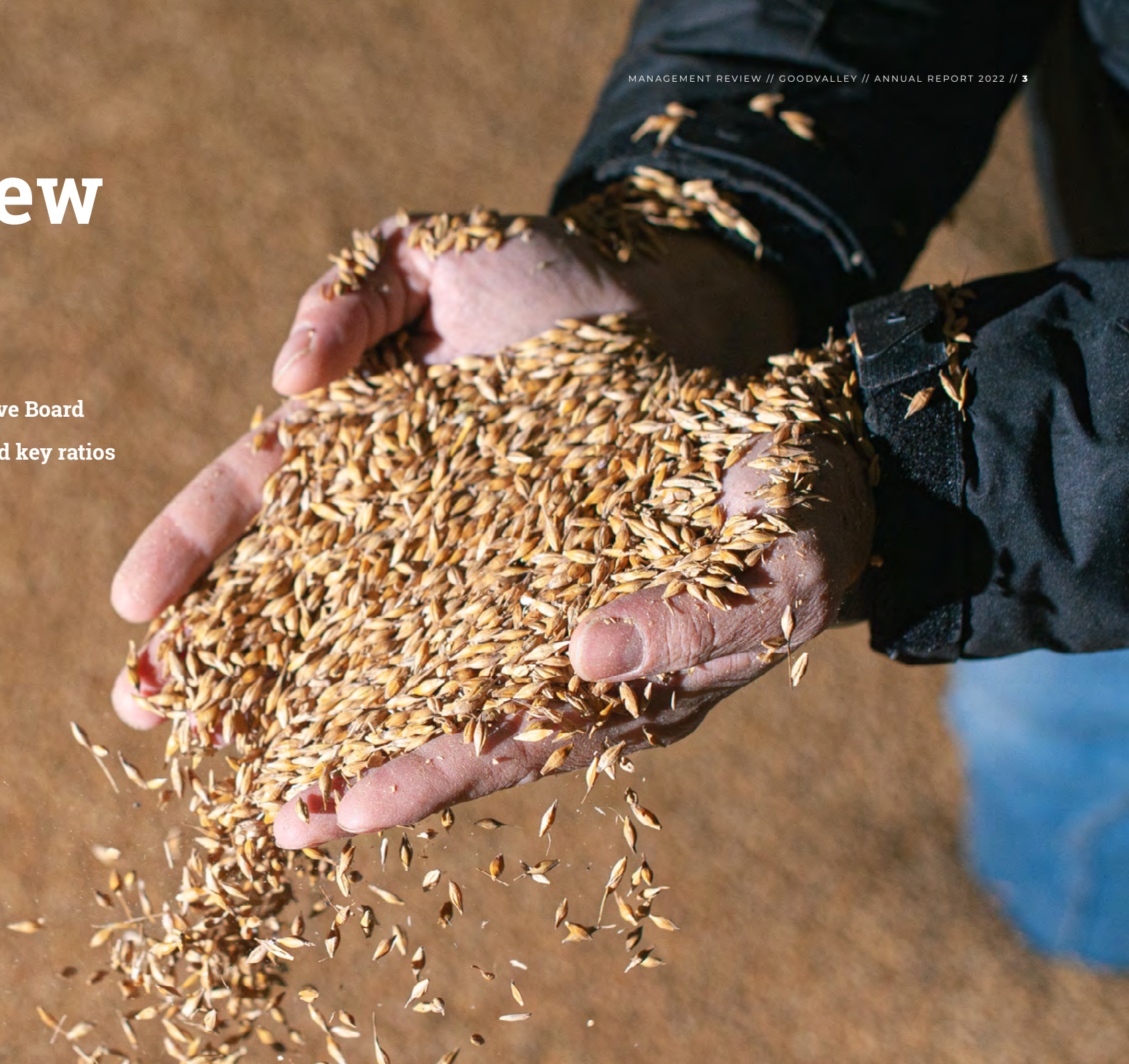
Our 2022 Sustainability report describes our efforts and achievements in sustainable farming for the 9th time since we started reporting.

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Overview

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Goodvalley at a glance

Since 1994 Goodvalley has been a vertically integrated producer of pork meat operating its business in eastern Europe.

The company was founded by Danish farmers on a vision of producing food as close to the market as possible, creating workplaces in the rural areas of the countries and securing both quality and safety of the end product, by operating and owning each step in the production cycle.

Danish farming principles and knowhow has laid the foundation for sustainable and efficient farming in countries with strong market drivers and prospects for growth and development.

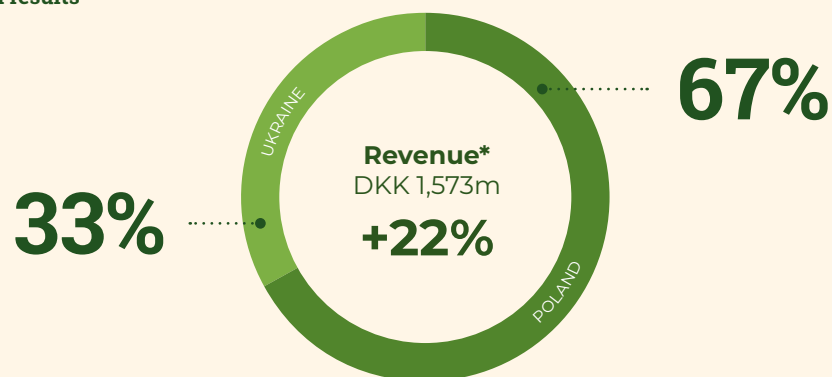
Today the operations are located in Poland and Ukraine and comprised of arable production, feedmills, pig farming, slaughtering, meat processing and marketing as well as biogas production.

Goodvalley sells live pigs to external slaughterhouses and in Poland the company owns and operates its own slaughterhouse which, based on Goodvalley-produced pigs, supplies retail chains across Poland, building a strong food brand based on a wide range of high quality products.

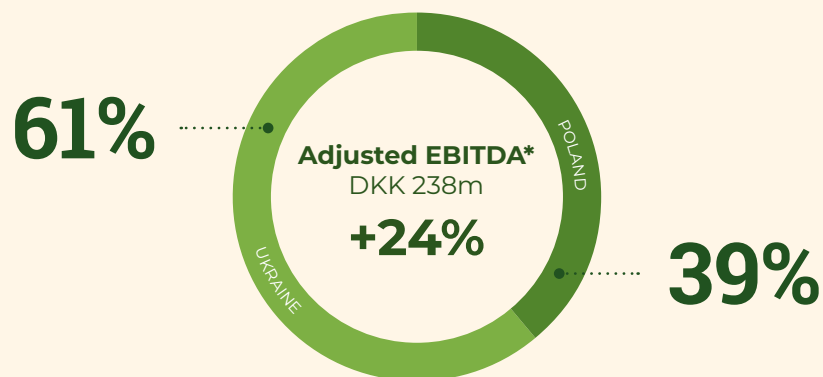
2022

Facts and figures

Total results



Revenue increased due to increased pig prices.



Adjusted EBITDA increased and was impacted by higher live pig prices and an increase in feed costs.



The continued education of our skilled and experienced employees forms the foundation for Goodvalley's development and success. In 2022 our employees received 46,633 hours of training and education.



We continuously invest in our well-diversified production network comprised of 35 farms, 1 slaughterhouse and 9 biogas plants in Poland and Ukraine.

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.



Goodvalley's arable land bank decreased by 7,500 hectares in 2022 to a total of 33,500 hectares of land. due to the sale of Goodvalley Russia and consolidation of the land bank in Goodvalley Ukraine.

Dolina Dobra

Building on the foothold in Poland achieved with the Goodvalley brand we are adjusting to consumer perceptions and took on a more local profile. This led to a rebranding and launch of "Dolina Dobra". For more insights please go to page 23.

Divestment of Goodvalley Russia

As a direct consequence of the aggression in Ukraine by Russia, Goodvalley decided to divest all assets in Russia. The transaction was concluded in the beginning of September 2022.

* In this report, Adjusted EBITDA refers to EBITDA adjusted for herd price changes and non-recurring items, cf. page 76.

LETTER FROM THE EXECUTIVE BOARD

No matter how you label the year 2022

Unprecedented, difficult, challenging, extreme or other it would still be a gross understatement. On February 24, 2022 Russia attacked Ukraine and brought back a large-scale war on the European continent for the first time since 1945.

With significant parts of the Goodvalley's business in Ukraine and Russia we had people, animals and farms on both sides of the war and found ourselves in an unacceptable situation. Realizing fast that continuing our business in Russia was no option we decided to divest Goodvalley Russia which we succeeded in doing in September 2022.

The Russian invasion had a devastating impact on energy prices and cost-of-living for households across Europe and we also felt the pressure on feed and energy prices and a decline in the purchasing power of the consumers in our markets.



However, looking at the 2022-results all these extreme challenges had limited effect on Goodvalley's performance and the Group managed to maintain positive dynamics both financially and on production KPIs with good help from the surprisingly favorable market trends not least in Ukraine.

Revenue went up by approx. 22% to DKK 1,573 million compared to 2021 and adjusted EBITDA coming in at DKK 238 million increased by 24% compared to 2021. Harvest results were very good with several Goodvalley yield records broken both in Poland and Ukraine. All in all a very strong performance and a testament to the resilience of Goodvalley's business model and strong team of dedicated employees.

Goodvalley Russia has been accounted for as a discontinued operation, and hence all analysis and discussion of the financial performance in 2022 compared to 2021 are excluding financial figures for Goodvalley Russia.

“In 2022 the political risk in one of our markets suddenly materialised with the Russian attack on Ukraine. However, the Ukrainian business continued to be a very significant contributor to the Group result.

Kristian Brokop Jakobsen
CEO

All Goodvalley employees made these results possible and we remain deeply thankful and impressed that our organisation performed at such a high level in another year with extreme challenges caused by external factors. However, some Goodvalley employees deserve a special thank you and admiration; our Ukrainian colleagues and friends who were exactly as brave, smart and brilliantly creative as the world has come to know the entire nation of Ukraine. They are fighting for their freedom and the future of their children and thousands have already paid the highest price. Goodvalley lost 4 employees in the war in 2022 and we will forever remember them and their sacrifice.

Despite the current tragic situation we are optimistic and believe in a bright future for Ukraine and we want to be a part of that future. Being one of the largest producers of pig meat in the country for the last many years we are uniquely positioned to help rebuild Ukraine to the benefit of both Ukraine and Goodvalley's shareholders.

In Poland, Goodvalley's products were completely rebranded in 2022 and they are now called “Dolina Dobra”. Listening to the Polish consumers, who want products of Polish origin Dolina Dobra, which is a direct translation of the word “Goodvalley”, is a visually strong and distinct brand which presents Goodvalley as a local producer of high quality food with a strong field-to-fork environmental profile. The new brand name is gaining good traction in terms of consumer awareness and sales are picking up so in this respect we can also say that we are optimistic.

On this positive note, we wish you happy reading the Goodvalley 2022 annual report.

Kristian Brokop Jakobsen Jesper Vikelsø Jensen
CEO CFO

“Goodvalley's business concept really proved its worth in 2022. 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

Financial highlights and key ratios

DKK million	2022	2021	2020	2019	2018
Income statement					
Revenue	1.573	1.292	1.463	1.526	1.473
Total income	1.780	1.336	1.429	1.644	1.493
Gross profit	499	316	345	474	333
EBITDA	386	199	233	354	212
<i>Adjusted EBITDA</i>	<i>238</i>	<i>193</i>	<i>316</i>	<i>274</i>	<i>222</i>
EBIT	246	64	71	207	91
Financial items, net	-113	-37	-159	-18	-65
Discontinued operation	-106	28			
Profit/loss for the year	26	49	-86	188	18
<i>Adjusted profit/loss</i>	<i>37</i>	<i>-1</i>	<i>93</i>	<i>59</i>	<i>36</i>
Cash flow					
Operating activity	100	75	178	205	194
Investing activity	194	-96	-142	-83	-269
Free cash flow	294	-21	36	121	-75
Financing activity	-262	46	12	-97	-28
Balance sheet					
Non-current assets	1.424	1.886	1.858	2.105	1.927
Net working capital	673	615	460	585	475
Invested capital	2.097	2.501	2.318	2.691	2.402
Total assets	2.459	2.805	2.564	2.929	2.630
Equity	1.189	1.297	1.166	1.569	1.230
Net interest-bearing debt	806	1.081	1.042	1.057	1.171

DKK '000	2022	2021	2020	2019	2018
Share ratios					
Earnings per share, DKK	0,48	0,92	(1,6)	3,5	0,3
Key financials Group					
Gross margin	31,7%	24,5%	23,6%	31,0%	22,6%
EBITDA margin	24,5%	15,4%	15,9%	23,2%	14,4%
Adjusted EBITDA margin	15,1%	14,9%	21,6%	17,9%	15,1%
EBIT margin	15,6%	5,0%	4,8%	13,5%	6,2%
Free cash flow / Revenue	18,7%	-1,6%	0,7%	7,9%	-5,0%
Cash conversion	119,7%	-32,4%	1,5%	58,6%	-82,5%
Investments in property, plant and equipment	67	128	144	155	257
NIBD/EBITDA LTM	3,4	5,6	3,3	3,9	5,3
Equity ratio	48,1%	46,2%	45,5%	53,6%	46,8%
ROIC	4,3%	2,4%	6,4%	4,9%	3,9%
FTE year end	1.852	1.951	2.304	2.284	2.327

- 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.
- 3 The sale of Goodvalley Russia in 2022 is accounted for as a discontinued operation in 2022 and in the 2021 comparative figures. It should be noted that comparative figures for 2018-2020 include Goodvalley Russia, hence the development in 2018-2020 is not fully comparable.

2022 performance

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BUSINESS

Segment overview

We have established strong market positions in Poland and Ukraine with a total land bank of 33,500 hectares and a well-diversified production network of 35 farms. Despite increasing production costs, growing inflation rates and general turmoil, as a result of the war in Ukraine, Goodvalley maintained satisfactory operations in 2022.

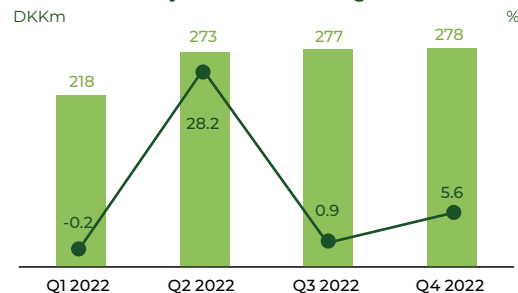
POLAND

Difficult market conditions for food sales together with significant increases in production cost impacted results negatively. Sale of branded products continues to grow.

+19%

Increase in branded product sales

Revenue and Adjusted EBITDA margin
DKKkm



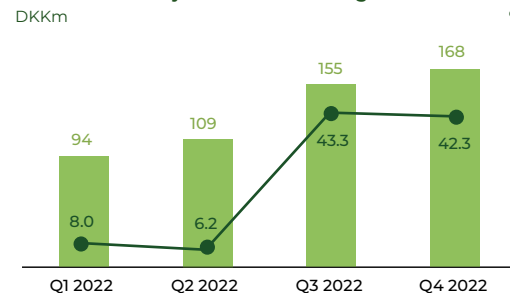
UKRAINE

Unstoppable – despite the extreme conditions pig production efficiency was maintained at a high level. Strong arable yields together with high pig prices and declining feed costs impacted results positively.

+28%

Change in Adjusted EBITDA

Revenue and Adjusted EBITDA margin
DKKkm

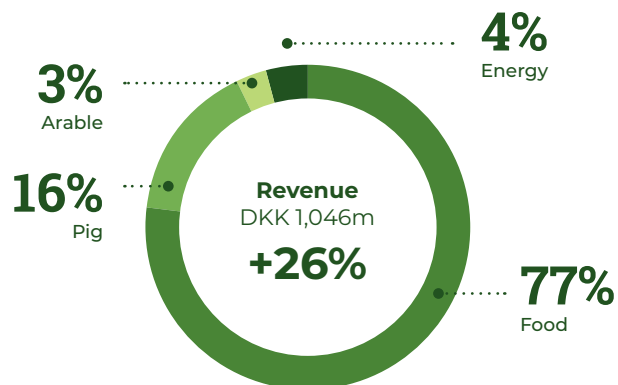


Poland

26 farms producing high quality meat

The Polish business is comprised of production and sales of pork products including branded Goodvalley products from our slaughterhouse. Adapting to market development and consumers, Goodvalley introduced the new brand "Dolina Dobra".

Revenue by division



Revenue

1,046
DKKm

Adjusted EBITDA

97
DKKm

Adjusted EBITDA margin

9.3%

POLAND

DKK million	2022	2021	Q4 2022	Q4 2021
Revenue	1,046	834	278	201
Change in fair value	86	-5	-64	-38
Other income	37	49	6	24
Total income	1,170	878	220	188
EBITDA	184	94	6	4
Adjusted EBITDA	97	74	16	-12
Adjusted EBITDA margin	9.3%	8.9%	5.6%	-5.9%

Branded volumes

4,804
tonnes

In a difficult and uncertain year we increased production and improved production efficiency.

Segment revenue increased to DKK 1,046 million (2021: DKK 834 million) in 2022 due to increasing prices on pigs and pork meat and higher production volumes. The Polish business accounted for 67% of Group revenue, and segment revenue was comprised of 77% from pork products, 16% from external sales of live pigs and 7% from external sales of crops and energy.

The segment's total income increased to DKK 1,170 million (2021: DKK 878 million) in 2022 including fair value adjustments of DKK 86 million (2021: negative DKK 5 million).

Adjusted EBITDA increased to DKK 97 million (2021: DKK 74 million), lifting the Adjusted EBITDA margin from 8.9% to 9.3%.

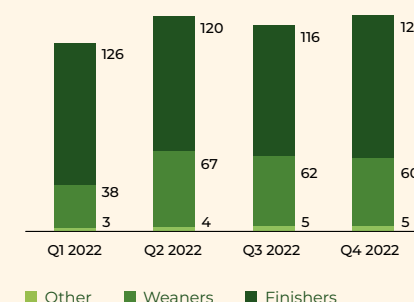
Agro division

In 2022 we increased the sale of live pigs to 65 thousand tonnes (2021: 63.5 thousand tonnes) at significantly better prices of DKK 12.67 per kilo (2021: DKK 9.83 per kilo). The increase in price accelerated in Q2 and kept a stable level in the remaining 2022. Based on the current development where pig production capacity all over Europe is decreasing, we expect that prices will increase also in 2023.

Efficiency was improved as pigs sold per sow increased to 31.3 (2021: 30.9) equalling an improvement of 3% over the last 5 years. The feed conversion ratio increased slightly to a level of 2.75 (2021: 2.72). Average feed cost increased with astounding 40% compared to 2021 mainly due to market dynamics caused by the Russian invasion in Ukraine. The cost increase impacted negatively on the meat-to feed ratio dropping this from 5.13 in 2021 to 4.72 for 2022. 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 production capacity.

Sale of pigs, heads

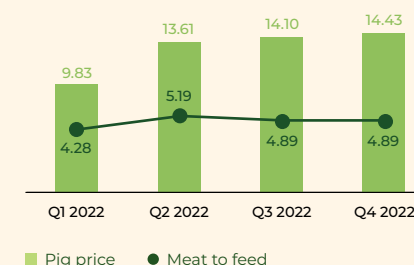
Thousand heads



Pig price and meat to feed

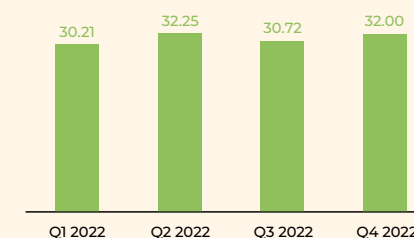
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads





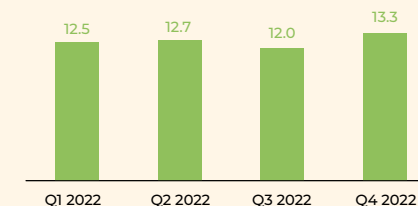
Food division

We continued to grow the sale of branded products

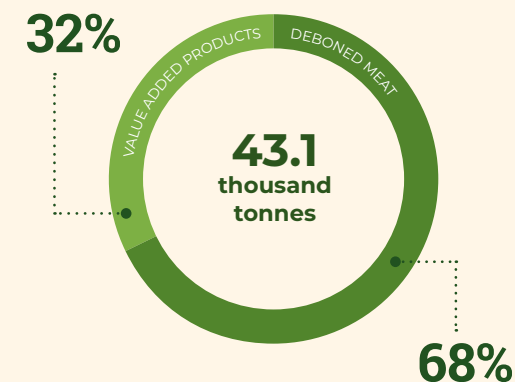
In 2022, where inflation increased significantly and reduced real wages, we continued to grow the sale of our food products. Our food business manufactured and sold 43 thousand tonnes (2021: 41.7 thousand tonnes) of pork meat products in 2022 comprising of 68% of deboned products (2021: 69%) and 32% value-added products (2021: 31%) including private label products and Goodvalley's branded premium products. Sale of branded goods increased from 4,038 tonnes in 2021 to 4,804 tonnes in 2022. Increasing prices on raw materials, energy and other utilities offset the positive development in sold volumes leading to a lower contribution from the Food division compared to 2021. We continued to invest in brand building and, listening to market development and consumers, the brand "Dolina Dobra" was launched – please see page 23 for more insights. In a difficult year we are pleased that the Food division is developing in line with the overall strategy to keep growing the sale of our branded premium products.

Sale of pork (slaughtered)

Thousand tonnes

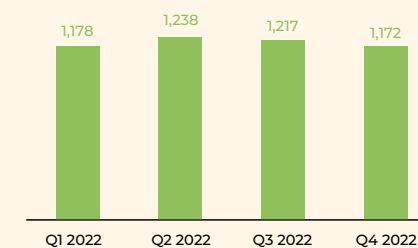


Food product portfolio



Sales of branded products

Tonnes

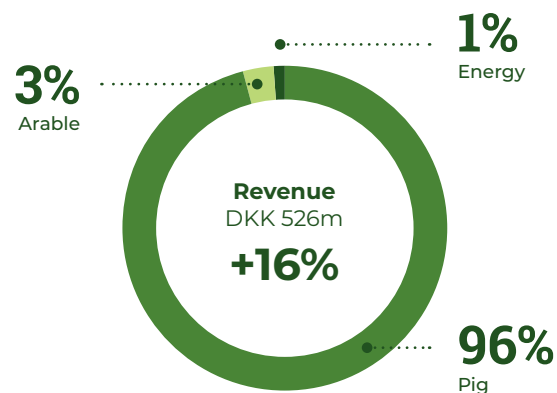


Ukraine

Focus on full line production

Our Ukrainian segment continues to deliver high performance despite extreme circumstances. Production and efficiency increased as investments in production capacity supporting the strategy commenced unchanged.

Revenue by division



Revenue

526
DKKm

Adjusted EBITDA

153
DKKm

Adjusted EBITDA margin

29%



UKRAINE

DKK million	2022	2021	Q4 2022	Q4 2021
Revenue	526	452	168	128
Change in fair value	89	-1	-20	-28
Other income	-3	4	-3	3
Total income	612	456	145	103
EBITDA	214	113	73	11
Adjusted EBITDA	153	120	71	19
Adjusted EBITDA margin	29.0%	26.4%	42.3%	15.1%

Record breaking yields offset negative price development in arable production, market dynamics made positive impact on results in pig production.

Segment revenue increased to DKK 526 million (2021: DKK 452 million) in 2022 due to increasing prices on pigs and higher production volumes. The Ukrainian business accounted for 33% of Group revenue, and segment revenue was comprised of 96% from sale of live pigs and 4% from external sales of crops and energy.

The segment's total income increased to DKK 612 million (2021: DKK 456 million) in 2022 including fair value adjustments of DKK 89 million (2021: negative DKK 1 million).

Adjusted EBITDA increased to DKK 153 million (2021: DKK 120 million), lifting the Adjusted EBITDA margin from 26.4% to 29.0%.

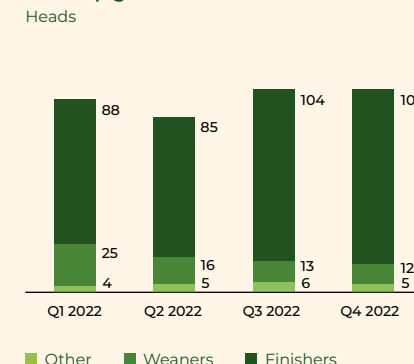
In 2022 we increased the sale of live pigs to 47.5 thousand tonnes (2021: 44.2 thousand tonnes) at significantly better prices of DKK 13.33 per kilo (2021: DKK 11.19 per kilo). The year began with a downward trend which changed into slight increases from March until June followed by a significant increase early summer that kept for the remainder of 2022.

Other income is negative in 2022 due to reversal of expected insurance claim recognised as other income in the past has been reversed in 2022 due to negative outcome of court case.

Pig production

In Ukraine we maintained excellent efficiency levels with 35.6 pigs sold per sow per year being at the same level as 2021 equalling an improvement of 9% over the last 5 years. The feed conversion ratio increased slightly to a level of 2.68 (2021: 2.62). Average feed cost remained at the same level as 2021 and compared to the development in Poland we saw opposite market dynamics. The added uncertainty from the war regarding the possibility to export grain led to a nervous market but kept grain prices at a low level. Other feed ingredients and utilities were however negatively impacted by market dynamics caused by the Russian invasion in Ukraine. The increase in pig prices together with stable feed costs impacted positively on the meat-to feed ratio and increased this from 5.32 in 2021 to 6.38 for 2022. Improving the general efficiency and development in the Ukrainian business unit continues to be a priority and we invested additionally DKK 44.5 million in the farms purchased in 2021. We pursued the target of becoming a full line producer, decreasing the sale of weaner pigs and increasing the sale of finisher pigs compared to 2021.

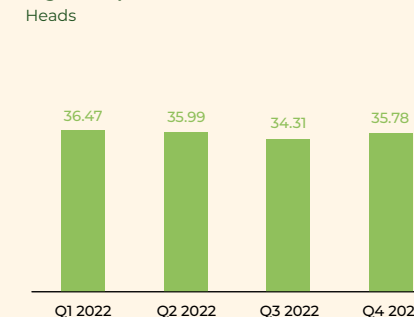
Sale of pigs



Pig price and meat to feed



Pigs sold per sow



Consolidated production overview

DKK	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total pigs sold, tonnes (live weight)					
Poland	65,018	63,551	59,746	58,007	56,687
Ukraine	47,496	44,212	43,041	39,768	38,543
Group	112,514	107,763	102,787	97,775	95,230
Total pigs sold, heads					
Weaners	292,245	357,006	319,943	306,615	377,703
Finishers	869,236	821,624	772,030	745,031	709,060
Other pigs	37,685	32,451	58,858	55,638	36,020
Group	1,199,166	1,211,081	1,150,831	1,107,284	1,122,783
Prices	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Pig price 1. class finishers sl. weight					
Poland STD price	12.67	9.83	11.23	11.91	10.44
Poland GP	14.00	11,06	12.58	12.71	
Ukraine	13.33	11,19	11.53	12.56	11.34
Group	13.07	10,50	11.55	12.29	10.85
Feed price per kg, all feed					
Poland	2.69	1,91	1.77	1.78	1.74
Ukraine	2.09	2,10	1.56	1.60	1.53
Group	2.43	2,00	1.68	1.70	1.66
Meat to feed ratio					
Poland	4.72	5,13	6.35	6.70	5.99
Ukraine	6.38	5,32	7.37	7.85	7.40
Group	5.38	5,26	6.86	7.21	6.53
Efficiency	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Feed conversion ratio, whole herd					
Poland	2.75	2,72	2.67	2.76	2.82
Ukraine	2.68	2,62	2.68	2.71	2.64
Group	2.72	2,68	2.68	2.74	2.74
Pigs sold per sow per year					
Poland	31.30	30,93	29.81	30.65	30.30
Ukraine	35.64	35,98	34.27	33.32	32.78
Group	32.78	32,60	31.44	31.70	31.25

The consolidated production overview has been restated and production data from Russia has been excluded for the period 2018 – 2022.

Consolidated production overview

DKK	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Total pigs sold, tonnes (live weight)								
Poland	17,180	15,488	16,363	15,987	16,824	15,452	15,844	15,431
Ukraine	13,336	12,925	10,462	10,773	11,194	11,307	10,992	10,719
Group	30,516	28,414	26,824	26,760	28,018	26,759	26,836	26,149
Total heads sold								
Weaners	71,575	74,392	83,211	63,067	85,953	88,402	95,655	86,996
Finishers	232,654	220,221	205,258	211,103	215,200	209,566	199,939	196,919
Other pigs	10,022	10,676	9,279	7,708	8,360	8,715	8,067	7,309
Group	314,251	305,289	297,748	281,878	309,513	306,683	303,661	291,224
Prices	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Pig price 1. class finishers sl. weight (Total group)								
Poland	14.43	14.10	13.61	9.83	8.83	10.30	11.28	9.00
Ukraine	14.47	14.19	13.18	10.94	11.90	11.88	10.92	9.99
Group	14.46	14.16	13.39	10.41	10.33	11.08	11.10	9.49
Feed price per kg, all feed								
Poland	2.95	2.88	2.62	2.30	2.02	2.01	1.88	1.75
Ukraine	1.90	2.06	2.33	2.09	2.26	2.16	2.10	1.95
Group	2.48	2.52	2.50	2.21	2.11	2.07	1.97	1.83
Meat to feed ratio (Total group)								
Poland	4.89	4.89	5.19	4.28	4.38	5.13	6.01	5.16
Ukraine	7.62	6.90	5.65	5.23	5.26	5.49	5.21	5.12
Group	5.82	5.62	5.35	4.70	4.89	5.35	5.65	5.20
Efficiency	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Feed conversion ratio, whole herd								
Poland	2.76	2.74	2.74	2.77	2.78	2.65	2.71	2.73
Ukraine	2.67	2.62	2.67	2.78	2.66	2.61	2.62	2.50
Group	2.72	2.68	2.71	2.78	2.73	2.63	2.68	2.63
Pigs sold per sow per year (Total group)								
Poland	32.00	30.72	32.25	30.21	29.67	30.78	31.59	31.67
Ukraine	35.78	34.31	35.99	36.47	34.99	35.66	36.60	37.17
Group	33.24	32.10	33.45	32.31	30.88	32.42	33.21	33.37

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 1,900 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

WE HARVEST
OUR OWN FIELDS



WE PRODUCE OUR
OWN ENERGY



WE RAISE OUR
OWN PIGS



WE GROW OUR
OWN CROPS



WE PREPARE OUR
OWN QUALITY MEAT



WE PROCESS
OUR OWN FEED

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 constantly pursue 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

Goodvalley's focus on becoming a well-known top-tier food brand on the Polish market remains intact along with developing its business in Ukraine despite war and instability. In 2022 Goodvalley carried out a re-branding of its products on the Polish market choosing the Polish translation of Goodvalley, Dolina Dobra as the new brand name to be in line with the Polish consumers who increasingly prefer products of Polish origin when they shop for meat.

Market drivers

Stable consumption and decreased production

Even if meat consumption on a global scale is challenged by vegetarian and vegan alternatives, meat consumption in our existing core markets in Eastern Europe are stable and pork meat is still the main source for animal protein. At the same time we saw a significant decrease in pig production capacity across Europe, which poses future possibilities for a business like Goodvalley.

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 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 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 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



2022

We continued our work to ensure production efficiency standards maintaining and improving feed conversion ratio and pigs sold per sow per year.

We initiated extensive review of processes related to food production and sales and by that identified several projects to improve profitability. Implementation of these initiatives has begun.

2023

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

Continue focusing on lowering emissions disclosing this through a lifecycle analysis.

Share best practice across business units.

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

Consumer focus



2022

Our branded category grew and the sale of branded products increased from 4,038 tonnes in 2021 to 4,804 tonnes in 2022.

Listening to signals from the market and consumer perceptions together with extensive research, we decided to adjust our commercial profile. This led to a rebranding and the launch of "Dolina Dobra".

2023

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

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

Capacity expansion



2022

We continued to develop the 2 farms Ukraine that were acquired in 2021 to support the development of becoming a full line pig producer in Ukraine.

We maintained our existing production facilities and increased production efficiency.

In Poland we finalized investment in new cooling technology at our abattoir. The new technology not only improves meat quality but secures higher yields and utilization of the existing facilities for cooling of carcasses.

2023

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 secure price stability in the fluctuating market of pig meat. The fully integrated business model enables us to allocate production to ensure optimum efficiency and mitigate input cost fluctuations.



FROM FIELD
TO FORK



RAISING PIGS
ACCORDING TO
GOOD PRACTICE



MARKETS AND PRODUCTS

Introducing Dolina Dobra

In August 2022 we introduced a new Polish brand name for our branded Goodvalley products – Dolina Dobra – which translates directly to Valley of Good

The name change is a direct reaction to a consumer test we did in the beginning of the year, showing us, that local origin equals high quality and trust within the Polish consumers.

As the market remains challenging, with the new name we have also introduced a new product Parówki Dobre, expanding our portfolio with a quality offer at a good price to reach a wider range of customers. Following the name-change we launched a broad media campaign incl. TV, digital and billboards. Those activities have helped us increase the consumer interest and gain awareness ratings higher than for the Goodvalley brand.

Currently, our product portfolio of Dolina Dobra consists of processed and fresh meats that are being sold in multiple retail chains. The distribution channels are still to be expanded and remain our top priority to assure the success of the brand.



GUIDANCE

Outlook for 2023

The earnings outlook for 2023 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 stakeholders 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 causes significant uncertainties about the time to come. Since September 2022, Goodvalley is no longer present in Russia, but the direct effect of the invasion locally where Goodvalley has its production in Ukraine and a derived effect in Poland adding to market volatility is still expected to be challenging. Restrictions due to martial law prohibits the free flow of cash from Ukraine which means that funds needed to service external obligations must be generated from Goodvalley's activities in Poland. This is a challenge to the Group's cashflow and to offset this there will be an ongoing focus on initiating investments and incurring operating costs and still be honouring all external obligations. The cash-flow generated 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 2023.

Assumptions

In 2023 Goodvalley expects to generate revenue of DKK 1,600 - 1,900 million and an Adjusted EBITDA of 250 – 290 million. The decrease in pig production capacity seen all over Europe together with a stable demand for pig meat presents future possibilities for Goodvalley. Looking at June 2022 EUROSTAT reported a decrease in the sow population in Poland of approximately 13% compared to 2021. Currently this is to be seen in the

increasing prices for both finisher and weaner pigs in Poland. At the same time grain prices and feed costs are assumed to have stabilized compared to last year's high levels following the Russian invasion of Ukraine. These trends are together with pressure on salary levels and general challenges in food sales, due to increasing inflation, conservatively projected in the outlook for 2023.

The activities in our Ukrainian subsidiary are assumed to continue as in 2022 even in the current times of war, as the food production is vital to society in general. To support this investments in increased production capacity and efficiency are carried out.

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.

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.

In January 2021, Goodvalley signed a facility agreement of EUR 140 million, securing the Group's financing for the period 2021 - 2025. The majority of the proceeds generated from the sale of Goodvalley's assets in Russia, EUR 22 million has been repaid to the lenders end 2022..

The outlook represents our current expectations for the development in the Group's revenue and Adjusted EBITDA, and Goodvalley's actual EBITDA for 2023 may thus deviate significantly from this outlook.

DKK million	2022 actuals	2023 outlook
Revenue	1,573	1,600 - 1,900
Adjusted EBITDA	238	250-290



- Increase in branded sales and margins in Food division
- Improved production efficiency
- Positive outlook for pig and pig meat production in Poland



- Significant impact of salary inflation and increase in production costs
- Increased financial costs due to raising interest levels
- Impact of the Russian invasion of Ukraine on exchange rates, earnings and liquidity

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's Chief Risk Officer convene in the 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.



RISK MANAGEMENT

Key risks

African swine fever (ASF)

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.

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 audits of the biosecurity status across the Group regularly. 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 in two countries, on multiple farms, which reduces the impact of single instances of ASF on the Group and the exposure to local fluctuations in supply and demand.

Renewal of leasing terms

The Group's production at selected farms in Poland is to some extent dependent on renewal of leasing terms that will start expiring from 2024. Furthermore, the production in Ukraine is located on leased land.

Goodvalley maintains an ongoing dialogue with lessors, primarily Polish state organs concerning re-negotiation of terms for leased farms in Poland. 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 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.

Pig and crop prices

Pig and crop prices are impacted by market conditions, which may significantly affect Goodvalley's revenue and earnings.

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.

Furthermore, branded products are marketed to ensure differentiation from bulk products.

RISK MANAGEMENT

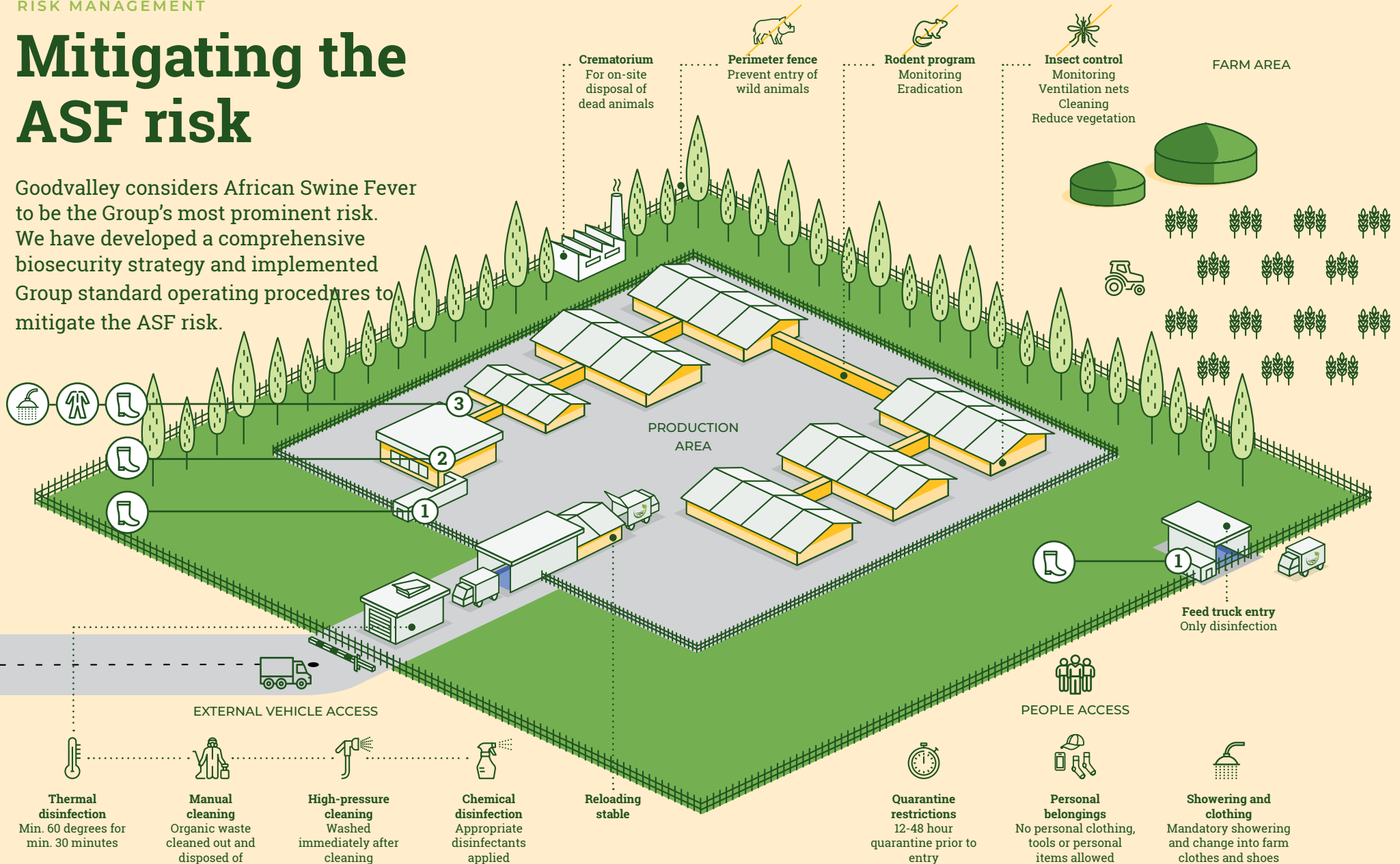
Key risks

	Political instability and corruption	Reputational damage	Employees	IT risk
Risk	<p>The Ukrainian market is characterised by a political risk having materialized with the Russian invasion of the country in February 2022. Furthermore, the risk of corruption and fraud is still present.</p>	<p>Reputational damage may entail serious operational and financial consequences or scrutiny by authorities and animal welfare organisations etc.</p>	<p>Goodvalley may not be able to attract and retain key personnel and qualified employees in markets where demand for labour is high.</p>	<p>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.</p>
Monitoring and mitigation	<p>The Ukraine country risk is to some extent mitigated by Goodvalley's significant presence on the Polish market.</p> <p>In a time of war the fact that Goodvalley continues to be a good corporate citizen and maintains professional relationships with relevant authorities and local stakeholders is even more important. Goodvalley actively supports the local communities and Ukraine's armed forces with logistics, donations and food.</p> <p>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 2022 there were no corruption-related cases filed through the whistleblower platform.</p>	<p>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.</p> <p>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. Findings are reported to the Board of Directors and changes are implemented when needed.</p>	<p>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.</p> <p>Goodvalley conducts employee satisfaction survey annually 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.</p>	<p>All data is stored on cloud services thereby mitigating the risk of business interruption and loss of critical data.</p> <p>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 Group's efforts to assess and mitigate IT risks are vested in the Goodvalley IT user policy and the Internal communications policy.</p>

RISK MANAGEMENT

Mitigating the ASF risk

Goodvalley considers African Swine Fever to be the Group's most prominent risk. We have 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.



➤ Read about it in more detail in the Goodvalley Sustainability Report 2022.



Corporate matters

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Board of Directors



Anders Christen Obel



Niels Rauff Hansen

	Chairman	Vice Chairman
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. Agricultural education from Asmildkloster Agricultural College.
Shares in Goodvalley A/S	0	0
Shares in Polen Invest A/S ²⁾	65,786 ³⁾	287,573
Independence	Yes	No ¹⁾
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, Søvang Gods A/S. Fully responsible stakeholder: General Partnership Randrup Gods I/S.

Board of Directors



Anders Bundgaard



Leif Stig Bergvall 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 ²⁾	561,837	0	60,907
Independence	No ¹⁾	Yes	No ¹⁾
First election	2002	2019	2020
Nationality	Danish	Danish	Danish
Gender	Male	Male	Male
Birth year	1944	1966	1957
Other directorships	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.	Chairman: Storyline Norway AS Member: Frijsenborg Poultry A/S, W-W ApS, WJW 2021 ApS, Storyline Studios CPH A/S, Wefri Holding ApS, Wefri A/S, Iconovo AB, Kassoe Housing A/S.	Member: Outrup Golfbane ApS, Turist Invest ApS, Other: Honorary Consul of Ukraine, General Secretary, Danish Farmers Abroad.

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

1 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.

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

3 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	2021
Nationality	Danish	Danish
Gender	Male	Male
Birth year	1980	1970

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INCOME STATEMENT

Sales and earnings

Russian subsidiary has been sold during 2022 whereby the Russian entity has been presented as a discontinued operation. Comparative figures for 2021 in the income statement and statement of other comprehensive income have been adjusted accordingly. The description below relates to the continuing operations of the Group.

Revenue

Group revenue increased by 22% and came to DKK 1,573 million (2021: DKK 1,292 million) in 2022 within our most recent guidance for the year of DKK 1,450-1,600 million. The increase was mainly driven by an increase in the average live pig price to DKK 13,07 per kilo (2021: DKK 10.50 per kilo) in 2022 continuing the world market trend of recovered pig price.

Total income came to DKK 1,780 million (2021: DKK 1,336 million) including fair value adjustments of DKK 175 million (2021: DKK -6 million).

Cost of goods sold

Cost of goods sold increased by 26% to DKK 1,281 million (2021: DKK 1,019 million) in 2022 following an increase in feed prices and overall inflation impact on cost across market of operations. COGS in percentage to revenue have reached 81% (2021: 79%).

SG&A

The Group's sales, general and administrative expenses equaled DKK 113 million (2021: DKK 117 million) in 2022. Sales and branding expenses relating to the Group's branded premium products in Poland amounted to approximately DKK 16 million in 2022 (2021: DKK 19 million).

Adjusted EBITDA and EBITDA

Adjusted EBITDA increased to DKK 238 million (2021: DKK 193 million) in 2022, corresponding to an Adjusted EBITDA margin

of 15.1% (2021: 14.9%). 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 386 million (2021: DKK 199 million), corresponding to an EBITDA margin of 24.5% (2021: 15.4%), due to herd prices changes achieving in total DKK 148 million in 2022 (2021: DKK -6 million).

EBIT

EBIT increased to DKK 246 million (2021: DKK 64 million) in 2022, corresponding to an EBIT margin of 15.6% (2021: 5.0%).

Net financials

Net financials were an expense of DKK 113 million (2021: an expense of DKK 37 million). The net financials for the year were negatively affected by foreign exchange loss of DKK 53 million (2021: foreign exchange gains of DKK 22 million). Financial expenses have grown year to year level, however, in 2022 interest cost of DKK 7 million have been presented as part of discontinued operation resulting from the future expected interest cost savings from a one-off repayment of loans in the amount of DKK 164 million from the proceeds from sale of the Russian activities.

Adjusted profit/loss and net profit/loss

Adjusted profit/loss came to a gain of DKK 37 million (2021: DKK -1 million) in 2022, corresponding to an Adjusted profit margin of 2.4% (2021: 0%). Net result was a net profit of DKK 26 million (2021: net loss of DKK 49 million) in 2022. The sale of the Russian activities resulted in a net loss of DKK -106 million, including the result for the period January-August 2022 of Russian entity and loss from the sale of net assets. The loss is presented as discontinued operation in the income statement.

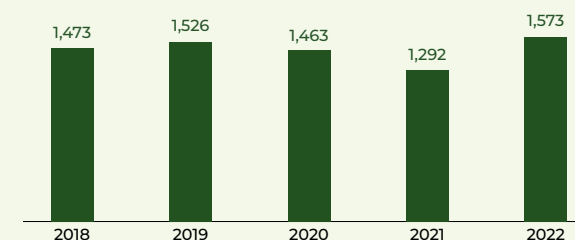
Comprehensive income

Comprehensive income was DKK -108 million in 2022 (2021: DKK 130 million) including the loss from discontinued operation and foreign exchange adjustments of subsidiaries of DKK -134 million (2021: DKK 81 million) from decrease in the Ukrainian UAH and reversal of cumulative currency losses of Russian RUB towards Danish DKK.

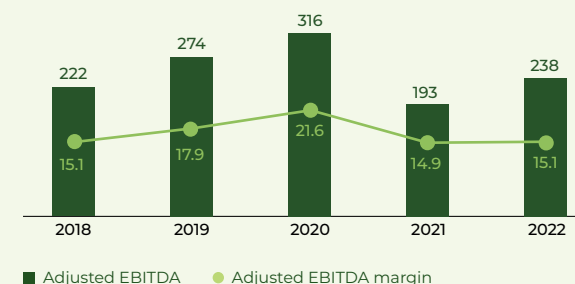
Earnings per share

Earnings per share were DKK 0.48 in 2022 compared to DKK 0.92 in 2021.

Revenue
DKK million



Adjusted EBITDA and margin
DKK million



Consolidated Income Statement

Income Statement, 1 January - 31 December

DKK million	Note	2022	2021
Revenue	2.1	1,573	1,292
Change in fair value of biological assets	2.2	175	-6
Grants and other income	2.3	32	49
Total Income		1,780	1,336
Cost of goods sold (COGS)	2.1	-1,281	-1,019
Gross profit/loss		499	316
SG&A		-113	-117
EBITDA		386	199
Depreciation, amortization and impairment losses	3.1, 3.2	-140	-135
Profit/loss before financial expenses and tax		246	64
Financial income	4.5	3	10
Financial expenses	4.5	-64	-69
Exchange rate adjustments	4.5	-53	22
Profit/loss before tax		132	27
Corporation tax	2.5	0	-5
Profit/loss from continuing operations		132	22
Profit/loss for the year of discontinued operations	2.6	-106	28
Profit/loss		26	49
<i>Profit/Loss is attributable to:</i>			
Owners		26	49
		26	49
Earnings per share:			
Profit/loss			
Basic	4.6	0.5	0.9
Diluted	4.6	0.5	0.9
Profit/loss from continuing operations			
Basic	4.6	2.5	0.4
Diluted	4.6	2.5	0.4

Statement of comprehensive income, 1 January - 31 December

DKK million	Note	2022	2021
Profit for the year		26	49
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange adjustments of foreign enterprises		-149	72
Recycling of accumulated exchange losses to discontinued operations upon disposal of Russian activities		15	
Total comprehensive income		-108	122
<i>Comprehensive income is attributable to:</i>			
Owners		-108	122
		-108	122

BALANCE SHEET

Financial position

Total assets

Total assets at 31 December 2022 amounted to DKK 2,459 million (2021: DKK 2,805 million). The decrease was driven by the disposal of the Russian entity however partly offset by the risen value of biological assets and inventories. Also non-current assets were impacted by the sale of the Russian activities as well as due to the decrease in exchange rates for UAH and PLN.

Net working capital

Net working capital was DKK 673 million (2021: DKK 615 million) at year-end including DKK 82 million increase of pig herd (2021: DKK 9 million).

Invested capital

Invested capital was DKK 2,097 million (2021: DKK 2,501 million), and return on invested capital (ROIC) increased to 4.3% (2021: 2.4%) mainly driven by higher pig prices however affected by increased production cost in 2022.

Net interest-bearing debt

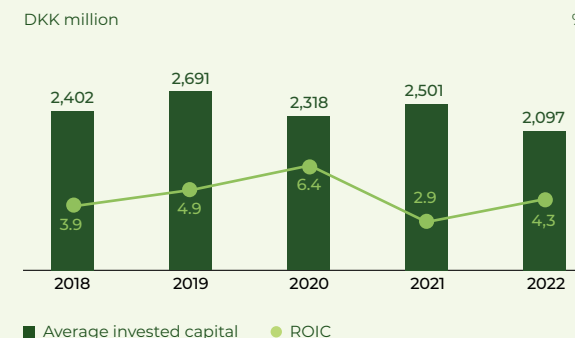
At 31 December 2022, Goodvalley's net interest-bearing debt was DKK 806 million (2021: DKK 1,081 million) following the planned repayments during the year with the addition of one off repayment of EUR 22 million comming from Goodvalley Russia sales.

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

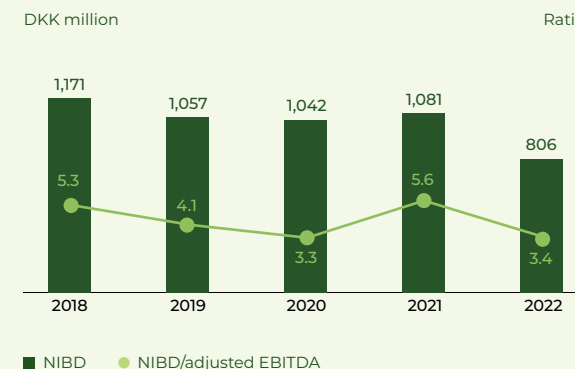
Net interest-bearing debt to adjusted EBITDA

Net interest-bearing debt to adjusted EBITDA came to 3.4 for 2022 compared to 5.6 in 2021. Please notice that the figures for 2021 were restated due to discontinued operations and that the reported Net interest-bearing debt to adjusted EBITDA was 4.7 before restatement.

Average invested capital and ROIC



NIBD and adjusted EBITDA



BALANCE SHEET

Consolidated Balance Sheet

Balance Sheet. 31 December

DKK million	Note	2022	2021
Assets			
Goodwill	3.1	16	79
Leasehold rights		11	17
Intangible assets		26	96
Land and buildings		781	1,004
Leasehold improvements		44	65
Plant and machinery		139	213
Other fixtures and fittings, tools and equipment		74	104
Property, plant and equipment in progress		146	172
Right-of-use assets	3.3	87	113
Property, plant and equipment	3.2	1,271	1,671
Non-current asset investment	4.4	1	3
Investment property		11	0
Financial asset investments		12	3
Biological assets - basic herd	3.4	115	117
Biological assets		115	117
Non-current assets		1,424	1,886
Biological assets - sales herd	3.4	262	178
Biological assets - Arable, crop production	3.4	69	68
Inventories	3.5	374	380
Biological assets and inventories		705	626
Trade receivables	3.6	94	82
Receivables from associates		7	7
Other receivables	3.6	52	41
Prepayments	3.6	24	34
Receivables		176	164
Cash at bank and in hand		155	129
Current assets		1,035	919
Assets		2,459	2,805

Balance Sheet, 31 December

DKK million	Note	2022	2021
Liabilities and equity			
Share capital		538	538
Reserve for exchange adjustments		-767	-633
Retained earnings		1,418	1,392
Total Equity		1,189	1,297
Other provisions	3.7	3	4
Credit institutions	4.1	844	1,081
Subordinated loan from Polen Invest A/S		10	10
Deferred income	3.7	3	5
Lease liabilities	3.3	89	113
Long-term liabilities		949	1,212
Credit institutions	4.1	98	112
Subordinated loan from Polen Invest A/S	4.1	9	8
Trade payables		139	99
Other provisions	3.7	1	2
Other payables		59	62
Deferred income	3.8	3	3
Lease liabilities	3.3	13	11
Short-term liabilities		321	296
Liabilities		1,270	1,508
Liabilities and equity		2,459	2,805

STATEMENT OF CHANGES IN EQUITY AND CASH FLOWS

Cash position and shareholder return

Cash flows from operating activities

Cash flows from operating activities increased to an inflow of DKK 100 million (2021: an inflow of DKK 75 million) in 2022 and was positively impacted by higher earnings.

Cash flows from investing activities

Cash flows from investing activities were a net inflow of DKK 194 million (2021: an outflow of DKK -96 million) in 2022 and was influenced by inflow from sale of Goodvalley Russia.

Free cash flows

The Group's free cash flows amounted to an inflow of DKK 294 million (2021: an outflow of DKK 21 million) in 2022. The increase was driven by proceeds from the sale of Goodvalley Russia.

Financing activities

Cash flows from financing activities expressed an outflow of DKK 262 million (2021: an inflow of DKK 46 million) in 2022, driven by ordinary agreed repayments of external loans with the addition of a one-off repayment in the amount of DKK 164 million, being equivalent of EUR 22 million.

Cash position

Cash and cash equivalents amounted to DKK 155 million at 31 December 2022 against DKK 129 million at 31 December 2021.

At the end of the year an amount equivalent to EUR 5 million is restricted cash. The amount derives from the proceeds from the sale of the Russian subsidiary and is restricted as security for the Group's external borrowings as long as Goodvalley Ukraine is not allowed to transfer cash out of Ukraine.

Shareholders equity

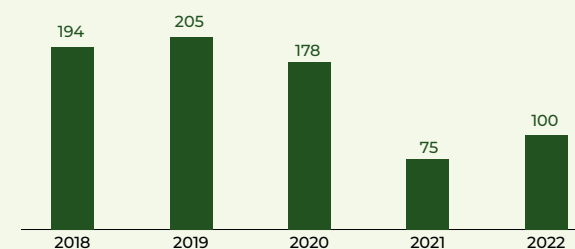
Equity stood at DKK 1,189 million at 31 December 2022 down from DKK 1,297 million as of 31 December 2021. The decrease is attributable to the loss from the sale of the Russian subsidiary in 2022 and reduction in net asset value in Poland and Ukraine as a result of decrease in PLN and UAH exchange rates.

Equity ratio

Equity ratio increased to a level of 48% of the total balance sheet as of 31 December 2022 (2021: 46%).

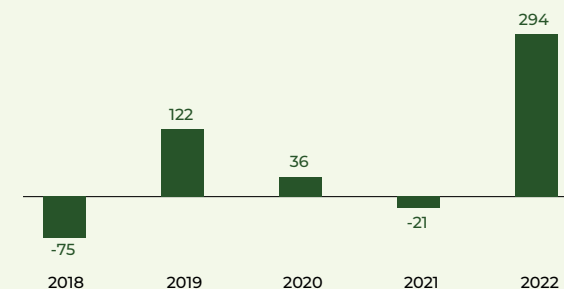
Operating cash flows

DKK million



Free cash flows

DKK million



GROUP – CONSOLIDATED

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 2021	538	0	-714	1,343	1,166	0	1,166
Net profit/loss for the year	0	0		49	49	0	49
Other comprehensive income	0	0	81	0	81	0	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	0	1,297
Equity at 1 January 2022	538	0	-633	1,392	1,297	0	1,297
Net profit/loss for the year	0	0		26	26	0	26
Other comprehensive income	0	0	-134		-134	0	-134
Comprehensive income for the year 2022	0	0	-134	26	-108	0	-108
Payments of dividends				0	0		0
Equity at 31 December 2022	538	0	-767	1,418	1,189	0	1,189

GROUP – CONSOLIDATED

Statement of cash flows

DKK million	Note	2022	2021
Profit/loss		26	49
Adjustments:			
Financial income and expenses		64	66
Exchange gains/losses		53	-32
Depreciation of property, plant and equipment		140	149
Tax on the profit/loss for the year		0	6
Discontinued operations	5.1	80	0
Other adjustments	5.1	-198	41
Change in working capital	4.3	-55	-143
Cash flows from operating activities before financial income and expenses		110	136
Interest income received		3	4
Interest expense paid		-12	-59
Cash flows from ordinary activities		101	81
Corporation income tax paid		0	-6
Cash flows from operating activities		100	75
Purchase property, plant and equipment	3.2	-67	-128
Sale of property, plant and equipment		4	32
Proceeds from sale of Goodvalley Russia	2.6	256	0
Cash flows from investing activities		194	-96

DKK million	Note	2022	2021
Proceeds from borrowings		60	1,193
Repayments of borrowings	4.1	-304	-1,132
Repayments of lease liabilities	4.1	-19	-15
Cash flows from financing activities		-262	46
Change in cash and cash equivalents		32	26
Cash and cash equivalents at 1 January		129	99
Exchange adjustment, beginning, cash and cash equivalents (Group purpose)		-7	5
Cash and cash equivalents at 31 december		155	129

Restricted cash amounts DKK 37 million and is equivalent of EUR 5 million as security for borrowings as long as Goodvalley Ukraine is not allowed to transfer repayments and interest payment out of Ukraine.

The cash balance held by Goodvalley Ukraine at 31 December 2022 equals DKK 32 million. The balance is not as such restricted, but currently it can only be used by Goodvalley Ukraine's own business.

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Notes overview

Section 1

Basis of preparation

Introduces the Group's financial accounting policies in general and an overview of Management's key accounting estimate.

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Notes

Section 1 Basis of preparation

Introduces the Group's financial accounting policies in general and an overview of Management's key accounting estimate.

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1.2	Summary of significant accounting policies and estimates	44

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 2022. 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 and Ukraine. 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.

Until 4 September 2022, the Group also had operations in Russia.

GROUP – CONSOLIDATED

Notes

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.

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 2022 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 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. Items included in the Consolidated Financial Statements of each of the Group's enterprises are measured using the functional currency of the primary economic environment in which the individual enterprise operates. Being a Danish company owned ultimately primarily by Danish shareholders, the Consolidated Financial Statements are presented in Danish Kroner (DKK).

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 assessment of non-current assets (notes 3.1 and 3.2)
- Biological assets (note 3.4)
- Inventories (note 3.5)
- Discontinued operations (note 2.6)

Ukraine/Russian conflict

Management draws attention to the fact that since 24 February 2022 the impact of the ongoing military actions in Ukraine, the magnitude of further developments, the timing of cessation of those actions and final resolution are unpredictable and may adversely affect the Ukrainian economy and the operations of the Company. Until now the ongoing military actions in Ukraine has not impacted Goodvalley's operations and financial performance in Ukraine, but there is a risk that the operations

GROUP – CONSOLIDATED

Notes

1.2 Summary of significant accounting policies and estimates – continued

may be negative impacted going forward and which can have a significant negative adverse impact on the financial performance, cash-flow generation and risk of adverse impact on operations and financial performance combined with risk of high interest rates and inflation can lead to risk that the value of assets in Ukraine can be deteriorated and thereby resulting in future impairment losses.

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

§ 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 transactions 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.

GROUP – CONSOLIDATED

Notes

1.2 Summary of significant accounting policies and estimates – continued

The Group used the following exchange rates for the translation into DKK at 31 December 2022 and 2021:

Income statement:

- PLN: 2022: 1,58836 (2021: 1,62894)
- UAH: 2022: 0,22016 (2021: 0,23061)
- RUB: 2022: 0,1080 (2021: 0,08538)
- EUR 2022: 7,43958 (2021: 7,43705)

Balance sheet:

- PLN: 2022: 1,58564 (2021: 1,61684)
- UAH: 2022: 0,19092 (2021: 0,24163)
- RUB: 2022: 0,12277 (2021: 0,08846)
- EUR: 2022: 7,43650 (2021: 7,43650)

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.

GROUP – CONSOLIDATED

Notes

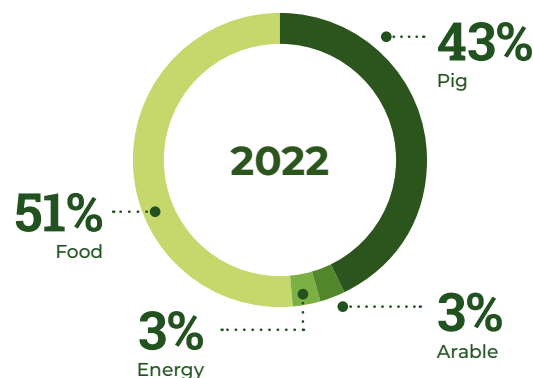
Section 2

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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2.6	Discontinued operations	53

External revenue by division



24%

Adjusted EBITDA increased

DKK million	Note	2022	2021
Revenue	2.1	1,573	1,292
Change in fair value of biological assets	2.2	175	-6
Grants and other income	2.3	32	49
Total Income		1,780	1,336
Cost of goods sold (COGS)	2.1	-1,281	-1,019
Gross profit		499	316
SG&A	2.4	-113	-117
EBITDA		386	199
Adjustments			
Herd price adjustment		-148	7
Non recurring items*		0	-13
Adjusted EBITDA		238	193
Depreciation and amortization (ex impairment losses)	3.1, 3.2	-140	-135
Adjusted EBIT		98	58
Net financials ex exchange rate adjustments		-61	-59
Adjusted profit		37	-1
Invested capital		2,109	2,501
ROIC		4.2%	2.4%

* 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.

GROUP – CONSOLIDATED

Notes

2.1 Segment information

DKK million	Poland	Ukraine	Other / not allo- cated	Inter- company elimina- tions*	Total
2022					
Revenue external customers	1,046	526	0	0	1,573
Internal revenue	0	0	27	-27	0
Change in fair value of biological assets	86	89	0	0	175
Grants and other income	37	-3	0	-2	32
Total Income	1,170	612	28	-29	1,780
Cost of goods sold (COGS)	-913	-370	0	2	-1,281
Gross profit/loss	256	242	28	-27	499
SG&A	-73	-29	-35	23	-113
EBITDA	184	214	-7	-4	386
<i>Adjusted EBITDA</i>	<i>97</i>	<i>153</i>	<i>-7</i>	<i>-4</i>	<i>238</i>
Depreciation on non-curent assets and impairment losses	-95	-45	0	0	-140
EBIT	89	168	-8	-4	246
Net financials			-61		-61
Exchange rate adjustments			-53		-53
Profit before tax	89	168	-121	-4	132

DKK million	Poland	Ukraine	Other / not allo- cated	Inter- company elimina- tions*	Total
2021					
Revenue external customers	834	452	6	0	1,292
Internal revenue	0	0	30	-30	0
Change in fair value of biological assets	-5	-1	0	0	-6
Grants and other income	49	4	0	-4	49
Total Income	878	456	36	-34	1,336
Cost of goods sold (COGS)	-709	-310	-0	0	-1,019
Gross profit/loss	168	146	36	-34	316
SG&A	-75	-32	-43	34	-117
EBITDA	94	113	-8	0	199
<i>Adjusted EBITDA</i>	<i>74</i>	<i>120</i>	<i>-2</i>		<i>193</i>
Depreciation on non-curent assets and impairment losses	-94	-40	0	0	-135
EBIT	-1	73	-8	0	64
Net financials			-66	8	-59
Exchange rate adjustments			32	-11	22
Profit before tax	-1	73	-42	-3	27

* Amount remaining uneliminated in Intercompany eliminations in Profit before tax of continued operations is eliminated in discontinued operations.

GROUP – CONSOLIDATED

Notes

2.1 Segment information – continued

Geography

DKK million	Revenue		Assets	
	2022	2021	2022	2021
Poland	867	657	879	969
Ukraine	526	452	423	532
Russia	0	0	0	260
Rest of world	179	182	7	8
Total	1,573	1,292	1,309	1,769

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 of management fee and interest.

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

The Group derives its revenues from contracts with customers for the transfer of goods at a point in time. Net sales comprise the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Group's activities.

Net sales is recorded net of returns, discounts and value added taxes.

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, bad debts, etc. For direct staff cost see note 2.4.

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Notes

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

DKK million	2022	2021
Sales herd of pigs:		
- Due to volume	18	2
- Due to Prices	113	10
Basic herd of pigs:		
- Due to volume	-6	-3
- Due to Prices	34	-15
Arable - Crop production	16	0
Basic herd of Dairy&Cattle:	0	0
Sales herd of Dairy&Cattle:	0	0
Total	175	-6

! 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 3 million in 2022 (2021: DKK 6 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	2022	2021
EU hectare support	9	11
Biogas	1	3
Other income	22	36
Total	32	49

Grants consist of agricultural grant schemes in EU and in Ukraine, 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.

§ 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.

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2.4 Staff costs

DKK million	2022	2021
Staff costs		
Wages and salaries	-231	-221
Pensions	-1	-1
Other social security expenses, social funds etc.	-37	-34
Staff costs capitalized	4	5
Total	-265	-252
<i>Included in the income statement:</i>		
Staff costs related to COGS	-207	-194
Staff costs related to SG&A	-58	-58
Staff costs	-265	-252
Average number of employees	1,904	1,927
Employees at end of period	1,852	1,951
Remuneration of the Executive Board		
Salary pension and bonus	6.3	6.9
Members of the Executive Board	2	2

Remuneration of 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 2022 (2021: DKK 2.1 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.

2.5 Income and deferred income taxes

DKK million	2022	2021
Current tax for the year	0	-5
Deferred tax for the year	0	0
Total	0	-5
<i>Recognized as follows:</i>		
Tax on profit for the year of continuing operations	0	-5
Tax on other comprehensive income	0	0
Tax for the year	0	-5
Net tax payables at 1 January	0	0
Tax payable on profit for the year	0	5
Tax paid during the year	0	-5
Total	0	0
<i>Recognized as follows:</i>		
Tax payable	0	0
Total	0	0

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2.5 Income and deferred income taxes – continued

DKK million	2022	2021
Tax on profit for the year is specified as follows:		
Calculated 22% tax on profit for the year before tax	18	19
Tax-exempted profit on agricultural activities abroad	-18	-13
	0	6
Effective tax rate for the year	0.3%	22.1%
Provision for deferred tax		
Provision at 1 January	0	0
Provision for deferred tax 31 December	0	0

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 (2021: DKK 34 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.

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2.6 Discontinued operations

Goodvalley Russia was sold on 4 September 2022 and is reported in the current period as discontinued operation. Financial information relating to the discontinued operations for the period to the date of disposal (with effect from 1 September 2022) is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for eight months ended 31 August 2022

DKK million	2022	2021
Revenue	122	162
Other income	25	2
COGS	-105	-117
Other expenses	-12	-9
EBITDA	31	39
Depreciation	-11	-13
Financial income/expenses net	-1	-8
Exchange rate adjustments	56	11
Income tax expense	0	-1
The financial performance for eight months ended 31 August 2022	75	28
Cash flow from:		
Operating activities	-1	34
Investing activities	-4	-11
Financing activities	24	-47
	19	9
Proceeds from sale of Goodvalley Russia:		
Net cash inflow	272	
Cash beginning balance	-16	
Net increase in cash generated	256	

The carrying amount of assets and liabilities as at date of disposal of the business:

DKK million	2022
Goodwill	62
Property, plant and equipment	264
Biological assets and inventories	126
Receivables	8
Cash at bank and in hand	40
Total assets	500
Credit institutions	10
Other liabilities	10
Total liabilities	20
Net assets	480

Details of the sale of subsidiary

DKK million	2022
Proceeds from sale net of transaction cost	272
Carring amount of net assets sold	-480
Loss on disposal of discontinued operations	-208
Financial performance as for eight months ended 31 August, 2022	75
Interest, future reduction	-7
Reclassification of foreign currency translation reserve	-15
Exchange gain net assets beginning of year to date of disposal	49
Loss from discontinued operations before income tax	-106
Income tax	0
Loss from discontinued operations	-106

	2022	2021
Earnings per share from discontinued operations	-2.0	0.5

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Section 3

Operating assets and liabilities

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

3.1	Intangible assets	55
3.2	Property, plant and equipment	56
3.3	Leases	58
3.4	Biological assets	60
3.5	Inventories	61
3.6	Receivables	62
3.7	Other provisions	63
3.8	Deferred income	63

DKK million	Note	2022	2021
Intangible assets	3.1	26	96
Property, plant and equipment	3.2	1,271	1,671
Financial asset investments		1	3
Biological assets - basic herd	3.4	115	117
Biological assets and inventories	3.4 3.5	705	626
Receivables	3.6	176	164
Trade payables		139	99
Other payables		59	62
Other provisions	3.7	4	5
Deferred income	3.8	6	7
Net working capital		673	615
Invested capital		2,097	2,501

272 DKKm

Income from disposal
of Russian business.

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3.1 Intangible assets

DKK million	Goodwill	Leasehold rights	Total
2022			
Cost at 1 January	79	27	105
Additions for the year	0	0	0
Discontinued operations	-62		-62
Exchange adjustment at balance sheet date rates	-1	-6	-7
Cost at 31 december	16	21	37
Amortization and impairment losses at 1 January	0	10	10
Exchange adjustment at balance sheet date rates	0	-2	-2
Amortization for the year	0	3	3
Amortization and impairment losses at 31 December	0	11	11
Carrying amount at 31 december	16	11	26
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 for the year	0	2	2
Amortization and impairment losses at 31 December	0	10	10
Carrying amount at 31 december	79	17	96

The carrying amount of goodwill is specified as follows:

DKK million	2022	2021
Goodvalley LLC	0	62
Goodvalley Agro S.A.	13	13
Goodvalley Ltd.	3	3
Total carrying amount	16	79

Goodwill relates to Goodvalley Agro S.A. and Goodvalley Ukraine LLC. For both companies, an impairment test in respect of goodwill has been carried out at 31 December 2022 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 (2023-2026) 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 2023 and approved prognosis by Management for 2024-2026. For the terminal period covering the years after 2026, value has been determined based on historical normalised earnings. For Goodvalley Agro S.A. discount rate before tax was 14.7% (2021: 9%); For Goodvalley Ukraine LLC., the discount rate before tax was 66.1% (2021: 13.4%). No growth has been recognised after the budget period. 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 two separate CGUs. The activity of Goodvalley Sp. z o.o. is slaughtering and processing of meat products while Goodvalley's Agro's primary activity is the production of pigs. The CGUs are Goodvalley Ukraine LLC, Goodvalley Sp. z o.o. and Goodvalley Agro S.A. The impairment tests for Goodvalley Ukraine and Goodvalley S.A. is based on constant business where growth is primarily based on the expected inflation, whereas the impairment test of Goodvalley Sp. z o.o. is based on a growth scenario for the forthcoming years following the Group's strategy to enhance its own brand. In all CGUs, impairment losses will only incur if there are significant long-lasting negative development in earnings and/or significant increase in discount rates. For Goodvalley Ukraine based on analysis of micro-economic statistics Management has considered that fair value less cost of disposal of non-current assets will likely be higher than their carrying value at the reporting date, supporting that non-current assets in Ukraine are not impaired.

§ 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.

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Notes

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
2022							
Cost at 1 January	1,336	177	647	352	172	151	2,836
Exchange adjustment at balance sheet date rates	-89	-3	-26	-31	-23	-14	-186
Additions for the year	0	0	0	0	67	4	71
Disposals for the year	-4	0	0	-12	-3	0	-20
Reclassification	24	0	16	9	-48	0	0
Transfer to Investment property	0	0	0	0	-11	0	-11
Transfer to Discontinued operations	-168	0	-78	-21	-8	0	-276
Cost at 31 december	1,098	174	558	297	146	141	2,414
Depreciation and impairment losses at 1 January	332	112	434	249	0	38	1,165
Exchange adjustment at balance sheet date rates	-16	-2	-18	-21	0	0	-58
Depreciation for the year	35	20	37	25	3	16	137
Depreciation disposals for the year	-1	0	0	-11	-3	0	-15
Transfer to Discontinued operations	-33	0	-33	-19	0	0	-85
Depreciation and impairment losses at 31 December	318	129	419	223	0	54	1,143
Carrying amount at 31 december	781	44	139	74	146	87	1,271
Right-of-use assets by category	78	0	9	0			87
Carrying amount, assets provided as security for debt*	781	44	139	2			966

Property, plant and equipment include assets in the Polish Food division of approx. DKK 144 million (31.12.2021: DKK 145 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 27 January 2021, the Group signed a facility agreement with two banks consisting of two term loans in the aggregate amount of EUR 140 million (DKK 1,041 million) and two revolving credit facilities of up to EUR 10 million (DKK 74 million). The said facilities were secured with Group fixed assets. The security deed amounts to EUR 225 million (DKK 1,673 million) in respect to Goodvalley Agro S.A. and its subsidiaries and EUR 225 million (DKK 1,673 million) to Goodvalley Sp. z o.o.

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Notes

3.2 Property, plant and equipment – continued

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
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	98	0	15	0			113
Assets provided as security for debt	1,004	65	213	2			1,284

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Notes

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	2022	2021
Land and buildings	78	98
Plant and machinery	9	15
Carrying amount of lease assets	87	113
Lease liabilities		
Less than 1 year	32	26
Between 1 and 5 years	87	83
More than 5 years	200	207
Undiscounted lease liabilities at December 31	318	316
Lease liabilities		
Short-term	13	11
Long-term	89	113
Total lease obligation recognized in the balance sheet	102	124
Amount recognised in the income statement		
Interest on lease liabilities	19	15
Depreciation of lease assets per asset class		
Land and buildings	12	11
Plant and machinery	4	3
Depreciation of lease assets	16	14

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Notes

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

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.

The Group recognises lease liabilities regarding right-of-use-assets, which are generally divided into: land, farms, 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 DKK 10K or less.

! ACCOUNTING ESTIMATES AND JUDGMENTS

For the Group's finance 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 of chosen cash, 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 laptops).

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Notes

3.4 Biological assets

DKK million	Basic Herd	Sales Herd	Total herd
2022			
Opening balance as of 1. January	117	178	294
Movements:			
Acquisitions	2	0	2
Produced piglets, cattles	3	552	555
Gain/loss from change in fair value	37	680	717
Sales	-36	-1,090	-1,126
Transfer between groups	19	-19	0
Exchange adjustments	-28	-39	-67
Closing balance - Values as of 31 december	115	262	377
2021			
Opening balance as of 1. January	129	157	285
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

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 0 million at 31 December 2022 (2021: DKK 42 million).

DKK million	2022	2021
Crop production		
Opening balance as of 1. January	68	63
Acquisitions	213	210
Gain/loss from change in fair value	51	86
Harvest	-250	-296
Exchange adjustments	-13	4
Closing balance	69	68
Numbers of hectars harvested	25,673	29,896
Numbers of hectars seeded as of closing balance	13,282	14,627

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Notes

3.4 Biological assets – continued

ⓘ 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 446 million at 31 December 2022 (DKK 362 million at 31 December 2021).

§ 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."

3.5 Inventories

DKK million	2022	2021
Inventories		
Agriculture produce (stocks of own produced grain ect)	160	180
Raw materials, medicine etc, bought feed	179	175
Work in progress	4	3
Finished goods and goods for resale	31	23
Total inventory	374	380
Provision at 1 January	3	2
Additions for the year	3	1
Disposals for the year:		
- Applied	0	0
- Reversed	0	0
Provision at 31 december	5	3

§ 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.

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Notes

3.6 Receivables

DKK million	2022	2021
Receivables		
Trade receivables	96	86
Allowance for expected credit losses	-3	-3
Trade receivables, net	94	82
Other receivables	53	43
Allowance of expected credit losses	-1	-2
Other receivables, net	52	41
Aging of trade receivables, gross		
Up to 30 days	92	82
Between 30 and 90 days	1	0
More than 90 days	3	3
Trade receivables, gross, at December 31	96	86
Allowance for expected credit losses at 1 January	5	4
Exchange adjustment	-1	1
Additions for the year	0	1
Disposals for the year:		
- Applied	0	0
- Reversed	0	0
	4	5

§ 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 and write-offs 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.

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Notes

3.7 Other provisions

DKK million	2022	2021
<i>Staff obligations:</i>		
Balance at 1 January	5	6
Exchange adjustment at balance sheet date rates	0	0
Provision for the year	1	1
Utilised provisions	-2	-2
Reversal of unutilised provision	0	0
Total provisions	4	5
<i>Provisions are recognised in the balance sheet as follows:</i>		
Long-term	3	4
Short-term	1	2
Total provisions	4	5

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	2022	2021
Deferred income		
Short term	3	3
Long term	3	5
	6	7

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

§ 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.

GROUP – CONSOLIDATED

Notes

Section 4

Capital structure and financing items

Encompasses notes related to capital structure and financing items.

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4.3	Change in working capital	70
4.4	Non-current investments	70
4.5	Financial income and costs	70
4.6	Share capital, dividend and earnings per share	71
4.7	Net interest-bearing debt	71

DKK million	Note	2022	2021
Cash at bank and in hand		-155	-129
Credit institution	4.1	942	1,193
Subordinated loan from Polen Invest A/S	4.1	19	18
Net interest -bearing debt		806	1,081
Leverage (NIBD/Adjusted EBITDA LTM)		3.4	5.6*

* Before restatement of Income statement Adjusted leverage for 2021 accounted for 4.67. Restatement has moved profit of Goodvalley Russia to discontinued operetaions., while Balance Sheet figures have not been restated, therefore Net interest-bearing debt includes Goodvalley Russia cash and liabilities to credit institutions.

GROUP – CONSOLIDATED

Notes

4.1 Financial institutions

DKK million	2022	2021
Debt to credit institutions		
Payable after 5 years	0	0
Payable between 2 and 5 years	844	1,081
Long-term debt	859	1,081
Short term - ordinary	98	112
	942	1,192
Subordinated loan capital		
Payable after 5 years	0	0
Payable between 1 and 5 years	10	10
Short-term debt	9	8
Total	19	18

Movements of financial liabilities:

DKK million	Beginning balance	Discontinued operation	Repayments	Proceeds	Currency translation	Other	Ending balance
Credit institutions	1,193	(10)	(304)	60	3	0	942
Subordinated loan	18	0	0	0	0	1	19
Lease liabilities	124	(1)	(19)	0	(16)	14*	102
	1,335	(11)	(323)	60	(13)	15	1,063

* Includes lease liabilities from contracts entered in 2022.

§ 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.

	Carrying amount	Interest period binding months	Average effective interest in %
Loans with variable interest:			
PLN	10	30	8.0
EUR term loan	931	30	4.6
EUR	1	30	4.0

GROUP – CONSOLIDATED

Notes

4.2 Financial risks

Credit risks

The Group is exposed to credit risks on receivables. Based on a history of only marginal credit losses and the aging of current 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 framework agreements in respect of current overdraft 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.

Interest 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 10 million (2021: DKK 12 million). The Group's settlement currencies are primarily PLN and UAH. No financial instruments are used to hedge positions in foreign currencies.

Foreign exchange risks

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 and UAH rate versus DKK would impact profit/loss before tax positively/negatively by DKK 8 million and impact other comprehensive income positively/negatively by DKK 5 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.

Market risks

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 119 million (2021: approx. DKK 108 million). A change in the feed price of 10% will, on an isolated basis, affect profit for the year before tax relating to the pig production by approximately DKK 54 million (2021: approx. DKK 48 million).

Capital management

Total capital comprises equity, term loans and subordinated loan capital from the Parent company; Polen Invest A/S, as shown in the consolidated balance sheet. 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. In the short-term, Group management also has strong focus to ensure that loan terms are complied with as long as the Group is not able to use cash funds in Ukraine to service the Group's obligations under its term loans. 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.

GROUP – CONSOLIDATED

Notes

4.2 Financial risks – continued

Maturity analysis at 31 December 2022 excluding future interest payments:

Measured at amortised cost	<1 year	1-5 year	>5 year	Total	Carrying amount	Fair Value
2022						
Credit institutions	98	844	0	942	942	942
Payables to group companies	9	10	0	19	19	19
Trade payables	139	0	0	139	139	139
Other short-term payables	59	0	0	59	59	59
Financial liabilities	304	854	0	1,159	1,159	1,159
Receivables:						
Receivables from associated company	7	0	0	7	7	7
Trade receivables	94	0	0	94	94	94
Other receivables	52	0	0	52	52	52
Cash at bank and in hand	155	0	0	155	155	155
Financial assets	307	0	0	307	307	307
Net Cash Outflow	3	-854	0	-852	-852	-852

GROUP – CONSOLIDATED

Notes

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	Total	Carrying amount	Fair Value
2021						
Credit institutions	112	1,081	0	1,192	1,192	1,192
Payables to group companies	8	10	0	18	18	18
Trade payables	99	0	0	99	99	99
Other short-term payables	62	0	0	62	62	62
Financial liabilities	281	1,091	0	1,372	1,372	1,372
Receivables:						
Receivables from associated company	7	0	0	7	7	7
Trade receivables	82	0	0	82	82	82
Other receivables	41	0	0	41	41	41
Cash at bank and in hand	129	0	0	129	129	129
Financial assets	260	0	0	260	260	260
Net Cash Outflow	-21	-1,091	0	-1,112	-1,112	-1,112

GROUP – CONSOLIDATED

Notes

4.2 Financial risks – continued

Market risk

Currency exposure at 31 December:

Measured at amortised cost	Payment maturity	Cash and cash equivalents	Receivables	Payables	Bank and credit institutions	Payables to group companies	Net position 2022	Net position 2021
USD	< 1 year		11	-1	0	0	10	15
	> 1 year		0	0	0	0	0	0
EUR	< 1 year	109	6	-38	-845	0	-769	-1,079
	> 1 year		0	0	-76	0	-76	-41
PLN	< 1 year	13	68	-85	-9	0	-12	35
	> 1 year		0	0	-1	0	-1	-2
UAH	< 1 year	32	18	-6	0	0	44	11
	> 1 year		0	0	0	0	0	0
DKK	< 1 year	1	18	-10	-12	-9	-11	34
	> 1 year		0	0	0	-10	-10	-10
RUB	< 1 year		0	0	0	0	0	12
	> 1 year		0	0	0	0	0	-5
		155	121	-139	-942	-19	-825	-1,030

GROUP – CONSOLIDATED

Notes

4.3 Change in working capital

DKK million	2022	2021
Change in receivables and inventories	-5	-157
Change in biological assets	-84	-14
Change in other short-term liabilities	34	28
Total	-55	-143

4.4 Non-current investments

DKK million	Other financial assets	Other non-current receivables	Associates	Total
2022				
Cost at 1 January	0.1	3.2	1.0	4.3
Disposal		-3.2		-3.2
Cost at 31 december	0.1	0.0	1.0	1.1
2021				
Cost at 1 January	0.1	3.2	1.0	4.3
Cost at 31 december	0.1	3.2	1.0	4.3

The carrying amounts of investments in associates are specified as follows:

DKK million	2022	2021
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	2022	2021
Financial income		
Interest income	3	10
	3	10
Financial expenses		
Interest expenses:	-60	-65
Refinancing related costs	-4	-4
	-64	-69
Exchange rate adjustments		
Loans	-50	20
Other	-3	2
	-53	22

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 facilities agreement triggered borrowing costs of DKK 17 million, which are amortised over the term of their facilities agreement with an annual charge of DKK 4 million.

§ 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. All other financial expenses are recognised as expenses in the financial year in which they relate.

GROUP – CONSOLIDATED

Notes

4.6 Share capital, dividend and earnings per share

The share capital consists of 53,797,824 shares of a nominal value of DKK 10, all fully paid. 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.

DKK million	2022	2021
Dividend per share (DKK)	0	0

	2022			2021		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
Profit/loss for the year	132	(106)	26	22	28	49
Weighted number of shares (million)	53.8	53.8	53.8	53.8	53.8	53.8
Earnings per share	2.5	-2.0	0.5	0.4	0.5	0.9

§ 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 connection 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	2022	2021
Borrowings liabilities to Credit institutions	960	1,210
Cash	155	129
Net interest bearing debt	806	1,081

GROUP – CONSOLIDATED

Notes

Section 5

Other disclosures

Includes statutory notes and other notes. Includes other statutory notes and notes of secondary importance from the perspective of the Group.

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5.1 Cash flow adjustments

DKK million	2022	2021
Other adjustments:		
Exchange rate adjustments	-198	41
Other adjustments related to discontinued operations	80	0
Total other adjustments	-118	41

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 2022 (DKK 0 at 31 December 2021).

The Group is on a recurring basis involved in ongoing lawsuits and legal disputes as both applicant and defendant with partners and tax authorities. At the closing of the annual report for 2022, 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.

GROUP – CONSOLIDATED

Notes

5.3 Related-party transactions

Controlling interest

Polen Invest A/S, Solvænget 21, DK-7400 Herning

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

Kristian Brokop,
Skovgårdsparken 12, DK-5462 Morud

Jesper Vikelsø Jensen,
Hollændervej 105, DK-5500 Middelfart

Anders Christen Obel,
Haxholmvej 80, DK-8870 Langå

Niels Rauff Hansen,
Vinkelvej 141, DK-8800 Viborg

Anders Bundgaard,
Rørholtvej 32, DK-9370 Hals

Leif Bergvall Hansen

Goodvalley Agro S.A., Poland

Goodvalley Sp. z o.o., Poland

Goodvalley Ltd., Ukraine

Finansax ApS, Denmark

Goodvalley ApS, Denmark

Sevel Slagteri A/S. Søgårdsvej 28, DK-7830 Vinderup

Basis for influence

Parent Company

Member of the Board of Directors, former CEO

CEO from 8 March 2021

Member of the Executive Board from
15 October 2021

Chairman of the Board of Directors

Deputy Chairman of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Group company

Group company

Group company

Group company

Group company

Associated company

Transactions

The Group has obtained a subordinated loan from the Parent company; Polen Invest A/S, with a balance of DKK 19 million at 31 December 2022 (balance at 31 December 2021: DKK 18 million). The loan carries interest, and the interest for 2022 amounts to DKK 1 million (2021: DKK 2 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 2022 which have an impact on the annual report.

GROUP – CONSOLIDATED

Notes

5.5 Fee to statutory auditor

Audit fee DKK million	BDO	Others
2022		
Audit fees	0.4	1
Other assurance services	0	0
Tax advisory services	0	0
Accounting assistance	0	0.3
	0.4	1.3
2021	Deloitte	Others
Audit fees	1	0.4
Other assurance services	0	0
Tax advisory services	0	0
Accounting assistance	0.2	0
	1.3	0.4

For 2022, the statutory auditor appointed by the shareholders is BDO Statsautoriseret Revisionsaktieselskab, whereas in 2021, the statutory auditor was Deloitte Statsautoriseret Revisionspartnerselskab.

5.6 Income Statement classified by function

DKK million	2022	2021
Total income	1,780	1,336
Cost of goods sold including depreciations and amortisations	-1,414	-1,149
Gross profit	366	186
Other operating items		
SG&A, including depreciations and amortisations	-120	-123
EBIT	246	64
Depreciation and amortisation consist of:		
Amortisation of intangible assets	-2,961	-2
Depreciation of tangible assets	2,821	-134
	-140	-136
Depreciation and amortisation are divided into:		
Cost of goods sold	-133	-130
Sales and administrative costs	-7	-6
	-140	-136

GROUP – CONSOLIDATED

Notes

5.7 Entities in Goodvalley

Name	Country of incorporation	%	Principal activities			
			Farming	Energy	Slaughterhouse	Administration
Goodvalley A/S	Denmark					
Finansax ApS	Denmark	100%				
Goodvalley ApS	Denmark	100%				
Goodvalley Agro S.A.	Poland	100%	+	+		
<i>Subsidiaries</i>						
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 Włodarski 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 Wiesiółka 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%	+	+		
<i>Subsidiaries:</i>						
Daryna Food LLC	Ukraine	100%	+			
Galytski Agrarni Investytsii PE	Ukraine	100%	+			
<i>Associates</i>						
Sevel Slagteri A/S	Denmark	40%			+	

GROUP – CONSOLIDATED

Notes

5.8 Explanation of financial ratios

Financial

NIBD/Adjusted EBITDA LTM

Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding price regulation of herd value and non-recurring items.

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 classified to current 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, excluding lease liabilities under IFRS 16, debt to credit institutions and subordinated loan - cash and cash equivalents (NIBD).
Gross margin (%)	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
EBITDA margin (%)	=	$\frac{\text{Operating profit before depreciation, amortisation and impairments}}{\text{Revenue}}$

$$\text{EBIT margin (\%)} = \frac{\text{Operating profit}}{\text{Revenue}}$$

$$\text{Free cash flow / Revenue} = \frac{\text{Free cash flow}}{\text{Revenue}}$$

$$\text{Cash conversion} = \frac{\text{Free cash flow}}{\text{Operating profit (EBIT)}}$$

$$\text{EBITDA LTM} = \frac{\text{Operating profit/loss before depreciation, amortisation and impairment last 12 months}}{\text{Revenue}}$$

$$\text{Equity ratio} = \frac{\text{Equity year-end}}{\text{Total assets year-end}}$$

$$\text{ROIC} = \frac{\text{EBIT-taxes}}{\text{Average invested capital}}$$

$$\text{FTE year end} = \frac{\text{Total hours worked year-end}}{\text{Standard work hours per week}}$$

$$\text{Earnings per share} = \frac{\text{Profit/loss attributable to shareholders of the Parent Company}}{\text{Average number of shares excluding treasury shares}}$$

PARENT COMPANY

Financial statements for the Parent Company

PARENT COMPANY

Income Statement

Income Statement

DKK million	Note	2022	2021
Revenue	2	28	36
Gross profit/loss		28	36
SG&A	3	-35	-43
EBITDA		-7	-7
Depreciation		-0,3	-0
EBIT		-8	-7
Financial income	4	37	35
Financial expenses	5	-52	-52
Profit/loss before tax		-22	-24
Income tax	6	0	0
Profit/loss from continued operations		-22	-24
Loss for the year of discontinued operations	7	-192	
Profit/loss		-214	-24
Distribution of profit/loss for the year			
Owners		-214	-24

Statement of comprehensive income

DKK million	Note	2022	2021
Profit/loss for the year		-214	-24
Total comprehensive income		-214	-24

PARENT COMPANY

Balance Sheet

Balance Sheet, 31 December

DKK million	Note	2022	2021
Assets			
Other fixtures		7	6
Tangible assets	8	7	6
Investment in associates	9	1	1
Investment in subsidiaries	10	1,152	1,457
Receivables from group companies	12	391	543
Financial investments		1,544	2,000
Non-current assets		1,551	2,006
Receivables from group companies	12	171	181
Receivables from associates		7	7
Other receivables		4	4
Prepayments		14	18
Receivables		195	210
Cash at bank and in hand		112	44
Current assets		307	254
Assets		1,858	2,260

Balance Sheet, 31 December

DKK million	Note	2022	2021
Liabilities and equity			
Share capital		538	538
Retained earnings		357	570
Total equity	13	895	1,108
Credit institutions - long term		844	1073
Subordinated loan from Polen Invest A/S		10	10
Long-term liabilities		854	1,083
Credit institutions - short term		76	40
Subordinated loan from Polen Invest A/S		9	8
Other payables		26	21
Short-term liabilities		110	69
Liabilities		964	1,151
Liabilities and equity		1,858	2,260

PARENT COMPANY

Statement of changes in equity

DKK million	Share capital	Retained earnings	Total equity
Equity at 1 January 2021	538	595	1,133
Net profit/loss for the year		-24	
Comprehensive income/loss for the year 2021	538	570	1,108
Equity at 31 December 2021	538	570	1,108
Net profit/loss for the year		-214	-214
Comprehensive income/loss for the year 2022	0	-214	-214
Equity at 31 December 2022	538	357	895

PARENT COMPANY

Statement of cash flows

DKK million	2022	2021
Profit/loss	-214	-24
Adjustments for non-cash items and interest, etc.	52	17
Change in working capital	9	-18
Cash flow from operating activities before financial income and expense	-153	-25
Interest received	0	34
Interest paid	-48	-52
Cash flow from ordinary activities	-201	-42
Corporation Income tax paid	0	0
Cash flow from operating activities	-201	-42
Purchase of intangible assets	-1	-3
Change in loans to group enterprises	189	38
Proceeds from sale of Goodvalley Russia	272	0
Dividend from subsidiaries	0	0
Cash flow from investing activities	461	36
Repayment of borrowings	-209	0
Repayment of bond debt	0	-979
Proceeds from borrowings	16	1,065
Repayment of subordinated loan from parent	1	-44
Cash flow from Financing activities	-192	42
Change in cash and cash equivalents	67	35
Cash and cash equivalents at 1 January	44	9
Cash and cash equivalents at 31 December	112	44

Restricted cash amounts DKK 37 million and is equivalent of EUR 5 million as security for borrowings as long as Goodvalley Ukraine is not allowed to transfer repayments and interest payment out of Ukraine.

PARENT COMPANY

Notes

2. Revenue

DKK million	2022	2021
External services	0.3	
Management fees, group enterprises	27	36
Total revenue	28	36

3. Staff costs

DKK million	2022	2021
Wages and salaries	23	24

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

4. Financial income

DKK million	2022	2021
Intercompany loans	37	32
Other financial income	0	2
Exchange rate adjustments	0	1
	37	35

5. Financial expenses

DKK million	2022	2021
Borrowings	44	44
Amortisation borrowing costs	4	8
Exchange rate adjustments	4	0
	52	52

In January 2021 Goodvalley's board of directors approved a facilities agreement consisting of two term loans in the aggregate amount of EUR 140 million (DKK 1.041 billion) and two revolving credit facilities of up to EUR 10 million (DKK 74 million) in order to refinance Goodvalley's existing EUR 135 million (DKK 1.004 billion) senior secured bond. Additionally in December 2021 company obtained an investment loan amounting to EUR 6 million (DKK 45 million), for financing the acquisition of two Ukrainian farms. The refinancing costs of DKK 17 million was capitalized and being subject to amortization over the facilities expected duration, of which DKK 4.4 million was amortized in 2022.

At the end of 2022 EUR 22 million of funds received from sale of Goodvalley Russia was used as an extraordinary reduction of credit facilities.

6. Tax on profit for the year

DKK million	2022	2021
Corporation tax	0	0
Current tax for the year	0	0
Deferred 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 from continued operations	47	5
Tax effect of:		
Non tax deductible costs and income	-42	0
Unrecognized tax asset	-5	-5
	5	5
Effective tax rate for the year	0%	0%

PARENT COMPANY

Notes

7. Loss for the year of discontinued operations

DKK million	2022
Financial investment (including loans to Goodvalley Russia)	-470
Sales price	283
Transaction cost	-10
Management fee and interest income	6
	-192

There are no comparative figures for 2021 that should be adjusted due to Goodvalley Russia sale.

8. Intangible assets

DKK million	2022	2021
Cost at 1 January	6	3
Additions for the year	1	3
Cost at 31 December	7	6
Amortisation 1 January	0	0
Amortisation for the year	0	0
Amortisation 31 December	1	0
Carrying amount 31 December	7	6

9. Investments in associates

DKK million	2022	2021
Cost at 1 January	1	1
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	1	1

The carrying amount of investments in associates is specified as follows:

DKK million	2022	2021
Sevel Slagteri A/S	1	1

PARENT COMPANY

Notes

10. Investments in subsidiaries

DKK million	2022	2021
Cost at 1 January	1,456	1,456
Additions for the year		
Disposals for the year	-303	
Cost at 31 December	1,153	1,456

Investments in subsidiaries are specified as follows:

DKK '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 Ukraine LLC	Ukraine	UAH	362,328	100%
Finansax ApS	Denmark	DKK	50,000	100%
Goodvalley Denmark ApS	Denmark	DKK	40,000	100%

Shares in subsidiaries have been provided as security for bank facilities.

The underlying equities of subsidiaries are specified as follows:

DKK million	2022	2021
Goodvalley Agro S.A.	956	874.90
Goodvalley Sp. z o.o.	-77	-35
Goodvalley Russia LLC	0	152.09
Goodvalley Ukraine LLC	568	611.02
Finansax ApS	-1	-1
Goodvalley Denmark ApS	0	0

In 2022 the Company decided to resign from its operation in Russia and in September 2022 sales transaction of Goodvalley Russia has been closed. The transaction triggered a loss from discontinued operation of DKK 192 million.

11. Deferred tax

DKK million	2022	2021
Deferred tax at 1 January	0	0
Deferred tax at 31 December	0	0
Tax loss carry forward	39	34
Write down to estimated value	-39	-34
Deferred tax at 31 December	0	0

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

12. Receivables from group companies

	Poland	Ukraine
Receivables from loans (including interest)	342	208
Trade receivables	11	0
	354	208

Payments of loans principals and interest is restricted from Ukraine. Unless martial law changes, Parent company cannot assume the repayment of loans or interest from Ukraine.

13. Share capital

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

PARENT COMPANY

Notes

14. Audit fees

DKK million	2022	2021
Audit fees	0.4	0.4
Other assurance services		
Tax advisory services		
Other non-audit services	0.2	0.2
	0.6	0.6

15. 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 management services. Total loans to the subsidiaries amount to DKK 550 million at 31 December 2022 (2021: DKK 717 million). Interest income on loans and intercompany accounts for 2022 amounts to DKK 37 million (2021: DKK 32 million). Currency gain on intercompany loans amounted to DKK 4 million (2021: Loss of DKK 1 million). Management fee from subsidiaries amounts to DKK 27 million (2021: DKK 36 million).

Prior to the sale of Goodvalley Russia in 2022, the Company converted intercompany loans of DKK 167 million to equity.

Subordinated loan from the Parent company; Polen Invest A/S, equals DKK 15 million at 31 December 2022 (balance at 31 December 2021: DKK 15 million), refer to Note 5.3 of the Group. The loan carries interest, and the interest for 2022 amounts to DKK 0.7 million (2021: DKK 2 million). At the balance sheet date, accrued interest stood at DKK 3.5 million

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

16. 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 2022 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.

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 2022.

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 2022 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2022.

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, 22 March 2023

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 2022, 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 2022, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2022 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, 22 March 2023

BDO

Statsautoriseret Revisionsaktieselskab
Business Registration No 20222670

Kim Takata Mücke
State-Authorised
Public Accountant
mne10944

Nikolaj Leimand
State-Authorised
Public Accountant
mne47883

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).

CO₂-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.

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).

GOODVALLEY

Since



1994

Home of Quality

WE WORK FOR A BETTER TOMORROW